Submission to Inquiry into Australia's overseas development programs in Afghanistan

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AID/WATCH is an independent membership-based watchdog on aid, trade and debt, working with communities in the Global South. We campaign for a world where trade, aid and debt no longer exploit peoples, but instead promote environmental and social justice.

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In this submission, AID/WATCH raises serious concerns about the administration, management and objectives of Australia's aid programs to Afghanistan in relation to the militarisation of aid and the use of Australian aid to promote mining in Afghanistan.

Militarisation of aid

AID/WATCH has serious concerns about the excessive role of Australian military and police forces in delivering Australian aid in Afghanistan and about the co-option of AusAID and Australian, international and local NGOs to Australian security and foreign policy objectives.

Delivery of aid by defence and police forces

The Australian Defence Force (ADF) and the Australian Federal Police (AFP) deliver a large proportion of Australia's aid budget to Afghanistan. In the four years to 2011, the ADF spent $215 million in aid money in Afghanistan, with only $37 million being spent on aid projects.[1] The dominant role of the ADF in the delivery of aid is unique to Australia's aid program in Afghanistan. This role can be wholly attributed to Australia's participation in the NATO-led war in Afghanistan, known as Operation Slipper to the ADF.

The central mission of NATO's International Security Assistance Force, to which the ADF's Operation Slipper is a part, is to provide security. Security is identified, alongside economic interests, as one of two components in AusAID's commitment that aid should serve the 'national interest' - an objective AID/WATCH has long opposed as having no place in Australia's aid program. The strongly held position of AID/WATCH is that aid should not be delivered by the military to further Australia's security objectives in Afghanistan.

The militarisation of Australia's aid to Afghanistan is part of a broader trend to use international development aid as a 'soft power' tool of foreign policy. In the Afghan context, Western donors have directed significant components of its aid budget to winning the 'hearts and minds' of local people in areas that its military forces are operating. A coalition of eight aid NGOs working in Afghanistan identified a number of problems with this approach, including:

- A bias towards development project intended to deliver 'quick fixes' over long-term development outcomes;
- A distortion in the distribution of aid towards regions experiencing conflict;
- Greater barriers to community participation in decision-making processes;
- Risks to the safety of aid workers and communities as projects are drawn into existing conflicts and become targets; and
- Increasing the likelihood that aid will be used in corrupt ways, such as an incentive to extract information from locals.

The overall impact of the militarisation of aid is problematic in two key regards. First, research shows that it is ineffective in meeting its goal of increasing security, and instead promotes insecurity. For example, a study by the Feinstein International Centre found that the delivery of aid through the military largely had

a destabilising effect. It looked specifically at Uruzgan Province, where Australia's military efforts are directed, and found that while militarised aid could be successful in advancing the short-term tactical goals of the military, in the long term it tended to intensify conflicts associated with the war in Afghanistan, for example by cementing corrupt relationships between coalition forces, local authorities and tribal leaders.

Second, the focus on security in militarised aid results in projects types and implementation practices that undermine the goals of poverty alleviation, self-determination and human rights. The delivery of aid by military and police forces has displaced poverty-oriented projects in favour of the security goals of Operation Slipper and the NATO coalition. The 2012/13 budget flagged that existing AusAID resources would fund the Australian Federal Police to train and develop the capabilities of the Afghan National Police. This is clearly in support of the Federal Government's foreign policy goal of transitioning responsibility for security work to the Afghan government, rather than development objectives.

Likewise, Official Development Assistance (ODA) being spent by the Department of Defence is justified in the budget papers as assisting "activities conducted by the Provincial Reconstruction Team (PRT), deployed to Afghanistan under Operation Slipper." Provincial Reconstruction Teams are the primary focus of the criticisms outlined by the eight NGOs above, which include CARE Afghanistan and ActionAid. They criticize aid projects which on paper contribute to development goals, such as health and education initiatives, but are delivered by the military, through PRTs or otherwise, because they are generally less effective than when it is delivered through local structures in conjunction with aid agencies.

An Oxfam report argues that aid projects delivered by defence and security forces, which are ostensibly aimed at poverty reduction:

- Are more costly than if they were implemented by local, regional or national authorities, due to a lack of oversight;
- Tend to work with partners on the basis that establishing cooperative relationships are politically useful for broader strategic goals, rather than with marginalised people, particularly women, who are in greater need and would ensure more successful implementation;
- Favour projects that are highly visible in the short-term to maximise diplomatic benefits, over more sustainable long-term projects; and
- Suffer from poor accountability structures, which are directed towards donor governments over local people.

The extent to which these general problems apply to the specifics of Australia's aid program to Afghanistan is unclear, due to a lack of transparency in aid delivered by the military. The Australian Council for International Development (ACFID) has found that Australia's aid program is less weighted towards areas of direct Australian military involvement, notwithstanding the role of Australian aid in supporting the goals of Coalition forces operating in other regions of Afghanistan. But, it has also stated that the ADF does not disaggregate military from other aid spending and its aid operations have not been publicly evaluated according to any criteria.

These issues are important in ascertaining whether Australian aid delivered by the military is ODA-eligible. The Development Assistance Committee (DAC) of the

OECD lists number of restrictions on what can be reported as ODA in security-related operations. Given the Prime Minister and Defence Minister repeatedly justify war in Afghanistan on the basis that it is necessary to prevent terrorists using Afghanistan as a base to launch attacks worldwide, including on Australia, the ODA-excluded activities that may be relevant to Australia's aid to Afghanistan include:

- Provision of military equipment and services and the forgiveness of military related debts;
- Some aspects of peacekeeping, such as activities relating to military training;
- Police training when it related to counter-insurgency work and intelligence gathering for terrorism; and
- All anti-terrorism activities, as they primarily deal with threats to the donor.

AID/WATCH is hopeful that this Inquiry will result in a greater level of transparency in Australia's aid program to Afghanistan, so that each of these questions can be answered.

Co-option of AusAID and NGOs to security agenda

AID/WATCH has further concerns that the militarisation of aid through the delivery of aid by defence and police forces has the flow of effect of co-opting AusAID and other NGOs to Australia's security goals in Afghanistan. This undermines the independence of these agencies through a progressive narrowing of 'humanitarian space' and will create ongoing problems as Australian troops withdraw from Afghanistan.

AID/WATCH raised concerns three years ago when a Strategic Partnership Agreement was released by the Department of Defence, which stated that Defence and AusAID were 'equal and natural partners with common goals' that would 'share intelligence'. The nexus between aid and the military puts aid workers and the communities they work with at risk and creates major barriers for aid organisations in designing and implementing projects that are impartial to Australia's security interests. For example, there is a risk these interests will influence, either through direct pressure from the Defence establishment, or indirectly as funding becomes tied to cooperative relationships with the ADF, which local partners NGOs and AusAID are able to work with and what kind of projects they pursue. Given the resource and power disparities between the Department of Defence and AusAID, strategic intelligence relationships between the two bodies are likely to result in AusAID working under the ambit of Defence for their objectives, which is unlikely to align with the objectives of poor communities in Afghanistan.

The militarisation of the aid program, both through the delivery of aid by defence and police forces and the strategic partnership between AusAID and the Department of Defence, will also entrench problems beyond the withdrawal of Australian troops from Afghanistan. The Federal Government announced in February this year its plans to fund NGOs out to 2016, beyond the scheduled 2014 troop withdrawal. AID/WATCH is concerned that the close relationship between Defence and AusAID limits the ability for AusAID to award these and other contracts on the basis of aid effectiveness and could instead be used as an opportunity to shape post-withdrawal security outcomes. More broadly, while Australian troops are scheduled to progressively withdraw from Afghanistan over

the next couple of years, the problems of a militarised aid program will persist unless the structures underpinning them are immediately reformed.

Recommendation 1: AID/WATCH urges the Federal Government to demilitarise Australia's program to Afghanistan by:

a) *Halting aid flows to security-focused agencies including the ADF and AFP;*
b) *Dismantling the strategic intelligence partnerships between AusAID and the Department of Defence; and*
c) *Reorienting the objectives of Australia's aid program away from its security interests and towards genuine community development programs.*

Promotion of mining

The 2012/13 budget papers flagged that additional assistance to Afghanistan would "help to develop a sustainable mining industry by building the capacity of the Ministry of Mines through scholarships and short-term training". A press release that accompanied the announcement for a large increase in aid to Afghanistan gave further details that this money would hep "set up the regulatory framework around a viable mining industry, taking advantage of Afghanistan's reserves of iron, copper, gold and other resources." Given Australia's national economic interests in overseas mining developments and the poor social and environmental of mining in developing countries, AID/WATCH has serious concerns that the use of aid to promote mining in Afghanistan will support Australian and other multinational mining interests over the needs of the Afghan people.

Aid programs for 'sustainable mining' are part of AusAID's broader Australian Mining for Development Initiative (AMDI). Another press release states that AusAID's spend on mining will support "good sector regulation; advancing geoscience knowledge; and mining education focused on technical and vocational training". The history of mining in developing countries indicates that a 'sustainable' mining sector is unlikely to be achieved in practice. Furthermore, each of these components blur the boundaries between making projects that would otherwise exist more sustainable through regulatory measures, and supporting the economic development of Afghanistan's mining industry by making it more profitable for private investors.

Mining projects in developing countries have long been associated with dispossession of communities from their land, irreversible environmental destruction, increasing economic and social inequality, government corruption, corporate rent-seeking and violent conflicts. These effects are sometimes referred to as the 'resource curse' or 'Dutch disease', which has three main components. First, in economic terms, overdependence on mining tends to crowd out other sectors of the economy that provide more jobs in the long-term. It also creates large disparities between the few that directly benefit from mining and those faced with price inflation and social dislocation. Second, in political terms, the availability of resource rents encourages increased corruption both within and beyond the mining country. Third, in ecological terms, mining causes environmental damage at the local level, global problems like climate change and inter-generational inequities through the exhaustion of non-renewable natural resources.

AusAID has justified support for the mining industry on the basis that it will promote 'sustainable economic growth'. However, economic growth from the

mining sector rarely translates to an improvement in income or basic services for the poor. For example, in the fifteen years following the discovery of oil in Equatorial Guinea in 1990, rapid economic growth rates of up to 10 per cent corresponded with a worsening of infant and under-five mortality rates by around 20 per cent. This is a story that has been repeated in resource-rich countries across the Global South, where people have been excluded from both decision-making and the economic benefits of mining, such as employment. Countries in the Global South are entitled to exploit their natural resources, but there is little evidence that democratic support will be a precondition of mining projects supported by AusAID in Afghanistan.

AID/WATCH has criticised the AMDI on the basis that it is supporting Australian and other multinational mining interests. In Africa, AMDI-supported projects have included public relations campaigns and corporate social responsibility projects for Australian mining companies. In Papua New Guinea, AusAID has provided direct regulatory and financial support to secure finance provided by the Export Finance and Insurance Corporation (EFIC) and other export credit agencies for the PNG LNG Project, which in turn will ensure Australian companies receive over $1 billion in contracts.[2] The Afghan Government has begun awarding mining rights to Chinese, Indian, Canadian, British and US companies, while Australian mining companies have also expressed interest in investing in Afghanistan. AID/WATCH has serious concerns that using Australian aid to support the Afghan mining industry will be another form of 'boomerang aid' to the Australian mining industry.

Recommendation 2: AID/WATCH urges to Federal Government to:

a) *Cease using aid to promote minerals extraction in Afghanistan in favour of proven forms of community development;*
b) *Enact legislation to ensure that Australian mining companies operating overseas are held to the same social and environmental standards as in Australia; and*
c) *Participate in international efforts that promote self-determination at the local and national level in mining developments.*

[2] Parfitt, C, Bryant, G, Barrett, L (2012) 'Australia's Mining for Development Initiative: Blurring the Boundaries Between Private Profit and Public Development', 2012 *Reality of Aid Report,* Forthcoming.