

Aid effectiveness and Australia's new interventionism in the Southwest Pacific

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Introduction: The new interventionism

The year 2003 marked a significant change in Australia's relations with the island Pacific, including Papua New Guinea (PNG). Since gaining independence in the 1970s, the island states of the Southwest Pacific have been left to control their own political and economic affairs. While providing substantial amounts of bilateral aid, Australia has been sensitive to charges of neo-colonialism and interference with national sovereignty. All this has changed, however, with the Australian Government's adoption of a distinctly more robust and interventionist stance under Prime Minister John Howard. The primary objective is to enhance security and stability in troubled Pacific states. Although poverty reduction continues to be the broad goal, the Australian aid program is being gradually calibrated to reflect this changing approach. In practice, this also entails the deployment of growing numbers of Australian personnel in key government agencies in recipient countries.

The two principal manifestations of this new policy have been the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) in mid 2003 and the proposed Enhanced Cooperation Program (ECP) to PNG. Australia has also recently provided police commissioners to both Fiji and Nauru. Nauru, which is effectively bankrupt, is the subject of intensified engagement. Another aspect of the new approach has been a renewed focus on strengthening the institutions of regional governance. In August 2003, the Australian Government secured the appointment of a former Australian diplomat as the new secretary general of the Pacific Islands Forum Secretariat, the premier regional political body. This reversed a longstanding convention that only Pacific Islanders were eligible for appointment. Prime Minister John Howard has made clear that future Australian aid to the Pacific will be linked to efforts by recipient governments to improve standards of governance and combat corruption. The new hands-on approach has inevitably ruffled feathers, particularly among an older generation of independence leaders who resent the Australian Government's stridency and the perceived threat this represents to national sovereignty.

However, among other observers, including many ordinary Pacific Islanders, Australia's re-engagement is something to be welcomed. It provides a rare opportunity to assist regional governments to address the diverse and growing challenges they

have faced in recent years. Indeed, if Australia's new commitment is sustained, it provides the most important opportunity for broad-ranging reform since the era of decolonisation in the 1970s. Of course, much depends on what kind of changes are being proposed and whose interests are being promoted. While the Australian Government has its own national interest and security agenda to pursue, achieving effective and sustainable reform in the island Pacific requires active participation and ownership on the part of the governments and citizenry of the countries concerned.

What lies behind the changes in Australian policy?

Concerns about aid effectiveness

The growing critique of Australian development assistance to the region has had a major impact on the Australian Government. This critique involves an unlikely convergence between critics on both the left and right of the political spectrum. On the left, critics from within recipient countries and Australia have derided the aid program as 'boomerang aid', whereby the principal beneficiaries are the Australian companies and consultants who manage and implement AusAID projects. On the right, there is the work of conservative economists such as Helen Hughes and Peter Bauer (Bauer et al. 1991), both working for the Sydney-based think tank, the Centre for Independent Studies. Hughes's 2003 report, *Why Aid Has Failed the Pacific*, received widespread publicity and struck a sympathetic chord in senior government circles. In it, she argues that Australian aid has failed to deliver on its promises and, moreover, that it is implicated in the dynamics of political and economic dysfunction in the region by fuelling corruption and engendering dependency among recipient states.

The reality of aid and its impacts is, of course, significantly more complex and diverse than these critiques imply. There have been successes as well as failures. Likewise, the potential link between aid and government corruption has diminished with the move from budgetary support to tied aid. The case for simply ending aid is unlikely to find much support, even among the most ardent critics in the recipient countries. At the same time, few would deny that the Australian aid program can be, and needs to be, improved in terms of its practical outcomes.

The changing strategic environment

The single most important factor in changing Australian Government's thinking about the region has been the dramatically changed international strategic environment since the September 11 attacks in the United States and the Bali bombings. Having aligned itself closely with the Bush administration in Washington, the government has adopted the 'war on terror' as the principal lens for viewing issues of conflict and instability in the region. Within this expanded concept of security, the notion of 'failed' or 'failing' states has become pivotal to the identification of perceived threats to Australian security interests and the mobilisation of preventive and remedial responses.

The case for intervention in Solomon Islands was set within this broader strategic framework and was articulated most clearly in the influential report published by the Australian Strategic Policy Institute (ASPI) in June 2003. Solomon Islands is identified as a failing state. The report provides vivid warning of the risk of its reversion into 'a kind of post-modern badlands, ruled by criminals and governed by violence' (ASPI 2003:13). State failure in Solomon Islands would, in ASPI's view, render it susceptible to the predatory and violent activities of local warlords, transnational crime syndicates and maybe even terrorist organisations. Such a scenario would not only be catastrophic for Solomon Islands, it would pose a direct threat to Australia's own security interests. The risk of state failure in our immediate neighbourhood has become the basis of the new security paradigm. Within this paradigm, the focus is squarely upon the manifestations of state failure and the threat these present to Australia, rather than upon the internal dynamics of failure in the country concerned.

The ASPI report also provides a regional perspective, noting that while the Solomon Islands state is closest to 'total collapse', some of its Melanesian neighbours are not that far behind. The next cab off the rank, in the view of many in government, is PNG, Australia's largest and most challenging Pacific neighbour. There have been longstanding concerns about rising levels of financial mismanagement, corruption, political instability, and law and order in PNG. These concerns, in combination with the renewed focus on regional security and the success of the first phase of RAMSI, culminated in the Australian Government's offer of a substantial package of enhanced assistance to the PNG Government late last year, subsequently agreed to at the Ministerial Forum in Adelaide in December 2003.

Difficulties with concept of 'failed states' in Melanesian context

While the concept of 'failed' or 'failing' state is now used regularly in the Pacific Islands context, there have been few attempts to

ground it in the particular histories and socio-political contexts of the region's post-colonial states. It has become a convenient device for justifying various forms of external engagement, rather than an instrument of analysis. The notion of a 'failed' or 'collapsed' state assumes that at some point it was functioning properly, presumably in a manner similar to the 'successful' states of Australia and New Zealand. However, even a cursory reading of the short history of states in PNG, Solomon Islands or Vanuatu serves to dispel this assumption. The Melanesian state has never operated effectively in the way it has in Australia and New Zealand. On the contrary, one can argue that the main problem of state in these Melanesian countries is that it has yet to be properly built. We are still talking about the nascent stages of state and nation building in countries with a short experience of centralised administration, among the highest levels of ethnic diversity in the world, and, as yet, little sense of common identity.

Beneath many aspects of today's challenges of governance in the Melanesian countries lies the lack of fit between the introduced institutions of the modern nation state and the multiplicity of indigenous micro-polities and social forms that continue to adapt and exert influence at all levels of 'modern' society. The consolidation of state power remains incomplete and has been resisted intermittently at local levels in parts of Solomon Islands, PNG and Vanuatu during both colonial and post-independence periods. 'National' politics continues to be grounded in localism rather than national interest. Almost 30 years after independence, the sociopolitical realities in each of these countries remain relentlessly local.

Following on from this, the challenge of state building in Solomon Islands or PNG is not to simply rebuild that which has ostensibly 'failed' or 'collapsed'. Indeed, to do so might be to simply invite future 'failure'. What is needed is a different approach to state building that addresses directly the complexities of trying to build a unitary state and sense of 'nation' in such fragmented and diverse environments. This cannot be achieved quickly or simply engineered through a massive infusion of external resources and expertise. Nor can it be accomplished by focusing exclusively on state structures. It is the dysfunctional character of state-society relations that needs to be addressed if sustainable improvement is to be achieved.

The Regional Assistance Mission to Solomon Islands

RAMSI was deployed in July 2003 in response to an appeal from the Solomon Islands Prime Minister, Sir Allan Kemakeza. What began as an ethnic conflict had degenerated, since the Townsville Peace Agreement in October 2000, into the effective capture and paralysis the Solomon Islands state by a small cohort of armed ex-militants, including renegade police officers and corrupt leaders. Australia's response was to mobilise a regional assistance

mission led by a police contingent of some 330 officers, mainly from Australia but with participation from other Pacific Forum member states. The Participating Police Force (PPF) was initially supplemented by around 1800 military personnel from the region, again mainly Australian. The military force has been gradually reduced as the security situation has improved. Restoring law and order was the immediate priority, to be followed by a comprehensive reform program aimed at stabilising government finances, balancing the budget and reviving investor confidence, as well as strengthening the law and justice sector and rebuilding the Solomon Islands police force.

As mentioned earlier, the initial phase of RAMSI has gone remarkably well. A significant number of the illegally held high-powered weapons have been surrendered or confiscated. The most notorious former militants are now behind bars and peace has returned to Honiara and other areas affected by the recent conflict. RAMSI's efforts to cleanse the Solomon Islands police of criminal and corrupt elements have resulted in the resignation or dismissal of over 25 per cent of serving officers. With the restoration of law and order, the mission has now entered its second and more challenging phase involving the implementation of comprehensive governance and economic reform.

While popular support for RAMSI remains high, there are some issues that need to be addressed if the mission's longer term objectives are to be achieved. RAMSI's leadership is well aware of most of these issues and is seeking to address them. The first relates to a concern expressed by many Solomon Islanders that RAMSI has been less zealous in prosecuting cases of high-level corruption than it has in relation to criminal activities by former militants. This, in turn, has fuelled a belief in some quarters that RAMSI inadvertently provides a cloak of legitimacy for corrupt leaders and a government that have limited legitimacy in the eyes of many Solomon Islanders. For its part, RAMSI officials have expressed frustrations at the lack of reliable evidence on which to base prosecutions in these cases and have regularly called for members of the public to provide relevant evidence.

Another broad concern relates to what appears to be the limited opportunities for ordinary Solomon Islanders to participate in and influence the work of RAMSI. The sheer scale of RAMSI in terms of the resources at its disposal and the range of activities it is involved in underlie its popular image as the dominant force in post-conflict Solomon Islands. Without the active participation and engagement of Solomon Islanders, there is a risk that RAMSI will simply reinforce dependence on external assistance. Solomon Islands academic Tarcisius Kabutaulaka points out that RAMSI's dominance could lead to either a debilitating dependency or, alternatively, a perception of foreign occupation (Kabutaulaka 2004). He notes the popular saying '*weitem olketa RAMSI bae kam stretim*' ('wait for RAMSI,

they'll fix it'), as an expression of this growing dependency. The very prominent stance adopted by senior RAMSI and Australian High Commission officials in opposing the Honiara government's award of a pay increase to public servants in January 2004 bordered on political interference and attracted criticism in both Solomon Islands and Australia (Wielders 2004). There is a thin line between RAMSI's dominant position in post-conflict Solomon Islands and perceptions that it is actually the 'real' government in control of political and economic decision making. Such perceptions cannot, of course, be resolved by RAMSI alone. There is a clear need for decisive leadership among Solomon Islanders and a much more active participation in the reform process.

RAMSI's post-conflict recovery work has understandably focused on key state institutions, such as the police and finance ministries. In the longer term, it is also important to engage with non-state entities that continue to exercise considerable influence over the lives of ordinary Solomon Islanders. These include the churches, NGOs and other agencies of civil society. Building social and economic capacity at local levels is a critical aspect of nation building in Solomon Islands. As Kabutaulaka puts it: 'To achieve sustainable peace and rebuild Solomon Islands there is a need to strengthen both state and non-state entities. This is especially important in a plural society where the state will always share power with other organizations' (2004:2). The work of the Australian-supported Solomon Islands Community Peace and Restoration Fund is a good example of how this engagement with communities can be nurtured.

There is also the question of what kind of state system is most appropriate to Solomon Islands' present and future needs. The highly centralised model inherited at independence is implicated in many aspects of recent problems. While there are serious flaws in current proposals to adopt a federal system, reform of the existing framework of government, in particular, relations between the political centre and the island provinces, needs to be prioritised. It is also important to ensure adequate levels of consultation and debate about the economic and public sector reforms being implemented under the auspices of RAMSI. Reforms that accentuate existing divisions between regions and individuals and that fail to improve access to services and economic opportunities among the bulk of the rural population will lead to growing levels of discontent and could result in future conflict.

Enhanced Cooperation Program in Papua New Guinea

The Enhanced Cooperation Program (ECP) in Papua New Guinea includes additional Australian assistance to policing, law and justice, and border management, as well as economic and public sector management. Up to 230 Australian police

officers will be deployed in Port Moresby, Lae, Mount Hagen and along the Highlands Highway, as well as up to 20 officers in Bougainville. Four hundred new PNG police will also be recruited under the program. The policing component has been costed at A\$800 million over a five-year period and is additional to the existing A\$350 million a year Australian aid program to PNG. While many of the civilian officials are already at work, the deployment of Australian police has been delayed owing to disagreement between Australian and PNG governments over their conditions of employment. This has centred on Australia's insistence that they be provided with immunity from prosecution under PNG law and PNG's refusal to grant blanket immunity. Power plays in the PNG parliament around a possible vote of no confidence against the government have resulted in further delays. The impasse over immunity now appears to have been resolved and, subject to the ratification of the new treaty by both the Australian and PNG parliaments, Australian police should be in position within a few months.

Some members of PNG's political elite have expressed reservations about Australia's new approach and, in particular, about parallels drawn between PNG and the 'failing state' in Solomon Islands. Although there are similarities, there are also important differences between the two countries. There has been no armed takeover in Port Moresby, nor the forcible ousting of a democratically elected government. While the state and the police force may be weak, they have certainly not collapsed. Likewise, PNG's well-known law and order problems are not the result of a major internal conflict. PNG has long been the largest single recipient of Australian development assistance and a significant amount of this has been directed at the law and justice sector and, in particular, the police. Although there have been some improvements, the otherwise disappointing results of almost 15 years of Australian aid to the PNG police has been another important contributor to the formulation of the ECP.

There is no denying that PNG faces major challenges of financial management, economic development, governance, corruption, political stability, and law and order. While some have taken exception to the Australian Government's new stridency, a younger generation of political leaders and many ordinary Papua New Guineans see the offer of additional assistance in more positive terms; as a chance to make a real start in addressing long-neglected problems. In many respects, the recent friction between Australia and PNG has been more about style than substance. There is broad agreement on both sides that the Australian aid program can be made more effective. The ECP is no panacea, but it does offer much-needed assistance in areas requiring urgent attention.

As with RAMSI in Solomon Islands, there are a number of broad issues that can be raised in respect of the ECP. Much of

the marketing of the ECP to the domestic Australian audience has focused on the perceived threats to Australian security presented by its lawless northern neighbour. This has included an emphasis on PNG's alleged susceptibility to transnational crime and terrorism. While this may be an effective way of selling the program in Australia, it is less convincing in the PNG context. Threats of international crime and terrorism in PNG are dwarfed by more pressing internal security matters. PNG's 'law and order' problems are complex and diverse. They are not simply a reflection of the weakness of the law and justice system. While that system, particularly policing, needs to be strengthened, there is also a need to address some of the underlying issues that are contributing to high levels of internal conflict and lawlessness. This would include the larger processes of urbanisation, impoverishment (particularly in rural areas), and marginalisation of a significant proportion of PNG's young and rapidly growing population. In short, many of the so-called law and order problems are simply not susceptible to law and order solutions alone.

Papua New Guinea has already embarked on an ambitious program to reform its law and justice system. It is important that the additional support provided under the ECP be integrated into this existing reform program. The law and justice component of the ECP is highly state-centric with its focus on strengthening the principal agencies of the formal justice system. PNG's new law and justice policy also emphasises the need to mobilise and strengthen community-based resources in order to strengthen dispute resolution and peacemaking at community levels. The community orientation of this policy recognises that there are many examples of successful dispute resolution and peacemaking occurring in communities throughout PNG and that these provide an important foundation for building a more socially appropriate and sustainable justice system. The remarkable example of grassroots reconciliation and peace building in post-conflict Bougainville provides the most dramatic example of this largely invisible and untapped resource. It is important that the assistance provided under the ECP does not detract from the longer-term goal of building justice capacity at both state and community levels.

Conclusions

Australia's renewed engagement with its troubled Melanesian neighbours is to be welcomed. It provides a unique window of opportunity for addressing some of the most outstanding challenges facing the governments and peoples of the region. Having embarked on this path, it is important that the Australian Government enters into genuine partnerships with recipient governments and the broader communities in the countries concerned. Achieving adequate levels of local ownership and participation is critical to the effectiveness and sustainability of

these initiatives.

The whole-of-government approach involved in these engagements also presents new challenges. There are now more bits of the Australian Government involved in development assistance than at any time since independence. Issues of coordination are clearly critical, not least to avoid reproducing Canberra's bureaucratic rivalries in Honiara or Port Moresby. It is also clear that the Prime Minister's office has adopted a lead role in the formulation and steering of Australia's new interventionism. This will have inevitably contributed to some tension and resentment, particularly among the traditional institutional providers of development assistance, notably AusAID and the Department of Foreign Affairs and Trade. It also means that key decisions are being made increasingly by those lacking extensive regional and development experience.

A further generic concern relates to the state-centric character of the assistance being offered under the auspices of these engagements. The weakness of state in Melanesia reflects, in part, the glaring disconnect between the realms of formal and non-formal governance. The latter continues to have considerable impact at all levels of modern society. 'Top-down' solutions do not have an impressive track record in the region. Indeed, some would argue that the traditional focus on state

institutions has actually contributed to recent problems of instability and disorder. While addressing the deficiencies of particular state institutions is necessary, it is also important to engage with structures and processes at local and community levels.

A final point relates to the sustainability of these new engagements. With the deployment of increasing number of Australian personnel, the obvious question is what happens when they leave? Ensuring the long-term sustainability of these programs remains a major issue.

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