



Aid Budget Summary 2003-04

Australian Agency for International Development

The Australian Government will provide \$1.894 billion as Official Development Assistance (ODA) in 2003-04, an increase of \$79 million over the 2002-03 figure of \$1.815 billion, and a real increase of over 2 per cent. The ratio of Australia's ODA to Gross National Income (GNI) for 2003-04 is estimated at 0.25 per cent, placing Australia above the donor average which, in the latest year available (2002), is 0.23 per cent.

The Australian aid program advances our national interest by assisting developing countries to reduce poverty and achieve sustainable development. The program meets this objective through an emphasis on promoting improved governance; assisting countries to access and maximise the benefits from trade and new information technologies; supporting stability through improved delivery of basic services; strengthening regional security; and promoting sustainable resource management.

PROMOTING REGIONAL SECURITY, STABILITY AND ECONOMIC GROWTH

The Australian aid program will continue to place a high priority on assistance to developing countries in the Asia-Pacific region, with a focus on good governance and enhancing partner governments' capacity to promote peace and manage non-military threats to security. Key features of Australia's aid to the Asia-Pacific region in 2003-04 include:

- increasing total aid flows to the Pacific to \$176 million, with a continuing focus on good governance, peace building and strengthening capacity to deliver basic services to communities
- establishing a new \$7.5 million Peace and Security Fund in the Pacific. The Fund will provide flexible and targeted assistance to directly address needs in post-conflict societies such as the Solomon Islands
- increasing total aid flows to Indonesia to \$152 million to support improved governance and more effective delivery of basic services. Initiatives include a major program to improve the quality and accessibility of mainstream education services, counter-terrorism support, measures to improve health services as a practical memorial to the victims of the Bali bombing and assistance for Indonesia's elections in April 2004
- increasing funding for regional counter-terrorism measures in East Asia. This includes activities in support of an APEC Leaders' initiative to halt terrorist financing, promote cyber security and protect cargo, ships, aviation and people through improved border and customs controls
- continuing substantial support to Papua New Guinea to improve economic and public sector management and maintain government services.

Other features of the aid budget include:

- providing an estimated \$94 million towards programs that enhance the sustainable management of water resources and services including new projects in north-eastern India (\$43 million) and Vietnam (\$19.5 million)
- \$132 million in funding for international humanitarian, emergency and refugee programs to enhance the aid program's ability to respond quickly, flexibly and effectively to emerging humanitarian needs
- commencing in 2003-04, the Government is pledging \$1 billion of ODA over five years to programs and initiatives that enhance the food security of people in the developing world
- an anticipated multi-year commitment of \$16.5 million to the Global Conservation Trust, a joint initiative of the Food and Agriculture Organisation and the Consultative Group

on International Agricultural Research to conserve plant and genetic resources in gene banks

- a 10 per cent increase in trade-related technical assistance in 2003-04. A package of trade-related technical assistance and capacity building will include:
 - contributions to the World Trade Organisation Global Trust Fund to ensure that developing country members take full advantage of the Doha Development Round of trade negotiations
 - additional funding to South-East Asian countries to build their capacity in trade policy analysis and market access negotiations
 - additional support for African regional trade initiatives, especially in agriculture.

PAPUA NEW GUINEA

Estimated total aid: \$333.6 million

Australia will continue to support the long-term development needs of PNG. Enhancing the quality of governance, including effective management of public expenditure, encouraging broad based sustainable growth and addressing the underlying causes of conflict and instability are key priorities.

In 2003-04, the aid program will support service delivery in the areas of health, education, and water and sanitation. Maintenance of key land transport will be a focus of assistance in the infrastructure and rural sectors. The aid program will also assist in law and justice reform with an emphasis on local ownership as well as providing ongoing assistance to support PNG's response to the HIV/AIDS epidemic. Australia will also continue to assist in Bougainville's shift to an autonomous province and support long-term development goals of stability and economic growth.

PACIFIC

Estimated total aid: \$175.8 million

A new Pacific strategy for 2003-06 will focus assistance on economic reform and strengthening governance, support for law and justice, democratic institutions and conflict resolution, and service provision, including in regional and provincial areas.

Solomon Islands

Estimated total aid: \$37.4 million

Whilst responding to the immediate needs of the post-conflict environment in Solomon Islands, Australian aid will also seek to build a foundation for longer-term sustainable development. In 2003-04, assistance will be focused on the law and justice and health sectors, supporting the newly established National Peace Council and fostering civil society and governance capacity.

Vanuatu

Estimated total aid: \$22.7 million

Complementing the Government of Vanuatu's Comprehensive Reform Program, Australian aid will contribute to growth and stability through support for better governance and service delivery, particularly in health and education. Further assistance will be provided to the Vanuatu Police Force.

Fiji

Estimated total aid: \$20.0 million

Australia will work with the Government of Fiji to develop long-term capacity building programs in health, law and justice and education. In 2003-04, a successful tax compliance program will be completed.

Samoa

Estimated total aid: \$16.3 million

Australia will assist in strengthening Samoa's police service, border protection and quarantine facilities. Assistance will also focus on consolidating management reforms within the key service delivery departments of Health, Education and Agriculture.

Tonga

Estimated total aid: \$11.7 million

Australian aid in Tonga will support economic and public sector reform and projects in health, education, tourism and natural resource management, including marine resources and in-shore fisheries.

Kiribati

Estimated total aid: \$11.4 million

In 2003-04, a new development cooperation strategy will be developed with Kiribati. Australian assistance will cover human resource management, governance, health, education and improved customs.

Tuvalu

Estimated total aid: \$3.8 million

Australia will continue to provide support for the Tuvalu Trust Fund. The aid program will also support basic education, vocational training and human resource planning.

Other Pacific island countries

Estimated total aid: \$11.3 million

Australia is currently providing technical assistance and other aid, including commodities, to assist Nauru meet urgent and immediate problems with its service delivery and economic infrastructure.

Australia will offer scholarships for students from Federated States of Micronesia, Marshall Islands, Palau, Cook Islands, Niue and Tokelau. In the Cook Islands ensuring safe water supplies in the outer islands will be a priority. Niue will receive capacity building assistance in the public service.

Pacific regional programs

Estimated total aid: \$41.2 million

Australian funding to Pacific regional organisations complements bilateral programs and works towards more effective donor harmonisation. In 2003-04, the focus will be on economic reform, trade facilitation and reducing trans-national crime. In addition, activities addressing HIV/AIDS prevention, plant quarantine, distance education, disaster preparedness and climate monitoring will receive assistance.

EAST ASIA

Estimated total aid: \$491.1 million

Australia will aim to promote economic growth and secure a more conducive environment for development and poverty reduction for partner countries in East Asia. In 2003-04, the aid program will work with regional partners to improve governance, promote trade and investment and counter trans-national threats such as disease, drugs, illegal people movements and terrorism.

Indonesia

Estimated total aid: \$151.7 million

Australia's aid program to Indonesia has four strategic objectives: improving economic and public sector management; strengthening the institutions and practices of democracy; enhancing security and stability; and increasing the accessibility and quality of basic social services.

A new program to continue support measures for economic reform will be implemented. This will include financial sector restructuring and supervision, debt management, revenue enhancement and audit capacity building.

Support will be provided for legal and judicial reforms and the promotion of human rights. Improving district level governance in eastern Indonesia will also be a priority.

Vietnam

Estimated total aid: \$72.1 million

A new development cooperation strategy for 2003-07 will be finalised with Vietnam. In 2003-04, assistance will aim to build Vietnam's capacity in trade policy and development, provide better access to clean water and sanitation, and strengthen provincial government service delivery.

Philippines

Estimated total aid: \$62.4 million

The aid program will focus on strengthening delivery of basic education, health and local government services as well as land management and administration. Australia will continue to support multilateral peace building, conflict resolution and recovery efforts in the southern Philippines island of Mindanao.

China

Estimated total aid: \$50.7 million

Australia will finalise a new program of governance assistance with China, to be implemented from 2004. The aid program will also focus on water-related projects in flood management and improved agricultural productivity. Support will be given to improving technical and vocational education, HIV/AIDS prevention and environmental rehabilitation in rural areas of western China.

Cambodia

Estimated total aid: \$44.4 million

By improving farming techniques and the production and marketing of crops, Australia is helping Cambodia to achieve greater food security. The aid program will also provide support for reform of the criminal justice system, land mine eradication and the national elections scheduled for July 2003.

East Timor

Estimated total aid: \$42.5 million

Australia is making major investments in building the East Timor Government's capacity in planning, finance, fisheries and the marine environment. Australia will also work closely with other donors to support East Timor's post-independence National Development Plan. The aid program will continue to assist in the areas of governance, rural development, health, water and sanitation.

Laos

Estimated total aid: \$20.4 million

Australia is working with Laos on a new development cooperation strategy for 2003-07. In 2003-04, assistance will focus on completing projects in education and land titling. Support for the agriculture sector will continue.

Thailand

Estimated total aid: \$15.1 million

Australia will focus on regional trade and economic development as well as efforts to combat people trafficking. The Thailand-Australia Government Sector Linkages Program will continue to strengthen the skills and knowledge base of Thai agencies.

East Asia regional programs and other

Estimated total aid: \$31.7 million

Working with effective NGOs and UN agencies, Australian assistance to Burma is addressing the dire humanitarian crisis, particularly the health emergency that continues to engulf the country. The aid program will continue to fund the Burma Human Rights Initiative.

In 2003-04, the Asia regional program will promote good governance, trade and economic integration and solutions to security-related challenges that cut across national boundaries. Support will be targeted towards prevention of HIV/AIDS, customs, e-commerce, trade facilitation, food quality and counter-terrorism measures.

SOUTH ASIA, AFRICA AND REST OF WORLD

SOUTH ASIA

Estimated total aid: \$112.1 million

Australia will assist South Asian countries in their efforts to promote good governance and improve basic service delivery at the state and community level.

Bangladesh

Estimated total aid: \$32.3 million

The aid program will support Bangladesh's efforts to achieve food security, provide quality primary education, enhance microfinance activities and reduce the effects of arsenic contamination of drinking water.

India

Estimated total aid: \$22.6 million

Australia will support three new activities in India in 2003-04, including improving water supply and sanitation services, working to reduce the spread of HIV/AIDS and promoting public sector reforms in finance, health and education.

Sri Lanka

Estimated total aid: \$16.2 million

The aid program will assist Sri Lanka's peace process by supporting vulnerable communities to undertake land mine awareness and clearance, ensure greater food security, and promote income generation, education and vocational training.

Nepal

Estimated total aid: \$7.4 million

Australia will continue to support sustainable resource management and rural income generation activities in Nepal. The successful Vitamin A health project will continue in 2003-04.

Pakistan

Estimated total aid: \$5.2 million

Funding will be provided to the Fred Hollows Foundation to continue work in reducing the prevalence of avoidable blindness for people in Pakistan. The aid program will also support increasing access to education for girls in rural areas.

South Asia regional programs and other

Estimated total aid: \$28.5 million

The aid program will support activities in microfinance, arsenic reduction, trade facilitation, and reforms of water and sanitation policies and practices. Support will also be provided to local NGOs working with vulnerable groups.

Australia is also assisting in reconstruction efforts in Afghanistan. Australia will support the eradication of land mines and assist in rebuilding governance institutions, including by providing economic advice to the Ministry of Finance.

AFRICA

Estimated total aid: \$61.4 million

The aid program will promote good governance, trade facilitation and food security in eastern and southern Africa. Addressing communicable diseases, particularly the HIV/AIDS epidemic, will be a priority.

MIDDLE EAST

Estimated total aid: \$37.8 million

In 2003-04, Australia will address urgent humanitarian priorities, rebuild livelihoods and promote stability and long-term growth. Assistance to the Palestinian territories will be delivered primarily through multilateral agencies and NGOs allowing the rapid and cost-effective disbursement of funding in a region where Australia's aid program does not have a major presence on the ground.

Australia is providing timely and practical assistance to peace and recovery in Iraq through the Australian aid program. The Government has committed over \$100 million to meet critical needs in Iraq, particularly in agriculture and food security, water and sanitation and health.

EMERGENCY, HUMANITARIAN AND REFUGEE AID

Estimated total emergency aid: \$62.3 million

Estimated total humanitarian aid: \$55.0 million

International Refugee Fund: \$15.0 million

Australia's emergency, humanitarian and refugee programs lessen the adverse impacts of conflict and natural disasters on vulnerable populations, supporting the promotion of peace and security.

Increased funding in 2003-04 for humanitarian, emergency and refugee programs will enhance the aid program's ability to respond quickly, flexibly and effectively to humanitarian needs resulting from disasters and conflict. Whilst humanitarian crises within Australia's immediate region will be a priority for assistance, other significant demands are likely to include further humanitarian relief and reconstruction assistance to Iraq, post-conflict support for Afghanistan, and food needs following severe drought in southern Africa.

The aid program will also strengthen disaster response and preparedness, peace-conflict dynamics, vulnerability analysis, refugee protection issues and international humanitarian law.

MULTILATERAL REPLENISHMENTS

Estimated total aid: \$255.5 million (cash)

Multi-year commitments to multilateral replenishment funds complement and reinforce Australia's bilateral aid efforts. Australia's partnership with these organisations influences the international development agenda in some important areas, particularly donor coordination, cross-border issues, good governance and sound economic policies.

Australia will continue to work with the World Bank and the Asian Development Bank to progress their reform agendas, encourage a stronger focus on poverty reduction, and

strengthen engagement with the Asia-Pacific region, in particular with poor performing states.

Australia will continue to support the Global Environment Facility to address global environmental concerns, including climate change, biodiversity loss, degradation of international waters, ozone depletion, and persistent organic pollutants. In 2003-04, Australia will contribute to the Montreal Protocol Multilateral Fund to assist with global efforts to repair the ozone layer.

UNITED NATIONS, COMMONWEALTH AND OTHER INTERNATIONAL ORGANISATIONS

Estimated total aid: \$90.6 million

The aid program will provide funding to a number of effective United Nations agencies engaged in poverty reduction and sustainable development. Australia will continue to build strategic partnerships with the UN to enhance aid outcomes in the Asia-Pacific region.

In 2003-04, Australia will continue to support Commonwealth organisations and programs to improve governance, development in small states, economic policy making and institution building.

The aid program also provides support to address global health concerns. Australia will assist effective international health organisations targeting maternal and child mortality, HIV/AIDS and infectious diseases in PNG, East Timor, Indonesia and the Mekong countries.

NGO, VOLUNTEER AND COMMUNITY PROGRAMS

NGO program estimated total aid: \$26.4 million

Volunteer program estimated total aid: \$21.6 million

Non Government Organisations (NGOs) play an important complementary role in delivering a high quality aid program. The Australian aid program will work with NGOs on improving program delivery, enhancing administration and accountability as well as supporting improvements in project design, management and evaluation.

Australia will continue to foster community involvement in the aid program through support for volunteers. Funding for the Australian Youth Ambassadors for Development program has increased in 2003-04 to \$7 million.

Community awareness of Australian development assistance will be promoted by innovative outreach and education activities. The Australian Development Research program will be important in guiding the aid program and whole of government responses to development issues.

AUSTRALIAN TOTAL ODA FLOWS (\$m)

	2003-04
Major Partner Countries / Regions	Budget Estimate
PAPUA NEW GUINEA & PACIFIC	
Papua New Guinea	333.6
Solomon Islands	37.4
Vanuatu	22.7
Fiji	20.0
Samoa	16.3
Tonga	11.7
Kiribati	11.4
Tuvalu	3.8
Regional Pacific & other	52.5
Total Papua New Guinea & Pacific	509.4
EAST ASIA	
Indonesia	151.7
Vietnam	72.1
Philippines	62.4
China	50.7
Cambodia	44.4
East Timor	42.5
Laos	20.4
Thailand	15.1
Regional East Asia & other	31.7
Total East Asia	491.1
SOUTH ASIA, AFRICA & REST OF WORLD	
Bangladesh	32.3
India	22.6
Sri Lanka	16.2
Nepal	7.4
Pakistan	5.2
Regional South Asia & other	28.5
Africa	61.4
Middle East	37.8
Rest of World	70.8
Total South Asia, Africa & Rest of World	282.1
Other Government Departments (not attributed to country/region)	137.1
Core contributions to multilateral organisations, other ODA, reconciliation of expenses to cash	474.1
Total ODA (cash)	1893.8
ODA/GNI Ratio (%)	0.25

Refer to the Aid Budget Statement *Australia's Overseas Aid Program 2003-04* for more detail.

The Australian Government's Overseas Aid Program

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The full version of the Aid Budget Statement is available on AusAID's website: <http://www.ausaid.gov.au>

