

Written evidence submitted by The Asia Foundation (INR0084)

INTRODUCTION

- 1. The Asia Foundation is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia.** Informed by six decades of experience and deep local expertise, our work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote international cooperation. Headquartered in San Francisco, The Asia Foundation works through a network of offices in 18 Asian countries.¹
- 2. The Asia Foundation has been a close partner of the UK Government and its international development programme for nearly two decades.** During this time, the Foundation has worked with partners across government, including the Foreign and Commonwealth Office, the Department for International Development (DFID), and the British Council, on a wide range of projects across 17 countries. Throughout our network of country offices, we work closely with the UK's High Commissions and Embassies to develop and share insights that inform aid programmes as well as broader country strategies. Together, the UK Government and the Foundation have helped to strengthen accountable, inclusive, and responsive systems of governance; advance gender equality and social inclusion; resolve longstanding and intractable conflicts; promote economic growth and development; and tackle climate change.
- 3. The Asia Foundation welcomes the Integrated Review as an opportunity for the UK to reflect on how a sound, strategic international development programme can both enhance the effectiveness of aid and support UK foreign policy.** The Foundation recognises the critical nexus of aid and foreign policy, and the opportunities and challenges in developing a strategy that balances, combines and mutually reinforces the two. The UK's 0.7 per cent Gross National Income spending commitment for ODA and its widely respected expertise in international development is a significant source of global influence and prestige. Following the announcement of the creation of the Foreign and Commonwealth Development Office (FCDO), the importance of effectively defining the UK's approach to aid and foreign policy assumes greater significance. As a committed, longstanding partner of the UK Government, the Foundation welcomes the opportunity to support the UK as it shapes this nexus over the coming years.

THE PRIORITIES FOR UK FOREIGN-POLICY STRATEGY

Critical Importance of the Indo-Pacific to UK Interests

¹ For further information, please see: <https://asiafoundation.org/>.

- 4. The Indo-Pacific region should be a strategic priority for the FCDO and the broader UK Government.** The Indo-Pacific region is one of the most dynamic and rapidly changing regions of the world. The region is assuming an ever-greater role in the establishment of new international norms and practices, and in global trade. This is being driven in large part by the rise of China and India as global economic powers and regional security actors, but also by the steady development of other Asian countries, which together add significant value to global outputs, consumption and innovation. The region's success to date and expected continued growth will drive the global economy of the future.
- 5. Despite recent progress, a prosperous and peaceful Indo-Pacific is far from guaranteed.** The region faces a range of economic, security, and human rights challenges. The looming threat of stalled growth, rising inequality, popular unrest, and political crises leaves many of the countries in the region vulnerable to economic shocks and instability. China's rising power and influence in the region challenges the traditional rules-based global order and will be the defining geopolitical issue for decades to come. Progress in the region is greatly tempered by the considerable challenges faced by countries in Asia, including (but not limited to): geopolitical competition; a global economic slow-down and the shifts in global trade and manufacturing; unexpected impacts of rapid technological advances on political, economic and social life; climate change; political stagnation and democratic reversal; persistent political, social, ethnic and religious cleavages; shrinking space for civil society; and gender inequalities. The risks of armed conflict have risen across much of the region in recent years, driven by a set of overlapping factors, including ethnic and religious polarisation, increasingly authoritarian governance, shifting international relations, environmental change, and new technologies. In addition to existing challenges, the Covid-19 pandemic has already wrought widespread and momentous effects on societies and economies across the region, acting as an accelerator of existing trends and fault lines.
- 6. The UK has a pivotal role to play in the future development and stability of the Indo-Pacific.** Progress in the region is central to achieving global targets for controlling climate change, achieving sustainable development, and achieving gender equality and social inclusion, all of which the UK has consistently promoted. The UK's shared history with many countries in the region is unparalleled. This history is complex but presents opportunities when approached sensitively, and has undoubtedly left an enduring legacy of shared governance, legal and education systems, and linguistic and cultural ties that place the UK in a unique position to support countries in the region. Its existing ties to the region remain strong, with treaties such as the Five Power Defence Arrangements, and a strong network of long-established embassies and high commissions. The UK is well placed to work bilaterally and through multilateral organisations such as ASEAN across the region to support the emergence of a more prosperous, just, and peaceful Indo-Pacific.

Develop a Sound Strategy for Aligning Aid with UK Interests

- 7. An immediate priority for UK foreign policy is the development of a clear and sound strategy that aligns aid with UK interests.** Foreign assistance can strengthen the UK's

strategic role and address the most critical challenges facing countries, regions, and the global community. The UK's international development programme is a fundamental dimension of its foreign policy. Its commitment to ODA spending and world-leading development expertise is a key source of global influence. For decades, the UK has maintained a strong commitment to eradicating poverty, advancing gender equity and social inclusion, supporting sustainable development, and focusing on the "bottom billion", recognising that progress on these challenges is fundamental to advancing the UK's national interest. While the foreign policy rationale for traditional development programming remains, in an increasingly interconnected and rapidly changing world there is growing recognition that new opportunities, constraints, and threats call for a combination of traditional and non-traditional aid programming to address them.

8. **The UK can better achieve its foreign policy goals through a combination of traditional and non-traditional development programming to address the challenges ahead.** The UK's global interests are inextricably linked to both the growing prosperity and evolving security conditions of the Indo-Pacific region. The strategic use of UK aid can help create the conditions for peace, fairness, and prosperity in the region; advance trade opportunities that are mutually beneficial; and strengthen bilateral and multilateral relationships. Finding a successful balance of UK and partner country interests will be challenging but well worthwhile.² Programming directed toward these objectives may sometimes look traditional, but there is also a need and an opportunity for developing innovative non-traditional uses of UK aid to advance national interests.

Illustrative Areas for Future UK Aid Programming in the Indo-Pacific

9. The specific programme areas suggested below reflect a mix of traditional and non-traditional programming which seek to simultaneously address both country development needs and UK foreign policy objectives. They also have a clear and compelling fit with the pressing challenges facing the Indo-Pacific:
10. **Strengthened collaboration and partnership with countries as they transition to Advanced Middle Income status:** Many Indo-Pacific countries have experienced rapid and sustained economic growth and development, and many have entered, or will soon enter, Advanced Middle Income Country (AMIC) status (i.e., US\$4,000- \$20,000 GNI/capita). Malaysia, Thailand, Sri Lanka, Fiji, and the Maldives are already AMICs, and Indonesia, Mongolia, and the Philippines were, until recently, on track to reach this stage within two to five years. Signs are emerging that countries' successful transition through the AMIC phase will be both slower and less certain than it was for the Asian Tigers a generation ago, with evidence of growth slowdowns and significant political instability. To avoid these pitfalls, AMICs need to undertake a wide range of technically complex and politically

² See the Australian Department of Foreign Affairs and Trade's (DFAT) 2018 report on the alignment of the country's aid, trade, and diplomacy: <https://www.dfat.gov.au/sites/default/files/investing-in-regional-prosperity.pdf>.

difficult institutional and policy reforms. Ironically, it is usually at the beginning of a country's AMIC phase that donors transition out of large-scale aid programmes. The UK should explore ways to continue to support critical reforms in key policy areas through these countries' later stages of development. This does not require the continuation of large aid programmes, but instead the development of innovative, low-cost mechanisms to help catalyse and facilitate reform in close partnership with AMICs. Progress in this area will serve UK interests both by helping to ensure continued growth and stability in the Indo-Pacific and also by expanding its networks and influence as a responsive and committed partner. From a trade perspective, AMICs in the Indo-Pacific collectively represent a large and rapidly expanding market. From a security perspective, stalling growth and rising political instability in AMICs would not only complicate cooperation on a range of issues, but could also leave these countries vulnerable to negative external influences as the region moves into an era of heightened geopolitical competition.

- 11. Engaging emerging donors:** Significant changes in the aid landscape have meant less dominance by traditional, Western-led institutions and governments, and new opportunities for other players, notably regional centres of power China and India, to commit their own resources to address global challenges. Massive and expansive investments, such as China's Belt and Road Initiative (BRI), are rapidly transforming the region. The size and scale of these required investments cannot be met or replaced by other donors; however, the opportunity for a collaborative approach to development cooperation and effective resource allocation is present. Governing, managing, and monitoring the BRI is a growing challenge for China. The UK can draw on its strengths in governance, accountability, and civil society engagement to ensure that partner countries are equipped to control and direct these foreign investments for their maximum positive impact. The UK can engage these increasingly influential actors, and their programmes and policies on three levels: bilaterally, through knowledge and experience exchange and by supporting partner countries to manage and direct these diverse resources; through triangular cooperation initiatives on shared priority issues and countries; and, multilaterally, in forums such as the G20, UN, and ASEAN. The UK has successfully supported Indian aid and investment with other countries through the India-UK Global Partnership Programme on Development and the Supporting Indian Trade and Investment for Africa initiative. Engaging non-traditional donors provides opportunities for the UK to use its resources and expertise to leverage more resources for sustainable development, while building strategic partnerships with rising powers.
- 12. Strengthening regional institutions and architecture:** The Indo-Pacific has grown to become the world's largest regional economy, and rapid economic integration has the potential to transform the region into a global economic powerhouse. Moreover, the region faces critical vulnerabilities related to cyber-security, maritime security, transnational crime, high levels of national debt, poor governance and corruption, gender-based violence, and internal political divisions exacerbated by geopolitical rivalries. In this context, regional architecture has increasingly become important in supporting peace and stability through increased cooperation and collaboration. As China's influence expands,

the region will increasingly be an arena for great power competition in the future. Though ASEAN has not traditionally played a major role in development assistance, increasing geopolitical competition in Southeast Asia and the expansion of large-scale BRI and other regional development initiatives is prompting new thinking about ASEAN's role in development. Strengthening ASEAN regional architecture could allow the smaller states of that region to increasingly shape the terms of engagement for external development financing to the region, including on infrastructure, connectivity, and other issues. As the UK seeks Dialogue Partner status with ASEAN, it should make use of its world-leading development expertise to pursue opportunities for development cooperation that strengthens diplomatic ties and enhances development in the region. The UK's collaboration with ASEAN and other regional bodies will be critical in promoting a rules-based order in Southeast Asia and ensuring that countries in the region are better prepared to shape their own future and resist coercion from external actors.

- 13. Addressing conflict:** The Indo-Pacific may be growing more affluent, but it is not becoming more peaceful or equitable. After decades of development, today's violence is only occasionally the result of weak states being unable to provide security or stability. Instead, conflicts are more often caused by the ways in which governments operate and by the frustrated aspirations of disadvantaged groups in society. Resentment at limited opportunities and increasingly authoritarian constraints on democracy and rule of law are leading to new rounds of protest and instability. Global trends towards polarisation and identity-based tensions are also evident in the region, fuelling attacks on minorities and sustaining extremist networks while also perpetuating ongoing wars in violent corners of otherwise peaceful countries. International disputes and conflicts that cross national boundaries present further challenges. Conflict prevention is more important than ever. World Bank and UN studies show that prevention is up to sixteen times more cost-effective than responding after violence erupts. Effective responses integrate high-quality conflict analysis into country strategies and programmes by monitoring and understanding unfolding dynamics on the ground. Equally critical is the commitment of resources to advancing the Women, Peace, and Security agenda, as enshrined in UN Security Resolution 1325. Long-term relationships are also essential. They may involve partnering with non-governmental bodies as well as governments and operating regionally as well as nationally. Governments need to be approached pragmatically, supporting steps towards reconciliation and reform. Trusted intermediaries with a presence on the ground have a vital role to play, as do international institutions that can set expectations and offer forums for dispute resolution.
- 14. Strengthening governance:** Effective and responsive governance in each Indo-Pacific country are cornerstones of a stable and prosperous region. Yet the spread of Covid-19 across Asia has laid bare the limitations of many governments in providing adequate basic services to citizens; that lack effective, evidence-based policymaking capacity; and are incapable of communicating clearly and efficiently with citizens. In these countries, it is not only a health and economic crisis but perhaps, more fundamentally, a crisis of governance. Many Asian countries continue to lack effective state institutions, well-functioning legal

systems, independent watchdog mechanisms to assess the performance of elected officials and government agencies, and the means to engage citizens, the private sector, and other stakeholders in dialogue and debate, policy development, law-making, and decision-making. In many parts of the region, we also see increasing restrictions on citizen voice and civil society. In many Asian countries, democratic development has either stagnated or is in decline. Civil society has a crucial role to play in governance throughout the region by representing citizens' voices and interests; providing legitimacy to decision-making; strengthening relationships between governments and citizens; improving stability and social cohesion; and facilitating more informed and inclusive economic growth. The UK's continued commitment to strengthening and supporting local institutions, participatory policy-making processes, the emergence of effective and responsive leadership, and a vibrant and engaged civil society in the Indo-Pacific are strong signals in support of the principles of democratic rule and order, freedom of expression and association, accountability and transparency, rule of law, and political and social tolerance. Further, the UK's efforts to support local policy reforms can lay a strong foundation for bilateral dialogue on broader domestic and foreign policy issues.

- 15. Empowering women:** Gender equality and women's empowerment remain distant goals in most countries in the Indo-Pacific region. Traditional gender roles continue to stifle women's ability to fully participate in economic, political, and social life. The veneer of modernisation can mask the extent to which deeply embedded norms continue to limit women's realisation of rights and professional and personal choices, including for young women. These harmful gender and social norms inhibit men's potential as well as women's. The linear projection of a narrowed gender gap and increased women's empowerment resulting from economic growth is challenged by the very slow process of change. Four key trends contribute to persistent gender inequality in the region: 1) high rates of gender-based violence profoundly impact women's and girls' rights and opportunities; 2) women's political voice and leadership in the region remain extremely low; 3) women and girls are disproportionately affected by climate change and disasters; and, 4) unequal economic opportunities are limiting women's potential and reducing overall economic growth. Addressing these challenges requires influencing policy, legal and norm change, and strengthening women's and civil society groups, networks, and movements, as well as an increased commitment to advance women's rights and opportunities to ensure sustainable development and inclusive growth.
- 16. Combatting climate change:** The Indo-Pacific has the dual distinction of accounting for more than half the world's greenhouse gas emissions and being the world's most disaster-prone region—disasters made worse by climate change. The region is perhaps the most significant battlefield in the war on climate change, both in terms of its impact and potential solutions. Climate change is already disrupting the critical infrastructure and ecosystems in the region that sustain economies and livelihoods, threatening regional peace and security, exacerbating poverty and inequalities, and undermining development efforts. There is an urgent need for countries in the region to act in a timely and decisive manner to avert climate risk. Yet short-term economic gains still outweigh long-term

sustainable development in critical decision-making, gaps in climate finance remain high (along with insufficiently integrated economic planning and fiscal and monetary policies), and vested interests and other significant barriers continue to prevent the adoption of large-scale, low-carbon technologies. The UK plays a leading role in the global effort to combat global climate change, with UK aid supporting significant climate programming in the Indo-Pacific region. As the first major economy to pass legislation to achieve zero net emissions by 2050, the UK has much to share with the region in terms of low-carbon and climate resilient technologies and expertise, which will render long-lasting and mutual benefits.

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