

AUSTRALIAN AGENCY FOR  
INTERNATIONAL DEVELOPMENT  
  
(AusAID)

## SECTION 3

### BUDGETED FINANCIAL STATEMENTS

Budgeted departmental and administered financial statements for AusAID are presented in this section. These statements will form the basis of the financial statements that will appear in AusAID's 2000-01 Annual Report, and form the basis for the input into the Whole-of-Government Accounts.

#### **Budgeted Statement of Revenues and Expenses (Budgeted Operating Statement)**

This statement provides a picture of the expected financial results for the Agency by identifying full accrual expenses and revenues, which highlights whether the Agency is operating at a sustainable level in the short run.

#### **Budgeted Statement of Assets and Liabilities (Budgeted Balance Sheet)**

This statement shows the financial position of the Agency. It enables decision-makers to track the management of the Agency's assets and liabilities.

#### **Budgeted Cash Flow Statement**

This statement shows budgeted cash flows, as reflected in the statement of cash flows, providing important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

#### **Capital Budget**

This shows all planned capital expenditure on non financial assets funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

#### **Non-financial Assets - Summary of Movement**

This statement shows budgeted acquisitions and disposals of non-financial assets during the budget year.

**Table 3.1 - Departmental Operating Statement (for the period ending 30 June)**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>Operating Revenues</b>					
<b>Revenues from government</b>					
Appropriations used for: Ordinary Annual Services <b>(K1)</b>	65,260	66,900	67,162	66,198	67,355
Resources received free of charge	119	173	95	97	99
<b>Revenues from independent sources</b>					
Sales of goods and services	730	730	730	730	730
Interest	137	137	137	137	137
<b>Total Operating Revenues</b>	<b>66,246</b>	<b>67,940</b>	<b>68,124</b>	<b>67,162</b>	<b>68,321</b>
<b>Operating Expenses</b>					
Employees	41,347	41,375	41,357	41,778	41,611
Supplies	24,436	23,938	24,137	22,582	24,094
Depreciation & Amortisation	3,664	2,627	2,630	2,802	2,616
<b>Total Operating Expenses</b>	<b>69,447</b>	<b>67,940</b>	<b>68,124</b>	<b>67,162</b>	<b>68,321</b>
<b>Operating result before abnormal and extraordinary items</b>	<b>(3,201)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital use charge	(181)	0	0	0	0
<b>Operating surplus or deficit after CUC</b>	<b>(3,382)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.2 – Departmental Balance Sheet as at 30 June**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash	433	1,794	3,173	3,108	2,937
GST Input Credit Receivables		275	277	249	274
<b>Total financial assets</b>	<b>433</b>	<b>2,069</b>	<b>3,450</b>	<b>3,357</b>	<b>3,211</b>
<b>Non-financial Assets</b>					
Infrastructure, plant and equipment					
Gross Infrastructure, plant & equipment	11,807	11,827	12,290	11,990	11,590
Less: Accumulated Depreciation	(3,974)	(5,150)	(6,726)	(5,926)	(5,083)
Intangibles	6,211	6,327	6,586	6,791	6,996
Less: Accumulated Amortisation	(3,130)	(3,427)	(3,903)	(4,360)	(4,875)
Other	675	675	675	675	675
<b>Total non-financial assets</b>	<b>11,589</b>	<b>10,252</b>	<b>8,922</b>	<b>9,170</b>	<b>9,304</b>
<b>Total Assets</b>	<b>12,022</b>	<b>12,321</b>	<b>12,372</b>	<b>12,527</b>	<b>12,515</b>
<b>LIABILITIES</b>					
<b>Provisions and Payables</b>					
Suppliers	438	357	363	372	381
Salary and wages	833	1,091	1,100	1,267	1,267
Superannuation					
Leave and other entitlements	12,510	12,632	12,668	12,647	12,626
Separations and redundancies					
Workers Compensation premiums					
<b>Total provisions and payables</b>	<b>13,781</b>	<b>14,080</b>	<b>14,131</b>	<b>14,286</b>	<b>14,274</b>
<b>Equity</b>					
Accumulated results	(7,172)	(7,172)	(7,172)	(7,172)	(7,172)
Capital	3,382	3,382	3,382	3,382	3,382
Reserves	1,785	1,785	1,785	1,785	1,785
Equity injections	246	246	246	246	246
<b>Total equity</b>	<b>(1,759)</b>	<b>(1,759)</b>	<b>(1,759)</b>	<b>(1,759)</b>	<b>(1,759)</b>
<b>Total Liabilities &amp; Equity</b>	<b>12,022</b>	<b>12,321</b>	<b>12,372</b>	<b>12,527</b>	<b>12,515</b>
<b>Current Liabilities</b>	<b>4,787</b>	<b>4,890</b>	<b>4,908</b>	<b>4,962</b>	<b>4,958</b>
<b>Non-current liabilities</b>	<b>8,994</b>	<b>9,190</b>	<b>9,223</b>	<b>9,324</b>	<b>9,316</b>
<b>Current assets</b>	<b>1,108</b>	<b>2,744</b>	<b>4,125</b>	<b>4,032</b>	<b>3,886</b>
<b>Non-current assets</b>	<b>10,914</b>	<b>9,577</b>	<b>8,247</b>	<b>8,495</b>	<b>8,629</b>

**Table 3.3 – Departmental Statement of Cash Flows** (for the period ending 30 June)

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations for outputs	65,260	66,900	67,162	66,198	67,355
Sale of goods and services	730	730	730	730	730
Interest & GST Input Credit Receipts	137	137	412	414	386
<b>Total cash received</b>	<b>66,127</b>	<b>67,767</b>	<b>68,304</b>	<b>67,342</b>	<b>68,471</b>
<b>Cash used</b>					
Employees	(40,780)	(40,995)	(41,312)	(41,632)	(41,632)
Suppliers	(24,442)	(24,121)	(24,313)	(22,725)	(24,260)
Capital Use Charge	(181)				
<b>Total cash used for operating activities</b>	<b>(65,403)</b>	<b>(65,116)</b>	<b>(65,625)</b>	<b>(64,357)</b>	<b>(65,892)</b>
<b>Net cash from operating activities</b>	<b>724</b>	<b>2,651</b>	<b>2,679</b>	<b>2,985</b>	<b>2,579</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of equipment					
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Purchase of equipment	(3,946)	(1,290)	(1,300)	(3,050)	(2,750)
<b>Total cash used for investing activities</b>	<b>(3,946)</b>	<b>(1,290)</b>	<b>(1,300)</b>	<b>(3,050)</b>	<b>(2,750)</b>
<b>Net cash from investing activities</b>	<b>(3,946)</b>	<b>(1,290)</b>	<b>(1,300)</b>	<b>(3,050)</b>	<b>(2,750)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Estimated Carryover	3,382				
East Timor Capital appropriation	246				
<b>Total cash received</b>	<b>3,628</b>				
<b>Cash used</b>					
Financial					
<b>Total cash used for financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from financing activities</b>	<b>3,628</b>				
<b>Net increase/(decrease) in cash held</b>	<b>406</b>	<b>1,361</b>	<b>1,379</b>	<b>(65)</b>	<b>(171)</b>
<b>Add: cash at 1 July</b>	<b>27</b>	<b>433</b>	<b>1,794</b>	<b>3,173</b>	<b>3,108</b>
<b>Cash at 30 June</b>	<b>433</b>	<b>1,794</b>	<b>3,173</b>	<b>3,108</b>	<b>2,937</b>
<b>Memo: Total departmental cash used</b>	<b>69,349</b>	<b>66,406</b>	<b>66,925</b>	<b>67,407</b>	<b>68,642</b>

**Table 3.4 – Departmental Capital Budget Statement**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>CAPITAL BUDGET</b>					
<b>CAPITAL APPROPRIATIONS</b>					
Departmental Carryover	3,382	0	0	0	0
Consulate in East Timor	246	0	0	0	0
<b>TOTAL CAPITAL APPROPRIATION</b>	<b>3,628</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Represented by:</b>					
Purchase of non-current assets	246	0	0	0	0
Other	3,382	0	0	0	0
<b>TOTAL</b>	<b>3,628</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Purchase of Non-Current Assets</b>					
Funded by Capital Appropriation	246	0	0	0	0
Funded internally by Departmental Resources	3,700	1,290	1,300	3,050	2,750
<b>Total</b>	<b>3,946</b>	<b>1,290</b>	<b>1,300</b>	<b>3,050</b>	<b>2,750</b>

**Table 3.5 – Departmental Non-Financial Assets**

**Summary of movement (Budget Year 2000-01)**

	<b>Computers, Plant and Equipment</b>	<b>Intangibles - software</b>
<b>Gross Value</b>		
<i>As at 1 July 2000 (opening)</i>	11,807	6,211
Additions	840	450
Disposals	(820)	(334)
Other movements	0	0
<i>Gross value as at 30 June 2001 (closing)</i>	11,827	6,327
<b>Accumulated Depreciation</b>		
<i>As at 1 July 2000 (opening)</i>	3,974	3,130
Depreciation - assets at beginning of year	1,912	586
Depreciation - disposals this year	(820)	(334)
Depreciation - charge on additions	84	45
Other movements	0	0
<i>As at 30 June 2001</i>	5,150	3,427
<b>Net book value at 30 June 2001 (Closing Book Value)</b>	<b>6,677</b>	<b>2,900</b>
Net Book value as at 1 July 2000 (Opening Book Value)	7,833	3,081

**TOTAL ADDITIONS**

	<b>Computers, Plant and Equipment \$'000</b>	<b>Intangibles - software \$'000</b>
Self-funded	840	450
Appropriations	0	0
<b>Total</b>	<b>840</b>	<b>450</b>

**Table 3.6 – Statement of Administered Revenues and Expenses (for the period ended 30 June)**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>Operating Revenues</b>					
Annual appropriations (K2)	1,158,072	1,428,713	1,503,246	1,229,731	1,282,486
Special appropriations					
Other	3,248	4,254	4,213	3,856	3,905
<b>Total revenues</b>	<u>1,161,320</u>	<u>1,432,967</u>	<u>1,507,459</u>	<u>1,233,587</u>	<u>1,286,391</u>
<b>Expenses</b>					
Overseas Grants	121,727	373,839	434,279	123,262	111,187
Other-aid program	1,035,476	1,053,951	1,068,045	1,105,565	1,170,395
Depreciation	869	923	922	904	904
<b>Total Expenses<sup>1</sup></b>	<u>1,158,072</u>	<u>1,428,713</u>	<u>1,503,246</u>	<u>1,229,731</u>	<u>1,282,486</u>
<b>Net Result</b>	<u><b>3,248</b></u>	<u><b>4,254</b></u>	<u><b>4,213</b></u>	<u><b>3,856</b></u>	<u><b>3,905</b></u>
Transfers to the Official Public Account	(3,248)	(4,254)	(4,213)	(3,856)	(3,905)
<b>Net surplus or deficit</b>	<u><u><b>0</b></u></u>	<u><u><b>0</b></u></u>	<u><u><b>0</b></u></u>	<u><u><b>0</b></u></u>	<u><u><b>0</b></u></u>

<sup>1</sup> See Note 2 to Financial Statements

**Table 3.7 – Statement of Administered Assets and Liabilities (as at 30 June)**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	32	32	32	32	32
Appropriation receivables	88,587	314,984	602,293	567,837	513,173
Other receivables	74	74	74	74	74
<b>Total financial assets</b>	<b>88,693</b>	<b>315,090</b>	<b>602,399</b>	<b>567,943</b>	<b>513,279</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment					
Gross Infrastructure, plant & equipment	3,845	3,921	3,971	3,997	4,023
Less: Accumulated Depreciation	(2,367)	(2,466)	(2,538)	(2,568)	(2,598)
Prepayments	81,105	81,105	81,105	81,105	81,105
<b>Total non-financial assets</b>	<b>82,583</b>	<b>82,560</b>	<b>82,538</b>	<b>82,534</b>	<b>82,530</b>
<b>Total Assets</b>	<b>171,276</b>	<b>397,650</b>	<b>684,937</b>	<b>650,477</b>	<b>595,809</b>
<b>LIABILITIES</b>					
<b>Provisions and Payables</b>					
Multiyear grants, etc	1,088,813	1,100,435	1,154,278	910,753	683,862
Employee provisions	803	803	803	803	803
Other suppliers	41,805	45,035	45,772	47,329	49,957
<b>Total Provisions and Payables</b>	<b>1,131,421</b>	<b>1,146,273</b>	<b>1,200,853</b>	<b>958,885</b>	<b>734,622</b>
<b>Total Liabilities</b>	<b>1,131,421</b>	<b>1,146,273</b>	<b>1,200,853</b>	<b>958,885</b>	<b>734,622</b>
<b>EQUITY</b>					
Accumulated results	(1,166,284)	(1,166,284)	(1,166,284)	(1,166,284)	(1,166,284)
Capital Injections <sup>1</sup>	206,139	417,661	650,368	857,876	1,027,471
<b>Total equity</b>	<b>(960,145)</b>	<b>(748,623)</b>	<b>(515,916)</b>	<b>(308,408)</b>	<b>(138,813)</b>
<b>Total Liabilities &amp; Equity</b>	<b>171,276</b>	<b>397,650</b>	<b>684,937</b>	<b>650,477</b>	<b>595,809</b>
<b>Current Liabilities</b>	<b>250,526</b>	<b>253,814</b>	<b>265,900</b>	<b>212,322</b>	<b>162,664</b>
<b>Non-current liabilities</b>	<b>880,895</b>	<b>892,459</b>	<b>934,953</b>	<b>746,563</b>	<b>571,958</b>
<b>Current assets</b>	<b>169,798</b>	<b>396,195</b>	<b>683,504</b>	<b>649,048</b>	<b>594,384</b>
<b>Non-current assets</b>	<b>1,478</b>	<b>1,455</b>	<b>1,433</b>	<b>1,429</b>	<b>1,425</b>

<sup>1</sup> See Note 3 to Financial Statements

**Table 3.8 – Administered Cash Flows (for the period ended 30 June)**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Annual Appropriations	1,146,722	1,168,260	1,188,673	1,229,731	1,282,486
Special Appropriations	63,615	34,056	27,264	15,917	
Previous years annual accrual appropriations				18,539	54,664
Other	3,248	4,254	4,213	3,856	3,905
<b>Total cash received</b>	<b>1,213,585</b>	<b>1,206,570</b>	<b>1,220,150</b>	<b>1,268,043</b>	<b>1,341,055</b>
<b>Cash used</b>					
Cash to Official Public Account	(3,248)	(4,254)	(4,213)	(3,856)	(3,905)
Overseas Grants	(345,901)	(359,418)	(377,570)	(363,852)	(335,074)
Other-Aid Program	(1,069,675)	(1,053,520)	(1,070,174)	(1,106,943)	(1,170,771)
<b>Total cash used</b>	<b>(1,418,824)</b>	<b>(1,417,192)</b>	<b>(1,451,957)</b>	<b>(1,474,651)</b>	<b>(1,509,750)</b>
<b>Net cash from operating activities</b>	<b>(205,239)</b>	<b>(210,622)</b>	<b>(231,807)</b>	<b>(206,608)</b>	<b>(168,695)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of equipment					
<b>Cash used</b>					
Purchase of equipment	(900)	(900)	(900)	(900)	(900)
<b>Total cash used</b>	<b>(900)</b>	<b>(900)</b>	<b>(900)</b>	<b>(900)</b>	<b>(900)</b>
<b>Net cash from investing activities</b>	<b>(900)</b>	<b>(900)</b>	<b>(900)</b>	<b>(900)</b>	<b>(900)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash received from capital injections <sup>1</sup> (K3)	206,139	211,522	232,707	207,508	169,595
<b>Total cash received</b>	<b>206,139</b>	<b>211,522</b>	<b>232,707</b>	<b>207,508</b>	<b>169,595</b>
<b>Net cash from financing activities</b>	<b>206,139</b>	<b>211,522</b>	<b>232,707</b>	<b>207,508</b>	<b>169,595</b>
<b>Net increase/(decrease) in cash held</b>					
<b>Add: cash at 1 July</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
<b>Cash at 30 June</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>

<sup>1</sup> See Note 3 to Financial Statements

**Table 3.9 – Administered Capital Budget Statement**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Capital injections to extinguish existing multi-year liabilities	206,139	211,532	232,707	207,508	169,595
<b>TOTAL CAPITAL APPROPRIATION<sup>1</sup></b>	<b>(K3) 206,139</b>	<b>211,532</b>	<b>232,707</b>	<b>207,508</b>	<b>169,595</b>
<b>Represented by:</b>					
Purchase of non-current assets	0	0	0	0	0
Other	206,139	211,532	232,707	207,508	169,595
<b>Purchase of Non-Current Assets</b>					
Funded by Capital Appropriation	0	0	0	0	0
Funded by existing administered resources	900	900	900	900	900
<b>TOTAL</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>

<sup>1</sup> See Note 3 to Financial Statements

**Table 3.10 – Administered Non-Financial Assets**

**Summary of Movement (2000-01)**

	<b>Computers, Plant and Equipment \$'000</b>
<b>Gross value</b>	
<i>As at 1 July 2000</i>	<i>3,845</i>
Additions	900
Disposals	(824)
Other movements	
<i>As at 30 June 2001</i>	<i>3,921</i>
<b>Accumulated Depreciation</b>	
As at 1 July 2000	2,367
Depreciation - assets at beginning of year	833
Depreciation - disposals this year	(824)
Depreciation - charge on additions	90
<i>As at 30 June 2001</i>	<i>2,466</i>
<b>Net book value as at 30 June 2001 (Closing Book Value)</b>	<b>1,455</b>
Net Book value as at 1 July 2000 (Opening Book Value)	1,478

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1

#### *Explanation of increase in administered expenses from 1999-2000 to 2000-01*

Current accounting treatments require AusAID to record the entire level of funding under multiyear agreements as an expense in the financial year the agreements are entered into. As shown in Table 2.1.1, administered expenses in 2000-01 are significantly higher than that of 1999-2000. This relates largely to agreements that will be entered into in 2000-01 to replenish funds to the Asian Development Fund and the International Fund for Agricultural Development. On current estimates, these agreements account for approximately \$260 million (figures will be revised once the relevant Instruments of Commitment are signed). The only such agreement entered into in 1999-2000 was the fourth replenishment of the Montreal Protocol Multilateral Fund, totalling \$11.6m.

### Note 2

#### *General explanation of fluctuation between cash spends in the aid program and the aid program's level of expenses*

AusAID's administered expenses fluctuate significantly from year to year, while the cash spends remain stable.

Attached are three explanatory tables that detail:

1. the relationship between AusAID's accruals estimates and Australia's Official Development Assistance (ODA)
2. the relationship between cash spent by AusAID and total ODA
3. the reconciliation of AusAID's estimated cash spends to AusAID's accruals estimates

### Note 3

#### *Explanation of required capital injections for administered items*

Table 3.8 and Table 3.9 show significant capital needs for AusAID's administered items. These relate to the need to extinguish multiyear liabilities incurred prior to the transition to accrual budgeting. Specifically, these are agreements relating to Australia's contributions to:

- the sixth and seventh replenishments of the Asian Development Fund;
- the eleventh and twelfth replenishments of the International Development Association;
- the third replenishment of the International Fund for Agricultural Development;
- the first and second replenishment of the Global Environment Fund; and
- the Nauru Settlement Treaty.

## Explanatory Table 1 - Reconciliation of AusAID expenses to total ODA

	1999-00	2000-01
<i>Total AusAID expenses:</i>		
AusAID departmental expenses	69,62€	67,940
AusAID administered expenses	1,158,072	1,428,713
<i>minus expenses with no cash required in year of expense:</i>		
New multiyear liabilities <sup>1</sup>	(11,617)	(260,100)
Other accrual adjustments <sup>2</sup>	(4,274)	(4,787)
<i>plus cash for expense in a different year:</i>		
Payments to existing multiyear liabilities <sup>3</sup>	274,01€	248,478
<b>Total AusAID cash</b>	<b>1,485,825</b>	<b>1,480,244</b>
<i>AusAID ODA adjustments:<sup>4</sup></i>		
AusAID non-ODA departmental expenditure	(3,311)	(3,466)
AusAID departmental carryover adjustment	(3,382)	
AusAID non-ODA administered expenditure	(2,186)	(1,932)
Offsetting receipts from previous years' expenditure	(3,248)	(4,254)
<i>Non-AusAID ODA:</i>		
ACIAR	42,39€	43,688
Other Government Departments	135,037	85,050
<b>Total ODA</b>	<b>1,651,133</b>	<b>1,599,330</b>

1 New commitments to creditors such as the World Bank's soft loan arm, the International Development Association (IDA). The eighth replenishment of the Asian Development Fund (ADF), and a new replenishment agreement with the International Fund for Agricultural Development (IFAD), accounts for the large increase in 2000-01. See Financial Notes for further information.

2 See Explanatory Table 3 for detail.

3 Cash payments for liabilities such as those mentioned in Note (1). Cash payments occur in a later year to the expense being recorded.

4 See Explanatory Table 2 for detail.

## Explanatory Table 2 - Reconciliation of cash flow statements to total ODA

	1999-00	2000-01
Total departmental cash used	69,349	66,406
Capital Use Charge	(181)	0
Receipts under Section 31 of the FMA Act	(730)	(730)
Interest	(137)	(137)
Fringe Benefits Tax adjustment	(2,263)	(2,324)
Carryover adjustment <sup>1</sup>	(3,382)	
ATO Tax Credit Receipts <sup>2</sup>		(275)
<b>Total ODA -eligible AusAID Departmental cash</b>	<b>62,656</b>	<b>62,940</b>
Total administered cash used <sup>3</sup>	1,416,476	1,413,838
Miscellaneous receipts <sup>4</sup>	(3,248)	(4,254)
AusAID non ODA eligible expenditure <sup>5</sup>	(2,186)	(1,932)
<b>Total ODA -eligible AusAID Administered cash</b>	<b>1,411,042</b>	<b>1,407,652</b>
ACIAR <sup>6</sup>	42,398	43,688
Other Government Departments	135,037	85,050
<b>Non AusAID ODA</b>	<b>177,435</b>	<b>128,738</b>
<b>Total ODA<sup>7</sup></b>	<b>1,651,133</b>	<b>1,599,330</b>

1 Although AusAID is budgeting for a carryover of departmental appropriations of \$3.4 million into 1999-2000, this figure is not included in ODA calculations to preserve consistency of Budget-time ODA presentation with previous years.

2 ATO Input Tax Credit Receipts are the cash payments made to AusAID by the ATO after the end of the financial year. They are offset by the amount credited to AusAID by the ATO for the last two months worth of GST payments (the estimated time it will take for the ATO to process GST credits for government agencies).

3 Excluding cash to the Official Commonwealth Public Account.

4 Refunds of expenditure that was recorded as ODA in previous years. Miscellaneous receipts are offset against ODA in the year of receipt, not expenditure.

5 Only 75% of cash payments to the Global environment fund are eligible as Official Development Assistance.

6 See ACIAR's Budget documentation elsewhere for reconciliation of ACIAR's ODA figure to financial statements.

7 Actual calculations of total ODA are not able to be determined until after the end of the financial year. For instance, returns in ODA expenditure from all Commonwealth and State Governments Departments must be received and calculated by AusAID. For this reason, total ODA estimates in out years are unreliable and are therefore not provided.

### Explanatory Table 3 - Reconciliation of AusAID expenses to AusAID cash

	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Price of Outputs</b>	<b>66,246</b>	<b>67,940</b>	<b>68,124</b>	<b>67,162</b>	<b>68,321</b>
Operating loss	(3,382)	0	0	0	0
<b>Departmental expenses</b>	<b>69,628</b>	<b>67,940</b>	<b>68,124</b>	<b>67,162</b>	<b>68,321</b>
Depreciation and amortisation	(3,664)	(2,627)	(2,630)	(2,802)	(2,616)
Investment	3,946	1,290	1,300	3,050	2,750
Net increase in employee liabilities	(567)	(380)	(45)	(146)	21
Net change in supplier liabilities	125	81	(6)	(9)	(9)
Resources supplied free of charge	(119)	(173)	(95)	(97)	(99)
ATO Input Credits receivable		275	277	249	274
<b>Departmental cash used</b>	<b>69,349</b>	<b>66,406</b>	<b>66,925</b>	<b>67,407</b>	<b>68,642</b>
<b>Administered expenses</b>	<b>1,158,072</b>	<b>1,428,713</b>	<b>1,503,246</b>	<b>1,229,731</b>	<b>1,282,486</b>
New multiyear liabilities	(11,617)	(260,100)	(318,270)	(15,600)	0
Cash spent on existing multiyear liabilities:					
<i>Annual appropriations</i>	4,262	2,900	4,455	35,700	57,296
<i>Special appropriations</i>	63,615	34,056	27,264	15,917	0
<i>Capital injections</i>	206,139	211,532	232,707	207,508	169,595
Depreciation	(869)	(923)	(922)	(904)	(904)
Investment	900	900	900	900	900
Net increase in ordinary creditors and accruals	(4,026)	(3,230)	(737)	(1,557)	(2,628)
<b>Administered cash used (excluding payments to CRF)</b>	<b>1,416,476</b>	<b>1,413,838</b>	<b>1,448,643</b>	<b>1,471,695</b>	<b>1,506,745</b>



## **SECTION 4**

### **PURCHASER/PROVIDER ARRANGEMENTS**

The Australian Agency for International Development purchases services from the Department of Foreign Affairs and Trade under the common administrative services agreement (CAS).

AusAID also purchases telecommunications services at overseas missions from the Department of Foreign Affairs and Trade.

AusAID provides payroll services to the Australian Centre for International Agricultural Research.

## APPENDIX 1

### Non Appropriated Departmental and Administered Revenue

	Estimated Revenue 1999-2000 (\$'000)	Estimated Revenue 2000-01 (\$'000)
<b>Departmental</b>		
Non-appropriated Departmental Revenue <sup>1</sup>	986	1,040
<b>Administered</b>		
Other non-taxation revenue <sup>2</sup>	3,248	4,254
<b>TOTAL ESTIMATED REVENUE</b>	<b>4,234</b>	<b>5,294</b>

## APPENDIX 2

### Estimates of Cash Received from Special Appropriations

	Estimated Cash Received 1999-2000 (\$'000)	Estimated Cash Received 2000-01 (\$'000)
International Development Association (Further Payment) Act 1993	63,615	34,056
<b>TOTAL ESTIMATED REVENUE</b>	<b>63,615</b>	<b>34,056</b>

Significant amounts of cash from Special Appropriations is used to fund liabilities incurred prior to the commencement of accrual budgeting. See the Administered Cash Flow Statement, Table 3.8. There are no new expenses associated with Special Appropriations from 1999-2000 onwards.

<sup>1</sup> Includes sale of goods and services, interest and resources received free of charge. See Table 2.1.1 for detail.

<sup>2</sup> Other non-taxation revenue refers to those funds returned from contractors and NGOs to AusAID which were appropriated in former years and not used for the purpose for which they were provided.



# SECTION 1

## AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT

### AGENCY OVERVIEW

AusAID has a single outcome: *Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development.* Two departmental outputs contribute to this outcome: program management and policy.

AusAID provides policy advice to and manages development programs for the Government aimed at reducing poverty and achieving sustainable development, especially in the Asia Pacific region. Development in the region advances Australia's national interest by promoting growth and stability, and expanding trade and investment opportunities for Australia.

Development assistance administered by AusAID plays an important role in Australia's engagement with the region. For example, AusAID supports economic recovery and stability in Indonesia, and assists East Timor with its nation building activities. The aid program provides practical support for the promotion of effective governance, as an essential contributor to sustainable development. The program enables the Government to respond promptly to humanitarian and emergency relief situations. AusAID involves the Australian community in the delivery of aid activities.

### APPROPRIATIONS

The total appropriation for the Agency in the 2000-01 Budget is \$1,741.2 million<sup>1</sup>.

Table 1.1 shows the total appropriations for AusAID for 2000-01 by the one outcome, by administered expenses, price of output appropriation and, where appropriate, special appropriations, administered capital and departmental equity injections.

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<sup>1</sup> This includes both Appropriation Bills 1 and 2 (Departmental and Administered, Capital and Special Appropriations)

**AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT – Table 1.1 APPROPRIATIONS 2000-01 ('\$000)**

OUTCOMES	Departmental (Price of Outputs)					Administered				TOTAL APPROPRIATIONS
	Revenue from Government (Appropriations)			Revenue from other Sources	Price of Outputs	Annual Appropriations		Special Approps	Total Administered Appropriations	
	Bill No 1	Special Approps	Total			Bill No 1	Bill No 2 (SPPs & NAOs)			(H)
(A)	(B)	(C=A+B)	(D)	(E=C+D)	(F)	(G)	(H)	(I=F+G+H)	(J=C+I)	
1. Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development	66,900	0	66,900	1,040	67,940	1,428,713	0	0	1,428,713	1,495,613
			<b>(C1)</b>		<b>(E1)</b>				<b>(I1)</b>	
		98.5%								
<b>TOTALS</b>	<b>66,900</b>	<b>0</b>	<b>66,900</b>	<b>1,040</b>	<b>67,940</b>	<b>1,428,713</b>	<b>0</b>	<b>0</b>	<b>1,428,713</b>	<b>1,495,613</b>
	<b>(K1)</b>					<b>(K2)</b>				
<b>Amounts in shading are included in annual appropriation bills</b>					Departmental Capital (Equity Injections and Loans)					<b>0</b>
<sup>1</sup> Special appropriations pertaining to the aid programme relate to expenses incurred prior to 2000-01. See Budgeted Cash Flow Statement for breakdown of cash from Special Appropriations. For a detailed breakdown of Special Appropriations please refer to Appendix 2.					Bill 2 Administered Capital					<b>(K3)</b> <b>211,532</b>
					Special A appropriations <sup>1</sup>					<b>34,056</b>
					<b>TOTAL APPROPRIATIONS</b>					<b>1,741,201</b>

## MEASURES - DEPARTMENT SUMMARY

Table 1.2 Summary of Measures Disclosed in the 2000-01 Budget

Measure	Outcome	Output Group	Appropriations Budget 2000-01 (\$'000)			Appropriations Forward Estimate 2001-02 (\$'000)			Appropriations Forward Estimate 2002-03 (\$'000)			Appropriations Forward Estimate 2003-04 (\$'000)		
			Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total
Establishment of an ongoing East Timor Aid Programme	1	1.1	23,707	200	25,000	23,726	197	25,000	23,746	195	25,000	23,013	309	25,000
		1.2		1,093			1,077			1,059			1,678	
Australian Youth Ambassadors for Development Programme	1	1.1	0	0	0	0	0	0	0	0	0	0	0	0
		1.2												
Increased contribution to the Commonwealth Fund for Technical Cooperation	1	1.1	0	0	0	0	0	0	0	0	0	0	0	0
		1.2												
Grant to the Commonwealth's Trade and Investment Access Facility	1	1.1	0	0	0	0	0	0	0	0	0	0	0	0
		1.2												
Extension of the Australia-South Pacific 2000 Programme	1	1.1	0	0	0	0	0	0	0	0	0	0	0	0
		1.2												
Debt forgiveness for Heavily Indebted Poor Countries (HIPC) <sup>1</sup>	1	1.1	*	*	*	*	*	*	*	*	*	*	*	*
		1.2												

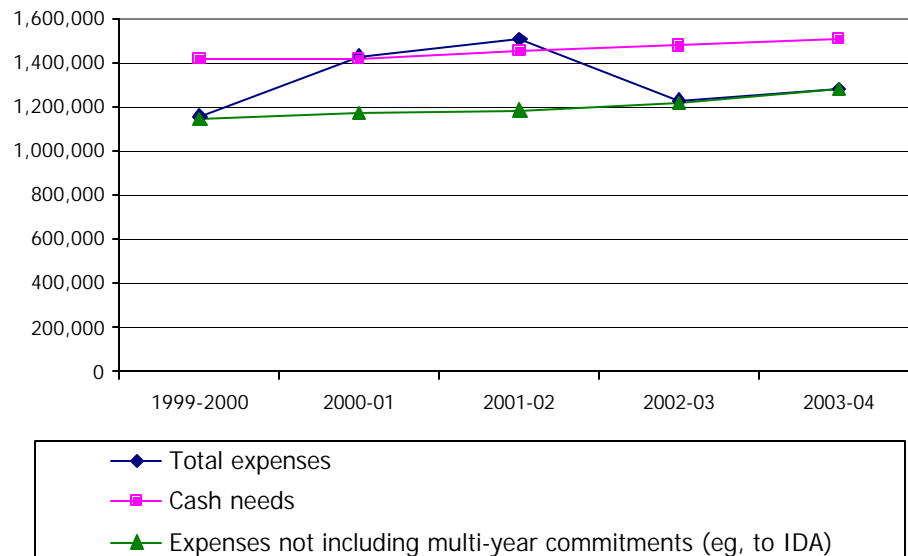
<sup>1</sup> Please refer to page 115 for additional information on this measure.

## ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

In 2000-01 the aid budget will have a significant negative equity position for administered items, due to multiyear commitments entered into in previous years. These commitments relate to agreements to fund multilateral development institutions, such as the International Development Association (the soft loan arm of the World Bank) and the Asian Development Fund (administered by the Asian Development Bank). Agreements with these institutions are core elements of the Australian aid program contributing to Outcome 1. AusAID will therefore receive an administered capital injection of \$211.5m to extinguish the liabilities caused by these commitments, as indicated in Table 1.1 (K3).

Under current accounting treatments, agreements to fund these institutions are recorded as an expense in the year the agreement is entered into, not when the cash payments fall due, which can be spread over a period of anywhere between four to ten years. This means that in any given year the relationship between AusAID's cash needs, which are predicted to remain steady, and its expenses appropriation can vary considerably. This is shown in the following graph:

**Chart 1.1 Estimated accrued expenses and cash needs for administered items in the aid programme (\$'000)**



AusAID will not receive a departmental equity injection or loan in 2000-2001.

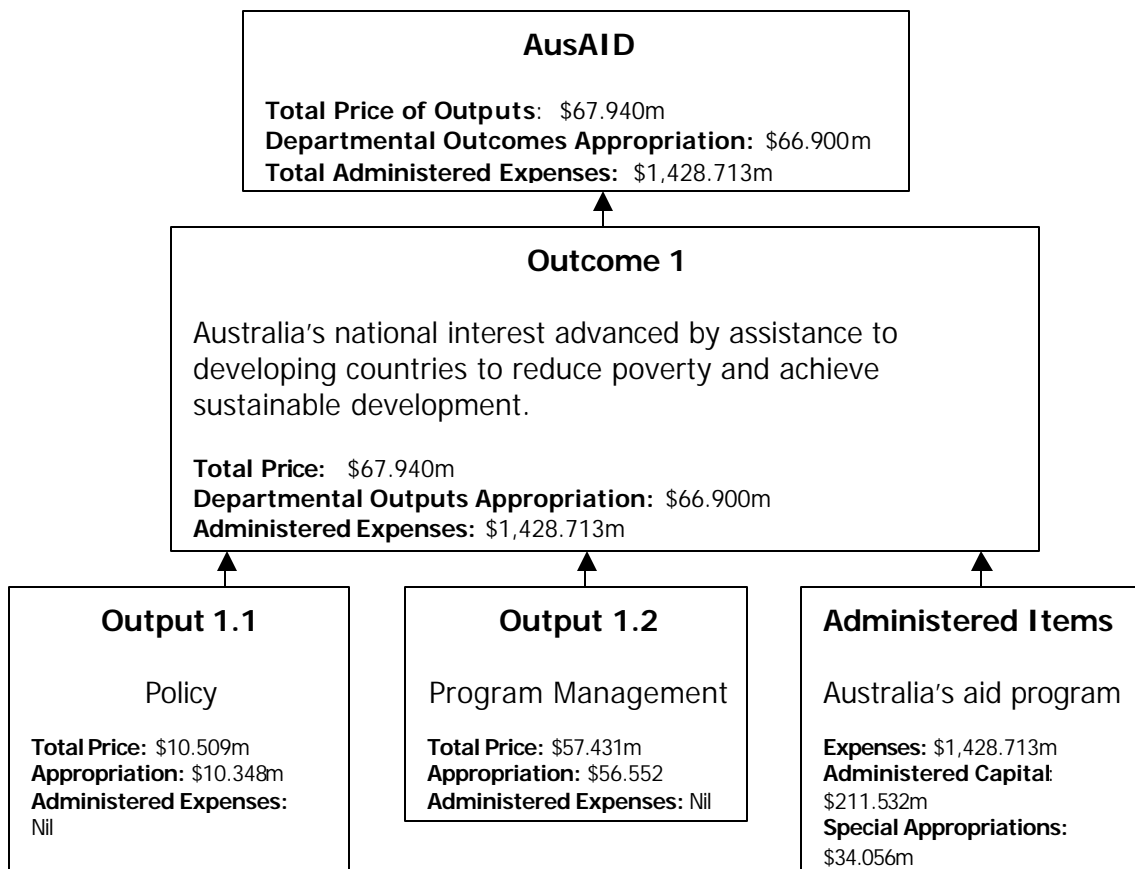
## SECTION 2

### OUTCOMES AND OUTPUTS INFORMATION

#### OUTCOMES AND OUTPUT GROUPS

The map below shows the relationship between AusAID's outcome and the contributing outputs for AusAID, presented here as output groups. Financial details for Outcome 1 by outputs and output groups appear in Table 2.1.1, page 117 ("Total Resourcing for Outcome 1") while non-financial performance information for Outcome 1 appears in Table 2.2.1, page 118.

**Map 2 - Outcomes and Output Groups**



Note: Revenue from Government (Appropriations) contributes 98.5% to the Total Price of Outputs for Outcome 1 for 2000-01

#### CHANGES TO OUTCOMES AND OUTPUTS

No change in outcomes or outputs from the previous year is proposed.

## **OUTCOME 1 - DESCRIPTION**

### **OUTCOME 1 – AUSTRALIA’S NATIONAL INTEREST ADVANCED BY ASSISTANCE TO DEVELOPING COUNTRIES TO REDUCE POVERTY AND ACHIEVE SUSTAINABLE DEVELOPMENT**

Promotion of sustainable development and poverty reduction in developing countries, particularly in the Asia Pacific region, is a key objective of Government. The core business of AusAID is to manage programs that assist developing countries to reduce poverty and achieve sustainable development. The Agency also provides policy advice and analysis to the Government across all aspects of international development policy.

In 2000-01 resources allocated to the aid program have been increased to provide for an expanded program of assistance to East Timor and to contribute to the Heavily Indebted Poor Countries Initiative (HIPC).

### **MEASURES AFFECTING OUTCOME 1**

#### **Establishment of an ongoing East Timor Aid Programme**

Budget Measure Purpose: To provide additional resources to fund the establishment of an ongoing East Timor aid programme.

Impact of the Measure: The measure will ensure an appropriate Government aid response to development needs in East Timor. It will enable effective management of an expanded Australian aid programme to support the development of a viable and stable East Timor.

The financial implications of the budget measure are detailed in Table 1.2.

#### **Australian Youth Ambassadors for Development Programme**

Budget Measure Purpose: To foster links between Australia and regional countries by placing young skilled Australians in developing countries throughout the Asia-Pacific region to carry out a range of development activities.

Impact of the Measure: The measure will contribute constructively to the development of partner countries while providing young Australians with a practical appreciation of the cultures, economies and development needs of the countries in our region. The measure will also foster greater linkages between Australian organisations and partner countries.

Financial Implications: This measure will be absorbed by the aid budget at no additional cost to Government.

**Increased contribution to the Commonwealth Fund for Technical Cooperation**

Budget Measure Purpose: To increase the Commonwealth Fund for Technical Cooperation (CFTC) by 10 per cent each year for the next three years to fund technical cooperation programmes.

Impact of the Measure: Funding will be used to support CFTC's programmes in areas such as democratic and legal institutions, economic management and public sector reform.

Financial Implications: This measure will be absorbed by the aid budget at no additional cost to Government.

**Grant to the Commonwealth's Trade and Investment Access Facility**

Budget Measure Purpose: To provide funding for the next three years for the Commonwealth's Trade and Investment Access Facility (TIAF).

Impact of the Measure: Funding will be used to help Commonwealth developing countries manage the impact of globalisation and make better use of the World Trade Organization to pursue trade and investment opportunities.

Financial Implications: This measure will be absorbed by the aid budget at no additional cost to Government.

**Extension of the Australia-South Pacific 2000 Programme**

Budget Measure Purpose: To provide funding to extend to 2006 the Australia-South Pacific 2000 Programme.

Impact of the Measure: The measure will encourage development activities in the South Pacific.

Financial Implications: This measure will be absorbed by the aid budget at no additional cost to Government.

**Debt forgiveness for Heavily Indebted Poor Countries (HIPC)**

Budget Measure Purpose: The Government will provide 100 per cent bilateral debt forgiveness for countries which qualify for debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative coordinated by the International Monetary Fund and World Bank. The enhanced HIPC Initiative provides debt relief to countries with unsustainable debt burdens which are establishing sound institutional and policy frameworks and ensures that the proceeds of debt relief are directed towards poverty reduction.

Impact of the Measure: Of the 40 countries that have currently been identified for possible debt relief under the enhanced HIPC Initiative, there are two – Nicaragua and Ethiopia – which have debts to Australia and are expected to qualify for relief. Australia is owed \$5.7 million by Nicaragua and \$12.6 million by Ethiopia. When Nicaragua and Ethiopia receive debt relief under HIPC, all of the debt they owe to the Australian Government will be forgiven.

Financial Implications: The cost of this measure will be additional to the aid budget, however, the precise timing and magnitude of the impact on the Budget of this measure will depend on when Ethiopia and Nicaragua receive debt relief under the enhanced HIPC Initiative and on factors such as movements in exchange rates. Therefore, the nature of this measure is such that a reliable estimate cannot be provided.

The Government will also provide the second tranche (\$11.5 million) of the \$35 million commitment over 1999-2000 to 2001-02 to the HIPC Initiative.

## OUTCOME 1 - RESOURCING

Table 2.1.1 shows how the 2000-01 appropriations translate to total resourcing for Outcome 1, including Administered Expenses, Revenue from Government (Appropriations), Revenue from other sources, and the Total Price of Outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1, the Appropriations Table, page 110.

Note that funds from Special Appropriations and Bill 2 are not detailed in this table, as they are funding existing liabilities (not current expenses).

**Table 2.1.1 Total Resources for Outcome 1 (\$'000)**

	<b>Estimated Actual 1999-2000 (\$'000)</b>	<b>Budget Estimate 2000-01 (\$'000)</b>
<b>ADMINISTERED APPROPRIATIONS<sup>1</sup></b>		
Country and regional programs	902,773	917,841
Multilateral, community and humanitarian relief programs	255,299	510,871
<b>Total Administered Expenses</b>	<b>1,158,072</b>	<b>1,428,713 (I1)</b>
<b>DEPARTMENTAL APPROPRIATIONS</b>		
<b>Output 1.1 - Policy</b>	10,152	10,348
<b>Subtotal Output Group 1.1</b>	<b>10,152</b>	<b>10,348</b>
<b>Output 1.2 - Program Management</b>	55,108	56,552
<b>Subtotal Output Group 1.2</b>	<b>55,108</b>	<b>56,552</b>
<b>Total Revenue from Government (Appropriations) Contributing to Price of Departmental Output</b>	65,260 98.5%	66,900 98.5% <b>(C1)</b>
<b>Revenue from Other Sources<sup>2</sup></b>		
<b>Output 1.1 – Policy</b>	153	161
<b>Output 1.2 – Program Management</b>	833	879
<b>Total Revenue from Other Sources</b>	<b>986</b>	<b>1,040</b>
<b>Total Price of Departmental Outputs</b> (Total revenue from Government and from other sources)	66,246	67,940 <b>(E1)</b>
<b>TOTAL ESTIMATED RESOURCING FOR OUTCOME 1</b> (Total Price of Outputs and Administered Expenses)	1,224,318	<b>1,496,653</b>
<b>STAFF YEARS (NUMBER)</b>	<b>1999-2000</b>	<b>2000-01</b>
	580	<b>580</b>

Note: The price of outputs is expected to reduce in 2000-01 when compared with that of 1999-00 largely due to cost reductions from Government tax reforms.

<sup>1</sup> Estimates for country and regional programs and multilateral, community and humanitarian relief programs have increased in 1999-2000 due to additional funding for East Timor and the Heavily Indebted Poor Countries Initiative.

<sup>2</sup> Includes revenue received from the sale of goods and services, interest and resources received free of charge. Refer to Departmental Operating Statement for further details.

## OUTCOME 1 - CONTRIBUTION OF OUTPUTS

AusAID's outputs of policy and program management reflect the Government's decision to provide effective assistance in partnership with developing countries to reduce poverty and achieve sustainable development. AusAID manages, monitors and provides advice on the types of programs that are implemented and the impact these programs have on development.

Justification for the choice of the outputs to achieve planned Outcome 1 is described in Table 2.2.1 below. This table provides information on the strategies chosen to deliver Outcome 1, and shows the links between outputs and the outcome.

### PERFORMANCE INFORMATION FOR OUTCOME 1

**Table 2.2.1 Performance Information for Outcome 1**

Effectiveness – Overall Achievement of the Outcome – (Measures, indicators and targets used as appropriate)
<p>AusAID's administered expenses will be allocated to activities aimed at reducing poverty and achieving sustainable development. Activities will be concentrated in the following key result areas:</p> <ul style="list-style-type: none"> <li>• improve agriculture and rural development</li> <li>• increase access and quality of education</li> <li>• promote effective governance in developing countries</li> <li>• improve health</li> <li>• provide essential infrastructure</li> <li>• deliver humanitarian and emergency assistance</li> <li>• promote environmental sustainability</li> <li>• promote equal opportunities for men and women as participants and beneficiaries in development</li> </ul> <p>A target of 75% of these activities receiving a quality rating of satisfactory overall or higher will be adopted.<sup>3</sup></p> <p>Assistance will be provided to countries directly, and through international and regional and non-government organisations.</p>

<sup>3</sup> A 'quality rating' is a measure of the quality of individual projects or activities expressed as a score or a standard. A five-point scale is used as follows: 5 = best practice; 4 = fully satisfactory; 3 = satisfactory overall; 2 = marginally satisfactory; 1 = weak. The rating is determined by AusAID project managers (Posted officers and Canberra-based officers) by assessing performance against whether the activity has appropriate objectives and design; is managed in a professional manner; achieves its objectives; and has sustainable outcomes.

Performance information for Administered Items (including third party outputs)	
Country and Regional Programs	<p><i>Quality:</i> 75% of activities in the key result areas receive a quality rating of satisfactory overall or higher</p> <p><i>Quantity:</i> significant activity outputs in key result areas</p>
Multilateral Organisation Programs	<p><i>Quality:</i> 75% of organisations receive a rating of satisfactory overall or higher in terms of efficiency, effectiveness and relevance to Australian Government priorities</p> <p><i>Quantity:</i> significant activity outputs in key result areas</p>
Emergency and Humanitarian Programs	<p><i>Quality:</i></p> <ul style="list-style-type: none"> <li>. 75% of humanitarian activities receive a quality rating of satisfactory overall or higher</li> <li>. 75% of emergency activities receive a rating of satisfactory overall or higher in terms of the timeliness and appropriateness of Australia's response</li> <li>. 75% of humanitarian organisations receive a rating of satisfactory overall or higher in terms of efficiency, effectiveness and relevance to Australian Government priorities</li> </ul> <p><i>Quantity:</i> significant activity outputs in key result areas</p>
NGO and Volunteer Programs	<p><i>Quality:</i> 75% of activities in the key result areas receive a quality rating of satisfactory overall or higher</p> <p><i>Quantity:</i> significant activity outputs in key result areas</p>
Information, Education and Communication Programs	<p><i>Quality:</i> 75% of activities in the key result areas receive a quality rating of satisfactory overall or higher</p> <p><i>Quantity:</i></p> <ul style="list-style-type: none"> <li>. significant activity outputs in key result areas</li> <li>. number of teacher participating in development education training</li> <li>. number of curriculum documents purchased by target groups</li> <li>. average monthly number of hits on the internet sites</li> <li>. community support for development increasing</li> </ul>

Performance Information for Departmental Outputs	
Output Group 1.1: Policy	
Output 1.1: Policy	<p><i>Quality:</i> Ministerial/Parliamentary Secretary satisfaction</p> <p><i>Quantity:</i> No. of submissions, briefs, questions on notice, PPQs, submission to Parliamentary Committees, correspondence, press releases, speeches, correspondence</p> <p><i>Price:</i> \$10.509m Output price equals 0.7% of administered cash used</p>

<b>Output Group 1.2: Program Management</b>	
Output 1.2: Program Management	<p><i>Quality:</i> 75% of activities rated satisfactory overall or higher</p> <p><i>Quality:</i> all major programs carried out in partnership</p> <p><i>Quality:</i> tools and process implemented to ensure management of a high quality program that reflects Government priorities</p> <p><i>Quality:</i> feedback on quality of tender information; decreasing number of late gazettals; number of contracts terminated or subject litigation or serious disputation</p> <p><i>Quantity:</i> number of programs; number of activities, number of new contracts signed and ongoing contracts managed</p> <p><i>Price:</i> \$57.431m; Output price equals 4% of administered cash used</p>

Table 2.2.1, above, lists the performance information that AusAID will use to assess the level of its contribution to the achievement of Outcome 1 during 2000-01. It will also measure the efficiency of outputs in contributing to Outcome 1, including targets for performance as applicable and appropriate. Achievement of planned performance will be reported in AusAID's Annual Report.

## EVALUATIONS

Evaluation studies undertaken by AusAID in 2000-01 will contribute to the strategic goal of improving the quality of the Australian aid program. The studies will include analysis of performance and impact both during implementation and ex-post. They also will provide important feed back of lessons and guidance on best practice. The evaluation program addresses three key objectives:

- To assess the impact and improve the quality of the aid program
- To provide better feed back of lessons learned, and
- To strengthen activity management procedures.

It is proposed that the following activities will be the key focus of the program in 2000-2001:

### *Thematic evaluations*

- The impact and effectiveness of the Gender and Development policy
- Institutional strengthening and capacity building activities
- NGO projects in Africa
- Australian co-financing with multilateral development banks

*Sector and Program evaluations*

- Land management and regional planning: a review of lessons from Australian experience;
- Agriculture: income generation and marginal farming systems
- Health: community participation and health extension and HIV/AIDS
- Food aid and the effectiveness of emergency food relief
- SPREP, the Pacific regional environment organisation

*Systems and quality procedures*

- Ongoing revision and additions to the project management guidelines, AusGUIDE
- Guidelines on performance information and outcome measurement
- Project preparation performance review
- Preparation of training packages and guidelines on improving project quality
- Documentation of feedback information on effectiveness and impact

**COMPETITIVE TENDERING AND CONTRACTING**

Actual delivery of the aid program is entirely outsourced. AusAID's role is to provide policy advice to Government on development issues and manage the programs implemented by contractors, non-government organisations and international and regional organisations. As a result, contracting out program delivery has been an integral part of the aid program for more than twenty years, and AusAID currently manages around 1,600 contracts on behalf of the Commonwealth.

Since the Government's competitive tendering and contracting initiative, AusAID has implemented qualitative improvements in our contracting procedures. This is being achieved through an emphasis on quality on entry, improvements in contractor selection procedures, improvements in project and program effectiveness, and ensuring flexible program approaches. All of these measures are directed at ensuring the best value for money, a greater emphasis on quality and overall improved outcomes for the aid program.

In 1999-2000 AusAID obtained external advice on the cost-effectiveness of its corporate services and associated performance improvement strategies. In 2000-01 AusAID will develop a market-testing program for those of its corporate services for which there is a business case to do so.

