

# MINISTER'S FOREWORD



A carefully targeted development assistance program focussed on our region is in Australia's interest, as it is in the interests of our friends and neighbours. Healthy, educated and well-governed communities with affordable infrastructure are better placed for sustainable growth and more resilient to external shocks,

including natural disasters. A more prosperous and secure region increases mutual opportunities for trade and investment, fosters increased capability to respond to threats emerging from transnational crime and strengthens self-management of borders. This is why the Australian Government is investing \$4 billion in development assistance in 2019–20 to help tackle poverty and build a stronger and more resilient Indo-Pacific.

Development assistance with a strong regional focus builds on our deep links through our geography, history, trade, education, employment, sport and migration and brings Australia and our neighbours closer together. The Australian Government has a bold vision for further stepping-up its engagement with the Indo-Pacific.

In 2019–20, we will provide a record level of assistance of \$1.4 billion to the Pacific. The Australian Infrastructure Financing Facility for the Pacific will transform Australia's development assistance and be a cornerstone of our sustainable, principles-based infrastructure investments in the Pacific and Timor-Leste. The Facility will assist Australia to work with partner governments and the private sector to address critical infrastructure gaps while avoiding unsustainable debt. The \$2 billion facility, of which \$500 million will be in grants, will focus on telecommunications, energy, transport and water and incorporate cross cutting issues that include climate change and gender.

Labour mobility has been highly beneficial for Australia and our Pacific partners. To help more Australian employers and Pacific workers connect, we are implementing a \$70 million Pacific Labour Facility. We are deepening our educational links by providing \$66 million over four years for secondary school scholarships along with more scholarships for vocational education and training. Our Australia Sports Linkages Program will strengthen sporting ties and build safe, fair and accessible sporting organisations in our region, and increase the participation of women and girls in sport. To drive forward the new initiatives we have established an Office of the Pacific in the Department of Foreign Affairs and Trade.

Australia is strongly committed to being the partner of choice in the Pacific for capability building in law enforcement, justice and the protection of maritime and other rights under international law. We will work closely with Pacific partners to strengthen regional security, including through initiatives like our Australia Pacific Security College, building the Pacific's capacity to respond to key security issues. We will also establish a Pacific faculty at the Australian Institute of Police Management to support the next generation of Pacific police leaders. These initiatives will complement our broader work through activities like our Pacific Fusion Centre, which will improve sharing of information to fight transnational crime and address other security threats to the region.

Australia is supporting the Boe Declaration on Regional Security, through which Pacific leaders reaffirmed that climate change remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific. Through our development assistance we are spending \$300 million over four years for climate change and disaster resilience support to the region.

Our development partnerships in Southeast Asia are evolving into economic partnerships, shifting our focus from funding services to supporting institutional reform and accountable governance. We retain a strong focus on inclusive growth throughout Southeast Asia, including a strong focus on gender equality. We are investing \$121 million to provide technical advice to ASEAN governments on how to best manage infrastructure development, including avoiding debt traps.

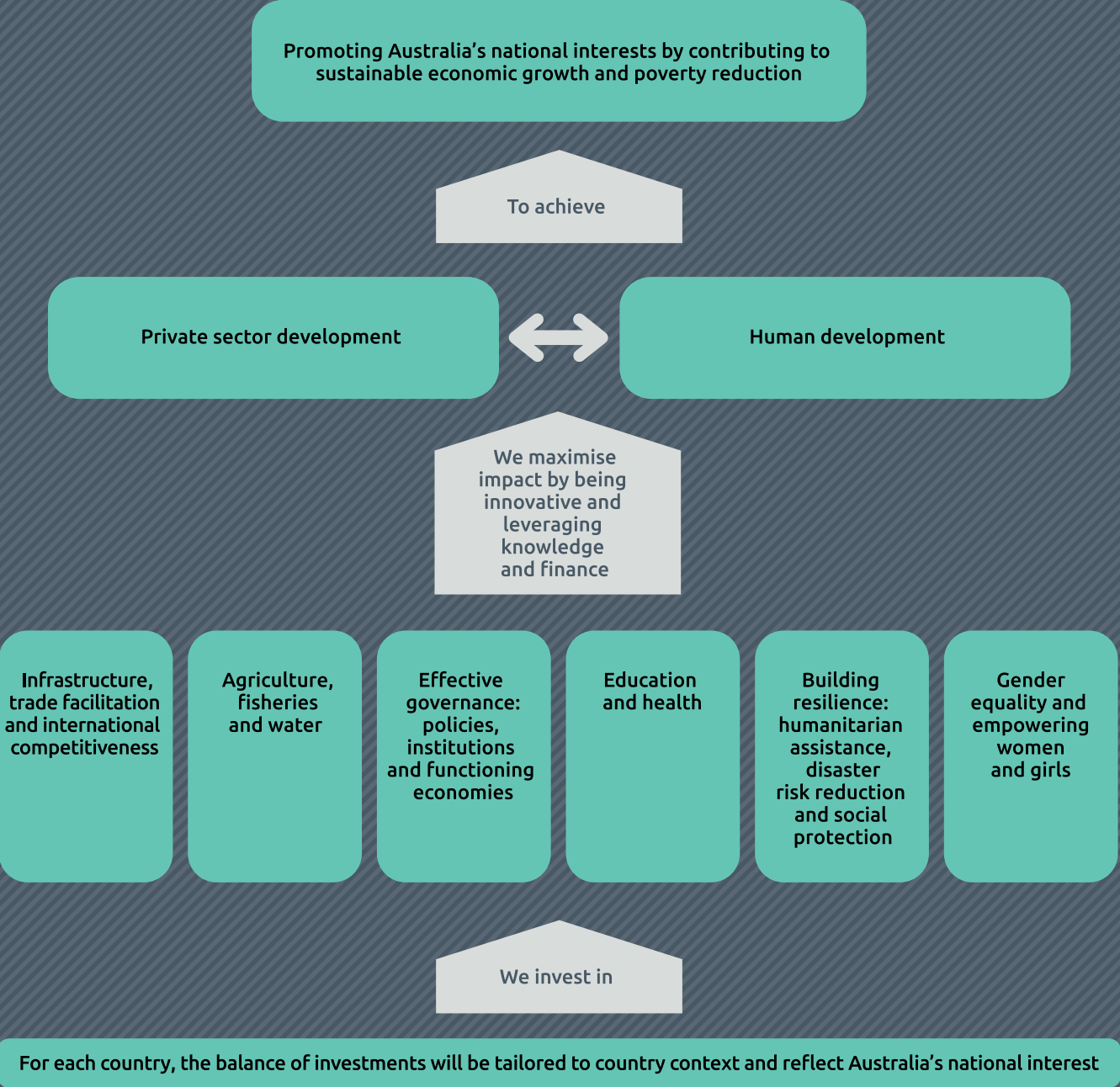
Our work with partners on global issues such as health, gender equality and the environment helps build resilient and strong communities. In 2019–20, we will continue to strengthen the public health systems and capacities of our partners. We continue to be at the forefront of efforts to empower women and girls, including through our \$55 million investment in the Gender Equality Fund.

In 2019–20, Australia will provide a record \$450 million in humanitarian assistance both bilaterally and with global partners. This recognises the role that humanitarian crises have in undermining growth, reversing hard-won development gains, increasing poverty and contributing to instability. Australia is deepening our partnerships with our neighbours so that together we can ensure our region is strong and stable and develops in a way that benefits all of our citizens.

A handwritten signature in blue ink, reading "Marise Payne".

**Senator the Hon Marise Payne**  
Minister for Foreign Affairs

Figure 1: Strategic framework for the aid program



# OVERVIEW OF AUSTRALIAN DEVELOPMENT ASSISTANCE

## What is Australian development assistance?

Australian development assistance is an investment in the prosperity, stability and growth of our region, the Indo-Pacific. Our development assistance reflects our values and our interests.

*The 2017 Foreign Policy White Paper* (White Paper) commits Australia to an active agenda, integrated across our diplomatic, security, economic and development priorities, in support of an open, inclusive and prosperous Indo-Pacific. Australia's development assistance is essential to this vision. It enables partnerships for sustainable and inclusive economic growth and poverty reduction, addresses transnational security threats and strengthens people-to-people relationships.

Australia's development assistance is guided by a strategic policy framework, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. The program is aligned with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals, agreed in 2015 as global blueprints for action to end poverty.

## Investing in our region

Australia is located in one of the most economically dynamic regions in the world. This presents Australia with opportunities and challenges—opportunities to support the rapid growth seen in many parts of the Indo-Pacific, and challenges to help ensure that the benefits of prosperity and security are shared by all. Australian development assistance invests in a better future for our world, our neighbours and our country.

The Pacific and Southeast Asia hosts almost half of the world's poorest people, with nearly 330 million living in extreme poverty, on less than USD1.90 a day. These people are significantly more likely to be malnourished, die in their first year of life, and lack access to schooling, water and/or sanitation.

The region is also home to 40 per cent of natural disasters and 84 per cent of people affected by natural disasters worldwide.<sup>1</sup> Natural disasters undermine growth, reverse hard-won development gains and can increase poverty.

Australia is well placed to assist those most in need by helping remove barriers that prevent people from living a life of dignity. Our focus on gender equality and women's empowerment is essential for developing nations to reach their full potential.

Investing in disaster risk reduction in our region is essential, with evidence suggesting that for every \$1 invested in risk reduction we can save up to \$15 in the aftermath of a disaster. When disaster strikes, however, our humanitarian assistance alleviates suffering and helps to rebuild critical infrastructure.

Investing in the Pacific and Southeast Asia is an investment in Australia's security and prosperity. Australia benefits when neighbouring countries are stable and well-governed and their citizens are healthy, well-educated and able to make an economic contribution.

Our work to strengthen communities and economies of the region reflects our interests. In 2017, Australia exported more than \$21 billion to countries where we have a development assistance partnership. Our aid-for-trade investments aim to deepen and expand trade links in the region, supporting growth and job creation. Our health projects help prevent the spread of infectious diseases from reaching our shores. Our work to enable private sector growth and improve farming creates jobs, reducing migration pressures and contributing to reduced risk of conflict.

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<sup>1</sup> United Nations Office for the Coordination of Humanitarian Affairs, 2016 Year in Review, 2016.

Through the Pacific Labour Scheme, Tuvaluan workers are supporting Australia's fishing industry. Photo: Pacific Labour Facility/Karen Young



Through Australian development assistance, enduring partnerships and people-to-people links are built. Our Seasonal Worker Programme provides much needed remittances to Pacific economies while serving to deepen their close ties and integration with Australia. This is supported by our work with the Australia Pacific Training Coalition that ensures people have the skills they need to fully participate in the scheme and to support Pacific islands own labour market needs. Australia Award Scholarships provide high-quality Australian education and create deep ties with the region's current and emerging leaders. They also promote our tertiary education overseas. Our sports for development program deepens our special relationships with our Pacific neighbours while promoting actions to address the spread of HIV (human immunodeficiency virus) and to stop domestic violence.

More broadly, through our development assistance Australia contributes as a responsible global citizen in meeting our global commitments. For example, our commitment to international agreements in relation to climate change, is reinforced by our efforts to respond to, and address, climate change through specific programs. In this way our development assistance magnifies the influence that Australia brings to bear on pressing regional and global challenges.

## Allocating Australian development assistance

In line with the White Paper, four questions guide Australia's investment choices across the development program, translating the strategic framework into implementation practice:

- » Is this in our national interest?
- » Will this promote inclusive growth and reduce poverty?
- » Does Australia's contribution add value and leverage?
- » Will this deliver results and value for money?

## How do we provide development assistance?

Australia supports reforms that foster inclusive growth and build resilience to economic and environmental shocks. Australia's approach is framed by mutual economic and strategic interests that differ depending on individual country contexts.

Australia's development partners are diverse in size, population and income level. Partners range from large, fast-growing Asian nations to remote micro-states in the Pacific. In the Pacific, Australia is stepping-up engagement to respond to the long-term and unique challenges faced by our partners, while promoting greater economic integration with Australia. We are investing more in infrastructure, recognising the size of the infrastructure deficit in the region and the important role that infrastructure plays in underpinning service delivery for households and facilitating business.

We are working to identify innovative solutions to challenges facing governments and communities in the region, including through using technology to improve access to essential goods such as medical supplies and services, and applying science to help reduce the transmission of mosquito-borne diseases.

Our focus on expanding labour mobility in the region will open opportunities for Pacific islanders to fill gaps in Australia's labour market. The resulting increase in remittances will deepen capital markets in the region and generate new business growth. This is important for increasing resilience and prosperity over the long term.

We will remain deeply engaged in Southeast Asia, to contribute to development, resilience and stability in our neighbourhood. We are increasing our focus on providing policy support and strengthening national systems. We are working with governments in the region to encourage greater private sector investment, recognising the key role that the private sector plays in job creation. Even with strong economic growth, many of our partner countries will continue to face challenges in meeting the demands of their populations for quality services and infrastructure. We will work with our partners to strengthen institutions and maximise their own resources for inclusive growth and poverty reduction. Our longstanding partnerships in areas like infrastructure, economic reform and education provide a strong platform for enhanced cooperation.

In implementing Australia's development assistance we consider how we can support key determinants of growth, including building human capital and critical infrastructure, strengthening accountable governance and institutions and addressing poverty. In particular, we seek opportunities to champion gender equality and inclusiveness as drivers of growth. We also recognise that managing the climate and disaster risks in the region will become increasingly important to maintaining gains in prosperity and stability.

Australia assists partner countries achieve their own reform priorities, increasingly moving towards development partnerships that bring to bear all our efforts—official development assistance, trade and investment, people-to-people endeavours and security cooperation—for mutual prosperity.

## Who do we work with?

In addition to the Department of Foreign Affairs and Trade (DFAT), other Australian Government departments, such as the Australian Centre for International Agricultural Research, the Australian Federal Police and the Treasury, play an important role in the delivery of the Australian development assistance program, as do state and territory governments. Together, we provide expertise to support the development, economic, security and political objectives of partner countries. For example, DFAT collaborates with around 20 agencies to advance the whole-of-government, stepped-up engagement with the Pacific, including expanding access for Pacific workers to Australia's labour markets and strengthening security cooperation.

Australia partners with foreign governments, the private sector, international organisations and civil society, including non-government organisations (NGOs), to deliver our development assistance program. Working with others gives us increased access to expertise and financial resources, improving the efficiency and effectiveness of Australia's assistance.

Most of Australia's development assistance is delivered bilaterally. We work with partner governments to align our assistance with their development priorities. We collaborate on program design and implementation and share lessons when evaluating our endeavours. Bilateral aid can also be delivered by the partner government itself or a third party such as an NGO or private sector contractor.

Australia also provides funding to multilateral organisations and funds, such as the World Bank, the Asian Development Bank (ADB), United Nations (UN), Gavi—The Vaccine Alliance (GAVI) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund). This funding is often pooled with funds from other governments and then used to reduce poverty in developing countries. Multilateral organisations form an important part of the international rules-based order. They set norms and standards and promote global cooperation on development issues. Australia funds multilateral organisations and global programs where doing so extends our reach, our leverage and the impact of our assistance. This support also promotes collective responses to challenges that cannot be solved by countries acting by themselves.

In addition, Australia has regional programs of development assistance. In some areas, such as in health, education, infrastructure and water, it makes more sense to deliver programs across many countries or for the whole region. Communicable and vector-borne diseases, for instance, cross borders, so a sectoral approach, sometimes paired with a bilateral program, is necessary. In the Pacific, regional approaches more efficiently help address challenges associated with geographic isolation and small, dispersed populations. For example, the Australia-Pacific Technical Coalition enrolls students from 14 countries at campuses across five countries, providing Australian-standard qualifications in line with domestic and international labour markets.



## Tracking the impact of Australia's investment

Australians want assurance that their taxpayer funds are used correctly and in ways that are in their interests. Australia has a strong focus on performance reporting, evaluation, innovation and research. The Australian Government's performance framework for its development assistance program, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, outlines how we measure performance and ensures a strong focus on results and value for money.

Each year, DFAT's Performance of Australian Aid report summarises progress on performance of Australia's development assistance program. It includes a summary of progress against the program's: 10 strategic targets; country, regional and global program performance; as well as sector and thematic performance. DFAT's Annual Report also discusses the department's performance and financial management, in line with the *Public Governance Performance and Accountability Act 2013* (Cwlth).

Several independent mechanisms help monitor and improve the effectiveness of our aid. These include:

- » independent evaluations of aid investments commissioned by DFAT and its Office of Development Effectiveness
- » audits by the Australian National Audit Office
- » periodic reviews by the Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD DAC).

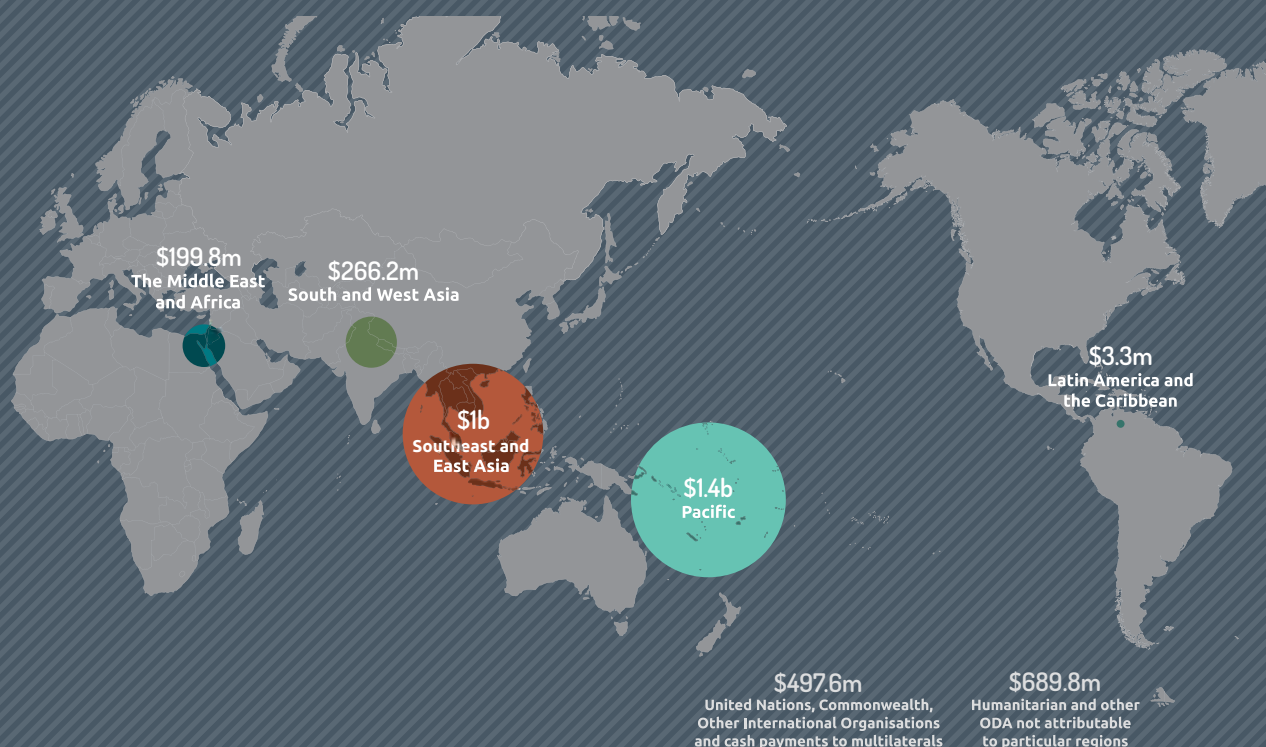
## More information

The following publications and data products are available on DFAT's website:

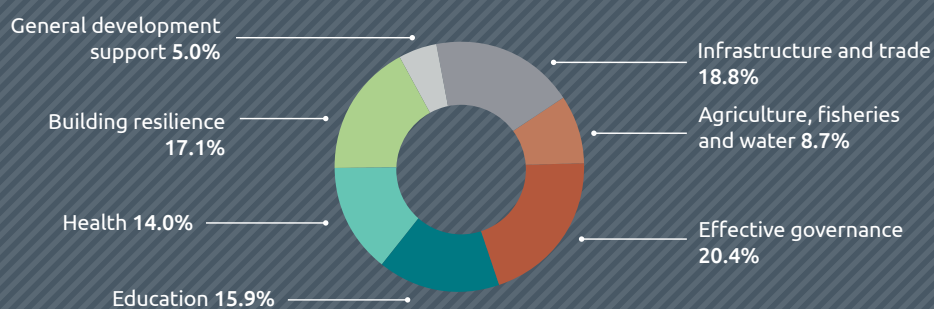
- » Foreign policy: *2017 Foreign Policy White Paper*.
- » Aid policy: *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.
- » Budget Papers and Portfolio Budget Statements.
- » Statistical summary of development assistance expenditure in: *Australia's Official Development Assistance, Statistical Summary*.
- » Assessment of the performance and results of Australia's development assistance program in annual Performance of Australian Aid Reports.

## 2019-20 TOTAL AUSTRALIAN OFFICIAL DEVELOPMENT ASSISTANCE\*

# \$4 BILLION



### Australian ODA by investment priority



### Program highlights



#### PACIFIC AND TIMOR-LESTE AUSTRALIAN INFRASTRUCTURE FINANCING FACILITY FOR THE PACIFIC

Supporting infrastructure development in the Pacific and Timor-Leste

## \$500m

2019-20 TO 2022-23



#### PACIFIC CORAL SEA CABLE SYSTEM

Improving internet access and connectivity in PNG and Solomon Islands

UP TO

## \$200m

2017-18 TO 2019-20



#### GLOBAL HUMANITARIAN AND PROTRACTED CRISES

Saving lives, alleviating suffering and enhancing human dignity

## \$450m

2019-20

\* Total Australian ODA, from all agencies and programs, attributable to partner countries and regions.



# KEY TABLES

## Australian ODA by country, regional and global programs

**Table 1: Allocations by country, regional and global programs**  
2018–19 and 2019–20 Budget Estimate

Program	2018–19 Budget Estimate \$m	2019–20 Budget Estimate \$m
Papua New Guinea	519.5	512.3
Bilateral program	427.9	427.9
Joint Understanding <sup>1</sup>	62.0	67.0
Coral Sea Cable System	29.6	17.4
Solomon Islands	146.1	122.3
Bilateral program	92.7	92.7
Coral Sea Cable System	53.4	29.6
Vanuatu	41.9	41.9
Fiji	35.0	35.0
Samoa	23.6	23.6
Nauru	21.2	21.2
Kiribati	20.2	20.2
Tonga	17.6	17.6
Tuvalu	6.6	6.6
Cook Islands	1.9	1.9
Niue and Tokelau	1.8	1.8
North Pacific	5.0	5.0
Pacific Regional	206.6	231.5
<b>Pacific total</b>	<b>1,047.0</b>	<b>1,041.0</b>
Indonesia	266.4	255.7
Timor-Leste	73.0	73.0
The Philippines	67.0	63.7
Vietnam	58.4	58.4
Cambodia	56.1	43.4
Myanmar	42.1	42.1
Laos	20.6	20.6
Mongolia	5.9	5.9
ASEAN and Mekong	32.6	33.7
Southeast and East Asia Regional	14.6	14.6
<b>Southeast and East Asia total</b>	<b>636.7</b>	<b>611.1</b>
Afghanistan	80.0	80.0
Bangladesh	42.1	38.5
Sri Lanka	19.9	19.9
Pakistan	39.4	19.0
Nepal	15.6	9.1
Bhutan	2.1	2.1
Maldives	1.8	1.8
South and West Asia Regional	19.8	14.8
<b>South and West Asia total</b>	<b>220.7</b>	<b>185.2</b>

Program	2018–19 Budget Estimate \$m	2019–20 Budget Estimate \$m
Sub-Saharan Africa	31.8	31.8
The Middle East and North Africa (includes the Palestinian Territories)	20.5	20.5
<b>The Middle East and Africa total</b>	<b>52.3</b>	<b>52.3</b>
<b>Gender Equality Fund</b>	<b>55.0</b>	<b>55.0</b>
Health, Water and Sanitation	108.1	102.4
Regional Scholarships and Education	101.8	84.8
Infrastructure and Rural Development	46.0	46.0
Innovation Fund	35.0	11.1
Other sectoral programs	143.6	87.7
<b>Indo-Pacific sectoral programs total</b>	<b>434.5</b>	<b>332.0</b>
<b>Country and Regional programs total</b>	<b>2,446.2</b>	<b>2,276.5</b>
Emergency Fund	150.0	150.0
Global Humanitarian Partnerships	133.5	133.5
Protracted Crises and Strengthening Humanitarian Action	87.2	115.5
Disaster Risk Reduction, Preparedness and Response	39.0	51.0
<b>Humanitarian, emergencies and refugees total</b>	<b>409.7</b>	<b>450.0</b>
United Nations Children's Fund	21.0	21.0
United Nations Development Fund	12.7	12.7
World Health Organisation	12.4	12.4
United Nations Population Fund	9.2	9.2
UN Women	7.8	7.8
United Nations Program on HIV and AIDS	4.5	4.5
Commonwealth Organisations	7.2	7.2
Contributions to Global Health Programs <sup>2</sup>	65.0	128.4
Contributions to Global Education Partnerships <sup>2</sup>	16.0	30.0
Contribution to Green Climate Fund <sup>2</sup>	19.2	–
Other ODA eligible contributions <sup>3</sup>	44.9	54.9
<b>UN, Commonwealth and Other International Organisations total</b>	<b>219.9</b>	<b>288.1</b>
Global NGO Programs	135.6	138.6
Australian Volunteers Program	42.6	40.0
Community Engagement and International Research	8.4	13.4
<b>NGO, volunteer and community programs total</b>	<b>186.6</b>	<b>191.9</b>
<b>Cash payments to multilateral organisations</b>	<b>358.6</b>	<b>234.6</b>
<b>Global programs total</b>	<b>1,174.7</b>	<b>1,164.7</b>
<b>Departmental</b>	<b>255.2</b>	<b>259.0</b>
<b>Other Government Departments<sup>4</sup></b>	<b>365.1</b>	<b>444.1</b>
Adjustments	-80.1	-100.3
<b>Total Australian ODA</b>	<b>4,161.1</b>	<b>4,044.0</b>

– denotes nil or rounded to zero (including null cells). Due to rounding, discrepancies may occur between sums of the component items and totals.

1 Joint Understanding between Australia and Papua New Guinea on Further Bilateral Cooperation on Health, Education and Law and Order.

2 Payments align with multi-year replenishment schedule. Australia made the final payment to the Green Climate Fund in December 2018.

3 Includes ODA eligible portions to the UN and other international organisations.

4 Includes Australia's contribution to the Asian Infrastructure Investment Bank and Australia's contribution for the World Bank's General Capital Increase.

## Australian ODA by country and region of benefit

**Table 2: Total Australian ODA by country and region of benefit**  
2018–19 and 2019–20 Budget Estimate

Country and region*	2018–19 Budget Estimate \$m	2019–20 Budget Estimate \$m
Papua New Guinea	572.2	607.5
Solomon Islands	187.0	174.4
Vanuatu	62.3	66.2
Fiji	58.1	58.8
Samoa	35.5	32.0
Tonga	27.9	26.6
Kiribati	29.4	27.3
Nauru	25.9	25.8
Tuvalu	9.7	9.3
Niue and Tokelau	2.9	4.8
Cook Islands	3.4	3.7
North Pacific	8.0	8.4
Pacific Regional	261.3	336.4
<b>Pacific total</b>	<b>1,283.6</b>	<b>1,381.4</b>
Indonesia	316.2	298.5
Timor-Leste	91.8	100.7
The Philippines	85.4	79.7
Vietnam	84.2	78.2
Cambodia	83.6	66.0
Myanmar	76.9	84.0
Laos	41.3	37.9
Mongolia	9.6	9.8
Southeast and East Asia Regional	238.3	251.0
<b>Southeast and East Asia total</b>	<b>1,027.2</b>	<b>1,005.8</b>
Afghanistan	80.2	82.1
Bangladesh	59.8	70.1
Sri Lanka	28.6	27.1
Pakistan	49.2	32.2
Nepal	30.6	22.5
Bhutan	7.0	6.4
Maldives	2.6	2.6
South and West Asia Regional	26.9	23.4
<b>South and West Asia total</b>	<b>284.8</b>	<b>266.2</b>
Sub-Saharan Africa	121.1	119.0
The Middle East and North Africa (includes the Palestinian Territories)**	137.4	80.9
<b>The Middle East and Africa total</b>	<b>258.5</b>	<b>199.8</b>
<b>Latin America and the Caribbean total</b>	<b>5.9</b>	<b>3.3</b>
<b>Core contributions to multilateral organisations and other ODA not attributable to countries or regions</b>	<b>1,301.2</b>	<b>1,187.4</b>
<b>Total Australian ODA</b>	<b>4,161.1</b>	<b>4,044.0</b>

Due to rounding, discrepancies may occur between sums of the component items and totals.

\* Total Australian ODA attributable to partner countries and regions. Funding allocated to non-country specific programs at Budget is attributed to country and regional programs to reflect actual and planned expenditure.

\*\* Includes Iraq, Syria and other flows to the region.