

## **The Future of Australian Aid and the Humanitarian Perspective.**

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### **The situation in 2025**

It's 2025 and change in the Asia Pacific region has happened at a rate the world has never seen: Over the past two decades there has been an explosion in the working age population, a rise of the middle class, growing inequality, increasing urban populations, and rising security challenges both intra- and inter-State. The widespread penetration of technologies to even the poorest communities has resulted in an increase in access to tools and information supporting education, healthcare, livelihoods, banking and insurance with largely positive results. On the other hand, the real effects of climate change through rising sea levels and an increase in the intensity and frequency of extreme weather events has seen mass displacement, millions of children out of school, and many people losing livelihoods and sinking deeper into debt and poverty. At the same time a burgeoning private sector and increase in small- to medium-sized enterprises, as well as the decline of Europe and North American influence have reshaped and refocused Australian aid in ways not envisaged in 2015.

Without sufficient action, in 2025 climate change continues to have a litany of impacts in the Asia Pacific region – declining food security, water shortages, heat stresses on major population centres, increased prevalence and geographic reach of disease, and more extreme weather events including floods and cyclones or typhoons. These have had corresponding social, economic, human security and national security implications, and in many countries throughout the region there have been food riots, internal instability, civil disorder, and internal and transboundary migration. In most cases climate change was not the sole destabilising factor in and of itself but is rather a 'threat multiplier', exacerbating underlying problems.

On top of this, protracted crises, economic instability and extreme weather events have caused large levels of displacement throughout the Asia Pacific region. In 2015, this region was home to 9.79 million people of concern according to UNHCR, including 3.8 million refugees, 2.88 internally displaced people, and 1.56 stateless people.<sup>1</sup> In 2025, this number is now significantly larger but similar to a decade ago, the majority of these displaced persons live outside camps, mainly in urban environments where they often find inadequate protection.

Donors and aid organisations seeing the changing landscape have eventually started to change themselves, shifting from development focussed activities in all but the very poorest of countries, but recognising the need to work more on protecting the development gains made through greater investment in humanitarian response, climate change adaptation and risk reduction activities. International NGOs have finally learned to let go, realising that exerting influence and supporting local collaboration is much more effective than controlling resources. In an effort to reduce cost, improve value for money and ensure their ongoing relevance, most Australian agencies - and their federated families - have moved to shared services providers in the Philippines and India, and now draw the vast majority of their international technical teams from service hubs around the region, employing locals rather than international staff.

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<sup>1</sup> UNHCR (2015), *Global Trends: Forced Displacement in 2015*, 60. Note: UNHCR includes Turkey in its European figures, not the Middle East.



## **Australia's aid budget**

In 2025, foreign aid continues to progress Australia's national interest and plays an important role in promoting stability in fragile states, particularly in the Asia Pacific region. As the above demonstrates, the increasing impact of climate change and other socio-economic or weather related events, a rise in the number of fragile states, or fragility within the region in general, is probable. The Australian Government has shown leadership in the delivery of vital humanitarian assistance in the wake of extreme weather events in our region, such as in response to typhoons and cyclones in the Philippines, Vanuatu and Fiji. Such efforts have been seen to nurture goodwill and friendship between these States. With the increase in extreme weather events likely to continue, Australia will be called upon more often to provide emergency aid and long-term construction and development assistance.

In 2013, the Government of the day significantly reduced Australia's aid budget as part of its broader budget-saving measures. This resulted in an all-time low for Australia when it came to its aid generosity as measured by a proportion of Gross National Income (GNI). While subsequent changes of Government resulted in increases in the aid budget, the overall spend on foreign aid never returned previous levels. This is despite such international efforts to remake an increasingly ineffective or 'broken' aid system. A 'Grand Bargain' on aid reform was agreed at the World Humanitarian Summit in May 2016 as an attempt to commit donors to provide more long-term funding and less earmarking in exchange for greater efficiency and transparency from aid agencies in the way those funds are spent. The anticipated outcome was to ensure that money was put to optimal use and, crucially, help to raise new funds. The deal also included a commitment to deliver at least 25% of humanitarian funding to local and national responders, who in 2016 were only receiving around 1% despite being the best place to act and taking the largest risks.

However, the cuts to Australia's aid budget meant that the Australian Aid Programme was unable to keep pace with the emerging trends and threats that came between 2015 and 2025, even when the aid budget began to catch-up. The early gains that would have been made through thoughtful investment in those years were diminished or lost due to the size of the cuts made. As a result Australia's influence in the aid and development debate gradually diminished, which in turn meant that the usually pragmatic and innovative thinking that came from the Australians was lost in the reforms led by the United States and the Northern Europeans. At the same time, China, Japan and India have strengthened their position in the Asia-Pacific region by investing substantially in aid and development programmes with not just their near neighbours, but also in the Pacific Island Nations.

However, by 2025 some progress has been made, with bipartisan and legislative commitment to meet the 0.05 target by 2025 and 0.07 by 2030 in line with UN recommendations. One benefit of the narrowing of focus of Australia's aid investment is that it has become more agile and innovative; although it has struggled to make this scalable until more recent years as the aid budget was gradually restored.

### *Localised humanitarian funding*

As 2025 approaches the Australian Government, aid agencies and the private sector have been working more closely together with regional and global partners on addressing some of the most vexing humanitarian challenges, from capability through to response and recovery deficiencies – and



as a result the aid budget is starting to reflect what aid agencies have known for some time – which is that humanitarian work makes up to 40% of overall aid and development expenditure.

This funding is being increasingly localised, with at least 30% now being provided directly to local organisations who have undergone a regional level vetting and assurance process to ensure that they are able to cope with the project management, compliance, and financial demands of handling greater income flows. Australian NGOs have also realised that they need to reflect this approach, whilst at the same time providing reassurance to the public that their funds are going to be spent appropriately and are well managed.

However, this has, over the course of the last ten years, and with increasing use of private sector resources in humanitarian assistance, posed a challenge to humanitarian ethics and principles. Humanitarian agencies are having their values challenged not just by the involvement of the private sector, but also by their own ‘corporatisation’ which has continued apace over the last decade. The competition for funding will force many humanitarian actors to ‘relax’ their attitudes towards the principles of independence and neutrality, having no choice but to accept funds from the relative newcomers to humanitarian action such as China, India and global corporations who seek to integrate their foreign policy or organisational objectives into humanitarian action, and increasingly start to define the humanitarian response in their own terms. This has resulted in internal tensions growing as demand for humanitarian assistance increases. This puts pressure on traditional actors to adapt to this new way of working, while at the same time trying to ensure that humanitarian action is primarily based on need and those most vulnerable are still being prioritised for support regardless of external influences.

### **The impact of forced migration**

Australia’s aid budget is just one component of the support that we must provide to address the increasing challenges experienced by countries within our region. Addressing forced migration through the provision of sustainable and humane options is one such challenge. If not managed sensitively and in cooperation with other governments, UNHCR, and humanitarian and development organisations, it will have a direct impact on the security of the region, including Australia’s national security.

With more people displaced across borders and few countries in the region being signatories to the Refugee Convention<sup>2</sup> or offering sufficient access to work, healthcare, education and other basic services, refugees will continue to move across the region, causing social tensions in communities, a stress on resources, and economic and political strain on national governments. In 2025, Australia is also supporting the arrival of ‘climate refugees’, most likely from the Pacific, as the impact of climate change continues to force people on small island nations to seek safety in other countries in the region less at risk of the immediate impact of rising sea levels and extreme weather events. Over the past decade, States have attempted to put in place global ‘responsibility sharing’ mechanisms, starting with the endorsement of a Political Declaration at the UN General Assembly in September 2016 which focused on displaced people, primarily refugees and migrants. However, despite this there are still few concrete commitments to make a refugee’s journey any better or safer.

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<sup>2</sup> Taylor, Dr Savitri, Refugees in Exile Programme, *International Refugee Rights Initiative*, <http://www.refugeelegalaidinformation.org/refugee-protection-asia-pacific-region>



By 2025, Australia is committed to taking a leadership role within the Asia Pacific region to support countries of origin, transit and resettlement to manage this flow of people, and ensure that people on the move are resettled in a safe and humane way. This includes establishing a credible regional protection framework with its South East Asian neighbours, increasing its annual humanitarian intake of refugees in line with its economic ability and global need, and considering other 'protection-sensitive' migration pathways.

By working with countries in the region to share the responsibility of this movement of people, Australia is increasing its own national security interests while at the same time fostering goodwill in the region and providing newly arrived people with the opportunity to contribute to their host country.

### **A prosperous and stable region**

An increase in foreign aid and how this is managed, alongside a more equitable and cooperative regional refugee focus, allows Australia to address the root causes of regional challenges such as poverty, disease, migration, terrorism and climate change, all of which are the right things to do and firmly in Australia's own national interest. Additionally, it will provide stability to poorer countries and a degree of consistency to those relying on Australian aid to deliver programs. By putting in place independent evaluations and consistent monitoring of aid spending Australia should also focus on ensuring the quality and impact of aid, to ensure that those most deprived and marginalised are targeted and are the key beneficiaries of this aid package. As illustrated above, the humanitarian need in Australia's focus region of the Asia Pacific, and the potential for increased fragility, will have increased by 2025. A focus on ensuring quality, consistent aid which empowers marginalised communities and focuses on sustainable and long-term outcomes is essential to ensure a stable region which continues to grow economically and peacefully. Australia needs to ensure that despite the reduction in the aid budget our capacity to provide comprehensive, long-term reconstruction and development assistance following disasters does not negate the positive impact produced by previous goodwill built by a strong aid program in the Asia Pacific region.

The Australian aid system is however much more than the official ODA provided by the Australian Government, it also encompasses those things that we do with other donor Governments, the private sector, Australian-based NGOs and the Red Cross, philanthropists, diaspora communities and private individuals. As such, both the Australian Government and aid agencies must re-look at how the sector operates with these new and influential stakeholders, how we ensure local actors are being empowered to respond directly in their own markets, and how the humanitarian ethics and principles that define our sector are not compromised in a way that impacts our ability to effectively reach those most in need.

Over the past decade, regional bodies in the Asia Pacific have grown in strength and influence. Increasingly they have replaced the traditional UN system of humanitarian response, and have taken leadership roles in disaster preparedness and negotiating with national governments on aspects of international humanitarian responses, including access, customs and distribution of aid. In 2025, it is rare for UN agencies to lead cluster meetings in the aftermath of a disaster, with line ministries supported by regional groups such as the ASEAN Coordination Centre for Humanitarian Assistance (AHA Centre) largely directing operations, coordination and funding, and working directly with regional donor governments. Despite the rise in expertise in these areas, Australia continues to have a key role to play in supporting these groups, not least in ensuring good donor principles,



humanitarian effectiveness and humanitarian principles are maintained in a way relevant to the Asia Pacific context. To stay current and influential in such a context, and continue to support regional organisations and national governments to effectively assist those affected by disasters, the Australian Government needs to continue to work alongside these bodies in preparedness, resilience, response and reconstruction.

The role of institutional donors, such as the Australian Government Aid Programme, will progressively reduce in overall importance to the aid system in the Asia-Pacific over the course of the next ten years. Whilst on the one hand seeing increasing aid expenditures, the overall funding as a proportion of private, philanthropic and corporate investment will reduce – as will the ability to directly influence the course of humanitarian response and preparedness – particularly as community-to-community connection and private sector influence plays a much stronger role. This democratisation of humanitarianism will not just reduce the influence of institutional donors, but of the international humanitarian system as a whole, placing more resources and more power directly into the hands of people affected by crises.

It's 2025, and the landscape for delivery and effectiveness of aid in Asia Pacific has changed, with several trends emerging even back in 2015. The decisions of the first two decades of the 21<sup>st</sup> century have huge ramifications for those living in Asia-Pacific and beyond. Both the Australian Government and Australian humanitarian agencies need to adapt to these emerging trends, with one eye on maintaining humanitarian effectiveness in this future landscape and the other on ensuring our work and our relationships with other stakeholders are still in line with our values and principles as humanitarian actors.

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