

## Run out of town: aid and the Australia–Cambodia refugee resettlement agreement

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Australia's exports to Cambodia [comprise](#) mainly wheat, cereal preparations and [now](#), with the advent of aid for trade, refugees harvested from Australia's detention centre on Nauru.

It is true that Cambodia has seen a bit of resettlement before. Following the signing of the Paris peace agreements, and with a lot of [help](#) from the international community, over half a million of its internally and externally displaced citizens were resettled in the early 1990s. Since that time, however, few people have entered Cambodia in search of protection. The UN Refugee Agency, UNHCR, reports that Cambodia is currently hosting only 90 persons of concern to it: 70 refugees and 20 asylum seekers. Moreover, the Hun Sen government's various efforts to resettle modest numbers of Cambodian families to make way for roads and railways have [tended](#) to go very wrong.

Australia's [refugee resettlement deal](#) [pdf] with Cambodia creates various risks, burdens and financial costs, some but not all of which have been underlined fully enough by [critics](#). The present post reviews these but discusses in particular the role of aid in sealing and sustaining the deal. It is not suggested that the use of aid in this context is automatically outrageous, or that Cambodian government assent was secured with a big bag of aid. In fact, given the Australian government's evident desperation to create a wormhole from its offshore detention centres to somewhere else, the price paid seems surprisingly low—\$10 million per year, for four years, represents only one per cent of Cambodia's annual aid receipts. The real problem is that the involvement of aid in the transaction neutralises aid as a source of leverage, blurs moral responsibility for the welfare of the refugees and quite possibly encourages the burning of public money.

Look, for the sake of argument, on the bright side. This is an arrangement between three parties to the UN Convention Relating to the Status of Refugees. The people to be resettled are those already determined to be refugees, so their right of residence in Cambodia should be considered secure. They will not be resettled in Cambodia against their will, even if it is a tiny stretch—given their imprisonment and the alternatives available to them—to describe their resettlement as voluntary. No arbitrary quota has been established and the Cambodian government has indicated it will take a cautious, stepwise approach to the approval of transfers. The number of refugees to be resettled, [sometimes](#) stated as 'up to 1,000' but probably far below that, will not be large in proportion to Cambodia's general population (15 million), and Cambodia is a relatively [lightly populated](#) country. Cambodia's \$40 million 'profit margin' on this transaction—assuming all direct costs are indeed met at cost—will be tied to [specific development-related purposes](#), not handed over as general budget support in an environment of [high fiduciary risk](#). While Cambodia is not exactly under-aided, there is surely scope to spend another \$40 million well in such a poor country.

In addition, the use of aid for costs associated with the voluntary resettlement of refugees in developing countries is explicitly permitted by [OECD guidance](#) on the scope and limits of Official Development

Assistance (ODA). 'Expenditures for voluntary resettlement of refugees in a developing country' can be counted as aid; 'expenditures on deportation or other forcible measures to repatriate refugees' cannot be. The ODA-eligibility of such costs, unlike those associated with refugees and asylum-seekers within donor countries, has not generated controversy. That's mainly because the scenario envisaged was one in which a donor supports the resettlement of refugees displaced across borders within developing regions. However, it is also possible to imagine a regional cooperation scenario in which wealthy countries legitimately use aid in an arrangement designed to avoid deaths at sea, transferring consenting refugees from humanely managed detention facilities to low-risk destinations and also running generous domestic resettlement programs for UNHCR-sponsored refugees. (The problems with the Australia–Cambodia case are specific to it: the Nauru facility is [not](#) humanely managed, the fact that we have a domestic refugee resettlement program does [not](#) mean we are bearing our fair share of the global refugee burden, and Cambodia is, as discussed below, hardly a low-risk landing place.)

Now, rose-coloured glasses to one side, consider the burdens, risks and costs associated with the resettlement agreement, of which four kinds can be identified.

First, there are the risks to the people resettled. Foreign settlers face exactly the same risks as people resettled internally. Cambodia's government has performed poorly in the internal resettlement of relatively small numbers of people displaced by infrastructure projects—not only the [railway rehabilitation project](#) which the Asian Development Bank (ADB) and Australia somewhat notoriously financed, but also the [Highway One](#) project. These people have faced poor security over land and poor access to infrastructure and services. Owing to financial insecurity, they have fallen prey to [usurious lenders](#). All of this has been fully and credibly documented in the report of the Asian Development Bank's own January 2014 [Compliance Review](#) of the railway project. In addition, refugees transferred from Nauru face additional risks of discrimination and violence as residents of [foreign origin](#), and possibly as the beneficiaries of assistance unavailable to local residents. It's not that Cambodia is a [hell-hole](#)—in fact people who say that of Cambodia and Papua New Guinea are doing volunteer work for the Department of Immigration and Border Protection's advertising agency. Cambodia is little better or worse in most dimensions than most asylum seekers' countries of origin, such as Afghanistan and Sri Lanka. It's the additional risks of being a settler and a foreigner that matter.

Second, there are the risks and opportunity costs borne by the state and nation of Cambodia. Cambodia, as critics have stressed, is one of the poorest countries in Asia: its position among a selection of developing countries in the region, in terms of GDP per capita, is illustrated in the table below. It is not only a low-income country but also a [Least Developed Country](#), where the latter designation essentially indicates that it faces formidable barriers to development. It still bears the scars of two decades of inconceivably bloody internal and regional conflict. It has a [fast-growing](#), if narrow, private sector but its government remains heavily [aid dependent](#) (aid is only about six per cent of national income but almost half as big as government expenditure). Its bureaucracy lacks the apparatus to deal effectively with any substantial influx of refugees. The problems with internal resettlement, mentioned above, reflect in large part the very low capacity of Cambodia's ad hoc Inter-Ministerial Resettlement Committee. In addition, Cambodia is ethnically very homogeneous, which creates the potential for foreigners to become not only lightning rods but also aggravating factors in disputes over land, resources, services, jobs and wages. This potential is increased by the fact that the resettlement agreement is [not supported](#) by Cambodia's opposition, and will be further increased should resettlement [displace](#) existing residents.

Third, there is the burden that must be borne by UNHCR. That agency has come about as close as an intergovernmental organisation can, including in [this](#) statement of concern, to saying that the deal stinks: UNHCR is 'deeply concerned' about this 'worrying departure from international norms'. However, while UNHCR can frown at the deal, it cannot neglect people requiring protection, which would include those transferred from Nauru to Cambodia until such time as they are deemed to have been successfully resettled. UNHCR has a small [office](#) in Phnom Penh that supports Cambodia's Refugee Office 'both financially and by offering technical advice', including by building its capacity to 'provide legal and social support to the refugees and asylum-seekers in the country, and to enhance prospects for the local integration of refugees'. That's currently a very minor job, which could soon grow to be a substantial one. Is it too much to hope that the Australian government will take UNHCR's criticism of the deal on the chin and grant its Phnom Penh office additional resources to cope with the fall-out? It certainly should, not least because its agreement with Cambodia cheekily refers to UNHCR's 'supervisory responsibility under the Refugee Convention'.

Fourth but not least, there are the reputational and moral risks that the Australian government faces, plus two costs, one actual and one potential. The actual cost is that Australia has now lost any leverage which might have been associated with its whole aid program in Cambodia, as has happened in the case of Papua New Guinea and, less importantly, Nauru. The potential cost is that associated with all the sunk costs of the deal, if in the end a substantial proportion of the refugees decide to exit Cambodia and go about their lives elsewhere. As for the reputational and moral risks, these are very similar to those already realised in connection with the railway project: resettlement might be badly managed, leading to deprivation and possibly even [deaths](#). Perhaps the Australian government considers such failings would be on the Cambodian government's account. However, the ADB's compliance review of the railway project squarely sheets home the blame for the shortcomings of the project's resettlement component to the ADB itself: 'In a post-conflict situation, such as that in Cambodia, where a country is emerging from decades of civil war, donors need to proactively engage with the government and provide it with support at a much higher level and intensity than was provided by ADB in this case'. (The same report also contains implied criticism of Australia's reassurances that the problems, having been identified, had been adequately addressed.)

This fourth set of risks and costs is the most puzzling. Puzzling because in this transaction the Cambodian government seems to have priced its services surprisingly low, and also because the Australian government seems surprisingly unconcerned about its exposure to risk. The amount of additional aid on the table—\$10 million per annum—cannot have been enough to sway the Cambodian government in favour of the deal. But the very notion of additionality, no matter how little the amount, tends to lock in Australia's existing aid allocation to Cambodia at its current level. That might be perceived as a benefit in itself, but it leads to another benefit which has previously been experienced by the O'Neill government in Papua New Guinea: with a fixed aid commitment to Cambodia, Australia cannot credibly criticise the very real shortcomings of the Hun Sen government. The latter can now be confident of Australia's silence or even support in the face of the occasional [scathing attack](#) on its [legitimacy and conduct](#). In other words, the loss of Australian leverage mentioned above might well be a factor in Cambodia's enthusiasm for the deal.

And what of the reputational and moral risks to Australia? No government could reasonably expect to be able to wash its hands of these, even if it wanted to. By providing full-cost financing for the direct costs of the deal, is the Australian government not assuming *de facto* responsibility for the welfare of the resettlers? Obviously yes, but that could be a moot point for the reason cited above: the Australian government, and indeed the Cambodian government, might have judged that not many, if any, resettlers will actually stick around. If they were slowly to melt away across porous borders within or beyond the Mekong river basin, one-off aid payments in hand, everyone's a winner. Cambodia would have its profit margin and a docile donor; Nauru's detention centre would be a miserable but distant memory for the refugees themselves; and Australia would be absolved of any moral responsibility for their ongoing welfare.

All of this would be achieved at the nominal cost of much wasted aid—but perhaps really at a perceived cost of zero, because the aid budget has to be spent on something. Certainly the \$40 million, and the possibly similar amount to be provided for direct costs, might have been given to an organisation such as the World Food Programme which, owing to funding shortfalls, has recently had to [cut food rations](#) for internally displaced Syrians by 40 per cent. But where's the national interest in that?

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