



Summary of Australia's Overseas Aid Program 2005–06

Australian Agency for International Development (AusAID)

The Australian Government will provide \$2.491 billion as Official Development Assistance (ODA) in 2005–06, an increase of \$358 million over the 2004–05 budget figure (\$2.133 billion). This represents a real increase of 5.8 per cent over the 2004–05 expected outcome (\$2.253 billion), or an 11.7 per cent real increase budget-to-budget. The ratio of Australia's ODA to Gross National Income (GNI) for 2005–06 is estimated at 0.28 per cent, placing Australia above the latest available (2004) donor average of 0.25 per cent.

The Australian aid program advances our national interest by assisting developing countries to reduce poverty and achieve sustainable development. Five guiding themes shape the program's efforts—promoting improved governance, assisting countries to access and maximise the benefits from trade and new information technologies, supporting improved delivery of basic services, strengthening regional security, and promoting sustainable resource management.

AN INTEGRATED APPROACH TO OVERSEAS AID

Australia's overseas aid program plays a central role in the Australian Government's approach to working with partner countries to address challenges to regional security and prosperity. Priorities for 2005–06 include strengthening governance, stimulating broad-based economic growth, and addressing constraints to development, particularly those faced by fragile states. Drawing upon the expertise of a wide range of Australian government agencies and the Australian community, and through long-term partnerships with regional neighbours, the aid program is developing integrated and practical solutions. In 2005–06, key features of Australia's overseas aid program include:

- Strengthening Australia's partnership with Indonesia, through expansion of the ongoing program and through the \$1 billion Australia–Indonesia Partnership for Reconstruction and Development, taking total ODA to Indonesia to an estimated \$302 million
- Promoting stability and growth in Papua New Guinea through a new medium-term aid strategy with PNG, and strengthening the PNG Enhanced Cooperation Program, with total ODA increasing to \$492 million
- Long-term, innovative approaches to tackling problems faced by fragile states, including through the Regional Assistance Mission to Solomon Islands (RAMSI), harmonisation with regional organisations and other donors, and a new Fragile States Initiative. Funding for the Pacific will grow to \$463 million—including increases for Solomon Islands, Vanuatu, Fiji and for regional activities
- Supporting economic growth, trade liberalisation and governance reform in East Asia, through continued work with APEC, ASEAN and other regional organisations, a new contribution of \$3 million over three years for regional anti-corruption initiatives, a new \$2 million regional anti-drug initiative, and anti-people trafficking initiatives
- Fighting HIV/AIDS and other communicable diseases, through implementation of Australia's \$600 million international HIV/AIDS strategy, a further contribution of \$50 million over three years to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and a new three-year \$5 million regional program to combat Avian Influenza
- Working with partners like the Philippines, Iraq and Afghanistan to address security issues, mitigate the impacts of conflict, and assist in post-conflict recovery. Funding for counter-terrorism in Indonesia and the Philippines will double over five years, and an additional \$45 million will be provided to Iraq over two years
- Increasing humanitarian, emergency and refugee funding to \$170 million to boost Australia's capacity to respond flexibly to crises within our region and beyond. To assist with tsunami reconstruction and peacebuilding efforts, ODA to Sri Lanka will increase to \$29 million

- A commitment of \$34.8 million over three years to the Heavily Indebted Poor Countries (HIPC) Initiative to help write off debts owed by the world's poorest countries
- Increasing Australian community engagement in the aid program through increased funding for volunteer programs, the AusAID–NGO Cooperation Program, and the Australian Youth Ambassadors for Development Program.

To further enhance long-term aid effectiveness, in 2005–06 the government will table a white paper, which will outline a medium-term strategic blueprint for the aid program.

INDONESIA

Estimated ODA: \$301.8 million

Australia is committed to a closer partnership with Indonesia to help rebuild after the December 2004 Indian Ocean disaster and address longer-term development challenges.

Through a new \$1 billion Australia–Indonesia Partnership for Reconstruction and Development (AIPRD), Australia will provide \$500 million in grant funding, and up to \$500 million in highly concessional loans (zero interest for up to 40 years and no repayment of principal for 10 years). Initial priorities for grant funding include restoring health and education services and local government in Aceh, building Indonesia's capacity to manage and respond to natural disasters, and developing partnerships for the exchange of skills, knowledge and expertise between Australian government agencies and their Indonesian counterparts. Six hundred new scholarships will double the number currently funded for Indonesia.

Australia will continue to focus on strengthening economic and financial management, building democratic institutions, promoting stability and security, and improving the quality of service delivery, particularly in the poorer eastern provinces.

PAPUA NEW GUINEA

Estimated ODA: \$492.3 million

The development of a stable and prosperous PNG remains a high priority for Australia. A new medium-term country strategy for PNG will be developed during 2005, with an expected focus on fostering sustainable economic growth particularly in rural areas, building stronger governance, developing institutional capacity at all levels of government, and addressing HIV/AIDS.

The Enhanced Cooperation Program will support collaboration between the Australian and PNG governments, in areas such as rule of law and economic reform. Through the Sub-National Initiative, Australia will help PNG address problems associated with decentralisation, and build provincial administrations' capacity to manage expenditure, planning and budgeting.

Australia will also work with PNG and other development partners to develop a follow-on program to the National HIV/AIDS Support Project when it finishes in late 2005.

PACIFIC

Estimated ODA: \$463.0 million

Under a new Pacific Regional Aid Strategy 2004–09, Australia will help Pacific countries deliver stronger, broad-based economic growth; more effective, accountable and democratic government; improved law and justice and security; and enhanced service delivery including fiscal management. Australia will seek to strengthen links between Australian agencies and their Pacific counterparts, with other donors, and with regional organisations.

Solomon Islands

Estimated ODA: \$246.8 million

In 2005–06, Australia will work with the Solomon Islands Government and other regional partners to consolidate the achievements of the Regional Assistance Mission to Solomon Islands (RAMSI), promote local leadership and ownership of change and reform, and develop the capacity of key Solomon Islands institutions.

To help build sustainable rural livelihoods, Australia will develop a strategic framework for agriculture and rural development assistance, and implement a new \$32 million, five-year package aimed at the community level. Australia will also provide further support to improve health service delivery.

Vanuatu

Estimated ODA: \$34.1 million

Australia will work closely with Vanuatu to implement a new joint strategy (2005–10) for development cooperation, which will focus on improved governance, particularly the strengthening of management, accountability and service delivery, raising productive capacity, and improving the quality and delivery of essential services particularly health and education. Assistance will be provided through Australian advisers and building linkages in key sectors such as law and justice. Australian activities will be coordinated with other donors including New Zealand and France.

Fiji

Estimated ODA: \$30.5 million

The Fiji program will help build the capacity of the Fiji Government, including in governance, law and order, service delivery, and promoting investment and economic growth. It will also work with NGOs to improve capacity for disaster mitigation, preparedness and response. Activities will be integrated with Pacific regional programs in the governance, health, education and law and justice sectors.

Nauru

Estimated ODA: \$16.9 million

Australia will work with the Nauru Government to identify long-term options for assistance, and establish a sustainable long-term development strategy, following the expiration of the current Memorandum of Understanding between the two governments in June 2005.

Other Pacific Island countries

Estimated ODA: \$65.1 million

Assistance to **Samoa** will focus on strengthening public administration, improving education and health standards, and ensuring effective delivery of basic services. In **Tonga**, Australia will help build economic and financial capacity, and stimulate opportunities in the fisheries sector. In **Kiribati**, Australia will focus on better educational outcomes through improving the quality, relevance and efficiency of basic education services, and also help to improve governance through better public sector management.

Support will be continued for trust funds for **Niue** and **Tuvalu**, and scholarships will be offered to a range of countries, including the **Federated States of Micronesia**, **Marshall Islands**, **Palau** and **Tokelau**. In the **Cook Islands**, Australia will continue implementing a joint program with New Zealand.

Pacific regional programs

Estimated funding: \$94.0 million

A new Fragile States Initiative will boost Australia's capacity to engage with fragile states. With the Pacific Islands Forum, Australia will work to develop a 'Pacific Plan', which will create stronger and deeper links between Pacific Island countries, and identify sectors where the region can gain most from sharing governance resources. A new study, *Pacific 2020*, will identify strategies to promote economic growth, through factors such as property rights, political governance and human development.

EAST ASIA¹

Estimated ODA: \$344.3 million

Promoting economic growth in East Asia will continue to be a priority. Regional issues will be particularly important, including trade, investment, economic integration, and transboundary concerns such as HIV/AIDS, communicable diseases, people trafficking, drugs, and security.

Vietnam

Estimated ODA: \$77.3 million

The aid program will continue to support Vietnam's international economic integration and private sector development, and reduce vulnerability and improve living standards for the poor in the Mekong Delta and Central Coast regions. Through the scholarships scheme, Australia will achieve enhanced impact in key institutions concerned with economic management and rural development.

Philippines

Estimated ODA: \$63.7 million

Australia will double its existing counter-terrorism package, and support further peacebuilding, conflict prevention and economic activities in Mindanao. A new Partnership for Economic Governance Reforms will be fully operational in 2005–06 and will support reforms in priority areas such as public financial management. The successful Basic Education Assistance for Mindanao program will continue, complemented by a new basic education program in the Visayas.

China

Estimated ODA: \$46.2 million

The Chinese and Australian governments expect to approve a new strategy for Australia–China development cooperation in mid-2005. This strategy will focus on three areas: governance, health (with a focus on communicable diseases), and environment (with a focus on water management). The China Australia Governance Program will provide assistance in fiscal reform and other areas of economic governance. New health and environment programs will be developed during 2005–06.

Cambodia

Estimated ODA: \$42.7 million

Australia's aid to Cambodia aims to strengthen the rule of law, increase the productivity and incomes of the rural poor (particularly in the agriculture sector), and reduce the vulnerability of the poor to natural disasters. In the agricultural and rural development sector, Australia will act as a lead donor, and harmonise inputs from the broader donor community. Australia will help fight corruption through initiatives with the media and building capacity for public financial management and accountability.

East Timor

Estimated ODA: \$42.0 million

Australia will help the East Timorese Government implement its Sector Investment Program, and develop a new country strategy that will focus on building capacity in law and governance, public expenditure management, transparency and accountability. Australia will also provide assistance for

¹ Not including Indonesia

service delivery in rural areas, particularly in water supply and sanitation and rural livelihoods.

Other East Asia countries

Estimated ODA: \$41.8 million

Australia's development cooperation with **Thailand** will be phased out as it graduates from being an ODA recipient. Cooperation with **Laos** will focus on improving access to education, supporting the growth of a market economy, and reducing the vulnerability of poorer communities to disasters and unexploded ordnance. Assistance to **Burma** will target vulnerable populations and will be delivered through local and international NGOs and United Nations agencies. The aid program to **Mongolia** will continue to build the skills base of key government agencies and provide scholarships to develop specialised expertise and qualifications.

East Asia regional programs

Estimated funding: \$39.8 million

East Asia regional programs will enhance regional capacity to progress economic integration, improve security, and tackle transboundary issues. Australia will work in close partnership with regional and international organisations, including ASEAN, APEC, the Mekong River Commission, the International Organisation for Migration and the UN Office on Drugs and Crime. Programs will continue to help stop the spread of communicable diseases such as Avian Influenza, and funding will continue for the Asia Regional HIV/AIDS Project, anti-people trafficking, and anti-drugs initiatives.

SOUTH ASIA, AFRICA, MIDDLE EAST AND CENTRAL ASIA

SOUTH ASIA

Estimated ODA: \$97.6 million

Australia will focus on delivering assistance through regional and multilateral partners, other donors, and NGOs to respond flexibly to regional issues such as HIV/AIDS, governance reform, and people trafficking. Australia will also continue to provide significant humanitarian assistance.

Bangladesh

Estimated ODA: \$32.3 million

Australia will continue to focus on improving food security for vulnerable groups and supporting Bangladesh's efforts to increase the quality of its basic education sector.

Sri Lanka

Estimated ODA: \$29.1 million

To support the peace process and help rebuild after the Indian Ocean disaster, assistance to Sri Lanka will increase by more than \$6 million from the 2004–05 Budget. Australia will work closely with UNDP and UNICEF to rehabilitate infrastructure in conflict-affected areas, and improve access to health, education, water supply and sanitation services.

Other South Asia countries

Estimated ODA: \$27.0 million

A small number of bilateral activities, including scholarships, will complement humanitarian and regional initiatives.

AFRICA

Estimated ODA: \$77.0 million

ODA to Africa will increase by an estimated \$9.6 million from the 2004–05 Budget. Australia will continue to play its part in international efforts to assist Africa's development, through a small but strategically targeted program focused on Southern and Eastern Africa. Priority areas will include good governance, basic service delivery, addressing immediate humanitarian needs, and fighting the spread of HIV/AIDS.

MIDDLE EAST AND CENTRAL ASIA

Estimated ODA: \$66.6 million

Australia will continue to help build stability and democracy in **Iraq**, and support the transition to an open, market-based economy. Additional funding of \$45 million will enable Australia to provide further assistance in 2005–06 and 2006–07, with a continued focus on the agricultural sector, and niche contributions in other areas.

Funding of \$26 million will be provided for **Afghanistan** in 2005–06 to support delivery of essential services through the Afghanistan Reconstruction Trust Fund, support democracy and build Afghan institutions, assist the return and reintegration of displaced Afghans, improve food security and rural livelihoods, and support health and education initiatives.

In the **Palestinian Territories** Australia will work with multilateral partners and NGOs to support the newly elected Palestinian Authority's efforts to undertake reform and further the peace process. Assistance in 2005–06 (\$16 million) will also help reduce the vulnerability of Palestinians to poverty and conflict, improve essential services, and strengthen local organisations.

HUMANITARIAN, EMERGENCY AND REFUGEE PROGRAMS

Humanitarian and emergency programs: \$155 million

International Refugee Fund: \$15 million

Funding for humanitarian and emergency programs will be boosted to \$155 million in 2005–06. A key priority will be to develop closer integration between emergency responses and other activities addressing peace, conflict and development.

Australia will continue to provide core support to key humanitarian agencies, including the UN Office for the Coordination of Humanitarian Affairs, and the UN High Commissioner for Refugees. Core funding for the International Committee of the Red Cross will increase to \$7 million in 2005–06.

Funding for the International Refugee Fund will contribute to improved conditions for refugees and the reintegration of returnees, and support durable solutions to people movement, particularly in the Asia–Pacific region.

MULTILATERAL REPLENISHMENTS

Estimated funding: \$188.2 million (cash payments)

Targeted support for effective multilateral organisations complements and reinforces Australia's bilateral efforts. In 2005–06 Australia will provide \$97.3 million to the Asian Development Fund (ADF) and \$73.2 million to the International Development Association (IDA), the respective concessional lending arms of the Asian Development Bank and World Bank. Australia will work to ensure that the outcomes from recently concluded negotiations for the replenishment of the ADF and IDA are implemented effectively.

In 2005–06 Australia will provide \$14.7 million to the World Bank's Heavily Indebted Poor Countries (HIPC) Initiative, including \$11.5 million as part of an additional three-year \$34.8 million HIPC commitment. Negotiations for the fourth replenishment of the Global Environment Facility (GEF) and sixth replenishment of the Montreal Protocol Multilateral Fund (MPMF) will be finalised during 2005–06. Australia will contribute an estimated \$15.9 million to the GEF and \$4.3 million to the MPMF in 2005–06.

UNITED NATIONS, COMMONWEALTH AND OTHER INTERNATIONAL ORGANISATIONS

Estimated funding: \$117.7 million

Australia will continue to work with key United Nations partners on issues such as HIV/AIDS, basic education, child protection and food security. The United Nations Children's Fund (UNICEF) and the World Food Programme (WFP) will continue to be particularly important partners. Core contributions to UNICEF will increase to \$8 million in 2005–06, and contributions to WFP will increase to \$32.5 million. Funding to the United Nations Population Fund will also be increased to \$4 million.

In 2005–06, Australia will provide \$36 million to international health programs, including those managed by the World Health Organisation. Australian funding is targeted at regional priority health needs, including maternal and child mortality, HIV/AIDS, and infectious diseases such as tuberculosis and malaria. The funding will include \$20 million towards the Global Fund to Fight AIDS, Tuberculosis and Malaria, as part of a new three-year, \$50 million contribution to the fund.

Australia will continue to support Commonwealth organisations in 2005–06 (\$11.4 million), mostly through the Commonwealth Fund for Technical Cooperation.

NGO AND VOLUNTEER PROGRAMS

NGO program estimated funding: \$27.6 million

Volunteer program estimated funding: \$26.5 million

NGOs and volunteers play an important role in delivering a high quality aid program. Funding for the AusAID–NGO Cooperation Program (ANCP) will be increased to \$27 million in 2005–06. The government will build on the NGO Cooperation Agreements established during 2004–05, to maximise collaborative, strategic engagement by Australian NGOs in program priorities.

The successful Youth Ambassadors for Development Program will be expanded in 2005–06 by \$3.5 million, as part of the Prime Minister's commitment to expand the program by \$24.5 million over four years.

A competitive tender process for volunteers, which will be finalised in 2005–06, will ensure value-for-money and greater development effectiveness of volunteer programs.

AUSTRALIAN TOTAL ODA (\$m)

Major Partner Countries / Regions	2005-06 Budget Estimate
PAPUA NEW GUINEA & PACIFIC	
Papua New Guinea	492.3
Solomon Islands	246.8
Vanuatu	34.1
Fiji	30.5
Samoa	21.5
Tonga	14.2
Kiribati	12.5
Regional Pacific & Other	91.4
Total Papua New Guinea & Pacific	943.2
<i>Nauru Additional</i>	<i>12.0</i>
EAST ASIA	
Indonesia (Ongoing program)	169.6
Indonesia (AIPRD)	132.1
Vietnam	77.3
Philippines	63.7
China	46.2
Cambodia	42.7
East Timor	42.0
Laos	19.6
Thailand	7.0
Regional East Asia & Other	45.8
Total East Asia	646.1
SOUTH ASIA, AFRICA AND OTHER	
Bangladesh	32.3
Sri Lanka	29.1
India	13.7
Regional South Asia & Other	22.5
Africa	77.0
Middle East & Central Asia	66.6
Total South Asia, Africa and Other	241.3
Other Government Departments <i>(not attributed to country/region)</i>	173.2
Core contributions to multilateral organisations, other ODA, reconciliation of expenses to cash	475.1
Total ODA (cash)	2490.8
ODA/GNI Ratio (%)	0.28

Refer to the Ministerial Budget Statement *Australia's Overseas Aid Program 2005–06* 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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