

Australian Aid as a Soft Power Asset: Submission to the Australian Government's Soft Power Review

World Vision Australia

September 2018

For further information regarding this submission contact:

Dane Moores
Senior Economic Development Policy Advisor
World Vision Australia
E: Dane.Moores@worldvision.com.au

Table of contents

1. Executive summary	2
2. Objectives of Australia's soft power	4
3. Australian aid as a soft power asset	4
3.1 Australian aid strengthens Australia's reputation and influence	5
3.2 Australian aid promotes Australian values	6
3.3 Australian aid promotes peace, stability and security	8
3.4 Australian aid builds mutually-beneficial partnerships with other nations	9
4. Challenges to Australian aid as a soft power asset	10
4.1 Reducing profile and budget of the aid program	10
4.2 Increasing donor competition in the Indo-Pacific region	11
4.3 Securitising or militarising aid	12
5. Ways to better leverage Australian aid as a soft power asset	13
5.1 Elevate aid as a core strategic asset, alongside diplomacy and trade	13
5.2 Increase the quantity of aid	14
5.3 Increase the quality of aid	14
5.4 Better communicate aid	15
5.5 Develop a Pacific Aid Strategy	15
6. Conclusion	16
7. Endnotes	17

1. Executive summary




Australia's aid program is a highly effective, if not underutilised and underappreciated, soft power asset. The primary purpose of Australian aid should be to reduce poverty. However, World Vision Australia acknowledges that aid does have co-benefits for Australia's soft power. An effective and well-resourced aid program has benefits for national security, diplomatic relations and regional influence.

For a middle power like Australia, the aid program is arguably the main instrument by which the Australian Government can exercise influence in the international arena.

The Official Development Assistance budgets of each of the top three countries in the Soft Power 30 Index – the United Kingdom, France and Germany – are at least double the size of Australia's, when measured as a percentage of Gross National Income.¹ Australia is ranked tenth in the Index, and its ranking has fallen in recent years, as has Australia's aid budget.

Aid and soft power are tightly linked. The means of building soft power and the outcomes of aid are remarkable similar, albeit that they have a different focus. Through reducing poverty and empowering communities to lead their own positive change, aid strengthens relations between donor and recipient countries, embodies and advances Australian values, is a stabilising force, and creates lasting, mutually-beneficial partnerships, as described in the table below.

Table 1: Soft power benefits of Australian aid

Means of exerting soft power	Outcomes of Australian aid
 <p>Strengthen Australia's reputation and influence</p>	<p>Where development assistance is effective, conditions in the recipient countries improve and positively reflect on the donor, in this case Australia. Aid contributes to a vision of Australia as a helpful and generous nation and an effective bilateral partner.</p>
 <p>Promote Australian values</p>	<p>Aid can have a democratising effect by increasing transparency and strengthening civic participation. It also advances other values such as gender and racial equality, a fair go for all, rule of law, mutual respect and political, economic and religious freedom.</p>
 <p>Promote peace, stability and security</p>	<p>Poverty is a major source of insecurity, so reducing poverty through Australian aid has a stabilising effect on societies. By improving the health, welfare and prosperity of communities, aid reduces the potential for grievances and serves as a stabilising force to help prevent conflict.</p>
 <p>Build mutually-beneficial partnerships with other nations</p>	<p>Aid builds bilateral partnerships between donor and recipient countries as development partners. There is also a positive correlation between aid flows and trade flows, with research suggesting that aid increases exports to recipient countries more than other non-tying channels.</p>

Australian aid expenditure is at historic lows at a time when other countries, including China, are taking a more active role in development in the Indo-Pacific region. In response, the Australian Government should increase the quantity and quality of its aid by rebuilding the aid budget and by focusing on its strengths and value add as an international development partner. For example, Australia's value add in the Pacific may not be in competing directly with rising donors such as China on the construction of economic infrastructure, but rather in supporting soft infrastructure and building the skills and capabilities of local communities based on Australia's technical strengths.

There is an opportunity for Australia to step up into a leadership role and elevate its aid to be a core asset of Australia's foreign policy.

One of the arguments that World Vision Australia made in our submission to the Foreign Policy White Paper process was the need to elevate Australia's Official Development Assistance to a core asset of Australia's international engagement – alongside trade and diplomacy. That the White Paper did not do this is, in World Vision's view, a missed opportunity. An expanded aid program, targeted towards the real purpose of aid – human development, especially through reducing poverty – would contribute to a safer and more prosperous world while also increasing Australia's soft power and its ability to exercise influence internationally.

To this end, this submission makes several recommendations to better leverage Australian aid as a soft power asset:

- **Elevate aid as a core strategic asset:** The Australian Government should recognise the benefits of aid for Australia's soft power by elevating it to one of the three pillars of Australian foreign policy, alongside diplomacy and trade. In a similar vein, the position of Minister for International Development and the Pacific should be restored and elevated to a Cabinet position.
- **Increase the quantity of aid:** The Australian Government should commit to rebuilding Australia's aid budget back to 0.33 per cent over six years (by 2023-24).
- **Increase the quality of aid:** The Australian Government should clarify that the primary purpose of Australian aid is to reduce poverty. The aid program should be focused on initiatives that most effectively meet this objective, recognising that the value add of Australia's aid often lies in building the productive capacity of communities living in poverty.
- **Better communicate aid:** The Australian Government should promote the achievements of Australian aid to both the Australian public and partner governments and communities and restore aid education programming. An annual statement should be delivered to Parliament on the impact of Australian aid.
- **Develop a Pacific Aid Strategy:** The Australian Government should develop, in consultation with Pacific nations, a long-term strategy to guide Australia's aid investments in the Pacific to ensure they are coordinated, coherent, strategic, effective and meet the needs identified by local communities.

World Vision Australia argues that these recommendations should be implemented as a priority to, first and foremost, alleviate human suffering and lift people out of poverty. This will have the secondary impact of increasing Australia's reputation and giving recipient countries a stake in

maintaining the status quo and reinforcing the global rules-based order, which, as stated in the *Foreign Policy White Paper*, is in Australia's interests.²

2. Objectives of Australia's soft power

A review of Australia's soft power should first begin with a definition of soft power and an overview of its objectives. The *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.³

Simply put, in behavioural terms, soft power is attractive power. Soft power resources are the assets that produce such attraction, as opposed to hard power assets like defence capabilities. Joseph Nye, who first coined the term, defines soft power as the power within or beyond a country's "culture, political ideals, and policies" to attract and persuade, rather than to coerce or defeat, especially by military means.⁴

Australia's democracy, rule of law, aid program, tourism and cultural attractions, strong economy, quality education institutions, cutting-edge science, multiculturalism and environmental protections are all soft power assets that strengthen Australia's international reputation and attraction.

This submission focuses on foreign aid as a soft power asset – how aid currently contributes to Australia's soft power and how it can be better leveraged in the future.

For Australia, the objective of soft power is to maximise the potential of soft power assets to:

- **Strengthen Australia's reputation and influence:** To build a credible, attractive and effective image of Australia in the international arena that increases Australia's geo-political position and status, and adds weight to Australia's views.
- **Promote Australian values:** To share the social and political values of Australians (a fair go, freedom, equality and liberal democracy) and shape responses to global challenges that reflect these values.
- **Promote peace, stability and security:** To reduce tensions and support stability so that states maintain a non-militarised status quo and support the global rules-based order.
- **Build mutually-beneficial partnerships with other nations:** To build bilateral links between Australia and other countries based on mutual interest, trust, respect and mutual understanding.

By achieving these objectives, Australia will strengthen its international standing and influence and be better positioned to pursue its interests internationally.

3. Australian aid as a soft power asset

World Vision Australia's position is that the primary purpose of Australian aid is – and should remain – to reduce poverty. Aid is not an extension of the defence establishment, but that does not mean that it is irrelevant to national security or soft power. In fact, effective aid has many co-benefits for Australia's soft power.

In addition to reducing poverty and empowering communities to lead their own positive change, aid can increase stability and security at the local, national and international levels, improve diplomatic relations between donor and recipient countries, reduce the enabling environment for terrorism, and promote good governance. In fact, Australian aid fulfils each of the aforementioned objectives of soft power: it strengthens Australia's reputation and influence; promotes Australian values; advances peace, stability and security; and builds productive partnerships.

3.1 Australian aid strengthens Australia's reputation and influence

The 2018 OECD Peer Review of Australia's aid program found that Australian aid was "well positioned to influence and enhance global co-operation."⁵

Australian aid helps connect the Australian Government with recipient individuals in developing countries, and with the governments of those countries. Moreover, it portrays a vision of Australia as a helpful and generous nation – a good global citizen – who is an attractive development partner, but also an attractive trade and political partner as well. One 2014 study on the relationship between US development projects tackling HIV/Aids in sub-Saharan Africa and public opinion in the region concluded that such aid projects have "a strong positive effect on how US leadership has been perceived in recipient countries." The study found that aid could successfully change how donor countries were perceived, which would have important consequences for economic and strategic influence.⁶ In turn, within the international system, aid enhances the donor's voice in multi-lateral fora which set, support and enforce norms, rules and behaviours on global issues, be it on climate change, human rights or trade. As the Overseas Development Institute notes, "donorship implies power and the skills/resources required to deploy aid in solving problems of poverty and development in other countries."⁷

However, it is the third year in a row that Australia has fallen in the Soft Power 30 rankings and, in each of those years, Australia's aid budget has also been cut. In 2018, Australia ranked 10th in the Soft Power 30 index, down from 8th in 2017 and 6th in 2016.⁸ Interestingly, seven of the nine countries ranked as having greater soft power than Australia have higher Official Development Assistance (ODA) as a percentage of Gross National Income (GNI), while the remaining two have a similar ratio to Australia's.

Table 2: Soft power rankings and Official Development Assistance

Soft Power 30 rankings ⁹	ODA as a % of GNI ¹⁰
1. United Kingdom	0.7%
2. France	0.4%
3. Germany	0.7%
4. United States	0.2%
5. Japan	0.2%
6. Canada	0.3%
7. Switzerland	0.5%
8. Sweden	1.0%
9. Netherlands	0.6%
10. Australia	0.2%

The aid programs of each of the top three countries in the Soft Power 30 Index – the United Kingdom, France and Germany – are at least double the size of Australia's, when measured as a percentage of GNI. While the Soft Power 30 rankings are not explicitly tied to aid funding, it shows an indirect correlation between international influence and aid. If the Australian Government wants to increase its international influence and soft power, then it should increase the aid budget.

3.2 Australian aid promotes Australian values

As the *Foreign Policy White Paper* stated, all Australian Government policies should be informed by and give expression to the values of the Australian community. Aid is no exception. The *Foreign Policy White Paper* identifies several shared Australian values, including racial and gender equality, mutual respect, political, economic and religious freedom, liberal democracy and the rule of law.¹¹

Aid is one of the strongest expressions of Australian values to the international community.

Through Australia's wide-ranging development footprint from the Pacific to Africa, Australian aid reflects values of a fair go for all and racial equality. Through its women's empowerment programs, the aid program reflects Australia's values for gender equality and human rights. By partnering with recipient countries and conducting aid in a transparent and collaborative way, Australian aid shows that, as a country and people, mutual respect is a core value. By investing in good and inclusive governance, the aid program demonstrates the importance that Australia places on political, economic and religious freedoms.

Case study: World Vision promoting gender equality and civic participation in Afghanistan

World Vision's Channels of Hope program in Afghanistan works with Mullahs (Islamic leaders) to support them to speak publicly about women's political and civil empowerment and rights, recognising that religious leaders in Afghanistan are vital to creating a safe enabling environment for women to realise greater freedoms within civil and political life.

The program also supports the development of women's shura (advisory councils) to help build skills and leadership for women to meaningfully participate in decision making and to effectively represent women in their engagement with the government. Through this program, women can take action to address the issues that affect them and other women in their communities. Programs such as these assist in building an active and engaged civil society, which plays an essential role in building safer, more prosperous and stable communities for both women and men.

Australian aid also supports good governance, including democratic governance, which is in Australia's interest. Australian aid plays a key role in building institutional and governance capacity, protecting and strengthening the rule of law, and supporting pillars of democracy through citizen empowerment and participation. In the research community, there are mixed findings about the effectiveness of supporting democratic revitalisation through aid. The Westminster Foundation for Democracy warns that, while some progress has been made, the effectiveness of international assistance in supporting democracies has been limited.¹² However, one study on US development assistance and democratisation in the developing world between 1988 and 2001 found a positive relationship between specific democracy aid packages and progress toward democracy.¹³ Similarly, Savun and Tirone (2011) find that aid is a crucial factor in preventing civil conflict and strengthening

democracy,¹⁴ and Van de Walle (2012) concludes that foreign aid strengthened government accountability in Mali.¹⁵

One example of democratic principles being embedded in aid work is World Vision's Citizen Voice and Action programming (see case study). Through this approach, citizens are empowered to influence their local, provincial and national governments to make positive policy changes. Through projects such as these, aid embodies and shares Australian values like egalitarianism and political freedom, which align with Australia's international interests.

Case study: World Vision empowers communities to lead their own positive change through local, citizen-led advocacy

In many communities where World Vision works, the relationship between citizens and their governments is broken. World Vision's Citizen Voice and Action programming mobilises communities and equips them to engage with their governments to improve service delivery. It is a local-level advocacy approach that uses civic education, advocacy and participatory decision-making to empower citizens to call for improved essential services (like health and education).

Citizen Voice and Action has been used across 630 programs in 48 countries. For example, this approach has been implemented in the following countries where government policy and commitments can be identified, and where governments are willing to listen to alternative views.

- In Pakistan, World Vision worked with community members and service providers to rate the quality of local health services. The community identified that health centres were understaffed, and immunisation was limited. As a result of advocacy activities, the government hired ten new medical officers and four midwives, and 20,000 children benefited from an expanded immunisation program.
- In 40 of Uganda's 111 rural districts, World Vision collaborated with other NGOs and with rural communities on health advocacy. The coalition of organisations successfully lobbied for a parliamentary inquiry into public primary healthcare, which concluded that public clinics were 'death traps'. The advocacy coalition was able to, through further parliamentary lobbying, influence the government to increase spending on nurses at clinics by US\$20 million, resulting in at least 6,000 additional nurses being appointed.
- In Romania, education services were improved at the local level through citizen feedback, which was also used to advocate for important national-level changes such as teacher training and community engagement with schools. Out of 18 school action plans developed to lobby government for improvements, 16 plans were completed and there were infrastructure improvements in 17 of the schools, including improved water access, roofing, toilets, and playgrounds.

This enabling project model helps transform the relationships between citizens, government (public servants and elected officials) and service providers (such as nurses, doctors, principals and teachers) so that everyone in the community can work together towards the well-being of children. It is an effective example of how aid and development projects can strengthen democratic principles while addressing the needs of local communities.

3.3 Australian aid promotes peace, stability and security

Australia's aid program is focused on the eradication of poverty in our immediate neighbourhood, the Indo-Pacific region. Poverty is a major source of insecurity, so reducing poverty promotes peace, stability and security. The logic for this argument is that extreme poverty weakens governing institutions and depletes resources, making even the provision of basic services problematic and eroding the legitimacy of governments, which in turn creates an enabling environment for transnational crime, environmental degradation and terrorism which threaten Australia's interests.¹⁶

As development increases and poverty reduces, the likelihood of conflict falls. This dynamic is borne out in conflict research.

According to the UK Department for International Development, a country with a per capita income of \$250 has a much higher (15 per cent) likelihood of internal conflict over five years, compared to a country with a \$5,000 per capita income which has a 1 per cent likelihood of internal conflict over the same timeframe.¹⁷ Another study examined annual country-level data for 41 countries in sub-Saharan Africa between 1981 and 1999, and found that a reduction in per capita income significantly increased the likelihood of conflict in the following year.¹⁸ Paul Collier, in *The Market for Civil War*, finds that the most powerful predictors of civil conflict are in fact the same conditions for poverty: weak economic growth, low incomes, and dependence on natural resources.¹⁹ As recent civil wars demonstrate, even internal conflicts can have significant spillover effects for neighbouring countries and regional security. Reducing poverty should therefore be prioritised as a form of conflict prevention.

The Australian aid program contributes to poverty reduction (and therefore peace and security) through a range of initiatives. For example, in 2017-18, the Australian aid program:

- Supported the delivery of the Papua New Guinea national election and electoral reform, and trained more than 6,000 people in core public service skills to improve governance²⁰
- Constructed seven new irrigation schemes in Cambodia to provide more than 8,000 households with reliable water²¹
- Rebuilt 18 schools and a health centre severely damaged by Tropical Cyclone Winston in Fiji²²
- Increased incomes for 44,000 small farming households in Indonesia by connecting them to markets.²³

If Australia did not support projects like these, then weaker governance, lower rates of education, greater food and water insecurity, higher unemployment and poorer infrastructure would add to instability in a pivotal region close to home. As the 2006 *National Security Strategy of the United States* recognised, fighting poverty is an important part of national security because "development reinforces diplomacy and defense, reducing long-term threats to our national security by helping to build stable, prosperous and peaceful societies."²⁴ The 2016 Australian *Defence White Paper* concluded that "it is crucial that Australia help support the development of national resilience in the region to reduce the likelihood of instability", including through foreign aid.²⁵

There is also emerging research that where development aid is targeted rurally to improve services and enhance employment, it helps stabilise these communities and thus stems immigration and

people flows from these countries.²⁶ By improving the health, welfare and prosperity of communities, aid reduces the potential for grievances and serves as a stabilising force to reduce population movements and help prevent conflict. For example, World Vision's livelihoods work in post-conflict Afghanistan is helping to increase incomes and food security and, in doing so, it is reducing the likelihood of men becoming militarised (see case study).

Case study: World Vision is strengthening livelihoods in post-conflict Afghanistan, reducing the likelihood of men joining armed groups

In Afghanistan, World Vision works under the *Australia Afghanistan Community Resilience Scheme* to promote innovative solutions to prevailing income and livelihood challenges.

Community members receive help to manage natural resources, diversify their agricultural production, and strengthen market linkages. As a result of these efforts, 17,497 families have benefitted from increased food security and improved water infrastructure, and 410 landless farmers have received access to farmable land. A further 700 community and religious leaders have been trained in community change, including how to enhance women-led development.

All these achievements are crucial for the development of the community but are equally important for preventing future violence and conflict. As one community leader told World Vision, these programs have enabled youth to secure local jobs rather than having to join armed opposition groups in neighbouring areas. Jobs provide young men with a source of income and a support network that they may have otherwise been unable to attain without joining armed forces. Efforts to rebuild markets and livelihoods are a critical step in helping restore stability to these post-conflict communities and prevent further conflict.

3.4 Australian aid builds mutually-beneficial partnerships with other nations

Australian aid builds diplomatic and trade relations between Australia and recipient countries, which is a key objective of soft power. Aid can contribute to improvements in diplomatic relations between donor and recipient countries by nurturing positive, constructive relationships, centred around a shared development vision.

There is also an emerging positive correlation between aid and trade. The rationale is that aid helps lift communities out of poverty and, in doing so, expands the production and customer base for exports and imports respectively. It empowers more people to participate in trade, including as potential purchasers of Australian products. Research undertaken by the Development Policy Centre at the Australian National University found that Australian aid had positive and significant impacts on Australian exports to Asian countries between 1980-2013, showing that there are commercial co-benefits from foreign aid.²⁷ During this timeframe, every \$1 of Australian ODA to Asian countries resulted on average in \$7.1 in Australian exports to Asian countries. The report concluded that aid increases exports to recipient countries more than other non-tying channels.

In addition to forging formal government partnerships, aid strengthens people-to-people linkages across borders. Much of Australian aid is delivered through NGOs, many of which are Australian. As delivery partners under the aid program, Australian NGOs to some extent project Australia's soft power outside of Government. They play a crucial role in connecting Australia to people in other countries and can be seen by overseas communities as ambassadors for Australian values. The *Foreign Policy White Paper* recognised that NGOs are "vital partners" that "bring strong connections

to local communities, a comprehensive understanding of poverty in local contexts, and deep development expertise.”²⁸ Through long-running aid projects, Australian-based NGOs such as World Vision Australia develop deep and genuine connections with communities. Positive partnerships like these contribute at the macro-level to improved bilateral relations.

4. Challenges to Australian aid as a soft power asset

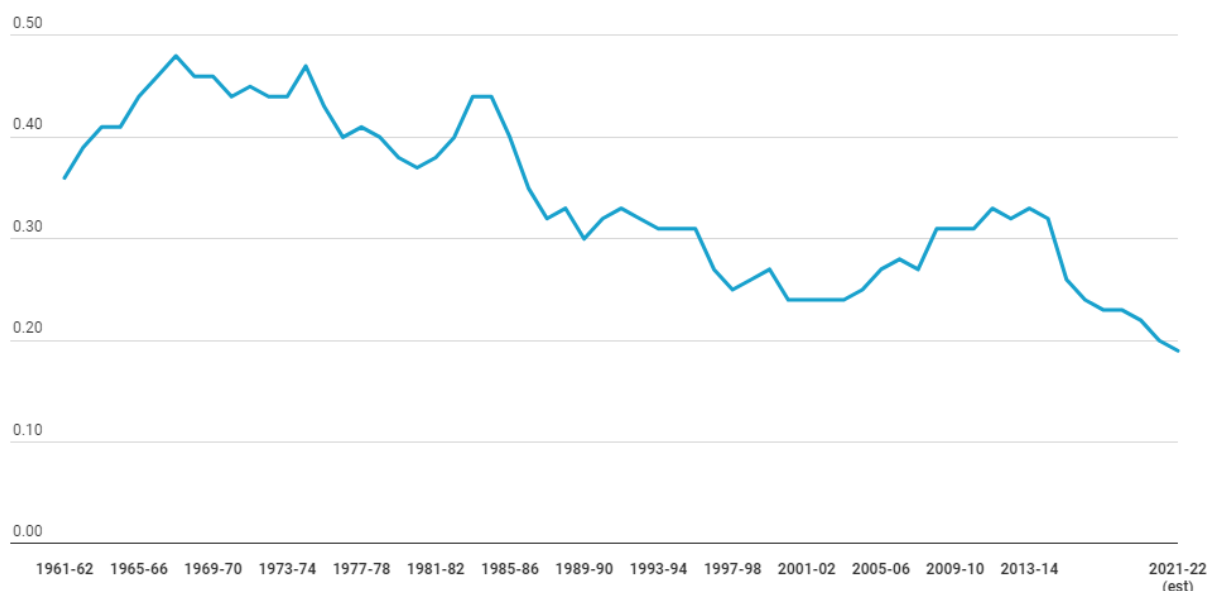
The soft power benefits of Australian aid are being eroded by reductions in the profile and budget of the aid program and by increasing strategic competition from rising donor countries in the region. A future risk could be moves to explicitly link aid to defence objectives – what we call ‘securitising’ or ‘militarising’ aid – which would threaten development outcomes and risk Australia’s reputation as a development partner of choice. These factors threaten the soft power flow-on effects of Australia’s aid program.

4.1 Reducing profile and budget of the aid program

Australia’s performance as an aid donor and its reputation as a reliable partner have been greatly weakened over the last five years as the aid budget has been consecutively cut, year on year.

In 2018-19, Australian aid totalled \$4.16 billion or 0.86 per cent of federal government spending.²⁹ Aid as a proportion of Australia’s Gross National Income has now dropped to a record low of just 0.22 per cent. Australia has fallen from 13th place (in 2013) to 19th last year for aid generosity among OECD Development Assistance Committee member countries.³⁰

Figure 1: Australia’s Official Development Assistance as a percentage of Gross National Income³¹



The OECD Peer Review notes that cuts to Australia’s aid program have occurred at a time when Australia continues to experience economic growth.³² In fact, cuts to the aid budget have occurred at the same time that defence spending has dramatically increased.³³ Given the benefits of aid for exerting influence, demonstrating Australian values, strengthening peace and security and forging bilateral partnerships (as mentioned earlier), then cutting aid to indirectly fund an increase to the defence budget is a contradictory move and that one that does not fully consider the strategic implications for Australia. Australia remains the largest donor in the Pacific region, but this status

may be at risk due to the declining profile of Australian aid among political leaders and the subsequent reductions in the aid budget. Australia should help shape responses to global development challenges because if we do not, then other countries will, potentially in ways that diverge from Australia's interests and values.

Another related challenge is that public confidence in Australia's aid program has been undermined through successive cuts to the aid budget and a lack of national leadership. Misperceptions about aid are widespread. According to the 2018 Lowy Institute Poll, Australians on average think that 14 per cent of Australia's federal budget is spent on aid, while they say 10 per cent should be spent on aid.³⁴ In reality, Australia's aid budget is approximately 0.8 per cent of the federal budget.

4.2 Increasing donor competition in the Indo-Pacific region

According to the Overseas Development Institute, there has been a proliferation of states across all regions of the world providing aid over the last 25 years. There were fewer than 20 bilateral donors in 1960. By 2014, the number of donors more than doubled to 48 countries.³⁵

Australian aid spending is at historic lows at a critical strategic juncture when new countries are becoming aid donors and when some donors, such as China, are taking a more active role in development in the Indo-Pacific region.

According to the Lowy Institute's Pacific Aid Map, 1.9 billion in aid was invested in the Pacific in 2016 alone.³⁶ China's foreign aid program in the Pacific islands region is growing but Australia is still the most significant external actor, accounting for \$798 million in Pacific aid in 2016 compared to China's \$114 million. Nevertheless, China is on track to overtake Japan as the third largest donor in the Pacific islands region.³⁷

Australian aid has several characteristics that distinguish it from many other donors, and these should be strengthened to solidify Australia's aid value proposition. Since 1996, Australian aid has been provided through grants, not commercially-focused loans.³⁸ Compared to many other donors in the region, Australian aid is more sustainable, collaborative and transparent.

While overall donor competition has been increasing in the Pacific, there has been particular competition in the infrastructure sector. There is a clear infrastructure deficit in the Pacific region, so investment in the right type of infrastructure is important.³⁹ Poverty rates are highest in remote areas, which have poor access to transport infrastructure. Roads, bridges and ports therefore, if they are constructed in an inclusive way and with a focus on benefiting poor communities, can contribute significantly to poverty reduction.

However, Australia's value add to the Pacific may not be in competing directly with rising donors such as China on the construction of economic infrastructure, but rather investing in soft infrastructure and building the skills and capabilities of communities. Australia is rich in technical strengths that can be leveraged to improve productivity and build prosperity in our Pacific neighbourhood. Sharing our technical know-how from the agriculture sector, for example, can improve the productivity of Pacific islands to help them prosper. These investments may have a greater impact on development outcomes and community well-being than investments in infrastructure, and so a thorough poverty impact analysis should be conducted before proceeding with large infrastructure investments.

Nevertheless, when Australia does fund infrastructure projects through the aid program, they should have four key characteristics: they should have an intentional focus on reducing poverty, be climate and disaster resilient, build capacity and be holistic by complementing hard infrastructure with soft infrastructure.

- **Poverty reduction focus:** The primary aim of economic infrastructure funded through the aid program should be to benefit people living in poverty and local communities, rather than larger businesses and multi-nationals.
- **Build capacity and capability:** Local skills and knowledge should be used and developed, where possible, in the construction of economic infrastructure in developing countries to both facilitate trade and support local industry.
- **Climate and disaster resilience:** Four out of the ten most disaster-prone countries in the world are in the Pacific (Vanuatu, Tonga, the Solomon Islands and Papua New Guinea).⁴⁰ Infrastructure must be designed and built with this in mind to ensure it is resilient to current risks and expected climate impacts such as more frequent and intense weather events.
- **Soft infrastructure:** Hard infrastructure such as roads, bridges and ports should be complemented with soft infrastructure; that is, the technical and managerial capacity and systems (including regulatory frameworks) which ensure that the roads, bridges or ports are managed well and maintained.⁴¹ Without 'soft' infrastructure, physical infrastructure fails to deliver its promised benefits.

Ultimately, any shift towards infrastructure funded through Australia's aid program should occur in a way that maximises its poverty alleviation effects while minimising any potentially adverse impacts. While it is entirely legitimate that large infrastructure projects might form part of Australia's assistance to Pacific countries, this must not be at the expense of other essential elements of the program – investments in health, education, water and sanitation, disaster risk reduction, governance and small business.

4.3 Securitising or militarising aid

While World Vision Australia recognises the co-benefits of aid for Australia's soft power, we warn against 'securitising' or 'militarising' aid as a means to pursue narrow, self-interested goals. Aid is not purchasing power – it is not about 'buying votes' or 'bribery' for Australia's own ends. If viewed this way, Australia risks supporting aid projects which have little intrinsic value and may even do harm to the people of recipient countries and damage to Australia's reputation.

The militarisation of aid jeopardises both the integrity of aid and its soft power benefits. While the Australian Defence Force can play an essential role in the immediate aftermath of a humanitarian crisis (by performing rescue operations, providing transport and creating a secure environment, for example), researchers have found that militarised aid is ineffective and can cause harm to local communities and aid workers.⁴² Aid funding to defence forces compromises the 'neutral space' in humanitarian contexts, blurring the lines between parties to a conflict and humanitarian actors. It contradicts the agreed, international humanitarian principles of neutrality, impartiality and independence, which can cause confusion about the integrity of Australia's intentions toward local communities.⁴³

World Vision's position is that aid can mutually address soft power and development objectives, but it ultimately needs to address real human needs first and foremost. If it fails this test, then it can no longer be considered aid.

As stated earlier, the primary purpose of Australian aid is – and should remain – to reduce poverty. Aid policies and programs should put the interests and needs of the recipient society first and above all, with any proposed benefit to Australia being a secondary consideration.

5. Ways to better leverage Australian aid as a soft power asset

There is significant scope to improve Australia's aid to maximise its impact on poverty reduction and, therewith, increase Australia's soft power and influence.

As key powers turn inward, there is an opportunity for Australia to step up into a leadership role and elevate its aid to be a core strategic asset, alongside diplomacy and trade. Increasing both the quantity and quality of aid should be prioritised, and so should better communicating the strong outcomes of Australian aid to both domestic and international audiences. In the Pacific, these efforts should be guided by a holistic, long-term Pacific Aid Investment Strategy that provides a coherent, strategic, long-term framework for Australia's future development assistance in the region.

5.1 Elevate aid as a core strategic asset, alongside diplomacy and trade

- **Recommendation: That the Australian Government elevate aid as one of the three pillars of Australian foreign policy, alongside diplomacy and trade.**
- **Recommendation: That the Australian Government restore the position of Minister for International Development and the Pacific and elevate this role to be a member of Cabinet.**

In recent times, Australia has overlooked the role and importance of Australia's aid program as one of the three pillars of Australian foreign policy, together with diplomacy and trade. This is strategically short-sighted. Recent moves by the Morrison Government to 'downgrade' the position of Minister for International Development and the Pacific to an Assistant Minister position signal a further 'de-valuing' of aid as a portfolio. Instead, Australian aid should be elevated to a core asset of Australia's foreign policy, recognising its vital role in helping support global and regional peace and prosperity, in Australia's national interest.

World Vision Australia recommends restoring the position of Minister for International Development and the Pacific and increasing the profile of this position to the Cabinet. The Foreign Minister and Minister for Trade, Tourism and Investment are both Cabinet members, and the Minister for International Development and the Pacific should be elevated to sit alongside them. For example, in the United Kingdom, the Secretary of State for International Development attends Cabinet alongside the Secretary of State for Foreign and Commonwealth Affairs and the Secretary of State for International Trade.⁴⁴ Similarly, in Canada, the Minister for International Development, Minister of Foreign Affairs and the Minister for International Trade Diversification all attend Cabinet.⁴⁵ The Minister responsible for Australia's aid program should have a priority seat at the Cabinet table given the importance of aid for regional prosperity and Australia's soft power.

5.2 Increase the quantity of aid

- **Recommendation: That the Australian Government commit to rebuilding Australia's aid budget back to 0.33 per cent of Gross National Income over six years (by 2023-24).**

The aid budget should be restored to multiply its impact for people living in poverty and to increase its co-benefits for Australia's soft power.

The Government needs a staged, measured approach to reversing unjust aid cuts over recent years. To rebuild the aid program, Australia should map out a pathway to grow Australia's aid to 0.7 per cent of Gross National Income, in line with our previous international commitment and as achieved or exceeded by the United Kingdom, Netherlands, Denmark, Luxembourg, Norway and Sweden. We understand that this will need to be a long-term objective.

To immediately set Australia back on a positive path, World Vision Australia recommends that the aid program be rebuilt to 0.33 per cent of Gross National Income over the next six years, which is a manageable and achievable goal.

5.3 Increase the quality of aid

- **Recommendation: That the Australian Government clarify that the primary purpose of Australian aid is to reduce poverty.**
- **Recommendation: That the Australian Government align Australia's entire aid program and evaluation frameworks to the Sustainable Development Goals (SDGs) by introducing a new target that all aid investments be linked to one or multiple SDGs.**

An aid program with stronger development outcomes is a better reflection on Australia. Effective and evidence-based aid – that is, aid that empowers communities to lift themselves out of poverty and lead their own change – magnifies soft power. Conversely, badly designed and insensitively implemented aid projects can be detrimental to soft power, and so care should be taken to ensure aid projects are appropriate and effective. This is one of the reasons why aid effectiveness is so important.

At present, the purpose of Australia's aid program is "to promote Australia's national interests by contributing to sustainable economic growth and poverty reduction."⁴⁶ World Vision Australia recommends revising the purpose of Australia's aid program to: (1) have a sharper focus on reducing poverty; (2) clarify the role of the national interest; and (3) highlight people, rather than countries, as the focus and beneficiaries of aid. In our view, every aid project should contribute to and have a measurable impact on poverty reduction in some way, but not all aid needs to pass the test of promoting some particular national interest. World Vision Australia therefore supports the revised purpose of Australian aid recommended in the *Independent Review of Aid Effectiveness* in 2011: "The fundamental objective of Australian aid is to help people overcome poverty. We work to improve the lives of those living in conditions far below what Australians find acceptable. We focus our resources and effort on areas of national interest, and where Australia can make a real difference."⁴⁷

The aid program should also be aligned to the Sustainable Development Goals (SDGs). As the global blueprint for development, the SDGs should be made the overarching evaluation framework against which Australian aid is monitored and evaluated. The Office of Development Effectiveness in the Department of Foreign Affairs and Trade should be given a broader mandate and additional

resources to evaluate Australia's aid projects against the SDGs on a regular basis, to ensure a high rate of effectiveness. Every aid investment should be linked to one or multiple SDGs, and this should be a mandatory strategic target for the aid program. Aligning Australia's aid program to the SDGs would provide a coherent framework for the aid program and bring Australia into line with many other donors. It would also better align Australia's aid program with the development needs of recipient countries, who are also increasingly aligning their development agendas to the SDGs.

5.4 Better communicate aid

- **Recommendation: That the Australian Government establish an Aid Education Fund to support innovative initiatives to raise awareness about the importance and achievements of Australia's aid program among the Australian public.**
- **Recommendation: That the Prime Minister or Minister of Foreign Affairs deliver an annual Aid Impact Statement to Parliament, highlighting the achievements of Australia's aid program over the previous year and outlining plans for the future.**

The Australian Government should support initiatives to communicate the outcomes and success stories of Australian aid to both the Australian public and international audiences.

An Aid Education Fund – a \$5 million annual, competitive, grant-based program – should be established to fund innovative proposals to raise awareness about the impact and importance of Australian aid. The Aid Education Fund should incentivise collaborative partnerships between different stakeholders (such as media, NGOs, businesses and diaspora communities) to inform the Australian public – from school students to professionals – about the aid program and aid-related issues. It is important to note that such awareness raising under the Aid Education Fund would be separate to independent, civil society-led campaigns related to increasing the aid budget.

The Prime Minister or Minister of Foreign Affairs should also give an annual statement to Parliament on the impact of Australia's aid program, outlining results, lessons learned and potential future directions for the aid program. An annual Aid Impact Statement will help promote awareness and appreciation of the aid program among parliamentarians and the Australian public. For example, Belgium's aid legislation requires that the Minister responsible for development cooperation report to Parliament on a yearly basis the results of Belgian development efforts and recommendations on how to improve policy coherence for development.⁴⁸

Compared to many emerging donors, Australia has a comparative advantage in development assistance as a grant-based, collaborative and transparent partner with a focus on community outcomes. Public diplomacy overseas should highlight this value proposition of Australian aid and amplify local community voices and beneficiaries. Public diplomacy efforts should promote Australia as a development partner (including as a commercial partner), not simply as an aid-giver.

5.5 Develop a Pacific Aid Strategy

- **Recommendation: That the Australian Government develop a Pacific Aid Strategy (2020-2030) to provide a strategic, coherent framework to guide Australian aid investments in the region, developed in partnership with key regional development partners including the Governments of Papua New Guinea, the Solomon Islands and Vanuatu.**

The Australian Government needs an overarching, long-term strategy to guide its aid investments in the Pacific to ensure they are targeted, effective and coherent.

The Department of Foreign Affairs and Trade does have a Regional Aid Investment Plan in place for the Pacific, which supports regional approaches to a range of regional development and economic growth challenges.⁴⁹ However, the Plan is relatively short-term (2015-16 to 2018-19) and only covers those regional initiatives that cut across countries, not Australia's bilateral programs in the Pacific.

A Pacific Aid Strategy is needed to ensure Australia implements an integrated set of development projects in the region. This strategy should be long-term, stretching out to 2030, based on an assessment of the needs and aspirations of the people in Pacific island countries. The process for developing the strategy should be transparent and consultative, involving key partner countries in the region, like-minded donor countries as well as aid delivery partners such as NGOs. There is an opportunity to develop this strategy in collaboration with likeminded donor countries active in the Pacific (including the United States of America, United Kingdom and New Zealand) to reduce duplication and maximise complementarity between our respective aid programs.

Implementing this strategy would enable a more strategic and coordinated, and less ad hoc, approach to development in the Pacific that would assist in the region's development while also advancing Australia's soft power in a more intentional way.

6. Conclusion

Aid is clearly an influential and powerful soft power asset for Australia. Australia's aid program counters drivers of instability by reducing poverty, strengthens economic and security ties between nations, embodies and promotes Australian values for equality and the rule of law, and draws Australia and its development partners closer together in a shared vision for peace, stability and prosperity. Australia, due to this complex web of economic and security interests, benefits when our region – and by extension the world – is peaceful and prosperous.

However, as demonstrated by successive cuts to the aid budget over the last five years, the Australian Government has neglected both the importance of international development and its soft power potential. The Australian Government needs to recognise that a targeted, well-resourced and effective aid program is both in Australia's interests, and a vital Australian responsibility. An expanded aid program targeted towards the real purpose of aid – human development, especially through reducing poverty – would multiply the already positive outcomes of Australian aid and, therewith, improve Australia's standing and influence in the world.

However, as mentioned earlier, acknowledging the soft power benefits of Australian aid does not mean that aid should be exploited for national interest gains. Aid policies and programmes should put the interests and needs of the recipient society first, with any proposed benefit to Australia being a secondary co-benefit. Using aid as soft power needs to be both nuanced and attuned to the needs, well-being and aspirations of local communities. It would be mistaken and costly if the aid program were to be reduced to simply a means to pursue narrow, self-interested goals. For example, a Pacific policy governed solely by short-term defensive reactions in response to rising geo-strategic competition would not be coherent or sustainable and, more importantly, it would do little to advance the security and prosperity of people living in the region.

Australia should step up its response to development challenges because, if it does not, then others will, potentially in ways that diverge from Australia's interests and values. Australian aid should be improved, in both its quantity and quality, to reach its full potential as a mechanism to – first and foremost – lift people out of poverty and to – secondarily – increase Australia's international influence.

7. Endnotes

- ¹ See Jonathan McClory, *The Soft Power 30: A Global Ranking of Soft Power 2018*, 2018, available at: <https://softpower30.com/wp-content/uploads/2018/07/The-Soft-Power-30-Report-2018.pdf>, accessed 27 September 2018; and Organisation for Economic Co-operation and Development, *Net ODA*, 2017, available at: <https://data.oecd.org/oda/net-oda.htm>, accessed 27 September 2018.
- ² Australian Government, *Foreign Policy White Paper*, 2017, available at: <https://www.fpwhitepaper.gov.au/>, accessed 27 September 2018.
- ³ Australian Government, *Foreign Policy White Paper*, 2017, available at: <https://www.fpwhitepaper.gov.au/>, accessed 27 September 2018.
- ⁴ Joseph Nye, *Soft Power: The Means to Success in World Politics*, 2004, PublicAffairs.
- ⁵ Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia*, 2018, available at: https://read.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews-australia-2018_9789264293366-en#page1, accessed 27 September 2018.
- ⁶ Benjamin Goldsmith, Yusaku Horiuchi and Terence Wood, Doing Well by Doing Good: The Impact of Foreign Aid on Foreign Public Opinion, *Quarterly Journal of Political Science*, 2014, Volume 9, available at: http://www.horiuchi.org/www/Publications_files/100.00013036.pdf, accessed 27 September 2018.
- ⁷ Nilima Gulrajani and Liam Swiss, *Why do countries become donors? Assessing the drivers and implications of donor proliferation*, 2017, Overseas Development Institute, available at: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11364.pdf>, accessed 27 September 2018.
- ⁸ Jonathan McClory, *The Soft Power 30: A Global Ranking of Soft Power 2018*, 2018, available at: <https://softpower30.com/wp-content/uploads/2018/07/The-Soft-Power-30-Report-2018.pdf>, accessed 27 September 2018.
- ⁹ Jonathan McClory, *The Soft Power 30: A Global Ranking of Soft Power 2018*, 2018, available at: <https://softpower30.com/wp-content/uploads/2018/07/The-Soft-Power-30-Report-2018.pdf>, accessed 27 September 2018.
- ¹⁰ Organisation for Economic Co-operation and Development, *Net ODA*, 2017, available at: <https://data.oecd.org/oda/net-oda.htm>, accessed 27 September 2018.
- ¹¹ Australian Government, *Foreign Policy White Paper*, 2017, available at: <https://www.fpwhitepaper.gov.au/>, accessed 27 September 2018.
- ¹² Alina Rocha Menocal and Pilar Domingo, *Renewing Representation: The role of international assistance in supporting democratic revitalisation*, 2018, Westminster Foundation for Democracy, available at: <https://www.wfd.org/wp-content/uploads/2018/09/Renewing-representation-the-role-of-international-assistance-final.pdf>, accessed 27 September 2018.
- ¹³ James Scott and Carie Steele, Sponsoring Democracy: The United States and Democracy Aid to the Developing World, 1988-2001, *International Studies Quarterly*, Volume 55, Issue 1, 2011, available at: <https://academic.oup.com/isq/article-abstract/55/1/47/1791399?redirectedFrom=fulltext>, accessed 27 September 2018.
- ¹⁴ Burcu Savun and Daniel C Tirone, Foreign Aid, Democratization, and Civil Conflict: How Does Democracy Aid Affect Civil Conflict, *American Journal of Political Science*, Volume 55, Issue 2, 2011, available at: <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1540-5907.2010.00501.x>, accessed 27 September 2018.
- ¹⁵ Nicolas van de Walle, *Foreign aid in dangerous places: The donors and Mali's democracy*, World Institute for Development Economics Research, 2012, available at: <https://www.wider.unu.edu/sites/default/files/wp2012-061.pdf>, accessed 27 September 2018.
- ¹⁶ Lael Brainard, Derek Chollet and Vinca LaFleur, *The Tangled Web: The Poverty-Insecurity Nexus*, 2006, available at https://www.brookings.edu/wp-content/uploads/2016/07/toopoorforpeace_chapter.pdf, accessed 27 September 2018.
- ¹⁷ Susan Rice, The Threat of Global Poverty, *National Interest*, 2006, available at: <https://www.brookings.edu/wp-content/uploads/2016/06/20060401.pdf>, accessed 27 September 2018.
- ¹⁸ Edward Miguel, Shanker Satyanath and Ernest Sergenti, Economic Shocks and Civil Conflict: An Instrumental Variables Approach, *Journal of Political Economy*, Volume 112, No. 4, 2004, available at:

http://www.nber.org/ens/feldstein/Papers/Paper_Economic_Shocks_and_Civil_Conflict.pdf, accessed 27 September 2018.

¹⁹ Paul Collier, *The Market for Civil War*, *Foreign Policy*, 2003, available at: <https://foreignpolicy.com/2009/11/02/the-market-for-civil-war/>, accessed 27 September 2018.

²⁰ Department of Foreign Affairs and Trade, *Overview of Australia's aid program to Papua New Guinea*, 2017, available at: <https://dfat.gov.au/geo/papua-new-guinea/development-assistance/Pages/papua-new-guinea.aspx>.

²¹ Department of Foreign Affairs and Trade, *Overview of Australia's aid program to Cambodia*, 2017, available at: <https://dfat.gov.au/geo/cambodia/development-assistance/Pages/development-assistance-in-cambodia.aspx>, accessed 27 September 2018.

²² Department of Foreign Affairs and Trade, *Overview of Australia's aid program to Fiji*, 2017, available at: <https://dfat.gov.au/geo/fiji/development-assistance/Pages/development-assistance-in-fiji.aspx>, accessed 27 September 2018.

²³ Department of Foreign Affairs and Trade, *Overview of Australia's aid program to Indonesia*, 2017, available at: <https://dfat.gov.au/geo/indonesia/development-assistance/Pages/development-assistance-in-indonesia.aspx>, accessed 27 September 2018.

²⁴ President of the United States, *The National Security Strategy of the United States of America*, 2006, available at: <https://www.state.gov/documents/organization/64884.pdf>, accessed 27 September 2018.

²⁵ Australian Government, *Defence White Paper*, 2016, available at: <http://www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf>, accessed 27 September 2018.

²⁶ Jonas Gamso and Farhod Yuldashev, Does rural development aid reduce international migration?, *World Development*, Volume 110, 2018, available at: <https://www.sciencedirect.com/science/article/pii/S0305750X1830189X?via%3Dihub>, accessed 27 September 2018.

²⁷ Sabit Amum Otor and Matthew Dornan, *How does foreign aid impact Australian exports in the long-run?* Development Policy Centre Discussion Paper 62, Australian National University, 2017, available at: http://devpolicy.org/publications/discussion_papers/DP62_How-does-foreign-aid-impact-Australianexports.pdf, accessed 27 September 2018.

²⁸ Australian Government, *Foreign Policy White Paper*, 2017, available at: <https://www.fpwhitepaper.gov.au/>, accessed 27 September 2018.

²⁹ Development Policy Centre, *Australian Aid Tracker*, 2018, available at: <http://devpolicy.org/aidtracker/>, accessed 27 September 2018.

³⁰ Development Policy Centre, *Australian Aid Tracker: Comparisons*, 2018, available at: <http://devpolicy.org/aidtracker/comparisons/>, accessed 27 September 2018.

³¹ Development Policy Centre, *Australian Aid Tracker: Trends*, 2018, available at: <http://devpolicy.org/aidtracker/trends/>, accessed 27 September 2018.

³² Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia*, 2018, available at: https://read.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews-australia-2018_9789264293366-en#page1, accessed 27 September 2018.

³³ Alex Oliver, *Australia's flatlining foreign affairs budget*, *The Interpreter*, 2017, available at: <https://www.lowyinstitute.org/the-interpreter/australia-s-flatlining-foreign-affairs-budget>, accessed 27 September 2018.

³⁴ Alex Oliver, *2018 Lowy Institute Poll*, *The Lowy Institute*, 2018, available at: <https://www.lowyinstitute.org/publications/2018-lowy-institute-poll>, accessed 27 September 2018.

³⁵ Nilima Gulrajani and Liam Swiss, *Why do countries become donors? Assessing the drivers and implications of donor proliferation*, *Overseas Development Institute*, 2017, available at: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11364.pdf>, accessed 27 September 2018.

³⁶ The Lowy Institute, *Pacific Aid Map*, 2018, available at: <https://pacificaidmap.lowyinstitute.org/>, accessed 27 September 2018.

³⁷ Philippa Brant, *The Geopolitics of Chinese aid*, *The Lowy Institute*, 2015, available at: <https://www.lowyinstitute.org/publications/geopolitics-chinese-aid>, accessed 27 September 2018.

³⁸ Australian Agency for International Development, *Australian Aid: Promoting Growth and Stability – A White Paper on the Australian Government's Overseas Aid Program*, 2006, available at: <https://dfat.gov.au/about-us/publications/Documents/whitepaper.pdf>, accessed 27 September 2018.

³⁹ Matthew Dornan, *Should more Australian aid to the Pacific be spent on infrastructure?*, Development Policy Centre, available at: <http://www.devpolicy.org/should-more-australian-aid-to-pacific-be-spent-on-infrastructure-20180803/>, accessed 27 September 2018.

⁴⁰ United Nations University and Bündnis Entwicklung Hilft, *WorldRiskReport 2016*, 2016, available at: https://collections.unu.edu/eserv/UNU:5763/WorldRiskReport2016_small_meta.pdf, accessed 27 September 2018.

⁴¹ Matthew Dornan, *Should more Australian aid to the Pacific be spent on infrastructure?*, Development Policy Centre, available at: <http://www.devpolicy.org/should-more-australian-aid-to-pacific-be-spent-on-infrastructure-20180803/>, accessed 27 September 2018.

⁴² AidWatch, *Militarisation of aid*, 2012, available at: <https://www.aidwatch.org.au/campaigns/where-is-your-aid-money-going/militarisation-of-aid/>, accessed 27 September 2018.

⁴³ AidWatch, *Aid for Checkpoints: The Militarisation of Australia's Aid*, 2012, available at: <https://www.aidwatch.org.au/campaigns/where-is-your-aid-money-going/militarisation-of-aid/>, accessed 27 September 2018.

⁴⁴ Government of the United Kingdom, *Ministers*, 2018, available at: <https://www.gov.uk/government/ministers>, accessed 27 September 2018.

⁴⁵ Government of Canada, *Cabinet*, 2018, available at: <https://pm.gc.ca/eng/cabinet>, accessed 27 September 2018.

⁴⁶ Department of Foreign Affairs and Trade, *Australian aid: Promoting prosperity, reducing poverty, enhancing stability*, 2014, available at: <https://dfat.gov.au/about-us/publications/Documents/australian-aid-development-policy.pdf>, accessed 27 September 2018.

⁴⁷ Australian Government, *Independent Review of Aid Effectiveness*, 2011, available at: <https://dfat.gov.au/about-us/publications/Documents/independent-review-of-aid-effectiveness.pdf>, accessed 27 September 2018.

⁴⁸ Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Belgium*, 2015, available at: https://read.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews-belgium-2015_9789264239906-en#page1, accessed 27 September 2018.

⁴⁹ Department of Foreign Affairs and Trade, *Aid Investment Plan – Pacific Regional: 2015-16 to 2018-19*, 2015, available at: <https://dfat.gov.au/about-us/publications/Documents/pacific-regional-aid-investment-plan-2015-19.pdf>, accessed 27 September 2018.