

SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
REFERENCES COMMITTEE
INQUIRY INTO PAPUA NEW GUINEA AND THE
ISLAND STATES OF THE SOUTH-WEST PACIFIC
SUBMISSION

Submission No: 50



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World Vision Australia

Submission to the

Foreign Affairs, Defence and Trade References
Committee

Inquiry into Australia's relationship
with Papua New Guinea and the
island states of the south-west Pacific

World Vision Australia believes that Australia's relationships with Papua New Guinea and other nations of the South Pacific are very important both to Australia and to those nations. We welcome the opportunity to assist the Committee in its desire to strengthen Australia's understanding of our Pacific neighbours, and Australia's capacity to assist in their development.

Our comments in this paper stem from World Vision's experience working with ordinary people living in poverty and insecurity in Papua New Guinea, the Solomon Islands and Vanuatu. Many people in the region have endured great suffering in the face of violent unrest, lawlessness, and the failure of some in authority to help them - whether this be because of lack of resources, dysfunction or corruption.

Background

World Vision has operated development and relief programs in the South Pacific for two decades.¹ Currently World Vision operates in Papua New Guinea, the Solomon Islands and Vanuatu as World Vision Pacific Development Group, with a head office in Port Moresby and country program offices in the Solomon Islands and Vanuatu.

In Vanuatu, World Vision Australia has two ANCP (AusAID NGO Cooperation Program) Community Resource Development projects, on Tanna Island and on Espiritu Santo. These projects are primarily aimed at water and sanitation provision to remote villages, and also provide support to whatever government health facilities are available (in the absence of the latter, serving as the main health resource). These projects operate in areas assisted by broader Area Development Programs through which World Vision supports a wide range of development needs.

In the Solomon Islands, World Vision Australia also has two ANCP Community Resource Development projects, one on Guadalcanal and one on Makira Island. Again, these projects are in the water/sanitation sectors with community development built around these sectoral activities. In September 2002, these projects **will** be succeeded by a health-focused ANCP project on Guadalcanal, and an income-generating activity project on Makira, for three years.

¹ World Vision's first involvement in Papua New Guinea began in 1971, with a Pastors' Conference in Port Moresby which had 242 pastors attending. A development project in 1983 helped people who relied solely on rainfall and surface water for drinking and washing. The dry season would bring severe shortages, and gastrointestinal and skin infections were common. The project supplied clean water from mountain springs and other sources. Also in 1983, flood relief channeled through the local Salvation Army supplied food, household items and housing reconstruction activities. In 1988, World Vision started its sponsorship program with 600 children in three projects.

In Papua New Guinea, World Vision has two ANCP projects - a Water and Sanitation project in Madang province, and a Sustainable Livelihoods project in South Bougainville. The latter project targets communities affected by the conflict by focusing on income-generating activities, and activities and institutions for women and youth; the project has had a significant impact on disarmament in the Buin/Siwai district. World Vision Papua New Guinea has also commenced a threeyear 7million kina (approx. A\$3 million) PNG Incentive Fund (AusAID-funded) project in Madang, which focuses on primary and preventative health, income-generation activities, and food security; and several small-scale relief projects in Sandaun Province centered around Aitape. **Terms of reference**

World Vision Australia, with this submission, addresses the following terms of reference:

(b) economic relations, including trade, tourism and investment;

(c) development cooperation relationships with the various states of the region, including the future direction of the overall development cooperation program;

and, briefly,

(d) the implications for Australia of political, economic and security developments in the region.

Our submission does not cover in depth all of the aspects within these terms of reference, and should be read in the light of other recent World Vision Australia input to the Australian Government - particularly with regard to trade issues.

TOR (b): Economic relations, including trade, tourism and investment

World Vision applauds the Government's focus on better governance and poverty reduction, but believes this cannot be implemented to the exclusion of efforts to deal with many of the fundamental economic issues underlying systemic poverty and conflict in the region.

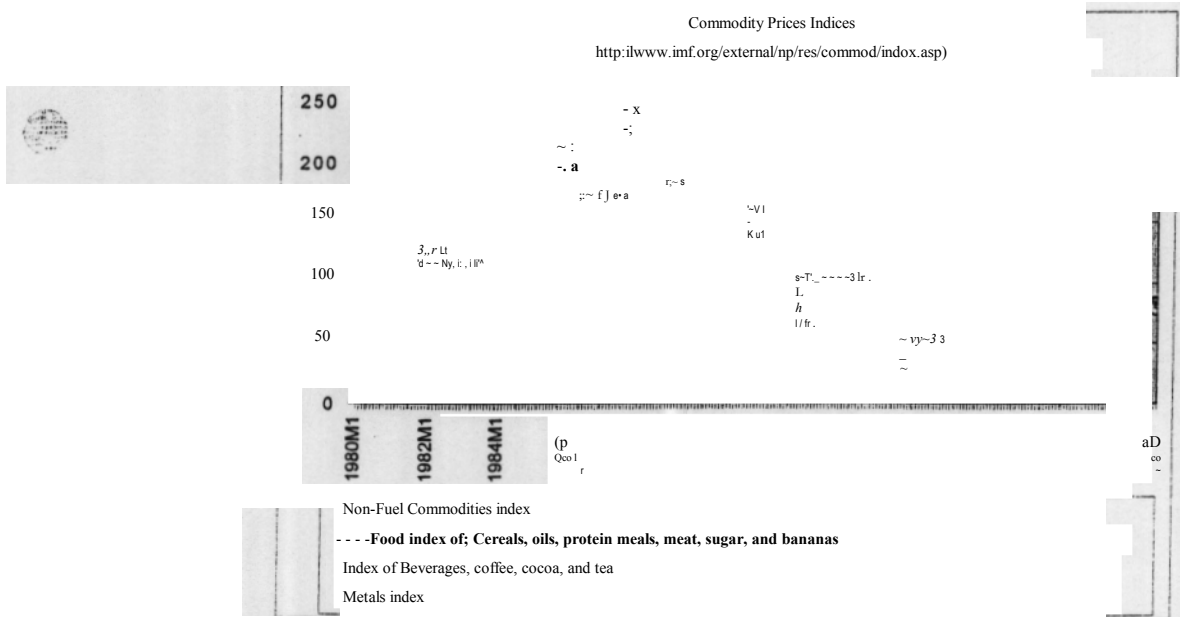
I. Duty-free imports from LDCs to Australia

World Vision Australia supports granting duty-free access to Australia for Least Developed Country goods. Several Pacific nations - Kiribati, Samoa, the Solomon Islands, Tuvalu and Vanuatu - are classified by the United Nations as LDCs, that is, are characterised by severe poverty including extremely low average incomes. Four out of every five people in the LDCs were living on less than about A\$3.60 a day in 1995-99, with their average private consumption about A\$ 1.90.2 Tariffs and quotas against LDC goods penalise some of the poorest workers in the world, who are able to export less.

Recommendation I: World Vision Australia recommends that Australia allow duty-free and quota-free access to the Australian market for LDC exports including from the above Pacific countries.

2. Stabilisation of commodity prices

Many developing countries are highly dependent on a narrow range of commodities, such as copra, cocoa and coffee, which often exhibit both significant short-run price volatility, and long-run price declines, as the following diagram shows:



'Least Developed Countries Report 2000: Escaping the Poverty Trap, UNCTAD, 2002. (These figures include African countries.)

Papua New Guinea and several of the Pacific Island nations are affected by the dramatic decline in the production and price of agricultural commodities such as copra, cocoa and coffee. World Vision's Pacific Development Group Director, based in Port Moresby, commented recently towards this submission:

"The recent focus on better governance and improved service delivery, whilst needed, has been implemented to the exclusion of efforts to deal with many of the fundamental issues underlying poverty in the region, particularly the dramatic decline in the production and price of agricultural commodities (such as copra, cocoa and coffee). This has led to increasing pressure being put on the exploitation of natural resources such as fish/reefs and timber, and the adoption of short term unsustainable extraction methods." ³

World Vision Australia supports international measures to stabilise commodity prices at remunerative levels, including reduction of the current over-supply of certain commodities (such as coffee) and funds for diversification.

Recommendation 2: That the Australian Government use its influence in international institutions such as the World Bank, IMF and UN to help achieve greater stability in commodity prices at remunerative levels for poor farmers. Whilst recognising the difficulty of stabilising otherwise volatile commodity prices, such mechanisms could include measures to reduce the over-supply of commodities such as coffee.

3. Globalisation and food security

A wide range of Pacific civil society groups who met in Fiji in June ahead of the Commonwealth Finance Ministers Meeting drew attention to the impacts of globalisation on food security: "With international trade being seen as the engine of development, most of the efforts of the PIC Agriculture Ministries are directed at encouraging trade and export - at the cost of home production, which is vital for sustainable livelihoods for the poor." ⁴

They also urged that Australia help governments examine the quality of food exports to the Pacific - for example, mutton flaps exported from Australia which have been linked to cardiovascular and other diseases in Pacific Islands. The civil society groups noted indications that exporting countries are using WTO rules to strongly resist moves by the Pacific Islands Countries to ban or restrict imports of mutton flaps "that provide significant income to Australia and New Zealand for products which might well be unsaleable otherwise".⁵

Recommendation 3: That Australia not use the WTO or any other trade forums to resist efforts by Pacific nations to ban or restrict imports of Australian products which those nations believe could jeopardise their own food security or are not in

³ E-mail correspondence, 5 June 2002. ⁴ Pacific Regional Civil Society Consultation for the Commonwealth Finance Ministers Meeting, Suva, Fiji, June 2002, attended by World Vision Australia. ⁵ I bid. ⁴

the interests of their citizens' health, but rather seek to assist such nations to defend their best interests.

4. Capacity and flexibility in trade negotiations

The direct and indirect impacts of trade and investment, including resource exploration, on communities (as distinct from national economies) must always be borne in mind. As the Pacific civil society groups recently argued, "[Australia] should address the effects of trade and economic policies on culture, otherwise a gradual loss of independence, capacity for selfdetermination and local culture will continue to occur".⁶

The Pacific civil society groups recommended "that international trade not be seen as the only way forward for development, that [Australia] become more aware of the importance of selfdetermination for Pacific Island countries, of countries deciding on their own development rather than being railroaded into externallydriven market-oriented avenues, and to take into account the value of local initiatives for development, especially those initiated, owned and implemented by the poor."⁷

World Vision's work in assisting people with income-generation activities in South Bougainville, for example, has demonstrated that such opportunities not only help to rebuild an economy but have also contributed to the post-conflict arms reduction process. Ex-combatants have become involved and put aside their weapons to focus on these economic activities to help legitimise their role in that post-conflict society.

Furthermore, it should be recognised that 'comparative advantage' should be thought of in dynamic, not static, terms. Comparative advantage in new areas can be acquired, and governments have often facilitated this process, as shown by the economic histories of countries such as the USA, Germany, France, Australia, Japan, Korea, Taiwan, China and Vietnam.⁸ Of course, Kiribati will never rival Korea, but the principle remains that countries should not be forced into a premature liberalisation that might sacrifice long-run dynamic comparative advantages in new

areas. Countries should have the flexibility to develop a trade regime based on their own long-run development strategies. These may well involve opening up certain sectors, but they may also involve retaining tariffs on others.

⁶Ibid. ⁷Pacific Regional Civil Society Consultation, op.cit ⁸See for example: Amsden, A.H., *Asia's Next Giant: South Korea and Late Industrialization*, Oxford University Press, Oxford & New York, 1989, p. 379, and *The Rise of "The Rest": Challenges to the West from Late-Industrializing Economies*, OUP, Oxford & New York, 2001; Bairoch, P., *Economics and World History: Myths and Paradoxes*, University of Chicago Press, Chicago, 1993; Eckes, A.E., Jr., *Opening America's Market U.S. Foreign Trade Policy Since 1776*, University of North Carolina Press, Chapel Hill & London, 1995; O'Rourke, K.H., 'Tariffs and Growth in the Late 19th Century', *The Economic Journal*, Vol. I 10, No. 463, April 2000, pp. 456-483; Shin, J.-S., (1996) *The Economics of the Latecomers: Catching-up, technology transfer and institutions in Germany, Japan and South Korea*, Roudedge Studies in the Growth Economies of Asia; Routledge, London & New York, 1996; and Wade, R., *Governing the Market Economic Theory and the Role of Government in East Asian Industrialization*, Princeton University Press, Princeton. N.J, 1990.

Funds and assistance are also required for countries to diversify their economies and to reduce their dependence on a narrow range of commodities.

The Pacific free trade agreement, ratified by Australia on 3 July, is an excellent opportunity for Pacific Island Forum (PIF) countries to be assisted to negotiate trade deals on the international stage. World Vision Australia believes that the 'technical assistance' provided should seek to enhance PIF country officials' capacities to analyse and develop the best policies for their respective national situation and stage of development - rather than necessarily seeking to promote trade liberalisation.

The World Trade Organisation is a critically important forum for Pacific nations to advance their economic and trading interests based on their long-term development needs. The disadvantages poor nations have faced in this forum are widely acknowledged, hence Australia's provision of funding for WTO technical assistance activities, and proposed training for trade negotiators from the Asia-Pacific region.⁹ It is crucial that the governments of Papua New Guinea and the Pacific build their capacity for representation, negotiation, policy analysis and implementation at the WTO.

We also support the need for stronger civil society representation on government trade advisory committees and on trade delegations to the WTO, the UN Conference on Trade and Development (UNCTAD), and other major trade forums. This will help to promote transparency and to minimise concerns regarding accountability of governments. This is also in line with the recommendation by Pacific civil society groups that "[Australia] work to make the World Trade Organisation more accessible for Pacific civil society to participate in".¹⁰

Some useful sources to guide Australian trade with the Pacific might be the statements made by the island countries themselves at the Doha WTO meetings including that of Mauritius which often voices the concerns of the small island states - and at the recent major Financing for Development meeting in **Monterrey.**¹¹

Recommendation 4(a): That Australia continue and increase support for capacity building for Papua New Guinea, Pacific and all developing countries, including representation at the WTO, negotiation, policy analysis and implementation capacities, to enhance their long-term development interests.

Recommendation 4(b): That Australia support processes that will facilitate stronger civil society representation on all key processes and economic negotiations - including government trade advisory committees, trade delegations to regional trade forums, the Pacific Agreement on Closer Economic Relations (PACER), the Pacific Island Countries Trade Agreement (PICTA), as well as the WTO, UNCTAD and other major trade forums - to promote transparency and to ensure that the concerns of populations, and particularly the poor, are taken into consideration when economic decisions that will affect their lives are made.

⁹The Challenge of Globalisation', in Australia's Overseas Aid Program :'002-3, Statement by Hon. Alexander Downer MP, Minister for Foreign Affairs, 14 May 2002, page .r. ¹⁰ Ibid. " Statements are available on-line at <http://www.un.org/ffd/>

Recommendation 4(c): That Australia support our Pacific neighbours in their need for a more flexible approach to trade liberalisation, suited to each country's particular situation and stage of development.
Recommendation 4(d): That the Government support regular evaluation of civil society and NGO participation in Pacific Island countries' economic decision-making, as a key element of 'good governance', and towards effectively addressing concerns regarding corruption."

Recommendation 4(e): That Australia support processes to comprehensively investigate the impacts of global trading arrangements on the human rights of the poor.

5. Transnational Corporations

Trade and investment relationships should be based on mutual cooperation and the interests of Pacific nations (not just Australian interests). Anecdotal evidence suggests that there is a lingering resentment in parts of the Pacific region for past colonising attitudes and practices by various Australian actors, including corporations. For example, the Panguna mine owned predominantly by an Australian corporation is considered to have contributed to the Bougainville conflict, by provoking issues of land ownership and of environmental degradation."

In the interests of these nations and of Australia itself, World Vision Australia believes the Government must work hard to ensure that there is no longer any basis for such resentment in the way our aid, trade, investment and other activities and policies function in the Pacific today.

World Vision is also concerned at recent reports" that certain Pacific nations have found themselves under pressure to earn currency through allowing foreign corporations to deplete their environmental resources (such as forests and fisheries), or through receiving other countries' toxic waste.

Recommendation 5(a): That the Government further encourage its national and transnational corporations to adopt and practise principles of citizenship and accountability such as those outlined in the OECD Guidelines for Multi-National Enterprises."

Recommendation 5(b): That Australia support the strengthening of international institutions such as the International Labour Organisation, and international and national mechanisms that set binding and legally enforceable standards for corporations.

~~ 'Governance', in *Australia's Overseas Aid Program 2002-3*, page 4; see also point 7 of this submission. ~'
E-mail communication from aid worker currently working in rural Papua New Guinea, July 2002. ¹⁴ For example, Michael Field, 'Solomons losing another war', *Australian Financial Review*, 10 May 2002, page 30.

" The OECD Guidelines can be viewed at

<http://www.oecd.org/EN/document/O..EN-document-1875-no-27-24467-I 87.00.html>


Recommendation 5(c): That Australia support Papua New Guinea and Pacific nations to objectively analyse the impacts of foreign investment and resource exploitation on their societies, economies and environments, and to take appropriate remedial action where required.

TOR (c): Development cooperation relationships with the various states of the region, including the future direction of the overall development cooperation program


World Vision believes that the Australia aid program must address - as a matter of urgency - the current standards of life that are experienced by many inhabitants of the Pacific island states and that are contributing to a serious deterioration in the stability of some parts of the region.

World Vision calls for a new sense of urgency from the Australian Government to commit new aid to targeted initiatives on identified causes of poverty, and to promote peacebuilding, reconciliation and governance initiatives involving civil society participation at community, national and regional levels.

Papua New Guinea and other Pacific nations are struggling to achieve some of the Millennium Development Goals, agreed in September 2000:

- 
- Eradicate extreme poverty and hunger
 - Achieve universal primary education Promote gender equality and empower women Reduce child mortality
 - Improve maternal health
 - Combat HIV/AIDS, malaria, and other diseases
 - Ensure environmental sustainability Develop a global partnership for development

Some examples are shown in the following table:¹⁶



¹⁶ Millennium Indicators and Country Profiles, United Nations Statistics Division, <http://unstats.un.org/unsd/mi/mi.asL>, accessed July 2002.

'Millennium Indicators'	Papua New Guinea	Solomon Islands	Vanuatu
Primary education			
Net enrolment, both sexes	84.9 (I 998)	n/a	106.4% (I 998)
Girls enrolled in primary school	78.4% (I 998)	n/a	I 05% (I 998)
Gender equality, women's empowerment			
Women in parliamentary seats (I 999)	Women 2% of 109 seats	Women I : men 48 seats	Women 0 : men 52 seats
Child mortality			
Deaths of children under five per 1,000 live births (2000)	112 per 1,000	25 per 1,000	44 per 1,000
Maternal health			
Maternal deaths per 100,000 live births (1995)	390 per 100,000	60 per 100,000	32 per 100,000

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World Vision's Pacific Development Group Director noted recently:

"As family incomes have declined, so has the quality of the natural resource base and access to basic services such as schooling and health services. Many families can no longer afford to pay even the most modest user fees now required under the various Structural Adjustment programs." ¹⁷

Following the Papua New Guinea government's introduction of compulsory school fees in 1995, as part of World Bank reforms, school dropout rates soared. In Sandaun Province, schools were forced to close as government payments to schools (which were mostly for food for the students) decreased, because fees that were supposed to replace these payments were not forthcoming. The PNG government recently reinstated free education and the Ministry of Education affirmed that its budgetary position ensured that this could remain the case regardless of the election result. ¹⁸ In February 2002, Fijian Prime Minister Laisenia Qarase stated that 30 to 40 per cent of Fiji's population lives close to or below the poverty line.⁹

6. Aid levels

This year's increases in aid levels from Australia to the Pacific are welcome, since they ensure that allocations keep up with inflation. Given Australia's heavy indebtedness to Pacific nations for primary resources that have enabled our own agricultural and industrial sectors to flourish throughout the past century - for

~' E-mail correspondence, 5 June 2002. ~a E-mail communication from aid worker, July 2002. ~' *Social Equity Important - PM*, Prime Minister Laisenia Qarase, media release, 8 February 2002. quoting speech at a Workshop on Government's Blueprint and Affirmative Action Programmes in Nadave; viewable at: [h://www.fiii.gov.jf/press/2002_02/2002_02_08-01.shtml](http://www.fiii.gov.jf/press/2002_02/2002_02_08-01.shtml).

example, the mining of phosphate in Nauru - it is reasonable that Australia continues as a major aid donor. Countries recovering from destructive civil wars, such as Papua New Guinea (Bougainville) and the Solomon Islands, are particularly vulnerable and face enormous challenges; they will continue to need special levels of support in coming years.

World Vision is concerned that if aid funding is still well below what is needed, some Pacific nations may find themselves under pressure to earn currency through means that deplete or damage their society, food security, or environments (see point 5).

Recommendation 6(a): That the Australian Government explicitly commit to the Millennium Development Goals and associated time-bound targets.

Recommendation 6(b): That Australia's aid to the Pacific nations continue to increase, not only in line with inflation but as part of a broader new commitment to increase Australia's overall ODA to at least 0.35% of GNP by 2007, and 0.7% by

:- 2015.

7. Strengthening NGOs and civil society and appropriate development

In view of the serious governance issues facing Papua New Guinea, the Solomon Islands and other nations of the region in recent years, World Vision believes it is critical that the Australian Government work to strengthen civil society for a vital, long-term role, with all the implications this will have for democracy, governance and peace.

An important way of doing this is to support the NGO sector in Pacific nations AusAID's Community Development Scheme in Papua New Guinea, for example, helps to develop local NGOs and community-based organisations (CBOs), with a view to strengthening their contribution to good governance.

While there is a place for short-term consultancies, we believe that Australia's development cooperation approach throughout the Pacific should be broad-based, and that its effectiveness - and sustainability - would be greatly enhanced with greater levels of support for and delivery of assistance through locally-based NGOs and CBOs. Many NGOs that are based in-country (some for many years) have long-term development objectives. World Vision works for a world of peace, justice, freedom and opportunity for all; the vision statement of World Vision's Pacific Development Group is: 'Melanesian communities transformed and empowered to maximise their true potential and live in peace, prosperity and harmony'. World Vision's program manager in one Pacific Island nation commented towards this submission:

"The Australian Government should be encouraged to support agencies (NGOs) that are working [here] (and have been here for some time), and who are programming for the long term. International NGOs like World Vision aim to nationalise (are locally registered) and can thus build capacity. We are not temporary visitors but a permanent presence."²⁰

²⁰ E-mail correspondence, 1 July 2002.

We note the parallel recommendation from a broad spectrum of Pacific civil society groups' that a greater part of aid and other 'poverty funding' be strategically allocated for in-country capacity-building of community service organisations.

The Pacific civil society organisations also recommended that civil society groups should be involved in discussions conducted by [AusAID] with their government officials, in order to ensure that aid is genuinely poverty-focused. For example, they believe civil society should be encouraged to be involved throughout the whole process of setting development priorities and national budget formulation in order to realise the Millennium Development Goals."

Models of development promoted by overseas aid programs in the Pacific should not necessarily follow patterns that have been pursued in donor countries - for example, a heavy emphasis on urban over rural development. Rather, World Vision Australia believes that value should be placed on preserving and strengthening traditional systems of governance and society, which differ from country to country.²³ Our understanding is that there is considerable resentment within some of the Pacific nations at what is perceived as heavy-handed foreign aid that appears to ignore the traditional values, to impose new models from outside, and to have an ultimate aim of coercing Pacific nations towards advancing the donor's national interests.

Recommendation 7(a): That Australia enhance the effectiveness and sustainability of its development assistance to, and strengthen civil society in, Papua New Guinea and the Pacific by broadening its approach to include greater levels of support for and delivery of assistance through local NGOs and community-based organisations (CBOs).

Recommendation 7(b): That civil society organisations be involved in discussions conducted by AusAID with Pacific government officials, in order to ensure that aid is genuinely poverty-focused. Such organisations should be encouraged to be involved throughout the whole process of setting development priorities and national budget formulation towards the Millennium Development Goals."

Recommendation 7(c): That Australia continue and increase its dialogue with Pacific nations, including civil society groups and including rural representatives, to identify opportunities where the aid program can better contribute to preserving traditional and appropriate models of development.

8. Messages implicit in the 'Pacific Solution'

²¹ Pacific Regional Civil Society Consultation for the Commonwealth Finance Ministers Meeting, June 2002. ²¹ Ibid. ²² Discussion on Radio Australia's Time to Talk program on 'The Governance Agenda', transcript at: <http://www.abc.net.au/timetocalk/english/radio/stories/TimeToTalkTranscript418687.htm>, refers to the AusAIDfunded Bougainville Microfinance project as having successfully helped empower the people of Bougainville: "...because it is set up out there in the community already there is transparency, there is accountability also, just the way the community has set up ...it is very good that it just falls back on the traditional way of society is based, and that you know it does not bring in new, completely new ideas. It is a project that is just falling nicely on our own way of life..." ²³ Ibid. 12

World Vision Australia is concerned about the implicit messages that our Pacific neighbours could be receiving from Australia's 'Pacific Solution' to deal with asylum seekers. Our concerns are fourfold:

- the amount of funding that Australia is perceived to have expended to implement the 'Pacific Solution', in proportion to that available for the development of the island states²⁵
- the potential erosion of dignity of Pacific Island nations and their peoples²⁶
- potential social, health and other impacts of the presence of detention centres in small-scale societies'
- mixed messages regarding Australia's humanitarian values and compliance with international law (such as the Convention on the Rights of the Child), to both governments and publics in these countries.

Recommendation 8: That the Government make a considered assessment of what messages, including about Australia's humanitarian values and compliance with international law, our treatment of asylum seekers is sending to our Pacific neighbours.

9. Cooperation with New Zealand

Since both New Zealand and Australia have significant roles in funding and otherwise supporting the Pacific Island states as they develop in a context of increasing globalisation, aid from New Zealand and Australia should be harmonised.

Recommendation 9: That the Government continue to dialogue with the Government of New Zealand and develop systems to ensure the respective aid programs are complementary.

²⁵ For example, \$3 million of the additional \$6.8 million allocated to Nauru in 2002-03 as part of total \$10 million package. AusAID responses to questions on notice, Nauru, I (vii) (a) and (b) and AusAID responses to the Senate Foreign Affairs, Defence and Trade Legislation Committee on Additional Estimates 2001-02, 20 February 2002; Australia's Overseas Aid Program 2002-3, page 26. ²⁶ "We collectively reiterate our stand in safeguarding Pacific Islands' dignity, and refuse to see the Pacific region continuously becoming a dumping ground for the benefit of industrialised nations." Statement by the Pacific Conference of Churches (PCC), Pacific Desk of the World Council of Churches, Pacific Islands Association of Non-Governmental Organisations (PIANGO), Pacific Foundation for the Advancement of Women, and other organisations, 26 October 2001. ²⁷ Noel Levi, Secretary General of the Pacific Islands Forum Secretariat, at CHOGM in March 2002, and Nauruan Member of Parliament Anthony Audoa, in a radio interview on 13 March 2002, argued that the presence of the detention centres was causing "division and resentment" at a time of ongoing economic problems. From *The Pacific Solution is no solution*, Oxfam Community Aid Abroad report, March 2002, at http://www.caa.org.au/campa_igns/submissions/pacificsolution/index.html#7.

TOR (d): Implications for Australia of political economic and security developments in the region

Destabilisation within the region is a serious concern, and underscores the critical importance of promoting good governance, strengthening civil society, and above all, of addressing poverty and economic injustice. World Vision's Pacific Development Group Director commented recently:

"A more inclusive program of aid is needed in the sub-region which addresses both the macro and micro economic issues that are now leading to an ever increasing downward spiral in the quality of life of the inhabitants of the island states and a serious deterioration in the stability of the region."²

The clear links between poverty and violent conflict have increasingly been recognised, particularly since September 11.³ Countless examples around the world - from Afghanistan to Papua New Guinea to Palestine - demonstrate that poverty and deprivation, including unemployment, and grievances against perceived external oppressors, directly exacerbate conflicts and increase the risk of people and nations being influenced by 'conflict entrepreneurs'.

World Vision Australia acknowledges the Australian Government's work towards regionally agreed initiatives to control the proliferation of illegal arms, but urges that this be strengthened. In particular, we urge that Australia use its presence on international disarmament forums to help promote the concerns of ordinary people in the Pacific nations about this problem.

World Vision Australia thus applauds the increased AusAID focus on conflict prevention and peacebuilding, including addressing the impacts of the arms trade. We urge that this focus be reflected in increased aid funding to support promising local, national and regional initiatives and mechanisms to prevent conflict and help people in post-conflict recovery and restoration. Indeed, from World Vision's extensive experience assisting people in pre- and post-conflict settings around the world, for example in Indonesia, the southern Philippines, and Kosovo, we cannot emphasise enough the urgency of addressing these situations.

We welcome the announcement by the Parliamentary Secretary to the Minister for Foreign Affairs that Australian aid to the Solomon Islands will include rebuilding of police, judiciary and prison systems and infrastructure, and improving community-police relations; and the similar commitment to reviewing Vanuatu's police force and legal sector.⁴ However, tackling crime must emphasise prevention, which cannot sustainably be addressed in isolation from the economic or social factors that give rise to it.

¹ E-mail correspondence, 5 June 2002. ² For example by the World Bank: James Wolfensohn (World Bank President), 'Rich Nations can remove poverty, source of conflict', *International Herald Tribune*, 6 October 2001. ³ Media releases by Chris Gallus MP, Parliamentary Secretary to the Minister for Foreign Affairs, 'Aid Project to Strengthen Vanuatu's Police Service' (25 June 2002), and 'Solomon Islands' (1 July 2002). 14

World Vision Australia would add that in seeking to support Pacific nations' initiatives to restore peaceful communities, Australia should always be careful to acknowledge and nurture the considerable resources that exist in Pacific societies and cultures for negotiation and reconciliation. Mrs Gallus' recent announcement³¹ that the aid program will continue to support the work of the Solomon Islands Peace Monitoring Council and "other community, church-based, youth and women's organisations" is welcome - we urge that this latter support should be strengthened to ensure that a culture of peace is thoroughly developed at village level.

World Vision's Sustainable Livelihoods project in Bougainville has documented instances of disarmament directly resulting from this project, which has also been a focus for community cooperation and rebuilding local community institutions. Our country manager in another Pacific Island nation commented that the potential contribution of NGOs to strengthening civil society for its key role in development, advocacy and non-violent resolution of conflicts, should not be underestimated.¹²

Recommendation 10(a): That the new AusAID focus on conflict prevention and peacebuilding lead, in the near future, to increased support for local, national and regional initiatives and mechanisms that show strong potential to prevent conflict and support people in the critical period of post-conflict recovery and restoration.

Recommendation 10(b): That Australia acknowledge and hold in high regard the considerable resources that exist in Pacific societies and cultures for negotiation and reconciliation, and increase its support of NGOs, community, church-based, youth and women's organisations that are contributing to a culture of peace.

Recommendation 10(c): That the Australian Government's work towards regionally agreed initiatives to control the proliferation of illegal arms be strengthened, and that Australia use its presence on international disarmament forums to help promote the concerns of ordinary people in Pacific nations about this problem.

Concluding remarks

In conclusion, both for humanitarian and regional security reasons, Australia should support Papua New Guinea and Pacific Island nations in their efforts to find a viable place in the globalising economy. Australia in its quest to promote security and good governance should pay close attention to strengthening civil society groups as participants in democratic societies. Finally, Australia needs to continue to work hard to build good will and relationships that are truly based on mutual cooperation and the interests of Pacific nations (not just our own), and to ensure that residual resentment against Australia for past colonising attitudes and practices no longer has any basis in the way our aid, trade, investment and other activities and policies function in the Pacific today.

³¹ Media release by Chris Gallus MP, Parliamentary Secretary to the Minister for Foreign Affairs, 'Solomon Islands', 1 July 2002. ³² E-mail correspondence, 1 July 2002.

Summary of World Vision Australia recommendations

To TOR (b) economic relations, including trade, tourism and investment:

Recommendation 1: World Vision Australia recommends that Australia allow duty-free and quota-free access to the Australian market for LDC exports including from the above Pacific countries.

Recommendation 2: That the Australian Government use its influence in international institutions such as the World Bank, IMF and UN to help achieve greater stability in commodity prices at remunerative levels for poor farmers. Whilst recognising the difficulty of stabilising otherwise volatile commodity prices, such mechanisms could include measures to reduce the over-supply of commodities such as coffee:

Recommendation 3: That Australia not use the WTO or any other trade forums to resist efforts by Pacific nations to ban or restrict imports of Australian products which those nations believe could jeopardise their own food security or are not in the interests of their citizen's health, but rather seek to assist such nations to defend their best interests.

Recommendation 4(a): That Australia continue and increase support for capacity building for Papua New Guinea, Pacific and all developing countries, including representation at the WTO, negotiation, policy analysis and implementation capacities, to enhance their long-term development interests.

Recommendation 4(b): That Australia support processes that will facilitate stronger civil society representation on all key processes and economic negotiations - including government trade advisory committees, trade delegations to regional trade forums, the Pacific Agreement on Closer Economic Relations (PACER), the Pacific Island Countries Trade Agreement (PICTA), as well as the WTO, UNCTAD and other major trade forums - to promote transparency and to ensure that the concerns of populations, and particularly the poor, are taken into consideration when economic decisions that will affect their lives are made.

Recommendation 4(c): That Australia support our Pacific neighbours in their need for a more flexible approach to trade liberalisation, suited to each country's particular situation and stage of development.

Recommendation 4(d): That the Government support regular evaluation of civil society and NGO participation in Pacific Island countries' economic decision-making, as a key element of 'good governance', and towards effectively addressing concerns regarding corruption.

Recommendation 4(e): That Australia support processes to comprehensively investigate the impacts of global trading arrangements on the human rights of the poor.



Recommendation 5(a): That the Government further encourage its national and transnational corporations to adopt and practise principles of citizenship and accountability such as those outlined in the OECD Guidelines for Multi-National Enterprises.

Recommendation 5(b): That Australia support the strengthening of international institutions such as the International Labour Organisation, and international and national mechanisms that set binding and legally enforceable standards for corporations.

Recommendation 5(c): That Australia support Papua New Guinea and Pacific nations to objectively analyse the impacts of foreign investment and resource exploitation on their societies, economies and environments, and to take appropriate remedial action where required.

To TOR (c) development cooperation relationships with the various states of the region, including the future direction of the overall development cooperation program:

Recommendation 6(a): That the Australian Government explicitly commit to the Millennium Development Goals and associated time-bound targets.

Recommendation 6(b): That Australia's aid to the Pacific nations continue to increase, not only in line with inflation but as part of a broader new commitment to increase overall Australia ODA to at least 0.35% of GNP by 2007 and 0.7% by 2015.

Recommendation 7(a): That Australia enhance the effectiveness and sustainability of its development assistance to, and strengthen civil society in, Papua New Guinea and the Pacific by broadening its approach to include greater levels of support for and delivery of assistance through local NGOs and community-based organisations (CBOs).

Recommendation 7(b): That civil society organisations be involved in discussions conducted by AusAID with Pacific government officials, in order to ensure that aid is genuinely poverty-focused. Such organisations should be encouraged to be involved throughout the whole process of setting development priorities and national budget formulation towards the Millennium Development Goals.

Recommendation 7(c): That Australia continue and increase its dialogue with Pacific nations, including civil society groups and including rural representatives, to identify opportunities where the aid program can better- contribute to preserving traditional and appropriate models of development.

Recommendation 8: That the Government make a considered assessment of what messages, including about Australia's humanitarian values and compliance with international law, our treatment of asylum seekers is sending to our Pacific neighbours. **Recommendation 9:** That the Government continue to dialogue with the Government of New Zealand and develop systems to ensure the respective aid programs are complementary.

To TOR (d) the implications for Australia of political, economic and security developments in the region:

Recommendation 10(a): That the new AusAID focus on conflict prevention and peacebuilding lead, in the near future, to increased support for local, national and regional initiatives and mechanisms that show strong potential to prevent conflict and support people in the critical period of post-conflict recovery and restoration.

Recommendation 10(b): That Australia acknowledge and hold in high regard the considerable resources that exist in Pacific societies and cultures for negotiation and reconciliation, and increase its support of NGOs, community, church-based, youth and women's organisations that are contributing to a culture of peace.

Recommendation 10(c): That the Australian Government's work towards regionally agreed initiatives to control the proliferation of illegal arms be strengthened, and that Australia use its presence on international disarmament forums to help promote the concerns of ordinary people in Pacific nations about this problem.