



Aid Budget Summary 2001-02

Australian Agency for International Development

Australia will provide \$1.725 billion as official development assistance (ODA) in 2001-02. This is an increase of \$125 million on the 2000-01 budget figure, an increase of over six per cent in real terms. Australia's estimated ODA to gross national product ratio in 2001-02 will be 0.25 per cent. This places Australia well above the latest (2000) donor average of 0.22 per cent. ODA represents one part of the Australian Government's overall assistance to developing countries. The total effort is better reflected by ODA plus other official flows and Government tax deductions for non-government organisations to assist developing countries. The Australian Government's total assistance to developing countries in 2001-02 will be approximately \$2.75 billion, or 0.40 per cent of GNP.

Australia's aid program aims to *advance our national interest by assisting developing countries to reduce poverty and achieve sustainable development*. With its focus on countries in Asia and the Pacific, the aid program is an integral part of Australia's engagement in the region and a practical demonstration of our commitment to helping build regional stability and prosperity. The aid program is also an expression of the conviction of the Australian people that it is right for Australia to help the millions of people, especially among our neighbours, who live in extreme poverty.

BUDGET FEATURES

Australia is committed to working with our partners in Asia and the Pacific to achieve a secure and prosperous future for the region. While economic growth has returned in the region, the recovery is fragile. The aid program will continue to help partner countries implement the range of reforms necessary for sustainable economic growth, find solutions to transboundary issues, and address the causes and consequences of conflict.

In 2001-02, the major features aimed at promoting regional peace, stability and economic development include:

- further strengthening of our commitment to the South Pacific, including through the \$20 million Policy and Management Reform program and well-targeted assistance to support Fiji's return to constitutional and democratic rule and to help consolidate the peace process in Solomon Islands
- continued substantial support for our major bilateral aid partner, Papua New Guinea, to meet its development challenges, sustain the momentum for reform, and help consolidate peace and development for Bougainville
- maintaining total flows of \$121.5 million to Indonesia, a tangible demonstration of Australia's strong commitment to its future as a democratic, prosperous and stable nation
- in the second year of Australia's four year \$150 million pledge for East Timor, a continued focus on building East Timorese capacity to govern after the transition to independence
- a \$10 million South-East Asia regional initiative to help combat the scourge of people trafficking
- ongoing funding totalling \$5 million to 2004 for the Centre for Democratic Institutions to continue its work to promote democracy and human rights in the Asia-Pacific
- an increase to \$1.6 million for the Human Rights Fund, including strong continuing support for the Asia-Pacific Forum of National Human Rights Institutions.

Other features of this year's aid budget are:

- a study to examine the opportunities presented by information and communication technologies to improve education and access to knowledge in developing countries
- implementation of the \$200 million Global HIV/AIDS initiative, with a focus on securing strong international

political leadership and commitment to action at all levels. Australia will host a regional ministerial meeting at the time of the 6th International Congress on AIDS in Asia and the Pacific in Melbourne in October 2001

- \$60 million for volunteer activities over the next three years to celebrate and recognise the outstanding contributions of Australian volunteers in 2001, the International Year of Volunteers. This pledge will build on our commitment to the Australian Youth Ambassadors for Development program and other volunteer organisations
- up to \$10 million to Rotary International, in partnership with the World Health Organisation, UNICEF and the US Center for Disease Control, to eradicate polio from the world by 2005. This commitment will match Australian corporate private sector donations dollar for dollar over 2001-05.

PAPUA NEW GUINEA

Estimated total aid: \$342.9 million

The aid program in PNG focuses on strengthening governance, improving social indicators in health and education, building prospects for sustainable economic growth, and consolidating the peace process in Bougainville.

Funding for the PNG Incentive Fund is expected to increase to \$20 million in 2001-02 to support good performance in policy and program management. A new strategy will guide support to the law and justice sector. About a quarter of Australia's aid will again be provided to the education sector. Funding through the Health Sector Improvement Program will support PNG health policies and implementation plans, including support for rural health services and tackling HIV/AIDS. In Bougainville, support will target the restoration of health and education services, the rehabilitation of essential infrastructure and the reinvigoration of economic activity.

PACIFIC

Estimated total aid: \$164.6 million

Australia's long-term objective is to help Pacific Island countries achieve the maximum possible degree of self-reliance. The aid program aims to achieve better governance, stronger economic growth, greater capacity, better service delivery and environmental integrity. A new three-year strategy for assistance to Pacific Island countries is being developed. It will maintain a

strong focus on governance, economic growth, education and health.

Fiji

Estimated total aid: to be determined

Following the May 2000 hostage crisis and ensuing political unrest in Fiji the Australian Government imposed a range of sanctions in July 2000, to encourage Fiji to return to a democratically based system of government, while having minimal impact on the poorer sections of the Fiji community. In 2001-02, Australia will continue to fund basic health and education activities, along with small scale projects aimed at helping poorer communities. Australia will also provide assistance to increase public confidence in the law and justice sector and for the conduct of Fiji's elections, scheduled for August. Sanctions against Fiji will not be reviewed before a fully constitutional and democratic government is in place.

Solomon Islands

Estimated total aid: to be determined

In 2001-02, the aid program will continue to support the peace process in Solomon Islands, including providing resources for the International Peace Monitoring Team and support for the Solomon Islands Peace Monitoring Council and civil society groups. The program will assist with the provision of basic services, and support a range of recovery, reconstruction and rehabilitation activities, with a strong focus on the law and justice sector.

Vanuatu

Estimated total aid: \$19.5 million

Australian aid in Vanuatu will continue to be shaped by needs identified by the Vanuatu Government in its Comprehensive Reform Program. Assistance will focus on the role and efficiency of the public sector, fiscal and economic management, the legislative framework and legal system, and the delivery of health and education services, especially in rural areas.

Samoa

Estimated total aid: \$15.1 million

Assistance to Samoa will focus on governance and public sector reform, improving the quality of health and education services, natural resource management, and improving opportunities for Samoans dependent on the village economy, particularly young people and those living in remote locations.

Tonga

Estimated total aid: \$11.8 million

Assistance to Tonga focuses on economic reform, education and health services, private sector development and natural resource management. A priority will be strengthening institutional capacity in finance, justice and revenue collection.

Kiribati

Estimated total aid: \$10.7 million

The program in Kiribati will include strengthening institutional capacity to support economic planning and public sector reform, human resource development and outer island development.

Other Pacific Island countries

Estimated total aid: \$13.8 million

The modest programs of assistance to Cook Islands, Niue, Tokelau, Federated States of Micronesia, Marshall Islands, Palau, Nauru and Tuvalu will continue, including support for tertiary scholarships, and activities in education, health, environmental management, and economic and public sector reform.

Regional programs and other

Estimated total aid: \$38.6 million

Australia will continue its support for the network of regional organisations and institutions that supplies Pacific Island countries with policy advice, capacity building and technical assistance.

EAST ASIA

Estimated total aid: \$551.6 million

In the wake of the East Asian financial crisis, the Australian aid program is focussing on improving the social and economic conditions for the poorest and most vulnerable, and assisting regional governments to strengthen their resilience to future economic shocks, including through intensified reform efforts.

Indonesia

Estimated total aid: \$121.5 million

Australia will assist Indonesia to meet the challenges of poverty reduction, sustainable economic recovery and democratisation. Major initiatives to promote improved governance, including a legal reform program, will commence. New health activities will be implemented and basic education activities will be expanded. Short-term training and tertiary scholarships will continue.

East Timor

Estimated total aid: \$121.8 million

Aid Program total flows:	\$40.4 million
Other Government Departments' flows:	\$81.4 million

The aid program is helping build a stable and democratic East Timor. Key sectors for Australian assistance are education and training, health, rural development, water supply and sanitation and governance. A particular focus is on developing government and administrative capacity in preparation for independence.

Viet Nam

Estimated total aid: \$73.3 million

New activities in rural development will help the rural poor benefit from delivery of quality health, agriculture and infrastructure services. A governance facility will support institutional and policy reform, especially in the priority areas of economic integration and public sector management. Strong support for education will continue.

Philippines

Estimated total aid: \$63.5 million

The aid program will continue to focus on the southern Philippines, including Mindanao, and the four key livelihood areas of rural incomes, the environment, education and health. The program will support the commitment of the Philippines Government to a peaceful resolution of the civil conflict in Mindanao.

China

Estimated total aid: \$56.0 million

Australia's program of development cooperation with China focuses on governance, health, education and rural development/environment, particularly in the poorer central and western provinces of China. A key challenge is to assist China with the reforms underway in its transition to a market economy.

Mongolia

Estimated total aid: \$3.2 million

Australia is helping to strengthen the capacity of the Mongolian government to achieve sustainable development through financial reform and aid coordination activities. The program is also supporting HIV/AIDS and water access projects.

Cambodia

Estimated total aid: \$38.5 million

The program in Cambodia will continue to improve agricultural productivity and profitability, support the provision of primary health care services, and strengthen capacity through education and training and a second phase of the criminal justice activity. Operational support for demining will continue.

Thailand

Estimated total aid: \$25.0 million

Australia's aid will have a strong focus on building Thailand's capacity to address economic and public sector governance issues. Mitigation of negative social effects of the financial crisis will continue, primarily through the Australian Community Support Scheme.

Lao PDR

Estimated total aid: \$18.8 million

The Australian aid program will help to address basic needs by supporting primary health care, rural development and broader access to education.

Burma

Estimated total aid: \$4.4 million

Australia's program of humanitarian assistance will focus on basic health and HIV/AIDS control, channelled primarily through Australian NGOs and multilateral organisations. The Australian Government is considering options to continue the Human Rights Initiative.

Other and Regional Programs

Estimated total aid: \$25.4 million

The regional program's strategic priorities are to target high priority development needs that require a response on the regional level and to further the whole of government effort to develop closer partnerships with our regional neighbours, particularly through close engagement with APEC and ASEAN. Assistance will increasingly focus on regional governance, health and transboundary issues.

SOUTH ASIA

Estimated total aid: \$92.0 million

Core areas for the program in South Asia are strengthening the capacity of governments to manage the delivery of more effective services, improving health outcomes, including reducing the spread of HIV/AIDS, strengthening primary education, especially for girls, and supporting efforts to improve natural resource management and rural development.

Bangladesh

Estimated total aid: \$37.0 million

Australian aid will continue to support Bangladesh's efforts to achieve food security, improve access to basic education for girls, mitigate arsenic contamination of drinking water and enhance income generation through microfinance activities.

India

Estimated total aid: \$20.5 million

Australia will continue to assist India address its development needs through education, health, and water supply and sanitation programs, with a focus on the northeast, Sikkim and Himachal Pradesh.

Sri Lanka

Estimated total aid: \$11.0 million

Australia is supporting the capacity of the government of Sri Lanka to deliver services, particularly in environmental management and health. Peace building activities will continue with communities affected by conflict in the north and east.

Nepal

Estimated total aid: \$7.9 million

Australian assistance will support improved community management of natural resources, the development of human resources and initiatives to combat the spread of HIV/AIDS.

Pakistan

Estimated total aid: \$4.5 million

The aid program to Pakistan focuses on basic education for girls and improved management of the environment.

Maldives

Estimated total aid: \$3.4 million

Human resource development in Maldives through tertiary education in Australia will remain a high priority. Assistance will also aim to alleviate poverty in the outer atolls.

Bhutan

Estimated total aid: \$1.1 million

Australia will continue to support Bhutan through a scholarship program and by providing primary health care in selected areas.

AFRICA AND THE MIDDLE EAST

Estimated total aid: \$85.9 million

Australia is focusing its assistance to Africa on poverty reduction in southern Africa. Assistance is being provided to partner governments to develop and implement more effective policies and programs, and to NGOs, especially to help fight the spread of HIV/AIDS in the region.

In South Africa, Australian aid will continue to build the capacity of public institutions, and support social and economic reforms. Assistance through NGOs will focus on water supply, HIV/AIDS and reducing gender violence.

The aid program will support capacity building for the public sector in Mozambique and provide ongoing assistance to NGO projects in the areas of water supply and sanitation, HIV/AIDS and food security. Australia is working closely with other donors to limit the impacts of severe flooding.

In the Middle East, Australia is continuing assistance to address the social and economic needs of Palestinians in the West Bank and Gaza and the humanitarian needs of over 3.5 million Palestinian refugees in the region.

GLOBAL PROGRAMS

While the majority of Australia's aid is delivered through bilateral programs, Australia also delivers assistance through multilateral organisations, such as the development banks, and United Nations and Commonwealth agencies. NGOs also play a key role in the delivery of Australian aid, including through volunteer programs. Australia provides significant assistance to humanitarian and emergency programs.

MULTILATERAL DEVELOPMENT BANKS

Estimated total aid: \$260.1 million (cash)

Australia's contributions to multilateral development banks include: the Asian Development Fund - \$112.0 million, the International Development Association - \$135.1 million, and the International Fund for Agricultural Development - \$1.5 million. Australia's funding for multilateral organisations includes the \$11.5 million commitment to the World Bank/IMF Heavily Indebted Poor Countries (HIPC) Initiative.

As well as contributing to the HIPC Initiative, Australia has pledged 100 per cent bilateral debt forgiveness to countries that qualify for debt relief under the enhanced HIPC Initiative. Under

this initiative, Nicaragua will not be making debt repayments to Australia. Ethiopia's debt owed to the Australian Government will be forgiven when Ethiopia qualifies for debt relief under the enhanced HIPC Initiative. The cost of this initiative is additional to the aid budget.

INTERNATIONAL DEVELOPMENT ORGANISATIONS

Estimated total aid: \$119.6 million

Funding will be provided to a range of United Nations development agencies including the World Food Programme, United Nations Children's Fund and United Nations Development Programme.

Australia also provides support to international health programs to address persistent global health challenges, including tuberculosis, poor reproductive health, HIV/AIDS and polio, and emerging challenges such as non-communicable diseases and violence against women.

Australia will continue to support international environment programs, including the Global Environment Facility and the Montreal Protocol Multilateral Fund, to address the challenges of climate change, conservation of biological diversity, ozone layer depletion and protection of the marine environment.

Australia's contribution to Commonwealth organisations and programs will assist in the areas of good governance, institution building, human rights, economic policy and small states development.

NGO AND VOLUNTEER PROGRAMS

Estimated total aid: \$45.3 million

Non government organisations (NGOs) are well placed to strengthen civil society and build longer-term sustainable development at the grass roots level. \$26.7 million will be provided for the AusAID-NGO Cooperation Program and other NGO activities. Support for volunteer organisations will be \$13.3 million. The Australian Youth Ambassadors for Development Program, now an ongoing program, will receive \$5.3 million.

EMERGENCY AND HUMANITARIAN PROGRAMS

Emergency programs estimated total aid: \$37.5 million

Humanitarian programs estimated total aid: \$48.1 million

Australia will continue to deliver quick, effective and targeted assistance to people in emergency crises, with a strong emphasis on the Asia-Pacific region. Initiatives in 2001-02 will include the mainstreaming of disaster preparedness and conflict prevention into bilateral development programs, and smoother transition between relief, recovery and development activities.

The Australian Government supports a number of humanitarian programs that assist refugees, internally displaced people and other vulnerable groups, including through its contributions to the International Committee of the Red Cross (ICRC).

¹ To be determined within overall Pacific Allocations.

² To be determined within overall Pacific Allocations.

³ Includes adjustment of \$10.5 million for non-ODA eligible expenditure and other accrual adjustments. Refer to *Australia's Overseas Aid Program 2001-02* for more detail.

AUSTRALIAN AID FLOWS (\$m)[#]

Major Partner Countries / Regions	2001-02 Budget Estimate
PAPUA NEW GUINEA	342.9
PACIFIC	
Fiji	* ¹
Vanuatu	19.5
Solomon Islands	* ²
Samoa	15.1
Tonga	11.8
Kiribati	10.7
Other and Regional	52.4
Total Pacific	164.6
<i>of which, Policy and Management Reform</i>	20.0
EAST ASIA	
Indonesia	121.5
East Timor	
<i>Aid program total flows</i>	40.4
<i>Other Government Department flows</i>	81.4
Viet Nam	73.3
Philippines	63.5
China	56.0
Cambodia	38.5
Thailand	25.0
Lao PDR	18.8
Other & Regional	33.0
Total East Asia	551.6
SOUTH ASIA	
Bangladesh	37.0
India	20.5
Sri Lanka	11.0
Nepal	7.9
Pakistan	4.5
Other & Regional	11.2
Total South Asia	92.0
AFRICA & OTHER	
Africa	76.0
Middle East	9.9
Other	44.8
Total Africa & Other	130.7
<i>Reconciliation to ODA</i>	
Core contributions to multilateral organisations, other ODA	443.2 ³
Total ODA (cash)	1725.0
ODA/GNP Ratio (%)	0.25
Other Australian Flows (estimate)	1021.5
Total Australian Assistance (estimate)	2746.5

[#] Unless otherwise indicated, all financial information presented in this document represents the net cost to the Commonwealth; the figures are exclusive of any GST which may be payable by the Commonwealth and which is recoverable as an input tax credit. Note that figures in tables may not add due to rounding.

The Australian Government's Overseas Aid Program

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The full version of the Aid Budget is available on AusAID's website www.ausaid.gov.au

