

Aid essential for regional stability

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The Australian

10 April 2012

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Will the Gillard government stick by its commitment to increase the aid budget to 0.5 per cent of gross national income by 2015-16? That's the question being asked as rumours and leaks increase in the lead-up to budget night on May 10.

Speaking to the ABC's Chris Ullman on 7:30 last week, World Vision Australia chief executive Tim Costello put the case for maintaining the commitment, reminding everyone that the bulk of the world's poor live in the Asia-Pacific region.

He argued that Australians wanted their government to tackle global poverty.

However, news coming out of the OECD on the same day shows that aid budgets across the developed world are under increasing pressure -- so much so that aid to developing countries fell by nearly 3 per cent last year.

Exceptions to this were Australia, New Zealand, Korea, Switzerland, Germany, Italy and Sweden, whose aid budgets continued to rise.

The US, Canada and, surprisingly, Britain, registered falls, the biggest being Canada with a drop of more than 5 per cent. An even bigger fall in the Canadian aid budget can be expected following the government's decision to cut its aid by another 7 per cent in its budget brought down last month.

This drop in global aid follows more than a decade of steady increases. In fact, the OECD reports that net official development assistance rose by 63 per cent between 2000 and 2010, the year it reached its peak.

Although Australia didn't join this international push to substantially increase its aid budget until halfway through the decade, it has subsequently been a strong and consistent supporter of more and better aid to tackle global poverty.

The dilemma now is whether Australia -- given other budgetary pressures -- can afford to continue increasing its allocation to aid and so meet the commitment of 0.5 per cent by 2015.

In dollar terms, this means almost doubling this year's allocation of \$4.8 billion to something like \$8bn-\$9bn.

But perhaps the question should be: can Australia afford not to increase its aid budget?

Australia and New Zealand sit in a region where all our neighbours are developing countries. We are in a region where 75 per cent of the world's extremely poor live. This is despite the considerable success in reducing poverty in Asia since the 1980s.

Tackling global poverty is worthwhile in humanitarian terms, but that's not the only reason Australia does it -- there is a tangible national interest at stake, underscored by well-documented linkages between development and political stability. In other words, development supports the conditions essential for maintaining stability and diminishing the likelihood for dissent and conflict.

So if the government does decide to weaken its aid commitment, it also will be weakening one of the most important soft power tools it has to address the fundamental threat to regional stability.

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