**The 2014-15 development assistance budget:
a summary**

1. **2014-15 development assistance budget: a summary**

In 2014-15, Australia will provide an estimated $5,031.9 million in Official Development Assistance (ODA).

This program will work in Australia’s national interest through contributing to sustainable economic growth and poverty reduction. It will be governed by a new development policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*¸ which will guide a re-shaping of the aid program throughout 2014-15 and in coming years.

The Government’s new performance framework *Making Performance Count: enhancing the accountability and effectiveness of Australian aid* will reinforce the new directions laid out in the new development policy. *Making Performance Count* will drive real links between performance and aid funding decisions, ensuring a stronger focus on results and value-for-money.

The 2014-15 Budget delivers a stable development assistance budget tied to measurable outcomes and focused on the Indo‑Pacific region, positioning Australia as a reliable international donor and effective development partner.

Australia is the second largest donor to the East Asia and Pacific region and is in the top ten donors of the Organisation for Economic Cooperation and Development (OECD) group of major donors.

Australia will continue to uphold its global responsibilities, including by maintaining a strong humanitarian program. Of the total development assistance budget, $338.6 million will be allocated for humanitarian, emergencies and refugee expenditure in 2014-15, with further funding allocated to assist communities to reduce disaster risk. This includes an increase of the Emergency Fund, from $90 million to $120 million, to enable Australia to respond swiftly and effectively to global emergencies and emerging priorities.

The Australian aid program will be delivered by non‑government organisations (NGOs), Australian volunteers, businesses and government agencies working together with developing countries and international organisations.

* The Australia Awards program within DFAT will be increased by $31.7 million to contribute to overall DFAT-administered Australian Awards funding of $310.0 million in 2014-15. This will ensure we can offer over 4,500 scholarship and fellowships awards in 2014-15 and continue to build skills to contribute to economic and human development and foster links between Australia and countries in our region.
* Funding managed by NGOs through the Australian-NGO Cooperation Program (ANCP) will be increased to $134.0 million in 2014-15 — an increase of $3.3 million.
* The Direct Aid Program will be doubled to $22.0 million and volunteer program maintained at 2013-14 levels ($56.6 million) — to strengthen our focus on cultural exchange and people-to-people links.
* Other government departments (e.g. the Australian Federal Police, Department of Immigration and Border Protection, and Attorney-General’s Department) will manage and deliver an estimated $392.0 million (8 per cent) of Australia’s ODA in 2014-15.

**Indo-Pacific region**

The 2014-15 development assistance budget reinforces the Government’s decision to refocus Australian aid on the Indo-Pacific region. Countries in the Indo-Pacific region will receive an estimated 92 per cent of country and regional program funding in 2014-15 (compared to 86 per cent previously) to promote prosperity, reduce poverty and enhance stability. Our sharper geographic focus reflects the reality that most of our neighbours are developing countries. Many of them face significant development challenges.

Most countries within the Indo-Pacific have received an increase on 2013-14 funding levels. Consistent with the Government’s focus on our region, programs outside the region either phased out (e.g. in Latin America and the Caribbean) or scaled back (e.g. sub‑Saharan Africa), where other developed nations have primary responsibility.

**Sectoral priorities**

The 2014-15 Budget provides a sharper focus on investing in drivers of economic growth, in line with the new strategic framework for the aid program released as part of the Government’s new development policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.

**Figure 1: 2014-15 sectoral funding estimates**

|  |  |
| --- | --- |
| **Sector** | **2014/15 Budget Estimate** |
| Infrastructure, trade facilitation and international competitiveness | 13 per cent |
| Agriculture, fisheries and water | 7 per cent |
| Effective governance: policies, institutions and functioning economies | 18 per cent |
| Education | 23 per cent |
| Health | 16 per cent |
| Building resilience: Humanitarian assistance, disaster risk reduction and social protection | 14 per cent |
| General development support | 9 per cent |

Further details of the new development policy, sectoral priorities and funding estimates for 2014-15 are provided in Chapter 2.

**Global programs**

In 2014-15 Australia will continue to work with effective and efficient multilateral and global organisations to contribute to global aid solutions or deliver aid in countries where we do not have a bilateral presence. These partners include:

* multilateral development banks such as the World Bank and Asian Development Bank
* United Nations (UN) development and humanitarian organisations such as UNICEF, UN Women, UN Development Programme and the World Food Programme
* the International Committee of the Red Cross
* partnerships with health, education and environmental organisations such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Global Partnership for Education, and the Global Environment Facility.

**Cross-regional programs**

Cross-regional programs include funding allocations that benefit a number of regions, including sector-based initiatives. In addition to programs managed under bilateral and multilateral arrangements, for 2014-15 the Government has:

* dedicated $90 million for health, water and sanitation programs to be delivered by our civil society and multilateral partners
* allocated $10 million for new agriculture and fisheries investments
* doubled funding to $30 million for initiatives that empower women and girls
* allocated $20 million to promote innovation in program development
* increased the global DFAT Australia Awards program by $31.7 million to $138.9 million to ensure we can offer close to 4,500 scholarship and fellowships awards
* doubled the Direct Aid Program to $22 million to contribute to economic and human development and foster links between Australia and countries in our region.

**Table 1:**

This table shows allocations to DFAT country, regional and global programs.

| **DFAT country, regional and global programs** | **2013-14 Estimated Outcome ($m)** | **2014-15 Budget Estimate ($m)** |
| --- | --- | --- |
| **Country and Regional Programs** |  |  |
| Papua New Guinea |  448.5  |  502.1  |
| Solomon Islands |  90.4  |  92.7  |
| Vanuatu |  40.9  |  41.9  |
| Samoa |  23.1  |  23.6  |
| Fiji |  34.2  |  35.0  |
| Tonga |  17.2  |  17.6  |
| Nauru |  20.7  |  21.2  |
| Kiribati |  19.7  |  20.2  |
| Tuvalu |  6.6  |  6.8  |
| Cook Islands |  1.0  |  1.0  |
| Niue and Tokelau |  2.4  |  2.5  |
| North Pacific |  4.8  |  5.0  |
| Pacific Regional |  172.6  |  196.9  |
| **Pacific Total** |  **882.2**  |  **966.6**  |
| Indonesia |  542.2  |  542.5  |
| Vietnam |  95.0  |  97.4  |
| Philippines |  109.0  |  111.7  |
| Timor-Leste |  70.0  |  71.6  |
| Cambodia |  51.1  |  52.4  |
| Burma |  62.1  |  70.1  |
| Laos |  33.5  |  34.3  |
| Mongolia |  9.6  |  9.8  |
| East Asia Regional |  63.9  |  85.5  |
| **East Asia Total** |  **1,036.4**  |  **1,075.4**  |
| Afghanistan  |  130.9  |  130.9  |
| Pakistan  |  64.0  |  65.6  |
| Bangladesh |  61.6  |  70.1  |
| Sri Lanka |  32.4  |  33.2  |
| Nepal |  15.2  |  15.6  |
| Bhutan |  3.5  |  3.5  |
| Maldives |  3.0  |  3.0  |
| South and West Asia Regional |  22.4  |  32.9  |
| **South & West Asia Total** |  **332.8**  |  **354.9**  |
| Iraq |  3.7  |  -  |
| Palestinian Territories |  33.4  |  34.2  |
| Middle East and North Africa |  32.2  |  2.8  |
| Sub-Saharan Africa |  133.0  |  106.0  |
| **Africa & the Middle East Total** |  **202.3**  |  **143.0**  |
| Latin America |  7.1  |  -  |
| Caribbean |  8.0  |  -  |
| **Latin America and the Caribbean Total** |  **15.1**  |  **-**  |
| **Cross Regional Programs** |  **309.1**  |  **686.9**  |
| **DFAT ODA - Country & Regional Programs** |  **2,777.9**  |  **3,226.8**  |
| **Global Programs** |   |   |
| Humanitarian and Emergency Response |  137.4  |  200.1  |
| International Committee of the Red Cross |  22.0  |  26.6  |
| UN-Humanitarian |  104.8  |  111.9  |
| *United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)* |  *9.0*  |  *9.3*  |
| *World Food Programme (WFP)* |  *46.0*  |  *50.0*  |
| *United Nations Central Emergency Response Fund (UNCERF)* |  *11.0*  |  *11.3*  |
| *United Nations High Commissioner for Refugees (UNHCR)* |  *19.0*  |  *21.0*  |
| *United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)* |  *19.8*  |  *20.3*  |
| **Humanitarian, Emergencies and Refugees Total** |  **264.2**  |  **338.6**  |
| Montreal Protocol Multilateral Fund (MPMF)1 |  -  |  nfp  |
| Asian Development Bank (ADF) |  -  |  -  |
| International Development Association (IDA) |  582.8  |  -  |
| Heavily Indebted Poor Countries Initiative (HIPC) |  57.0  |  -  |
| G8 Multilateral Debt Relief Initiative (MDRI) |  109.0  |  -  |
| Global Environment Facility (GEF)1 |  -  |  nfp  |
| **Multilateral Replenishments Total2** |  **748.8**  |  **-**  |
| UN-Development |  131.9  |  131.8  |
| *United Nations Development Programme (UNDP)* |  *20.7*  |  *21.2*  |
| *United Nations Children's Fund (UNICEF)* |  *34.1*  |  *35.0*  |
| *United Nations Population Fund (UNFPA)* |  *15.0*  |  *15.4*  |
| *United Nations Program on HIV and AIDS (UNAIDS)* |  *7.2*  |  *7.5*  |
| *World Health Organization (WHO)* |  *20.0*  |  *20.6*  |
| *UN Women* |  *8.0*  |  *8.2*  |
| *Other UN including ODA eligible assessed contributions* |  *26.9*  |  *23.9*  |
| Commonwealth Organisations |  12.0  |  12.0  |
| Contribution to Global Health Programs3 |  181.4  |  74.0  |
| Contribution to Global Education Programs |  70.0  |  100.0  |
| **UN, Commonwealth & Other International Organisations Total** |  **395.3**  |  **317.9**  |
| Global NGO Programs |  133.9  |  137.2  |
| Australian Volunteers Program |  55.3  |  56.6  |
| Community Engagement and International Research |  10.3  |  10.0  |
| **NGO, Volunteer and Community Programs Total** |  **199.4**  |  **203.9**  |
| Less Multilateral Replenishments |  (748.8) |  -  |
| Add Cash payments to Multilaterals |  345.8  |  363.2  |
| **DFAT ODA - Global Programs** |  **1,204.8**  |  **1,223.6**  |
| DFAT ODA - Departmental |  373.6  |  251.3  |
| Other Government Departments |  748.5  |  392.0  |
| Adjustments |  (73.2) |  (61.8) |
| **Total Australian ODA** |  **5,031.7**  |  **5,031.9**  |
|  |  |  |
| 1 Negotiations are currently under way for this replenishment. Following the finalisation of the negotiations the amounts pledged will be publically available. |
| 2 These figures reflect the value of new commitments to the multilateral development banks and other multilateral funds which will be paid over 3 to 9 years. These commitments usually occur every two to three years. |
| 3 Funding to Global Health Programs for 2014-15 will include further commitments to be agreed during the year, e.g. the GAVI replenishment which is under consideration. |

**Table 2:  Total Australian ODA by partner country and region**

This table shows total Australian ODA from all agencies and programs attributable to partner countries and regions. This includes DFAT country program allocations, flows from DFAT regional and global programs, and Other Government Departments expenditure.

| **Total Australian ODA by partner country and region** |  **2013-14 Estimated Outcome ($m)**  |  **2014-15 Budget Estimate ($m)**  |
| --- | --- | --- |
| Papua New Guinea |  519.4  |  577.1  |
| Solomon Islands |  164.4  |  168.1  |
| Vanuatu |  60.1  |  60.4  |
| Samoa |  36.4  |  37.6  |
| Fiji |  59.5  |  61.9  |
| Tonga |  29.3  |  30.3  |
| Nauru |  29.5  |  27.1  |
| Kiribati |  26.3  |  26.9  |
| Tuvalu |  10.1  |  10.4  |
| Cook Islands |  3.7  |  4.0  |
| Niue and Tokelau |  5.5  |  6.3  |
| North Pacific |  12.9  |  13.5  |
| Pacific Regional |  105.4  |  129.1  |
| **Pacific Total** |  **1,062.6**  |  **1,152.7**  |
| Indonesia |  601.6  |  605.3  |
| Vietnam |  138.9  |  141.3  |
| Philippines |  175.2  |  143.0  |
| Timor-Leste |  112.3  |  96.6  |
| Cambodia |  77.5  |  79.0  |
| Burma |  81.4  |  90.0  |
| Laos |  56.4  |  55.6  |
| Mongolia |  16.7  |  16.3  |
| East Asia Regional |  81.4  |  100.0  |
| **East Asia Total** |  **1,341.4**  |  **1,327.0**  |
| Afghanistan  |  149.3  |  134.2  |
| Pakistan  |  78.3  |  79.0  |
| Bangladesh |  84.4  |  94.2  |
| Sri Lanka |  40.8  |  42.8  |
| Nepal |  35.3  |  33.9  |
| Bhutan |  13.9  |  14.8  |
| Maldives |  6.4  |  7.0  |
| South and West Asia Regional |  27.7  |  33.1  |
| **South & West Asia Total** |  **435.9**  |  **438.8**  |
| Iraq |  4.1  |  0.3  |
| Palestinian Territories |  54.8  |  56.5  |
| Middle East and North Africa |  42.2  |  8.8  |
| Sub-Saharan Africa |  243.8  |  186.9  |
| **Sub-Saharan Africa & the Middle East Total** |  **344.8**  |  **252.4**  |
| Latin America |  19.0  |  16.1  |
| Caribbean |  10.6  |  5.0  |
| **Latin America and the Caribbean Total** |  **29.6**  |  **21.1**  |
| Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions |  1,890.5  |  1,901.6  |
| Adjustments |  (73.2) |  (61.8) |
| **Total Estimated ODA** |  **5,031.7**  |  **5,031.9**  |

1. **2014-15 Priority area allocations**

In line with *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, the Government’s aid program in 2014-15 will focus on achieving two development outcomes: strengthening private sector development and enabling human development. These two development outcomes will be pursued by focusing aid program investments in a select number of priority areas, reflecting our expertise and strengths, regional barriers to growth, and key poverty challenges (see Figure 2).

**Figure 2: A new strategic framework for the aid program**



Infrastructure, trade facilitation and international competitiveness

***Infrastructure***

**Issue**

One of the largest constraints to private sector development in the region is inadequate infrastructure. It is also a major “behind the border” constraint affecting trade. The Asia-Pacific region is estimated to need more than US$8 trillion worth of infrastructure by 2020.[[1]](#footnote-1) This is a significant development problem. Australia will do more to help our regional partners address this substantial investment gap in infrastructure.

**Australia’s response**

* *2014-15 Budget estimate:* ***$530.3 million***

Australia is committed to tackling infrastructure bottlenecks in the region to help create the right conditions for the private sector and to expand trade. The Australian Government will work with partner governments to strengthen the policy and regulatory environment for infrastructure investment, and increase the aid program’s infrastructure portfolio over the coming years as a key plank of the Government’s commitment to scale-up the aid for trade portfolio. We will:

• facilitate greater private investment in infrastructure by helping partner governments to get the policy and regulatory settings right, and by promoting public-private partnerships (PPPs)

• invest in infrastructure that enables private sector and human development, such as transport infrastructure and water systems

• expand access to reliable energy—vital for businesses and for communities

• unlock transformational information and communication technologies to expand access to banking services, market information, and commercial opportunities

• work with multilateral organisations that have significant expertise in innovative solutions to deliver enabling infrastructure

• work through international forums, such as Asia-Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN) and the Group of 20 (G20), to address systemic barriers to investment in infrastructure.

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| **Public-private partnerships for infrastructure** |
| Infrastructure enables access to markets and ensures reliable water, energy and other services. It is critical to driving economic growth and reducing poverty. With more than US$8 trillion worth of infrastructure needed in the Asia-Pacific Region by 2020,[[2]](#footnote-2) governments and donors cannot plug this investment gap alone. Public-private partnerships (PPPs) can help address this shortfall. The Philippine PPP Centre is an example of successful collaboration between governments, donors and the private sector. Australia’s $20 million contribution constitutes over 80 per cent of donor funding to the PPP Centre and has helped develop over $1 billion worth of PPP infrastructure projects—an impressive return on Australia’s aid investment. Building on the experience in the Philippines, Australia is now supporting a new pilot PPP centre in Indonesia that will help the Indonesian public sector to develop expertise in designing and managing PPPs to deliver infrastructure quickly and affordably.Australia’s investment in these centres draws on Australia’s own experience and lessons to build effective PPPs which improve the investment climate in our region, enable the private sector to contribute strongly to the regional economy, and meet priority infrastructure needs.Through the G20 presidency Australia is pursuing a multi-year program of work to address barriers to investment in infrastructure in developing countries, including a focus on project preparation and improving the business enabling environment. |

***Trade facilitation and international competitiveness***

**Issue**

The increasingly integrated nature of the global trading system provides opportunities for Australia’s partner countries to boost economic growth through increased exports, technology transfer and financial inflows. However, there are large variations across our region in terms of countries’ ability to conduct business across borders. To seize these opportunities, developing countries need to create an environment that allows their private sector the best chance of success in international markets. This includes building functioning market environments that are open and competitive so that firms can seek out cost-effective and profitable ways of doing business. It also includes ensuring sound macroeconomic and structural policy settings, with greater mobility and connectivity of workers and capital to support the most productive sectors of the economy.

**Australia’s response**

* *2014-15 Budget estimate:* ***$114.3 million***

Australia will work with our developing country partners to support private sector growth, facilitate trade and promote international competitiveness.

Australia will provide practical assistance and advice to help our partner countries engage and be competitive in the global trading system. The analysis underpinning country-specific Aid Investment Plans will inform Australia’s assistance in this area. Australia will advocate for the policy changes required to build functioning markets and expand trade opportunities. We will:

• support sound and stable macroeconomic policy settings, and taxation settings that encourage private domestic and foreign investment, including in the extractives industry

• promote structural policy reform that facilitates the effective functioning of markets

• encourage increased innovation and knowledge transfer to high productivity sectors

• support countries’ efforts to tackle “beyond the border” constraints, by providing trade policy and analysis training; and “at the border” constraints, by improving the efficiency of functions such as customs and quarantine services

• invest in infrastructure that facilitates the flow of goods and services across borders.

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| **Aid for trade** |
| * *2014-15 Budget estimate:* ***$742.1 million[[3]](#footnote-3)***

A strong aid for trade focus arches over our investments. Aid for trade addresses key constraints to trade, including: • weak public sector institutions, with poor capacity to formulate economic policy and negotiate trade agreements• poor infrastructure, including poor transport and communications • insufficient private sector capability, including poor access to finance, supply chains, and a skilled workforce.On average, every dollar invested in aid for trade increases recipient country exports by an additional US$8.[[4]](#footnote-4) Given this high return on aid for trade investments, the Government has set an ambitious but achievable target of increasing aid for trade to at least 20 per cent of Australia’s annual aid spend by 2020. In scaling up aid for trade, Australia will target country-specific constraints to participation in trade. Areas of focus will include governance and regulatory impediments, trade facilitation, infrastructure, water, private sector development, agri-food, fisheries and services, and empowering women to engage in economic activities. The private sector, multilateral development banks and other donors will be important partners in the delivery of aid for trade outcomes. |

Agriculture, fisheries and water

**Issue**

The agriculture and fisheries sectors provide livelihoods for millions of workers, particularly in rural areas, and underpin food security and nutrition. Agricultural productivity and production will need to grow to meet future global food demand, which is expected to rise by 60 per cent over coming decades as population and wealth increase, especially in the Indo-Pacific region.[[5]](#footnote-5) This additional demand will provide new market opportunities for the region’s agricultural and fisheries sectors.

At the same time, 842 million people still suffer from chronic hunger globally.[[6]](#footnote-6) Two-thirds of these are in our region.[[7]](#footnote-7) Water resources are coming under competing pressures from agriculture, industry, electricity generation, growing urban populations and the impacts of climate variability. Overfishing practices threaten the long term sustainability and profitability of global and regional fisheries.

Optimising the potential of agriculture, fisheries and water for economic development, while ensuring sustainable use of resources for long term prosperity, is one of the biggest challenges facing our region.

**Australia’s response**

* *2014-15 Budget estimate:* ***$349.0 million***

Australia will support agricultural productivity, sustainable fisheries management and water resource management, and will address impediments that prevent producers linking effectively into domestic and international markets. Our work will enhance global food security and improve early childhood nutrition, a critical driver of better development outcomes. We will address these challenges at a country level in our region as well as through support for regional and multilateral cooperation.

We will:

• improve agricultural productivity and distribution channels, and address barriers to market access, through an integrated approach that includes both development assistance and advocacy for more open markets

• invest in agricultural and fisheries research, particularly through the Australian Centre for International Agricultural Research (ACIAR), to increase productivity, reduce post-harvest losses and make supply chains more efficient

• support small-scale farmers, fishers and entrepreneurs—many of whom are women—to meet their livelihood and food security needs, including by addressing the key challenges that inhibit commercial viability

• assist partner countries to better manage water resources through sharing Australia’s world-renowned policy and technical expertise

• support Pacific island countries to increase government revenues and their contribution to gross national income (GNI) from the fisheries sector

• address agricultural and fisheries subsidies, including through the multilateral trading system, and strengthen fisheries protection through working with relevant international and regional organisations.

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| **Australian Centre for International Agricultural Research (ACIAR)** |
| As Australia’s specialist agricultural research for development agency, ACIAR improves our partner countries’ trade and economic growth through mobilising cutting-edge research.ACIAR’s research programs will enable partner countries to increase their participation in domestic and international agricultural trade by: • improving agricultural competitiveness and sustainability• strengthening agricultural value chains and overcoming regulatory impediments to trade• facilitating research-uptake amongst the private sector and NGOs• building capacity for ongoing agricultural innovation.For example, in Vanuatu, ACIAR supports smallholders supply cocoa to organic, “fair trade” and conventional markets. We will enhance their profits through promoting links to higher value Australian “bean to bar” chocolate markets. |

Effective governance: policies, institutions and functioning economies

**Issue**

Governance affects virtually all aspects of a country’s prosperity. An effective public sector and functioning, predictableinstitutions provide the foundations for economic growth, private sector investment and trade. Well-functioning institutions generate revenue and redistribute income. They provide stability and maintain law and order by ensuring disputes among citizens are settled peacefully and fairly. They also deliver education and health services that build a skilled, productive and healthy workforce. However, where governance is poor, development outcomes are also poor.

Australia’s developing country partners have a diverse range of governance and institutional capabilities. Partner countries range from highly populous Indonesia to the micro-states of the Pacific, from stable to highly volatile, from resilient to fragile, and from capable to very weak. Differentiated approaches are required to address the varied economic, political and social factors hindering development in each of these country contexts.

Conflict, particularly intra-state conflict, remains a major constraint to development in the region. Conflict reverses the gains achieved through economic development and can set a country back decades. Countries experiencing conflict are less able to control their borders and are more vulnerable to transnational crime or extremist organisations that threaten the stability of our region.

Fragile states with weak institutions struggle to deal with emerging health challenges, and this can have major cross-border impacts. For example, drug resistant tuberculosis (TB) poses a major threat to countries in our region, but also to Australia’s interests and citizens. TB causes approximately 1.3 million deaths a year worldwide.[[8]](#footnote-8) It is highly infectious, almost impossible to cure and costs around US$200,000 to treat an individual.[[9]](#footnote-9) Through the aid program, Australia is tackling these problems at the source and drawing on Australia’s diplomatic resources to engage and influence countries in our region to solve this problem.

**Australia’s response**

* *2014-15 Budget estimate:* ***$849.9 million***

Australia will focus on supporting the building of institutions that have a direct role to play in promoting stability, inclusive economic growth and poverty reduction, and in strengthening gender equality and women’s empowerment. We will work with civil society and the private sector to strengthen environments in our partner countries in which citizens and organisations can make legitimate demands of their governments. We will:

• build institutions that support private sector growth, including those that strengthen the credibility of the macro-economic framework, ensure a more transparent and efficient regulatory framework for business, fight corruption, and provide predictable and credible property rights

• support efforts to build a broad and well-balanced tax base in our partner countries

• improve the transparency and accountability of extractives-related revenues in partner countries

• reform institutions to strengthen regulation and delivery of public services and deliver more representative and accountable government

• build effective law and justice systems, drawing on the Australian Federal Police and Attorney-General’s Department, to strengthen policing, increase the safety and security of communities and improve people’s access to justice and address violence against women

• contribute to peace-building initiatives in conflict-affected areas to address long-standing grievances and other drivers of conflict.

Across all aid program investments, Australia will tailor support to the political context. This will require an understanding of what is politically feasible and economically desirable. Through high quality political economy analysis we will identify the constraints to growth, including the underlying blockages and power structures that affect growth and development in each country. Such analysis will be particularly important in addressing development challenges in fragile and conflict affected situations, including unequal access to the benefits of economic growth and employment, political alienation and a sense of injustice, which can lead to conflict.

Australia’s diplomatic and aid program efforts will foster country-led reform initiatives and assist local champions implement workable solutions to local development problems, recognising these will be more legitimate and durable than solutions introduced from outside. Australia is uniquely placed within the region to support local innovation and reform processes, assisted through the provision of specialist technical advice, where needed.

Australia’s diplomats will seek to understand the influences, interests and institutions that exist in our partner countries and respond flexibly where there are strong leaders and reform opportunities. Where appropriate, we will take an incremental approach, pursuing opportunities as they arise.

Education and health

**Issue**

Education and health are critical to improving livelihoods, enabling poor people to participate in the economy and lifting living standards.

More than 200 million children under five do not reach their potential due to poverty, poor nutrition and health, and inadequate learning opportunities.[[10]](#footnote-10) Access to quality education and health services remains a persistent challenge in our region. There are still 17.5 million children in the Asia-Pacific region who do not complete primary school[[11]](#footnote-11) and of children not in school, one-third have a disability.[[12]](#footnote-12) On average, 288 women in our region die every day due to complications during pregnancy or at childbirth.[[13]](#footnote-13) Nearly three million children under five years of age died in 2011 in the Asia-Pacific,[[14]](#footnote-14) and 75 per cent of all deaths in the Pacific are caused by non-communicable diseases.[[15]](#footnote-15)

The health and education systems of countries in our region are constrained by inadequate financial and human resources. They struggle to deal with persistent and complex challenges. In health, challenges include the dual burden of rising rates of non-communicable diseases, including heart disease, cancer and strokes, while infectious diseases continue to be major health problems. Inadequate hygiene and access to safe drinking water and sanitation compound these health problems. Malnutrition rates in some countries in our region are amongst the worst in the world. Trans-boundary health challenges, such as emerging drug resistance to infectious diseases, are significant threats to economic growth and health security.

In education, the quality of learning is the critical issue. Many young people are leaving school without the skills they need to get a job and participate fully in society. Women, girls and people with a disability are particularly disadvantaged by poor quality and inadequate health and education services. We also know that efforts in health and education programs combined produce greater outcomes for beneficiaries. For example, improved childhood nutrition is directly correlated with higher cognitive development, more years of schooling and better education achievement.

**Australia’s response**

Australia’s investments in education and health will primarily focus on supporting changes to the systems and policies that deliver better education and health in our region. This focus on systemic change requires our aid investments to be catalytic, leveraging other sources of financing for development, particularly the domestic tax revenues of our partner countries and private sources of funding. Australia’s diplomats will advocate for reforms to health and education and more effective spending by partner governments and multilateral organisations.

***Education***

* *2014-15 Budget estimate (Education & Australia Awards):* ***$1105.8 million***
	+ *2014-15 Budget estimate (Education):* ***$795.8 million***
	+ *2014-15 Budget estimate (Australia Awards):* ***$310.0 million***

The aid program will invest in better quality education, enabling young people to gain knowledge and skills to contribute productively to society. We will:

• get the foundations right to ensure children are healthy, safe and ready to learn by supporting early childhood development

• promote learning for all with a special focus on girls, disadvantaged children and those with disability, through teacher training, curriculum development and education infrastructure

• prioritise skills for growth to enable people to be job-ready and adaptable, by improving access to quality assured technical education and training, which matches the needs of the local private sector

• innovate for learning and improve education outcomes by working with the private sector and civil society to develop creative solutions to persistent education challenges

• continue to enable students from our partner countries to undertake tertiary study in Australia, enhance cross-cultural understanding through people-to-people links and build their capacity to contribute to development in their countries.

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| **Australia Awards and the New Colombo Plan** |
| We invest in two complementary scholarship programs—the DFAT Australia Awards (which enables students from developing countries to study in Australia) and the Government’s new foreign policy initiative, the New Colombo Plan (which enables Australian students to study in the region). Together they offer a two-way exchange that is critical to Australia’s engagement with the Indo-Pacific region. Through DFAT Australia Awards, funded by the aid program, the Government will provide **$310 million** to facilitate offering close to 4,500 scholarships and fellowships in 2014–15. This will support emerging leaders from developing countries to study in Australia, build people-to-people links and return home to contribute to economic and social development. The Government is also developing a global network of alumni to promote ongoing connections between Australia Awards alumni, New Colombo Plan alumni and non-award (private) alumni, as part of increased public diplomacy efforts. |

***Health***

* *2014-15 Budget estimate:* ***$784.7 million***

We will invest in health—particularly health systems—so that women, men and children can achieve better health and live healthy and productive lives. Australia will:

• support partner governments deliver better health for all, including to the poor, with a focus on cost-effective interventions to prevent communicable diseases such as HIV, tuberculosis (TB) and malaria

• promote improved health outcomes through quality maternal and child health and family planning services

• strengthen our focus on nutrition as part of our commitments to improve maternal and child health and to prevent and manage non-communicable diseases

• support regional solutions to trans-boundary disease threats and address malaria and other emerging trans-boundary diseases by working with our partners to mobilise political leadership, technical support and financial investments

• support partner governments to improve hygiene and access to essential water supply and sanitation services in poor communities and in schools and health centres to directly benefit women and girls

• use global investments to maximise our impact in the region, supporting global health organisations to extend the reach of our aid program and leverage funds from capital markets and the private sector

• work with the private sector to develop innovative ways to improve health in our region and prevent the costs of health care exacerbating poverty

• invest in research for health development to improve the effectiveness and efficiency of health investments including supporting the development of new technologies

• continue to share our world-class expertise in health systems, regulation, research, prevention and disease control.

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| **Asia-Pacific Leaders Malaria Alliance**  |
| Malaria is one of the world’s most prevalent infectious diseases, with approximately 28 million cases and 45,500 malaria related deaths in the Asia-Pacific in 2012.[[16]](#footnote-16) The Australian Government is taking a leadership role in bringing together countries across the region to reduce and ultimately eliminate malaria. The emergence of drug resistant malaria is a major public health threat. If not arrested now, drug resistant malaria has the potential to unwind substantial gains made over the last decade.Australia has committed $20 million to support interventions to reduce malaria and eliminate the threat of anti-malarial drug resistance. Australia’s Prime Minister, Tony Abbott, and Vietnam’s Prime Minister, Nguyen Tan Dung, initiated the Asia-Pacific Leaders Malaria Alliance (APLMA). Through APLMA we will support the global target of reducing malaria by 75 per cent[[17]](#footnote-17) by 2015 and tackle anti-malarial drug resistance.We will prioritise investing in the most pressing issues that constrain efforts to tackle malaria—improving access to affordable, quality medicines, and strategies to strengthen sustainable financing for malaria interventions. The Australian Government is also supporting the Asian Development Bank’s and World Health Organization’s efforts to combat drug resistant malaria in the region.  |

Building resilience: humanitarian assistance, disaster risk reduction and social protection

**Issue**

External shocks, including natural disasters, conflict, and economic shocks (such as food and fuel price spikes) severely undermine growth, reverse hard-won development gains and increase poverty and insecurity. Women and children are often the most exposed to these risks, losing income and opportunities and facing increased risk of sexual and gender based violence during crises.

Australia’s region is highly vulnerable to these shocks, and their impact is becoming more extreme as climate-related disasters become more severe and frequent. In the past decade, 2.2 billion people were affected by natural disasters with around two-thirds located in the Asia-Pacific region.[[18]](#footnote-18) The associated global economic cost is estimated at US$1.5 trillion, with around US$750 billion incurred in the Asia-Pacific.[[19]](#footnote-19)

This means that we need a more effective humanitarian system to ensure timely, coordinated international responses to specific disasters. Disaster preparedness, risk reduction and social protection help build the resilience of countries and communities. Social protection (including regular, predictable cash and other transfers) is critical to building community resilience. In emergencies, cash transfers are one means to address the most pressing needs. Social protection is also effective in dealing with the daily stresses experienced at the household level. Transfers can enable people to meet their basic needs, learn new skills, ensure their children are educated and keep their families healthy.

**Australia’s response**

* *2014-15 Budget estimate:* ***$693.0 million***

**Table 3: Building resilience: humanitarian assistance, disaster risk reduction and social protection estimated funding breakdown**

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| --- | --- | --- |
|  | **2013-14 Estimated Outcome ($m)** | **2014-15 Budget Estimate ($m)** |
| Humanitarian and Emergency Response | 137.4  | 200.1  |
| International Committee of the Red Cross | 22.0  | 26.6  |
| UN-Humanitarian | 104.8  | 111.9  |
| **Humanitarian, Emergencies and Refugees Total** | **264.2**  | **338.6**  |
| Country, regional and other programs | 366.0  | 338.2  |
| Other Government Departments | 389.1  | 16.2  |
| **Total**  | **1,019.2**  | **693.0**  |

Note: 2013-14 and 2014-15 figures are not directly comparable. 2013‑14 estimates include onshore refugee processing costs reported by the Department of Immigration and Border Protection (DIBP) ($375m).

In line with our global responsibilities, Australia will respond promptly and effectively to humanitarian disasters. In our own region, we will pursue a number of measures to build the resilience of countries, communities and the most disadvantaged members of communities to future disasters and shocks. We will:

• rapidly respond to disasters in the Indo-Pacific, drawing on specialist expertise within Australia, using pre-positioned relief supplies and standby arrangements with effective Australian and international humanitarian partners

• work to improve the reach, quality and responsiveness of the international humanitarian system

• promote effective disaster risk reduction in our region, working with partner governments and the private sector to identify risks and hazards and increase disaster-resilient investments

• inform and enhance our efforts by working closely with effective Australian NGOs and international humanitarian partners

• work with countries in the region to build resilience to climate-related shocks and manage the impacts of climate change

• draw on civilian specialists from the Australian Civilian Corps primarily to help our neighbours in the Indo-Pacific region prevent, prepare for, stabilise and recover from disasters and conflict

• work closely with partner governments to improve and expand the coverage of national social protection systems so transfers reach the poor, enabling them to improve their own lives.

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| **Including people with disability** |
| Australia is recognised internationally as a leading donor in disability-inclusive development. Ensuring our aid investments include people with disability is good development practice—contributing to poverty reduction and economic growth and creating better development outcomes for all. Some 15 per cent of the global population have a disability, and people with disability and their families are disproportionately affected by poverty. Through the aid program, Australia will continue to work with partners to tackle the stigma that surrounds disability, which can be one of the largest barriers to full participation in community and economic life. We will promote disability-inclusive education, help remove physical barriers through our investments in infrastructure, and enable people with disability to access services. And we will continue to support disabled people’s organisations in developing countries which play a vital role in giving people with disability a voice.Australia is developing a new strategy to ensure that people with disability play an active and central role in Australia’s aid program beyond 2015. |

Gender equality and empowering women and girls

**Issue**

Gender inequality persists in our region, undermining economic growth, human development and poverty reduction. It is estimated that the Asia-Pacific region is losing up to US$47 billion annually because of women’s limited access to employment opportunities, and up to US$30 billion annually due to gender gaps in education.[[20]](#footnote-20) Women in the Pacific continue to be under-represented in Parliament, comprising approximately five per cent of parliamentarians[[21]](#footnote-21) compared to the global average of 21.7 per cent.[[22]](#footnote-22) Rates of domestic violence are alarming, with approximately one in three women in South East Asia,[[23]](#footnote-23) and two in three women in some Pacific countries experiencing physical and/or sexual abuse by their intimate partner.[[24]](#footnote-24) The evidence is clear—gender equality is critical to development, and must be a key part of aid programming.

**Australia’s response**

The Australian Government is strongly committed to being at the forefront of efforts to empower women and girls and promote gender equality in the Indo-Pacific region. Reflecting this commitment, the Government has appointed an Ambassador for Women and Girls to advocate on these issues. The Government has also set a target requiring that at least 80 per cent of investments, regardless of their objectives, will effectively address gender issues in their implementation.[[25]](#footnote-25) Where there are persistent challenges and slow progress towards equality, we will invest strongly in enhancing:

• women’s voice in decision-making, leadership, and peace-building

• women’s economic empowerment

• ending violence against women and girls.

We will also ensure our aid program aligns with our international diplomatic efforts by:

• expanding women’s access to and participation in the global economy through advocacy within international fora, such as the G20

• ensuring the empowerment of women and girls in our region is a high priority for global and regional bodies through our partnerships with UN Women, the Association of Southeast Asian Nations (ASEAN), the Indian Ocean Rim Association (IORA) and the Pacific Islands Forum

• implementing the UN Security Council’s Women, Peace and Security commitments through effective aid program investments in countries affected by conflict.

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| **Pacific Women Shaping Pacific Development** |
| One of the best ways to achieve economic growth and prosperity in the region is to empower women. Empowering women benefits all of society. The Australian Government is supporting an ambitious ten year $320 million program to improve the political, economic and social opportunities for Pacific women in 14 Pacific countries. The *Pacific Women Shaping Pacific Development (Pacific Women)* program will work with Pacific governments, civil society organisations, the private sector, and multilateral and regional agencies to: • increase the effective representation of women, and women’s interests, through leadership at all levels of decision-making • expand economic opportunities for women through improved access to financial services and markets• reduce violence against women and increase access to support services and to justice for survivors of violence. Gender inequality remains a significant development challenge in the Pacific—as it does for many countries and regions of the world. There are signs that change is possible, although progress is slow. Women’s opportunities are still very constrained and no single action will change this. Through *Pacific Women*, Australia is making a long-term commitment across several fronts to support women to fully participate in political, economic and social life in their nations. |

1. **2014-15 Country priorities**

**THE PACIFIC**

**PAPUA NEW GUINEA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$577.1 million***

Australia’s relationship with Papua New Guinea (PNG) is deep and wide-ranging, reflecting geographic proximity, historical links and a growing trade and investment relationship. PNG’s fertile land, rich mineral deposits and large oil and gas reserves are major sources of wealth to PNG. However, a lack of quality infrastructure, insecurity, low education levels and poor health services constrain economic development. Australia will provide greater support for private sector-led growth in PNG by improving the enabling environment for business; supporting rural livelihoods and income generating opportunities in the agriculture sector; strengthening technical vocational training institutions; and supporting infrastructure that will encourage economic growth. Australia will continue to invest in good governance, health and education, law and justice, and women’s empowerment as essential elements of inclusive economic growth and social stability in PNG.

Australia will support private sector-led growth through:

* targeted aid-for-trade support to build PNG’s capacity to deal with cross-border trade issues and help access international markets; and support PNG’s preparations for hosting APEC in 2018
* an innovation fund to support business to address market failures and support women’s economic empowerment
* increased support for rural livelihood and income generating opportunities with a focus on developing markets in the agriculture sector
* support for reconstruction and upgrading of key roads critical to supporting the PNG economy.

Australia will support effective governance by:

* strengthening the PNG public service so that it is more effective and accountable, supporting communities in PNG to play a greater role in public decision making, and providing funding to the PNG Electoral Commission to plan and hold elections
* helping the PNG Government develop stronger law and justice agencies so that communities will be safer.  This includes building community confidence in PNG’s police, supporting police to detect, investigate and prosecute crime and supporting anti-corruption, anti-money laundering and proceeds of crime initiatives.

Australia will invest in education and health to raise living standards for those who have not yet benefited from PNG’s economic growth, including by:

* improving the quality and availability of basic, technical and university education to complement the PNG Government’s efforts to build the human capital required to meet private sector needs, with a particular emphasis on better education opportunities for girls
* helping PNG develop a more skilled workforce by linking Australian and PNG institutions, such as universities, hospitals and police forces
* providing opportunities to over 600 citizens for tertiary study in Australia and in PNG through the Australia Awards scholarships in 2014
* improving maternal and child health and reducing communicable diseases by training health workers, upgrading health facilities and supporting the private sector to deliver services.

Australia will support women’s economic empowerment by:

* supporting microfinance and savings activities, making marketplaces safer for women to do business, and supporting women in leadership in the PNG Government, private sector and civil society
* working to combat violence against women by supporting the availability of justice services, training women in law and justice agencies and expanding the number of specialist police Family and Sexual Violence Units.

**SOLOMON ISLANDS**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$168.1 million***

Australia is Solomon Islands’ major economic, development assistance and security partner — we provide about three-quarters of Solomon Islands’ aid. Since 2003, Australia has, through the Regional Assistance Mission to Solomon Islands (RAMSI) and our bilateral program, restored law and order, rebuilt national institutions and stabilised the economy. However, Solomon Islands still lags behind other Pacific countries on most development indicators. The formal economy is narrowly‑based, reliant on logging, mining revenue, fisheries and cash crops.

In 2014-15, Australia’s aid will target peace, stability and effective governance by:

* channelling Australia’s support for policing through RAMSI to ensure the Royal Solomon Islands Police Force (RSIPF) can maintain law and order; strengthening justice agencies and the courts, including to increase the number of cases finalised in the magistrates’ courts; and increasing the number of court sittings in provincial locations
* providing funding of $8 million over four years to support the conduct of a free and fair general election in 2014 through advisory support to the Solomon Islands Electoral Commission and support to the UNDP elections program.

Australia’s aid will also target private sector development and improved infrastructure through:

* promoting macroeconomic stability through advisory support to the Ministry of Finance and Treasury and improving the government’s ability to manage the economy
* working with business to develop a national growth agenda and more effective regulatory and tax regimes
* assisting the government improve transport infrastructure and the delivery and cost of utilities, including maintaining 500 kilometres of roads, building 5 new wharves/landing ramps in 2014-15 and funding the Solomon Islands Government to contract at least 75 local businesses for transport works.

Australia will also invest in better quality health and education to build a productive workforce by:

* supporting primary health care and water and sanitation. We are aiming to have 75 per cent of essential medical supplies in rural clinics (up from 65 per cent in 2013), and 100 per cent of urban water samples pass World Health Organisation bacteria standards — up from 90 per cent in 2013. In 2001, this was less than 50 per cent. In 2014-15, Australia will also build 47 rural water, sanitation and hygiene facilities in 9 provinces for 16,930 people and expand the National Medical Stores distribution network to three additional provincial centres
* improving quality of education. Australia will continue to assist 145,000 children to stay in school and increase the number of trained primary teachers from 63 per cent to 70 per cent of the teaching workforce in 2014-15
* building skills to ensure young people are job-ready and supporting graduates in areas of labour shortage demanded by industry. Australia will provide up to 60 Australia Awards in 2014 and we aim for 126 Solomon Islanders to graduate from the Australia Pacific Technical College in 2014, compared to 115 in 2013.

Australia will promote women’s economic empowerment through:

* supporting safer markets in which women can sell their produce, working with the police to help address family violence, and targeting at least 30 per cent female employment in road maintenance work through the infrastructure program.

**VANUATU**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$60.4 million***

Australia is an important economic partner for Vanuatu, providing the country with the majority of its tourists, foreign direct investment and aid. Australian aid to Vanuatu will promote economic growth and poverty reduction by fostering job creation and income opportunities; promoting a healthy and productive population; and supporting safer and more resilient communities. We will work with a range of partners including the Vanuatu Government, the private sector and community organisations.

Australian aid will improve Vanuatu’s rural roads and priority urban infrastructure, which will stimulate private sector development and improve economic growth prospects by reducing the costs of trade by:

* improving or constructing 34km of drainage pipes and channels, 10 community sanitation facilities, pedestrian access and traffic management and key urban roads in Vanuatu’s capital by 2016, through the Port Vila Urban Development Project
* rehabilitating 185km of priority rural roads and engaging around 30 island‑based contractors in 2014 through our Roads for Development Program, providing job opportunities and increasing access to services in rural areas.

Australia will also support effective governance and private sector development through:

* providing assistance to the Vanuatu Government through our Governance for Growth Program focusing on economic policy, macro-economic management and improved service delivery through better public financial management, and effective regulation to reduce costs in the telecommunications and energy sectors
* partnering with Carnival Australia, a major player in the cruise industry in the region, including identifying opportunities to enhance local businesses and employment opportunities for ni-Vanuatu
* improving access to justice, particularly for violence against women and children, through the Vanuatu Australia Police Project and broader technical assistance to the government’s legal and judicial systems. In 2014, we will train 300 police officers and law and justice officials
* strengthening the land administration system in line with the desire of Vanuatu’s government and citizens and supporting implementation of a new legislative framework and enhanced land survey records in 2014.

Australia will support improved education and health services to build a productive workforce by:

* improving the quality of education in the early years of schooling through our Vanuatu Education Support Program and providing grants to 359 primary schools which will benefit around 35,000 children
* facilitating training and business development services in rural areas and strengthening national skills development systems through the Technical and Vocational Education and Training Sector Strengthening Program
* providing 45 new Australia Awards in 2014 for ni‑Vanuatu to study at universities in the region or Australia
* training 10 midwives and distributing medical supply kits for 100 rural and remote health facilities in 2014.

Across the development assistance program, we will work to improve gender equality and build resilience in communities by:

* continuing Australia’s long-term funding for the Vanuatu Women’s Centre and Wan Smolbag Theatre, which provide much-needed support services to women and girls
* supporting the Women’s Centre’s counselling and information services to reach around 4,000 women, and community education activities to reach around 25,000 people in 2014
* standing ready to provide humanitarian and disaster assistance if requested by the Vanuatu Government.

**SAMOA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$37.6 million***
* Australia has a longstanding, cooperative relationship with Samoa, based on strong people‑to‑people links, shared regional concerns and a common interest in maintaining Samoa’s status as one of the most economically and politically stable countries in the Pacific. Australia is the largest aid donor and the largest source of remittances to Samoa, due in part to increasing numbers of Samoan migrants to Australia. Australia is also Samoa’s second biggest trading partner.
* Australia’s development assistance program focuses on supporting Samoa to reform its management of the economy, to maintain economic stability and drive private sector development, by linking aid payments to mutually agreed reform benchmarks. In support of effective governance, works will start on a new Chamber for Samoa’s Parliament. This major project announced by Australia’s former Governor General in 2012, on the occasion of the 50th anniversary of Samoa’s independence, is in support of Samoa’s democratic values and institutions. Another new infrastructure initiative, the Samoa Economic Infrastructure Program, will stimulate economic growth through investments to upgrade key roads and bridges, linking the port to the business district, and provide a new international submarine cable to boost internet connectivity. It will also fund other essential economic infrastructure to support private sector led growth. This program will build on Australia’s current substantial support to reconstruct or rebuild infrastructure damaged by Cyclone Evan, which struck Samoa in December 2012.
* Australia’s aid will also continue to support the development of Samoa’s human capital through health and education investments. In 2014-15, Australia will offer up to 43 new awards including targeted scholarships that will help meet critical workforce shortages in health and education and will provide high achieving Samoans with recognised tertiary and technical qualifications to improve their opportunities for local and overseas employment. A new health program will focus on improving health outcomes for poor and vulnerable Samoans, in particular the strengthening of primary health care and preventative services, especially for non-communicable diseases. Working directly with the Ministry of Women, Community and Social Development, Australia will also support the implementation of the Pacific Women Shaping Pacific Development Initiative country plan for Samoa, focussing on increasing women’s economic empowerment and reducing gender-based violence.

**FIJI**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$61.9 million***

The Australian Government is committed to normalising relations and building stronger ties with the Fiji Government. Fiji has experienced low and unstable economic growth as a result of political uncertainty following the 2006 coup, low investor confidence, slow progress on structural reforms, and vulnerability to natural disasters.

Fiji’s transition to democracy would strengthen economic growth by providing a more stable and transparent regulatory environment. Australia will continue to provide strong support for the electoral process and Fiji’s democratic institutions. We will work with the Fiji Government to strengthen the public sector and support key institutions. Australia will enhance its engagement with Fiji’s government to develop stronger relations with Fiji’s public sector while working with civil society organisations to reach disadvantaged communities and private sector partners to help unlock market opportunities that can facilitate inclusive economic growth.

In 2014-15, Australia will invest in improving education and health to facilitate economic growth by broadening Fiji’s pool of skilled labour through:

* improving maternal and child health and targeting the prevention and early treatment of non‑communicable diseases by working closely with Fiji’s Ministry of Health
* improving access to quality education by rehabilitating another 61 primary schools and providing training and technical assistance
* offering up to 40 scholarships for studies in Australian and regional universities.

Australian aid will support effective governance and enhance Australia’s engagement with Fiji’s public sector through supporting:

* Fiji’s electoral process and re-establishment of Parliamentary democracy
* technical exchanges between Australian government institutions and their Fijian counterparts; technical advisers in key ministries; dedicated Australia Awards scholarships and Australian volunteer placements in selected ministries; and policy training opportunities in Australia and the region.

Australia’s aid investments will enhance international competitiveness and trade facilitation through:

* supporting Fiji to address external constraints to trade, such as quarantine requirements and tax arrangements to catalyse investment in key markets with high growth and trade potential
* encouraging Fiji’s reengagement with PACER Plus.

Investing in the most disadvantaged groups such as those with disabilities, women and girls, and those living in the poorest regions of Fiji, will remain a focus. Australia will continue to provide timely and effective humanitarian and disaster assistance in Fiji, given its vulnerability to cyclones and floods.

**TONGA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$30.3 million***

Australia and Tonga enjoy close people-to-people links and a common interest in supporting Tonga’s recently established democratic system of government. Australia is one of the largest sources of remittances to Tonga, due in part to increasing numbers of Tongan migrants to Australia. Tonga is also by far the most successful participant in Australia’s Seasonal Workers Program with over 80 per cent of participants in the program so far.

Australian aid supports Tonga to pursue effective governance — including prudent economic management and debt reduction — and private sector development, by linking aid payments to mutually agreed reform benchmarks. Support for Tonga to pursue appropriate fiscal and economic policy settings will be the centre-piece of Australia’s aid to Tonga in 2014-15. Australia will also support further reforms to improve the business environment and encourage more private investment, including through privatisation of key government-owned enterprises and reforms to make it easier to start a business.

Australia will invest in improved infrastructure, including working in partnership with the World Bank to repair critical infrastructure in Ha’apai damaged by Cyclone Ian, such as airports, roads and ports, and to improve the management and condition of Tonga’s road network. Joint Australia-World Bank assistance for road maintenance is being undertaken in a way that has helped to create a locally‑owned road contracting industry, by tendering maintenance work in small packages and by providing training and business advice to small contractors. A new renewable energy project co‑financed by Australia and the Asian Development Bank will also install on and off-grid solar energy equipment in Tonga’s outer islands to reduce vulnerability to oil price shocks and increase energy efficiency.

Australia will also continue to invest in Tonga’s human capital through health and education investments. Support to improve primary and preventative health care in Tonga to reduce the prevalence of non-communicable diseases and improve the quality and efficiency of the health system will be continued. A broader assessment of Tonga’s health sector challenges will also be undertaken in collaboration with the Tongan government. Australia is working closely with Tonga and New Zealand to improve the standard of curriculum and teaching in primary schools to help Tonga achieve improved education outcomes. Australia will also fund a new, high quality technical vocational education and training program to lift workforce standards and provide employment opportunities to Tongans at home and abroad. In 2014-15, Australia will offer 44 new Australia Awards. Australian aid to Tonga will also support measures to reduce violence against women, increase women’s leadership opportunities and promote women’s economic empowerment, including by supporting women’s increased participation in business and offshore worker schemes.

Tongans at home and abroad. In 2014-15, Australia will offer 44 new Australia Awards. Australian aid to Tonga will also support measures to reduce violence against women, increase women’s leadership opportunities and promote women’s economic empowerment, including by supporting women’s increased participation in business and offshore worker schemes.

**NAURU**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$27.1 million***

Australia and Nauru have enjoyed a close relationship for more than a century with strong cultural links and significant trade exchanges. Despite Nauru’s economic growth over the past 5 years, there is little private sector activity[[26]](#footnote-26), a reliance on imported goods and importation of diesel fuel for energy and clean water production, and high living costs.

Australian development assistance will invest in effective governance, education, health and infrastructure. We will help ensure that government systems are able to support Nauru’s growing economy, expanding private sector and effective management of its increased revenues. Australia will support Nauru’s long‑term sustainable growth, including helping Nauru manage increased revenues arising from establishment of the Offshore Processing Centre.

Australia will help the Government of Nauru to:

* establish more efficient and accountable public sector management
* improve the quality of and access to primary, secondary and technical and vocational education services to improve employment opportunities
* build a cost‑effective health system which delivers improved health outcomes
* improve the reliability and cost effectiveness of essential infrastructure and services, such as power and water supplies
* promote private sector growth in the fisheries sector.

Australia will also help Nauru build a qualified work force for both the public and private sectors by funding teacher training and providing skilled advisors to help manage the public sector and train local personnel. In 2014-15, Australia will provide eight Australia Award Scholarships.

**KIRIBATI**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$26.9 million***

Kiribati faces significant development challenges with high child mortality, limited access to fresh water, high population density on Tarawa (where 50 per cent of the population lives), vulnerability to storm surges and rising sea levels, and limited opportunities for economic growth.

Australia will work with the Government of Kiribati to improve development outcomes and economic growth in Kiribati.  Australia will invest in education, infrastructure, empowering women and girls and supporting people with a disability. Australia’s aid investments will:

* improve primary education outcomes with a focus on early grade learning (years 1-4) to achieve functional literacy and numeracy
* provide young I-Kiribati women and men with the skills and qualifications to access domestic and international employment and training opportunities
* improve the country’s economic management through measures to reduce the budget deficit and increase tax revenue
* support economic infrastructure such as road, access to telecommunications, affordable energy options for households, and protecting economic infrastructure and livelihoods through improving seawalls and protecting scarce freshwater supplies
* support people with a disability to ensure they benefit from economic growth, and work with non‑government and international organisations to promote an end to violence against women and children.

**TUVALU**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$10.4 million***

Australia has a strong and longstanding bilateral relationship with Tuvalu and is the country’s largest aid donor. Tuvalu’s economic prospects are constrained by the country’s distance from markets, small size and vulnerability to external shocks. Australian aid to Tuvalu is focused on activities that promote stability and maximise Tuvalu’s economic resilience and prospects for growth.

Australia will continue to work with the Government of Tuvalu to improve the country’s prospects for economic growth and improve its development outcomes. Australia will work with the Government of Tuvalu and other development partners to support effective governance, including management of public finances, state-owned enterprise reform, and ensuring value-for-money in Tuvalu’s public procurement. Australia will fund technical advisers to build Tuvalu’s capacity to carry out essential government functions. We will also provide performance-linked aid based on Tuvalu’s achievement of agreed economic and social service reforms.

Australia will continue to support improvements in the quality of education and help the country build a skilled workforce, including by helping Tuvalu to improve the rigour and relevance of its curriculum, the governance of its primary schools, and teacher training. The ‘education for all’ program aims to improve literacy and numeracy rates for Years 5-8 and increase the number of children who successfully complete primary school. We will offer up to 24 scholarships for Tuvaluans to study at Australian and regional universities.

Australia will also continue to support Tuvalu to build resilience to the impacts of climate change through improved water resource management and activities that promote food security. Gender equality and the empowerment of women and girls is a priority across our aid investments in Tuvalu.

**COOK ISLANDS**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$4.0 million***

Australia provides aid to the Cook Islands through a delegated arrangement with New Zealand. Cook Islands’ development is challenged by its narrow economic base, limited natural resources, fragile environment, shortage of skilled labour and relatively remote location. The economy, underpinned by tourism and marine resources, remains vulnerable to natural disasters, as demonstrated by Cyclone Pat which caused significant damage to key infrastructure in 2010 and a severe drought in 2011.

Australia will support the joint development assistance program with New Zealand as this continues to be one of the most effective and efficient ways to deliver aid to a small Pacific island state. We will support priority areas under the New Zealand–Cook Islands *Joint Commitment for Development*, focusing on: (i) improving economic infrastructure and water management by upgrading residential and commercial septic systems to protect water quality in the lagoon, important to the tourism industry; (ii) investments to improve the quality of education, literacy, and numeracy, to develop an educated workforce ready to contribute to ‑— and benefit from — economic growth; and (iii) building resilience through disaster management and preparedness, including reconstruction of public infrastructure and the development of a disaster management program for government and local communities. Australia is also funding two new initiatives to help the Cook Islands Government to reduce violence against women and promote women’s economic empowerment and disability-inclusive development.

**NIUE**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$4.8 million***

Niue’s main development challenge is its isolation, small size and vulnerability to the effects of extreme weather events, such as cyclones. Niue has limited resources and a shortage of skilled professionals due to high levels of migration.

Australia will provide aid to Niue through a new delegated cooperation arrangement with New Zealand, focusing on education and infrastructure, to ensure an educated and productive workforce ready to contribute to economic growth. We will continue to work with Niue and New Zealand on the construction of a primary school and early childhood education centre to replace the existing school, which was severely damaged by Cyclone Heta in 2004. The school will significantly improve the quality and safety of education in Niue, and will also function as a shelter for the local community in extreme weather events. We will also focus on improving waste management to help support Niue’s growing tourism sector.

**TOKELAU**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$1.5 million***

Tokelau is a small self-governing territory of New Zealand, with a population of less than 1,200 people spread across three low-lying coral atolls. Tokelau’s isolated location, small size and vulnerability to extreme weather events and natural disasters limit its potential to meet development challenges. Tokelau also experiences high levels of out-migration. Tokelau is heavily reliant on external assistance.

Australian aid will continue to assist Tokelau to achieve long-term economic stability and financial security through existing contributions to the Tokelau International Trust Fund. In 2014-15, Australia will work in partnership with Tokelau and New Zealand to develop a new initiative to improve early childhood education in Tokelau.

**FEDERATED STATES OF MICONESIA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$4.6 million***

Australia and the Federated States of Micronesia (FSM) share regional interests, particularly ensuring maritime and transnational security, sustainable management of fisheries and a common interest in supporting economic and human development.

The FSM faces major long-term development challenges and the four states that comprise the FSM – Yap, Chuuk, Pohnpei and Kosrae – differ markedly in their development outcomes, necessitating a calibration of Australia’s aid to fit differing needs in each state. The only two MDGs that FSM is on track to meet relate to achieving gender equality and combating HIV/AIDS and other diseases. Australian aid to the FSM focuses on improving economic governance and donor coordination. Australia will support the implementation of FSMs recently endorsed donor coordination policy, to optimise the allocation and use of donor funds. In collaboration with the Asian Development Bank Australia will also support an enhanced economic reform program to promote increased economic self-reliance in FSM.

**REPUBLIC OF PALAU**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$4.4 million***

Australia and the Republic of Palau enjoy a close bilateral relationship supported by shared regional interests, particularly ensuring maritime and transnational security, tourism development and the protection of Palau’s pristine marine environment, a common interest in supporting economic and human development.

Palau’s prospects for long term economic growth are strongly linked to its growing tourism sector, private sector development and careful management of its marine environment. Australian aid to Palau will focus on helping Palau clear large amounts of unexploded ordnance (UXO) from World War II to improve public safety and reduce risks that UXOs present to the country’s people and tourism industry. Australia is the lead donor working in this area in Palau. Australia will also continue to provide much-valued technical assistance to help Palau strengthen its productive capacity through improvements to the education curriculum and health services.

**THE REPUBLIC OF THE MARSHALL ISLANDS**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$4.5 million***

Australia and the Republic of the Marshall Islands (RMI) enjoy a close bilateral relationship supported by shared regional interests, particularly ensuring maritime and transnational security, sustainable management of fisheries and a common interest in supporting economic and human development.

The RMI is a climatically vulnerable country with heavily populated low-lying atolls which are increasingly susceptible to natural disasters such as tidal surges, droughts and cyclonic storms. The primary focus of Australia’s aid to RMI in 2014-15 will be on improving access to clean, potable water and sanitation to help address water-borne and water-related diseases. Australia will provide technical assistance to the water sector and work with the Asian Development Bank to address inadequacies in water supply and sanitation systems on Ebeye, and support reforms to state‑owned water and energy utilities. Ebeye provides much of the workforce for the strategically important US base on Kwajalein and is one of the most densely populated and vulnerable island atolls of the Marshall Islands.

In collaboration with the Asian Development Bank, Australia will also support an enhanced economic reform program in RMI, which will promote increased economic self-reliance. In 2014 and 2015, working with Women United Together Marshall Islands (WUTMI), Australia will also support the implementation of the Pacific Women Shaping Pacific Development Initiative country plan for the Marshall Islands, with a focus on reducing gender-based violence. Australia will also provide support for greater resilience to natural disasters, building on Australia’s responses to inundations in 2014 and a severe drought in RMI’s northern atolls in 2013.

**Pacific Regional**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$196.9 million[[27]](#footnote-27)***

Australia’s regional program complements our bilateral program investments to support economic growth and poverty reduction in the Pacific.  The regional program adds value where it is more efficient and effective to work through regional approaches.

The private sector in the Pacific largely remains under-developed and faces multiple constraints to growth. Australia is creating an environment for growth and investment in the Pacific through the Pacific Private Sector Development Initiative with the Asian Development Bank and the Pacific Partnership with the International Finance Corporation. Australia is also developing partnerships with private sector companies, such as Carnival Australia, to promote greater economic development in the Pacific region.

Australia’s investments in infrastructure in the Pacific are helping to support economic growth and jobs, and increase access to health and education services for remote communities. Australia is assisting in the coordination of up to $1.7 billion of donor investments in infrastructure, through our support to the Pacific Regional Infrastructure Facility (PRIF, a multi-donor coordination mechanism which supports the delivery of more efficient and sustainable infrastructure). Australian support for telecommunications reform, through a partnership with the World Bank, is expected to increase business opportunities for women, create jobs and improve access to financial services.

Australia is committed to enhancing the political, economic and social opportunities of women in the Pacific. Through the Pacific Women Shaping Pacific Development program, a $320 million, 10‑year program, Australia provides practical support in partnership with governments and civil society groups to achieve gender equality. In partnership with UN Women, Australia will also work to ensure selected markets in rural and urban areas in PNG, Fiji, Solomon Islands and Vanuatu are safe environments for women to earn a living.

Australia provides support for Pacific Island Forum Countries to participate in the Pacific Agreement on Closer Economic Relations (PACER) Plus trade negotiations. This support is improving the ability of Forum Island Countries to build skills, knowledge and capacity to participate effectively in the negotiations.

Australia’s assistance to the Pacific fisheries sector will assist the Pacific to strengthen regional management measures and capabilities; address illegal, unregulated and unreported fishing; and investigate and implement measures for increased food security. In recognition of the growing food security challenges, Australia has also initiated a four year program through the Australian Centre for International Agricultural Research (ACIAR) to assist communities to conserve and sustainably develop in-shore fisheries using proven community-based fisheries management practices.

Weak governance continues to be a key obstacle in promoting economic growth and reducing poverty in Pacific Island countries. In 2014-15, Australia will contribute to effective governance through strategic investments in strengthening audit, public administration, public financial management, statistics, media, leadership and research. Australia will support the efforts of Pacific regional organisations, in particular the Pacific Island Forum Secretariat, to contribute to effective governance within the region.

The Pacific is particularly vulnerable to natural disasters, including droughts, cyclones and floods. Australia is an active member of the Pacific Humanitarian Team, a regional disaster management response team with partners from across the United Nations agencies, International Red Cross, donors and NGOs, that provides surge capacity for Pacific countries during disasters. We will support integration of disaster resilience into regional planning, and lead efforts to prioritise the needs of the region in shaping international frameworks, especially the successor to the Hyogo Framework for Action (the global blueprint for disaster risk reduction).

Australia supports the ‘Skilling Youth in the Pacific’ program, which supports young people in the Pacific to gain the qualifications they need for employment. Australia will also continue to support the Australia–Pacific Technical College, and assist the University of the South Pacific in leveraging advancements in information and communication technology to increase access for remote Pacific communities and improve teaching and learning outcomes at its regional campuses.

Our regional health priorities in 2014-15 include strengthening diseases surveillance and response, training health workers and providing specialist health care not available in Pacific countries by Australian health practitioners. There will also be a focus on improving sexual and reproductive health services.

In 2014-15, Australia will support regional organisations, including the Pacific Islands Forum Secretariat and the Pacific Disability Forum, to continue their work with Pacific governments and disabled people’s organisations to implement disability-inclusive policies and to create and support opportunities for people with disability.

The protection of children will also continue to be a priority, with Australia maintaining its support to UNICEF’s Pacific Child Protection Program (2014-18). This program aims to prevent and respond appropriately to violence, abuse and exploitation of children.

**EAST ASIA**

**INDONESIA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$605.3 million***

Consistent with Australia’s national interest, Australia’s aid supports a stable, democratic and prosperous Indonesia. The development assistance program helps Indonesia spend its own funds more effectively to increase growth and reduce poverty. We align our assistance with Indonesian Government priorities and influence the quality of Indonesia’s own investments in economic growth and essential service delivery.

Australia and Indonesia have a partnership that covers a range of sectors that contribute to Indonesia’s economic growth and human development.

Australia’s aid investment in effective governance, infrastructure and private sector development will focus on Indonesia’s economic development. Programs in 2014‑15 include:

* strengthening Indonesia’s capacity to formulate and implement policy in areas such as financial sector sustainability, tax administration, trade and public financial management. For example, recent programs have supported Indonesia to add more than 443,000 businesses and individuals to the tax system
* building a more supportive regulatory and policy environment for infrastructure investment and helping implement more effective program management of infrastructure projects. Our investment is proving a catalyst for change in leveraging private sector investment and also creating incentives for local government investment in infrastructure, such as securing commercial loans for water utility projects. We have also invested in the development of a Public Private Partnerships Centre in the Indonesian Ministry of Finance to help address infrastructure needs in the APEC region
* supporting Indonesia’s National Program for Community Empowerment (PNPM) which is contributing to Indonesia’s economic growth as a model of private sector facilitation and community-led planning that delivers economic benefits to the poorest 20 per cent. In 2014-15, the program will invest in vital economic and social infrastructure, such as bridges and rural roads, through grants to villages.

Gender equality is a priority for our aid investment in Indonesia, specifically women’s economic empowerment and participation in decision making and leadership. We will also help reduce violence against women. Australia’s aid focuses on five priority areas where reform would make a significant difference for poor women, including increasing women’s access to jobs and removing workplace discrimination. Our assistance to PNPM has supported gender equality whereby 220,000 women’s microcredit groups have been established since 2008.

In 2014-15, we will invest in education and health to help people contribute towards, and benefit from, economic growth, through:

* professional development of education workers and improvements to education programs and policies
* awarding 515 Australia Awards Scholarships for study in Australia
* reducing deaths from pregnancy and birth in the poorest regions by helping skilled health workers attend births
* working with local governments to ensure health centres have qualified staff and adequate funding preventing the spread of HIV through testing and treatment, particularly in Papua and West Papua
* providing payments for Debt-to-Health Swap, whereby Indonesia will invest in health programs in exchange for cancellation of debt owed to Australia.

Australia is helping build resilience by working with Indonesia to develop better information about the threat earthquakes and tsunamis pose to Indonesia. Australia also supports disaster management training for disaster managers and civil society organisations with over 15,000 people trained to date.

**VIETNAM**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$141.3 million***

Vietnam is an important regional partner for Australia. We share significant trade and investment interests. Vietnam has achieved strong economic growth and a large reduction in poverty in recent decades.

Australia’s aid focuses on: progressing Vietnam’s greater economic integration in the region through support for transport infrastructure and economic reforms; strengthening Vietnam’s human resources; and improving environmental sustainability.

Australia is funding road infrastructure, with a focus on connecting Vietnam’s Mekong Delta to the mainland Southeast Asia region. In 2014‑15, we will:

* work with the Asian Development Bank on construction of the Cao Lanh Bridge, and complete the Southern Coastal Corridor road project by mid-2015
* work with the World Bank to complete the upgrade of 24 km of rural feeder roads.

Australia is also helping Vietnam explore alternative infrastructure financing models. In 2014‑15, we will work with the World Bank and Government of Vietnam to attract private sector infrastructure investment through the country’s first public private partnership in the transport sector and building the Ministry of Transport’s skills to develop future public private partnership transactions.

In 2014‑15, Australia will support the Government of Vietnam’s economic reform process by investing in the Restructuring for a More Competitive Vietnam initiative, which will deliver targeted analysis to inform Vietnam’s economic restructuring. This will help improve the environment for business and international competitiveness, implement effective competition policy, and productively restructure the rural economy.

Australia is providing education and training to improve Vietnam’s human resources through the Australia Awards program, in liaison with Australian Education International. We provide awards to candidates from public and private sectors, targeting priority areas of economic integration, water and sanitation, and university teaching and research capacity. In 2014-15, Australia will award:

* up to 185 Australia Awards Scholarships for post-graduate study in Australia
* up to 100 Australia Awards Fellowships for training and work attachments with Australian organisations.

Australia is working with Vietnam to build resilience to natural disasters and the impacts of climate change. In cooperation with the Government of Vietnam, in 2014‑15 we will:

* assist communities — particularly in the vulnerable Mekong Delta — develop new farming practices and resilient livelihoods
* support private sector investment in commercially viable clean technologies.

We will invest in agricultural research in Vietnam to increase productivity and enhance livelihoods. In 2014‑15, Australia will support technical, agribusiness and enabling policy research to improve smallholder incomes in areas of high-value agriculture, aquaculture and forestry through the Australian Centre for International Agricultural Research (ACIAR) program.

Australia will provide financial support and technical assistance for the Government of Vietnam’s Rural Water Supply and Sanitation National Target Program. By 2015, with Australian assistance:

* 84 per cent of the rural population will have access to clean water
* 63 per cent of rural households will have access to hygienic toilets.

Australia is supporting Vietnamese institutions that are critical to promoting effective governance, including human rights, anti-corruption and transparency. Activities with the Vietnam Women’s Union will build women’s economic empowerment through strengthened anti-domestic violence services, improved knowledge and implementation of laws promoting women’s rights, and improved access to legal services.

**THE PHILIPPINES**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$143.0 million***

Australia and the Philippines are working together to promote prosperity, increase economic growth, and enhance stability both in the Philippines, and in our broader region.

The Philippine Government’s priorities are to improve governance, combat corruption and reduce poverty. Australia’s partnership with the Philippines supports these reforms. The 2014 Philippines‑Australia Ministerial Meeting agreed on priorities including: partnering for education reforms and enhancing the foundations for sustained economic growth; promoting disaster preparedness; improving conditions for peace and security; and building stronger institutions for inclusive development.

Australia will invest in education to support a skilled workforce needed to boost labour productivity for higher-value industries. Just 19 per cent of children complete schooling. Unless education quality, access and retention are improved, the performance of the education system will continue to constrain economic growth and hamper efforts to reduce poverty. Australia is supporting the Philippine Government’s ambitious reform agenda to:

* expand schooling from 10 to 13 years, in line with international standards. By 2019 Australian assistance will benefit over eight million boys and girls enrolled in nearly 19,000 schools with improvements in teacher quality, curriculum and assessment, as well as access to high quality learning materials
* support training programs for 225,000 teachers and build over 1,000 classrooms
* skill-up its workforce by awarding 110 Australia Awards Scholarships for study in Australia.

Inadequate infrastructure investment in the Philippines is a constraint to growth. Australia is supporting the Philippine Government’s Public Private Partnership (PPP) reform agenda to enhance the foundations for sustained economic development. Its objective is to deliver better services to Filipinos and increase private sector participation and investment in key areas of infrastructure including roads, railways, utilities and classrooms. Our assistance has seen five major construction projects successfully contracted, including the major USD360 million Ninoy Aquino International Airport Expressway PPP, and is helping to promote economic growth by connecting people to markets through vital infrastructure.

The Philippines is the third most vulnerable country in the world to natural disasters. Typhoon Haiyan (Yolanda, November 2013) killed more than six thousand people and displaced over four million. In 2013 Australia provided over $40 million in humanitarian assistance to the Philippines after Typhoon Haiyan as well as significant assistance provided by the Australian Defence Force. This helped meet urgent needs including food, clean water and shelter, as well as health care through the deployment of Australian medical teams who treated over 3,000 people in Tacloban, one of the worst affected areas. The long-term effects of Haiyan are immense, with the Philippine Government estimating USD8.2 billion needed for recovery and reconstruction, with an additional two million people driven below the poverty line by the disaster. To mitigate the damage caused by natural disasters, Australia will help to build resilience by promoting disaster preparedness, improving the country’s technical knowledge on hazards and disasters, and helping communities to improve their capacity to prepare for and respond to disasters.

Decades of violent conflict have left large parts of Mindanao trapped in vicious cycles of poor governance and under‑development, and have threatened regional stability. The signing of the Comprehensive Agreement on the Bangsamoro between the Philippine Government and the Moro Islamic Liberation Front holds much potential for progress. Australia will contribute to the peace process in Mindanao by building more capable and responsive state institutions and expanding economic opportunities for conflict-affected communities.

Investing in effective governance will help support economic growth. Weak governance and a lack of budget transparency and accountability persist at the national and local levels and have a direct impact on the provision of basic services. Australia will strengthen the governance of public institutions in the Philippines by:

* helping to improve opportunities for women and girls to benefit equally from economic growth; and
* helping the Philippine Government to embed public finance reforms, and modernise its public financial management systems. By 2015, several million manual paper-based processes will be automated, helping to improve the efficiency and transparency of public spending.

**TIMOR-LESTE**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$96.6 million***

Australia has a strong interest in a prosperous and stable Timor-Leste. Timor-Leste is one of Australia’s closest neighbours as well as one of the newest nations in the world. Since Timor‑Leste's independence in 2002, Australia has been its largest development partner. We share the *Australia – Timor‑Leste Strategic Planning Agreement for Development*, a commitment to achieve Timor-Leste’s development goals.

Better access to education, clean water, roads and job opportunities will increase Timor-Leste’s economic growth and reduce poverty. Infrastructure development and business investment will also contribute to Timor-Leste’s development. Stability and security will be critical to achieving this, as well as improved agricultural productivity and market access. By providing more Timorese, especially women, with basic services and job opportunities, Timor-Leste will foster a population better able to contribute to their country’s future development.

In 2014-15, the Australian development assistance program will work with the Timorese Government and communities to improve access to quality basic services, and to increase income opportunities for all Timorese, especially women. The Australian Federal Police will continue to work with the Timorese National Police to improve police systems and develop community policing.

Australia will help promote stronger trade, agriculture productivity and private sector development in Timor-Leste through:

* working with central government ministries to improve public financial management systems, develop fiscal policy frameworks, and improve procurement procedures
* assisting farmers through Australian Centre for International Agricultural Research (ACIAR) funded programs to increase agricultural productivity and access to markets to boost household income and nutrition levels
* working with the Government of Timor-Leste to promote inclusive growth, expanding trade opportunities and increasing private sector development.

Australia will invest in education, skills development training and higher education so that more Timorese can improve their job opportunities. Australia’s support will:

* help unemployed youth by creating more apprenticeship schemes, increasing the skills of vocational training specialists, and supporting mobile training units to reach rural areas
* provide teacher training and text books, and build more classrooms
* Assist Timorese to access employment in Australia through the Seasonal Workers’ Scheme
* provide up to 35 Australia Award Scholarships in 2014‑15 for Timorese to study at universities in Australia.

Australia will invest in the health sector to improve access to health services, water and sanitation systems, and provide support to end violence against women so that all Timorese, especially women and girls, are healthier, safer and more able to contribute to the development of Timor-Leste. We will help through:

* safe motherhood services, including midwives and neonatal care able to reach more rural women
* Australian doctors that support Timorese doctors to become GPs in rural areas and training of Timorese surgeons at Dili Hospital
* working with Timorese civil society organisations to provide shelter and legal services to more women who have experienced domestic violence
* increasing access to clean water for remote villages — Australia has already provided access to a quarter of Timor‑Leste’s rural population — and extend the reach of better sanitation services.

Australia will invest in infrastructure including rural roads and community infrastructure so more Timorese can access education, healthcare and create their own opportunities for jobs. Australia’s support will help:

* expand Timor-Leste’s rural road network and provide rural Timorese, including 50 per cent women, with road‑building jobs
* support the Government of Timor-Leste’s community infrastructure grants program, called the National Program for Suco Development, to provide market places, schools, motorbike paths and irrigation to rural communities.

**CAMBODIA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$79.0 million***
* Australia has a strong diplomatic relationship with Cambodia, underpinned by our longstanding support for peace and development in the country. A more prosperous Cambodia is not only in Australia’s economic interests, but also integral to ensuring trans-boundary issues, such as drug-trafficking and pandemics, are managed effectively.
* Australia is helping Cambodia continue its progress towards being a prosperous, stable and democratic nation in South East Asia. Australian support for agriculture, rural development, infrastructure, health and governance, gender equality and strengthened human capital all make a direct contribution to Cambodia’s future prosperity.
* Australia is contributing to projects to upgrade and maintain Cambodia’s transport and energy infrastructure with a focus on underserved rural areas. Australia is also helping to rebuild infrastructure damaged during 2013 floods.
* Improving the productivity of agriculture is vital to reducing poverty and driving economic growth in Cambodia. Australia is improving agricultural productivity and food security by rehabilitating irrigation systems and partnering with a wide range of agribusinesses in the fertiliser, pesticide, seed, milling and media markets to improve advice provided to farmers.
* Australia is supporting effective governance, crime prevention and community safety by providing assistance to Cambodia’s National Police at the commune level to work more productively with communities to prevent and address crime. We are improving access to the law through the provision of legal aid across the country and supporting Transparency International to implement anti-corruption programs. Australia is also supporting international justice for war crimes as a major contributor to the Extraordinary Chambers in the Courts of Cambodia.
* Australia is investing in health by contributing to a program that will support 2.4 million of the poorest Cambodians to access essential health care in 2014-15 and is working with the Royal Government of Cambodia and other partners to improve the quality of care they receive.
* Rates of violence against women in Cambodia are amongst the highest in the region, which act as a significant brake on productivity as well as having a large negative impact on family and community harmony. In 2014-15, Australia will contribute to activities to respond to, and prevent, violence against women in Cambodia.
* Investments in education are essential for promoting economic growth in Cambodia. The country needs skills to keep pace with an increasingly integrated and competitive ASEAN community. Australia will provide up to 55 Australia Awards Scholarships to outstanding Cambodians for post‑graduate study in Australia, with a particular focus on trade, agriculture, infrastructure and health.
* Australia is working to improve the quality of life for people with disability, including through strengthened coordination of the implementation of disability laws and policies and improved services for people with disability, including rehabilitation services.

**BURMA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$90.0 million***

Australia aims to reduce poverty in Burma and help the country transition to a stable, more democratic and more prosperous member of the region and the international community. Australia’s early engagement with the Government of Myanmar positions us well to support the country’s reform process. Through the Myanmar-Australia Partnership for Reform, we will invest in the Government’s governance including public financial management systems and transparent allocation of resources. By encouraging financial sector development and regulatory reform we will help improve the investment climate, including in key sectors of interest for Australia. To support the Government of Myanmar in its chairmanship of ASEAN we are providing Australian advisors to the Government.

Australia will continue to align our development assistance program with the Myanmar Government’s development priorities and work together on matters of mutual interest, including trade, investment and human rights. Australia will also help the Government prepare for parliamentary elections in 2015.

Australia will build resilience in Burma by supporting peace and reconciliation by working with local and international organisations to facilitate successful negotiations between the Government, military and ethnic armed groups. Australia will respond to the immediate humanitarian needs of conflict and disaster-affected people by providing food, shelter, sanitation and protection.

Australia’s support in the health and education sectors will help to establish a healthy, educated and productive people capable of contributing to the nation’s growth. In 2014-15, Australia will:

* provide health care services to women and children including antenatal care to 23,000 pregnant women, skilled birth delivery assistance to 19,000 women and vaccinations to approximately 23,000 children
* lead efforts to improve the education system, by funding quality basic education for over 300,000 children studying at government, monastic and community schools, as well as schools in hard to reach ethnic areas
* help train more than 3,000 teachers and almost 8,000 parents and caregivers in providing better care for children
* offer up to 50 DFAT Australian Awards Scholarships for study in Australia and support the revitalisation of Rangoon University, Burma’s oldest tertiary institution. Through the program, Australia’s tertiary institutions are renewing higher education linkages and exchanges between Australia and Burma.

Australia will seek to engage the private sector in the agriculture sector in modernising farming practices, increasing access to markets and facilitating trade linkages. Australia will help generate livelihoods in regions that were previously affected by conflict. The Australian Centre for International Agricultural Research (ACIAR) will identify better production techniques and improve quality of produce. The Livelihoods and Food Security Trust Fund will support up to 25,000 rural households increase their incomes and improve quality and quantity of yields.

**LAOS**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$55.6 million***

Australia is one of the largest bilateral donors to Laos, and we work in areas critical to Laos’ long-term development and economic growth, including trade and investment reform, education and rural development. Australia’s support will help Laos continue to develop as a stable, well‑managed and increasingly prosperous neighbour with growing economic links with Australia and the region.

Australia is assisting Laos increase its level of economic integration with the regional and global economy through aid investments that facilitate trade and strengthen international competitiveness. We are helping Laos meet its reform commitments under, and maximise benefits from, trade and economic frameworks such as the World Trade Organisation, the ASEAN Economic Community and the ASEAN Australia New Zealand Free Trade Area. Australia will also support Laos participate effectively in Regional Comprehensive Economic Partnership negotiations. In 2014-15, Australian assistance will help:

* diversify and strengthen the competitiveness of the Laos economy by improving the business operating environment
* reduce export and import clearance times and the number of days required to obtain operating licences. This will be achieved by simplifying regulatory requirements and processes through the review and rationalisation of non‑tariff measures and the completion of regulatory assessments in priority sectors
* provide advisory services to Laos businesses to improve their competiveness and ability to export, with a particular focus on female entrepreneurs.

Universal primary education and better educational outcomes are essential if Laos is to strengthen the skill level of its workforce to build its competitiveness over the longer-term and achieve its target of graduating from Least Developed Country status by 2020. Australia’s aid program is strongly aligned to Lao Government priorities in improving education quality and access, and includes a focus on reaching students in remote communities, particularly girls, ethnic minorities and children with disabilities. Australia’s investment in education in 2014-15 will focus on:

* increasing ongoing participation in primary education, including through the provision of school meals to 60,000 children
* improving learning environments, including rehabilitating 430 schools and providing 76 schools with water and sanitation facilities
* providing hygiene education to at least 30 schools, benefitting 30,000 students
* training 500 teachers to improve quality of instruction.

Australia is supporting skills development within the private sector and Lao Government by offering in-Australia and in‑country tertiary education opportunities, training and by improving the competencies and capabilities of organisations that play a major role in skills development in Laos. In 2014-15, around 50 Australia Awards Scholarships and 70 in‑country awards will be offered.

Australia’s investment in rural development helps to generate incomes, improve livelihood opportunities and build vulnerable communities’ resilience to shocks by improving rural infrastructure, clearing land of unexploded ordnance (UXO), improving the availability of financial services and supporting the development of social protection approaches. In 2014-15, we expect to:

* provide at least 200 kilometres of rural roads and 10 rural access bridges to help increase poor households’ access to basic services and markets; and
* support further UXO clearance (working with partners to clear 630 hectares of land benefiting around 250,000 people), risk education and survivor rehabilitation.

Australia will support production of food and goods for home consumption and the market in poor rural communities through asset transfer and micro-enterprise development programs that will reach at least 600 people in 2014-15. Australia will expand and strengthen village banks and provide education on savings, loans and avoiding debt traps, as well as work with Lao regulators to make financial services more accessible to the poor. In 2014-15, Australia will provide 80,000 poor people with improved access to financial services.

**MONGOLIA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$16.3 million***

Mongolia is a major destination for Australian foreign investment, particularly in its fledgling mining sector. The mining sector’s contribution to economic growth has grown steadily over the past decade and today accounts for approximately 20 per cent of gross domestic product[[28]](#footnote-28).

Australia has significant commercial interests with over 50 Australian companies operating in Mongolia, such as in Mongolia’s largest financial undertaking, the Oyu Tolgoi mine. The new Australia-Mongolia Extractives program will become a major focus of Australia’s bilateral engagement in the years ahead. The program will help support effective governance in private‑sector led growth and economic reform in Mongolia. It will assist government agencies to: strengthen governance and environmental safeguards in the mining sector; help create a more transparent and stable investment environment for Australian and other foreign investors; and partner with the private sector to improve access to technical and vocational education and training and jobs in disadvantaged communities to advance Mongolia’s development. A $5million partnership (2012-15) with the World Bank to improve water resource management in the main mining area in southern Mongolia will be incorporated into this program. The partnership is providing policy and planning support for management of Mongolia’s finite water resources. As part of our development of the Extractives program with the Mongolian Government, we are engaging broadly with the Mongolian private sector and foreign investors on the aims and implementation of the program, including through the Australian Chamber of Commerce in Mongolia.

We will continue to support education and human resource development in Mongolia’s private, public and civil society sectors through the highly-valued Australia Awards in Mongolia scholarships program. From 2015, Australia will provide 45 Australia Awards Scholarships to Mongolian awardees. The program’s alumni, who include parliamentarians, senior civil servants and businesspeople, are making a strong contribution to the sustainable development of the Mongolian economy and our bilateral relationship. Structured support for employment and networking between scholarship alumni is a strong feature of the program, which the Mongolian Government has contrasted favourably with scholarship programs from other countries.

**EAST ASIA REGIONAL**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$100.0 million***

Australia works with key regional organisations, such as the Association of South East Asian Nations (ASEAN), the East Asia Summit (EAS), and Asia Pacific Economic Cooperation (APEC), to create a strong and prosperous East Asia region. We promote economic integration through the free flow of goods and services across borders. We also respond to regional challenges, including emerging infectious diseases, human trafficking, water resources management and disaster management.

Australia promotes economic integration in South East Asia through regional interventions to improve private sector opportunities, invest aid in infrastructure, drive international competitiveness and facilitate trade.

Australia, in partnership with the ASEAN Secretariat, will support the implementation of the ASEAN Australia New Zealand Free Trade Agreement (AANZFTA) in 2014‑15 by assisting developing ASEAN countries to benefit from more open trade and economic integration. Training and specialist advice will be provided to the private sector and government officials on investment, competition policy, intellectual property, rules of origin and trade in services.

We will work with the Asian Development Bank and other regional partners to reduce the cost of trade and facilitate private sector business opportunities. We will assist in streamlining border procedures; reducing the time required by customs clearances; and improving traffic rights to allow vehicles to move between countries.

Australia has taken the lead in supporting developing effective governance of APEC members through increased cross-border cooperation in education services and in progressing a new regional mechanism that promotes financial sector reform and will increase investment flows. Australian support for the APEC Public Private Partnership Centre in Indonesia will boost private financing of infrastructure and increase expertise in partnering with the private sector.

Australia will build on existing work to support youth-focussed education campaigns and advocacy efforts as well as work with regional partners to develop labour protection legislation and policy to promote safe and legal migration. Our program will reduce exploitation of migrant workers through promotion of legal and safe migration, labour rights protection, and decent work opportunities in the Greater Mekong Sub-Region. Human trafficking is a grave abuse of human rights that destroys people’s lives. Australia will continue its anti-human trafficking efforts with an increased focus on the differing needs and vulnerabilities of men and women, particularly as they interact with the criminal justice system.

Our support to water resources management in the Mekong Region encourages economic development that is sustainable, equitable and improves livelihoods. Australia will support the Mekong River Commission to guide planning and decision-making; strengthen social and environmental standards; and build civil society’s capacity, specifically women’s, to engage in water planning and management.

East Asia is prone to large-scale natural disasters. We will work through the EAS to build resilience by improving regional coordination and response; with ASEAN to build the capacity of their Emergency Rapid Assessment Team; assist deployments to support and coordinate disaster response activities; and continue support of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management.

**NORTH KOREA**

**Australian development assistance to North Korea (Democratic People's Republic of Korea)**

Australian bilateral development assistance to the Democratic People's Republic of Korea (DPRK) has been suspended since late 2002 following revelations of the DPRK's nuclear program. Australia has made clear that any resumption of bilateral assistance would be contingent on DPRK’s progress towards denuclearisation. Missile and nuclear tests as well as the sinking of a South Korean naval ship by North Korea has ensured this suspension remains in force.

While Australia does not have a development cooperation program with North Korea, we do provide humanitarian assistance in response to protracted emergency and natural disasters that DPRK faces. Since 1994, Australia has provided over $50 million in humanitarian assistance with a focus on food aid, water supply, sanitation and disaster management. Our aid is channelled through multilateral agencies — principally the World Food Programme, UNICEF and the International Federation of the Red Cross (IFRC) — not the DPRK authorities.

**SOUTH and WEST ASIA**

**AFGHANISTAN**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$134.2 million***

Australia remains committed to Afghanistan’s long-term security and stability, and continues to contribute to Afghanistan’s development, building on the gains of the last decade. Afghanistan faces substantial challenges as it undergoes three transitions: assuming responsibility for security by the end of 2014; undertaking presidential elections as the first peaceful change of executive power in Afghanistan’s modern history; and responding to slowing economic growth as international forces leave Afghanistan.

Australia’s development assistance program to Afghanistan is part of an integrated whole-of-government effort with security, diplomatic, and development objectives. The *Development Framework Agreement 2012–17*, signed by Australia and Afghanistan in July 2012, underlines both parties’ commitment to building the Afghan Government’s capacity to deliver basic services and provide economic opportunities to its people. The Afghan Government has agreed to make progress against commitments under the *2012 Tokyo Mutual Accountability Framework*, including economic reform, governance, anti‑corruption, elections, and human rights, including the rights of women and girls.

In 2014-2015, Australia will support the Afghan Government deliver its national priority programs, including in health, education, rural development and infrastructure, by contributing to the Afghanistan Reconstruction Trust Fund. We will also:

* enhance education in Afghanistan by expanding access to schools, improving education quality, and increasing the Afghan Government’s capacity to deliver education services. Australia’s direct support will see more than 5,000 children, including more than 2,100 girls, enrolled in schools in 2014
* protect and promote human rights by providing support for the Afghanistan Independent Human Rights Commission to investigate human rights violations, assist individuals, and hold to account those who would abuse human rights
* empower women and girls by supporting their active participation in Afghanistan’s economic, social, and political life, including contributing to national efforts to end violence against women
* strengthen effective governance, by helping build strong electoral institutions, community participation in the electoral process, and strengthening the Afghan media’s ability to report on political issues. We will also provide targeted training and mentoring to over 500 civil servants responsible for procurement, planning and financial administration, to improve service delivery and budget-processing times in the ministries of Agriculture, Health, Public Works, and Education
* improve agricultural productivity by introducing more resilient varieties of wheat, provide job opportunities, and expand access to markets for Afghan families by helping them start locally‑relevant, small‑scale businesses.
* support infrastructure projects such as the construction, refurbishment, and maintenance of roads in Uruzgan
* build resilience in partnership with multilateral and non‑government humanitarian organisations by providing food for up to 1.9 million vulnerable Afghans, and by removing mines and explosive remnants of war. We will also help sustain the Afghan National Security Forces through ODA-eligible activities with Afghanistan’s Ministry of Interior and Police.

**BANGLADESH**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$94.2 million***

Development assistance to Bangladesh works in our national interests by promoting economic growth, human development and stability in a region that is of growing strategic significance for Australia. Our aid empowers women and girls by improving education outcomes and increasing economic opportunities for the poor. Australia also works regionally to reduce barriers to regional trade to accelerate economic growth.

Bangladesh is the second largest market for Australian exports to South Asia, with two-way trade having doubled over the past three years (over $990 million in 2012–13). However, Bangladesh’s economic growth is constrained by energy and infrastructure deficits, skills shortages, and barriers to trade. Added to this, current economic performance is not benefiting large parts of the population and continued political turbulence could dampen economic prospects. Increased formal employment will accelerate economic growth, reduce poverty rates and foster stability in Bangladesh, particularly as a demographic ‘youth bulge’ enters the workforce over the next decade.

Australia’s aid investments in the education sector work to enhance income generating opportunities. To maximise the impact of our aid, Australia supports non-government partners to deliver immediate large scale and high quality results in education and livelihoods, while working with government programs to improve service delivery systems over the long term. In 2014‑15, Australia will invest in the Government of Bangladesh’s primary education development program, which aims to build an efficient, inclusive, and equitable national primary education system. Australia plays a lead role among donors and is helping to drive reform to strengthen public financial management systems in the education sector. Our support contributes to the development of a productive workforce that is vital to Bangladesh’s future economic growth.

Australia will support the empowerment of women and girls through a Strategic Partnership Agreement with the UK and BRAC (one of the world’s largest NGOs). BRAC’s development programs deliver education services, livelihoods assistance and gender empowerment programs directly to millions of Bangladesh’s poor. BRAC’s portfolio of successful social enterprises and financial sector investments, for example Aarong Dairy and BRAC Bank, give the poor access to market value chains and target the ‘missing middle’ of development through small commercial loans, accelerating economic growth in Bangladesh.

Australia will also support social protection programs in 2014‑15 that assist poor people to meet their basic needs and cope with commonly-occurring economic and natural shocks. Such programs take the form of cash transfers, income generating assets (such as livestock), school-feeding programs, food-for-work, fee waivers and food vouchers. The programs empower people to ensure their children are educated, keep their families healthy and learn new skills supporting labour productivity and human development. This support also helps people to improve risk management, facilitating higher return investments by the poor and participation of the poorest in labour markets, thus unlocking economic and self-sufficiency potential.

Australia provides targeted scholarships to Bangladeshis for post-graduate studies and short-courses in Australia, including through the DFAT Australia Awards program. Australia will provide 63 Australia Awards Scholarships to Bangladesh. Australian Volunteers for international development work on a range of assignments in Bangladesh to address health, education, livelihood and other development needs. These scholarships and volunteer programs build enduring people-to-people links between Australia and Bangladesh.

**PAKISTAN**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$79.0 million***

Australia and Pakistan enjoy long-standing friendly relations underpinned by strong people-to-people links. Australia is committed to supporting Pakistan in its efforts to build economic prosperity and enhance human development. Australia’s development assistance in Pakistan promotes economic growth, poverty reduction and human development, including for women and girls. It draws on Australian expertise particularly in the areas of water resource management and agricultural productivity.

Australian aid to Pakistan will continue to foster economic growth and job creation while supporting the building blocks for a productive society through inclusive human development.

Australia will make a strong contribution to increasing incomes, facilitating trade and rural development through support for agricultural productivity and livelihood diversification, and through better water resource management practices. Australia will build resilience to safeguard its investments from natural disasters and conflict through disaster risk reduction planning. In 2014‑15, Australia is establishing a Market Development Facility (MDF) in Pakistan which aims to create jobs and income for the poor by enhancing business performance, benefitting poor workers, small business owners, buyers and sellers. Through the MDF, Australia is looking to support small to medium sized entrepreneurs in the livestock, fruit processing and leather product industries.

Australia will invest in better quality health and education targeting children in the first years of life and contributing to the foundation for Pakistan’s future economic prosperity. Recognising the barriers faced by women in many areas of development, Australia’s assistance will promote the empowerment of women and girls across its activities. Specifically, Australian support in 2014‑15 will:

* improve maternal and child health, reduce child malnutrition, and reduce the incidence of avoidable blindness
* help provide 50,000 malnourished children with micronutrient powders to improve their quality of food and provide 18,000 women with iron folic acid supplementation during pregnancy. Australia’s support will also help screen over 100,000 children for various eye‑related diseases and perform 10,000 sight-saving operations
* help train 4,000 teachers in early childhood care, as well as renovate or construct over 65 school toilets or classrooms
* improve early childhood and primary education through teacher training, provision of student stipends and learning materials and improvements to school infrastructure
* provide 60 Australia Awards Scholarships for Pakistanis to undertake post‑graduate studies in Australian universities and over 20 short‑term Australia Awards.

**SRI LANKA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$42.8 million***

Sri Lanka has emerged as a lower middle-income country following the end of its 26-year civil conflict in 2009. Supporting Sri Lankan economic growth and reducing regional inequalities is in Australia’s national interest. The maintenance of peace and stability will be important in the continued growth of trade, investment, education exchange and tourism. In 2012-13, two-way merchandise trade between Australia and Sri Lanka was $340 million.

Australia works with the Government of Sri Lanka to expand economic opportunities for the poor and address barriers to participation and productivity in Sri Lanka. Aid investments target local infrastructure, improve access to quality education services and strengthen local governance.

In 2014‑15, Australian assistance to improve infrastructure in rural district will include:

* support to the expansion and maintenance of local infrastructure including roads, irrigation systems and market place facilities that will help generate economic opportunities and livelihoods for Sri Lankans living in rural areas. Australia’s support will enhance the capacity of local government authorities to manage infrastructure development
* support to a Community Forestry Program (2011-15) that will increase the incomes of over 5,000 people and protect more than 4,000 acres of land from deforestation.

Australia will support education and skills development of Sri Lankans through:

* the Sri Lankan Government’s Education Sector Framework and Development Program to improve the quality of primary and secondary education across the country. Over the period 2011-16 Australian assistance will support the upgrading of school facilities and the training of 215,000 teachers, 15,000 principals and 3,500 education administrators
* helping to promote gender equality, social cohesion and inclusive education across the country
* providing up to 30 Australia Awards Scholarships for Sri Lankans to study at Australian universities. Past scholars are linked by a strong alumni network in Sri Lanka.

Australia will support community rehabilitation and reconciliation by improving living standards for the most vulnerable and enable citizens to advocate effectively for the services they need.

**NEPAL**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$33.9 million***

Nepal is among the poorest and least developed countries in the world with slow economic growth. Widespread, entrenched inequality exists in access to basic services for minority and traditionally marginalised groups, women and those with disabilities. This inequality has been a key driver of conflict and instability. A more stable, prosperous Nepal has the potential to trade more and contribute to broader regional growth.

Australian aid investments aim to expand economic opportunities for the poor and address barriers to participation and productivity. Programs target micro-enterprise development, job creation, improving access to quality health and education services and strengthening the Government of Nepal’s financial management systems. Australia works closely with the Government of Nepal and other like-minded donors in the delivery of these programs.

Australia will enable private sector development through:

* the Micro-Enterprise Development Program which aims to foster an enabling environment for private sector employment creation. In 2014-15, the majority of beneficiaries will continue to be poor women (70 per cent), youth and individuals from socially marginalised groups. Since 1998, the program has created more than 70,000 micro-entrepreneurs and directly created more than 70,000 jobs. Facilitating entrepreneurship and innovation to drive economic growth is a key policy priority for the Government of Nepal.

Investments in Nepal’s education and health sectors will contribute to a productive work force, and will include:

* improving nutrition, child survival rates and maternal health of the poor
* strengthening public education through the Nepalese Government’s School Sector Reform Program by improving quality and promoting inclusion of more than 3.8 million girls and boys from poor and marginalised communities, including children with disabilities
* targeted scholarships to Nepalese for post-graduate studies and short-courses in Australia through the Australia Awards. Australia will provide 35 Australia Awards Scholarships to Nepal.

These investments in education are addressing key knowledge and skills gaps which are currently limiting domestic growth and remittance incomes.

Australian aid will build effective governance through:

* support of a World Bank managed multi-donor trust fund designed to strengthen the Government of Nepal’s public financial management institutions. Projects in 2014‑15 will include updating Nepal’s financial reporting standards, monitoring education expenditure, and strengthening the voice of civil society to demand better public financial management.

**BHUTAN**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$14.8 million***

Australia and Bhutan have enjoyed a long and productive relationship, dating back to the early days of the Colombo Plan in the 1960s. Building the skills of the Bhutan workforce by supporting the private sector to improve economic growth and strengthening educational institutions remain priorities for Australia’s relationship with Bhutan.

In 2014‑15, Australia aid will invest in Bhutan’s education sector and help enhance gender equality. We will build a more skilled workforce by awarding 47 post-graduate Australia Awards Scholarships; supporting technical and vocational skills development; and supporting improvements to Bhutan’s public and private sector institutions. The Awards program ensures Bhutanese recipients are better prepared to take up senior roles in the public and private sector, and that women have equal access to qualifications.

Australia will place volunteers in the critical areas of education and health. During 2014, the Bhutan Royal Institute of Management will continue to receive support to develop post-graduate courses in management and public administration. Direct partnerships between Bhutanese institutions and counterpart organisations in Australia are building the skills of staff and the institution as a whole.

Australia’s aid to the South Asia region will also help reduce intra-regional trade blockages for small businesses and women, and ensure better regional management of shared resources such as water and power which will also benefit Bhutan.

**MALDIVES**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$7.0 million***

Australia and the Maldives share a productive relationship, with links in trade and tourism, education, development cooperation and through the Commonwealth.

Despite political challenges over recent years, the Maldives has maintained good economic growth due to high tourist numbers. Diversifying the economy beyond tourism and fishing, reforming public finance and increasing employment opportunities remain major economic challenges for the Maldives Government. The Maldives graduated to middle‑income country status in 2011 and has achieved five of the eight MDGs. However, significant social challenges exist with limited job opportunities and a fragile political environment.

Australia’s aid to the Maldives will target human development through the education sector. In 2014‑15, we will:

* provide 33 Australia Awards Scholarships for study at Australian universities, focused on economics, education and environmental science; and
* help improve the quality of education at primary and secondary levels through the Maldives Education Sector Volunteers Program in cooperation with the Maldives Ministry of Education.

Australia will also support effective governance through support to the UNDP-led Integrated Governance Program. The program aims to strengthen the transparency and accountability of public institutions, promote equitable access to justice and respect for human rights, and strengthen the voice of civil society organisations.

**SOUTH ASIA REGIONAL**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$33.1 million***

The South Asia Regional Program seeks to promote regional cooperation and reduce trans-boundary barriers to economic growth and trade that cannot be addressed solely at the country level. The Program is focused on two key development challenges in South Asia: regional connectivity with a focus on trade facilitation; and sustainable development, with a specific focus on improving water, food and energy security.

Partnerships will be the main delivery mechanism for regional assistance in South Asia. We will work with multilateral agencies, regional organisations, Australian government departments, civil society organisations and partner governments to foster the cooperation needed to address regional development challenges.

Australia’s regional aid investments aim to increase cross-border cooperation to reduce poverty and address the gap between growing and lagging regions. For example:

* Australia will support inclusive economic growth by addressing low levels of intra-regional trade and poor connectivity through an aid for trade activity which aims to reduce trade costs at priority border posts in the region. This will promote economic opportunities for women and small to medium enterprises (SMEs) by improving regulation, harmonising border procedures, and strengthening key institutions such as customs.
* Governments in the region will benefit through capacity building and training to allow them to build an enabling environment for business and trade, which can also drive social and human development through promoting economic opportunities for women. More broadly, addressing trade facilitation issues can support integration into the global economy; increase competitiveness, diversification and development of value chains/entry into global supply chains; foster private sector development; and improve regional economic relations, foreign direct investment and growth.

The infrastructure gap in South Asia is another major challenge to connectivity both within countries and the region, and a major driver of poverty. Australia’s investments will help to close this gap by supporting analytical work and technical assistance to facilitate policy and institutional reform in sectors including transport and energy. Technical assistance activities will examine issues of economic and social connectivity, institutional capacity, governance, and drivers of conflict and fragility to develop a knowledge base for assessing opportunities and challenges to meeting the infrastructure gap in these sectors to promote trade and integration across and within the South Asia region.

Australia is also promoting sustainable development in South Asia, with funding supporting improved water resource management; better agricultural practices to generate higher farm productivity and incomes; and increased access to energy, benefitting women and girls. Our investments target female‑headed households, agricultural productivity, renewable energy and energy efficiency, and leverage Australia’s expertise in water resource management.

**INDIA**

Australia has phased out bilateral aid to India. This corresponds with the Indian Government’s preference to receive aid from fewer and larger donors, as well as encourage smaller donors such as Australia to channel their aid through multilateral and non‑government organisations. There will be no allocation of bilateral aid in 2014–15, however, Australia will continue to provide targeted assistance through multilateral organisations and regional or global programs where we can make a difference to poor people. Cooperation with India through the South and West Asia Regional program aims to enhance technical cooperation to improve water, food and energy security.

**AFRICA and THE MIDDLE EAST**

**PALESTINIAN TERRITORIES**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$56.5 million***

The Palestinian Territories experience high levels of unemployment, food insecurity and aid dependency. Around 26 per cent of Palestinians were out of work in 2013 (up from 23 per cent in 2012)[[29]](#footnote-29) and over a third of Palestinians, 1.57 million people, cannot meet basic food needs. Without aid, an additional 185,000 people, half of them children, would be food insecure[[30]](#footnote-30). Humanitarian and economic conditions are particularly dire in the Gaza strip, where unemployment has reached 40 per cent and well over half of Gaza’s youth are out of work.

An economically viable and stable Palestinian entity is essential to any durable, two-state solution to the Israel‑Palestinian issue. Australian aid supports Palestinian economic growth and governance reform as well as helping to meet humanitarian needs. Through support in effective governance to the Palestinian Authority, Australia is leveraging funding with the World Bank and major donors to influence policy and regulatory reform – particularly in fiscal management – that helps create jobs, encourage investment and maintain basic services. Scholarships to Australian universities are helping future leaders from the Palestinian Authority and emerging legal academics acquire key skills for state-building. Our engagement with entrepreneurial small businesses and NGOs is helping to introduce more efficient practices into the much-neglected agricultural sector and link small scale farmers to domestic and international markets.  Through a focus on the role of women, our civil society and education programs are helping to raise the average income and the socio-economic status of women and girls. Our funding and policy engagement with the United Nations Relief and Works Agency (UNRWA) helps it meet the basic health, education and social protection needs of almost five million Palestinian refugees.

**SUB-SAHARAN AFRICA**

**Australia’s response**

* *2014-15 ODA Budget estimate:* ***$186.9 million***

Australia has a clear national interest in the security, stability and prosperity of sub-Saharan Africa. As one of the world’s most rapidly growing regions, its development and economic prospects remain positive. The high rates of growth and increased political stability are creating opportunities for Australian trade and investment, particularly in the mining sector. Poverty in the region has declined steadily over the last two decades, and natural resource rents provide opportunities to finance further development gains. However, the benefits of economic growth are not widely shared contributing to the high levels poverty in the region.

Our aid is investing in sectors that drive economic growth, trade and job creation. We will deliver activities that boost agricultural productivity and markets, improve the management of the extractives sector and its revenues, and build the skills and knowledge of individuals to contribute to Africa’s development. Our development assistance predominantly focuses on the Indian Ocean region (East and Southern Africa).

Mining offers African countries an unparalleled opportunity to stimulate growth and reduce poverty. If well managed, the extractives sector can drive innovation; generate revenue to fund critical social services and upgrade productive physical infrastructure; and directly and indirectly create jobs. Our investment in effective governance of the extractives sector is leveraging off Australia’s highly relevant expertise to share with African partners. Our aid is:

* supporting enabling environments to attract and retain investment
* building skills to regulate and manage the extractives sector to give business increased certainty, while improving mining revenue management and overall governance.

Our aid is investing in improving education through:

* providing Australia Awards to African men and women for post-graduate training and education, including scholarships to study at Australian universities
* Australian volunteer placements in select countries in sub-Saharan Africa to develop local capacity, share skills and build relationships in sectors key to economic growth and job creation.

Australia is investing in the agriculture sector, which plays a key role in Africa’s development in terms of broad-based economic growth, jobs and reducing poverty. Agriculture supports the livelihoods of 80 per cent of Africans, and provides employment for about 60 per cent of the economically active population[[31]](#footnote-31). Australia is sharing highly relevant technical, research and agri-business expertise, including through the Australian Centre for International Agricultural Research (ACIAR) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO). We are supporting market development to promote growth and improve livelihoods. Our program focuses on better research and innovative technology adoption, and on boosting private sector activity.

In health, we are also working with non‑government, public and private sector partners to deliver the services needed for healthy and productive communities, including maternal and child health programs in East Africa and water and sanitation programs in Southern Africa. The Africa-Australia Community Engagement Scheme (AACES) is helping people in need to improve agricultural productivity and increase access to maternal and child health and water and sanitation services. The program supports innovative private sector partnerships that extend the reach and quality of services to communities. It also supports women’s economic participation and empowerment as well as lifting the living standards and status of people with disability. We are providing:

* access to maternal and child health programs for more than 50,000 people, including through life-saving vaccines and supervised births by a skilled birth attendant
* access to safe and sustainable water and appropriate sanitation for more than 2 million people, and lessons on good hygiene for over 42,000 people.

Australia is also helping sub-Saharan communities build resilience to respond to current and emerging humanitarian crises, in partnership with UN agencies, and international and Australian non‑government organisations.

**CARIBBEAN AND LATIN AMERICA**

Australia is phasing out its aid programs to the Caribbean and Latin America. There will be a residual aid program to be managed while we phase out the programs.

1. **Other Government Departments**

**Table 4: Aid delivered by Australian government agencies other than DFAT**

|  |  |  |
| --- | --- | --- |
| **Department / Agency** | **Estimated Outcome** **($m) 2013-14** | **Budget Estimate ($m)    2014-15** |
| Australian Federal Police | 126.8 | 104.5 |
| Australian Centre for International Agricultural Research (ACIAR) | 94.1 | 96.1 |
| Treasury | 26.6 | 63.7 |
| Department of Immigration and Border Protection | 429.3 | 63.2 |
| Department of Education | 27.6 | 27.7 |
| Department of Health | 9.4 | 9.5 |
| Department of Employment | 7.0 | 7.5 |
| Attorney-General's | 4.5 | 5.4 |
| Department of Agriculture | 5.0 | 4.0 |
| Department of Finance | 1.1 | 3.3 |
| Other Australian Government Agencies | 17.1 | 7.0 |
| **Total** | **748.5** | **392.0** |

Australian government departments and agencies work together to provide a wide range of expertise that enables Australia to promote development through economic growth, security and stability in the Indo‑Pacific region.

Table 4 above shows ODA-eligible expenditure by other government departments (OGDs) in 2014‑15, from monies appropriated directly to those departments and agencies. Below is a summary of ODA-eligible activities to be undertaken in 2014-15 by the Australian Federal Police, ACIAR, and departments of Treasury and Immigration and Border Protection.

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| AUSTRALIAN FEDERAL POLICE (AFP) |

In 2014-15, the AFP will continue to undertake activities in the Asia-Pacific region aimed at establishing, developing and monitoring peace, stability and security, which are fundamental precursors to socio-economic development and growth in the region. Activities include:

* continuation of the Timor‑Leste Police Development Program (TLPDP) to support the Policia Nacional de Timor-Leste (PNTL). TLPDP aims to assist the Government of Timor-Leste in building the foundations of an effective and accountable police service and establishing capability where the governance, values and operational characteristics of the PNTL strengthen the rule of law and support police development.
* continuation of the AFP contribution to the Regional Assistance Mission to Solomon Islands (RAMSI). RAMSI aims to rebuild Solomon Islands institutions, including those responsible for law, order, justice and corrections, in order to establish conditions under which Solomon Islanders can achieve social and economic recovery.
* consolidation of the Pacific Police Development Program (PPDP) building on bilateral, trilateral and regional cooperation to support law enforcement and rule of law programs, with a particular focus on Papua New Guinea (PNG), Nauru, Vanuatu, Samoa and Tonga. Under a regional component of the PPDP, AFP also provides support to Kiribati, Niue, Tuvalu, the Republic of Marshall Islands, Palau, Cook Islands and the Federated States of Micronesia.
* the AFP provides personnel to PNG under both the Joint Understanding between Australia and Papua New Guinea on Further Bilateral Cooperation on Health, Education and Law and Order, and prior PPDP commitments. Through this partnership, AFP officers work with Royal PNG Constabulary (RPNGC) officers to develop community policing capabilities including in the specialised areas of sexual offences, traffic and criminal investigations.

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| AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH (ACIAR) |

ACIAR works to improve the productivity and profitability of the agricultural sector in the Indo‑Pacific region through international agricultural research partnerships. ACIAR puts Australia’s agricultural innovation system to work to reduce poverty and contribute to the long-term economic prosperity of developing countries. This work contributes to economic growth and poverty alleviation in Australia’s region.

Stronger economies in our region assist Australian exporters and investors to access and profit from foreign markets. Support for more-productive, market-led agricultural systems that engage smallholders encourages developing countries to effectively tap into new market opportunities. In these ways, ACIAR works towards a future of shared prosperity. Importantly, ACIAR’s support to international research partnerships increases the numbers of skilled professionals at research, extension and farms levels which build the potential for sustained agriculture innovation in the region, an essential element for economic growth and development.

In 2014-15, ACIAR will focus on research partnerships that underpin the Australian Government's economic diplomacy objectives around trade, growth, investment and business. ACIAR will continue to focus research on four areas: crops; livestock and fisheries; natural resources and forestry; and socioeconomics and policy, with a stronger focus on developing market opportunities for smallholder farmers. ACIAR will implement cross-disciplinary and interdisciplinary research approaches, which will tackle gender inequality, in the design, delivery and impacts of the research partnerships. ACIAR will maintain its core mandate of producing excellent research, and work through others to achieve up-scaling and broader development outcomes.

ACIAR’s primary focus in 2014-15 will be in the Pacific, East Asia and South and West Asia (including Afghanistan and Pakistan) with modest investments in Africa and the Middle East. ACIAR’s primary global engagement will be through the Consultative Group on International Agricultural Research (CGIAR).

ACIAR’s Annual Operational Plan provides further details of the Centre’s regional and country strategies, priorities and programs for the 2014‑15 financial year.

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| DEPARTMENT OF THE TREASURY |

The Department of the Treasury manages the following Official Development Assistance (ODA) activities:

* payments of previously agreed capital increases to the International Bank for Reconstruction and Development and to the Asian Development Bank. These payments fund activities aimed at delivering tangible development benefits in ODA-eligible countries;
* deployments under whole-of-government programs such as the Solomon Islands Economic and Public Sector Governance Program, the Strongim Gavman Program in Papua New Guinea, and the Government Partnerships Fund in Indonesia. The Treasury also participates in twinning initiatives with Papua New Guinea and the Solomon Islands. These programs will continue to develop the capacity of those countries’ economic and finance ministries in promoting sustainable economic development and effective governance; and
* funding to help build economic policy-making expertise in the region, promoting sound economic management and economic stability, through a range of activities such as policy dialogues, joint conferences, research and staff secondments.

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| DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION (DIBP) |

DIBP will work with partner governments in South East Asia, South Asia, the Middle East and in the Pacific to build capacity to manage migration flows effectively. In 2014-15, DIBP will support displaced persons in Indonesia and the region through Regional Cooperation Arrangements.

DIBP will continue to support the Sri Lankan government to implement biometrics within their passport application process to reduce identity fraud; train officials in the region to strengthen their capacity to detect irregular movement; and build capacity in the region to enhance migration and border management.

DIBP’s activities contribute to effective governance by helping regional governments to improve their own migration management processes.

**Reintegration Assistance Program**

Australia’s Reintegration Assistance (RA**)** program is part of a broader strategy to resolve the status of Illegal Maritime Arrivals (IMAs) not owed protection and is delivered by the International Organization for Migration (IOM).

RA is provided to IMAs who choose to return to their country of origin, in the form of modest packages (between $3,300 and $4,000, mostly in-kind) that support sustainable return in the form of small business start-up, skills development and job training.

Priority RA countries of return are Sri Lanka, Iran, Vietnam and Iraq but also include any country where IOM are able to facilitate return and reintegration.

1. Estimate for the period 2010-2020: BN Bhattacharyay, Estimating Demand for Infrastructure in Energy, Transport, Telecommunications, Water and Sanitation in Asia and the Pacific: 2010–2020, Asian Development Bank (ADB) Institute Working Paper Series, No. 248, September 2010, p. 11–12, viewed 5 June 2014, <http://www.adbi.org/working-paper/2010/09/09/4062.infrastructure.demand.asia.pacific/>. [↑](#footnote-ref-1)
2. Estimate for the period 2010-2020: BN Bhattacharyay, Estimating Demand for Infrastructure in Energy, Transport, Telecommunications, Water and Sanitation in Asia and the Pacific: 2010–2020, Asian Development Bank (ADB) Institute Working Paper Series, No. 248, September 2010, p. 11–12, viewed 5 June 2014, <http://www.adbi.org/working-paper/2010/09/09/4062.infrastructure.demand.asia.pacific/>. [↑](#footnote-ref-2)
3. Estimated aid for trade expenditure is based on the World Trade Organization (WTO) definition. Aid for trade largely overlaps with the investment priorities of infrastructure, trade facilitation and agriculture, fisheries and water from DFAT’s new development policy. A small proportion of Australia’s effective governance expenditure is also covered. However, these priorities are broader in scope (eg urban development, large water supply infrastructure, rural development and law & justice investments are not covered in the WTO definition for aid for trade). [↑](#footnote-ref-3)
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