



# Scope of Initiative

## Performance-linked Aid

### 2009-10 Budget

As announced in the 2009-10 Budget, the Australian Government will implement initiatives targeted at responding to the global recession and advancing the Millennium Development Goals. The 2009-10 Budget underlines the Government's ongoing commitment to increasing Australia's Official Development Assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015-16. This budget initiative is an important part of that commitment.

Performance-linked aid is the provision of additional assistance to partner governments and agencies to recognise progress in achieving identified policy or administrative reforms or improvements in specific development outcomes.

The *Performance-linked Aid* initiative will help governments of Australia's partner developing countries in the Asia-Pacific to implement priority reforms, contributing to faster progress towards the Millennium Development Goals and other local development priorities. The initiative will enable the inclusion of significant performance-linked aid elements within Pacific Partnerships for Development with individual Pacific island countries and the expansion of previous performance-linked aid arrangements in Asia in later years.

The initiative will invest \$336.1 million over four years.

The use of performance-linked aid through this initiative will be jointly determined with partner government and aligned with their priorities.

Activities could include, for example, the use of performance-linked aid to recognise improvements in the quality of public expenditure, levels of funding from partners' own budgets committed to local development priorities, the integrity of public accountability systems, or the effectiveness of revenue collection.

Performance-linked funding could also recognise improvements in the delivery of basic services in priority areas such as health, education and infrastructure, or improvements in the business-enabling environment through microeconomic or regulatory reform.