

## The business of aid in the Indo-Pacific

Australian Federal Police submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade

### Introduction

The Indo-Pacific region consists of countries which are at different stages of development. One of the critical challenges faced by the least developed and post-conflict countries, apart from issues of governance and rule of law, is poverty, which continues to impede economic growth and development. The causes of poverty in these countries are multi-dimensional and complex and respective governments often do not possess the required resources and governance to create the conditions for economic growth.

Developed nations, such as Australia, support developing and post-conflict countries to overcome this development challenge through Official Development Assistance (ODA). There are a variety of modalities for ODA support and these can include partnerships with private and non-government sectors; adopting a collective approach to alleviating poverty.

### **Role of the AFP in establishing conditions conducive to economic development**

The Australian Federal Police (AFP), particularly through the International Deployment Group (IDG) and the Serious Organised Crime portfolios, has extensive experience in supporting the establishment of conditions that are conducive to economic development. This includes the: establishment of security in the aftermath of conflict; support to the creation of local police agencies; enhancement of the legitimacy, accountability and professionalism of police agencies and support to developing police agencies in areas of sophisticated transnational crime prevention and investigation.

The AFP (and its predecessor the Commonwealth Police) has provided support to societies emerging from conflict for five decades with the anniversary of participation in the United Nations led peacekeeping mission to Cyprus commemorating its fiftieth year.

In 2004, the then government noted that participation in large scale peacekeeping, stability and police development missions required a standing capability able to generate well trained and rapidly deployable police for international missions; as a result the IDG was formed. In the international environment, the group performs two primary roles in developing and post-conflict nations:

- **Executive policing:** Generally in response to the needs of societies in immediate post-conflict the IDG can undertake the policing role for communities where local policing has failed. This is generally supported by a military intervention and operates only while a local policing capacity is built. The private sector can also be engaged in post-conflict reconstruction within the security envelope provided by both the military and police. Research has identified that engaging ex-combatants (particularly youth) in reconstruction has a powerful role in mitigating the causes of conflict resumption.<sup>1</sup>
- **Police development:** The IDG specialises in building the capacity of local police to provide legitimate, accountable and professional policing to their communities. Police development is defined by the AFP as:

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<sup>1</sup> *World Development Report 2011*, World Bank, Washington, 2011, Page 162.

The support provided to police in developing and post-conflict nations to build their capacity to provide sustainable, quality policing to their citizens. This support develops the operational capacity, enabling services and leadership that police services require to be accountable to their citizens and to build and maintain the legitimacy required to support the delivery of rule of law.

The IDG has developed a *Strategic Framework for Police Development*<sup>2</sup> which outlines that in planning and implementing any police development project, it is mandatory that each of the following considerations are addressed:

- Operational capacity – Assisting the host police agency to build their members' skills, knowledge and attributes to be able to deliver quality policing services to their community. Building the capability of individual police members enhances the collective operational capacity of the police agency.
- Leadership – Assisting the host police agency to develop effective and ethical leadership. In addition, this includes the rules and guidelines (governance systems) that support development of an ethical and accountable police agency.
- Enabling services – Assisting the host police agency to develop and sustainably provide the tools their members need to deliver a quality policing service. This includes funding, providing and maintaining infrastructure such as buildings, vehicles and information technology support. It also includes purchasing and supplying consumables such as uniforms, fuel and stationary.

In order to stem the impacts of violence against women, the IDG :

- mainstreams gender throughout all IDG activities;
- supports partner country policing organisations to promote the role of women in law enforcement; and
- supports partner country policing organisations and civil society to promote equality and deliver services equitably, including through appropriate (lawful) responses to gender-based violence.

Complementing the work of the IDG within a country, the AFP's Serious Organised Crime (SOC) portfolio assists building international police to police relationships that are critical to mitigating the impact of transnational crime on developing and post-conflict countries. SOC undertakes this role through its extensive network of crime liaison officers who engage and support local police and facilitate joint activities and operations between them and the AFP. Other portfolios, such as Forensics, also engage internationally through the delivery of training and services.

Through this support to effective policing in the Indo-Pacific region the AFP assists with the overall development of rule of law and thereby establishes the conditions for economic development, business activity, conflict mitigation, security justice and human rights for all.

### **The importance of effective policing to the establishment of rule of law**

Rule of law is an essential platform for businesses to have the confidence to invest. Without this investment economic development is reduced and poverty maintained. Effective policing is an essential component of rule of law along with:

- the establishment of effective legislation;
- effective judicial processes; and

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<sup>2</sup> Note: The Strategic Framework for Police Development is a product defining the International Deployment Group doctrine for the delivery of police capacity development assistance.

- the capability of enforcing judicial outcomes.

The AFP designs and implements its policing missions using established best-practice on security and state-building. In particular, the AFP is guided by the work of the Organisation for Economic Cooperation and Development (OECD) and the G7+ group of fragile and post-conflict nations.<sup>3</sup>

The OECD has studied the drivers required to allow states to progress from fragility to stability and economic growth and has developed the ten 'Fragile States Principles'. Particularly relevant to the deliberations of this committee are the following four principles:

- Principle 3: Focus on state building as the central objective: including 'ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation.'
- Principle 4: Prioritise prevention: including that 'action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security.'
- Principle 5: Recognise the links between political, security and development objectives: including that 'the political, security, economic and social spheres are inter-dependent.'
- Principle 9: Act fast...but stay engaged long enough to give success a chance: including that '[a]ssistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same time, given the low capacity and the extent of the challenges facing fragile states, international engagement may need to be of longer-duration than in other low-income countries. Capacity development in core institutions will normally require an engagement of at least ten years.'<sup>4</sup>

The G7+ group of fragile and post-conflict nations have developed their Peacebuilding and Statebuilding Goals (PSGs) which also recognise the important link between security and economic development. The PSGs are:

- Legitimate politics - foster inclusive political settlements and conflict resolution
- Security - establish and strengthen people's security
- Justice - address injustices and increase people's access to justice
- Economic foundations - generate employment and improve livelihoods
- Revenues and services - manage revenue and build capacity for accountable and fair service delivery.

As the AFP supports the redevelopment of legitimate and accountable local police agencies, it assists in building the conditions required for economic development, including a safe and secure environment for investment, for business operation and for staff (both local and expatriate).

The centrality of this proposition is supported by notable international bodies such as the World Bank who have stated:

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<sup>3</sup> The G7+ association aims to facilitate information sharing amongst countries that are or have been affected by conflict and are now in transition to the next stage of development. For more information see <<http://www.g7plus.org>>

<sup>4</sup> Fragile States Principles, OECD, <<http://www.oecd.org/dacfragilestates/>>

'A favorable business environment in which companies can thrive creates opportunities for all people and ultimately lifts many out of poverty. Creating such opportunities is particularly important in fragile and conflict-affected states.'<sup>5</sup>

When these conditions are not extant, businesses face increased costs and risks. The World Bank publication, '*How firms cope with crime and violence*'<sup>6</sup> identifies that businesses experiencing risks in their operating environment from insecurity and crime, experience losses through the following processes:

- Exclusion: criminal activity may exclude the private sector from freely engaging in the economic opportunities
- Productivity losses: firms may be required to operate on restricted hours or conditions
- Uncertainty and negative image: firms may experience reduced investment.

### **The costs to business from unsafe and insecure environments is prohibitive**

The global cost of violence containment is estimated to be US\$9.46 trillion per year. Violence containment in developing countries, in the form of law enforcement, costs 10-15 per cent of GDP as compared to just 5 per cent in developed countries. If violence could be reduced by 50 per cent it would generate more than enough money to repay the debt of the developing world and fund the achievement of the Millennium Development Goals.<sup>7</sup>

Of the total 526,000 people that die annually from violence, 75 per cent of the total (approximately 396,000) is from criminal and interpersonal violence, such as violence against women and children.<sup>8</sup> Criminal violence is therefore producing a level of social and economic impact akin to the previous understanding of conventional inter-regional warfare.

In addition to violence, effective business development is also constrained by other crime issues such as theft and corruption. The report published by the Institute of National Affairs and Asian Development Bank titled, *The Business and Investment Environment in Papua New Guinea in 2012: Private Sector Perspectives*, discusses the impact of crime on business and investment,<sup>9</sup> noting that law and order problems are considered the most problematic issue and a major hindrance to business and investment followed by corruption and the state of the transport infrastructure.

Violence and conflict are also cyclical and contagious, the 2011 World Bank, *World Development Report* identified that '90 percent of conflicts initiated in the 21<sup>st</sup> century were in countries that had already had a civil war' and that violence 'spills across with implications for neighbours, for the region and globally'.<sup>10</sup> State-building through means such as the establishment of legitimate policing agencies is therefore critical to promoting economic growth and reducing poverty.

### **Conclusion**

The private sector is the engine of growth and has the potential to spur and facilitate development and prosperity. Development and expansion of the private sector requires an environment

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<sup>5</sup> *Doing business in the g7+ 2013: Smarter Regulations for Small and Medium-sized Enterprises*, World Bank/IFC, Washington, USA, 2013.

<sup>6</sup> Goldberg, K, *How firms cope with crime and violence—Experiences from around the world*, The World Bank: Washington: 2014: Page 13.

<sup>7</sup> Global Peace Index 'Institute for Economic and Peace', Sydney and New York, 2013, p.2.

<sup>8</sup> Global Peace Index 'Institute for Economic and Peace', Sydney and New York, 2013, p.2

<sup>9</sup> This report contains statistical details and data regarding stated losses.

<sup>10</sup> *World Development Report 2011*, World Bank, Washington, 2011, Page 57 and 65.

conducive for business and investment. Improving the rule of law in post conflict and fragile environments is a critical ingredient necessary for the creation of a business-friendly environment. The development of effective, legitimate and accountable endogenous police agencies is a critical element in building the legitimacy of the state in post-conflict and developing nations, including those in Australia's region.

The AFP is well positioned to contribute in line with whole of government approaches to the improvement and establishment of rule of law in developing nations and thereby, a business environment conducive to economic development is created and maintained.