

Australian International Development Policy Review

Submission by the Australia, Pacific & Asia Conflict Prevention and Peacebuilding Network

November 2022

Introduction

We are a network of practitioners and academics who work on peace and security issues in the Pacific and Southeast Asia, and in Australia itself. We represent the following organisations and institutions: AbSolve, Centre for Peace and Conflict Studies, Conciliation Resources, Dialogue Australia, Initiative for Peacebuilding at the University of Melbourne, Interpeace, PaCSIA and Peacifica, with decades of experience of observing, analysing, designing activities and working with communities and governments to transform conflict systems and work towards sustainable peace and security.¹ (detailed list of supporters at the Annex)

Our submission argues for the Australian government to invest in peacebuilding to enhance our international development and humanitarian work and offer alternatives to the securitisation of Australian foreign policy. Embedding a peacebuilding mindset and approaches into development will contribute significantly to building wider trust in Australian diplomacy in a region encompassing diverse conflicts, hybrid governance and complex development needs. Aligning with the proposed First Nations foreign policy will position Australia as a leader in building peace through meaningful partnerships. Drawing on our ongoing national experience of reconciliation will contribute to a secure, stable and prosperous region.

We put forward the following recommendations to contribute to addressing peace and security challenges and to influence existing capability and opportunities through our development assistance. In discussing peacebuilding in Australia's international development policy it is essential also to give attention to Australian diplomacy in general, the realisation of justice for First Nations people and Australia's approach to defence.

Defining peacebuilding

Peacebuilding encompasses work that contributes to sustainable 'positive' peace and security. It goes beyond simply stopping violence to strive for the transformation of conflict systems, by identifying and addressing root causes of conflict to prevent future violence and promoting the non-violent resolution of conflict. For positive change to last, everyone affected by destructive conflict must be involved in the process of building peace. Peacebuilding is thus a long-term process of encouraging people to talk, repairing relationships and reforming institutions. Good peacebuilding is 'localisation' in action - building on existing, locally accepted systems and practices and driven by local actors.

Peacebuilding encompasses a range of actions from diplomacy to the grassroots. Activities may include preventive diplomacy, mediation, negotiation, dispute resolution, conflict prevention, dialogue, social and economic empowerment, surveillance and early warning. Strengthening the rule of law and the accountability of institutions are important contributions to peacebuilding. Non-government and government actors are both essential. It can be complex and takes time.

Positive peace is an essential foundation for effective development and humanitarian action, and good development in turn contributes to positive peace. A 'peace-focused' approach to development recognises this interdependence and plans for positive peace outcomes from all development activities, starting with the aim to 'do no harm.' Peacebuilding is particularly relevant to women's and youth empowerment, climate action, land management and reform, institutional strengthening and community development. Every aspect of aid policy brings peace impacts.

¹ The network is online at <https://peacebuildingaustraliapacificasia.wordpress.com/> and on LinkedIn.

Summary of recommendations

This submission encourages the Australian government to recognise the strategic and political benefit of scaling up peacebuilding approaches as a key pillar consistent with Australia's broader diplomatic, security and defence and development priorities. We note that this requires political leadership to secure a long-term vision for peacebuilding:

- 1. Australia's aid policy actively prioritises conflict prevention and peacebuilding across its diplomacy, defence, development and humanitarian work through the cultivation of new and inclusive peace-oriented capacities, mindsets and interpersonal skills, particularly for conflict-affected and fragile settings.**
 - a. Progressively increase DFAT's funding to facilitate revitalised diplomacy, based on a medium-term plan for upgrading the Department's analytical and peacebuilding capacity.
 - b. Establish dedicated organisational capacity focused on peace and conflict prevention within DFAT so it can work more effectively and strategically through local partners. This unit has a mandate to engage in whole-of-government approaches.
 - c. Invest in a national peacebuilding research, engagement and teaching centre, with similar status to the numerous government funded security focused centres.
 - d. Increase sustainable funding for peacebuilding by a range of non-government agents and actors.

- 2. Australian aid policy encompasses a range of approaches to building peace, complementing 'hard' security responses to include those which engage with the many diverse societal forces for peace.**
 - a. Participatory, rigorous and ongoing conflict analysis and conflict sensitivity practice underpins all development interventions, including analysis of how Australia's investments may inadvertently cause harm.
 - b. Strengthen state-society relations by applying a peacebuilding lens to governance and creating areas for increased collaboration between non-state and state actors, including communities, through intentional, flexible and long-term support.
 - c. Support mediation and local restorative justice practices to address underlying causes of conflict.
 - d. Directly invest in peacebuilding responses to violent conflict in the region, recognising the enormous humanitarian costs and strategic implications of violence, instability and conflict.
 - e. Feminist foreign policy principles informs the peacebuilding approach, with women as full partners in peace work, reflecting the impact of violence on women and their essential roles as mediators and peacebuilders.

- 3. Australia pursues First Nations/settler reconciliation at home and supports First Nations people as leading peacebuilders as part of its First Nations Foreign Policy.**
 - a. Implement the *Uluru Statement from the Heart* in full, following a process that engages with the full diversity of First Nations people and addressing dispossession from the land by 'paying the rent' to assure First Nations economic sovereignty and assuring state and community cooperation through intentional, flexible and long-term support.
 - b. Protect country to eliminate conflict over scarce resources, correct power imbalances and facilitate the performance of cultural obligations.
 - c. Significantly resource First Nations peacebuilders to act in Australia and internationally.
 - d. Resource diverse First Nations leaders to sit with diplomats – and to become the diplomats – to start the journey towards a First Nations foreign policy.
 - e. Establish a First Nations peacebuilding institute of learning and development to enable expertise, cross cultural methodologies and explorations of restorative justice and

therapeutic jurisprudence to be shared in nurturing relationships, building trust and growing collaborative approaches and practices across First Nation communities and regions.

- f. Transform Australia's public debate and polity from its current corrosive conflict driven to model one founded in peacebuilding, collaboration and mutual respect.

4. Australia lifts its financial commitment to peace, conflict prevention and multilateral mechanisms from the bottom of the G20:

- a. Incorporate, sequence and connect both ODA and non-ODA trade and investment strategies to ensure they make a positive contribution to peace
- b. Connect support for multilateral financing mechanisms to its diplomacy, particularly for financing of conflict-affected and fragile settings.
- c. Build on the work of other G7 partners and major Development Finance Institutions in the development of market infrastructure for new innovative financing instruments related to Peace Bonds and Peace Equity structures through the Finance for Peace initiative.

1. Key challenges shaping Australia's engagement: and key opportunities

Australia's engagement with the Pacific and Southeast Asia encompasses contexts containing both ongoing active conflicts and other risks to peace, including embedded structural violence, that threaten peace and security. To ensure a prosperous and peaceful neighbourhood, Australia must take an active role in preventing and responding to peace and security challenges across its diplomacy, defence, development and humanitarian work. To meet these challenges, Australia must employ a range of approaches to building peace, extending beyond traditional 'hard' security responses to include those which engage with the many diverse societal forces for peace.

Across Southeast Asia, a range of conflicts are ongoing. The most pressing is in Myanmar where the ongoing violence of the military junta continues to uproot thousands of people. Australian diplomacy has led to the release of Professor Sean Turnell. Yet, political influence via targeted sanctions and other diplomacy, like increased engagement with the democratic movement of the National Unity Government and the CRPH, is needed as part of a rigorous peacebuilding effort.

Self-determination processes continue to need constructive support from regional and international partners. In Mindanao, Philippines, the ongoing transition of power remains important in the lead up to the 2025 elections in the Bangsamoro Autonomous Region in Muslim Mindanao (BARM). The peace process in Southern Thailand has been hampered by sporadic violence perpetrated by armed groups. Human Rights abuses are widely reported across West Papua. Self-determination conflicts in Bougainville and New Caledonia require continued investment in ongoing peace processes.

Exclusionary governance continues to undermine democratic progress in Fiji, while in Solomon Islands and Timor Leste continue to deal with past legacies of conflict by restoring and transforming relationships, addressing trauma and addressing underlying structural causes of violent conflict.

Climate change is increasing environmental degradation, including loss of food and water security, exacerbating land and resource conflict. Sudden onset disasters and droughts are likely to increase in severity, leading to further displacement and reduced community resilience. In the Torres Strait and the wider Pacific, sea-level rise threatens coastal communities and atoll islands with displacement, leading to higher mobility including increased urbanisation. In Suva and Honiara this has seen people settle in climate-vulnerable informal settlements and created new security challenges: increased crime and a challenging relationship with the police in Suva, and disempowerment leading to rioting in Honiara. These challenges create and exacerbate risks to social cohesion, state-society relationships and inter-group relationships, all of which are known to drive conflict and undermine development.

Across the region, state fragility is pervasive with high levels of land disputes and societal violence including intimate partner violence and sexual violence. Over a third of women in the Pacific have experienced intimate partner violence. In some countries up to 70 per cent of women have been raped or assaulted during their lifetime. The levels of interpersonal violence are also extremely high in some countries. Papua New Guinea is estimated to have amongst the highest homicide rates in the world.²

Outside Southeast Asia and the Pacific, the political and humanitarian crisis in Afghanistan presents an ongoing challenge requiring continued coordination of Australia's peacebuilding, diplomatic and humanitarian efforts. And in Australia itself, the ongoing work of reconciliation and justice for First Nations people presents myriad challenges and opportunities for Australia as a peace-oriented nation.

Why is peacebuilding important – the link between conflict, violence and development

It is important to recognise the link between peace, conflict and violence and broader development and Sustainable Development Goals (SDG) progress. No conflict affected countries achieved the SDGs'

² <https://reliefweb.int/report/world/measuring-peace-pacific-addressing-sdg16-peace-justice-strong-institutions>

precursors, the Millennium Development Goals (MDGs), a tragic pattern that appears to be repeating for the SDGs. Aside from the enormous humanitarian consequences and impact on lives, the fiscal impacts of conflict, violence and political instability can undo years of development gains overnight.

In Asia and the Pacific, the economic impacts of violence and conflict are noteworthy. The direct costs of conflict and violence in Timor-Leste, the Philippines and Papua New Guinea were \$17 billion (PPP) in 2015 alone,³ several times Australia's entire Overseas Development Aid (ODA) budget. The region had only limited success in achieving the MDGs. Only two countries in the Pacific achieved all eight MDGs; the Cook Islands and Niue. Kiribati, Papua New Guinea and Solomon Islands achieved none.

Transforming relationships through dialogue offers pathways to peace and security that are unattainable through force of arms. Australia can better achieve its aims regionally through 'strategic humility' to develop mutuality and respectful relationships and partnerships. Ways forward will emerge from dialogue and understanding, not from the forceful assertion of Australian power. There is much Australia can do using human-centred peacebuilding approaches that are better aligned with development goals than militarised and securitised responses. Australia can:

1. Ensure that participatory rigorous and ongoing conflict analysis and conflict sensitivity practice underpins all development interventions, including analysis of how Australia's investments may inadvertently cause harm.
2. Apply a peacebuilding lens to governance and use its position to create areas for increased collaboration between non-state and state actors, thereby strengthening state-society relations.
3. Broaden responses to violence in the region by supporting approaches that complement existing rule of law investments and create benchmark incentives. This includes supporting mediation and local restorative justice practices to address underlying causes of conflict alongside existing responses to violence.
4. Make direct investments in peacebuilding responses to conflict challenges the region faces.

The search for security involves far more than prevention of military attack: human security includes every aspect of human wellbeing. National human security involves aiming for the elimination of hunger, poverty, homelessness, overcrowding, untreated disease, unemployment and other impediments to flourishing. These proposals offer alternatives to employing militarised or policing approaches, and act as an important complement to the emergence of 'minilateral' security initiatives like AUKUS and the Quad, which can contribute to polarisation if not balanced by other approaches.

2. Australia's development capabilities: Investing institutionally in peacebuilding

The cost of conflict and violence and implications for Australia

Violent conflict has massive impacts on economies, driving down productivity, reducing business confidence, inhibiting trade, and requiring costly post-conflict reconstruction and humanitarian support. While the most acute economic losses from conflict are borne by conflict-affected countries, global GDP would be at least 12 to 14 percent higher without violent conflict.⁴

Investment in conflict prevention and resolution benefits all countries, given the enormous costs of violent conflict globally. The landmark 2018 UN-World Bank *Pathways for Peace* report showed that peacebuilding and conflict prevention actions under various conservative scenarios have a cost-

³ *ibid*

⁴ See: <https://journals.sagepub.com/doi/full/10.1177/00223433211046823>;
<https://www.visionofhumanity.org/wp-content/uploads/2021/01/EVP-2021-web.pdf>.

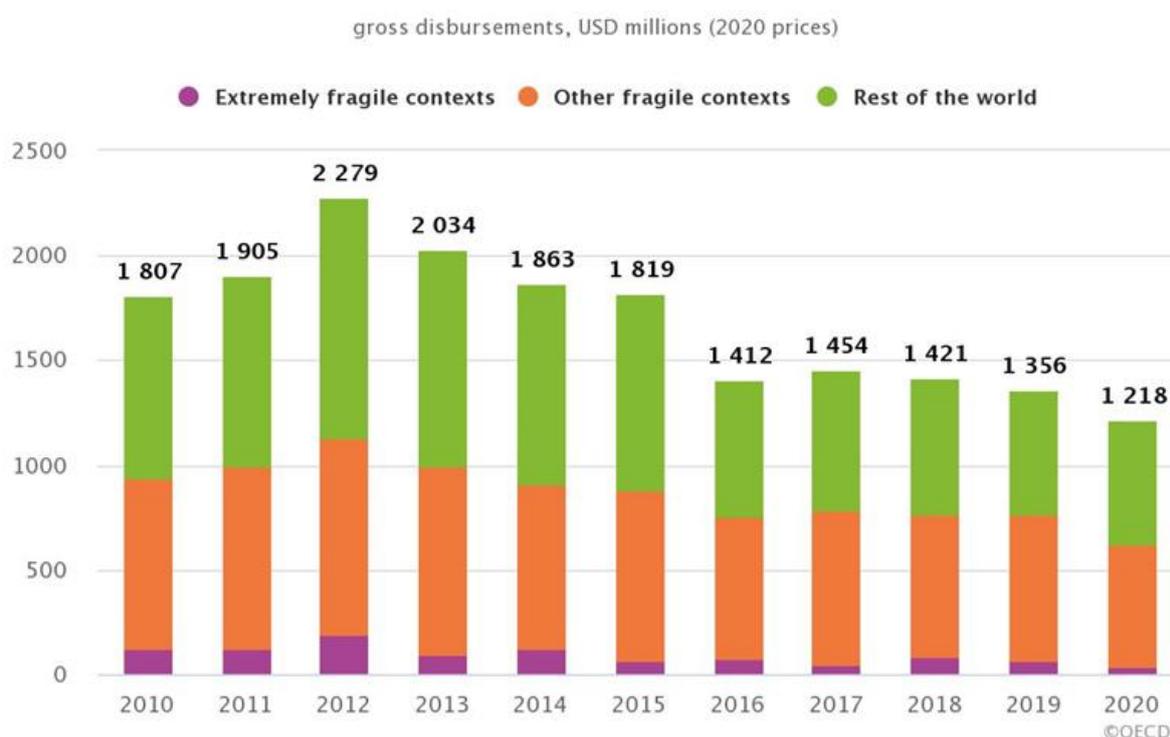
benefit ratio of 1:16 on average: for every dollar invested in conflict prevention and peacebuilding, 16 dollars is saved from humanitarian and other direct economic losses from conflict.⁵

This is relevant to Australia’s experience in the Pacific. RAMSI cost the Australian aid budget around USD \$3 billion over 15 years and Australian ODA expenditures to the Solomon Islands on average increased 400% because of conflict in that country.⁶

Reviewing Australia’s role in fragile settings and commitment to peacebuilding and peacekeeping today

Australia has historically made notable contributions to peacekeeping, peacebuilding and related multilateral institutions. Today however, Australia’s current commitment is comparatively low - both financially, politically and institutionally. OECD data shows Australia’s country programmable aid to ‘fragile contexts’ (where 75% of the world’s poor live) in 2020 was at a ten year low (Figure 1). Further, extremely fragile settings⁷ which mostly include countries with very significant peacebuilding needs only received 3% of Australia’s bilateral country programmable ODA (USD 40M in 2020). This places Australia as the lowest DAC G20 bilateral aid contributor to extremely fragile settings both in monetary terms and as a percentage of country programmable aid. Australia sits behind partners such as Canada, the UK, Japan, the Netherlands and the U.S. which all contribute well over 50% of their country programmable aid to fragile settings.

Figure 1. Australia’s country programmable aid to fragile contexts (2010-2020)



Australia’s comparatively low multilateral ODA contributions are compounded for fragile and extremely fragile settings. In 2020, only 18% of Australia’s ODA to fragile settings went through multilateral institutions, significantly lower than the G20 average of 40-45%. More specifically,

⁵ See: <https://www.worldbank.org/en/topic/fragilityconflictviolence/publication/pathways-for-peace-inclusive-approaches-to-preventing-violent-conflict>

⁶ See *ibid.* pp20 <https://reliefweb.int/report/world/measuring-peace-pacific-addressing-sdg16-peace-justice-strong-institutions>

⁷ This includes 15 countries, such as Somalia, South Sudan, Afghanistan, Yemen, the DRC, Central African Republic, Syria, Chad for instance.

contributions to highly intentional peacebuilding activities can be measured based on bilateral ODA commitments as well as contributions to pooled funds such as the United Nations Peacebuilding Fund (UNPBF) or Humanitarian Development Peace Partnerships Facility (HDPP). Australia committed USD7.2M in 2020 and 2021 to the UNPBF⁸, behind countries like New Zealand, Japan, Switzerland and Ireland and significantly less than leading donors such as Germany, the Netherlands, Sweden, Canada and Norway.⁹

Australia's diplomatic and development capacity to engage and partner in fragile and conflict affected settings is limited by the lack of a dedicated organisational focus within DFAT on peacebuilding and conflict prevention. The lack of a dedicated thematic division or group focused on conflict prevention, peacebuilding and or fragility/transitions within DFAT is significantly at odds with the norm in G20 countries, major UN agencies and now even major Development Finance Institutions. We estimate that every major G20 donor¹⁰ or major UN agency has dedicated capacity to work on peace, conflict, stabilisation, conflict prevention and or fragility and transitional settings. Major MDBs and DFIs including the World Bank, IMF, EIB, AfDB have, or are in the process of developing conflict and fragility strategies and dedicated thematic staff to manage and deliver programming in these settings.

3. Building on development lessons learnt so far: The interconnection between achieving justice for First Nations peoples and bringing peacebuilding into Australia's international engagement

Transformed relationships are a central goal of peacebuilding. They depend on what each party brings to a relationship and how they are perceived. This is a key issue for Australian peacebuilding aspirations as aspects of Australia's history and identity undermine its potential as an effective peacebuilder. Our nation's planned First Nations foreign policy is fundamental to this, both at a technical level and - critically - in realising justice for First Nations Australians. Yet it also hinges on creating an atmosphere for peacebuilding, something new to Australia. This is how genuine stewardship for peacebuilding will evolve across our nation and pan Pacific and oceanic regions.

The technical argument is clear. First Nations practices for healing and relationship building, dispute resolution and collaborative decision making are directly applicable to peacebuilding practice generally. They are particularly relevant to Pacific and South East Asian contexts where First Nations groups are experiencing conflict. Australian First Nations' relationship to land is acutely significant, for their practice of care for their spiritual relationship arising and connecting to land closely aligns to their experience of their dispossession from it. These experiences and understandings make First Nations peacebuilders and mediators themselves the ideal vanguards of Australian peacebuilding both nationally and internationally. Such approaches are strategic for resolving the wider discourse in international development around decolonising aid development and localisation, which is a major priority for several major donor and diplomatic partners, such as the US.

Land forms the crux of the issue in seeking justice for First Nations people. The First Nations experience of the last 250 years is one of a western legal framework to dispossess the land and their attempted alienation from it. This injustice continues to be felt despite the land rights victories of recent decades: as colonisers fail to pay for their use of the land, in the trauma felt by the First Nations people at the

⁸ See: <https://www.un.org/peacebuilding/content/contributions>

⁹ See: https://peacekeeping.un.org/sites/default/files/02_country_ranking_54_september_2022.pdf

¹⁰ For example: Canada- Global Affairs Canada's Peace and Stabilization Operations Program; US State department – Bureau of Conflict and Stabilization Operations; UK FCDO – Stabilisation unit and conflict prevention teams; Germany – SO3, of the GFFO; EU Instrument for contributing to Stability and Peace (IcSP), SIDA - Department for Conflict and Humanitarian affairs

destruction of their ancestral library at Juukan Gorge, in their experience of chronic poverty, disadvantage and a hostile and disproportionately punitive criminal justice system. First Nations voices are fundamentally unheard, both domestically and in Australia's global voice. These injustices are seen and keenly felt by other Indigenous peoples, especially in the Pacific, undermining Australia's credibility in realising an effective, transformative building peace diplomatic mission.

The closely entwined issues of Australia's peacebuilding ambitions and pursuit of justice for First Nations Australians can be advanced with a number of actions:¹¹

- Implement the Uluru Statement from the Heart in full, following a process that engages with the full diversity of First Nations people and addressing dispossession from the land by 'paying the rent' to assure First Nations economic sovereignty and assuring state and community cooperation through intentional, flexible and long-term support.
- Establish a First Nations peacebuilding institute of learning and development to enable expertise, cross cultural methodologies and explorations of restorative justice and therapeutic jurisprudence to be shared in nurturing relationships, building trust and growing collaborative approaches and practices across First Nation communities and regions.
- Protect country to eliminate conflict over scarce resources, correct power imbalances and facilitate the performance of cultural obligations.
- Significantly resource First Nations peacebuilders to act in Australia and internationally.
- Resource diverse First Nations leaders to sit with diplomats – and become the diplomats – to start the journey towards a First Nations foreign policy.
- Transform Australia's public debate and polity from its current corrosive conflict driven to model one founded in peace building, collaboration and mutual respect.

Australia need not do this alone. The capacities and experience of First Nations people in both Australia and the Pacific and Asia are as relevant to Australia's own peace building journey. Australia's approach in the region – in a dialogue on peace in which Australia will carry its own humility, desire to establish long term relationships with values wrapped in ancient wisdoms will be enriching for all.

4. Addressing Multidimensional Vulnerabilities: The importance of civil society and investing in a range of partners

Australia's First Nations Treaty processes and the implementation of the Voice to Parliament are a major step for the country in recognising and engaging fully with 'non-formal' governance systems. Australia has the opportunity to invest in a range of partnerships in order to take societal and other forms of governance seriously in its aid policy. This requires broad ranging analysis of who is contributing to peace and security in each Pacific context, most importantly at sub-national levels.

Peaceful relations – underpinned by local conflict prevention and resolution mechanisms – typically involve 'informal' relations (e.g. occurring outside of institutional settings) between state and non-state networks. State and non-state actors come together in different situations to prevent and respond to conflict challenges. These networks are diverse in nature and civil society, faith-based and private sector actors are key participants. The participation of civil society groups, including women's organisations, makes a peace agreement 64% less likely to fail.¹² It is essential that Australia's aid policy embraces the challenge of building engaged and meaningful relationships between diverse

¹¹ Further insights on First Nations and peacebuilding see the Statement to the National Mediation Conference 2021 from Helen Bishop and Central Australia Indigenous Elders:

https://adrnetwork.files.wordpress.com/2021/10/hbelders_statement_signed.pdf

¹² <https://www.cfr.org/womens-participation-in-peace-processes/>

groups to work together through intentional, flexible and long-term support. This requires capacities, mindsets and interpersonal skills to enhance the agency, trust and ownership of local participants.

For example, the *Community Governance and Grievance Management project* in Solomon Islands engaged community officers to bridge the gap between community groups and the police. In the Autonomous Region of Bougainville, Australia until recently supported the Nazareth Centre for Rehabilitation to undertake community peacebuilding that has played a significant role in maintaining peace on the ground during the ongoing negotiations on the future of Bougainville's political status. In Hela Province of Papua New Guinea, the *Church Partnership Program* has contributed to peacebuilding training for Youth Ambassadors for Peace. Recipients of this training continue to carry out mediations between warring parties, many of whom are heavily armed. These welcome examples of Australian government support are often sporadic and short-term. Intentional, flexible and long-term support to such peacebuilding actors will multiply their impact.

5. Investing in Diplomacy: Meaningful partnerships based on fairness and equality, playing a role in building peace

The world's current record level of military expenditure directly undermines fiscal capacity in many countries to address the social and economic deprivations destroying human security. Responding to conflict by increasing the volume and sophistication of military spending in one country motivates retaliation by others. It is vital to seek harmonious international relations, through open dialogue and committing to policies which build domestic and international justice and peace. This includes counter-balancing growing geostrategic polarisation in the region by promoting and engaging in dialogue, cooperation, and strengthening inclusive spaces and institutions that enable multilateral cooperation.

Diplomats have a crucial role in preventing and resolving international and intranational conflicts by seeking to understand and explain the imperatives which drive other countries' foreign policies. However, external reviews such as those by the Lowy Institute in 2011 and the Senate Foreign Affairs, Defence and Trade References Committee, Defence and Trade in 2021 (*Funding for public research in foreign policy issues*) found that Australia's diplomatic service is inadequately funded and staffed and so cannot be fully effective. Since 1995-96 investment in diplomacy as a proportion of total Commonwealth expenditure has fallen by about half and aid has been cut to about 0.2 per cent of gross national income. This inadequate political commitment to maintaining a well-funded, highly professional diplomatic service has undermined Australian security.

As recommended in the 2020 report [Security Through Sustainable Peace: Australian International Conflict Prevention and Peacebuilding](#), DFAT's funding must be steadily increased to revitalise Australian diplomacy, based on a medium-term plan for upgrading the Department's analytical and peacebuilding capacity. Annual staff intakes must be increased. Training programs within the Diplomatic Academy and at Australian universities must be strengthened. With more and better trained staff capacity for rigorous analysis of conflicts and imaginative approaches to supporting peace processes will expand.

As the World Bank and UN report *Pathways for Peace* (2018) suggests this will build capacity to support those in conflict situations who are seeking peaceful ways of preventing violent conflict. 'Where it is aligned with an understanding of conflict dynamics, aid is a very important mechanism to support national and local capacities to build pathways towards peace. This is especially the case when aid can be designed to address early risks of violent conflicts.' (p249)

6. Performance and delivery systems: Long-term approaches are needed to build peace and security

In post-conflict environments in particular, the Australian government needs to be highly adaptable and flexible to respond to changing dynamics. This requires working with a range of government, civil society organisations, and faith-based and community actors in-country as well as Australian and international organisations who take long-term and adaptive approaches to programming (e.g. informed by mapping interventions onto up-to-date analysis and following non-linear pathways).

This work, and coordination across diplomacy, development assistance, defence and intelligence needs to be supported in DFAT by dedicated and permanent in-house expertise. A Peace and Security Unit, similar to the now defunct Conflict and Fragility team will ensure effectiveness and learning related to Australia's contribution to peace and security. The unit will conduct conflict analysis and assist country desks and diplomats with strategies to build peace in the region, with adaptive resources to support peacebuilders on the ground. It will also generate learning about the Australian Government's value add as a significant partner in the Pacific and Southeast Asia and analyse the outcomes of our efforts for accountability purposes.

As a realisation of First Nations foreign policy and as good practice, a reconstituted Peace and Security Unit will include senior staff with First Nations backgrounds, and actively build partnerships with First Nations peacebuilders.

7. The role of ODA and non-ODA in supporting the development of our regional partners

Multilateral financing for peace

It is critical that a comprehensive development policy and strategy properly incorporates, sequences and connects both ODA and non-ODA trade and investment strategies, as is being considered by the Development Finance Review and the Government's Southeast Asia Economic Strategy to 2040.¹³

A recognised blindspot in the world's development architecture lies in the disconnection between financing and diplomacy, with multilateral and bilateral support from multilateral development banks (MDBs) and development finance institutions (DFIs) on one hand and aid and diplomatic strategies on the other. Approximately half of all global ODA is in the form of concessionary loans, guarantees, insurance and or technical investment grants by institutions such as the World Bank, Asian Development Bank, African Development Bank and other bilateral DFIs. Driven by their poverty alleviation mandate, these institutions are increasingly investing in low income and fragile settings. Yet much of the private investment this concessional finance is leveraging is largely disconnected from peace and development strategies, and often undermines them.¹⁴ Much investment, whether concessionary or market driven, is conflict insensitive, lacking community and political engagement and financial additionality, undermining well-intentioned ODA. To illustrate this, according to recent research,¹⁵ on average, private sector investment in Africa exacerbates conflict dynamics especially in land intensive investments where there is often a lack of community engagement and benefit sharing.

¹³ <https://www.pm.gov.au/media/special-envoy-southeast-asia>

¹⁴ Source: OECD and UNCDF (2020), 'Blended Finance in the Least Developed Countries 2020: Supporting a Resilient COVID-19 Recovery', OECD Publishing.

¹⁵ Sonno, T. & Zufacchi, D. (2022 Forthcoming) Peace Impact of Private Investments, Evidence from multinationals investments in Africa

Consequently, much investment, especially large project finance, is exposed to risk of community rejection, political interference and/or sabotage.¹⁶ This is especially relevant to the scaling of infrastructure, climate finance and adaptation and mitigation programming that often involves significant changes to socio-ecological systems and cultural practices. Embedding local peacebuilding and indigenous approaches into such actions is key to the successful negotiation and execution of such investments. Thus, the new development policy should seek to engage with various initiatives seeking to redress these challenges, such as the Finance for Peace initiative,¹⁷ which is developing global standards for how investors, donors and DFIs can embed peace actions into their investments. This is key to scaling an asset class of both commercial and concessional peace bonds and peace equity that realises peace impact and local trust through investment. Such approaches are highly tactical and potentially necessary for donor countries to adopt, especially in the Pacific where partners have both legitimate and perception-based concerns about traditional concessionary investment approaches lacking inclusivity and/or seeking to instrumentalise local polities in favour of external interests.

Funding civil society

Public financing for non-government peacebuilding is essential. *The Economist* writes that ‘Unofficial channels for diplomacy are increasingly popular’ (25 January 2020): countries in Western Europe, North America, and Asia have evolved both NGOs and public diplomacy to enhance peacebuilding capacity. Yet Australia may be the only wealthy democratic country without a national NGO dedicated to peaceful international conflict resolution focused on research, engagement and teaching. Civil society organisations have greater freedom than governments to research conflict and to propose and explore means of transforming tension. Such centres can undertake research and contribute to analysing causes of conflict, facilitate dialogue and assist with mediation and other peacebuilding mechanisms and train peacebuilders. Examples include the Finnish Crisis Management Group and Interpeace (which was key to ending the violent Aceh conflict in Indonesia); and Ottawa Dialogue, at the University of Ottawa (which ‘develops and carries out quiet and long-term, dialogue-driven initiatives around the world [and] creates forums where parties can explore difficult issues in an analytical, problem-solving way to develop new paths forward.’ [Ottawadialogue.ca/about.us/14](https://ottawadialogue.ca/about.us/14) November 2022). The Australian Government will benefit from investing in a national centre, with leading status akin to the government funded security focused centres.

The potential value of such a centre in Australia was emphasised by the Senate Foreign Affairs Committee’s Report on *Funding for Public Research into Foreign Policy Issues*. The Committee states “that there is a pressing need for foreign policy research and engagement, both publicly and privately funded in Australia.” However, it noted that since Australia does not have a culture of philanthropic support for research about international relations, the Australian government must be the primary source of funding for foreign policy research, as for example partnering with the University of Melbourne to establish the Australia India Institute by providing \$17.6m between 2008 and 2022.

Australia has the foundations of a strong peace practice community. It has hard working and experienced First Nations mediators, several world class peacebuilding organisations and researchers, including in ICAN a Nobel Peace Prize winner. We can point to successful interventions in peace processes in the region, but we lack the focus and momentum that will come from a clear whole of government commitment to peace. A dedicated cohort of diplomatic and development personnel will take Australia’s peacebuilding contribution to a much more substantive and effective level.

¹⁶ For example, See the failure of the Asian Development Bank’s Northern Province Sustainable Fisheries Development Project. See: <https://accountability.medium.com/plan-and-design-the-project-with-us-advice-from-sri-lankas-northern-province-fisherfolk-cdade9349efe>

¹⁷ <https://financeforpeace.org/>

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