

# Development policy, aid and soft power

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The Development Policy Centre (Devpolicy) is a think tank for aid and development serving Australia, the region, and the global development community. We are based at Crawford School of Public Policy in the College of Asia and the Pacific at The Australian National University. We undertake independent research and promote practical initiatives to improve the effectiveness of Australian aid, to support the development of Papua New Guinea (PNG) and the Pacific island region, and to contribute to better global development policy.

The Development Policy Centre runs the Devpolicy Blog ([devpolicy.org](http://devpolicy.org)), Australia's leading source of analysis on aid and development issues.

As analysts of Australian aid and development policy, and its effectiveness, our submission focuses on the soft power benefits of Australia's aid and development policy, outlined in the first section. In the second section, we highlight some of the risks to aid effectiveness from an excessive focus on achieving soft power gains through aid. This is followed by our conclusion and recommendations.

## Benefits of aid for soft power

Australia's 2017 Foreign Policy White Paper defines soft power as 'the ability to influence the behaviour and thinking of others through the power of attraction and ideas'.

There are many ways in which aid and development policy can contribute to soft power.

### **Signaling that Australia cares about its neighbours, and has shared interests**

Development assistance sends a signal to recipient countries that Australia cares about neighbouring nations and wants to help enable these countries to access opportunities or resolve challenges. It can highlight shared interests between countries, for example, in alleviating poverty, achieving gender equality or improving trade relations. These can form the basis for further partnership, mutual respect and understanding.

### **Positioning Australia as a partner of choice**

Partnerships and collaborations in the aid and development space can open doors to other types of relations, for example in business or on the international stage. They can also expose recipient countries to Australian institutions, expertise, and the private sector, which can build reputation and lay foundations for future collaboration.

### **Creating an enabling environment for partnership**

Some aid programs aim to repair or improve an aspect of the domestic political economy in the recipient country that presents a barrier or deterrent for international cooperation. These factors may include low governance capacity, corruption, a lack of transparency, or poor public financial management. Through improving the policy and economic environment in the recipient country (though it should be noted that gains in governance are very slow-won), a stronger environment for partnership and investment can emerge.

### **Dissemination of values**

Many values and ideologies underpin our development assistance. Some of these are based on international human rights or other agreements like the Sustainable Development Goals, others are based on national areas of priority or interest, and some are based on the politics or ideology of the government of the time. Some examples of values reflected by current aid priorities include:

- That we should eliminate extreme poverty, which causes significant human suffering

- That people in all countries deserve access to basic education and healthcare
- There is a global imperative to improve gender equality and to end violence against women
- That those impacted by natural disasters or conflict should be assisted to rebuild their lives and communities
- That children deserve a chance at a good future no matter where they are born

While the values reflected by our aid program are not necessarily uniquely Australian, they do reflect our national values as perceived by government and the Australian public. At times they are framed in a way to seem particularly Australian, i.e. using concepts such as ‘a fair go’. And our participation in international initiatives signals that we are a team player, committed to achieving mutually agreed goals and targets. Aid and development initiatives disseminate these values abroad, and play a role in shaping global perspectives on Australia and Australians. This has significant soft power value in terms of building respect and understanding, and shared interests.

### **Building people-to-people links**

Aid and development initiatives provide numerous opportunities for people-to-people links between Australians and those in recipient countries, at all levels. Some programs directly facilitate in-country experiences, like Australian Volunteers and Australia Awards. Others create connections between Australian NGOs or civil society groups and those abroad. There are connections between those working in government and the private sector forged in the delivery of aid programs. And the aid and development sector is much broader than just government aid – the Australian Council for International Development (ACFID) for example has more than 130 members, all engaging in development issues in many countries around the world.

These links facilitate both formal and informal exchanges of ideas and perspectives, and can form the basis for further partnerships and engagement. They build goodwill and recognition for Australia, and also provide Australians with opportunities to learn cultural competencies and to have knowledge of regional contexts that better position them to continue to engage.

It is important to note that Australia's contributions to global development are not just confined to its aid program, and that other areas of policy can be significant and impactful. In Australia's case, migration, in particular labour mobility for Pacific Islanders, is an area of development policy that had particularly strong soft power potential through its building of people-to-people links.

### **Providing access to power**

Working with country and sub-national governments on aid programs provides access to power and influence for Australian officials and other organisations. If countries were not aid recipients, Australian officials and organisations would likely not have the same degree of access to decisionmakers in the respective country.

### **Leverage**

Aid funding can be used as a harder tool to leverage recipient country behavior or investment in areas of priority for Australia, for example through co-funding arrangements, benchmarking or 'payment by results' modalities. Aid has also been used by Australia as a bargaining chip to achieve expediencies in other areas of policy, for example in striking the Manus deal for refugee resettlement. This is not recommended from an effectiveness lens due to the reduction in accountability.

### **Putting money behind ideas**

The aid program provides an opportunity to invest in initiatives that align with Australia's values and priorities. Rather than just paying lip-service or making statements on the importance of a particular value or goal, for example, gender equality, the aid program provides a vehicle to invest in tangible approaches to address the issue. An action-focus, and a willingness for Australia to 'put its money where its mouth is', is a quality that can increase positive perceptions among partner countries. However, continued cuts to the aid budget are a risk to the soft power gained through this approach.

## **Risks to aid effectiveness from a soft power focus**

While the aid program delivers many soft power benefits, as detailed above, at the same time there can be risks to aid effectiveness if soft power and influence is pursued at the expense of development and aid effectiveness. This balance is important to get right.

These risks to effectiveness can manifest in some of the following ways:

### **Accountability**

A desire to build friendly relations through the delivery of aid runs the risk of reducing a donor's willingness to make recipients accountable for their actions, with potential impacts on aid effectiveness.

Sometimes there is a need for a donor to talk tough to a recipient country, to criticise their policy or spending priorities, or at the most extreme end, to implement conditionality on aid in order to ensure effectiveness or value (i.e. that projects will only proceed, or that donors will only continue to support a particular initiative, if certain conditions are met by the recipient country government).

These tough conversations and critique can be antithetical to underlying diplomatic or soft power objectives, which is where an effectiveness risk arises. However, they can be absolutely crucial for effective use of funding and to encourage a development focus from a recipient government that may have more self-interested priorities. Mutual accountability (that donors and recipients are both accountable for development results) is a key tenant of the Paris Declaration on Aid Effectiveness. Accountability is also an expectation of the Australian public in regard to aid funding, and is necessary to cohesively promote values such as anti-corruption, pro-poor policy or good governance.

### **Competition**

Competition for partnerships and prominence among aid donors can reduce aid effectiveness. The pursuit of preferential relationships with developing nations may lead donors to pursue projects that are more 'friendly', in line with recipient government interests rather than broader development objectives, or outside the donor

country's area of competitive advantage or expertise. These factors can all reduce the effectiveness of a donor's development assistance.

A very contemporary example is the current political climate in relation to Chinese aid, with the Pacific being a particular area of focus for Australia. The 'threat' of China's increasing development assistance and influence in the region has had some commentators calling on Australia to increase its aid for the building of infrastructure, or to change its course on aid programming in the Pacific to compete. It has created a tension as to whether Australia should give in more readily to recipient whims in the Pacific to compete with China to be a partner or choice, or stick to the areas where it is best able to influence development outcomes, or work in areas where China is less likely to engage (such as governance or strengthening democratic institutions). This debate also raises the question of how heavily aid should focus on donor national interests, such as cementing security and trade interests, versus development. Historically, aid given for predominantly national interest reasons has been more likely to have poorer development outcomes.

### **Aid with strong soft power gains may have low development gains**

Some programs that might have the strongest soft power gains — for example, scholarships, exchange opportunities, or workshops — may not have the best development impacts, any may only reach small groups of recipients. These programs are unlikely to lead to transformative change, or policy change, in the recipient country. There is also a risk that aid focused on developing soft power may be largely reaching elites, as they are most able to access such opportunities and also represent the most useful audience for Australian soft power in arenas such as business and politics. Work to assist the very poorest and most marginalised people is perhaps least likely to build soft power opportunities for Australia, but these are fundamentally important groups to target to end suffering and extreme poverty in our region.

### **Soft power motivations can limit the ambition of aid programming**

A focus on soft power in aid programming runs the risk of prioritising the type of work that may have easy gains, or highly visible outputs. Yet bilateral aid is one of the few avenues of financing available to generate momentum behind more transformative

social or political changes that may carry more risk in terms of gaining results, but can achieve longer-run benefits.

Work in spaces such as governance, where Australian aid is substantially engaged in the Pacific, is another area where there is risk, gains are hard-won and rare, and progress is often not able to be clearly donor-attributed.

Current thinking around development emphasises interventions that do not provide some of the same soft power complementarities of older modalities of aid giving. Adaptive programming (where aid programs adapt based on continual learning, feedback and shifts in the operating environment), approaches that consider complexity, 'thinking and working politically' and the 'doing development differently' agenda are the prevailing areas of discourse in development policy at present. These all emphasise local ownership, an openness to risk, and flexibility.

In the pursuit of soft power there may also be a desire to focus on aid programming that can be readily 'branded' in order to increase recognition of Australia's benevolence in recipient communities. For example, school buildings, or consumables such as textbooks or medical supplies. Long-term funding of developing country recurrent expenditure can undermine local ownership and efforts to improve service delivery. They are also low-hanging fruit, and similar to the kinds of projects that smaller NGOs may undertake. Bilateral aid has significantly more potential to generate change and influence, and from a soft power perspective this should carry more weight than the ability to visually brand or lay claim to a project.

## **Conclusion and recommendations**

As our submission outlines, aid and development policy have substantive soft power benefits for Australia. Yet a focus on enhancing soft power gains through aid is not without risks.

**There is a need to recognize that there are sometimes complementarities, and sometimes trade-offs, between effective aid and soft power.** Effective aid should always be the end goal, as it generates more lasting soft power benefits than short-termism. Soft power needs to come from a base of respect, from partnership, and from

shared values. These factors all underpin development effectiveness as well. Yet a focus on soft power wins from aid may be at the expense of effectiveness or a focus on results. Investment and engagement needs to be sustained and meaningful.

**In some cases, it may be necessary for Australia to cast aside soft power considerations in order to be a rigorous donor**, particularly in the area of ensuring mutual accountability. This is something that the Australian public expects from its aid program. It is also worth noting that according to numerous polls, the Australian public has a strong preference for aid to be spent in line with humanitarian aims, rather than for the national interest. Human development and humanitarianism are key values that the public expects to be furthered through the giving of aid.

In the case where there are trade-offs between soft power and aid effectiveness, **it is in Australia's interests to prioritise effectiveness**. Australia has many avenues through which to pursue soft power, however it has a limited aid budget and narrow set of policy tools with which to support development in neighbouring nations. Soft power is a bonus of giving aid, and no doubt one of the motivators for support for it among certain groups. But it should not be the end goal.

## About the author

Ashlee Betteridge is the Centre Manager at the Development Policy Centre. She leads on the centre's media engagement and public outreach activities, runs the Australian Aid Tracker website and provides analysis on Australian aid policy. Previously she worked as a journalist in Australia for News Ltd in Sydney and the Jakarta Globe in Indonesia, and in communications roles for Plan Timor-Leste and the Center for International Forestry Research. She holds a BA Communications (Journalism) from the University of Technology, Sydney, and a Master of Public Policy (Development Policy) from Crawford School of Public Policy, The Australian National University.