

CHAPTER 5

What the aid program will focus on



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As outlined in Chapter 3, the aid program will focus on four interlinked themes:

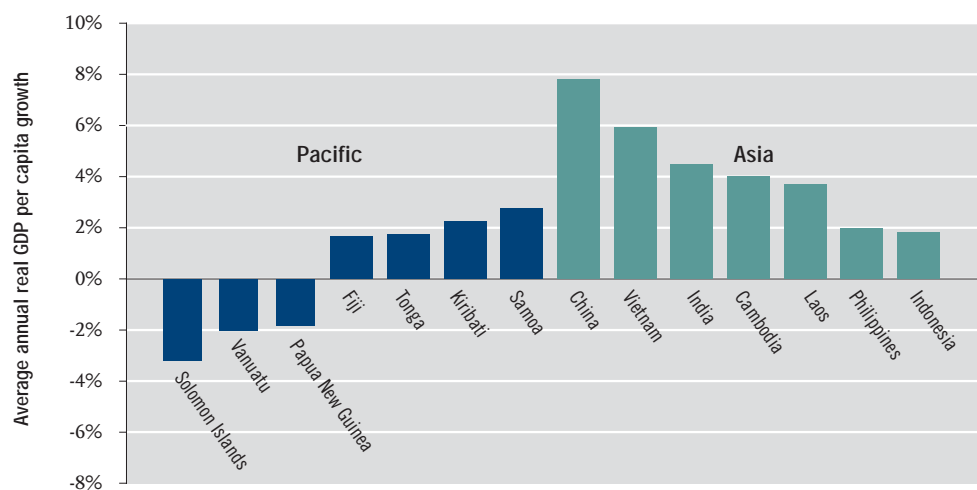
- 1) accelerating economic growth
- 2) fostering functioning and effective states
- 3) investing in people
- 4) promoting regional stability and cooperation.

These themes and major initiatives that will be pursued under each are described in more detail below.

5.1 Accelerating economic growth

The Government believes that generating broadly spread and sustainable economic growth is the single most important objective for Australia's region over the next ten years. Underlying the impressive export-led growth of the Asia-Pacific region are severe disparities between and within countries. These are likely to grow over the medium term if current trends continue.

FIGURE 5 Growth in Asia and the Pacific, 1995 to 2004



Source: World Development Indicators Online; figures based on GDP at constant 2000 US\$.

Many countries in Australia's immediate region, such as Indonesia and the Philippines, need to generate sufficient growth to make inroads into poverty and reinforce the legitimacy of their democratic governments. Indonesia has made impressive efforts in macroeconomic

management since the Asian financial crisis and in committing to address corruption. However, both Indonesia and the Philippines face serious issues regarding competitiveness. This is highlighted in Figure 6, which ranks Malaysia (a country that has ‘graduated’ from Australian aid), Indonesia and the Philippines among 60 countries on the basis of their competitiveness on government and business efficiency and on physical infrastructure. Indonesia and the Philippines compare poorly on all measures, particularly on infrastructure where they rank last and second last respectively. Growth needs to be employment-intensive and also encompass regions that are currently lagging, in order to shore up stability and reduce poverty. To be sustainable, growth needs to confront a number of environmental challenges, such as scarcity of and competition for water resources, climate change, and widespread abuse of and non-compliance with environmental regulations. Australia will support policies and programs to generate increases in aggregate growth and, in special circumstances, target groups and regions that, for whatever reason, are not benefiting from broader growth gains.

FIGURE 6 Competitiveness rankings of Malaysia, Indonesia and Philippines among 60 countries

Malaysia	2001	2002	2003	2004	2005
Economic Performance	27	9	29	25	16
Government Efficiency	18	24	19	14	16
Business Efficiency	25	31	24	18	13
Infrastructure	32	35	31	31	30

Philippines	2001	2002	2003	2004	2005
Economic Performance	33	40	34	43	37
Government Efficiency	34	35	32	38	42
Business Efficiency	31	36	40	48	49
Infrastructure	42	43	47	56	59

Indonesia	2001	2002	2003	2004	2005
Economic Performance	40	37	42	51	55
Government Efficiency	37	47	46	56	54
Business Efficiency	43	44	49	57	58
Infrastructure	46	48	48	59	60

Best	1–15
	16–30
	31–45
Worst	46–60

Source: World Competitiveness Yearbook 2004, International Institute for Management Development and Draft Regional Cooperation Strategy Program, Southeast Asia Region, Asian Development Bank, March 2005

The aid program has an impressive record in supporting growth in the region over the past decade. One study of the economic impact of the Australian aid-funded My Thuan Bridge in Vietnam, completed in 2000, estimated that it led to the creation of around 30,000 new jobs per year in the Mekong Delta, in the tourism, transport and industrial sectors in its first three years. In PNG, Australia’s support has been critical for the Highlands Highway — the economic backbone of the country. The highway is estimated to have an area of influence of 1.9 million people (40 per cent of the country’s population). Approximately 69 per cent (by value) of all PNG imports are handled through the port of Lae and transported to the highlands region via the Highlands Highway, which also enables the delivery of essential services such as health, education, and law and order.

More can be done to promote the drivers of growth, such as infrastructure, skilled workforces and rural development, as well as to promote the environment for growth as part of the governance agenda.

Growth has to be driven by the private sector. Governments need to address the binding constraints to private sector development, such as infrastructure bottlenecks and thin credit markets. Developing countries, and especially fragile states, cannot rely on governance reforms alone to drive growth. Reforms take a long time to deliver, and many of Australia's neighbours need to generate growth much sooner to provide employment for growing populations and to underpin stability. However, growth can be a powerful additional force for improved governance.

Under the theme of accelerating economic growth, the aid program will focus on a number of key approaches and initiatives. These fall under the categories of improving the policy environment for growth, promoting trade, supporting drivers of growth and addressing environmental challenges to sustained growth.

i) Improving the policy environment for growth

Australia has invested significant resources over the past decade to help developing countries improve the policy and regulatory environment for growth. The aid program will continue to promote environments conducive to private sector development, including by promoting competition and cutting red tape. In Vietnam, Australia supported the implementation of a new enterprise law. Since the law took effect in 2000, 80,000 new private enterprises have been created and over one million new jobs generated.

Few countries in the region, especially in the Pacific, have clear, costed strategies for improving their economic growth. Accordingly, in collaboration with other donors, Australia will assist countries to develop meaningful, costed, growth strategies. Further, Australia will undertake analysis to understand better the binding constraints to growth in order to focus efforts most effectively.

Strengthening property rights is fundamental to improving development prospects. In Asia, AusAID has had considerable success in this area through land titling programs, but has had less success in the Pacific, where the problem is more pressing and more controversial because of widespread customary land ownership. There is, however, an emerging consensus that a 'middle way' has to be found that essentially combines customary ownership with long-term leases that unlock the commercial value of land. Accordingly, a demand-driven Pacific Land Mobilisation Program will be implemented as an important growth initiative. Box 1 summarises the new program.

Initiative Box 1: Pacific Land Mobilisation Program

The issue of land tenure in the Pacific, although controversial, cannot be avoided if sustained growth is to be achieved. However, any changes to land tenure will have to come from within the Pacific, and such changes will take considerable time. The Pacific Land Mobilisation Program has two objectives: to survey and disseminate innovative land mobilisation practices in the Pacific; and, where there is clear demand for it, to resource innovations and improvements in land tenure arrangements. The program will be implemented in two phases, the first phase commencing in mid-2006.

Survey and dissemination: The first step will be preparing a report documenting both the innovative practices and problems in land tenure in the Pacific and PNG. AusAID will solicit participation from regional and international agencies such as the Pacific Islands Forum, ADB and the World Bank to co-sponsor this report. Various case studies in problems and innovations in land tenure will be undertaken, forming a report for showcase and dissemination.

Resourcing innovations and improvements in land tenure arrangements: Based on the results of the first phase, AusAID will, where requested, support specific initiatives within the framework of customary ownership designed to strengthen land tenure arrangements. There are many examples of successful use of such leases that may be replicable; the aid program will provide assistance for such replication.

ii) Promoting trade

Growth is associated with greater openness to trade and investment. Australia will continue to pursue greater multilateral trade liberalisation rigorously, particularly in agriculture — an area of immense importance to developing countries. Australia will continue to provide global leadership through having one of the lowest levels of agricultural protection in the world and in granting quota- and tariff-free access to all goods from LDCs and East Timor. In line with this leadership role, Australia will build on current programs and provide further support to its regional partners in three main areas:

- *beyond the border*, by providing trade policy and analysis training
- *at the border*, by enhancing trade facilitation through improving the efficiency of areas such as customs and quarantine services while also maintaining the integrity of national borders
- *behind the border*, by focusing on policies that promote growth and overcome bottlenecks to trade, such as inadequate infrastructure (see Box 2, Infrastructure for Growth Initiative).

iii) Supporting the drivers of growth

To complement work on improving the policy environment for growth, Australia will support the drivers of growth in three key areas: infrastructure; workforce development; and rural and business development.

- a) **Infrastructure** is critical for supporting stable development, economic growth and poverty reduction, including in areas of partner countries where unemployment is high and where development indicators are lagging (such as the southern Philippines, eastern Indonesia and the Pacific). Poor infrastructure is perhaps the most binding constraint to growth throughout the Asia-Pacific region. In Asia, rapid population growth and urbanisation threaten to exacerbate infrastructure bottlenecks. In the Pacific, emphasis is needed on equitable access to social infrastructure in remote, rural environments where 80 per cent of the population live mostly without electricity and roads. Infrastructure investment can lift economic growth and support social objectives. Infrastructure has been a declining sector for the aid program

over many years, but the recent post-tsunami AIPRD engagement in Indonesia marks a turning point: infrastructure will be a major focus for Australian aid in the coming decade. For many countries where the binding constraint to infrastructure development is a poor investment environment, Australia's wealth of expertise can be brought to bear to help get the policies right, reduce corruption (a major problem in infrastructure investments) and encourage public-private partnerships. Australia can also play a targeted role in financing projects that offer significant development impacts. In 2007, the Government will launch the Infrastructure for Growth Initiative (see Box 2). Support will also be provided to the Public-Private Infrastructure Advisory Facility (PPIAF), a multi-donor technical assistance facility managed by the World Bank. The PPIAF assists developing countries to improve their infrastructure through private sector involvement. Australia's experience can be channelled through the PPIAF.

Initiative Box 2: Infrastructure for Growth Initiative

An estimated \$270 billion is required each year over the next five years to overcome critical infrastructure bottlenecks to growth in the Asia-Pacific region. Indonesia and the Philippines, for example, face major infrastructure constraints to growth, including in their lagging regions. This is a significant development problem. The provision of assets such as roads, telecommunications and power improve market access and make trade easier; enable water, education and health services to be delivered; and provide the basis for rural and industrial development. Infrastructure development is thus critical for reducing poverty and making progress towards the MDGs.

Australia already supports key infrastructure-related programs. Under the AIPRD, Australia will be supporting a major national roads program, junior secondary school building construction and rural infrastructure. In addition to supporting the maintenance of key economic roads, including the Highlands Highway, AusAID is helping PNG improve its processes for the planning and delivery of transport infrastructure. In the Greater Mekong, Australia is looking to support infrastructure programs that promote regional integration.

The Government will do more to help its regional partners address their pressing infrastructure needs through a major **Infrastructure for Growth Initiative**. To maximise impact and leverage, the initiative will include a partnership with the World Bank and ADB, and seek to operate alongside or as part of multilateral-financed interventions in the Asia-Pacific region.

The overall objective of the **Infrastructure for Growth Initiative** is to support increased economic growth in Asia and the Pacific. The infrastructure challenges faced by countries in the region require more funding and better policies. The initiative will help address both requirements by helping partner governments:

- improve their infrastructure policies by providing Australian and international expertise in areas such as public-private partnerships; regulatory reform; improved governance and anti-corruption; management and maintenance regimes; regional integration; and environmental and gender impacts
- finance high-priority infrastructure projects through the multilateral development banks and, in some cases, bilaterally for projects that have strong economic and social benefits and where national government, private and development bank finance is not available.

Typical projects will include rural electrification, rural roads, schools and health buildings, and the extension of water distribution systems to smaller towns and rural areas. Australian financing will be made conditional on key priorities such as anti-corruption being advanced. Support will promote environmentally friendly infrastructure, such as clean energy, and mitigate the possible adverse health impacts of better infrastructure (for example, HIV/AIDS transmission).

Reflecting the importance of this initiative, Australia will allocate significant resources from 2007 to meet infrastructure priorities in the region.

- b) Building **skilled workforces** in PNG and the Pacific to meet domestic needs and to access international labour markets is another important new direction for the aid program. This will be achieved by assisting skills and trades training at the post-secondary and vocational level. Central to this is the Prime Minister's announcement of the establishment of an Australia-Pacific Technical College, summarised in Box 3.

Initiative Box 3: Australia-Pacific Technical College

The Prime Minister announced the Government's support for the establishment of an Australia-Pacific Technical College at the Pacific Islands Forum in October 2005.

The college concept is aimed at increasing the number of skilled Pacific island graduates as well as the quality of their training to meet Australian standards of vocational and technical education. If this is done well, in the right sectors, Pacific island economies will benefit from a larger, better skilled workforce to support economic growth, and graduates will benefit from improved employment opportunities at home and in an increasingly international labour market.

Currently, workplace competencies in the Pacific often fall short of industry requirements. Consistent with modern trends in vocational and technical education in which Australia is a world leader, innovative and flexible approaches will be adopted that target specific courses and occupations and ensure close links with industry. The college will build partnerships with Australian and Pacific industry associations, firms, private providers and education institutions to deliver Australian-standard training in a range of locations and formats across the region. Training to develop 'work-ready graduates' will be targeted at in-demand occupations where there are large identified employment needs and where Australian standard qualifications will greatly improve employment prospects and contribute to economic growth.

The college will focus initially on occupations in the automotive, electrical, health and community services, manufacturing, hospitality and tourism, and construction fields. Opportunities will be provided for both men and women, consistent with this White Paper's core principle of gender equality. A detailed design of the college will be completed before the next Pacific Islands Forum meeting in late 2006.

- c) Supporting private sector-led **rural development**. Currently, the aid program allocates more than \$217 million to rural development programs each year. Adapting and building upon those existing efforts to support rural development and agricultural productivity will increase incomes, stimulate development of the non-farm economy and generate employment opportunities in rural areas where the majority of the poor live. Priorities are set out in Box 4.

Initiative Box 4: Rural and Business Development

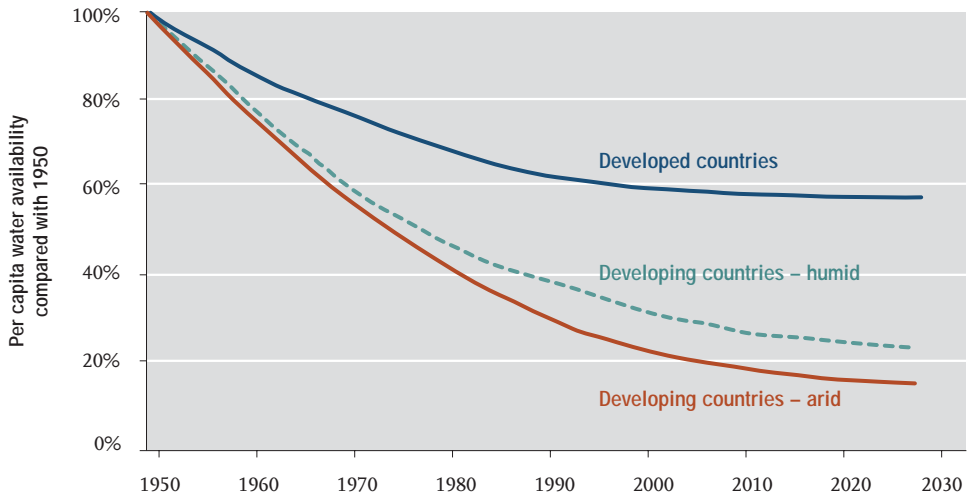
Australia will work with governments to promote an enabling policy and institutional environment for rural development, private investment and business development. A central feature of the assistance will be partnerships with the private sector as core collaborators and implementers. Key activities will include:

- **Agricultural research and development.** Advances in agricultural technology offer great potential to increase farm productivity. Through the Australian Centre for International Agricultural Research, Australia is already providing leadership and fostering important regional collaboration.
- **Community-driven, small-scale rural infrastructure.** Infrastructure support at the village level is needed to provide market access and generate employment.
- **Safeguards for the rural sector.** Activities will include the development of plans, veterinary infrastructure and skilled staff to build capacity for early detection and control of and response to livestock and crop diseases. Of particular concern are those livestock diseases that can be transmitted from animals to humans.
- **Establishment of a pilot Asia-Pacific small and medium enterprise development program.** A vigorous small-to-medium enterprise sector is a vital component of sustainable growth and development. The participation of women in this sector has been shown to achieve better repayment rates and social benefits, including increased household income and investment of profits in children's education and health care. The new program will initially be run on a pilot basis. Australia is well positioned to assist with agribusiness development and management, improvements to policy and regulatory frameworks, strengthening rural and agricultural financial systems, processing and production technologies, marketing and trade development, quarantine, sanitary standards and quality control. Support will be considered for private sector-led enterprise development activities in Pacific island countries that have the potential for delivering strong returns.

iv) Addressing environmental challenges to sustained growth

The countries of the Asia-Pacific region face major environmental challenges that will intensify in the coming years. The priority for Australia, as a bilateral donor with limited resources, is to determine which regional environmental challenges it should focus on. The list is daunting, from industrial, urban, mining and air pollution in Asia, to pollution of freshwater sources and inshore fisheries, degradation of coral reefs, loss of forests and severe weather events in the Pacific. Water shortages are already evident in many Asia-Pacific countries. As indicated in Figure 7, water availability per capita has declined dramatically in developing countries since 1950 and will continue to do so.

FIGURE 7 Water availability, 1950 to 2030



Source: Bridging Troubled Waters: Assessing the World Bank Water Resource Strategy, World Bank, 2002

AusAID has made some useful contributions to addressing some of these problems in individual countries. The 2003 launch of the aid program's water policy, *Making Every Drop Count*, lent greater impetus to meeting the challenge of access to clean water and more efficient water usage. AusAID's *Environmental Management Guide* provides a comprehensive framework to ensure that programs meet the Government's requirements according to the *Environment Protection and Biodiversity Conservation Act 1999*.

Australia needs to go further than simply including environmental considerations in activity designs. Accordingly, in 2006 AusAID will prepare an environmental strategy for the aid program. Funding for environmental programs in 2005–06 is an estimated \$123 million on activities that directly address environmental issues in developing countries, as well as \$182 million on activities that can be identified as having indirect environmental benefits. As the new strategy is implemented from 2007, this level of funding will increase significantly.

To achieve the greatest impact and effectiveness, the Government believes it must be selective in what it chooses to do. The environmental strategy will therefore be limited to three themes, each covering an area in which Australia can contribute significant knowledge and expertise:

- Climate change and adaptation.** As well as focusing on adaptation programs and investments, particularly in the Pacific, this theme will include clean energy initiatives in support of the Asia–Pacific Partnership on Clean Development and Climate (AP6). Clean energy is a priority for the Government, and Australian aid will have a potentially important role in this dynamic regional partnership. AP6 is already gaining strong momentum, witnessed most recently in Sydney at the January 2006 ministerial meetings on clean development and climate.

- **Water.** The aid program will continue to focus on the management of freshwater resources for human consumption and more efficient water usage. The new strategy will help prioritise those countries where Australia can provide the greatest added value. A focus on the Mekong, the Philippines and the Pacific may see far greater impact than an emphasis on India, China and Indonesia, where many other donors are already making significant commitments.
- **Implementing/strengthening environmental regulatory regimes.** Many countries in the region have laws and regulations that are capable of preventing the worst environmental hazards, such as pollution, deforestation or dumping of waste. The problem lies in enforcement and implementation, which in some countries is, at best, totally inadequate and is often caught up in high levels of corruption (for example, logging in a number of Southeast Asian and Pacific countries). Australia is a leader in the development and application of regulatory reform, particularly on environmental issues. This wealth of experience will be brought to bear in supporting regional partners through the aid program. Elements of Australia's support will also be linked to the regional anti-corruption initiative outlined in Box 15.

5.2 Fostering functioning and effective states

The effective functioning of a state's institutions is central to development. Governments provide the environment for private sector development and hence growth and employment generation. They develop laws and maintain order and stability, provide for the protection and advancement of human rights, and ensure the sustainable use of resources. They generate revenue, deliver education and health services, and redistribute income.

Weak capacity and corruption have seen some of the region's governments perform poorly, with negative impacts on poverty and stability. At the other end of the spectrum, otherwise well-performing countries are grappling with new challenges faced by modern nation-states: potential pandemics, international trade regimes, microeconomic reform, economic integration and environmental protection.

Australia has long recognised the importance of policies and institutions and has invested significant resources over the past decade to improve governance in the region. AusAID's governance approach has five main areas: enhancing economic management; strengthening the rule of law; promoting public sector reform; strengthening democratic institutions and processes; and strengthening civil society. Working on governance issues is a long-term commitment, but the economic and social benefits that improved governance can bring are enormous. Australia has also provided strong leadership among the donor community in nation building in the region. This includes the use of sporting and cultural programs to build a sense of nationhood, an endeavour that will continue.

Australia will build upon this investment which, increasingly, has included the successful participation of a wider range of players in the delivery of assistance, including other Australian government agencies. Many of these are well placed to provide expertise and resources to partner governments. There are also significant benefits from improved long-term institutional links between Australian government institutions and their developing country counterparts.

In Solomon Islands, RAMSI involves the Australian Federal Police, the Treasury and the departments of Foreign Affairs and Trade, Finance and Defence, among others. It represents a more hands-on, proactive approach to tackling the multifaceted challenges of governance.

The ECP in PNG involves more than ten government agencies. Helping to build the capacity of their counterpart agencies in the region is now a part of many Australian institutions' core functions and will continue to be so. While AusAID is the primary agency responsible for the management and delivery of Australia's aid program, other government departments will remain strong and active contributors.

Australia will continue to focus on its traditional areas of governance support and will undertake a number of new strategies and initiatives, outlined below.

i) Strengthening political governance

In parts of Australia's immediate region, the exercise of political power is, at times, based on a very narrow set of incentives rather than a broad conception of national interest. Since political and social change is a long-term process, measured over decades rather than years, it can only come from within and requires broad and sustained leadership. Australia will assist PNG and countries in the Pacific to strengthen their political leadership and decision making. This will involve an approach across the Australian Government. The aid program will reinforce and complement Australian diplomatic efforts to improve political performance. Programs to strengthen accountability institutions, such as those for ombudsman offices and auditors-general, will continue. Box 5 outlines some of these approaches.

Initiative Box 5: Building Stronger Leadership

Australia will help develop the current leadership cadre in the Pacific, focus on the next generation of regional leaders and build the demand from within countries for improved government performance.

The **Pacific Leadership Program** will target current and emerging leaders in the region to develop leadership skills. This will include leadership in the academic, social and scientific communities and business, as well as political and bureaucratic fields. The growing engagement of parliamentarians and political parties in Australia with their counterparts in the region will continue, for example through programs run by the Centre for Democratic Institutions. A particular focus will be given to strengthening the regional network of female parliamentarians and leaders. As well as targeting current leaders, the initiative will involve a more systematic process to identify and support future leaders through scholarships. It will also involve building the capacity to provide leadership programs in Australian and other institutions. This approach will provide opportunities for groups from different countries to study together to create intra-regional links and networks of mutual support. Increased support will be provided for leadership initiatives targeted to youth, women and communities. The intention is to draw candidates from across all facets of society, and to provide longer term support for future leaders through increased support for leadership development and civics education in secondary schools.

Insufficient domestic demand for better performance or reform is one of the most important obstacles to institutional development in poor countries. The **Building Demand for Better Governance program** will support strategic partnerships to help augment domestic demand for reform and accountability in the Asia-Pacific region. Australia's aid program has already supported interesting innovations through media, civil society and civic education programs (for example, support for the PNG Church Partnership Program and 'War Against Corruption' campaigns, support for national human rights institutions, and partnerships with Transparency International). Such support will be expanded through direct support to the relevant organisations in partner countries and through partner Australian organisations (from development NGOs through to business councils and universities). A particular focus will be on supporting women's groups and building capacity in developing countries for independent analysis of government policy.

Australia will also deepen its understanding of political governance through **research** on issues such as voter behaviour and ways to align incentives with national development goals (see Box 16).

ii) Incentives for good performance

Experience shows that aid works well when policy and institutional conditions are good. While donors reaffirm the need for current efforts to continue, particularly in fragile states, there is a growing trend among donors to link funds to performance.

Providing incentives for and rewarding improved performance is a cornerstone of this White Paper. This will be taken forward through a new performance initiative, which will be launched as part of the 2007–08 budget (see Box 6).

Initiative Box 6: Performance Incentives

Improved governance and aid effectiveness are a *sine qua non* for countries in the region benefiting from increases in Australian aid. Australia will provide significant incentives for good performance by allocating additional resources to countries that meet agreed performance criteria. Australia will allocate up to 10 per cent of the aid program over time on the basis of performance.

Performance criteria will:

- be developed as part of country strategy performance frameworks agreed with respective partner governments
- comprise a mix of quantitative and qualitative indicators, such as independent corruption ratings; government budget allocations for core services necessary to reduce poverty, such as health, education, and law and order; improvements in business regulation; progress in implementation of economic and public sector reforms; and, in the Pacific, commitments to sensible regional governance arrangements
- be different in each country and be based on improvements relative to each country's particular situation in order to maximise impact.

The initiative will be rolled out on a pilot basis, with a number of countries, including PNG and the Philippines, to be the first ones eligible for funding in 2008, with other countries following by 2010. The application of additional aid funding made available through the performance initiative will be determined through the jointly agreed country strategy process. Such funding will be used for additional program support in sectors of importance to the respective country (for example, to promote infrastructure or health and education) and will be aligned with existing country budgets.

iii) More selective and effective use of technical assistance

Technical assistance, or the placement of mainly foreign advisers to work with partner governments, has long been a central element of donor aid programs. The transfer of ideas and expertise to improve service delivery, manage budgets and more generally strengthen government capacity will continue to be a fundamental part of Australia's aid program. For example, a key aspect of Australia's increased support for infrastructure will be the provision of advice on such matters as infrastructure regulation and financing. Similarly, technical assistance will play an important part in strengthening the region's ability to prepare for and respond to outbreaks of emerging infectious diseases.

Donor experience shows, however, that heavy reliance on foreign technical assistance to pursue governance reforms and build capacity has had some success, but not to the extent desired. Some of this has to do with the short-term nature and external sourcing of technical assistance. The Government has sought to overcome these shortcomings by placing Australian government officials in technical assistance roles, thereby providing a longer term institutional partnership. The Government will build on this approach.

Other changes will enhance the way in which technical assistance is provided. The objectives of technical assistance will be made much more explicit, including whether it is to build or to provide capacity. Technical assistance will be provided primarily where there is a clear demand

and an opportunity to make progress in key reform areas. Accountability of technical advisers to their counterpart governments will be enhanced and there will be a shift in focus towards implementation and monitoring rather than planning. In non-reform environments, technical assistance will still play a role in building relationships and maintaining a dialogue with key partner agencies, but its extent will be carefully calibrated.

iv) Improving emergency response capacities

Recent years have seen growing calls for emergency and humanitarian assistance and increased pressure on the aid program to respond both to human-made and to natural disasters in the Asia-Pacific region and beyond. Australia is a leader in this field. Australia's timely and successful contributions to East Timor, the Pakistan and Bam earthquake relief efforts, and to countries struck by the Indian Ocean tsunami have seen increased expectations of Australia. AusAID's 2001 Peace, Conflict and Development Policy is recognised as among international best practice. The Government's commitment of \$175 million since 1996 to address the scourge of landmines and its leadership in the global mine action arena also demonstrate the depth and breadth of Australia's humanitarian engagement.

Given its resources, capacity and location, Australia is now looked upon not only to provide financial resources, but also the necessary assets to respond to emergencies in the region. Australia will develop a greater humanitarian and emergency response capacity to meet this expectation by providing additional stand-by mechanisms and by facilitating the twinning of national and state response capabilities in times of crisis, effectively drawing on the breadth of Australian expertise. Efforts to build the capacity of developing countries themselves to prevent, respond to and manage emergencies will continue (see Box 7).

Humanitarian action and development activities will be more closely integrated to ensure that humanitarian and emergency responses are coordinated and do not undermine longer term development plans. The links between development and humanitarian action are clear. The effects of disasters and crises reduce prospects for growth and erode hard-won development gains. Where capacity to deliver services is low or insecurity prevails, vulnerability to hazards and conflict increases and poverty is exacerbated.

Initiative Box 7: Enhanced Emergency Response Capacity

Australia will enhance its capacity to respond to unexpected crises. The aid program will strengthen regional governments' and their communities' resilience to crises and their response capacity. The 2003 Council of Australian Government report *Natural Disasters in Australia: Reforming mitigation, relief and recovery arrangements* calls for a holistic approach to Australian response efforts. Such an approach is also necessary for responding to disasters in the region. Building the emergency response capacity of the aid program also contributes to Australian Government initiatives to create a National Emergency Protocol to coordinate Australia's response to domestic and regional events.

The proposal involves a number of activities that provide much needed capacity to respond to unforeseen circumstances and events, such as large-scale natural disasters, in the Asia-Pacific region. These include:

- additional stores of relief and humanitarian items in Australia, the Pacific and Southeast Asia
- development of stand-by operations agreements with commercial entities, relevant United Nations and international agencies, and selected professional non-government organisations
- building of human and material response capacity for rapid humanitarian deployment assessment, response coordination, and specific sector teams (medical/surgical, engineering/construction, etc)
- refining and exercising interoperability protocols and procedures in humanitarian action (for example, through improved communications technology and systems) between the Australian Federal Police, the Australian Defence Force, the Department of Health and Ageing, Emergency Management Australia and AusAID
- applying Australian science, engineering and innovation to prepare for and mitigate disasters.

Enhancing Australia's civilian emergency response capacity is an important priority and some activities will be implemented with immediate effect.

v) Integrated approach to law and justice

The Government has placed considerable emphasis in recent years on strengthening law and justice institutions and systems in a number of countries in the region, particularly in the Pacific. This is fundamental to the aid program theme of promoting functioning states. While RAMSI has perhaps the highest profile, significant investments have been made in PNG, Vanuatu, Fiji and East Timor, as well as Indonesia and the Philippines. RAMSI provides a framework for assistance in policing, corrections and all aspects of the criminal justice system, as well as in the key accountability institutions that help counter corruption.

The key lesson from Solomon Islands and from Australia's other experiences is that it is not effective to look at one aspect of the law and justice sector in isolation. A focus on law and order will have marginal impact without parallel improvements in the prosecutions, courts and corrections systems. The integration of the work of AusAID, Australian Federal Police (AFP) and the Attorney-General's Department has been central to securing real improvements in law and justice systems. This will continue and will be expanded further. The AFP will broaden its regional role in law and order beyond enforcement activities to longer-term institutional capacity building.

While this White Paper outlines a new initiative to support anti-corruption measures in the region (page 61), it is the Government's intention that Australian aid policy in the law and justice sector go beyond simply combating corruption. AusAID, the AFP and other agencies spent \$138 million in 2004–05 on integrated law and justice support. This expenditure will increase in future years.

5.3 Investing in people

The Government believes that all people should have the opportunity, through access to health and education services, to develop their full potential to participate in the economy and find employment and income generating opportunities. A healthy and educated workforce is more productive and enables an economy to be competitive, thereby increasing aggregate growth. Literate and numerate mothers experience lower infant mortality, have fewer children, and raise healthier and better educated children who become more involved in democratic processes. An informed citizenry is more likely to hold accountable those in political and bureaucratic power. Access to services forms an important part of establishing the legitimacy of state institutions.

Within Australia's immediate region there are a number of areas — such as women's and children's health, domestic violence, HIV/AIDS, malaria and education quality — in which progress is either slow or negative and the need for action is particularly compelling.

The Government will significantly increase its investments in people in developing countries by strengthening national health systems, tackling major diseases (HIV/AIDS, malaria and potential pandemics), strengthening national education systems, and supporting higher education through scholarships and linkages.

i) Strengthening national health systems

In the Asia-Pacific region, as elsewhere, health systems that are crippled by inadequate financial and human resources cannot respond effectively to health concerns that not only have a great human cost, but also reduce the productivity of the country's workforce and undermine national development. Such systems cannot address the unmet needs of women or secure the health of the next generation by preventing and treating childhood illnesses. They are even less well equipped to deal with emerging new health crises, such as deadly pandemics or new diseases.

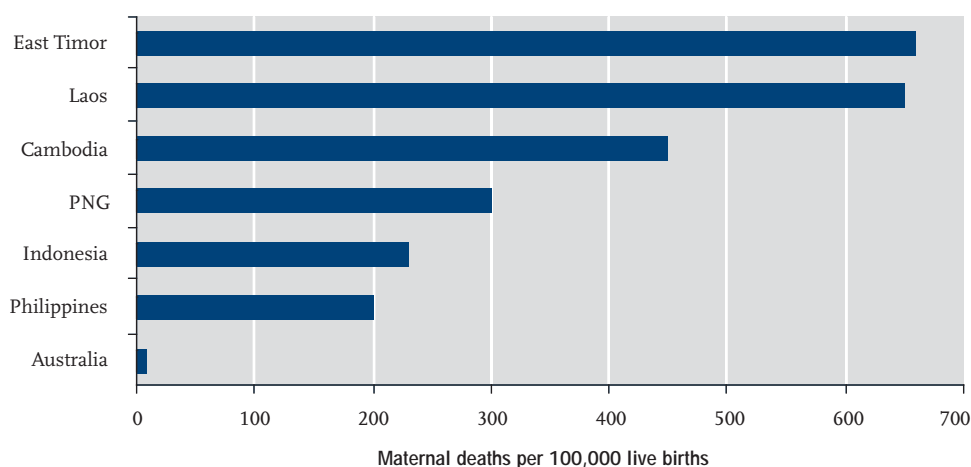
In countries with limited resources, the expectations of the government health sector are often totally incompatible with the funds available. Coupled with poor management, this produces struggling, inefficient systems unable to provide adequate health care. Actual health care costs are paid mostly as private out-of-pocket expenditures, which can be devastating for the poor. Each year, more than 150 million individuals in 44 million households worldwide face financial crisis as a direct result of having to pay for health care. Donor funds can prop up these dysfunctional systems without addressing the root problems. Moreover, donor investments targeted at specific diseases like TB or malaria are often undermined by general system failure.

Effective health systems must be able to detect and respond to disease outbreaks; reduce morbidity and mortality from endemic infectious diseases such as tuberculosis and HIV/AIDS; improve the health of the most vulnerable, especially in order to reduce maternal and child mortality; and address other health problems that cause the greatest burden, which will differ from country to country.

Work with developing countries in the region to improve health must strike a balance between addressing major and immediate health concerns and strengthening health system fundamentals over time. The fact that people are dying now means that there are particularly strong drivers for immediate action. Some health care can be delivered by working around weak health systems. For example, children can be fully immunised against common diseases through only six contacts; life-saving vitamin A or de-worming tablets can be distributed once every six months.

To combat the major killers of women and children, however, ready access to basic care backed up by hospital services is needed 365 days of the year. A child with severe pneumonia or diarrhoea may die within a few days if not treated. A woman with a haemorrhage after childbirth may bleed to death in a matter of hours. In nine countries of the Asia-Pacific region, more than half of all childbirths occur without the presence of a trained health worker. In 14 of the region's countries, a woman's chance of dying though pregnancy or childbirth is more than 20 times greater than in Australia, and in six countries it is more than 50 times greater (see Figure 8). Yet three-quarters of maternal deaths could be averted by the full use of proven, cost-effective interventions. Persistently high maternal and child mortality rates, for example as seen in PNG, Cambodia, Laos and East Timor, are a reflection of poor basic services and general system failings.

FIGURE 8 Maternal mortality rates in the Asia-Pacific region



Source: UN Millennium Indicators Database (2000)

Many countries are also unable to train, deploy, manage and retain the right mix of health professionals. Well-trained health professionals are critical for effective health systems, but health workforces are in crisis in many countries. There are inadequate numbers (especially in rural areas, where most poor people live), the wrong mix of skills, high absence rates and low morale due to poor salaries and working conditions. Such staffing inadequacies cost lives.

More needs to be done to strengthen national health systems. Australia has a good platform on which to build, with support estimated for health programs totalling \$280 million in 2005-06. This includes a comprehensive health sector program in PNG and one being planned for East Timor, maternal and child health programs in Indonesia and the Mekong region (an AusAID-funded primary health care project in Laos dramatically reduced the maternal mortality ratio between 1998 and 2003). In mid-2006, AusAID will produce a new health policy to guide the application of additional funding. Box 8 provides more details.

Initiative Box 8: Delivering Better Health

Australia will significantly increase its support to help improve the health and wellbeing of people in the Asia-Pacific region, particularly the most vulnerable. Support will focus three core elements:

1. Addressing the needs of women and children by:

- focusing on maternal health, sexual and reproductive health, access to safe and effective contraception based on informed choice, nutrition and education for girls, and programs to combat gender-based violence
- supporting programs such as improved sanitation that deal with the specific threats that kill young children (diarrhoea, pneumonia and, in some cases, measles and malaria) and help health workers and families to raise children in a healthy way.

Australia will support programs that use those measures proven to have the greatest impact, including improving nutrition, tetanus immunisations for pregnant women, clean childbirth facilities, breastfeeding programs, and antibiotics for infections.

2. Strengthening health systems by:

- focusing on critical health policy issues, including sustainable health financing, health sector reform and health information systems
- assisting with immediate and long-term workforce development needs that take into account the mobility of health professionals in the region (see also Box 3, Australia-Pacific Technical College)
- strengthening health infrastructure and maintenance, and enhancing the transparency and accountability of health procurement systems (see also Box 15, Anti-Corruption for Development)

3. Targeting country-specific health priorities by providing assistance to tackle diseases that have the highest current or projected burden and are not already being addressed. This may include enhancing health promotion in areas such as tobacco control, diet and physical exercise, utilising Australia's strong experience, adapted to local contexts.

In implementing this strategy, Australia will draw on expertise in government, universities and the private sector.

Efforts to strengthen health systems will enable countries to make better use of funds from global health programs such as the Global Fund to fight AIDS, Tuberculosis and Malaria and cope with a changing pattern of health problems and unexpected health threats, such as emerging infectious diseases.

It is expected that current levels of support to health may double by 2010.

ii) Tackling major diseases

Some diseases are of such enormous significance for particular countries that more focused responses are needed.

- a) **HIV/AIDS:** Australia has taken a strong leadership role in the region through the Government's unprecedented commitment to HIV programs in Asia and the Pacific (see Box 9). Work on meeting this commitment is progressing well. Prevention efforts will be scaled up in tandem with expanded access to treatment. While Australia has already committed additional resources, a key priority will be to strengthen the region's capacity to use potential grant funding from the Global Fund to fight AIDS, Tuberculosis and Malaria.

Initiative Box 9: HIV/AIDS — Leadership in the Region

In 2004, the Government launched Australia's international HIV/AIDS strategy, *Meeting the Challenge*. This was accompanied by an increased commitment of \$600 million by 2010 to tackle HIV/AIDS, with a focus on building regional leadership, education and prevention programs, and treatment and care.

The Government will strengthen its leadership role by building on its record of success, such as the launch of the Asia-Pacific Ministerial Meeting on HIV/AIDS in 2001 and the establishment of the Asia-Pacific Leadership Forum. Leadership commitment to combating HIV/AIDS is still lacking in a number of partner countries, and fostering such commitment will continue to be a core priority for the aid program. Australia's approach will also include:

- An emergency and much larger response to the disease in PNG. Efforts to address the gender factors underlying HIV/AIDS, including domestic violence, will be integrated into AIDS strategies and interventions.
- Taking a leadership role to coordinate efforts to expand access to HIV/AIDS treatment, particularly in PNG and the Pacific islands, in line with the goal set at the 2005 UN World Summit to provide as close as possible to universal access to HIV treatment by 2010. As part of this agenda, the Australian Government is providing \$25 million, complemented by funding from the Clinton Foundation, to scale up treatment and care for people living with HIV/AIDS, initially in PNG, Vietnam and China.
- Strengthening partnerships with key Asian countries to promote prevention and treatment of HIV transmitted through intravenous drug use.
- Promoting leadership beyond government. In February 2006, the Minister for Foreign Affairs launched the Asia-Pacific Business Coalition on HIV/AIDS, an initiative by AusAID in partnership with the Lowy Institute and the Australian private sector, to mobilise the business community to help in the fight against HIV/AIDS.
- Strengthening capacity building and research linkages between Australian HIV/AIDS organisations and their counterparts in the region, in order to provide greater impetus to Australia's response.

- b) **Malaria:** Malaria is a major health concern in the region. Solomon Islands has the world's highest incidence of malaria, which is also the second biggest killer in PNG. The burden of disease falls most heavily on young people. Malaria causes enormous human suffering, retards economic and social development, and places severe strain on weak and under-resourced health systems. Left unchecked, malaria could seriously undermine development in the region. With new technologies, a global donor campaign against malaria, and a much-increased aid program to Solomon Islands, Australia will commit to tackle malaria in Solomon Islands, Vanuatu and eventually the entire Pacific, in concert with other agencies and regional governments. See Box 10 for details of this initiative.

Initiative Box 10: Tackling Malaria in the Pacific

Tackling malaria in the Pacific is a priority development concern. It requires further support for front-line health systems in those countries most affected by disease. In the Pacific, the effectiveness of existing multilateral investments is being hindered by a lack of domestic implementing capacity.

A long-term regional initiative will be undertaken with an initial focus on Solomon Islands and Vanuatu. Priorities for Australian assistance will include:

- strengthening capacity of national health institutions in disease surveillance and control, commodity procurement and basic service delivery
- investments in affordable and proven measures, such as insecticide-treated bed-nets and drug treatments.

Providing technical support to ensure that funding from the Global Fund to fight AIDS, Tuberculosis and Malaria has maximum impact will be an important part of Australia's response. A new malaria research program, drawing on Australia's substantial institutional expertise in tropical health, will complement project activities. The program of assistance will be flexibly structured to enable an emergency response to malaria outbreaks. Later, targeted assistance can be extended to other countries in the region, such as East Timor, which have a high malaria disease burden.

- c) **Pandemics:** If, or when, a pandemic of a new or re-emerging disease breaks out, the economic impact in the region may be devastating, and the demand for humanitarian and development assistance overwhelming. As a priority, Australia is implementing the \$100 million commitment announced by the Prime Minister at APEC in November 2005 to scale up assistance for surveillance, quarantine, and outbreak and infection control of avian influenza in the Asia-Pacific region. Australia will pursue a continuing strong partnership with the World Health Organization and other relevant international organisations, and will assist small developing countries to participate in regional responses to health threats.

iii) Strengthening national education systems

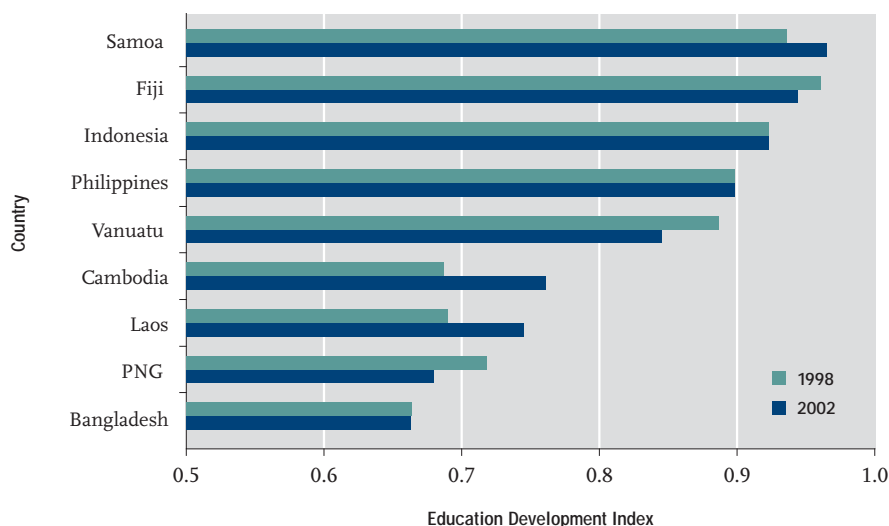
Education has a central function in reducing poverty. As well as providing the foundations for economic growth, education also provides important benefits in health, in population, in stability and security, and in fostering effective states.

Despite progress on education in recent years, over 100 million girls and boys around the world are still not in school today. Uneducated children will grow up to swell the ranks of the 800 million illiterate adults who make up the bulk of the world's poorest people. Women and girls continue to be most seriously disadvantaged: two-thirds of all illiterate adults are women, and in South Asia over 60 per cent of children out of school are girls. Within the education sector, it is primary schooling that generates the greatest social and economic benefits. Ensuring that all girls and boys have access to free, good-quality, primary education is a key benchmark for a functioning state and has been enshrined as a Millennium Development Goal.

In much of the Asia-Pacific region, under-investment in education has resulted in weak school systems that deliver poor-quality education and often fail to include large numbers of girls and children from ethnic minorities and remote communities. Across much of the Pacific, a demographic 'youth bulge' is putting pressure on already strained school systems, contributing to a progressive decline in quality at all levels of education.

The Education Development Index is a telling indicator of education performance in the region (Figure 9). The lack of progress in large countries such as Indonesia and the Philippines is a concern, as is evidence of apparent declines in some Pacific countries. The need for action is particularly compelling in PNG, where half of all children fail to complete a basic six years of primary schooling and where overall education performance is not only low, but deteriorating.

FIGURE 9 Progress in education in the Asia-Pacific region



Source: Based on research commissioned by AusAID drawing on United Nations Educational, Scientific and Cultural Organization's 2006 Education for All Global Monitoring Report and containing some estimates from trend data. The Education Development Index is a measure of progress towards the international Education for All goals, and is a composite indicator based on the Net Enrolment Ratio, Adult Literacy Rate, Gender Parity Indices and Survival Rate to Grade 5.

Aid programs should strengthen partner countries' own national systems of education rather than focusing on discrete activities or sub-sectors. AusAID will help foster national school systems that deliver quality universal basic education with good basic literacy and numeracy outcomes, as well as high-quality, relevant secondary education and vocational training. In the Pacific there is a particular need for skills training to meet domestic needs and enhance opportunities for migration, which will generate remittances. Australia will ensure that education spending is of sufficient quantity and quality, and that partner government policies promote efficient and equitable service delivery.

Aid program spending on education (excluding scholarships, technical and vocational education and high-level training) has been steadily growing over the past ten years, and currently stands at around \$100 million per year. In most countries, this contribution represents only a small fraction of the overall education budget and needs to be increased to meet compelling needs and to have significant impact on improving education systems. Over recent years, new and sensible sectoral approaches to education have started to take root across much of the Pacific, and are also being prepared in the Philippines, Indonesia and PNG. This new environment offers an opportunity for AusAID to scale up its investment in education throughout the region (see Box 11).

Initiative Box 11: Delivering Better Education

There will be a significant scaling up of Australia's investment in education in order to get more children into school, for longer and for a better quality education. To this end, Australia will invest in the creation of functioning and inclusive national education systems that deliver basic schooling of good quality to all girls and boys, and offer pathways to higher levels according to ability and need. Australia will also work to strengthen the links between education and employment, particularly through improvements in quality and relevance. A major new education strategy will be developed, focusing on:

- tackling key issues of service delivery, including teacher training and deployment, the production and supply of curriculum materials, and school development and maintenance
- addressing fundamental issues of education financing, management and accountability (for example, in PNG)
- targeting interventions on pockets of education disadvantage using state, private, faith-based and non-governmental organisations (for example, in Indonesia, Philippines and South Asia)
- reversing the slide in education quality, such as in the Pacific, through multi-donor sector programs with relevant and unbiased curricula and teaching methods
- supporting the new Australia–Pacific Technical College (see page 39)
- ensuring that girls' education is given particular attention, in line with the Government's commitment to gender equality.

Australian aid to education will continue to move away from standalone projects to broader sectoral programs, integrated with partner government systems and policies. These will require working more closely with partner governments to address the difficult issues of sector financing, human resource development, system governance and management. Some technical assistance will still be required, but principally, as in health, AusAID will be funding improved and expanded service delivery. Consideration will also be given to increasing the use of the private and non-government sectors as implementing agents for education interventions.

It is expected that current levels of support for national education systems may triple by 2010.

iv) Higher education through scholarships and linkages

There is a strong accord within Australia and the region on the value of scholarships as a means for promoting development and fostering relationships between Australia and people from the region. Scholarships promote political and economic reform and good governance in partner countries while building understanding within Australia of the people and development challenges of the region. They enable regional leaders to develop enduring connections with Australia. Well-targeted scholarships with proper gender balance are a highly effective form of aid. They empower people from developing countries to drive their own national development and reform agendas based on an informed understanding of a developed economy. Past Australian aid scholarship recipients have now become leaders in their fields throughout Asia and the Pacific.

A major initiative under this White Paper is **Australian Scholarships**, which will double the number of education awards offered by Australia to the region over the next five years. Details are contained in Box 12.

Initiative Box 12: Australian Scholarships

To promote education cooperation and development in the Asia-Pacific region, Australia is expanding its scholarship assistance through the Australian Scholarships Program. Building on current scholarship schemes being provided under the aid program and by the Australian Department of Education, Science and Training, Australian Scholarships will, over the five years commencing 1 July 2006, double the total number of education awards offered by Australia in the Asia-Pacific region to over 19,000.

The total value of Australian Scholarships over this period will be nearly \$1.4 billion. This includes \$442.5 million of new funding.

Australian Scholarships will consist of:

- a new regional scholarship for the Asia-Pacific region focused on developing future leaders — the Australian Leadership Awards
- a refined Australian Development Scholarship program — this will address skill shortages and help achieve a critical mass of Australian-trained scholars in key developing country institutions
- an expansion of the Department of Education, Science and Training's Endeavour Programme.

Australian Scholarships will address issues of mutual interest such as economic and social development, education, governance, transnational crime and security, emerging infectious diseases, trade and clean energy. Ninety-five per cent of the funding for Australian Scholarships will be eligible to be counted as ODA.

5.4 Promoting regional stability and cooperation

Stability is a critical pre-determinant for growth and poverty reduction. New challenges to stability are emerging, most notably transboundary threats (discussed in Chapter 2). These are not only direct threats to development — they also deter investment, diminish legitimate and stable employment prospects and have spill-over impacts on neighbouring countries. While ensuring stability is a core function of an effective government, the nature of transboundary threats is such that they can only be managed effectively through regional networks and cooperation.

At the same time, opportunities exist to enhance growth and streamline the costs of government through greater regional integration and approaches. In Asia and the Pacific, the next ten years will see significant opportunities to boost trade and growth, and to pool resources for governance through regional cooperation.

Australian aid will pursue three areas in which regional approaches need to be taken.

i) Regional responses to transboundary threats

Pandemics, disasters, global warming, access to water, and transnational crime (including people smuggling, illegal fishing, drug trafficking, money laundering and terrorism) demand not only national but also transnational responses. Increasingly, these threats to development will require effective and close cooperation between countries in the region, including Australia. Institutional and personal networks will therefore need to become an important feature of the Asia-Pacific landscape in the years ahead. Those networks will be particularly important in averting or responding to crises.

The aid program will help build these networks on issues of core interest. Australia will continue to encourage dialogue and cooperation between source and affected countries in order to reduce negative spillovers and tensions. An Asia–Pacific transboundary linkages program to take greater advantage of Australian and international expertise in tackling these issues will be launched. See Box 13 for a summary of the program.

Initiative Box 13: Strengthening Cooperation on Transboundary Threats

Many of the threats to the development of the Asia–Pacific region require regional as well as national responses. Growing integration and interconnectedness places a premium on effective networks and cooperation and on access to expertise that is available across countries.

Building on national systems and existing cooperation arrangements, the Strengthening Cooperation on Transboundary Threats program will provide support for initiatives put forward by Australian Government agencies that contribute to the development of networks and expertise on high-priority transboundary concerns. Support will:

- focus on critical areas such as economic integration and trade, infectious disease and surveillance, disaster prevention and management, transnational crime, drug and human trafficking, counter-terrorism, and environmental and natural resource management
- facilitate regional linkages by being multi-country in scope
- draw on Australian expertise by facilitating greater involvement of professional and scientific bodies, as well as academic institutions
- provide funding for long-term and short-term exchanges, research and training, as well as small-scale infrastructure and equipment support where appropriate.

The program will commence in mid-2007.

ii) Promoting regional integration

Australia has a strong track record in providing assistance to organisations that promote regional integration and cooperation. An expanded range of regional integration initiatives in Asia will be supported to promote regional security and stability. Australia's successful record of support to the ASEAN Secretariat already stretches back over a period of 30 years. Further support for ASEAN will include a focus on security and prosperity in the East ASEAN subregion in collaboration with multilateral development banks and key donors. Australia recently announced an extension of this support for studies on economic integration across Asia (among the ASEAN+6 countries, which include Australia, New Zealand, India, China, Japan and Korea in addition to the ASEAN countries). Australia will continue to expand this support. Likewise, AusAID's effective support of the APEC forum will increase.

Australia is well positioned to support greater integration within Asia and between South Asia (the Indian subcontinent) and East Asia. The aid program will remain open to assisting relevant organisations that bring together East and South Asian countries if they are seen as playing a useful role in promoting regional cooperation and integration. Australia's experience means it is well positioned to provide a mix of research, strategy and Australian linkage programs.

Australia is also developing a program of sub-regional engagement with countries that share the Mekong River — Cambodia, China, Laos, Burma, Thailand and Vietnam. This will total \$40–50 million each year, in partnership with the Asian Development Bank's Greater Mekong Subregion Economic Cooperation Program, which promotes closer economic ties and cooperation among the six countries. This includes a significant infrastructure component, primarily in energy, telecommunications and transport.

iii) Promoting regional governance solutions in the Pacific

Governments of small countries are more expensive than larger ones, as fixed costs are shared among fewer citizens. Governments in small countries also find it difficult to execute programs impartially because of the problem of familiarity — everyone knows everyone. With advocacy by the Australian Prime Minister and others at recent Pacific Island Forum meetings, factors such as these are driving the Pacific island states towards a more regional approach. This is embodied in the Pacific Plan, which was endorsed by Forum leaders in October 2005.

Australia will provide support for a range of initiatives identified by Pacific leaders for immediate implementation under the Pacific Plan. This will include a mixture of modest new funding and a rebalancing of existing commitments. In the first instance, support will be provided:

- to strengthen regional audit arrangements, focusing on training, operational support and the development of common institutional frameworks and standards
- for the establishment and operation of a regional ombudsman's office for implementing the Forum's Principles of Good Leadership and Accountability, with the power to investigate citizens' complaints against administrative acts and decisions of government
- to strengthen and upgrade country and regional statistical systems (at the same time, Australia will fund the further analysis required for the development of a regional economic and statistical office that would act as a clearing-house for statistics, benchmarking, comparative analysis and the sharing of good practice in economic policy).

In addition, Australia will continue to work closely with Pacific partners on longer term Pacific Plan initiatives to promote greater regional cooperation. This will remain a fundamental objective of the Government's engagement with the Pacific over the next decade.