



# Submission to the Parliament of Australia Joint Standing Committee on Foreign Affairs, Defence and Trade, inquiry into the role of Australia's international development program in preventing conflict

The Asia Foundation

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## 1. Summary

This submission identifies ways to harness Australia's international development program for preventing conflict in the Indo-Pacific, especially Southeast Asia and the Pacific, at a time of rising tensions and instability.

Geopolitical competition and the erosion of international norms are increasing the risks of war in the Indo-Pacific. It is in Australia's interests to support stability in its own region, and development assistance can support whole-of-government efforts to reduce escalating tensions and prevent violence before it occurs. To pursue this agenda, Australia should:

- Ensure dedicated capacity within DFAT and other departments for applying development to prevent conflict, tapping external expertise and establishing internal structures.
- Strengthen connections between Australian institutions and counterparts in the Indo-Pacific through long-term partnerships to prevent conflict and direct development assistance accordingly,
- Fund multi-year initiatives and offer diversified funding options that enable reforms to take hold, backing countries to find their own paths and avoid reliance on a single large power.
- Employ development assistance, especially in fragile states, to address long-term governance challenges while engaging beyond the narrow pursuit of partnerships with current leaders.
- Support regional bodies including ASEAN and the Pacific Islands Forum to promote norms and shared agendas among member states where it can build conflict prevention capabilities.
- Reinforce regional and national ways of managing the escalation of tensions and mediating disputes, including monitoring and early warning.
- Maintain and enhance security partnerships to professionalise militaries and limit involvement in civil affairs.

## **About The Asia Foundation<sup>1</sup>**

The Asia Foundation is an international nonprofit organisation working for over 70 years across more than 20 countries to solve the toughest social and economic challenges in Asia and the Pacific. Underpinned by a longstanding Partnership Agreement with DFAT, The Asia Foundation has supported Australia's international conflict prevention and development aims through focused analysis and programming. Building on regional expertise and local specialists in sixteen country offices, The Asia Foundation aims to build stability and prevent conflict in war-affected and fragile states, including by working closely with regional bodies such as ASEAN.

This submission is informed by a set of policy briefs on conflict and development written by The Asia Foundation for DFAT in 2025, and the multi-country report series, 'The state of conflict and violence in Asia'.<sup>2</sup>

Contact details: Peter Yates, Australia Representative: [peter.yates@asiafoundation.org](mailto:peter.yates@asiafoundation.org)

## **2. Context: rising security risks and conflict prevalence**

The 2025 Global Peace Index identifies 59 active conflicts worldwide involving at least one state, the most since the end of the Second World War.<sup>3</sup> Conflicts are increasingly internationalised, generating further risks of escalation. Grey zone actions and coercion – hostile measures that fall just short of open conflict – have become commonplace, undermining the security of states everywhere, and raising the risk of major inter-state war.

International norms are being eroded amid changing national politics and geopolitical tensions, at a time when emerging global threats – transnational crime, climate change, and political and economic instability – generate need for collaboration. As norms and institutions that reduce the risks of conflict are weakened, Indo-Pacific leaders are increasingly concerned about their countries' long-term security.

Coming of several decades of increasing prosperity and relative peace, the Indo-Pacific has been less affected by the recent rise in conflict than many other regions. Yet regional risks have escalated as geostrategic competition and non-traditional threats undermine stability. Conflicts between national governments in the region have become more frequent and more intense.

National and subnational tensions have also risen, exacerbating existing fragility,<sup>4</sup> deepening democratic deficits, and in some places unravelling years of development progress. Fragility is a core challenge in countries close to Australia and across the Pacific. Timor-Leste, Papua New Guinea, and five Pacific Island nations are classified by the World Bank as fragile.<sup>5</sup> Meanwhile subnational conflicts – some of the world's longest wars – persist in corners and border zones across the region.

By 2030, nearly sixty per cent of the world's extreme poor will live in countries affected by fragility, conflict and violence. Analyses from the UN, World Bank and others show that the economic benefits of ending or averting conflict are immense. While it may not be possible to prevent all wars, proven policy options that reduce the risks of conflict exist, from international diplomacy to long-term governance initiatives.<sup>6</sup> The current global environment offers less opportunity for Australia to back coordinated peacebuilding responses such as those deployed to the Solomon Islands (2003-2017) or Timor-Leste (1999-2012). Instead, there is a need for judicious deployment of aid in support of strategic priorities.

### ***3. Enable smaller nations to stand on their own***

Rising geopolitical competition places small and middle powers under increasing pressure. Recent developments in other regions are raising concerns about a return to spheres of influence in the international system, where large powers have extensive control over smaller powers in their immediate region. Some countries in the Indo-Pacific are particularly vulnerable as they are incrementally drawn into asymmetric relationships with large nearby powers at a time of rising security concerns. The risk is that they will eventually have no choice but to fully align with the interests and demands of one or another large power. Hegemonic expansion in Southeast Asia could further elevate conflict risks in the medium to long term as shipping lanes, global trade, and access to resources would be increasingly contested and disrupted.

Small and middle powers in the Indo-Pacific have a clear interest to avoid inclusion in a sphere of influence, which would erode their sovereignty, undermine their scope to define effective development trajectories, and limit their ability to shape their regional relationships independently. Australia's long term economic and security interests would likewise be harmed by a return to spheres of influence in Asia. Australia will benefit from enabling countries in the region to maintain their agency, and to keep open channels of cooperation with a broad spectrum of regional and international partners.

What can be done now to maximise the long-term agency of countries? Development cooperation can enable countries in the region to support principles of sovereignty and minimise their reliance on a single large power.

### ***4. Support regional cooperation and incentives against conflict***

Given the weakening of international consensus over state actions, regional measures are needed to prevent war and coercion in the Indo-Pacific. Member states of existing regional bodies – most significantly, ASEAN and the Pacific Islands Forum – have a strong shared interest in preventing conflict between members and avoiding coercion by larger powers. These robust bodies have been valuable in establishing norms of practice among leaders despite many challenges and limitations.

Australia can build on its extensive ongoing involvement with regional bodies by supporting efforts to deepen shared regional norms and agreements that raise the cost of conflict for aggressors. Such steps can provide platforms for managing tensions generated by maritime contestation and other forms of competing international engagement. This approach will help fortify the region against the threat of conflict and escalating coercion. New mini-lateral platforms for state cooperation and norm-setting on regional security issues can also bolster conflict prevention capabilities.

Australia is in a strong position to pursue this agenda given existing regional relationships. Even so, finding critical fields for mutual engagement and Australian support can be challenging. The Asia Foundation has found that careful fostering of relationships and application of experience generates useful space to engage ASEAN and other regional bodies, supporting dialogue and the lead role of member state 'champions' in building vital consensus.

In addition to long-standing areas of cooperation such as maritime security, emerging and non-traditional transboundary threats provide opportunities to lever Australian capabilities and knowledge. Regional bodies typically have limited scope to engage in members' internal affairs, but shared approaches, commitments, and norms can have a positive effect on domestic policies. In fields where states are sensitive to foreign involvement, such as anti-corruption

measures, protection of media independence, and upholding human rights, regionally led approaches often go further than bilateral support.

## **5. Strengthen internal governance and stability**

Most conflict and instability in the region happens within, not between, countries. Myanmar is currently the most fragmented major conflict in the world, with over 1,200 distinct armed groups.<sup>7</sup> There are challenges closer to Australia, in western Pacific nations and parts of Southeast Asia where political fragility – and recourse to violence – is entrenched.

The risks of national instability are increasing given an adverse international environment. Political breakdown can be infectious, generating risks to neighbouring states and weakening regional solidarity. Rising authoritarianism and military involvement in politics also undermine commitment to openness, rule of law, and the values that Australia promotes.

Improving domestic governance is a complex challenge that defies quick fixes, and development assistance has a mixed record of success in building stable societies within policy-relevant timeframes. Nonetheless, there is a need to strengthen fragile states through new approaches to aid delivery, drawing on past evidence and political understanding of the challenges.

A strong basis of experience already exists. Political economy analysis and related forms of context assessment remain fundamental bases for development strategies in conflict-affected and fragile places. Tapping into local knowledge and techniques for effectively engaging local partners are also critical, alongside flexible approaches that adapt to rapidly changing conditions.

Solutions need to be specific and involve long-term commitments. Research has shown that economic growth and development do not always bring peace, which depends on political arrangements that generate consensus over how to govern and allocate resources. However, the wrong kind of development approaches can exacerbate conflict drivers such as elite capture of resources and grievances over lack of representation.

## **6. Recommendations**

### **Overarching points**

- *Enable the Australian Government to rise to the challenge of insecurity in the Indo-Pacific by consistently integrating conflict prevention with development strategy and programming.* The existing strengths of DFAT and other departments can be enhanced by increasing dedicated central capacity in security, conflict prevention and development, tapping external expertise and establishing internal networks or communities of practice.
- *Strengthen connections and optimise resources through long-term partnerships between Australian institutions and organisations in the Indo-Pacific.* Maximising Australia's impact on regional stability and security will involve backing structures and norms that prevent conflict and direct development assistance accordingly. As well as national governments, look towards regional bodies, non-state groups, and think tanks.

### **Enabling smaller states to stand on their own**

- *Continue to reshape development investments to support durable relationships and enable national or local institutions to develop.* Long-term funding that outlasts transient political interests helps countries to define their own paths.
- *Diversify financing sources to reduce borrowing nations' over-reliance on a single creditor,* for example through blended financing, credit arrangements, and measures to facilitate Australian investment. Financial and other support for inclusive economic growth can reduce smaller states' vulnerability to external pressure.
- *Further invest in security partnerships and professionalisation of militaries in the Indo-Pacific.* Building on its long history of defence cooperation, Australia can deepen ties with military leaders and security experts while ensuring that bilateral or regional defence relationships support civil rather than military political leadership and uphold human rights. An expansion of advanced training and degree programs, joint desktop exercises, and closer cooperation around shared interests including international rules of engagement can also promote regional security.

### **Supporting regional cooperation**

- *Partner regional bodies to build conflict prevention capabilities by promoting relevant norms and advancing shared agendas among member states.* Key entry points are around maritime security, transboundary security, and non-traditional threats. Examples are the accountable, transparent regulation of online spaces, urgent measures to tackle scam centres and human trafficking, and responses to grey zone tactics.
- *Promote measures to manage the escalation of tensions and mediate disputes.* Alongside ASEAN Member States and other like-minded Dialogue Partners, Australia could support new and upgraded mechanisms that will collectively monitor risks of conflict escalation, steer actors towards de-escalation in a crisis, and raise the costs of aggression. Australia could sponsor exchanges of experience and support mediation skills among governments, regional bodies, and other potential intermediaries through bilateral, trilateral or regional support.
- *Support monitoring and early warning.* Effective responses to conflict need accurate data on events and risks, and on the underlying drivers. Australian support for policy research and data gathering is vital to generate impartial information for the Australian Government and partners across the region. The wilful spreading of online disinformation by bad actors increases the need for digging out and sharing hard facts through initiatives such as the ASEAN-Australia Political Security Partnership that can link national, regional, and Australian institutions.

### **Strengthening governance**

- *Employ development assistance to widen the range of partnerships and to address long-term governance challenges, especially in fragile states.* The narrow pursuit of partnerships with leaders may at times stoke domestic tensions and fragility, especially when their interests are not aligned with long-term stability and conflict prevention. Competitive engagement by rival external powers can exacerbate this trend, especially in small states or other situations with relatively weak institutional checks and balances.
- *Update tools for analysis and planning to ensure their ongoing relevance.* Decades of work backed by the Australian Government and others have generated comprehensive toolkits and advice on preventing conflict through development. While these valuable resources should not be discarded, guidance can be adapted to reflect changing circumstances and emerging needs.

The Asia Foundation is ready and prepared to support Australia's conflict prevention policy and actions for the Indo-Pacific region by expanding on this submission or in other ways.

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## Endnotes

- <sup>1</sup> The Asia Foundation website: <https://asiafoundation.org/> Headquarters address: 465 California St, San Francisco, CA 94104-1804, USA
- <sup>2</sup> *The State of Conflict and Violence in Asia, 2021: identity-based conflict and extremism* (The Asia Foundation) <https://asiafoundation.org/wp-content/uploads/2024/08/The-State-of-Conflict-and-Violence-in-Asia-2021.pdf>  
Policy Briefs on conflict and development (The Asia Foundation for DFAT, 2025):  
*Brief 1. Understanding Fragility and Vulnerability* <https://asiafoundation.org/wp-content/uploads/2025/11/Brief-1-Fragility-and-vulnerability.pdf>  
*Brief 2. Women, Peace and Security in the Indo-Pacific: challenges and opportunities in 2025* <https://asiafoundation.org/wp-content/uploads/2025/11/Brief-2-WPS-in-the-Indo-Pacific.pdf>  
*Brief 3. Conflict Prevention and Stabilization amid Rising Risks and Geopolitical Competition* <https://asiafoundation.org/wp-content/uploads/2025/11/Brief-3-Conflict-prevention.pdf>
- <sup>3</sup> Information is based on a definition of state-based conflicts that includes intra-state and inter-state conflicts as applied in the *Global Peace Index 2025* (Institute for Economics and Peace): <https://www.economicsandpeace.org/wp-content/uploads/2025/06/GPI-2025-web.pdf>
- <sup>4</sup> Fragility refers to challenges that impede a state's ability to manage internal tensions or maintain stability. It usually describes political systems and may be the precursor to violent conflict.
- <sup>5</sup> Data from The World Bank's annual *Classification of Fragile and Conflict-Affected Situations*: <https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>
- <sup>6</sup> Key references include the UN / World Bank *Pathways for Peace* (2018), and UCDP and ACLED conflict databases.
- <sup>7</sup> Data from the 2026 ACLED *Conflict Index*: <https://acleddata.com/series/aced-conflict-index>