



Submission to New International Development Policy

James Bowen, Policy Fellow, Perth USAsia Centre

Prioritise climate change assistance, and opportunities for Australia's clean energy sector

The Indo-Pacific region is both highly vulnerable to climate change impacts, and central to the global transition away from fossil fuels. Australia's international development policy must prioritise climate change support. This should have a specific focus on clean energy action, which is likely to attract strong private sector support and contribute to the Government's aspirations for Australia to become a clean energy superpower.

Specific actions Australia could take include:

1. Develop **formal guidelines** which dictate that our development assistance does not support new fossil fuel capacity abroad and instead prioritises investments that can help countries mitigate and adapt to climate change (the [United States](#) and other G7 members already have such guidelines).
2. Develop new **bilateral and regional climate and clean energy partnerships** with developing economies (like the one Australia has established with Indonesia), including through joint offerings with partners such as the US and Japan.
3. Prioritise provision of new **infrastructure**, as well as technical and financial assistance, for both **mitigation and adaptation**. This would also help reduce regional overdependence on Chinese offerings in infrastructure and clean energy.
4. Align our clean energy assistance with our **emerging strengths**: critical minerals, renewable technologies, hydrogen and renewable electricity, and development of 'green' industrial goods such as steel and aluminium. This would create mutually beneficial economic opportunities and entice private sector investment.
5. Task Export Finance Australia with **supporting Australian companies** investing in clean energy developments abroad. (An example of this approach is the US International Development Finance Corporation's December 2021 loan of US\$500 million to an American company building a solar panel plant in India's Tamil Nadu – a loan designed to advance both countries' manufacturing interests).
6. Assist countries which will struggle to abandon their current **economic dependence on fossil fuel rents**, including Timor-Leste.
7. Assist countries to manage the **"resource curse" that may arise from exploiting new clean energy assets**, including Indonesia, the Philippines, and small island developing states.



Expand assistance in the Indian Ocean region

Australia's recent aid focus has been on the Pacific, reflecting genuine need and geopolitical imperatives. Yet these qualities are also prominent in both South and Southeast Asia.

Many Indian Ocean countries have vast infrastructure deficits, and rising exposure to climate change, and traditional and non-traditional security threats. The Indian Ocean is also increasing in economic and strategic importance for Australia – regional economies have significant growth trajectories that incentivise more public-private development partnerships, and Chinese, US and Indian contestation is increasing.

To avoid playing catch-up (as happened in the Pacific), Australia should **increase aid to the Indian Ocean region now**.

A DFAT-supported 2022 report from the Perth USAsia Centre found that Indian Ocean countries have common needs: infrastructure, climate change, blue economy and maritime security. To support these needs, Australia could provide:

1. New **infrastructure** partnerships or expand commitments to existing ones like India's Coalition for Disaster-Resilient Infrastructure
2. Establish dialogues involving Australian and regional government and industry on **clean energy development**
3. Provide technical and financial support for harnessing **blue economy opportunities** and protecting marine resources
4. Provide new assets—including in **maritime domain awareness**—to support responses to traditional and non-traditional maritime security threats

Explore partnerships with emerging donor nations

Traditionally aid-dependent economies will emerge as more significant development donors. We should explore opportunities to partner with them, especially **India** (to meet the needs of other South Asian economies) and **Indonesia** or **Vietnam** (to deliver assistance in Southeast Asia). This approach would solidify Australian ties with donors and recipients, and leverage the experience of countries which have moved from recipient to donor status.

Analyse China's likely future development assistance commitments and their implications

Rising Chinese commitments to the Indo-Pacific has partly motivated Australia's own aid spend. But domestic economic challenges will likely curtail China's external expenditure – Belt and Road Initiative spending has already slowed. To help inform the amount and focus of our aid, Australian policymakers should monitor these trends, assessing Chinese funding likely to be committed via well-regulated multilateral institutions—which is less problematic—and those likely to be distributed via the poorly governed BRI.