

Security through aid

Countering violent extremism and terrorism with Australia's aid program

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Executive summary

Countering violent extremism (CVE) and counterterrorism (CT) are both national security and development issues: they are both increasingly relevant to poverty reduction.

Most measures of development now include freedom from physical threat, freedom of religion and freedom of expression, so it's not just through economics that terrorism impacts on development occur—it's direct.

Until recently there was a line between aid and CVE work. AusAID was a separate agency focused on development goals. The Department of Foreign Affairs and Trade (DFAT), on the other hand, has long been the coordinator of Australia's international CT efforts.

With the decision to integrate AusAID into DFAT to better support Australian foreign policy, our aid program should be playing a more prominent role in CVE and CT.



Delegates chat following the official photo during the Regional Countering Violent Extremism Summit in Sydney, 12 June 2015. (AAP Image/Dean Lewins)

Poverty doesn't make people into terrorists, but poor people in poor countries are the most affected by terrorism; only a small percentage of the more than 100,000 deaths in terrorist attacks over the past 15 years have occurred in OECD countries.

Violent extremism and terrorism are a direct threat to development. They can reduce the overall growth rate of a nation through impacts on tourism, financial markets and the attractiveness of the nation for foreign direct investment.

Anti-development terror groups, such as Islamic State, attack schools and violently restrict the rights of women. In responding to terrorism, states have to divert resources away from basic services to improve security. Fragile and conflict-affected states provide an enabling environment for terrorism.

Foreign aid can be used to strengthen resilience to violent extremist ideologies. Improving governance in weak states can help to deny terrorists easy recruiting grounds in lawless communities. This includes aid for security and justice institutions, but is broader than that.

While our aid might not directly break up terrorist groups, it can reduce support for them in areas where they seek resources.

We need to set realistic specific CVE goals in our aid program and pursue them in our neighbourhood—the Indo-Pacific region. We should pursue those goals where we can make a difference and where we'd be most appreciated.

The paper recommends six measures to strengthen Australia's role in CVE and CT through our development program.

First, if the threat of terrorism or violent extremism is identified, and shown to be adversely affecting development, then a specific dedicated Australian aid program to target violent extremism directly or efforts to reduce violent extremism through existing initiatives may be justified. These interventions will be targeted to communities at risk of violence, with the goal of strengthening resilience against violent extremism. Australia might consider piloting some small-scale CVE programs in at-risk nations in the Indo-Pacific region, such as Bangladesh or possibly Kenya.

Second, we should apply a CVE 'filter' to our aid programs. If terrorism and violent extremism aren't identified as having a significant impact on the target country or community, we should still ensure that existing Australian aid programs don't have negative and unintended consequences that might assist terrorist groups: our aid program should adopt a 'do no harm' approach when it comes to CVE and CT.

In some settings, development and CVE should be mutually supporting; our aid programs in areas such as civil society development, security and justice, and strengthening the rule of law should ensure that they have a positive CVE effect.

Third, DFAT's Office of Development Effectiveness should examine the extent to which the impact of aid funding on CVE has been considered. Given that many dedicated CVE aid projects will be small scale, methods of measuring effectiveness typically used for larger and more traditional aid programs may need to be adjusted.

Fourth, we should use DFAT's *InnovationXchange*, which was launched in March 2015 by Foreign Minister Julie Bishop, to explore avenues for implementing CVE into our aid strategy. *InnovationXchange* is to act as a catalyst for new approaches to development assistance.

Fifth, because the global evidence base for the contribution that development assistance can make to CVE is limited, we should share information with like-minded nations and others that provide aid for CVE.

Sixth, Australia should lead the debate to modernise official development assistance (ODA) reporting when it comes to CVE. An OECD Development Assistance Committee task team is currently exploring how to modernise ODA directives, including the eligibility of security assistance as ODA. Rather than adapting our aid program to new parameters, we should argue for a change to make it explicit that CVE programs can be reported as ODA.

There are benefits in our security and development sectors working more closely together. But there'll be some tough trade-offs in our aid programs to ensure that the aid tool for CVE work can be used for maximum effect in the long run.

Countering violent extremism and terrorism is a national priority

In April 2015, Foreign Minister Julie Bishop described terrorism as the most significant threat to the global rules-based order to emerge in the past 70 years, a period that included the rise of communism and the Cold War.¹

In his Blamey Oration in May this year, the Secretary of the Department of Defence, Dennis Richardson, stated that apart from the rise of China the biggest global development with domestic and regional implications for Australia is the ‘increasing geographic dimensions of ungoverned space which we see from South Asia to the Middle East, to relatively large parts of Africa, into which have tended to flow groups with extremist ideologies’.²

The Council of Australian Governments’ recently released *Australia’s Counter-Terrorism Strategy: strengthening our resilience* points out that the threat to Australia is ‘directly related to terrorism abroad’.³ But the document doesn’t acknowledge any role for Australian foreign aid in our global efforts to counter violent extremism and terrorism.

Terrorism and violent extremism are both national security and development issues. Violent extremism is increasingly part of the context where development practitioners operate. Poor people in poor countries are the most affected.⁴ There’s now scope for a stronger practitioner alliance in Australia between those responsible for our development assistance program and Australia’s CT actors.

While it’s widely accepted that lack of development is not a root cause of terrorism, the connection between the two is undeniable. Terrorism can be a cause of poverty and instability in the Indo-Pacific, which in turn affect regional security and prosperity.

At Australia’s Regional Summit to Counter Violent Extremism in June 2015, Prime Minister Tony Abbott observed that ‘the only really effective defence against terrorism is persuading people that it’s pointless’.⁵

Speaking at the same forum, Foreign Minister Bishop pointed out that ‘the Australian Government is committed to playing its role in the global effort to combat violent extremism’.⁶

The 2015 Lowy Institute Poll indicates that most Australians view terrorism as the foremost threat to national safety.⁷

Given that it’s a clear Australian international security priority, our aid program should play a significant role in our broader efforts to counter terrorism and violent extremism by drawing on our expertise in a range of relevant sectors and promoting environments that will minimise the potential for terrorist networks to develop.

This paper doesn’t provide a comprehensive audit or analysis of Australia’s entire development assistance program or current and past countering violent extremism (CVE) and counterterrorism (CT) strategies. Rather, it examines how we can best move forward in tackling violent extremism through our aid program.

There’s a lack of research and evidence on the drivers of violent extremism and how development assistance can contribute to security. Australian aid in CVE and CT can therefore contribute to the evidence base for other governments and interested stakeholders.

Australia’s response

Australia has taken some baby steps to integrate CVE goals into our aid program. For example, we’ve used development assistance to fund programs improving the quality of Islamic schools in the southern Philippines and we’ve funded counter-radicalisation programs in Indonesian prisons through foreign aid.

Our aid currently targets fragile and conflict-ridden states under the ‘Effective governance’ investment priority; some of that aid work has no doubt had CVE benefits.

Australia has a number of agreements to combat international terrorism with key partners, providing a framework for practical CT activities. We have such agreements with Indonesia, the Philippines, Malaysia, Cambodia, Thailand, Brunei, Fiji, Papua New Guinea, Timor-Leste, India, Pakistan, Afghanistan, Turkey, Bangladesh, the United Arab Emirates, Saudi Arabia and France.

Outside of our development assistance program, the Australian Federal Police (AFP) works closely with regional counterparts on law enforcement responses to terrorism. For example, the AFP has helped to establish regional bomb data centres in Indonesia, the Philippines, Malaysia and Thailand to strengthen police services' forensic capabilities. The Jakarta Centre for Law Enforcement Cooperation, jointly operated by the AFP and Indonesian National Police, provides training in areas ranging from investigating terrorism financing through to CT prosecutions.

The Attorney-General's Department has assisted a number of countries to develop and implement effective terrorism laws. We've worked with some partner countries to develop their capacity to investigate, detain and prosecute the perpetrators of terrorism offences.

The ADF works closely with regional partners to provide advice and training to regional military forces, including in areas such as counter-hijacking and hostage recovery, countering improvised explosive devices, consequence management and intelligence. Regional defence engagement also focuses on governance and professionalism to strengthen regional CT structures.

Development hasn't been part of the CVE strategy

The threat and impact of terrorism and violent extremism are increasing, so Australia needs a whole-of-government approach. This should include exploring how our development assistance program can be leveraged for CVE objectives.

But the role of our development assistance in CVE and CT hasn't been given substantial attention in our international CT policies.

Australia's position of Ambassador for Counter-Terrorism was created 12 years ago to develop and implement our international CT efforts.⁸ DFAT has coordinated our international CT efforts through that position. This has included strengthening CT partnerships and working with the AFP and other government agencies to build CT capacity in our region.⁹

In September 2013, Prime Minister Abbott, in one of his government's first decisions, announced that AusAID was being integrated into DFAT to enable the aid and diplomatic arms of Australia's international policy agenda to be more closely aligned.¹⁰

The integration opens up greater opportunities to better align our international CT and CVE strategy with our development policy.

This doesn't mean that CVE and CT should trump poverty alleviation objectives in our development assistance policies or programs. But it does require us to think harder about how our foreign aid can best contribute to Australia's whole-of-government international CVE and CT policies.

Given community concerns about the threat of international terrorism, leveraging aid for CVE could strengthen public support for Australia's aid program.

Our aid budget has fallen to \$4 billion, and there have been three rounds of cuts in the past 18 months. A recent poll indicated that most Australians were in favour of the cuts.¹¹ Given community concerns about the threat of international terrorism, leveraging aid for CVE could strengthen public support for Australia's aid program.

In those countries in the Indo-Pacific where the impact of terrorism and violent extremism is a serious threat to poverty reduction and development, there'll need to be a trade-off in our aid programs to introduce specific targeted CVE programs.

This isn't to argue for an overall increase in our foreign aid funding. But when violent extremism is a serious threat to poverty reduction we'll need to make some adjustment in our assistance to allow for targeted CVE programs.

Leveraging aid for CVE

Why should we consider any shift in our traditional foreign aid priorities of reducing poverty and promoting sustainable development to include a focus on CVE and CT?

Dr Khalid Koser, the Executive Director of the Global Community Engagement and Resilience Fund, has pointed out that CVE is about mobilising development tools to achieve security outcomes with interventions targeted to 'communities at risk of violence' to strengthen resilience against violent extremism, rather than necessarily 'reducing social inequalities or alleviating poverty'.¹²

While there's no causal link between poverty and terrorism,¹³ poor people in poor countries are the most affected by terrorism and violent extremism. Poverty doesn't make people into terrorists, but weak governments and poor social and legal infrastructure can foster terrorist havens.

Most measures of development now include freedom from physical threat, freedom of religion and freedom of expression, so it's not just through economics that terrorism affects development—it's direct.

Anti-development terrorist groups, such as Islamic State, have been known to attack schools and violently restrict the rights of women. As Mlambo-Ngcuka and Coomaraswamy point out:

the advance of extremist groups has been coupled with vicious attacks on women and girls' rights ... the common agenda and first order of business for these extremist groups is almost invariably to place limits on women's access to education and health services, restricting their participation in economic and political life, and enforcing the restrictions through terrifying violence.¹⁴

Terrorism-ridden states are less able to maintain strong border management, and porous borders create an enabling environment for violent extremism. In various regional settings, there's the potential for an increase in irregular migration as an outcome of violent extremism.¹⁵

Only a small percentage, around 5%, of the more than 100,000 deaths in terrorist attacks over the past 15 years have occurred in OECD countries: terrorism-related deaths occur overwhelmingly in poor countries.

This number would be significantly greater if we included the massive number of casualties from conflict led by violent extremists in Iraq and Syria.¹⁶ The human cost of allowing terrorism to flourish in developing nations is high.

Violent extremism and terrorism are a direct threat to development, not just in an economic sense, but also by directly threatening people's right to freedom from harm.

Terrorists and terror attacks can affect the overall growth rate of a nation through impacts on tourism, financial markets and the attractiveness of the nation for foreign direct investment.

There are not only the direct costs, such as infrastructure damage, associated with terrorist activities. There are also indirect costs that often hurt developing nations the most, such as impacts on local transport networks, financial markets and tourism (see box).¹⁷

The impact of terrorism on tourism

In developing nations, the tourism industry is often a vital revenue earner. Terrorist attacks, or even just the threat of an attack, can disrupt and potentially destroy the tourism industry.

The long-term effects can increase over time if not stemmed, which requires public and private resources to be diverted, ultimately damaging development.

According to the World Tourism and Travel Council, in 2014 the induced contributions of tourism made up over 15% of Tunisia's GDP.

Between the attack on the Bardo Museum attack in March 2015 and the Sousse beach attack in June, the Tunisian tourism sector is expected to have lost \$500 million, or more than 1% of GDP.

Sources: *Travel & tourism: economic impact 2015, Tunisia*, World Tourism and Travel Council, London, [online](#); World Bank, Tunisia, Country data, [online](#)

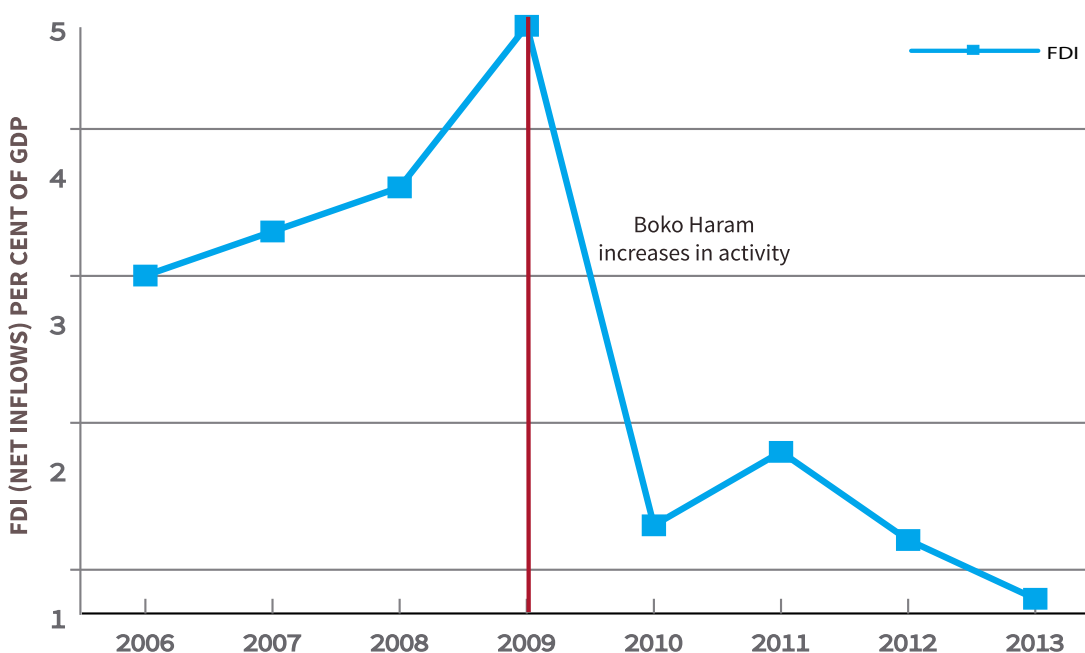
The need to counter terrorism can consume limited resources within the law enforcement agencies of developing countries, leaving them unable to address other crimes, such as corruption, that undermine stability and economic development.

In responding to terrorism, states are required to divert resources away from basic services; in some cases, this results in extreme state security measures that can further alienate some populations.

Even the threat of a terrorist attack can discourage trade, investment and tourism and adversely affect a nation's economic development.¹⁸ The threat increases business uncertainty and reduces trade flows and consumption.

These effects have a greater impact on developing economies compared to developed countries: they're more vulnerable to even the smallest shifts in business confidence. In Nigeria, for example, it's estimated that the operations of Boko Haram reduced foreign direct investment flows by US\$6.1 billion in 2010 (Figure 1). That's a decline of almost 30% from the previous financial year.¹⁹

Figure 1: Changes in FDI as a percentage of GDP in Nigeria 2006 to 2013



Source: World Bank

The Sustainable Development Goals

In preparation for the end of the UN Millennium Development Goals this year, the Sustainable Development Goals (SDGs) are being formulated.

Among the preliminary goals there are several avenues for pursuing CVE and CT objectives:

- *Education and youth engagement*: Goal 4 is to ensure inclusive and equitable education for everyone. This focuses on the promotion of a culture of peace and nonviolence and global citizenship.
- *Women's empowerment*: Goal 5 is to achieve gender equality and empower all women and girls.
- *Peace and prosperity*: Goal 16 is the promotion of peaceful and inclusive societies, the promotion of the rule of law, and the strengthening of national institutions to prevent violence and combat terrorism and crime.
- *Good governance*: Goal 17 is to strengthen the means of implementation and revitalise the global partnership for sustainable development.

Source: *Open Working Group proposal for Sustainable Development Goals*, UN, [online](#).

Terrorism works to undermine civil and political institutions. In these circumstances, traditional aid struggles to be effective.²⁰

Violent extremism and terrorism can constrain the effectiveness of our aid by complicating its delivery: there are additional costs associated with implementing traditional development projects in regions with high terrorism risks.

Weak, fragile and conflict-affected states provide an enabling environment for terrorism. Gross human rights abuses by governments or weak dispute resolution by judiciaries can be drivers of violent extremism. Poorly managed prisons can be breeding grounds for violent extremists, and economic grievances can bolster terrorist recruitment.

Schools are sometimes used as hubs for terrorist recruitment. Individuals with unmet expectations can be particularly vulnerable to radicalisation, and religion often provides a powerful justifying narrative.

Our foreign aid can potentially have an influence on some of the drivers that create an enabling environment for violent extremism and terrorism. And it can also potentially prevent people being drawn into those groups that espouse extremist violence.

The international community has pushed for a more holistic approach to development, recognising the need for stability and security. The upcoming SDGs are an example of this (see box above).

The direct relationship between security and development was acknowledged by the UN Security Council in a statement by the President in January 2015, saying that they are 'closely interlinked and mutually reinforcing'.²¹

Although our aid investments are unlikely to have much effect on established terrorist networks, they can potentially reduce support and recruitment for terrorist organisations.

Such programs can strengthen the CT capabilities of governments that would otherwise lack resources in areas such as border security and policing.

Australian aid can assist in exposing people who are vulnerable to violent extremism to moderates within their religious group (in their country and abroad) and provide social media training for community groups to develop counter-narratives to extremist propaganda.

The fields that can be developed through our aid programs to improve state CVE capacity include policing, combating radicalisation in prison systems, strengthening judiciaries and other agencies to peacefully resolve grievances with the state and inter-group disputes, and improving legislative frameworks.

Capacity building in border security can be helpful; stable and effective border security weakens the possibility of extremist organisations getting a strong foothold within a nation. Cross-border terrorist attacks are of concern in many developing countries with fragile borders.

Professional competency training and education in security and justice, anti-terrorist financing, port security and travel security can help to build Australian partner countries' CVE and CT capacities.

CVE and aid eligibility

Would Australian foreign aid used to support CVE work and CT be eligible as ODA under OECD guidelines?

The OECD's Development Assistance Committee (DAC) guidelines stipulate that activities that combat terrorism aren't reportable as ODA. This decision was made with the understanding that such activities would be targeting perceived threats to the donor as much or more than benefiting the recipient country, which directly contradicts the primary mandate of ODA to combat poverty.

But CVE and CT aid addresses the threat of loss of life and the adverse developmental impacts that violent extremism and terrorism pose to developing countries (see Recommendation 6).

In 2003, the OECD DAC released *A development co-operation lens on terrorism prevention*.²² The paper outlined a range of avenues available to aid agencies to bolster CVE and CT efforts.

The SDGs highlight the international shift towards a closer alignment of security and development. The US, the UK and Canada have increasingly incorporated CVE and CT in the work of their development agencies.

The OECD is considering developing a new system of reporting that takes into account 'total support for development', which would undoubtedly include security support. This idea closely resembles recent expansions of Australian aid reporting.²³ Foreign Minister Bishop announced the 'green book' approach²⁴ this year as a way of Australia being able to take credit for the full extent of its international assistance. In this, the minister recognised the diversity of development assistance, rather than pigeon-holing it as simply an economic issue.

In assisting CVE and CT capacity programs in developing countries, we're assisting the security and safety of individuals in the developing world, but we take a very conservative approach in our aid reporting; we don't even count our CT capacity building in the form of training, policy reforms, system development and the drafting of legislation as ODA.

We should be taking a leading role in modernising development assistance measurements to support international CVE efforts (see Recommendation 6).

Promoting environments that hinder the development of terrorist networks and violent extremism

Ensuring that our mainstream aid programs have a positive effect in reducing violent extremism and terrorism should be a key objective in our development agenda.

Australian aid programs that aim to help provide humanitarian requirements for those in conflict areas, such as Syria (we've provided around \$150 million in response to the Syrian conflict), will help CVE if they're targeted or at least 'CVE aware' (see Recommendation 2).

Improving governance in weak states can help to deny terrorists easy recruiting grounds in lawless communities. This includes security and justice institutions, but is broader than that.

While our aid might not directly break up terrorist groups, it can reduce their support in areas where they seek resources.

Education is already a key focus of the Australian aid strategy. Where appropriate, we should continue to sponsor schools that compete with radical messages. Previously, we've done this through the Basic Education Assistance for Muslim Mindanao (BEAM) program and Learning Assistance Program for Islamic Schools (LAPIS) (see box).

We might consider targeting trade support and market-chain development to goods and services sourced from areas we've identified as vulnerable to violent extremism.

Australia funds education scholarships and fellowships (Australia Awards), which provide the opportunity to invest in the education of students in developing nations. We should use some of the scholarships and fellowships to support those working in areas relevant to CVE and CT.

CVE programs could be used to support counter-narratives, improve education opportunities, empower women and communities and engage youth.

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Empowering women will build resilience to violent extremism in communities. This can be done through vocational and technical training for women, including teaching women to recognise signs of radicalisation. In small, hard-to-reach communities, women often have greater access to and oversight of youth and the community.

Engaging youth through education and training in social media, sport and film projects could further this cause. It's noteworthy that the chair of the OECD DAC, Eric Solheim, recently stressed the importance of youth empowerment and engagement as the centre of any successful CVE and CT strategy.²⁵

Aid that promotes the role of community leaders in civil society (involving business, the creative arts, media and sports) can help minimise the potential for terrorist networks to develop.

Some of these suggestions are already reflected in areas of our aid strategy. However, we should apply a CVE 'filter' over our current aid projects (see Recommendation 2).

BEAM and LAPIS

The BEAM program is an education assistance project run in the Autonomous Region of Muslim Mindanao. It has the long-term goal of achieving sustainable peace in the region. BEAM engages out-of-school youths in basic education and training, and also works with senior high school students.

LAPIS was a similar project, conducted in Indonesia's Islamic schools, to strengthen systems, institutions and groups that would ultimately benefit the schools.

The \$35 million spent on the LAPIS program had the primary goal of contributing to poverty reduction through improved education, but beyond that there was the implicit rationale that investing in impoverished Islamic education could help to mitigate the emergence of extremism.

The LAPIS program has ended, but it could provide insight into other education programs as CVE tools.

Sources: BEAM, [online](#); LAPIS, [online](#).

Six measures to strengthen Australia's CVE and CT efforts through our aid program

1: Where a clear need has been identified, implement direct CVE aid programs

Our aid program managers, in cooperation with CT practitioners, should identify whether violent extremism or terrorism is a potential or real threat in the aid recipient country or community.

If the threat of terrorism or violent extremism is identified, and shown to be adversely affecting development, then a specific dedicated Australian aid program to target violent extremism directly or efforts to reduce violent extremism through existing initiatives may be justified.

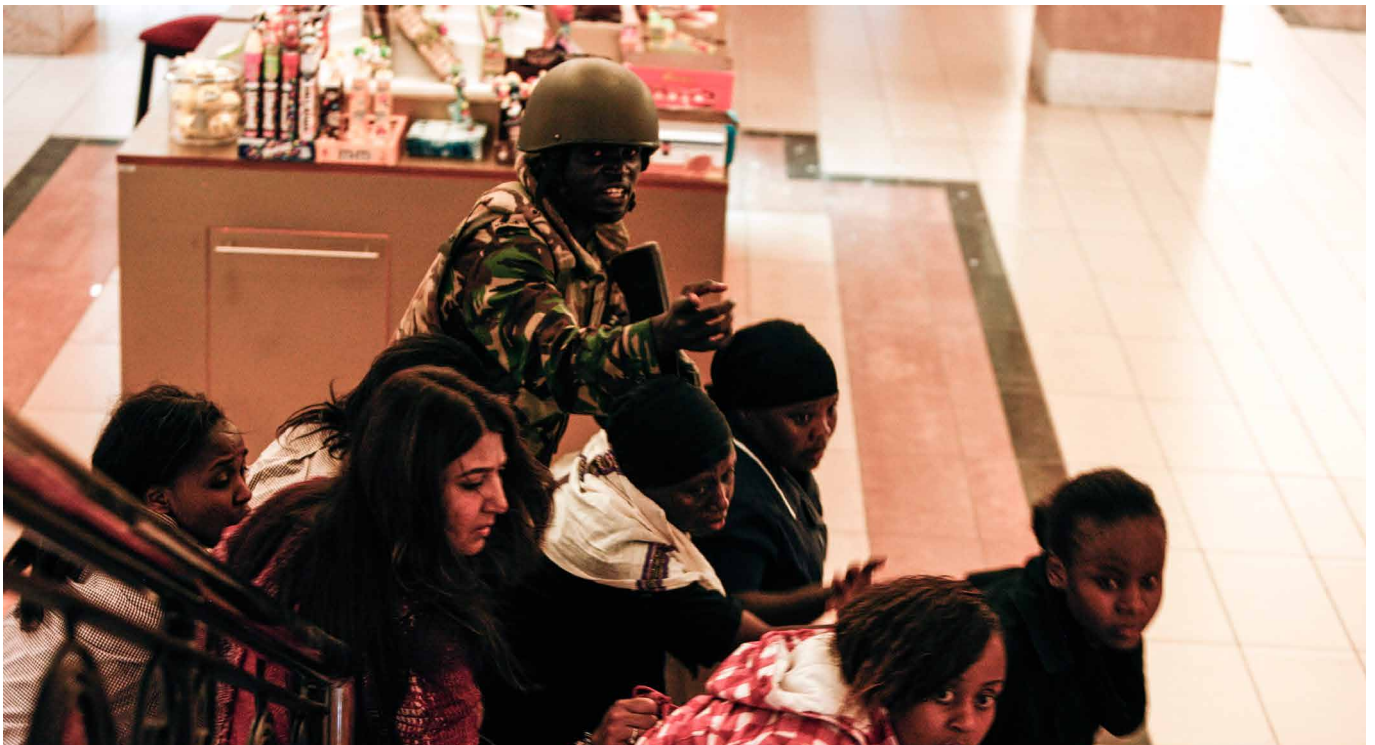
These interventions will be targeted to communities at risk of violence. The goal will be to strengthen resilience against violent extremism or the factors that lead to recruitment into extremist groups.

This approach could be implemented alongside existing CVE and CT programs in the recipient country.

We should be spending more of our aid budget in countries in the Indo-Pacific (the geographical focus region of our aid program) where jihadist groups threaten human rights and where the state lacks the resources and necessary capabilities to defeat them.

The 2014 *Global Terrorism Index report* identifies numerous high-risk countries as well as potential future threats in the Indo-Pacific region. According to the report, the wider Indo-Pacific region includes six out of the ten countries that showed the highest impact of terrorism: Pakistan, India, Yemen, the Philippines, Thailand and Somalia. It found that Bangladesh, Myanmar and Sri Lanka are at significant risk of increased terrorist activity.²⁶

We might consider dedicated CVE aid projects working with appropriate non-government organisations, such as the Global Community Engagement and Resilience Fund (GCERF; see box), and the private sector. Australia could consider piloting some small-scale CVE programs in Bangladesh or Kenya, both of which face CVE challenges among their extraordinarily youthful populations.



A soldier directs people up stairs inside the Westgate shopping mall after a shootout in Nairobi, Kenya, 21 September 2013. EPA/KABIR DHANJI via AAP.

Australia and the Global Community Engagement and Resilience Fund

GCERF is the first global effort to support CVE through local, community-level initiatives. It's a culmination of efforts by government, civil society and the private sector, working in both the security and the development sectors to combat the local drivers of violent extremism.

Australia, through DFAT, recently contributed \$1.5 million to GCERF. We're one of several OECD countries that have supported the fund. Donations are eligible to be reported as ODA on a bilateral basis.

There are currently three categories of government donations to GCERF.

The first consists of donors that contribute funds from their aid budget and therefore report it as ODA.

The second consists of countries that contribute from a non-aid budget but still report contributions as ODA.

The final category is made up of countries, such as Australia, that aren't funding GCERF from their aid budgets and not declaring their support in ODA.

The fund is still in its early days, but given time it will deliver a multitude of useful case studies into the impact of CVE and CT development programs.

Where dedicated programs are implemented, trade-offs and compromises will be required (for example, in how much disaster assistance and humanitarian assistance we provide in emergencies).

It'll be important to monitor dedicated CVE programs for their effectiveness and to note specific signs of progress. We need to avoid a box-ticking exercise in which we label pre-existing programs as CVE work. While some such programs have the capacity to assist in CVE, that doesn't necessarily mean that they are currently achieving that objective.

For example, if it's believed that a current education program is ultimately making more people resistant to violent extremist ideologies, then we should test for that among the participants in the program before declaring it a CVE program. Of course, this won't tell us whether we've had an impact on terrorism overall. But it would shed some light on whether the program is achieving the intermediate results that we might think important.

Managing programs with a CVE element will more often than not be more politically demanding than any 'outsource big and check back a year later' approach to aid delivery: the political interest in this kind of sensitive aid work needs monitoring.

Managing programs with a CVE element will more often than not be more politically demanding than any 'outsource big and check back a year later' approach to aid delivery: the political interest in this kind of sensitive aid work needs monitoring. This is partly because of the need to ensure that dedicated CVE programs using Australian ODA aren't inadvertently being used to support terrorist activity (see box). It'll also be important to drive and verify the results that such programs demand (see Recommendation 3).

The legal dimensions of using aid for CVE and CT

The Australian Government has enacted legislation consistent with a number of international CT treaties to starve individuals and organisations associated with terrorism of funds and resources.

Under the Criminal Code, there are severe penalties for intentionally or recklessly getting funds to or from a terrorist organisation, providing support to a terrorist organisation and financing terrorism.

Under the *Charter of the United Nations Act 1945*, it's an offence to directly or indirectly make any asset available to a proscribed person or entity. An 'asset' is very broadly defined as one of any kind, or property of any kind, whether tangible or intangible, movable or immovable.

Unfortunately, failure to comply with this is an inherent risk in engaging in CVE and CT work through our development strategy, especially when considering chains of association.

Australia's Minister for Foreign Affairs has the authority to suspend the provisions of the UN Charter Act to allow dealing with a proscribed person or entity in certain circumstances.

The Australian Government has adopted a range of measures, such as explicit clauses in contracts, to ensure that aid funding and resources are not being used to support terrorist activity.

Those responsible for development assistance policy will need to continue to provide significant oversight to ensure that organisations to which Australia provides aid funding, support or resources, and which may be then further distributing assets, understand and comply with the legal requirements.

2: Apply a CVE and CT 'filter' to our aid programs

If terrorism and violent extremism aren't identified as having a significant impact on the recipient country or community, we should still ensure that existing aid programs don't have unintended negative consequences that might assist terrorist groups.

The UN Security Council, in recognising the link between development and security,²⁷ has highlighted the need to avoid development programs that can create conditions that can breed extremism. We'll need to be aware of the unintended effects that development programs might have on extremism.

Mostly in our development program, however, it'll be a matter of ensuring that our CVE and development programs are mutually supportive: our CVE strategies should adopt a 'do no harm' approach.

But we should also put a CVE 'filter' over existing development programs in areas such as civil society development and strengthening the rule of law to ensure that they have a positive effect on our CVE objectives.

Where a CVE filter is used in this way, there's no reason to assume that there'll be any trade-off between traditional poverty alleviation goals and Australia's CVE objectives.

3: Develop targeted reporting on CVE aid programs

An operationally independent unit in DFAT, the Office of Development Effectiveness, evaluates the quality and effectiveness of our aid program. It commissions strategic evaluations and produces major publications that help to describe the performance of Australian aid. Its evaluations inform the future direction of investments.

To ensure that due consideration is given to programs that may counter violent extremism, the Office of Development Effectiveness should examine the extent to which aid program managers have considered the impact of aid funding on CVE.

Due to the complex nature of the threat and impact of terrorism, and the fact that many dedicated CVE aid projects working with vulnerable and at-risk communities will often be small scale, the methods of measuring effectiveness typically used for larger and more traditional aid programs may need some adjustments. The 2013 evaluation of CVE projects in East and West Africa by the US Agency of International Development (USAID) is a useful example of evaluation guidance.²⁸

4: Use *InnovationXchange* to explore avenues for implementing CVE into the aid strategy

In March 2015, Foreign Minister Bishop launched DFAT's *InnovationXchange*. She announced funding of \$140 million over four years to catalyse new approaches to development assistance.²⁹

InnovationXchange was created to explore avenues and programs that have adapted to the changing nature and needs of development. CVE isn't a priority for *InnovationXchange*, but it should be.

It'd be useful for *InnovationXchange* to garner innovative ideas on how our development assistance can best contribute to tackling violent extremism and terrorism.

5: Share information on CVE and aid

The global evidence base for the contribution that development can make to CVE is limited. If we're to use our development program to contribute to CVE, it's important that we commit to building an evidence base on the role of development assistance and CVE and begin to share data.

It would be sensible to share information not only with like-minded nations, such as the UK, the US and Canada, but also with states such as France, Belgium and Denmark with aid programs in areas prone to violent extremism.

We could then see what works best when using foreign aid to build partner countries' CVE and CT capacity.

We should also exchange information with relevant UN development agencies to build a solid foundation of 'lessons learned' in the area of aid and CVE.

6: Lead the debate to modernise ODA reporting

An OECD DAC task team is currently exploring how to modernise the ODA directives, including on the eligibility of peace and security assistance for classification as ODA.

Rather than adapting Australia's aid program to new parameters, we should get onto the front foot and argue for change.

The US Department of State and USAID are supporting a wide range of programs and other initiatives to advance the themes of the recent White House Summit on Countering Violent Extremism, with total funding of about US\$188 million. It'd be very surprising if the US doesn't report at least some of that money as ODA.³⁰

In a recent article, the chair of the OECD DAC strongly argued that it'd be useful to understand the relationship between youth and violent extremism, to build an evidence base for action on youth engagement in violent extremism, and to develop strategies to counter the drivers of youth to violent extremism.³¹

Australia has a clear national interest in investing in the security and prosperity of developing nations in our region. There should be a change in ODA criteria that makes it explicit that CVE programs can be reported as ODA.

But that'll require a consensus vote by OECD countries. Australia should support this change and push for like-minded countries to do the same.

Concluding remarks

To bridge the gap between our aid program and our CVE objectives, we need to set realistic CVE goals in our development assistance program and pursue them in carefully selected countries. We should pursue those goals where we can make a difference and where we'd be most appreciated.

Foreign aid should be regarded as an integral part of our national security strategy. In the short to medium term, our aid won't cripple terrorist groups. But over time it can help build moderate institutions and community leaders that will stand against extremism.

Countries with weak governance create greater opportunities for terror networks. Economic hardship can lead people to be more receptive to extremist ideologies. Helping marginalised communities can address local sources of grievances that terrorists exploit.

In the longer term, our aid can promote the right kind of environment to make it more difficult for terrorists and those espousing extremist violence to find footholds.

But we'll need to recognise that, while there are benefits in our security and development sectors working more closely together, there'll be some tough trade-offs between traditional development and CVE programs to ensure that the aid tool can be used for maximum effect in the long run.

Notes

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- 4 See discussion in the 'Leveraging aid for CVE' section.
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- 9 DFAT, *Annual report 2013–14*, [online](#).
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- 23 OECD DAC, *Possible new measure for total support for development*, 24 January 2014, [online](#).
- 24 The green book approach is modelled on the current US system of reporting. This is a way of recognising all forms of international assistance, including assistance that isn't regarded as ODA, such as expenditure on peacekeeping missions.
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- 27 Presidential statement adopted January 2015, S/PRST/2015/3, [online](#).
- 28 The 2013 USAID evaluation report of CVE programming in Africa used a mixed methodology to analyse effectiveness. Quantitative stratified sampling surveys and qualitative focus groups and key informant interviews were used. This information was standardised so that it could be compared across the programs to identify effective areas and any gaps. See *Mid-term evaluation of three countering violent extremism projects*, produced by the QED group for the US Agency for International Development, 22 February 2013 [online](#) and James Khalil and Martine Zeuthen 'A Case Study of Counter Violent Extremism (CVE) Programming: Lessons from OTI's Kenya Transition Initiative', *Stability*, 2014 [online](#).
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Acronyms and abbreviations

ADF	Australian Defence Force
AFP	Australian Federal Police
AusAID	Australian Agency for International Aid
CT	counterterrorism
CVE	countering violent extremism
DAC	Development Assistance Committee (OECD)
DFAT	Department of Foreign Affairs and Trade
GCERF	Global Community Engagement and Resilience Fund
GDP	gross domestic product
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
UN	United Nations
USAID	US Agency for International Development

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