



Australian Government
AusAID

Information Kit on the Australian Government's Overseas Aid Program



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Contents

1 THE AUSTRALIAN GOVERNMENT'S OVERSEAS AID PROGRAM	1
FUNDING FOR AUSTRALIA'S OVERSEAS AID PROGRAM	2
2 KEY THEMES OF AUSTRALIA'S AID PROGRAM	1
Theme 1: Good governance	1
Theme 2: Globalisation	3
Theme 3: Human capital	4
Theme 4: Security	5
Theme 5: Sustainable resource management	6
3 FUTURE DIRECTIONS AND PRIORITIES	1
White Paper on Australia's aid program	2
Pacific 2020	2
4 THE MILLENNIUM DEVELOPMENT GOALS	1
5 THE PACIFIC	1
BUILDING A SAFER MORE SECURE REGION	1
AUSTRALIA'S STRENGTHENED ENGAGEMENT WITH THE PACIFIC	1
Papua New Guinea	3
Solomon Islands	3
East Timor	4
6 AUSTRALIA'S HUMANITARIAN AND EMERGENCY PROGRAM	1
AUSTRALIA'S RESPONSE TO THE INDIAN OCEAN DISASTER	1
First quarterly report on Australia's response to the Indian Ocean Disaster	1
The Australia-Indonesia Partnership for Reconstruction and Development	2
MINE ACTION	2
ACHIEVEMENTS OF AUSTRALIA'S HUMANITARIAN AND EMERGENCY PROGRAM	3
7 ATTACHMENTS	1
ATTACHMENT A: IMPORTANT PUBLICATION INFORMATION	2

1

The Australian Government's Overseas Aid Program



1 The Australian Government's Overseas Aid Program

AUSTRALIA'S DEVELOPMENT COOPERATION OR OVERSEAS AID PROGRAM
ADVANCES AUSTRALIA'S NATIONAL INTEREST BY HELPING DEVELOPING COUNTRIES,
PARTICULARLY IN OUR REGION, REDUCE POVERTY AND ACHIEVE SUSTAINABLE
DEVELOPMENT.

Australia's aid program contributes to stability in our region by helping countries provide essential services to their people and through specific measures to address trans-national issues including illicit drugs, HIV/AIDS and people trafficking.

Whilst aid plays a vital role in development, it does not and never will, form the bulk of the resources needed to promote long-term, sustainable development.

Far greater are the resources from international trade, private international capital flows such as direct foreign investment and the mobilisation of domestic savings and in-country revenue from royalties and equitable taxation.

Accessing and harnessing these resources requires good governance and an environment conducive to consumer and investor confidence and this is where Australia's overseas aid program comes in.

Australia's aid program works in partnership with developing countries, particularly in the Asia-Pacific region, to strengthen the conditions needed for broad-based, sustainable and inclusive economic growth.

Australian aid supports interventions that enable the poor to access basic services, increase their productivity and enhance their livelihoods.

Australian aid encourages governments and institutions to become more accountable and reduces the vulnerability associated with conflict, exclusion and disasters.

Australia's aid program will continue to be guided by the needs and priorities of our partner countries, and five guiding themes will continue to link activities within the program's poverty reduction framework. They are:

- > Promoting improved governance and strengthened democratic processes in partner countries;
- > Assisting developing countries to access and maximise the benefits from trade and new information technologies;
- > Supporting stability and legitimacy through improved delivery of basic services;
- > Strengthening regional security by enhancing partner governments' capacities to prevent conflict, enhance stability and manage trans-boundary challenges; and
- > Promoting sustainable resource and environmental management.

FUNDING FOR AUSTRALIA'S OVERSEAS AID PROGRAM

The Australian Government's Official Development Assistance (ODA) or overseas aid for 2005-06 is \$2.491 billion.

It represents an increase of \$358 million over the 2004-05 Budget figure of \$2.133 billion and a real increase of almost 12 per cent. The 2005-06 Budget increase provided the fifth consecutive year of real funding increases for Australia's aid program.

Whilst ODA is primarily delivered through the Australian Agency for International Development (AusAID), development assistance is also delivered through other government departments such as Treasury, Australian Federal Police, the Department of Immigration and Multicultural and Indigenous Affairs and the Attorney General's Department.

Australia's world-class primary industries know-how and their capacity to boost developing countries' income and living standards through improved agriculture, horticulture and aquaculture production, is brought into our aid program through the Australian Centre for International Agricultural Research (ACIAR).

This whole-of-government approach reflects the Australian Government's strong commitment to sharing our skills and experience to help countries in our region meet the development challenges they face.

In international terms, overseas aid is compared by the ratio of ODA to Gross National Income (GNI). In 2005-06 Australia's ODA to GNI average is estimated at 0.28 per cent, placing us above the international average of 0.25 per cent (latest available estimates 2004).

Australians also make significant personal contributions to developing countries through non-government organisations.

In response to the Indian Ocean Disaster alone, Australians donated over \$330 million to non-government organisations for tsunami-related activities.

These charitable donations, supported by tax deductibility, are in addition to the \$2.35 that each Australian contributes every week through their taxes to the Australian aid program through the Commonwealth budget.

For roughly the cost of a loaf of bread, each week every Australian is helping combat poverty around the world, and together we are reaching and assisting about 60 million people living in poverty each year.

Thousands of Australians are also working to reduce poverty in partnership with Australia's aid program, both here and in the region.

Research shows that the vast majority of Australians support Australia's aid program. A nationwide Newspan survey commissioned by AusAID found that 91 per cent of Australians support overseas aid.

Key Themes of Australia's Aid Program



2 Key Themes of Australia's Overseas Aid Program

FIVE GUIDING THEMES SHAPE AUSTRALIA'S AID EFFORTS. THESE THEMES PROVIDE A LENS THROUGH WHICH AUSTRALIAN AID IS PROGRAMMED AND IMPLEMENTED.

THEME 1: GOOD GOVERNANCE

"It's an unmistakable reality that unless countries are well governed, have law and order and physical safety for people, they're not going to attract foreign investment and if they don't attract foreign investment in a globalised economy, their living standards, far from rising, run the risk of sinking further."

Prime Minister John Howard, 2002 Pacific Islands Forum

Good governance is the basic building block for development and is the focus of Australia's overseas aid program.

In line with the pivotal role of governance in supporting improved long-term development outcomes, Australian support for governance has increased from 15 per cent of total Australian ODA in 1999-2000 to 36 per cent in 2005-06.

In 2005-06, an estimated \$885 million will be spent on activities directly related to good governance and a further \$292 million on governance through other priority sectors, such as the planning and management of basic service delivery.

Good governance means competent management of a country's resources and affairs in a manner that is open, transparent, accountable, equitable and responsive to people's needs.

Good governance is based on the following political and economic principles:

POLITICAL PRINCIPLES

- > A representative and accountable form of government.
- > Freedom of expression and association.
- > Good institutions and rules governing the actions of individuals and organisations and the negotiation of differences between them.
- > Primacy of the law maintained with an impartial and effective legal system.
- > A high degree of transparency and accountability in public and corporate processes.

ECONOMIC PRINCIPLES

- > Policies to promote broad-based economic growth, a dynamic private sector and social policies that will lead to poverty reduction. Economic growth is best achieved in an efficient, open, market-based economy.
- > A high priority on investing in people through policies and institutions that improve access to quality education, health and other services that underpin a country's human resource base.
- > Effective institutions and good corporate governance to support the development of a competitive private sector and a respect for contract and property rights.
- > Careful management of the national economy.

Efforts to promote more effective governance in the Asia-Pacific region directly serve Australia's national interest. Countries that are well governed are more stable and prosperous and less vulnerable to domestic corruption and trans-national crime.

An ability to plan and manage budgets, maintain sound macro-economic policies, establish and maintain the rule of law and deliver basic services is essential to attract and mobilise resources for development.

A significant proportion of Australia's bilateral development assistance to Pacific island countries is, and will continue to be, directed to governance activities to support our major partners with economic legal and public sector reform programs.

THEME 2: GLOBALISATION

“Developing countries that take advantage of globalisation through trade and investment liberalisation are more able to experience the sustained economic growth essential to poverty reduction.”

Alexander Downer
Minister for Foreign Affairs

Globalisation has lifted millions of people out of poverty.

While a country’s ability to benefit from trade and investment is dependent on a number of factors, particularly the quality of its domestic policies and institutions, no country has generated sustained growth and poverty reduction by closing themselves off to international trade and investment.

According to World Bank estimates, the Doha Round of trade negotiations could increase real income in developing countries by US\$350 billion and potentially lift 140 million people out of poverty by the Millennium Development Goal target year of 2015.

A recent World Bank study also estimated that developing countries would gain about US\$100 billion a year if developed and developing countries removed all their trade barriers against developing country exports.

This far exceeds the latest estimates of total world aid, which is currently put at just under US\$88 billion per year.

Australia is working to maximise the benefits and minimise the challenges globalisation presents to developing countries.

Through our aid program, Australia is strengthening the capacity of developing countries to participate in global and regional trading arrangements and take advantage of new trade opportunities.

AusAID programs in the Pacific, Asia and Africa are facilitating the development of, and participation in, open trading systems and also encouraging investment and economic reform. They are also strengthening the ability of developing countries to integrate into the global economy.

Australia has provided comprehensive training courses in trade law for Cambodia, China, Indonesia, Laos, Malaysia, the Philippines, Thailand and Vietnam to increase understanding of World Trade Organization agreements and procedures.

Trade negotiation training has also been provided to senior officials from around 20 African nations.

Assistance is regularly provided to our developing country partners to enable their participation and advocacy in international and regional trade forums.

More broadly, Australia has aggressively pursued greater market access in the global regime, most recently through the Doha Round. The World Bank estimates an ambitious conclusion to the Doha Round could deliver \$300 billion in welfare gains by 2015.

Australia’s markets are open to goods from developing countries through a number of trade policy measures and Australia has one of the lowest average tariff rates of all OECD countries.

Australia has sought, through the Cairns Group, greater market access for agricultural products, an area of great potential benefit for developing countries. Australia has also eliminated quotas and tariffs for all goods from Least Developed Countries effective from July 2003.

Affordable access to information and knowledge is vital to development. Australia is implementing its commitment to the \$200 million Virtual Colombo Plan to help bridge the digital divide by supporting the development and adoption of information technologies in developing countries.

THEME 3: HUMAN CAPITAL

The effective participation of all people in economic activity is fundamental to reducing poverty and achieving sustainable development.

Poverty reduction can be accelerated when the poor have the necessary tools to participate in and contribute to growth.

This 'human capital' dimension of development can only be sustained with investment in, and reliable access to, basic services, including water and sanitation, health care and education.

Citizens who receive a good basic education and who are protected against easily preventable diseases will be more productive and will participate more fully in society and the economy.

A healthy and well-trained workforce is also critical for developing countries to compete in a global economy and maximise the gains from globalisation.

Australia recognises and supports developing countries' efforts to improve basic services, along with access to key productive assets, such as land and credit, and support for women and children to participate fully in development.

Basic service delivery is a central function of government. It enables governments to fulfill their key responsibilities to communities and individuals.

In 2005-06, the Australian aid program is providing an estimated \$333 million and \$280 million for education and health programs respectively.

HIV/AIDS is a critical issue in the Asia-Pacific region. With 1.1 million people newly infected last year, there are currently some 8.2 million people living with the disease in our region.

HIV/AIDS is more than a health issue and its consequences threaten to undermine regional stability and reverse the gains in economic development, which have been made in many countries. This has profound implications for security.

Australia is committed to helping the Asia-Pacific region meet the challenge of HIV/AIDS. At the Second Asia-Pacific Ministerial Meeting on HIV/AIDS in 2004, Australia more than doubled its commitment to HIV/AIDS to \$600 million by 2010.

Australia's assistance is concentrating on five areas: strengthening leadership and advocacy, building capacity, changing attitudes and behaviours, addressing HIV transmission and supporting treatment and care.

This leadership must be backed up by partnerships. These partnerships need to extend beyond government to the private sector, civil society and community-based organisations to ensure an effective response to the disease and its impact.

To help Australia in this regard, Minister Downer appointed Ms Annmaree O'Keeffe as Australia's Special Representative for HIV/AIDS. With more than 20 years experience in development, including as Australia's Ambassador to Nepal and head of our aid program in Papua New Guinea, Ms O'Keeffe is well placed to work with our partners in advancing the fight against HIV/AIDS.

THEME 4: SECURITY

Security is a human and economic development challenge. Conflict, disease, drugs and trans-national crime, illegal immigration and environmental degradation are just some of the security challenges confronting Australia's region.

Poverty can create as well as exacerbate these forces. Violent conflict reverses development gains and is a primary cause of poverty. On the other hand, high levels of poverty can increase the risk of violent conflict.

It's our moral obligation – and in our national interest – to take action.

A clear lesson from September 11 and the bombings in Bali is that we cannot insulate ourselves from what is happening in the rest of the world.

Our own economic prosperity, social harmony, security and ultimately freedom is weakened when millions of other people in the world, especially within our own neighbourhood are living in poverty. Two-thirds of the world's poor, or over 700 million people, are living on less than A\$1.30 a day in the Asia-Pacific region.

Australia is working with partner governments to develop solutions to deal with problems such as protracted conflict and instability, regime change, the breakdown of law and order, illegal migration, people trafficking and the illicit drug trade. Australia is also helping developing countries meet the challenges of decentralisation and the shift to more open democratic societies.

Besides providing direct humanitarian assistance, Australia seeks to improve the capacity of partner governments to prevent conflict and manage non-military threats to security.

The aid program continues to support groups involved in conflict prevention as well as bodies such as the Centre for Democratic Institutions to promote democratic systems and parliamentary processes in the Asia-Pacific region.

In conjunction with other Australian Government agencies, such as the Australian Federal Police and the Attorney-General's Department, Australia's aid program has funded a range of basic policing initiatives and will continue to do so in 2005-06.

Effective policing is critical to regional security, good governance and economic progress in the Pacific. The five year Pacific Regional Policing Initiative, to

which Australia and New Zealand are contributing A\$17 million and NZ\$2.5 million respectively, represents a long-term commitment to pooled governance in the region.

This policing initiative will contribute to a safe, more secure and prosperous environment for member countries of the Pacific Islands Forum. The initiative will train up to 900 police each year in the Pacific and will support the region's efforts to fight crime and corruption. It will develop practical solutions to day-to-day policing challenges largely through training, revised procedures and processes and on the job mentoring.

Terrorism is a trans-national phenomenon that threatens peace, security and prosperity.

Australia's aid program is helping build the capacity of developing countries in the region to respond effectively to potential terrorist threats by helping partner governments to:

- > Strengthen police, immigration, banking authorities and border and customs control to combat the illegal movement of arms, money, people and substances;
- > Draft and enact legislation to combat illicit commercial ventures and trans-national crime, including money laundering, people smuggling and terrorism;
- > Improve the functioning of law and justice systems;
- > Promote peace building, conflict resolution and reconstruction in conflict affected areas;
- > Implement the Nasonini Declaration on Regional Security in the Pacific, which includes a commitment to implement internationally agreed anti-terrorism measures, such as United Nations Security Council Resolution 1373 and the Financial Action Task Force 8 Special Recommendations; and
- > Implement the APEC Leaders' Statement on Fighting Terrorism and Promoting Growth made in Los Cabos, Mexico in October 2002, where leaders committed to take measures to secure trade in the APEC region by protecting cargo, ships, aviation and people in transit, halt terrorist financing and promote cyber-security.

THEME 5: SUSTAINABLE RESOURCE MANAGEMENT

More than two-thirds of the world's poor rely on agricultural and natural resources such as forests and fisheries for their food and livelihoods.

The sustainable management of these resources is essential for improving living standards today, while ensuring future generations also benefit.

Australian assistance is helping reduce rural poverty by increasing opportunities for the poor to generate income. This is done by improving agricultural sector productivity, stimulating non-farm employment and managing natural resources sustainably.

More efficient and sustainable farming, forestry and fisheries practices help improve the food security and income of the rural poor.

In Vietnam, for example, Australian research assistance on a simple and environmentally friendly rodent control technique has helped lift rice production by up to 20 per cent.

In East Timor, a new Geographic Information System is enabling better agricultural land use planning and management.

Australian assistance has also helped Pacific island countries with the sustainable management of tuna stocks, an industry valued at about A\$3.8 billion annually. Assistance has included support for scientific assessments of tuna stocks to better set harvest levels and prevent over-fishing.

In 2005-06 Australia will spend an estimated \$224 million on rural development.

Preventing environmental degradation is also essential if poverty reduction and development is to be sustainable in the longer term.

The economic costs of environmental degradation have been estimated at four to eight per cent annually in developing countries.

In 2005-06 Australia is providing an estimated \$123 million on activities that directly address environmental issues and a further \$182 million on activities that have an indirect environmental benefit.

This will support a range of water-related development activities, including water supply and

sanitation systems, flood management, agricultural water allocation and water policy reform initiatives. Australia's regional and multilateral support will also include biodiversity conservation, climate change mitigation and adaptation and the phasing out of ozone depleting substances.

Future Directions and Priorities



3 Future Directions and Priorities

THE PRIMARY OBJECTIVE OF AUSTRALIA'S AID PROGRAM WILL CONTINUE TO BE, ADVANCING AUSTRALIA'S NATIONAL INTEREST BY HELPING DEVELOPING COUNTRIES, PARTICULARLY IN OUR OWN REGION, TO REDUCE POVERTY AND ACHIEVE SUSTAINABLE DEVELOPMENT.

Australia's aid will continue to focus on the Asia-Pacific region, particularly our immediate neighbours. This focus was strongly supported by the recent peer review of Australia's aid program by the Development Assistance Committee (DAC) of the OECD.

FUTURE PRIORITIES

Over the next three years, Australia will pursue a number of interrelated policy, program and partnership initiatives that will further enhance the focus, effectiveness and relevance of our aid program. These will centre on:

- > **Building a closer relationship with Indonesia:** to assist the rebuilding process after the Indian Ocean Disaster and to meet long-term development challenges.
- > **A long-term and innovative approach to our engagement with fragile states:** including PNG, Solomon Islands, East Timor, Vanuatu, Fiji, Nauru and other Pacific island countries. The aid program will synthesise whole-of-government contributions to research, evaluation and analysis and boost Australia's capacity to engage with fragile states at strategic and operational levels.
- > **Stimulating broad-based economic growth:** through approaches focused on improving market access, increasing participation of the poor in the formal economy, encouraging rural development and agricultural productivity and improving the investment environment.
- > **Strengthening political governance and tackling corruption:** through consolidated support for parliamentary and electoral programs, expanded anti-corruption activities and new partnerships with relevant international and regional organisations.
- > **Supporting the Millennium Development Goals:** a set of ambitious goals included in the Millennium Declaration of 2000. Australia's aid program will focus on the essential building blocks for achieving these goals – governance, growth and stability, health, education, water, sanitation, environment and HIV/AIDS.
- > **Addressing trans-national threats, particularly HIV/AIDS:** as a matter of priority, the aid program will address HIV/AIDS, communicable zoonotic diseases such as Avian Influenza, illicit drugs and trans-national crime.
- > **Contribute to stability and security:** working closely with key partner countries to mitigate the impacts of conflict and assist in post-conflict recovery.
- > **Meeting the HIV/AIDS challenge:** taking a central role in addressing the pandemic, Australia's International HIV/AIDS strategy, *Meeting the Challenge*, aims to reduce the spread of HIV/AIDS and mitigate its effect on people living with the disease and their communities.

THE WAY FORWARD

Integral in informing and guiding Australia's future aid program are two strategic documents, the White Paper and Pacific 2020.

WHITE PAPER ON AUSTRALIA'S AID PROGRAM

In 2006 the Minister for Foreign Affairs will table a White Paper that will provide a medium term strategic blueprint for Australia's aid program in the Asia-Pacific region.

The purpose of the White Paper is to examine and contest the future directions of Australia's aid engagement, particularly its key development partnerships in the Asia-Pacific region.

As a platform for the White Paper, Australia's aid program will be guided by the strategic framework set out in the March 2005 Ministerial Statement, *Australian aid: An Integrated Approach*.

Details on the methodology for the White Paper can be found at www.ausaid.gov.au.

A key principle in the development of the White Paper is collaboration between external experts and stakeholders, government partners and AusAID. To this end, joint external and AusAID teams will be involved in preparation of the work, with the final report to the Minister for Foreign Affairs prepared by an externally-led Core Group.

The White Paper is a major exercise and to ensure that we have access to the best possible advice, an extensive range of consultations will be undertaken to ensure broad interaction with the Australian and international community.

The Parliamentary Secretary for Foreign Affairs chaired open forums in Brisbane and Melbourne in August to discuss issues central to the White Paper.

From mid-August the Core Group will conduct a series of targeted seminars in state capitals around the country, many of which will be chaired by the Parliamentary Secretary for Foreign Affairs. These seminars will be issue-driven and will engage invited experts, commentators, journalists, NGOs, academics, private sector and Members of Parliament. Video seminars will be conducted with international experts.

Joint AusAID/external teams preparing analytical

reports on HIV/AIDS, Asia, the Pacific, PNG and Indonesia, will be separately consulting with partner governments and other key domestic and international stakeholders.

Another team preparing an analytical report on engaging with the Australian community will meet with Australian research and academic institutions, volunteer sending agencies, business and industry figures, media, and NGOs. For example, meetings with NGOs were held in July in Melbourne and Sydney, and with aid industry representatives in July in Melbourne. A follow-up seminar with NGOs is planned for September.

The Government welcomes public comment and input on the future strategic direction, shape and priorities of our overseas aid program. Individuals or groups wishing to express views can do so at the following email address whitepaper@ausaid.gov.au.

PACIFIC 2020

A new study, Pacific 2020, will focus on long-term growth options for the developing economies of the Pacific, PNG and East Timor.

Pacific 2020 is a follow-up to the 1994 study of development prospects in the Pacific, titled *Pacific 2010*. Pacific 2020 will be completed by the end of 2005. It will be the subject of discussion at a regional conference on growth prospects in March 2006.

Pacific 2020 will focus on the issues most critical to achieving sustainable growth and development in the region and highlight the key actions needed in the short to medium-term to give countries of the region the best chance of realising their potential by 2020.

Issues will include: critical cross-cutting issues of political governance, land tenure, private sector development, employment and labour markets as well as the key productive sectors of agriculture, fisheries, forestry, tourism and mining and petroleum.

The report will cover the framework for economic growth in the region, highlighting recent regional initiatives and examine the history of economic growth, drawing out success stories. It will also provide statistical projections to the year 2020 on key demographic indicators including high population growth and the youth bulge.



4 The Millennium Development Goals

AT THE MILLENNIUM SUMMIT IN 2000, MEMBER STATES OF THE UNITED NATIONS ENDORSED EIGHT MILLENNIUM DEVELOPMENT GOALS (MDGs). PRIME MINISTER JOHN HOWARD ENDORSED THE MDGs AT THE MILLENNIUM SUMMIT.

The eight MDGs provide reference points on the global effort required for long-term poverty reduction.

The goals relate to the elimination of poverty and hunger, improved health and education outcomes, increased gender equality, environmental stability and forging a global partnership for development. A target year of 2015 applies to almost all of the MDGs.

Australia supports the international consensus that broad-based growth and sustainable economic growth are central to achieving progress against the MDGs.

This requires developing countries to:

- > Pursue improvements in governance, including the rule of law, dependable property rights, strengthened economic and budgetary management and tackle corruption;
- > Provide opportunities for the poor to participate in growth, through health and education services and greater market access; and
- > Improve trade and economic policy, including openness to trade and investment.

Developed countries like Australia have an important role to play in:

- > Providing well-targeted effective aid and appropriate debt relief;
- > Providing duty-free and quota-free market access to goods from Least Developed Countries; and

- > Promoting and supporting global economic growth, including through more liberalised world trade.

Australia's overseas aid program is playing its part in assisting developing countries to meet the MDGs.

For example in 2005-06, Australian assistance will include:

- > A multi-year \$600 million HIV/AIDS commitment that directly addresses one of the MDGs;
- > Over \$600 million in health and education, including basic health and education in Indonesia and the Philippines;
- > \$152 million in water and sanitation, which includes Australia leading international efforts in promoting water quality; and
- > \$305 million in environment-related programs, including support for the Global Environment Facility and the Montreal Protocol Multilateral Fund.

Essential to meeting the MDGs is the important development work that Australia is undertaking to create environments that are stable, well governed and able to support growth in developing countries.

Australia primarily targets its own region, the Asia-Pacific, where two-thirds of the world's poor, or over 700 million people live.

This focus was strongly supported by the Development Assistance Committee of the OECD in its recent positive review of Australia's aid program.

Australia has taken a leadership role in helping address critical development challenges in our region, including through the Regional Assistance Mission to Solomon Islands (RAMSI), in combating HIV/AIDS and in our response to the Indian Ocean Disaster.

5

The Pacific



5

5 The Pacific

BUILDING A SAFER MORE SECURE REGION

The links between development and security have never been clearer. The tragic events in Bali in October 2002, as well as the deterioration of law and order in Solomon Islands, demonstrate the consequences of instability in undermining growth prospects and hard-won development gains.

Only when countries are stable and secure can people successfully engage in those productive enterprises that generate employment and sustainable growth. Where insecurity prevails and the rule of law is weak, individuals' vulnerability to conflict and crime increases and poverty is exacerbated.

The Australian Government takes its moral obligation to work with our neighbours in the Asia-Pacific region very seriously. But it is not just a moral obligation. It is also in Australia's national interest to promote wider development, stability and prosperity in the Asia-Pacific region.

AUSTRALIA'S STRENGTHENED ENGAGEMENT WITH THE PACIFIC

The Australian aid program's focus on the Asia-Pacific region is an expression of Australia's strong engagement with, and commitment to, working in partnership with the region to meet its considerable development challenges.

Pacific island countries face many challenges. In spite of their diversity, many Pacific islands face similar development challenges, including isolation, limited resources, poor infrastructure, weak governance, rapid population growth, shortages of trained personnel, increased urbanisation, and environmental and climatic vulnerability. The region faces particular constraints in taking advantage of the economic opportunities arising from increased global trade.

The Asia-Pacific region is also home to the greatest number of the world's poor; with two-thirds or over 700 million people living in poverty.

Australia is taking a more hands-on approach to help Australia's Pacific partners address their complex development challenges.

The Pacific Regional Aid Strategy launched in December 2004 focuses on four outcomes most critical in establishing the foundations for poverty reduction, stability, growth and peaceful development:

- > **Stronger broad-based growth** by helping to strengthen the enabling environment for private sector development. This includes legislative and administrative reform and policies aimed at improving economic competitiveness and expanding productive sectors, providing income generation opportunities and the sustainable management of resources.

- > **More effective, accountable and democratic government** through active support for good governance and economic and public sector reform. This includes improved public sector expenditure management, improved revenue collection and the strengthening of democratic institutions and political governance.
- > **Improved law, justice and security** through support for the police and legal institutions that underpin adherence to the rule of law, working with regional security initiatives and addressing potential instability and the causes of conflict and investing in peace.
- > **Enhanced service delivery** by investing in government capacity to deliver basic health, education and infrastructure, particularly in rural areas and amongst disadvantaged groups. This is critical for stability, national unity and government legitimacy.

Australia has sharpened its focus on the Pacific.

Australia's approach is based on a strengthened belief that an underdeveloped and insecure region can increasingly feed instability, inhibit development and pose a threat to Australia's national security.

Activities such as drug and people smuggling and trans-national organised crime thrive where governance is weak.

Australia's commitment to helping our region is reflected in the breakdown of our budget.

An estimated \$943 million or approximately 38 per cent of the 2005-06 Australian aid budget will be directed to PNG and the Pacific.

ESTIMATED TOTAL ODA FLOWS TO PNG AND THE PACIFIC 2005-06

Papua New Guinea	492.3
Solomon Islands	246.8
Vanuatu	34.1
Fiji	30.5
Samoa	21.5
Tonga	14.2
Kiribati	12.5
Regional Pacific	91.4
Total PNG and Pacific	943.3
Nauru Additional*	16.9

Nauru Additional represents additional funding appropriated to AusAID through new budget measures agreed by the Government.

Australia will continue working in partnership with the Pacific to meet its considerable challenges however Pacific island states also need to take a stronger leadership role in their own development.

At the Pacific Islands Forum meeting in August 2004, leaders agreed that better governance, winding back corruption and stronger security are needed to tackle instability and economic decline.

The international community will also need to provide coherent and sustained approaches that support national development efforts in the region including, where appropriate, 'pooled' approaches to regional governance issues.

Pooled regional approaches in areas such as policing, shipping and aviation will help combat a key impediment to improved governance and service delivery in the Pacific – a lack of capacity.

Australia has an important leadership role in this regard. As Prime Minister John Howard has made clear, it is not in Australia's or the region's interest to see failed or failing states in the Pacific and Australia stands ready to lend a helping hand to ensure this does not happen.

PAPUA NEW GUINEA

Papua New Guinea (PNG) continues to face significant social and economic development challenges. The society is highly fragmented with over 700 disparate cultural groups that test political and social unity.

PNG has limited resources and a weak economy that relies on a small number of gas and mineral projects, as well as diminishing forest and fishing resources. Communities remain isolated, have poor health indicators and high rates of illiteracy. Urban communities suffer from serious law and order problems. The prevalence of HIV/AIDS in PNG, which is increasing at the fastest rate in the Pacific region, is a serious concern.

The development of a secure and prosperous PNG remains a high priority for the Australian Government. At the release of the 2005-06 Budget, estimated total ODA to PNG was \$492.3 million up from \$435.6 million in the previous year.

The increase in assistance to PNG was associated with the Enhanced Cooperation Program (ECP), a 5-year package of assistance. It is designed to place personnel from a range of Australian Government agencies into positions within the Royal PNG Constabulary and other PNG Government agencies, including the Departments of Treasury, Finance, Personnel Management, Customs, Justice and Attorney General's, Foreign Affairs and Immigration.

The Program is unique to PNG and has been designed to provide an enabling environment for broad-based development including through promoting sound economic management, helping to improve law and order and ensuring the integrity of national security systems.

On 13 May 2005, the PNG Supreme Court handed down its opinion on a legal challenge to aspects of the bilateral treaty and legislation put in place for the ECP. As a result, Australia's police have been withdrawn. Civilian ECP officials remain deployed to PNG, working in an advisory capacity, pending resolution of legal arrangements for the program.

Australia's annual development cooperation program to Papua New Guinea will support the cost of the ECP, with the exception of the policing component. The Australian Government has allocated up to an additional \$805 million over four and a half years to improve policing.

Australia is also collaborating in pioneering work with the World Bank and the Asian Development Bank to generate improved dialogue on reform priorities, to better use combined resources, and to link development assistance more closely to reform efforts through a stronger joint focus on results.

SOLOMON ISLANDS

The Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) highlights the challenges facing our developing country neighbours as well as the outcomes that can be achieved by working in partnership with countries in our region.

Enhanced Australian and regional engagement in Solomon Islands marked the beginning of a more 'hands-on' approach to assisting Pacific island countries.

Solomon Islands has endured considerable challenges in the years following ethnic tensions and the coup of 2000. By early 2003 the country had many of the characteristics of a failed state – general lawlessness was growing while extortion and open corruption were rife.

Government management of the economy and delivery of basic services had collapsed. In these difficult circumstances, Solomon Islands' Prime Minister, Sir Alan Kemakeza, sought the support of Australia and regional partners in the Pacific. RAMSI was deployed on 24 July 2003.

The purpose of RAMSI, a regional assistance mission involving security and civil policing elements, is to restore physical and economic stability and the basic functioning of government to Solomon Islands. The operation has already secured real gains in re-establishing basic law and order and stabilising government finances.

RAMSI has been able to build on work already undertaken through Australia's aid program, particularly in the justice sector, as well as providing support for economic reform, peace building, community development and health services.

In the law and justice sector, Australia has supported activities that have enabled the courts to hear people's cases rapidly and fairly and for the prison system to accommodate offenders securely and humanely.

In 2005-06, RAMSI will focus on helping Solomon Islands promote local leadership, and ownership of change and reform and will build the capacity of the country's human resources and key institutions.

In 2005-06, Australia will provide estimated total ODA of \$246.8 million to Solomon Islands, through both RAMSI and the ongoing bilateral aid program.

In the 2005-06 Budget, the Australian Government also consolidated its long-term commitment to RAMSI, providing \$840.5 million over four years.

This package is providing assistance to stabilise government finances and functions, revitalise the courts, rebuild the prison system and strengthen the police service.

RAMSI is not simply a law enforcement operation. It is a long-term capacity-building exercise aimed at helping create the conditions necessary for a return to stability, peace and a functioning, growing economy.

Only when countries are stable and secure can people successfully engage in those productive enterprises that generate employment and sustainable growth.

Where insecurity prevails and the rule of law is weak, individuals' vulnerability to conflict and crime increases and poverty is exacerbated.

EAST TIMOR

Since independence in May 2002, East Timor has made considerable progress toward building a stable and sustainable government. Under its National Development Plan 2002-07, and with assistance from the donor community, the East Timorese Government is strengthening its national institutions and administration.

However, East Timor remains fragile. It is one of the poorest countries in the Asia-Pacific region, with the World Bank estimating that over 40 per cent of the population live below the poverty line.

Rapid population growth, capacity constraints, unemployment, food insecurity and poor infrastructure hamper development.

Australia has a major stake in ensuring that East Timor is equipped to meet the challenges it faces in becoming a stable and democratic nation.

Improvements in services and facilities available to the rural majority, which includes the bulk of the poor, are also fundamental to long-term stability and growth.

In 2005-06 Australia will provide an estimated \$42 million to East Timor in total official development assistance.

Australia's aid program in East Timor is focusing on building the capacity of the East Timorese Government in areas that include law and governance, public expenditure management, transparency and accountability. Australia will also focus on service delivery in rural areas, particularly in health, water supply, sanitation and food security.

6

Australia's Humanitarian and Emergency Program



6 Australia's Humanitarian and Emergency Program

AUSTRALIA'S RESPONSE TO THE INDIAN OCEAN DISASTER

The Australian Government and the Australian public responded quickly and generously to the Indian Ocean Disaster that had a devastating effect on our region on December 26 2004.

The Australian Government allocated \$68 million in humanitarian relief for the tsunami-affected countries of Indonesia, Sri Lanka, the Seychelles, Thailand, India and the Maldives.

For further information on the breakdown of Australia's relief package, please see the Indian Ocean Disaster Hot Topic on the AusAID website at: www.aisaid.gov.au/hottopics/default.cfm

FIRST QUARTERLY REPORT ON AUSTRALIA'S RESPONSE TO THE INDIAN OCEAN DISASTER

On 1 June 2005, the Minister for Foreign Affairs, Alexander Downer, joined with CEOs of Australian non-government organisations (NGOs) to deliver the first quarterly report on Australia's response to the Indian Ocean Disaster.

The report sets out what Australia achieved in the immediate aftermath of the disaster and how emergency relief funds were allocated for activities in the tsunami-affected countries during this period.

By 15 April 2005, nearly \$47 million of the Australian Government's relief funding had been expended for activities in Indonesia, the Seychelles, Thailand, India and the Maldives. Since then, further activities have been supported across the region and all of the \$68 million was spent or committed by 30 June 2005.

According to the Australian Council for International Development (ACFID) at 15 April the larger NGOs had spent about 25 per cent of their funds.

Subsequent reports will provide further detail on the expenditure of emergency relief funds and also on the delivery of the Australian Government funded \$1 billion Australia-Indonesia Partnership for Reconstruction and Development (AIPRD).

Now that the emergency phase is over and people's immediate needs are being met, preparations are being made for rebuilding.

In Indonesia, the most severely affected country, the focus in this important transition phase is on the restoration of vital community services that will help accelerate the reconstruction process. Key community services include the major provincial hospital and village halls and transport infrastructure, such as port facilities.

THE AUSTRALIA-INDONESIA PARTNERSHIP FOR RECONSTRUCTION AND DEVELOPMENT

In January 2005, Australia and Indonesia agreed to form the Australia-Indonesia Partnership for Reconstruction and Development.

Australia has committed \$1 billion to fund the package over five years. The AIPRD is the single largest aid package in Australia's history.

When combined with Australia's existing bilateral aid program, it brings Australia's total aid commitment to Indonesia to almost \$2 billion over the next five years. This is in addition to the \$33 million that Australia provided for tsunami relief and rehabilitation efforts in Indonesia.

The aim of the AIPRD is to assist Indonesia's broader efforts to raise living standards for its people through sustainable development and economic growth.

As a result, the AIPRD will support projects that help people throughout Indonesia.

A Joint Commission overseen by Prime Minister Howard and President Yudhoyono is responsible for implementing the AIPRD. The Joint Commission also includes foreign and economic ministers from both countries.

Australian, Indonesian and New Zealand firms are eligible to tender for projects funded under the AIPRD.

Joint management arrangements have been agreed, immediate priorities have been set and the tendering and contracting arrangements have been finalised.

Both Governments have clearly committed themselves to the highest standards of accountability and transparency in the management of the AIPRD.

Projects already approved by the Joint Commission include a:

- > \$50 million 'Aceh Rehabilitation Program' to restore essential services and infrastructure to Aceh province, including the renovation of Banda Aceh hospital and rebuilding the health workforce;
- > \$10 million program to help strengthen Indonesia's disaster management and response systems;

- > \$5 million program to help meet the ongoing needs in other areas of Indonesia recently affected by disasters;
- > \$50 million Government Partnerships Fund that is helping improve economic, financial and public sector management standards in Indonesia; and
- > \$62 million commitment for 600 Australian Partnership Scholarships that will enable Indonesian post-graduate students to study in Australia.

Further information on the AIPRD, including frequently asked questions, can be found at www.ausaid.gov.au/hottopics/

MINE ACTION

Landmines and unexploded ordnance (UXO) are serious obstacles to sustainable development in many of the world's poorest countries.

They are cheap and as there is often no record of their location, they are difficult to find. As a result, landmines continue to have tragic effects many years after the military conflict has ended. The majority of victims are civilian, many of them children.

Mines also compound refugee problems, lay waste to large tracts of potentially productive land and interfere with transportation and communication. They deprive villages of basic needs such as water and access to markets to sell their produce.

Mine action is an important part of Australia's overseas aid program and Australia is a leading contributor to international mine clearance, mine awareness and victim assistance programs.

In July 2005, Australia renewed its mine action efforts committing \$75 million for mine action over the next five years. This is in addition to the \$100 million that Australia spent on mine action over the past 10 years.

Australia was one of the original signatories of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction - also known as the Ottawa Convention.

The renewed pledge will enable Australia to broaden its mine action efforts over the next five years to include more advocacy work in countries that are not signatories to the Convention. It will also allow increased support for victim assistance, mine risk education, and the funding of partnerships with Australian and multilateral agencies and the broader community to combat the continuing threat posed by anti-personnel mines and explosive remnants of war.

Since opening for signature in December 1997, 152 countries have signed the Convention, and 144 of these have ratified. Recent ratifications include East Timor, Ethiopia and PNG.

Australia's Special Representative on Mine Action, Parliamentary Secretary for Foreign Affairs, Bruce Billson, will continue playing an important role in increasing landmine awareness and in encouraging non-signatories to sign and ratify the Ottawa Convention.

ACHIEVEMENTS OF AUSTRALIA'S HUMANITARIAN AND EMERGENCY PROGRAM

The Australian Government is committed to helping the world's most vulnerable people, including those affected by disaster and conflict.

In 2005-06 Australia will further boost its humanitarian response capacity, increasing the amount of funding available for humanitarian, emergency and refugee assistance from \$146 million to \$170 million.

Key achievements of Australia's humanitarian program in 2004-05 included:

- > Providing 136,120 metric tonnes (mntns) of food, including high energy biscuits, rice, wheat flour, pulses, Unimix (vitamin enriched blended food), and vegetable oil.
- > Providing emergency assistance to the value of \$68 million to nations affected by the Indian Ocean Tsunami of 26 December 2005.

- > Providing emergency assistance to Pacific island countries, such as the Cook Islands that was battered by four cyclones (Meena, Nancy, Olaf and Percy) in quick succession during a six-week period around February 2005.
- > Providing \$350,000 to the World Health Organization and the Iranian Red Crescent Society to respond to the impact of the earthquake near Zarand City, Iran in mid February 2005.
- > Providing emergency assistance including disaster stores to the Indonesian islands of Nias and Simeulue affected by a strong earthquake in March 2005.
- > Providing emergency assistance to PNG for citizens affected (some displaced) by several volcano eruptions across the country during late 2004 and early 2005.
- > Providing \$1 million to the World Health Organization in March/April 2005 to administer a vaccination program against a polio outbreak in the province of West Java, Indonesia.
- > Providing \$15 million for AusAID's International Refugee Fund to support refugees, internally displaced people and asylum seekers in Afghanistan, Sri Lanka, Indonesia, South-East Asia and the Pacific. The fund provides assistance to protect these vulnerable groups, particularly in the Asia-Pacific region, and also helps reduce the incentive for displaced people to undertake hazardous journeys to other countries within the region.
- > Committing \$40 million since May 2004 to assist in meeting the needs of internally displaced people in the Darfur region of western and southern Sudan. The funds are being used to help protect vulnerable populations in the face of widespread violence and human rights abuse, as well as providing emergency shelter and household items, nutrition services, food assistance, clean water supply and improving sanitation.

7 Attachments

ATTACHMENT A: IMPORTANT PUBLICATION INFORMATION

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This information kit is current as at August 2005.

Please check the AusAID website regularly for new information that can replace outdated sections of your information kit.

Updates will be available at: www.ausaid.gov.au/media/infokit.cfm

Designed by GRi.D, Canberra

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COVER PHOTO:

(main image) A beginning, East Timor.

PHOTO: Julie Buxton, IWDA-AusAID Women's Eye on Peace exhibition award winner

PHOTOS:

Section 1 – (main image) A beginning, East Timor.

PHOTO: Julie Buxton, IWDA-AusAID Women's Eye on Peace exhibition award winner

Section 2 – Secondary school students learn HIV awareness in Phu Cu Province in northern Vietnam.

PHOTO: Alice Pagliano

Section 3 – As the first bridge across the Mekong River, My Thuan Bridge opened up the Mekong Delta, benefiting millions of people, largely farmers by reducing time and access costs to markets. The delta accounts for 40 per cent of agricultural production in Vietnam and contributes about 30 per cent of Vietnam's GDP. The bridge was jointly funded by the Governments of Australia and Vietnam.

PHOTO: Hans Kempf

Section 4 – A peasant planting rice in the rain using a banana leaf as a rain cape, Bali, Indonesia.

PHOTO: Mark Henley/Panos Pictures.

Section 5 – A young Solomon Islander displays her hope for the future. PHOTO: Gary Ramage, Defence

Section 6 – As part of AusAID's emergency response following the tsunami, an aid truck arrives at a camp near Mutur, Sri Lanka. PHOTO: Lorrie Graham, Source AusAID

Section 7 – Minister Downer and Australian Youth Ambassadors for Development. PHOTO: Id Photographics

Section 8 – Pa Heu, a successful forager, with her fattened buffalo. PHOTO: ACIAR

Section 9 – An Indonesian Child enjoys a drink of water on the island of Flores. PHOTO: Will Salter

Section 10 – Rasheedha Rasheedhu and her 1 year old daughter Rhamzine lost their home on Kaafu Atoll South Male, Maldives, due to the Tsunami. They are now living in makeshift tents until they can be relocated at a later stage. Up to 3 families can be living in one tent at a time.

PHOTO: Will Salter