



# Aid Budget Summary 2002-03

## Australian Agency for International Development

Australia will provide \$1.815 billion as official development assistance (ODA) in 2002-03. This is an increase of almost \$90 million on the 2001-02 budget figure of \$1.725 billion, representing a three per cent increase in real terms. Australia's estimated ODA to gross national income (GNI) ratio in 2002-03 will be 0.25 per cent. This places Australia consistently above the latest (2001) average of donor countries of 0.22 per cent.

Australia's aid program advances our national interest by assisting developing countries to reduce poverty and achieve sustainable development. The program's focus on the Asia-Pacific region is an expression of Australia's strong engagement with the region and commitment to working in partnership to meet its considerable development challenges. Australia responds generously to humanitarian crises and emergencies and contributes selectively to development needs in South Asia, Africa and the Middle East.

## BUDGET FEATURES

Australia's aid program in 2002-03 will retain its strong focus on the Asia-Pacific region where it makes an important contribution to regional peace and stability as well as to poverty reduction.

Key features of Australia's aid to the Asia-Pacific region in 2002-03 include:

- increasing total aid flows to the Pacific to \$165 million, in response to the economic and social challenges facing the region
- increasing total Australian assistance to the Solomon Islands to \$36.2 million to help deal with the serious economic, social and law and order problems arising from the country's turmoil
- resuming a full bilateral aid program to Fiji, with total aid expected to reach \$19.7 million. The program will promote stability through strengthening basic services and increasing confidence in the law and justice sector
- increasing total aid to Vanuatu to \$22.1 million. The program will support the Vanuatu Government's efforts to address the risks to prosperity and stability including through strengthening the police and judicial sector
- continuing to provide substantial support to Papua New Guinea to help sustain the momentum for reform
- providing total aid program funding of \$36 million as part of Australia's continuing commitment to East Timor's nation building in its first year of independence
- maintaining Australia's aid commitment to Indonesia with total funding of \$121.6 million to assist Indonesia implement its reform agenda
- increasing total aid to Burma to \$6.2 million. The program will focus initially on improving basic health services, given the humanitarian crisis that is engulfing the country
- continuing to provide assistance to Afghanistan as part of the \$40.3 million humanitarian and reconstruction package announced in January 2002
- \$38.5 million worth of bilateral and regional HIV/AIDS activities as part of the \$200 million HIV/AIDS program announced in June 2000. \$350,000 will also be provided for the establishment of an Asia-Pacific Leadership Forum on HIV/AIDS and Development.

Other features of the aid budget for 2002-03 include:

- allocating \$15 million to support programs of international agencies to assist refugees and internally displaced people
- increasing funding for emergencies by \$15 million to \$52.4 million to strengthen Australia's response to the human suffering caused by natural disasters, armed conflict and economic and political crises

- increasing Australia's aid commitment to the Middle East to \$11.9 million in 2002-03, to help address the urgent social and economic situation in the West Bank and Gaza
- providing \$31 million to promote access to education and information in developing countries through the use of information and communication technologies, as part of the Virtual Colombo Plan
- an additional commitment of \$18 million over three years to support debt relief in the poorest countries
- increasing funding for volunteers, including the Youth Ambassadors Scheme, by \$1.9 million to reach \$20.5 million, the highest level yet.

Australia will also provide \$25 million of trade-related technical assistance and capacity building, including:

- \$460,000 to support World Trade Organisation technical assistance activities in developing countries
- \$500,000 to support representation and information services in Geneva for small states
- trade policy training in Africa and the Asia-Pacific region.

## PAPUA NEW GUINEA

**Estimated total aid: \$351.4 million**

Australia's aid to PNG seeks to support PNG's economic and social development by focusing on governance, health, education, infrastructure, sustainable management of natural resources, and the consolidation of the peace process in Bougainville.

Australia is supporting a wide-ranging program of public sector reforms being undertaken by the PNG Government. Australia will provide \$30 million through the PNG Incentive Fund to support good performance in policy and program management. Work in the education sector will assist PNG to maximise the benefits that information technologies can provide. Australia will help PNG improve infrastructure maintenance and promote sustainable management in the forestry sector. Australia will support the Bougainville Provincial Administration as it moves towards autonomous government, and assist the social reintegration of ex-combatants.

## PACIFIC

**Estimated total aid: \$165.0 million**

Australia is one of the leading donors to the Pacific region, and aims to assist Pacific island countries achieve the maximum possible degree of self-reliance. Australia's assistance is principally provided in governance and economic reform, education and training, environment and natural resources, health and private sector development.

## **Solomon Islands**

### **Estimated total aid: \$36.2 million**

In 2002-03, the aid program to the Solomon Islands will focus on peace-building; assistance to restore law and order; the provision of basic services, particularly in the provinces; and assistance for economic recovery.

## **Vanuatu**

### **Estimated total aid: \$22.1 million**

Australian aid to Vanuatu focuses on improving public sector efficiency, service delivery and economic management. Australia will also help strengthen the police service and other key legal institutions.

## **Fiji**

### **Estimated total aid: \$19.7 million**

Priorities for Australian aid to Fiji include development of new programs on education, health and governance, with a focus on improving service delivery, especially in rural areas and urban fringes.

## **Samoa**

### **Estimated total aid: \$15.8 million**

Australia will continue to support Samoa's reform efforts through institutional strengthening and capacity building activities, including assistance to the education and health ministries to improve service delivery and activities aimed at strengthening management in the agricultural sector.

## **Tonga**

### **Estimated total aid: \$11.4 million**

Australia's aid program to Tonga focuses on economic reform, health, education, private sector development and natural resource management.

## **Kiribati**

### **Estimated total aid: \$11.1 million**

The aid program will strengthen the capacity of the Kiribati government to deliver services, particularly education. Outer island development will continue to be supported.

## **Nauru**

### **Estimated ongoing total aid: \$3.5 million**

### **2002-03 additional aid: \$6.8 million**

Australia is providing technical assistance to Nauru to improve economic management, and health and education service delivery.

## **Other Pacific Island countries**

### **Estimated total aid: \$10.4 million**

Australian assistance to Tuvalu, Federated States of Micronesia, Marshall Islands, Palau, Cook Islands, Niue and Tokelau includes the provision of scholarships, support for improved education and health service delivery, and assistance on public sector and economic reform.

## **Regional programs and other**

### **Estimated total aid: \$34.8 million**

In 2002-03 Australia's support for Pacific regional organisations will complement Australia's bilateral aid priorities and the efforts of island countries. Assistance will focus on economic reform, tuna stock management, HIV/AIDS prevention, plant quarantine, distance education, disaster preparedness and climate monitoring.

## **EAST ASIA**

### **Estimated total aid: \$470.8 million**

East Asian countries face challenges in achieving significant economic growth and poverty reduction this year. Key factors will be the health of the world economy and the demand for regional exports. The launch of a new round of World Trade Organisation negotiations provides significant incentives for the region to increase the pace of reform efforts.

## **Indonesia**

### **Estimated total aid: \$121.6 million**

Australia's aid strategy to Indonesia aims to contribute to poverty reduction, sustainable economic recovery and democratisation. Alongside major programs of assistance with health, water supply and basic education and training, Australia is helping Indonesia implement its extensive program of economic and financial reform. This assistance includes support for developing an anti-money laundering regime, reforming taxation and managing domestic government debt.

In 2002-03 Australia will continue to support the development of an appropriate fiscal framework for decentralisation, and to build the capacity of local governments in Indonesia. New Australian initiatives will help build the capacity of Indonesian community based organisations and NGOs, and strengthen Indonesia's capacity to manage crises and prevent conflict.

## **Vietnam**

### **Estimated total aid: \$72.2 million**

A new Australian initiative will help support Vietnam's governance reforms by providing targeted policy advice and short-term training. Australia will continue to address the needs of the rural poor including by working to increase their incomes in central Vietnam. Education and training will remain a focus.

## **Philippines**

### **Estimated total aid: \$63.0 million**

Australia will continue to focus on improving the livelihoods of the rural poor in the southern Philippines, including Mindanao. The program is also promoting good governance in the Philippines by building capacity at the community, local and national level, and supporting Philippine government programs for vulnerable groups.

## **China**

### **Estimated total aid: \$55.5 million**

Australian aid to China focuses on support for governance and the reduction of poverty in selected rural areas of western China. A priority in 2002-03 will be the development of a new governance program aimed at improving public policy. Several major new projects will begin implementation in 2002-03 in the areas of health, vocational education and environmental management.

## **Cambodia**

### **Estimated total aid: \$39.6 million**

Australia's aid to Cambodia focuses on the agriculture and health sectors, and supports key governance reforms. The program also supports education and training activities, community development, and de-mining.

## **East Timor**

### **Estimated total aid: \$36.0 million**

Australia will help the newly independent East Timorese government improve service delivery and public administration. Australia will also support major new programs in rural development and water supply and sanitation.

## Thailand

### Estimated total aid: \$21.6 million

Australia is helping build Thailand's capacity to address economic and public sector governance issues. A new trilateral aid partnership will see Australia and Thailand jointly implement activities for third countries in the Mekong sub-region, initially in HIV/AIDS.

## Laos

### Estimated total aid: \$19.0 million

Australia's aid to Laos seeks to increase the accessibility and quality of basic services particularly in remote rural areas, with a focus on health.

## Burma

### Estimated total aid: \$6.2 million

Australia's bilateral aid program to Burma addresses humanitarian needs, and includes a project aimed at improving child and community nutrition. The human rights initiative will continue.

## Mongolia

### Estimated total aid: \$3.2 million

The aid program is supporting public sector financial management reforms and improving access to clean water.

## Other and regional programs

### Estimated total aid: \$32.9 million

Australia's regional program with Asia addresses trans-boundary development challenges, regional cooperation and economic integration. In 2002-03 Australia will develop a capacity building program to help partner countries engage in a new round of WTO trade negotiations, and implement a new project to reduce HIV transmission associated with drug use.

## SOUTH ASIA

### Estimated total aid: \$110.0 million

The Australian aid program is assisting countries in South Asia to achieve food security, improve access to quality primary education, mitigate environmental degradation and improve health outcomes. Building capacity to assist women and children in the region is a particular theme. Australia is active in humanitarian efforts to respond to the victims of conflict.

## Bangladesh

### Estimated total aid: \$35.6 million

Australia continues to support Bangladesh's efforts to achieve food security, improve the quality of primary education for girls and increase income generation through microfinance programs.

## India

### Estimated total aid: \$22.1 million

Australian assistance is targeted at improving access to quality education, health and water and sanitation in the north and north-eastern regions. A new project will combat the spread of HIV/AIDS in vulnerable communities in four states.

## Sri Lanka

### Estimated total aid: \$11.4 million

Australia's program to Sri Lanka supports the capacity of the government to deliver improved services, focusing on environmental management, health and community resettlement activities in support of the peace process.

## Nepal

### Estimated total aid: \$7.8 million

Australian assistance to Nepal is supporting the community management of natural resources and developing capacity through scholarships.

## Pakistan

### Estimated total aid: \$4.2 million

Australian assistance to Pakistan concentrates on primary education for girls, community management of salinity-affected agricultural lands and improving the delivery of affordable eye care.

## Other and multi-country programs

### Estimated total aid: \$28.8 million

At a regional level, Australia will address issues such as arsenic contamination of drinking water, the provision of microfinance and the need for human capital development. Australia continues to provide scholarships to students from the Maldives and Bhutan.

## AFRICA AND THE MIDDLE EAST

### Estimated total aid: \$72.0 million

Australian aid focuses on governance, education and HIV/AIDS in southern Africa. As part of the Virtual Colombo Plan, Australia will assist the African Virtual University in Nairobi to provide greater access to quality educational courses at lower cost.

Australia will continue to promote capacity building of government agencies in South Africa. Local NGOs will continue to receive support to build the capacity of communities to combat gender violence and reduce poverty.

Australia is working with other donors to support the development of an effective and sustainable Newcastle Disease control program in Mozambique, Malawi and Tanzania. Australia will also work to strengthen the capacity of the public sector in Mozambique.

Assistance to the Middle East will continue to address social and economic conditions in the West Bank and Gaza.

## GLOBAL PROGRAMS

While the majority of Australia's aid is delivered through bilateral programs, Australia also delivers assistance via multilateral agencies and non-government organisations. Australia also provides significant assistance to emergency, humanitarian and refugee programs.

## MULTILATERAL DEVELOPMENT BANKS

### Estimated total aid: \$234.0 million (cash)

As well as providing developing countries with concessional loans, multilateral development banks play a critical role in promoting good governance, sound economic policies and donor coordination across the Asia-Pacific region. In 2002-03, Australia will seek to improve the effectiveness, accountability and transparency of their activities, and strengthen their engagement in the region. Australia will also make an additional commitment of \$18 million over three years to support debt relief in the poorest countries through the Heavily Indebted Poor Countries Initiative.

## INTERNATIONAL ORGANISATIONS

### Estimated total aid: \$174.8 million

Australia will provide funding to a range of United Nations development agencies.

Australia's support for international health programs responds to global health challenges such as HIV/AIDS, tuberculosis and polio.

Through its support for international environment programs, Australia is assisting developing countries to address environmental challenges that require global and regional

responses. These include climate change, biodiversity loss, ozone depletion, and persistent organic pollutants.

As current chair of the Commonwealth, Australia will work to strengthen good governance of Commonwealth programs. Australia will provide significant support for the Commonwealth Youth for the Future initiative.

## COMMUNITY PROGRAMS

**NGO program estimated total aid: \$26.4 million**

**Volunteer program estimated total aid: \$20.5 million**

The Australia Government supports development activities initiated by non-government organisations that contribute to poverty alleviation. A focus for the program for 2002-03 will be to encourage continuous quality improvements, following a collaborative review.

Australia is committed to supporting overseas volunteer programs, and funding for these programs has increased to \$20.5 million in 2002-03. Australia supports three types of volunteer services: short term youth volunteers (through the Australian Youth Ambassadors for Development program), longer term community volunteers (through Australian Volunteers International), and short term business volunteers (through programs such as AESOP Business Volunteers).

## EMERGENCY, HUMANITARIAN AND REFUGEE PROGRAMS

**Estimated total emergency aid: \$52.4 million**

**Estimated total humanitarian aid: \$49.0 million**

**Estimated total refugee aid: \$15.0 million**

Australia's emergency, humanitarian and refugee programs aims to mitigate the adverse impacts of conflict, natural and other disasters on vulnerable populations by working in cooperation with international and domestic partners. In 2002-03, AusAID will also be encouraging greater integration of the humanitarian program with bilateral country programs, and stronger alignment of the humanitarian program with overall aid program priorities. An international refugee allocation will be established to support programs of international agencies to assist refugees and internally displaced people.

Note: 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.

Notes to the table:

<sup>1</sup>Nauru Additional represents additional funding appropriated under 2001-02 Additional Estimates and a new measure for 2002-03 to meet the \$10 million pledge of assistance agreed between the Nauru and Australian Governments in December 2001.

<sup>2</sup>Shows East Timor aid program flows only as OGD East Timor expenditure is included in OGD unallocated.

<sup>3</sup>OGD unallocated includes ODA eligible expenditure by other government departments which has not been allocated to a particular country or region.

<sup>4</sup>Includes adjustment of \$6.5 million for non-ODA eligible expenditure and other adjustments.

Refer to *Australia's Overseas Aid Program 2002-03* for more detail.

## AUSTRALIAN AID FLOWS (\$m)

	2002-03
Major Partner Countries / Regions	Budget Estimate
PAPUA NEW GUINEA	351.4
PACIFIC	
Solomon Islands	36.2
Vanuatu	22.1
Fiji	19.7
Samoa	15.8
Tonga	11.4
Kiribati	11.1
Other and Regional	48.7
<b>Total Pacific</b>	<b>165.0</b>
<i>Nauru Additional</i>	<i>6.8</i> <sup>1</sup>
EAST ASIA	
Indonesia	121.6
Vietnam	72.2
Philippines	63.0
China	55.5
Cambodia	39.6
East Timor	36.0 <sup>2</sup>
Thailand	21.6
Laos	19.0
Other & Regional	42.3
<b>Total East Asia</b>	<b>470.8</b>
SOUTH ASIA	
Bangladesh	35.6
India	22.1
Sri Lanka	11.4
Nepal	7.8
Pakistan	4.2
Other & Regional	28.8
<b>Total South Asia</b>	<b>110.0</b>
AFRICA & OTHER	
Africa	60.1
Middle East	11.9
Other	60.7
<b>Total Africa &amp; Other</b>	<b>132.7</b>
<i>Reconciliation to ODA</i>	
OGD unallocated	143.1 <sup>3</sup>
Core contributions to multilateral organisations, other ODA	434.8 <sup>4</sup>
<b>Total ODA (cash)</b>	<b>1814.6</b>
ODA/GNI Ratio (%)	0.25

The Australian Government's Overseas Aid Program

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

