



Summary of Australia's Overseas Aid Program 2006–07

Australian Agency for International Development (AusAID)

The Australian Government will provide \$2.946 billion as Official Development Assistance (ODA) in 2006–07, an increase of \$455 million over the 2005–06 budget figure (\$2.491 billion). This represents a real increase of 9.0 per cent over the 2005–06 expected outcome (\$2.641 billion), or a 15.5 per cent real increase budget-to-budget. The ratio of Australia's ODA to Gross National Income (GNI) for 2006–07 is estimated at 0.30 per cent. The OECD Development Assistance Committee (DAC) average ODA/GNI ratio rose from 0.26 per cent in 2004 to 0.33 per cent in 2005. This sharp spike in the DAC average resulted from the provision of debt relief to Iraq (approximately US\$14 billion) and Nigeria (approximately US\$5 billion). Australia had no debt relief for either Nigeria or Iraq in calendar year 2005. Australia's debt relief for Iraq is expected to be recognised in the second half of 2005–06 and will be reported in the 2006 calendar year. Australia stands as one of only six donor countries to show consecutive real increases in ODA between 2001 and 2005 (excluding debt relief).

The Australian aid program assists developing countries to reduce poverty and achieve sustainable development in line with the national interest. The aid program is guided by four thematic priorities: accelerating economic growth, fostering functioning and effective states, investing in people, and promoting regional stability and cooperation. Australia's aid program is strongly committed to improving aid effectiveness by strengthening its performance orientation, combating corruption, enhancing Australia's engagement with the Asia-Pacific region and working in partnership with recipient countries and other donors.

A NEW STRATEGIC FRAMEWORK: THE WHITE PAPER

As outlined in the Prime Minister's announcement at the UN Summit in September 2005, Australia's goal is to increase ODA to about \$4 billion by 2010 subject to strengthened governance and reduced corruption in partner countries. The Australian Government's White Paper – *Australian Aid: Promoting Growth and Stability*, released in April this year, provides strategic direction as the aid program is scaled up. In 2006–07 key features of Australia's overseas aid program include:

- More than doubling the number of education awards to over 19,000 over five years. To be implemented in partnership with the Department of Education, Science and Training, the new Australian Scholarships program allows a greater number of the region's future leaders to study at Australian institutions. New funding will be \$442.5 million over five years.
- Additional debt relief of \$136.2 million to finance Australia's contribution to the G8 Multilateral Debt Relief Initiative. Australian support will enable the World Bank to provide 100 per cent debt relief to eligible countries that qualify under the Heavily Indebted Poor Countries Initiative.
- Tackling the threat of pandemics such as Avian Influenza and other communicable diseases. Through a new \$100 million commitment over four years, Australia will work with partner countries and regional organisations to strengthen the capacity of health systems to prepare for and respond to emerging pandemics.
- Innovative measures to enhance aid effectiveness including a new Office of Development Effectiveness to monitor and evaluate the quality and impact of Australian Government aid and publish an *Annual Review of Development Effectiveness*. In addition, a pilot performance incentives program will be implemented; new country and regional strategies incorporating all Australian Government ODA will be developed; and aid will be untied.
- Combating corruption through strengthening policy dialogue and joint program monitoring with partner countries. Australia will develop an integrated anti-corruption strategy to guide new initiatives and the aid program will increase analysis of corruption in activity design and implementation. Combating corruption through regional programs in the Asia-Pacific will be a particular focus in 2006–07.

- Broadening engagement with Australian organisations to include: professional bodies, businesses, local government, and educational institutions in addition to more traditional partners. Overall funding for NGOs and volunteers will increase to an estimated \$143.7 million in 2006–07.
- Significant program planning and development work for key initiatives outlined in the White Paper. Principal among these are the *Infrastructure for Growth* initiative; the development of *Performance Incentives* to reward countries with additional aid that meet agreed performance measures; and major initiatives on *Delivering Better Health*, particularly for women and children, and on *Delivering Better Education* with the aim of getting more children into school, for longer and for a better quality education.
- Building on the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) through loans and grant funds to support basic education, infrastructure and stronger economic and public sector management.
- A performance-based engagement with PNG including implementation of a new country strategy and performance framework. Australia will support PNG's National Action Plan for HIV/AIDS as well as civil society initiatives. Total ODA is an estimated \$332.2 million.
- An emphasis on increasing economic growth opportunities for Pacific countries as outlined in a new report: *Pacific 2020*. A new Australia-Pacific Technical College will provide Australian standard training to Pacific Island students. Total ODA for the Pacific will be \$434.4 million.
- Accelerating growth and managing transnational threats within East Asia through regional programs and mechanisms such as APEC and the Asian Development Bank (ADB)'s Greater Mekong Sub-region Initiative. Key bilateral partners in the region are Vietnam and the Philippines with country program funding of \$61.0 million and \$56.6 million respectively. Total ODA to the East Asia region will be \$713.4 million.

INDONESIA

Estimated ODA: \$344.3 million

Australia is committed to a long-term development partnership with Indonesia. Australia will work with Indonesia to strengthen economic and public sector management, help build democratic institutions, and improve the quality of service delivery. Other priorities include private sector development, enhancing emergency response capacity, and promoting

stability and security including through addressing threats from pandemics.

AIPRD programs (totalling \$178.4 million) will include major investments in education, road infrastructure and government partnerships. In Aceh, Australia has committed significant aid program funds to rebuild essential infrastructure, support better health and education outcomes, and strengthen local governance.

PAPUA NEW GUINEA

Estimated ODA: \$332.2 million

Australian aid to PNG will be guided by a new country strategy, focusing on four themes: governance and state building, sustainable economic growth and productivity, improved stability and service delivery, and fighting HIV/AIDS. The new strategy will adopt a comprehensive performance framework to monitor progress in each of these areas and allow for new performance-based funding allocations.

The Enhanced Cooperation Program (ECP) has an explicit anti-corruption focus and will assist law and justice, economic and public sector reform, and enhance border and transport security. Australia will also support further civil society and media initiatives to bolster PNG's own anti-corruption efforts.

With HIV/AIDS prevalence approaching 2 per cent of the adult population, Australia will support PNG's National Action Plan for HIV/AIDS and boost measures to address gender issues underlying the disease.

PACIFIC

Estimated ODA: \$434.4 million

Australia will promote greater prosperity in the Pacific. The *Pacific 2020* report to be released in May 2006 provides policy options in nine key areas to stimulate economic growth.

Australia will establish the Australia-Pacific Technical College to deliver Australian-standard qualifications, boost skill levels in the region and improve employment opportunities.

To strengthen regional governance, Australia will implement recommendations from the Pacific Plan including enhancing regional audit arrangements, establishing a regional ombudsman's office and upgrading statistical systems.

Pacific regional programs

Estimated funding: \$73.5 million

Regional programs will support pandemic preparedness, HIV/AIDS initiatives, and environmental programs including on climate change and persistent organic pollutants.

Solomon Islands

Estimated ODA: \$223.0 million

Australian assistance will be guided by a new transitional country strategy. The RAMSI Machinery of Government program will support public sector and financial management reforms. Australian assistance to the law and justice sector and to civil society programs will be enhanced.

Vanuatu

Estimated ODA: \$34.7 million

A new good governance initiative will commence in 2006-07. A new police and capacity building program will support the law and justice sector and, in cooperation with other donors, Australia will encourage growth in key productive sectors such as agriculture and tourism.

Fiji

Estimated ODA: \$33.8 million

Australia will provide support to Fiji's May 2006 elections. The aid program will also promote economic growth and stability and support Fiji's own public sector reform agenda. Australia will expand its assistance to Fiji's law and justice sector to help create a secure investment climate.

Other Pacific Island countries

Harmonisation with other donors in law and justice, education and public sector reform is a focus for **Samoa**. Australian aid will help build a new Ministry of Education headquarters together with other donors.

Economic and political reforms are priorities in **Tonga**. In **Kiribati**, Australian assistance will focus on education, public sector management and technical and vocational training.

Contributions will be made to the **Niue** trust fund and there will be a greater focus on improving budget management in **Tuvalu**. Border security will be enhanced in the **Federated States of Micronesia** along with the provision of scholarships to the **Marshall Islands**, **Palau** and **Tokelau**. A new MOU underpins Australian assistance to **Nauru**. Support focuses on economic reform, service delivery and power sector reform.

EAST ASIA

Estimated ODA: \$713.4 million¹

Australian aid to East Asia will support regional integration and promote initiatives to manage transnational threats including pandemics and infectious diseases, transnational crime and environmental degradation.

East Asia regional programs

Estimated funding: \$76.0 million

Australia will support initiatives to manage regional threats such as pandemics, disasters and transnational crime. A new \$100 million assistance package for pandemic preparedness will be implemented. Initiatives to combat corruption (\$3 million) and address illicit drugs (\$4 million) will also be a focus.

Australia will support regional approaches in the Greater Mekong Subregion focusing on infrastructure, natural resource management and trade. The aid program will promote regional economic integration through fora such as APEC and ASEAN. Australia will also address development challenges in eastern Indonesia and the southern Philippines.

Philippines

Estimated ODA: \$68.8 million

Australia will intensify efforts to promote development in the Philippines including in economic governance, fiscal policy reform, private sector growth and improved security and stability. Particular emphasis will be placed on building peace and supporting education in the southern Philippines. Planning for incentive-based initiatives in health, education and infrastructure will commence in 2006-07.

Vietnam

Estimated ODA: \$81.5 million

Australia's assistance will support Vietnam's Five-Year Socio-Economic Development Plan 2005-2010. Australia will increasingly work through Vietnamese Government systems, engage sub-national institutions and explore new aid options. Assistance for rural and agricultural development remains a high priority.

Cambodia

Estimated ODA: \$48.5 million

Australian assistance to Cambodia is guided by three themes: strengthening the rule of law, increasing the productivity and incomes of the rural poor and reducing vulnerability to natural disasters. Support to the agriculture and law and justice sectors is being enhanced. Assistance for land mine clearance and reducing land mine related casualties will be reinforced as part of a global \$75 million commitment over five years.

¹ Includes ODA to Indonesia

East Timor

Estimated ODA: \$43.6 million

Australia will assist East Timor to build appropriate institutions and policies for the efficient use of future oil and gas revenues. Support will be provided for public sector development in policing and law and justice. Basic service delivery in the areas of rural water supply and health will also be strengthened.

China

Estimated ODA: \$41.8 million

Australia's aid to China will focus on areas of mutual interest where Australia has particular expertise. In 2006-07, Australia will work with China to deliver governance, environment and health initiatives including in HIV/AIDS.

Other East Asian countries

Australia will assist **Laos** to improve access to education, support private sector development and foster regional integration. De-mining programs will also continue. In **Burma**, Australia will work through international organisations to provide basic humanitarian support and combat HIV/AIDS. Aid to **Mongolia** will be provided through scholarships and support for improved governance. In recognition of **Thailand's** strong position in the region, the aid program will be reduced and focus largely on public sector linkages.

SOUTH ASIA, AFRICA, MIDDLE EAST AND CENTRAL ASIA

SOUTH ASIA

Estimated ODA: \$124.3 million

Australia will work with multilateral and bilateral partners in South Asia to promote growth and respond flexibly to humanitarian concerns, address governance issues and foster greater people and institutional linkages.

South Asia regional programs

Estimated funding: \$12.5 million

An expanded research program will build academic linkages between Australian and South Asian researchers, institutions and policy makers. HIV/AIDS will remain a focus of regional programs through partnerships with UNAIDS and other donors.

Pakistan

Estimated ODA: \$17.0 million

New scholarships are being provided in cooperation with the Department of Education, Science and Training. Institutional linkages and research will also improve agricultural productivity. Following the South Asia Earthquake of October 2005, Australia has committed approximately \$80 million to post-earthquake emergency relief and reconstruction including \$40 million to rebuild education and health facilities.

Other South Asian countries

Australia will use both regional and bilateral mechanisms to support education, food security and better governance in **Bangladesh**. In **Sri Lanka**, Australia is supporting improved natural resource management and is working with international NGOs and UN agencies to enhance peace-building efforts. Australian aid to **India** will be based on areas of mutual interest where Australia has particular skills and expertise such as in HIV/AIDS and trade reform.

AFRICA

Estimated ODA: \$82.1 million

Australian development programs in Africa will be largely delivered through multilateral and UN agencies. Australia will continue to provide substantial humanitarian assistance to Africa, fund HIV/AIDS prevention and care activities and provide support for vulnerable children. The aid program will also support improved water and sanitation and increased food security.

MIDDLE EAST AND CENTRAL ASIA

Estimated ODA: \$408.5 million

Australian assistance to **Iraq** includes an estimated \$334 million contribution to bilateral debt relief. Other aid program initiatives will support strengthened governance and institutional capacity in key Ministries. Support will continue for trade reform and police training.

In early 2006 Australia announced an indicative \$150 million over five years to assist **Afghanistan** in its nation-building efforts. Through this funding, Australia will support rebuilding government institutions, human rights and critical health and education services.

Development assistance to the **Palestinian Territories** in 2006-07 will be \$16.2 million. This will primarily assist multilateral agencies to support the peace process, reduce the vulnerability of Palestinian people to conflict and deliver basic services.

HUMANITARIAN, EMERGENCY AND REFUGEE PROGRAMS

Humanitarian and emergency funding: \$175.3 million

International Refugee Fund: \$15 million

Australia will continue to strengthen its humanitarian and emergency response capacity to meet increased pressures, including through broadening partnerships with Australian institutions.

Australia will work to strengthen partner country emergency response systems in order to improve their capacity to handle emergency situations in an effective and timely manner.

In 2006-07, Australia will continue its core support for key humanitarian agencies such as the UN Refugee Agency, the International Committee of the Red Cross and the UN Office for the Coordination of Humanitarian Affairs.

MULTILATERAL REPLENISHMENTS

Estimated funding: \$365.1 million (cash payments)

Australia will work closely with International Financial Institutions (IFIs) to deliver aid in accordance with Australian priorities. Australia will seek opportunities to increase the IFIs' focus on the Asia-Pacific region including through financial commitments to the Asian Development Fund and the International Development Association, the respective concessional lending arms of the Asian Development Bank and World Bank.

Australia will further contribute to the Heavily Indebted Poor Countries Initiative which provides multilateral debt relief to the world's poorest countries; and will finance upfront Australia's share of the first ten years of the G8 Multilateral Debt Relief Initiative.

UNITED NATIONS, COMMONWEALTH AND OTHER INTERNATIONAL ORGANISATIONS

Estimated funding: \$122.1 million

Australia supports core UN agencies to deliver priority development outcomes in the Asia-Pacific. In 2006-07, a key focus will be the implementation of Australia's strategic partnerships with UNICEF, UNDP and WFP. Australia will support the UNFPA - the UN Population Fund and UNIFEM - the UN Development Fund for Women to further advance gender equality.

Australia will support major international organisations which are active in the region and have a proven record of delivering results. Australian funding to the Global Fund to Fight AIDS, Tuberculosis and Malaria will be \$15 million in 2006-07 and support will continue for the vital work of the WHO.

Support for Commonwealth organisations will primarily be through the Commonwealth Fund for Technical Co-operation. A new Australia Sports Outreach Program will also promote social linkages and community cohesion in the Pacific, and strengthen community awareness of HIV/AIDS and gender issues.

NGO, VOLUNTEER AND COMMUNITY PROGRAMS

NGO program estimated funding: \$28.1 million

Volunteer program estimated funding: \$32.0 million

NGO, volunteer and community programs continue to be important delivery mechanisms for Australian aid. In 2006-07, links between the aid program and community-based organisations will be increased.

The AusAID-NGO Cooperation Program will remain the principal vehicle for the aid program's engagement with Australian development NGOs. Funding will increase to \$27.5 million in 2006-07.

The Australian Youth Ambassadors for Development (AYAD) program will receive an additional \$5 million in 2006-07. The Australian Volunteers Program has expanded to include Australian Volunteers International, Australian Business Volunteers and a new program – Volunteering for International Development from Australia.

AUSTRALIAN TOTAL ODA (\$m)

Major Partner Countries / Regions	2006-07 Budget Estimate
PAPUA NEW GUINEA & PACIFIC	
Papua New Guinea	332.2
Solomon Islands	223.0
Vanuatu	34.7
Fiji	33.8
Samoa	22.0
Tonga	13.4
Kiribati	13.0
Regional Pacific & Other	94.4
Total Papua New Guinea & Pacific	766.6
EAST ASIA	
Indonesia (Ongoing program)	165.9
Indonesia (AIPRD)	178.4
Vietnam	81.5
Philippines	68.8
China	41.8
Cambodia	48.5
East Timor	43.6
Laos	21.9
Thailand	5.3
Regional East Asia & Other	57.8
Total East Asia	713.4
SOUTH ASIA, AFRICA AND OTHER	
Bangladesh	36.3
Sri Lanka	31.0
India	9.8
Regional South Asia & Other	47.3
Africa	82.1
Middle East & Central Asia	408.5
Total South Asia, Africa and Other	614.9
Other Government Departments (not attributed to country/region)	202.8
Core contributions to multilateral organisations, other ODA, reconciliation of expenses to cash	648.6
Total ODA (cash)	2946.3
ODA/GNI Ratio (%)	0.30

Refer to the Ministerial Budget Statement *Australia's Overseas Aid Program 2006-07* for more detail.

The Australian Government's Overseas Aid Program

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



Australian Government
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