



Australia's Overseas Aid Program 2007-08

BUDGET HIGHLIGHTS

MAY 2007

The 2007-08 Budget is the most significant ever for Australia's overseas aid program. The Australian Government will provide \$3.155 billion as official development assistance (ODA) in 2007-08, with a real increase in ODA managed by AusAID of 21.7 per cent over the 2006-07 Budget figure. The ratio of Australia's ODA to Gross National Income (GNI) for 2007-08 is estimated at 0.30 per cent.

The Australian Government's White Paper — *Australian Aid: Promoting Growth and Stability*, released in April last year — provides the strategic framework for scaling up the aid program to meet the Prime Minister's September 2005 commitment to increase ODA to about \$4 billion by 2010. This is subject to strengthened governance and reduced corruption in partner countries, and takes into account the effective use of the additional resources. A \$2.588 billion package of new initiatives announced through the 2007-08 Budget, with \$2.541 billion through AusAID, will step up implementation of this framework, with a range of new initiatives to accelerate economic growth, foster functioning and effective states, invest in people, promote regional stability and cooperation, and improve aid effectiveness.



In 2007-08, AusAID will commence a significant new package of initiatives to take forward the implementation of the White Paper:

ACCELERATING ECONOMIC GROWTH

INFRASTRUCTURE FOR GROWTH – \$505.8 MILLION OVER FOUR YEARS

Barriers to growth will be addressed by a new *Infrastructure for Growth* initiative that will increase investment in, and improve the maintenance of, critical economic infrastructure, particularly transport networks.

GLOBAL INITIATIVE ON FORESTS AND CLIMATE – \$164.4 MILLION OVER FIVE YEARS

Global greenhouse gas emissions will be addressed in a cost-effective way through improved management of tropical forests in developing countries, as part of the Government's \$200 million commitment toward a *Global Initiative on Forests and Climate*.

CLIMATE CHANGE PARTNERSHIPS – \$32.5 MILLION IN 2007-08

Joint initiatives with multilateral partners will support climate change adaptation and mitigation, including through improved water resource management and energy management.

FOSTERING FUNCTIONING AND EFFECTIVE STATES

BETTER GOVERNANCE AND LEADERSHIP – \$41 MILLION OVER TWO YEARS

Improved leadership will be promoted by a new *Better Governance and Leadership* initiative. This will include a Pacific Leadership Program overseen by a panel of eminent regional leaders. New investments in civic education and raising awareness about government accountability will increase community pressure for good leadership.

PERFORMANCE INCENTIVES – \$115.6 MILLION OVER TWO YEARS

A new *Performance Incentives* initiative will target improved governance by providing additional resources to recognise partner countries' reform efforts. These resources will be directed towards development priorities such as roads, health and education.

ENHANCED AUSTRALIAN EMERGENCY AND HUMANITARIAN RESPONSE CAPACITY – \$93.2 MILLION OVER FOUR YEARS

New funding will improve the speed and effectiveness of Australian and partner country responses to humanitarian crises and emergencies. Additional stand-by mechanisms, stronger regional partners and better analysis will improve emergency preparedness and response.

INVESTING IN PEOPLE

DELIVERING BETTER HEALTH – \$585.2 MILLION OVER FOUR YEARS

A new *Delivering Better Health* initiative will contribute to the global goals of reducing child mortality rates by two thirds and the maternal mortality ratio by three quarters by strengthening national health systems, addressing the priority health needs of women and children, and tackling diseases in the Pacific.

DELIVERING BETTER EDUCATION – \$540.3 MILLION OVER FOUR YEARS

A new *Delivering Better Education* initiative aims to put ten million more children in school and improve the quality of education for another fifty million children. This initiative will strengthen national education systems to improve education access and outcomes for young people, helping equip them with the skills to lead productive lives.

IMPROVING AID EFFECTIVENESS

ANTI-CORRUPTION FOR DEVELOPMENT – \$16.7 MILLION IN 2007-08

A new *Anti-Corruption for Development* initiative will bolster oversight institutions, strengthen management systems to deter corrupt behaviour, and build support for anti-corruption reform.



COUNTRY, REGIONAL AND GLOBAL PROGRAMS

Summary information on country and regional programs is included in the table below, along with total ODA flows to each country and region. These flows include components of the following global programs:

HUMANITARIAN, EMERGENCY AND REFUGEE PROGRAMS

An estimated \$197.8 million humanitarian and emergency funding will continue support for emergency response and humanitarian programs supporting displaced people, and key humanitarian agencies. Funding of \$15 million for the International Refugee Fund will continue to address the needs of people displaced by conflict.

MULTILATERAL REPLENISHMENTS

Estimated funding of \$309.1 million (in cash payments)

Continuing to work closely with the International Financial Institutions to increase their focus on

the Asia-Pacific region, and supporting global development efforts.

UNITED NATIONS, COMMONWEALTH AND OTHER INTERNATIONAL ORGANISATIONS

Estimated funding: \$212.5 million

Continuing support to core UN agencies and major international organisations with proven track records to deliver priority development outcomes in the Asia-Pacific region.

NGO, VOLUNTEER AND COMMUNITY PROGRAMS

NGO program estimated funding: \$38.3 million

Volunteer program estimated funding: \$32 million

Continuing support to NGO, volunteer and community programs, supporting activities aligned with the focus and priorities of the White Paper, and strengthening people-to-people links.

TOTAL AUSTRALIAN ODA TO PARTNER COUNTRIES (\$m)

Program	Focus	Budget Estimate 2007-08
Indonesia & East Asia		970.4
Indonesia	Priorities include increasing and sustaining economic management and growth including addressing environmental challenges, supporting the transition to democracy, enhancing human security and stability, and increasing the accessibility and quality of basic social services	458.8
Philippines	Under a new country strategy, support will focus on three pillars: economic growth; basic education, with significantly increased support; and national stability and human security	100.6
Vietnam	Assistance will focus on strengthening the governance of the institutions required for a competitive market economy, and improving livelihoods of the rural poor	90.8
Cambodia	Assistance will focus on strengthening the rule of law, increasing productivity and incomes of the rural poor, and improving health service delivery	54.0
East Timor	Building a functional and effective state, strengthening economic development and management, and improving delivery of services	72.8
China	Governance (policy reform), environment (initially water management), and health (communicable diseases)	39.3
Other East Asia (including Laos, Burma, Mongolia, Thailand & regional)	Supporting regional approaches, including Australia's agenda for APEC 2007, to address transboundary threats such as avian influenza, and strengthen economic integration in Asia. In Laos, improving education, economic integration, and reducing vulnerability of the poor. In Burma, meeting humanitarian needs. Assistance in Mongolia will include targeted scholarships	154.1

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TOTAL AUSTRALIAN ODA TO PARTNER COUNTRIES (\$m) *continued*

Program	Focus	Budget Estimate 2007-08
Papua New Guinea & Pacific		872.5
Papua New Guinea	Improved governance and nation building, sustainable broad-based economic growth and increased productivity, improved service delivery and stability, and a strengthened, coordinated, and effective response to the HIV/AIDS crisis	355.9
Solomon Islands	Contributing to a safer and more secure Solomon Islands, repairing and reforming the machinery of government, encouraging sustainable broad-based growth, helping the Solomon Islands Government to better serve the Solomon Islands people, and building strong and peaceful communities	223.9
Vanuatu	Addressing governance constraints to growth, strengthening the delivery of primary health care, and supporting education	44.5
Fiji	Support for basic health and education, and community development	28.7
Tonga	Good governance and public sector reform, income generation, rural and outer island development	15.7
Samoa	Activities in support of a joint strategy with New Zealand, to improve opportunities for employment and investment and to improve service delivery	23.3
Kiribati	Improving education, technical and vocational training, including a nurses skills upgrading program, and supporting public sector management and performance	15.0
Other Pacific (including Tuvalu, Nauru, Micronesia, Cook Islands, Niue, Tokelau and regional)	Through regional programs, supporting: stronger broad-based growth; more effective, accountable and democratic government; improved law and justice and security; and enhanced service delivery. Through other bilateral programs supporting budget reforms, targeted scholarships and selected trust funds	165.5
South Asia, Africa & other		382.0
Bangladesh	Humanitarian assistance, governance, basic service delivery and rural development, along with maternal and child health and basic education	47.6
Sri Lanka	Humanitarian and conflict resolution focus, along with education and natural resource management	25.0
Pakistan	Maternal and child health, basic education, technical and vocational education, and scholarships, along with continuing reconstruction assistance following the October 2005 earthquake	27.1
Other South Asia (including India, Nepal, Maldives, Bhutan)	Focusing on HIV, education, health and water and sanitation. Regional program partnerships including with the Asian Development Bank, World Bank, UNAIDS and UNICEF	49.1
Africa	Assistance through a regional development program supporting improved governance, health and food security in selected partner countries through non-government and multilateral organisations. This includes increased assistance through the Australian Fund for Zimbabwe to respond to humanitarian needs and to support the work of effective community-based organisations	94.4
Middle East and Central Asia	In Iraq, continuing capacity building in governance and the delivery of basic services, particularly in health and agriculture. Also improving basic services for Palestinians, and in Afghanistan providing support to complement the Oruzgan provincial reconstruction team	138.8
Other Government Department ODA not attributed to a country or region		88.5
Multilateral core contributions, other ODA and reconciliation of expenses to cash		841.9
Total ODA		3 155.3
ODA/GNI ratio		0.30%

Source: AusAID. Refer to the Ministerial Budget Statement *Australia's Overseas Aid Program 2007-08* for more detail.

For further information on the Australian Government's overseas aid program contact:

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The full Ministerial Budget Statement is at www.ausaid.gov.au