



## **From Risk to Restraint:** Australia's Role in International Development, Diplomacy, and Conflict Prevention

### **Executive Summary**

- Conflict risks in the Asia-Pacific are rising, driven by shifting geopolitical balances, eroding norms on the use of force, and unresolved intra-state conflicts that increasingly spill across borders.
- The Centre for Humanitarian Dialogue has worked in Australia's region since 1999 and our experience shows that inter-state conflict risk often emerges from unresolved intra-state conflict, especially persistent subnational violence in middle-income states.
- Escalation now occurs across multiple domains, including maritime encounters, information operations, economic coercion, and environmental stress, increasing risks of miscalculation and deliberate use of force.
- Australia's international development program is a critical prevention tool. It supports platforms for dialogue, partners for prevention, and principles for restraint that lower baseline risk.
- Development funding allows Australia to rapidly resource trusted intermediaries and advance conflict prevention outcomes where independence and access matter most.
- Effective prevention requires strategic risk acceptance and integration with diplomacy, defence engagement, and economic statecraft to contain crises before escalation.

This submission responds to the House of Representatives Standing Committee inquiry into the role of Australia's international development program in preventing conflict.

[The Centre for Humanitarian Dialogue \(HD\)](#) is an independent and impartial non-profit organisation that has worked to prevent, mitigate, and resolve violent conflict in Australia's region and around the world since 1999. Our work spans inter-state tensions, national political crises, and subnational conflicts. We have had longstanding engagements in the Philippines, Myanmar, Thailand, the South China Sea and Northeast Asia among countless other contexts as part of a global organisation whose global portfolio relates to more than 60 conflict-affected countries. This submission draws on insights from more than 25 years of mediation and dialogue programming in the region that relate to how conflicts emerge and escalate, and how escalation can be prevented when political and development tools are aligned. This submission was developed by HD's Asia-Pacific Regional Directorate.

## 1. A Changing Conflict Risk Environment

Conflict risks in the Asia-Pacific are increasing in both likelihood and consequence. These dynamics are playing out sharply in Australia's region, and they matter directly for Australia's security and prosperity. This reflects the interaction of three reinforcing trends, and a growing convergence between risks of unintended escalation and the deliberate use of force.

First, **the geopolitical balance is shifting**. Strategic competition is intensifying and increasingly expressed across multiple domains, including maritime interactions, geoeconomics, technology, information, and the environment. As competition becomes more multi-domain, a wider range of actors are operating on the frontlines of contestation, including coastguards, law enforcement agencies, regulators, and quasi-civilian actors. Many of these actors have fewer established crisis-management routines than militaries, increasing the risk that incidents escalate through miscalculation rather than intent.

Second, **norms constraining the use of force are eroding**. Coercion, intimidation, and grey-zone tactics are becoming more common, blurring the line between peace and conflict. Where such actions are not met with consistent political or material costs, they contribute to a permissive environment in which restraint weakens. In some contexts, actors increasingly calculate that the benefits of using force, or threatening its use, outweigh the costs. This raises the risk of intended escalation, particularly in disputes where political, territorial, or reputational stakes are high.

Third, **many long-standing conflicts and fragilities at the subnational and national level remain unresolved**. Areas that are described as post-conflict are often better understood as pre-conflict; countries or regions with a history of violence, and relationships between states with a record of confrontation, are among the most reliable indicators of elevated future conflict risk. Yesterday's ceasefire lines are often tomorrow's fault lines. Across Asia, conflicts linked to governance, political exclusion, identity, and uneven development persist, often within otherwise strong or middle-income states. In some cases, governments are losing legitimacy among sections of their population, increasing the risk that political contestation turns violent. These unresolved domestic tensions interact with geopolitical pressures, amplifying both the incentives for escalation and the consequences if violence occurs.

Conflict risks are also increasingly multi-domain in nature. This creates additional escalation pathways beyond conventional military confrontation, and it means friction can build through smaller, faster-moving interactions across different parts of the system. These intersecting domains reinforce one another, increasing the speed and complexity of escalation dynamics, and strengthening the case for updated norms and fit-for-purpose inter-state institutions that manage friction, clarify expectations, and keep incidents from spiralling.

### **Escalation happens when systems fail, or when actors choose force.**

Taken together, these dynamics mean that contemporary conflict risk is driven by both unintended escalation and deliberate choices to use force. Conflict prevention and mitigation therefore require clear-eyed analysis of incentives, capabilities, and guardrails, alongside early action to strengthen communication channels, manage known flashpoints, and rebalance the political calculus away from violence. A practical test of prevention is whether communication channels remain usable under pressure, whether incentives for restraint are reinforced, and whether emerging risks are seen early enough to act.

## 2. The Interconnected Nature of Intra- and Inter-State Conflict

Much of the current debate focuses on the risks of conflict between states (inter-state), however, HD's experience suggests those risks are often intensified, and sometimes triggered, by unresolved conflicts within states (intra-state). If Australia wants to reduce inter-state conflict risk, its prevention efforts, including through the international development program, need to engage seriously with the intra-state conditions from which inter-state crises frequently emerge.

Civil (intra-state) conflicts are the most common form of state-based armed conflict globally, and a substantial share are internationalised, reflecting how domestic conflicts draw in external actors and spill across borders<sup>1</sup>. In Australia's region, subnational conflict is the most widespread and enduring form of violence, often persisting for generations, including in otherwise capable middle-income states<sup>2</sup>. Preventing inter-state conflict therefore requires sustained attention to intra-state drivers – including governance, identity, exclusion, uneven development, and legitimacy – because internal contestation can internationalise through spillovers, proxy dynamics, and external patronage.

HD's experience working on intra-state conflicts shows that disputes linked to governance, identity, land, and access to resources can endure for decades and periodically escalate. They may appear peripheral, but they can undermine state legitimacy and weaken political settlements, creating pathways for internationalisation and raising inter-state escalation risks.

Sustained engagement in intra-state conflict prevention, mitigation and resolution therefore serves a strategic purpose beyond immediate violence reduction. Supporting dialogue, mediation, and political processes can stabilise national systems, reduce incentives for external actors to intervene, and lower the risk that domestic conflicts spill into inter-state crises. This requires realism and patience, and a willingness to accept political risk, as progress is often uneven and hard to measure in the short term.

Australia's long-standing engagement in the Bangsamoro in the southern Philippines provides a concrete example of this approach. Despite the political sensitivity and operational complexity of the context, Australia has maintained sustained financial and political support for the peace process and its implementation. DFAT has provided funding to HD and a range of local organisations, international NGOs and local government institutions to support the successful completion of the peace process. This has positioned Australia as a trusted partner with influence that exceeds the scale of its financial assistance. Continued engagement in the Bangsamoro illustrates how working in complex intra-state settings can reduce longer-term conflict risks while strengthening Australia's credibility as a principled and pragmatic actor. It also illustrates a broader point; Australia's aid program helps sustain attention on conflicts far from capitals, including in middle-income countries, where serious risks can otherwise be under-weighted in policy and resourcing.

## 3. Constructive Regional Roles to Lower Conflict Risks

Effective conflict prevention starts well before crises emerge, by lowering baseline risk and keeping escalation pathways manageable. Australia can play a constructive role in its region

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<sup>1</sup> Rustad, Siri Aas. 2025. *Conflict Trends: A Global Overview, 1946–2024*. PRIO Paper. Peace Research Institute Oslo, drawing on UCDP data.

<sup>2</sup> Parks, Thomas; Colletta, Nat; Oppenheim, Ben. 2013. *The Contested Corners of Asia: Subnational Conflict and International Development Assistance*. The Asia Foundation

by investing upstream in three mutually reinforcing strands: platforms for dialogue, partners for prevention, and principles for restraint.

### **Platforms for Dialogue: Building fit-for-purpose architecture**

Conflict prevention depends on the availability of channels through which risks can be identified early, tensions can be discussed honestly, and incidents can be managed before they escalate. Formal institutions such as ASEAN-led mechanisms and the United Nations remain essential sources of legitimacy and continuity. However, they are often complemented most effectively by informal, 'minilateral', or issue-specific arrangements that allow for more candid exchanges and practical problem-solving. From HD's experience in conflict settings, informal channels and intermediary relationships are often the first, and sometimes the only, avenues that still function when official lines harden.

Experience from across the region suggests that early warning does not need to be highly formalised or quantitative to be effective. Collective sense-making among practitioners, officials, and intermediaries who are close to evolving dynamics often provides earlier and more actionable insight than technical indicators alone. Supporting spaces where actors can share perspectives, test assumptions, and surface emerging risks can therefore be as important as investing in formal early warning systems.

**Implications for Development Program:** Australia's international development program is often the most practical vehicle for sustaining this architecture because it can finance convening formal actors, technical working groups, joint analysis, and discreet facilitation over time, including for platforms and channels that Australia is not necessarily participating in. It can also underwrite continuity between meetings, support participation from agencies beyond foreign ministries, and keep a small number of trusted forums functioning when official relationships cool. In effect, development funding helps keep the regional wiring connected, so that when pressure rises, there are still places to talk, and ways to act before a crisis hardens.

### **Partners for Prevention: Supporting a conflict-prevention ecosystem**

Lowering conflict risk also depends on the strength of the broader ecosystem of actors who monitor tensions, facilitate dialogue, and help manage escalation risks across different contexts. This ecosystem includes governments, regional organisations, local civil society actors, research institutions, and independent mediation organisations.

From HD's experience in conflict, locally grounded actors with deep contextual knowledge and trusted relationships are often best placed to detect early shifts in incentives or behaviour, particularly in intra-state settings that may later internationalise. Supporting such actors, including through flexible funding and long-term partnerships, helps ensure that conflict risks are identified and addressed before they harden into crises.

**Implications for Development Program:** Development funding is Australia's essential tool for supporting an ecosystem of partners who can detect risk early, maintain relationships, and create options for de-escalation. External funding can have outsized influence because it is often perceived as more impartial than domestic resources, and it signals sustained international attention, including in middle-income countries where finance exists but trust does not. Just as importantly, funding a diverse mix of actors lets Australia back work it wants done but may not be the best direct implementer of, especially in situations where independence, local credibility, and access are decisive. This type of funding gives DFAT and other Australian Government departments richer, ground-truth perspectives on conflict

dynamics beyond capitals. It can also back organisations capable of operating across political, security, development, and humanitarian domains, and of linking local insights to national and regional decision-making.

### **Principles for Restraint: Shaping norms in emerging risk domains**

Finally, conflict prevention increasingly requires attention to domains where norms are underdeveloped or contested. As strategic competition expands into new areas, the absence of shared expectations and rules of behaviour increases the risk that friction escalates into confrontation.

Australia has a strong record as a norm entrepreneur. From the Canberra Commission on the Elimination of Nuclear Weapons to leadership on the Responsibility to Protect, Australia has demonstrated its ability to work with regional and global partners to embed restraint, clarify expectations, and reduce conflict risk. This tradition can be renewed in emerging domains such as maritime law enforcement, cyber activity, information operations, economic coercion, and environmental stress. Sustained investment in shaping norms in these areas can help rebalance incentives away from coercion and towards restraint, but this work is inherently political and long-term, requiring consistency, coalition-building, and engagement even when progress is incremental.

**Implications for Development Program:** Development funding can help Australia shape norms by financing the slow, practical work of coalition-building, piloting confidence-building measures, and translating principles into usable guidance, including in newer domains where rules of behaviour are still contested. It can support regional training, peer networks, incident-management protocols, and technical dialogues that make restraint more likely in day-to-day practice, not just in communiqués. Over time, this builds a wider base of actors who understand, socialise, and defend shared expectations, which makes it easier to impose collective costs when norms are breached, and harder for coercion to become the default setting.

These upstream investments cannot prevent every crisis, but they strongly shape whether crises can be contained. They matter most when a crisis puts them to the test.

## **4. Responding to Crises and Preventing Escalation**

Even with effective upstream conflict prevention, crises will still occur. How Australia responds in moments of acute tension can determine whether violence is contained or escalates into sustained conflict.

In moments of heightened tension, Australia's ability to prevent escalation depends on whether it can rapidly activate the infrastructure, relationships, and partners built through prior prevention efforts, and resource them quickly. Forums, backchannels, and trusted intermediaries supported over time become most valuable when public positions harden and political pressure rises. At the same time, access to rapid and flexible funding allows Australia to support shuttle diplomacy, emergency convening, community mediation, technical facilitation, or the maintenance of communication channels, but only where this funding is paired with pre-existing relationships with trusted partners who already have the credibility and access to act. Speed matters, as even short delays can allow incidents to harden into crises.

Financial agility, however, must be matched with political will, including authorisation at senior political levels to act early and decisively. Funding alone cannot prevent escalation if it is not

accompanied by a readiness to raise difficult issues early, reinforce boundaries, and work with partners to impose political, reputational, or practical costs on actions that heighten conflict risk. Crisis response is most effective when development tools are aligned with diplomacy, defence engagement, and economic statecraft, and when Australia is prepared to act collectively to signal restraint, protect norms, and prevent crises from tipping into open conflict.

## 5. Implications for Australia's International Development Program

Australia's international development program is a uniquely important tool for conflict prevention. It can work both before crises emerge and during moments of acute risk, it can be deployed in politically sensitive settings where other tools are constrained, and it can resource partners and channels that Australia cannot credibly or practically deliver itself.

To support conflict prevention most effectively, Australia's international development efforts need to consider five key aspects:

- **Structure the program to sustain prevention before crises, not only respond.** Prevention requires continuity, including in peripheral areas and sensitive settings where progress is uneven and political dynamics evolve over years, not funding cycles.
- **Use development funding to support work that Australia cannot credibly or effectively deliver itself.** A diverse partner mix, including independent intermediaries, regional organisations, and locally grounded actors, allows Australia to back outcomes it wants while relying on implementers with the access, credibility, and impartial posture that escalation prevention often requires.
- **Accept that conflict prevention requires a higher risk tolerance.** Prevention work is politically exposed, success is rarely linear, and the aid program needs explicit authorisation to tolerate calculated risk, coupled with strong conflict analysis, active oversight, and adaptive delivery.
- **Maintain a two-speed funding model.** Long-horizon funding should sustain relationships, platforms, and capabilities; rapid and flexible financing should be available to activate trusted partners when tensions rise.
- **Align development tools with political will and wider statecraft.** Development funding can keep channels open and create options for restraint, but it is most effective when matched by Australia's readiness, working with partners, to raise difficult issues and impose collective costs when norms are breached, and to deploy the wider toolkit of diplomacy, defence engagement, and economic statecraft in a coordinated way.

These implications are practical adjustments to how the aid program is designed and governed; together, they help ensure Australia can support upstream prevention while still being able to act decisively when crises emerge.

### Offer to Provide Evidence

HD would welcome the opportunity to provide further evidence or testimony to the Committee, including practical examples of how mediation, dialogue, and conflict-sensitive development programming can reduce escalation risks across intra-state and inter-state contexts, and how Australia's development program can best support this work.