

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the British government department responsible for promoting development and the reduction of poverty. The government elected in May 1997 increased its commitment to development by strengthening the department and increasing its budget.

The policy of the government was set out in the White Paper on International Development, published in November 1997. The central focus of the policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to encourage progress which will help reduce poverty. We also work with multilateral institutions including the World Bank, United Nations agencies and the European Commission. The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa.

We are also contributing to poverty elimination and sustainable development in middle income countries, and helping the transition countries in Central and Eastern Europe to try to ensure that the widest number of people benefit from the process of change.

As well as its headquarters in London and East Kilbride, DFID has offices in New Delhi, Bangkok, Nairobi, Harare, Pretoria, Dhaka, Kathmandu, Suva and Bridgetown. In other parts of the world, DFID works through staff based in British embassies and high commissions.

COUNTRY STRATEGY PAPERS

Country Strategy Papers (CSPs) are prepared for all countries where we provide development assistance programmes, and are normally produced every three years. CSPs set out how we aim to contribute to achieving the international development targets in the country in question. Progress will be assessed against the strategic objectives set out in Section E of the paper. In preparing CSPs, we consult closely with governments, business, civil society, and others within both the partner country and the UK. In the case of the independent developing island countries of the Pacific, we have produced a single strategy paper covering all UK development co-operation in the region.

Department for International Development
May 1999

PACIFIC REGION: STRATEGY PAPER 1999

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A. SUMMARY

A1. This paper sets out a strategy for our future development co-operation with the independent developing island countries of the Pacific. This group of countries is diverse, with considerable variations (both between countries and even within island groups) in physical characteristics, in levels of income per head, social indicators, resource endowment and development needs.

A2. They nevertheless share a number of common characteristics. In particular, the Pacific island countries (PICs) are remote and scattered and transport links are difficult and expensive. Physical environments are fragile and the PICs are very vulnerable to natural disasters and to external economic shocks. Governmental and institutional frameworks are weak, with large and often inefficient public sectors and underdeveloped private sectors.

A3. Against this background, economic performance has been disappointing and growth in real income has been stagnant during the 1980s and 90s. Social indicators are mixed, with indications of emerging poverty associated with population growth, urbanisation, environmental degradation and corrosion of traditional social ties.

A4. Key challenges for the region are to contain and reverse poverty through sustainable and pro-poor economic growth; to safeguard and ensure sustainable use of natural resources and the marine environment; to improve the accountability and responsiveness of government; to strengthen regional capacity and mechanisms for regional collaboration; and to lessen dependence upon external assistance.

A5. There are prospects for a fruitful development partnership with the region, working in selected areas of activity with governments, with the key regional organisations, with other bilateral and multilateral donors (including notably the European Community) and with civil society.

A6. We will continue to operate on the basis of a single regional programme. In pursuit of DFID's objective of eliminating poverty through sustainable development, we will combine selective action at a national level in the least developed island countries (primarily in the fields of education, rights and good governance and economic reform) with a new and increasing emphasis on support for regional organisations and action at the international and multilateral level. We will work closely with others, including other UK development partners working in the Pacific.

A7. We aim to play a continuing and constructive role, maintaining a regional programme of around £4 million per annum. Assistance will also be available from other, centrally-funded DFID programmes, including emergency and humanitarian aid, finance for the activities of non-governmental and civil society organisations and for relevant work under DFID knowledge and research programmes. We shall continue meanwhile to work for the development of the region as active members of and contributors to the major multilateral agencies and by seeking to ensure that Pacific interests and concerns are taken into account in relevant international fora.

B. THE CHALLENGE

B1. It is necessary to begin by defining terms. Our concern in this paper is with the group of independent Pacific island developing countries located in the southern and western part of the Pacific Ocean. Our traditional concern has been with the South Pacific, where most of our former dependencies are located but, increasingly, the region is defined by membership of the main regional organisations (the Pacific Forum and the Pacific Community) which have been expanded to take in the former United Nations Trust Territories north of the equator. The region also includes the UK's one remaining overseas territory in the Pacific, Pitcairn (with a population of 50).

B2. Leaving aside the latter at one extreme and Papua New Guinea (which with a population of 3.7 million, or more than double that of the other PICs combined, constitutes a category of its own) at the other, the PICs fall into four main socio-economic groups:

- The larger Melanesian island groups of Fiji, Solomon Islands and Vanuatu. These islands, with a total population of some 1.2 million, are well-endowed with natural resources and have considerable tourism potential. Human development indicators for the Solomons and Vanuatu are much lower than for Fiji, however, and human resource constraints are more serious.
- The medium-sized Polynesian islands of Tonga and Samoa, plus the Cook Islands. With a combined population of some 290,000, these islands are less well endowed with natural resources, but have relatively high levels of education and good social indicators. Remittances from substantial overseas populations (in the case of Tonga and Samoa) are an important source of income.
- The small, remote and resource-poor atoll groups of Kiribati (with a population of over 70,000 living on 33 islands) and Tuvalu (with some 10,000 people).
- The Micronesian island groups of the Marshall Islands, the Federated States of Micronesia and Palau (combined population 170,000) which, as former US-administered UN Trust Territories, have enjoyed substantial levels of financial assistance (now being phased out).

B3. It is not easy to characterise the region as a whole in terms of its development situation and needs. However, with the caveat that there are wide variations both between and within island groups, some broad themes emerge:

- The PICs are generally remote and scattered with relatively small concentrations of people. Transport links are difficult, frequently unreliable and expensive in terms of moving both people and goods.
- Physical environments are fragile and there are serious problems associated with urbanisation, population pressure, water shortage, pollution and unsustainable exploitation of natural resources. Climatic change, frequent cyclones, heavy rain and occasional drought are a continuing threat.
- The oceans are a major economic resource, especially for the atoll countries. But the South Pacific is low in plankton and not highly productive, with consequent pressure on fish stocks and a continuing risk of over-fishing. There is also a lack of resources, technology and human capacity to exploit the wider potential of the marine environment.
- Given limited opportunities for intra-regional trade because of similar resource endowments and small domestic markets, the PICs are relatively open with merchandise exports (mainly tropical agricultural products, timber and fish) accounting for some 30% of GDP on average and imports for over 40%.
- Because of the above factors, the PIC economies tend to be highly vulnerable to both climatic and external economic shocks (the impact, direct and indirect, of the Asian financial crisis on trade and tourism being a case in point).
- Economies are highly dualistic with weak linkages between the formal sector and the wider subsistence economy. Wage costs in the Pacific are relatively high and there are shortages of technical and management skills.
- Institutional and governmental frameworks are often weak and policy frameworks unconducive to economic development (but see paragraph B9 below). Public sectors tend to be large and inefficient while the skills needed for effective

B. THE CHALLENGE

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analysis and policy making are in short supply. Sources of capital for private investment are limited, supporting services are weak and fragmented, and fiscal regimes often hinder rather than facilitate private sector development.

- Although official development assistance has been a major source of development finance for most of the PICs (except for Fiji), amounting to some 27% of GDP between 1980 and 1992, it is generally perceived to have been unsuccessful in generating economic growth. It has indeed been a factor in supporting larger public sectors and the results of substantial and prolonged investment in both human and productive resources have often proved unsustainable.

B4. Against this background, *economic performance* in the region has been disappointing, with an average growth of GDP of little more than 2% over the period 1980 to 1992, and that despite an average gross investment rate of 28.5% of GDP (comparable with that in Eastern Asia).

B5. In terms of *social development*, the picture is mixed. It is difficult because of the weakness of statistical bases to obtain the data necessary to measure performance against the international development targets (the forthcoming publication of the United Nations Development Programme [UNDP]'s updated Pacific Human Development Report will be helpful here), but the incidence of absolute poverty, starvation and severe malnutrition is generally low. However:

- There are substantial variations in social indicators between countries (indicators for Kiribati, the Solomons and Vanuatu being particularly poor - Kiribati rates as a low human development country and the Solomons and Vanuatu are in the lower medium category) and within island groups.
- Rates of population growth are high and particularly so in the Solomons and Vanuatu.
- Worrying trends on the health side include an increasing incidence of sexually-transmitted disease, of child malnutrition and (with growing urbanisation) of tuberculosis and of diseases such as hepatitis and gastro-enteritis. Malaria remains a

major health problem in the Solomons and Vanuatu.

- There is increasing evidence of emerging poverty, inequality and vulnerability as urbanisation, environmental degradation and population growth weaken the traditional safety net provided by strong social and family ties and customary land tenure systems.

B6. Civil society is weak and governance is in many cases lacking in transparency and accountability. There is a widespread problem across the region of legal and social discrimination and violence against women, while the issue of Pacific youth is meanwhile emerging as a policy concern for most PICs (in many of which, the majority of the population is now below the age of 25). This is multi-dimensional but includes education (high drop-out rates and inadequate skill development); health (HIV/AIDS and other sexually transmitted diseases, substance abuse and suicide); and lack of sustainable livelihoods and crime.

B7. Faced with youthful populations and poor economic performance, many PICs are reviewing their education policies. The key issues are quality, equity and access. Factors affecting quality include shortage of funding and adequately-trained teachers; lack of supervision, support and teaching materials; over-academic and examination-driven curricula; and lack of vocational training. Equity and access are matters of concern because of low participation rates of girls, and of poor children generally, at all levels of education and because of significant rural-urban disparities, with outer islands being particularly disadvantaged.

B8. For the region as a whole, the main challenges in the period ahead (recognising the severity of physical, financial and/or human resource constraints in particular cases) will be to:

- halt and reverse the emergence of poverty and deprivation;
- improve the quality, responsiveness and accountability of government;
- generate sustainable (and pro-poor) economic growth through restructuring of the public sector; through encouragement of the private sector and of

B. THE CHALLENGE

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domestic and overseas investment; and through more effective education and skills development;

- relieve pressures on the natural (including marine) environment and provide for sustainable use of natural resources;
- strengthen and further develop mechanisms for regional co-operation in tackling common problems; and
- lessen dependence on development assistance.

B9. There are, however, some encouraging trends to note:

- The issue of economic policy reform is now firmly on the Pacific agenda following decisions taken by PIC leaders at the Forum meetings in Madang in September 1995 and Majuro in September 1996. To give effect to these decisions, Forum Economic Ministers at their meeting in Cairns in July 1997 adopted an action plan covering the areas of economic reform, public accountability, investment and tariff policies and international trade issues. A continuing commitment to progress in these areas was evident at the meetings of Forum Economic

Ministers in Nadi in July and of Forum leaders in Pohnpei in August 1998. More specific examples of the changing climate are the comprehensive reform programmes adopted by the governments of Vanuatu (in 1997) and the Solomon Islands (in 1998).

- Mechanisms for regional co-operation and collaboration to tackle shared problems and pursue common objectives are becoming more effective. Reviews of the Forum Secretariat and of the Pacific Community Secretariat have been undertaken and implemented and their respective roles (and those of the other regional organisations) clarified. The South Pacific Organisations Co-ordinating Committee (comprising the heads of the regional agencies) is now taking a firmer grip on the regional agenda.
- Mechanisms for more effective donor co-ordination have also been strengthened with a first meeting of Pacific donors, chaired by Australia, in Sydney in February 1997 and a second meeting, chaired by New Zealand, in Auckland in July 1998.

C. PARTNERSHIPS

C1. Our partnership with the PICs as a group rests on historical and Commonwealth ties and, more recently, links with the European Union through the Lomé Convention. Five of the PICs retain constitutional links with the Crown (either directly or indirectly through New Zealand), eight are full or special members of the Commonwealth and eight are in the African, Caribbean and Pacific (ACP) group of countries. Links also with Australia and New Zealand through the Commonwealth reinforce our relationship with the region.

C2. *Partnerships with Governments.* We will continue to work with national ministries and agencies on specific projects and activities within the framework of a regional programme for the Pacific. But, to achieve significant and worthwhile impact, we need to develop and build upon relationships with a range of other development partners.

C3. *Partnerships with regional organisations.* We will work to encourage regional collaboration in the Pacific and will support programmes and initiatives which address, and help build capacity to tackle, the region's central developmental needs and priorities. We see substantial scope for working with the key regional organisations. Our main partners are likely to be the Pacific Community (the region's principal development and research organisation) and the Pacific Forum (which has responsibility for international relations, and investment, trade and other policy matters). We have supported the Community's work in coastal fisheries for some years (from extra budgetary contributions) and rejoined the organisation as a full member in 1998 after a three-year absence. We have supported the Forum's preparations for the Lomé renegotiations and have agreed to fund a social policy adviser to strengthen the Forum's capacity for policy analysis in this area.

C4. We also have a continuing relationship with the University of the South Pacific (the High Commissioner in Suva is a member of the University Council and there is a continuing programme of assistance). Other regional organisations include the Forum Fisheries Agency, the South Pacific Applied Geoscience Commission (SOPAC) and the South Pacific Regional Environment Programme. We will explore the scope for working more closely with these organisations (the British Geological Survey already has professional links with SOPAC and we are supporting the South Pacific Disaster Reduction Programme, responsibility for which is transferring from UNDP to SOPAC).

C5. *Partnerships with other donors.* About three-quarters of external development assistance to the region comes from bilateral sources, the major donors being Australia (with a programme totalling some £200 million in 1996); New Zealand (£40 million); Japan (£120 million); France (£500 million), which continues to have substantial metropolitan responsibilities in the region; and the United States (£130 million, primarily in the former UN Trust Territories).

C6. On the multilateral side, the EC is the largest donor with a programme totalling 312 million ecu (£210 million) under the current Lomé Convention (of which the UK share is presently 12.7%). The EC is engaged in a range of sectors in individual countries and also has a substantial regional programme. The Asian Development Bank (ADB) is also a significant donor and has taken a leading role over the past year or two in promoting policy reform. After winding down its activities in the Pacific in the mid 1990s, the World Bank has now re-engaged but is not contemplating a substantial programme of lending. The UN agencies, with the UNDP taking a co-ordinating role, are particularly active in the social sectors.

C. PARTNERSHIPS

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C7. We welcome moves towards more effective co-ordination of donor efforts in support of regional objectives. We will give our full support to initiatives to improve the co-ordination and effectiveness of external assistance and will work closely with other donors, bilateral and multilateral, wherever possible. We see scope for closer collaboration with the EC and recognise a particular responsibility as one of only two EU member states with bilateral programmes in the region.

C8. *Partnerships with civil society.* DFID is supporting British NGOs, including Voluntary Service Overseas (VSO) and British Executive Service Overseas (BESO), who are active in the Pacific and we will explore means of working more effectively with them. Local civil society organisations are at a relatively early stage of development, but there are growing numbers of these and they are key partners for activities under DFID's Regional Human Rights and Governance Fund projects and activities in the informal education sector. We will build on these relationships in the period ahead.

C9. *Partnerships with the private sector.* The Commonwealth Development Corporation (CDC) is DFID's main channel of assistance for private sector development in the Pacific. The bulk of CDC investments (which totalled some £105 million in October 1998) are presently concentrated in Papua New Guinea and the Solomon Islands, with involvement also in Fiji and Vanuatu. The setting up in 1997 of the Kula Fund (a collaborative venture with the Commonwealth Secretariat mobilising funds from a range of regional and international partners) has provided a new vehicle for risk capital investment in promising commercial enterprises in the smaller as well as the larger Pacific island economies. Given the importance to the Pacific of international trade, inward investment and development of an active private sector, we will explore means of promoting these objectives, in the context of DFID's wider policy agenda.

D. CURRENT UK DEVELOPMENT PORTFOLIO

D1. In the light of a review of the Pacific programme in 1995, a decision was taken to move away from individual country programmes and tighten the focus of our efforts within a single regional programme. This would include some continuing support for key regional institutions, but would otherwise concentrate on two key sectors, **education** and **rights and good governance**, with particular emphasis on three least-developed partner countries (Kiribati, the Solomons and Vanuatu) where the need was seen to be greatest. The past three years have accordingly been a period of transition.

D2. In the **education** sector, we have increased support for improving the quality of basic education, formal and informal. The Primary Education Development Project (PEDP) in the Solomon Islands, begun in 1994, is assisting with reform of primary curricula in mathematics and English. The PEDP is a component of the multi-donor Third Education and Training Programme which is also assisted by the World Bank and AusAID. Preparations are in hand for similar projects in Kiribati and Vanuatu to improve quality in basic education, building on the valuable experience gained in trialling new approaches in the Solomons. In Kiribati, a DFID consultancy has reviewed the primary curriculum as a basis for project preparation. In Vanuatu, DFID has assisted with preparation of the Education Master Plan, a sector-wide approach to reform of the education system with multi-donor support led by the World Bank. This work is nearing completion and will provide the framework for DFID and other donor assistance to the sector. We have also helped fund a comparative study of achievement in the two language streams (a legacy of the Anglo-French Condominium) as a contribution to the planning process.

D3. Non-formal basic education, through the medium of Theatre for Development, is currently assisted through two projects. The Wan SmolBag Theatre, while based in Vanuatu, enjoys regional influence and respect, successfully demonstrating the effectiveness of popular theatre in small island contexts in raising awareness of development issues. In Kiribati, DFID is supporting the development of the Te Itibwerere Theatre which enjoys a good reputation locally for raising awareness of key issues relevant to the challenges of this atoll nation. We are also supporting adult literacy in

local languages though small scale support for a World Vision project in Vanuatu.

D4. We have long-term experience in the development of post-school skills training in the Pacific. Whereas, in the past, the emphasis was on the provision of specialists for in-line positions, the current portfolio of projects supports institutional strengthening, including development of management capacity and improvement of course delivery. There are projects in three least-developed focus countries. In Kiribati, DFID support for the Tarawa Technical Institute (TTI) has helped to secure impressive improvements in the efficiency and effectiveness of the institution. In the Solomons, the Solomon Islands College of Higher Education (SICHE) Institutional Strengthening Project, involving a link with the University of Wolverhampton, is now in its second phase and is assisting with development and implementation of the institution's strategic plan and with upgrading of teaching skills. Both TTI and SICHE have a potentially significant sub-regional training role. In Vanuatu, we are supporting the upgrading of non-formal skills training through work with the Vanuatu Rural Development Training Centres Association (VRDTCA) which provides technical assistance to community-run rural training centres.

D5. Higher level skills training is supported through the University of the South Pacific, the region's key tertiary level institution, where a ten-year programme of UK support is helping to develop the quality of staff, teaching materials and research.

D6. In the area of **rights and good governance**, we have concentrated on two projects. The first is the Regional Human Rights Resource Team (RRRT) project. The aim of the project, which began in 1995 (the beginning of the UN Decade for Human Rights Education), is to enhance the legal and social status of women in the Pacific. It is an innovative project which cross-cuts education, governance and social development. The focus has been upon women's rights in the context of legal literacy and constitutional and family law, including the problems of violence against women. There has been a strong emphasis on gender sensitisation in the team's work. The team, based in Suva, have worked with a wide range of stakeholders across the

D. CURRENT UK DEVELOPMENT PORTFOLIO

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Pacific, including civil society organisations, academic, judicial, police and government agencies. A key output of the project has been the development of a network of national Legal Rights Training Officers in a steadily-growing number of PICs. In recognition of the team's work, the project received the UN Children's Fund (UNICEF)'s Maurice Pate Award for 1998.

D7. The second key activity in this area is the Governance Fund project, approved at the end of 1996. The aim of the project has been to support and encourage the demand for responsive and accountable government which takes account of local needs and priorities and those in particular of the least advantaged. Traditionally, much development assistance in the Pacific (including from the UK) has been directed towards developing formal government structures. The project has not ruled out 'supply-side' activities of this kind, but has given particular emphasis to the demand for sound government by encouraging public awareness and debate. The project has now developed an extensive network of contacts in the PICs among official agencies as well as civil society organisations and community groups. Its work has been widely recognised and welcomed.

D8. Overall, good progress has been made with reorientation of the programme since the 1995 review. Older projects have now been managed to completion and new activities have been developed to replace them. We have established a distinctive presence in our two sectors of focus, on the basis of innovative approaches to the key issues of basic education and rights. A firm foundation has been laid on which to take this work forward in line with the objectives of the UK Government's White Paper on International Development (November 1997). Following the 1997 decision to seek re-entry into the Pacific Community, we have also begun to expand the level of our support for key regional institutions and to explore new mechanisms for such assistance, including the funding of regionally-recruited expertise for the Forum Secretariat in the areas of social and trade policy and evaluation of post-Lomé options.

D9. It is important that the bilateral regional programme should be seen in the context of the UK's broader involvement in the development of the Pacific. Our share of the cost of multilateral programmes in the region came to more than £8.6 million in 1997 (the latest year for which a figure is available), the largest element of this (some £6.3 million) being in respect of EC activities under the Lomé Convention. This compares with likely expenditure under the bilateral regional programme of some £4 million in the current financial year.

D10. Other bilateral assistance includes:

- support for the activities of UK non-governmental organisations (NGOs) in the Pacific, including the activities of BESO (which provides short-term expertise under some 20 assignments a year) and VSO (which presently has some 120 volunteers in the Pacific).
- emergency and relief aid (totalling some £900,000 over the past two years) in response to national and other disasters and continuing support for the UNDP's South Pacific Disaster Reduction Programme;

The Pacific also benefits from relevant work funded under DFID Knowledge and Research programmes and from DFID contributions to major international initiatives, such as the Global Environment Facility and the World Health Organisation's Roll Back Malaria campaign (which is particularly relevant to the islands of Melanesia).

E. FUTURE UK DEVELOPMENT STRATEGY

E1. In formulating a new development strategy for the Pacific, the task has been to establish how we can best give effect, in the particular circumstances of the Pacific, to DFID's central aim of eliminating poverty through sustainable development and, more specifically, through the promotion of:

- policies and actions which promote sustainable livelihoods;
- better education, health and opportunities for poor people;
- protection and better management of the natural and physical environment.

E2. The Pacific island countries are not among the poorest. But the White Paper recognises that many poor people live in middle income countries and that, while substantial resource transfers may not be necessary or appropriate, we need to seek other ways both to contribute to poverty elimination in these countries and to help prevent the re-emergence of poverty. We are looking therefore to develop a partnership in the Pacific based on institution-building, capacity development and the sharing of skills, expertise and experience. More specifically, our strategy will be based on the following principles:

- We will continue to operate on a regional basis in order to secure the greatest impact rather than attempt to run a series of small bilateral programmes in individual countries.
- This does not, however, preclude specific and focused activities in individual PICs where action at a national level is needed to support regional objectives or multilateral donor efforts. In undertaking such activities, we will pay particular attention to the needs of the least-developed PICs and of the poorest and most vulnerable population groups within these countries.
- We will be strategic in our approach, concentrating on a limited range of activities and on innovative and high-quality interventions which draw on DFID's global experience. Where appropriate, we will develop mechanisms (along the lines of the Governance Fund) which enable us to respond

quickly and flexibly to needs and opportunities as they arise.

- We will give new and increased emphasis to working with others (including the regional organisations, bilateral and multilateral donors) to improve co-ordination of effort; to support regional ownership of the development agenda; and to enhance regional capacity and collaboration in search of regional solutions to common problems.
- A significant part of our effort in the Pacific will continue to be through multilateral channels and we will seek to play an active role (both within the relevant organisations and collaboratively in the field) as members of the principal multilateral agencies. We recognise a particular role in relation to the EC activities in the Pacific in the context of Lomé and successor arrangements.
- We will work more closely with our UK development partners in the Pacific (the CDC, VSO, BESO and other UK NGOs) to ensure that our actions are mutually supportive and achieve maximum impact.
- We will seek to ensure that the needs and priorities of the Pacific island developing countries are taken fully into account in developing DFID's wider policy agenda and in international fora where the UK is active and can bring influence to bear.

More specifically, we will pursue the White Paper objectives in the following ways.

POLICIES AND ACTIONS WHICH PROMOTE SUSTAINABLE LIVELIHOODS

E3. In this area, we will lend support to the process of public sector and economic policy reform which is now under way in the region. We will aim to do so both directly and indirectly. Indirect actions will include enhancing the capacity of the relevant regional organisations to advise and assist member governments and giving active support as members of multilateral agencies (including notably the ADB, the EU, the World Bank and the relevant UN agencies) to multilateral interventions which help to underpin the reform process. More direct actions will

E. FUTURE UK DEVELOPMENT STRATEGY

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include selective support for individual reform programmes in the least developed countries where we are particularly well-placed to assist. We will pay particular attention in all of our activities to helping to ensure that the needs of poor and vulnerable people are taken into account in the design and implementation of reform programmes.

E4. We recognise the importance to the region of international trade and investment and of ensuring that the small and vulnerable economies of the Pacific are able to secure the benefits, as well as mitigate the threats, of global economic integration. We will help to strengthen regional capacity to deal with these issues (for example, by funding relevant expertise for the Forum Secretariat) and to ensure that the particular concerns of the Pacific are taken into account in the development of successor trade arrangements under the new Lomé Convention, in World Trade Organisation negotiations and in other relevant fora. We will also continue to take a close interest in work under way in the United Nations and in the Commonwealth context on the issue of vulnerability and on the particular problems of small island developing states.

E5. In the particular case of Tuvalu, we will continue to take an active part in the management of the Tuvalu Trust Fund, supplying relevant expertise through UK membership of the Fund's Board and Advisory Committee.

BETTER EDUCATION, HEALTH AND OPPORTUNITIES FOR POOR PEOPLE

E6. We will give priority in this area to building on successful experience to date in the two key areas of *education* and *rights and good governance*.

E7. Education. Better basic education and skills training are central to the elimination of poverty in the Pacific. Action is required to address the problems of quality, equity and access referred to above. Donor support for education is substantial but presently falls short of the co-ordinated effort and sector-wide approach needed to make sustainable improvements. DFID has a role to play because of our long-standing involvement in the sector and we shall continue to work

with other donors, bilateral and multilateral, to help secure better co-ordination and impact.

E8. To bring about sustainable improvements will require strengthening of regional, sub-regional and national institutions to develop appropriate policies and strategies (including the use of distance education techniques and technologies) for effective delivery of basic education and skills training in both the formal and informal sectors. At the regional and sub-regional level, we will continue and complete work currently in hand with the University of the South Pacific, the Tarawa Technical Institute (in Kiribati) and the Solomon Islands College of Higher Education. We will also look to develop new funding arrangements for partnering key institutions and organisations, both regional and international, in support of this central objective and also of initiatives to enhance the relevance of basic education and skills training through appropriate coverage of environmental, health and population issues.

E9. We will also continue to develop and bring to implementation the basic education projects in the Solomons, Kiribati and Vanuatu. A second phase of the Primary Education Development Project in the Solomons is due to begin in the first half of 1999, in collaboration with the EC, completing work begun under the first phase on development of the language and mathematics curriculum and associated teacher training. The project in Kiribati, following on from the DFID-funded review of the primary curriculum, will have a similar focus within a multi-donor approach to the strengthening of basic education. In Vanuatu, again in the context of a multi-donor effort based on the Education Master Plan, the emphasis will be upon improvement of primary education in the outlying islands through effective in-service teacher training. There are natural methodological linkages between the three projects which are being designed with a view to maximising impact and lesson-learning.

E10. Rights and good governance. Activities in this area respond to the need for a rights-based approach to development and complement support for public sector and economic policy reform by helping to ensure that the needs of poor and vulnerable groups are protected.

E. FUTURE UK DEVELOPMENT STRATEGY

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Eii. The Governance Fund provides a cost-effective mechanism for selective and relatively small-scale activities designed to enhance the quality, responsiveness and accountability of government. The fund was set up in November 1996 and a review of its operation was undertaken during the first quarter of 1999. In the light of the conclusions of the review, we will aim to build on its positive achievements and the extensive network of contacts which have been developed so far. While not precluding more traditional 'supply-side' activities, the emphasis will continue to be upon the 'demand-side' of good governance. The approach will continue to be facilitative, working with NGOs, civil society, community groups, government departments and other agencies which are committed to responding to local needs and the needs of the least advantaged.

Ei2. In the light of a favourable review at the end of last year of the Regional Human Rights Resource Team (RRRT) project, a further phase has been approved. This will aim to consolidate the achievements of the first phase and develop these further. The objectives of the new phase will be to:

- develop the capacity of the Legal Rights Training Officers who are developing their own country networks for human rights education across the Pacific;
- support the further extension of legal literacy activities to disadvantaged communities, such as rural areas and outer islands;
- consolidate the legal and judicial work now in hand; and
- foster the growing interest in partner organisations in related areas of basic rights (including children's rights; employment rights; land rights; health rights and the rights of the disabled).

The project will also seek to consolidate links with regional and multilateral organisations active in this field.

Ei3. We will also give our active support to the work of the United Nations agencies in the Pacific, under the Pacific Human Development Initiative (PHDI), to identify the extent, causes and dynamics of poverty in the region and to formulate strategies to deal with it. More specifically, and through our activities generally, we will support the programme of action developed under the PHDI and set out in the Suva Declaration on Sustainable Human Development which was endorsed by regional governments and by donors in 1994.

PROTECTION AND BETTER MANAGEMENT OF THE NATURAL AND PHYSICAL ENVIRONMENT

Ei4. We recognise the importance to the economic development of the region of its natural resources endowment (both on and off-shore) and the threat to those resources from unsustainable exploitation, pollution, climate change and natural disaster.

Ei5. We will support the work and help to strengthen the capacity of the regional organisations in the Pacific dealing with these issues, while continuing to take action ourselves at the multilateral and international levels to further the objectives of more sensitive and sustainable management of the global environment. We will also continue to support the development of a regional disaster planning, management and mitigation capability.

OTHER DFID ASSISTANCE

Ei6. The PICs will continue to be eligible, as and when the need arises, for emergency and relief assistance administered by DFID's Conflict and Humanitarian Affairs Department and will also benefit from funding for UK NGOs and civil society organisations operating in the Pacific. We will also take action to ensure that issues relevant to the Pacific are taken into account in the formulation of DFID's Knowledge and Research Programmes and that relevant results are actively disseminated within the region.

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

PITCAIRN

E17. We will take account within our wider regional strategy of the particular needs of Pitcairn, our only remaining overseas territory in the Pacific. We will attempt to help maintain the viability of this very small and remote community. Within a forward planning framework which seeks to promote sustainability whenever possible, we will:

- help maintain essential infrastructure;
- promote income-generating activities which make best use of the island's resources;
- promote the conservation and sustainable management of the natural environment;
- support efforts to ensure that revenue accruing to the island's administration is sufficient to meet the costs of sound and effective administration; and
- help to develop links between Pitcairn and the wider Pacific community.

F. IMPLEMENTING THE NEW STRATEGY

F1. In reaching a view on how best to implement the new strategy, we have drawn on the conclusions of an organisational review which formed part of the wider review of aid management in Asia and the Pacific.

F2. We have maintained a presence in the Pacific, recognising the time-consuming nature of travel to and within the region and the need for close and continuing contact with governments, regional organisations and other donors. DFID Pacific is currently staffed by a head of office, an assistant head, a regional education adviser, the manager of the rights and good governance programme (locally-recruited) and four supporting staff (also locally recruited). In addition, there are locally-recruited aid attachés working within the British High Commissions in Honiara and Vila. The Head of DFID Pacific reports to the Head of Eastern Asia and Pacific Department in London.

F3. An effective role in the Pacific requires a continuing presence in the region and Suva is the most suitable location in terms of transport connections and working contacts. At present, however, the office lacks ready access to professional support in the fields notably of economics and social development, which limits the scope for effective interdisciplinary working and problem solving and also our ability to work effectively with others and to represent the needs of the Pacific in London and more widely. We will therefore make arrangements to reinforce the Suva office through access to local or regional sources of expertise in these fields, with appropriate support from DFID headquarters.

G. PROGRAMME RESOURCES

G1. As noted above, a major part of our overall effort in the region will be through multilateral channels (including notably the EC); through centrally-funded programmes; through the CDC, as a major channel of support for private sector development; and through action to help ensure that the particular needs of the Pacific are taken into account in international fora.

G2. We shall aim to deploy bilateral funds strategically and imaginatively to achieve the objectives identified above, to seek better coherence of the UK's overall development effort

in the Pacific and better co-ordination of our efforts with those of others. The input of our team in Suva will be a crucial part of this effort.

G3. We shall, however, need sufficient resources to achieve impact in our key areas of activity and to support relevant initiatives. A regional programme of the order of £4 million per annum should meet this requirement, but we will be ready to review this level of funding in the light of progress with implementation of this strategy.

SUMMARY OF PREPARATION PROCESS

1. The draft of the new regional strategy paper was prepared during the summer and autumn of 1998. The drafting reflected the principles and objectives of the British Government's White Paper on International Development, published in November 1997, developments in the region and experience gained from the operation of the Pacific since the last review in 1995 and the outcome of a review of DFID's aid management arrangements in Asia and Pacific carried out in the course of 1998.

2. The analysis of the development challenge in the draft paper drew extensively on published material and a particular debt is owed to the Asian Development Bank, the World Bank and the United Nations Development Programme.

3. DFID's Parliamentary Under-Secretary of State, Mr George Foulkes, discussed the broad outlines of the new strategy with a wide range of interlocutors when he visited the region in October in connection with the Annual

Conference of the Commonwealth Parliamentary Association and the draft paper was subsequently circulated for comment.

4. Given the regional emphasis of the new strategy, comments were sought from the Pacific Forum and the Pacific Community and from a number of other key regional institutions and organisations. Comments were also sought from other donors, bilateral and multilateral, and from partner agencies in the UK who are active in the Pacific (notably, the Commonwealth Development Corporation, British Executive Services Overseas and Voluntary Service Overseas).

5. Comments received are gratefully acknowledged and were taken into account in the final version of the draft strategy which was approved by the Secretary of State for International Development in April 1999.

ANNEX 2

EXPENDITURE PROFILE*

£ MILLION	1999/00	2000/01	2001/02
FIRM COMMITMENTS			
Basic education and skills development	0.22	0.00	0.00
Rights/ good governance	0.51	0.03	0.00
Other regional	0.71	0.69	0.68
	1.44	0.72	0.68
OTHER PLANS			
Basic education and skills development	1.20	1.35	1.13
Rights/good governance	0.12	0.50	0.50
Other regional	0.84	1.23	1.54
Pitcairn	0.40	0.20	0.15
	2.56	3.28	3.32
TOTAL	4.00	4.00	4.00

* Indicative figures only.