

9 Frequently Asked Questions

WHAT IS THE AUSTRALIAN GOVERNMENT'S OVERSEAS AID PROGRAM?

The Australian Government's overseas aid program advances Australia's national interest by helping developing countries, particularly in our region, to reduce poverty and achieve sustainable development.

The program is managed primarily by the Australian Agency for International Development (AusAID).

Each year the Australian aid program reaches and assists almost 60 million people living in poverty around the world, with most of its activities taking place in our own region, the Asia-Pacific.

WHY DOES AUSTRALIA HAVE AN OVERSEAS AID PROGRAM?

Australia provides aid because it helps reduce poverty and makes a real difference to people's lives.

Australians are generous by nature and want to help people in need in neighbouring countries.

It is also in Australia's national interest to promote wider development, stability and prosperity and security in our region.

A clear lesson from September 11 and the Bali bombings is that we cannot insulate ourselves from what is happening in the rest of the world.

Our own economic prosperity, social harmony, security and ultimately freedom is weakened while millions of other people in the world, particularly in our region, are suffering in absolute poverty.

HOW MUCH DOES AUSTRALIA SPEND ON DEVELOPMENT ASSISTANCE EACH YEAR?

The Australian Government's Official Development Assistance (ODA) for 2005-06 is \$2.491 billion – about \$2.35 per Australian each week. This is roughly the cost of a loaf of bread.

DOES AUSTRALIA SPEND TOO MUCH OR TOO LITTLE ON DEVELOPMENT ASSISTANCE?

Australia's ODA of \$2.491 billion in 2005-06 represents an increase of \$358 million over the 2004-05 Budget figure of \$2.133 billion and a real increase of 11.7 per cent.

The 2005-06 Budget increase provided the fifth consecutive year of real funding increases for Australia's aid program.

In international terms, ODA is measured by the ratio of ODA to Gross National Income (GNI). In 2005-06 Australia's ODA to GNI average is estimated at 0.28 per cent, placing us above the international average which in the latest year available (2004) is 0.25 per cent.

DOES AUSTRALIAN ASSISTANCE GET TO THOSE WHO REALLY NEED IT?

Australian development assistance is not wasted.

It is effectively targeted at needy people – often in isolated communities and villages.

Most Australian aid is spent on providing advice and training, equipment and goods and services – not cash – and Australian people help deliver our aid.

This all helps to ensure that taxpayers' money reaches those in need and gives them the skills and resources they need to reduce their dependence on development assistance in the long-term.

The objective is to make communities self-reliant in improving their own circumstances.

DOES AUSTRALIA MONITOR AGAINST CORRUPTION?

Yes – constantly, to ensure our aid is effective and targeted.

We don't hand over blank cheques. We are not an ATM.

An estimated 36 per cent of Australian aid is spent on governance – which means improving the capacity of other governments to manage their own resources and affairs in a way that is open, transparent, equitable and responsive to people's needs.

Our development assistance aims to help governments improve their administration, accountability and use of public money so they can deliver more effective health, education and essential services, free from corruption.

AusAID also has strict guidelines in place to ensure accountable and appropriate use of Australian aid by our development partners.

AusAID 'pre-qualifies' potential non-government partners at the front end to ensure accountable and appropriate use of Australian aid by professional and well managed organisations that are capable of delivering quality development outcomes. This pre-qualification stresses that AusAID will not tolerate corruption. Non-government organisations need to be accredited by AusAID to be eligible for funding, a process that is reviewed every five years.

Measures to encourage accountability by contractors and to counter the potential for corruption include: stringent contractual clauses relating to corruption and fraud, accountability in the tender process and auditing.

AusAID also has about 60 staff based overseas monitoring and overseeing our projects. In addition to this monitoring role, AusAID staff are able to provide advice and support to our contractors and NGO partners in combating corruption.

WHO MANAGES THE AUSTRALIAN GOVERNMENT'S OVERSEAS AID PROGRAM?

The Australian Government's aid program is administered through the Australian Agency for International Development (AusAID)

It brings together all key players in Australia including other Australian Government departments and the international community involved in providing emergency development assistance and long-term development assistance.

AusAID also works with other countries' governments, the United Nations, World Bank, Asian Development Bank, Australian companies and non-government organisations such as the Red Cross, World Vision, CARE, and Oxfam which are important partners.

Funding for NGO, volunteer and community programs will increase to \$60.6 million in 2005-06.

DOES AID REALLY MAKE A DIFFERENCE?

Whilst aid plays a vital role in development, it does not and never will, form the bulk of the resources needed to promote long-term, sustainable development.

Far greater are the resources from international trade, private international capital flows such as direct foreign investment and the mobilisation of domestic savings and in-country revenue from royalties and equitable taxation.

Accessing and harnessing these resources requires good governance and an environment conducive to consumer and investor confidence and this is where Australia's international aid program comes in.

Latest estimates put total world aid at about A\$120 billion and it is making a big difference to the lives of millions of people.

Most importantly, despite a rapidly growing world population, the number of people living in absolute poverty has fallen. In fact since 1980, the number has been cut by 200 million.

Over the past 40 years:

- > Average life expectancy in developing countries has increased by 20 years;
- > 50 per cent more people can now read and write;
- > 5 million fewer children die each year of preventable diseases;
- > The number of people with access to clean water has tripled; and
- > Maternal mortality has been cut by 50 per cent.

Australian development cooperation, or international aid, has contributed to these achievements. For example Australia helped:

- > Restore law and order in Solomon Islands;
- > The Government of Samoa achieve sustained economic growth of 6.5 per cent, at the same time reducing tariffs and taxes;
- > Strengthen prudential supervision and regulation in the Bank of Thailand, which in turn contributed to greater economic stability;
- > China's accession to the World Trade Organization – expected to generate an additional one to two per cent in China's GDP growth by training more than 1,700 officials in trade policies and practices;
- > Deal with the scourge of landmines, including in Cambodia where casualties have been reduced from above 3,000 a year to about 800; and
- > Improve democratic processes in many countries such as assistance in the running of elections in Indonesia, Cambodia and Afghanistan.

HOW IS AUSTRALIA ENSURING ITS AID IS EFFECTIVE?

While aid volumes are important, and Australia has increased ODA in real terms by 37 per cent since 1997, effectiveness issues around aid are just as critical.

Australia is continually working to enhance aid effectiveness, for example:

- > Australia is participating in harmonisation efforts with other donors so that there is a more coordinated approach to aid delivery that reduces overlaps;
- > Australia is engaging in new forms of aid delivery including a whole-of-government approach, more strategic partnerships and a more direct 'hands on' approach for example the Regional Assistance Mission to Solomon Islands (RAMSI); and
- > Australia has taken significant steps in untying its technical cooperation program. Untying aid is basically the process of opening up bidding for AusAID work to providers other than those in Australia. This untying of aid allows greater competition and more value for money.

HOW DOES THE AUSTRALIAN AID PROGRAM HELP IMPROVE REGIONAL SECURITY?

If we reduce poverty, we build stronger communities and more stable communities and governments. Then if conflict arises, there is a greater chance it will be resolved peacefully.

James Wolfensohn, the President of the World Bank sums it up well. 'Over the next 25 years about two billion more people will be born but only 50 million of them will be in the richer countries. The vast majority will be in the poorer nations and born with the prospect of growing up into poverty and unemployment. They may be disillusioned with a world that they will inevitably view as inequitable and unjust. Terrorism is often bred in places where a burgeoning youth population sees hope as more of a taunt than a promise.'

So what is Australia doing? We have increased the quantity and quality of our aid program, lobbied for the elimination of barriers to trade that hobble poorer countries, and are working with countries in the region to improve passport security, reduce transnational crime including money laundering and people trafficking.

Australia is also implementing a number of anti people-trafficking activities worth approximately \$14 million. These include the \$8.5 million Asia-Regional Cooperation to Prevent People Trafficking Project and two return and reintegration projects delivered through the International Organization for Migration.

WHERE DOES THE MONEY ACTUALLY GO?

Most of it goes to our nearest neighbours in the Asia-Pacific region, where two-thirds or over 700 million of the world's poorest people live.

Papua New Guinea is our closest neighbour and the largest, single beneficiary of development assistance from Australia.

At the release of the 2005-06 Budget, estimated total ODA to PNG was \$492.3 million up from \$435.6 million the previous year.

Infrastructure in PNG is fragile, governance is weak, employment opportunities are few and poverty is widespread.

Add to this the fact that about 800 languages are spoken among five million people and that these people are thinly spread over some of the world's most rugged terrain and the development challenges in PNG become apparent.

There are some positive developments too. Australia supports PNG's education system reforms which have led to an increase in the number of children attending elementary school from about 88,000 in 1998 to nearly 150,000 in 2000.

In 2005-06, estimated total ODA to PNG and the Pacific is over \$943 million.

DO AUSTRALIANS SUPPORT INTERNATIONAL DEVELOPMENT ASSISTANCE?

Research has shown that most Australians think helping our neighbours who have suffered natural disasters, or who live with daily, grinding poverty, is a worthwhile thing to do.

Most of us also think it is the right thing to do.

A recent nationwide Newspoll survey commissioned by AusAID found that 91 per cent of Australians support overseas aid.

Each year Australians dip into their pockets and donate hundreds of millions of dollars to international development assistance through non-government organisations.

In response to the Indian Ocean Disaster alone, Australians donated over \$330 million to non-government organisations for tsunami-related activities.

And there is no shortage of generous Australians who make a difference every year by volunteering to work in developing countries.

Wanting to help our neighbours in need is part of being Australian.

JUST HOW SERIOUS IS POVERTY IN THE REGION?

Mass poverty is the single most important economic and social issue on our planet and reduction of poverty is the bottom line of the Australian Government's aid program.

At least 1.2 billion people – 60 times the population of Australia – live in extreme poverty and two-thirds of the world's absolute poor, live in our neighbourhood – Asia and the Pacific.

Around 70 per cent of the world's poor are women, making them vulnerable to diseases such as HIV/AIDS and people trafficking.

Levels of poverty in Asia and the Pacific have fallen by around 90 million people in the past decade.

HOW DOES POVERTY AFFECT PEOPLE?

Poverty can mean many different forms of deprivation and there is no single set of poverty characteristics.

But for one-fifth of the world's population, it means living on \$A1.30 a day!

Poverty often means a struggle for food, shelter, clean water and access to even the most basic levels of education, health and other services.

The poor are often excluded from being involved in decisions that affect them. They lack the power to hold decision-makers accountable.

They are especially vulnerable to shocks such as drought, civil conflict, illness and environmental degradation.

IS THERE A WORLDWIDE TARGET TO REDUCE POVERTY?

At the Millennium Summit in 2000, member states of the United Nations endorsed eight Millennium Development Goals (MDGs).

The eight MDGs provide reference points on the global effort required for long-term poverty reduction and are supported by Australia.

The first MDG seeks to halve the number of people whose income is less than US\$1 a day or A\$1.30 – those who live in absolute poverty – by the MDG target year 2015.

But even if this ambitious target is achieved, growth in the world's population means the number of people in absolute poverty – that is living on less than US\$1 a day or \$A1.30 – will remain at just under one billion.

CAN YOU PROVIDE SOME EXAMPLES OF HOW OVERSEAS AID HAS WORKED?

Over the past 30 years there have been some remarkable achievements in reducing world poverty.

For instance:

- > 50 per cent more people can now read and write;
- > Women in developing countries are now having an average of three children – instead of six;
- > 50 per cent fewer babies die each year;
- > Five million fewer children die each year of preventable diseases;
- > Individual income has risen by 60 percent;
- > One out of six people suffers from malnutrition – instead of four in 10;
- > The number of people with access to clean water has tripled; and
- > The percentage of people living in absolute poverty has halved.

IS AUSTRALIA GOOD AT DELIVERING AID?

The OECD's Development Assistance Committee (DAC) conducts peer reviews of the aid programs of member countries.

The 2004 DAC review found that in their design, AusAID's systems and processes place Australia at the top end of management practices in DAC Member aid agencies.

WHAT IS THE AUSTRALIAN AID PROGRAM DOING IN EAST TIMOR?

East Timor captured the hearts of Australians.

Australians donated \$12 million to community appeals in just 12 months over 1999-2000 to help the East Timorese people recover from tragedy and begin rebuilding.

That is in addition to the money Australians contribute to the aid program through their taxes.

Our assistance to East Timor has been substantial, with over \$400 million provided through the bilateral development program since 1999. As a close neighbour, we will continue to play a significant role in helping the East Timorese to develop their new country.

The main goal of Australia's aid program is to reduce poverty and build East Timorese capacity to govern a peaceful, democratic and independent East Timor.

In recognition of the range of challenges facing the new nation, assistance has been deliberately broad-based.

Current activities include:

- > Support for capacity building of the East Timor police force (A\$32m), to enhance security and stability. This program is being undertaken in cooperation with the Australian Federal Police;
- > Support to key finance and planning agencies to improve accountability, transparency, budget preparation and public expenditure management (A\$8m over two years); and
- > Building the capacity of the public administration, strengthening civil society and promoting good governance more broadly through the Australia – East Timor Capacity Building Facility (Indicative budget A\$18m over three years).

Achievements in the past year include:

- > Provision of improved water supplies to an additional 1,700 households in rural areas, benefiting over 11,000 people;
- > Training and equipment for a national program of village elections, resulting in the democratic election of 306 village chiefs across 11 districts;
- > Provision of oral health treatment to 8,500 people and training of 29 nurses and four dentists through the National Oral Health project;
- > Training of 145 nurses in mental health and provision of mental health treatment to 2,300 people through a community based decentralised mental health service;

- > Medical consultations for 4,000 people and 600 surgery treatments carried out by visiting Australian surgery specialists in paediatrics, ear/nose/throat, plastic and reconstructive, orthopaedic procedures and urology, through the Royal Australasian College of Surgeons project;
- > An additional eight scholarships awarded for East Timorese to study at Australian educational institutions, bringing the total number of scholarships for study at undergraduate and postgraduate level since 1999 to 115; and
- > Through the selected placement of key influential advisers, Australia initiated the Government's Sector Investment Program (SIP), a process that is approaching world's best practice for prioritising development needs and allocating funds from donor and government sources.

In 2005-06 Australia will provide an estimated \$42 million to East Timor in total official development assistance.

WHAT IS THE AUSTRALIAN AID PROGRAM DOING TO COMBAT HIV/AIDS?

HIV/AIDS is a global emergency and one of the Australian aid program's highest priorities.

From the earliest stages of the epidemic, Australia has been a leader in international efforts to contain it.

In a clear demonstration of our commitment to fighting this devastating disease, Australia more than doubled its pledge to tackle HIV/AIDS to \$600 million, at the Second Asia-Pacific Ministerial Meeting on HIV/AIDS in July 2004.

To help Australia advance the fight against HIV/AIDS, Minister Downer appointed Ms Annmaree O'Keeffe as Australia's Special Representative for HIV/AIDS. With more than 20 years experience in development, including as Australia's Ambassador to Nepal, and head of our aid program in Papua New Guinea, Ms O'Keeffe is well placed to work with our partners in tackling HIV/AIDS.

Australia's International HIV/AIDS strategy, *Meeting the Challenge*, aims to reduce the spread of HIV/AIDS, particularly in the Asia-Pacific region, and mitigate the effects on people living with HIV/AIDS, their families and broader communities.

There were 1.1 million new infections in the Asia-Pacific region in 2004 and 8.2 million people are currently living with the disease in our region.

WHAT ROLE DOES AUSTRALIAN BUSINESS PLAY IN THE OVERALL DEVELOPMENT COOPERATION PROGRAM?

Involvement in the program is open to businesses of all shapes and sizes.

There is an enormous range in the value of contracts entered into with Australian businesses. For example in 2004-05 URS worked on implementing a \$7.5 million forestry management project in Solomon Islands and the Zonta Club of the Adelaide Hills is implementing a \$300,000 birthing kits project.

Each year, the Australian Government buys more than \$900 million worth of Australian goods and services for use in development cooperation projects around the world.

AusAID is the third largest Australian Government agency in terms of procurement after the Department of Defence and Centrelink.

There are also significant opportunities for Australia's rural businesses, such as primary producers and their related processing industries benefiting from the sale of rice, wheat and flour.

WHAT IS THE ROLE OF VOLUNTEERS IN AUSTRALIA'S DEVELOPMENT COOPERATION PROGRAM?

Australians from all walks of life are always quick to respond to calls for assistance and to share their time, skills and knowledge.

For example, in response to the Indian Ocean Disaster, more than 10,000 Australians offered their services to help deliver tsunami-relief to affected communities.

Since the 1960s, when the Australian Government's aid program first directly funded volunteers, they have been a key part of the human face of Australian development assistance. They also bring back skills and experience to apply at home.

For many people in poor countries, volunteers are their first contact with Australia.

Australia's aid program has helped an estimated 9,000 volunteers participate in overseas development activities.

Under the Australian Youth Ambassadors for Development Program, young people between 18 and 30 are volunteering for short-term assignments of up to one year.

Some work for local salaries and under local conditions – some work for no payment other than costs.

The decision to give time and talent to help a poor community overseas can mean hardship and deprivation – even danger.

But Australia's volunteers, no matter who they represent, maintain that the rewards from their experiences far outweigh the hardships.

SO HOW WOULD YOU SUMMARISE THE ACHIEVEMENTS OF AUSTRALIA'S AID PROGRAM?

Right around the world, Australia's investment in tackling poverty is making a real difference.

- > We lead the way in the fight against preventable disease in our region;
- > We give children the opportunity to better themselves through education;
- > We are taking practical steps to bring about peace and stability;
- > We open up opportunities for Australian companies;
- > We help showcase Australian expertise in a way that demonstrates its effectiveness in the international arena;
- > We save lives by providing emergency relief;
- > We assist those displaced by war and conflict;

- > We provide a chance for Australian volunteers to work throughout the world and use their enthusiasm, commitment and technical skills to ensure a better life for millions of people less privileged than us; and importantly
- > We work with our partner countries to achieve all this.

CAN YOU COMMENT ON “BOOMERANG AID”?

“Boomerang aid” is a simplistic concept that alleges aid benefits the partners that help deliver Australia’s aid program to the exclusion of companies and individuals in developing countries.

This claim is based on a simplistic view that equates the total benefit of the aid program with the monetary value of contracts awarded or with the turnover and/or profit of the managing contractor.

The longer-term benefits including those that flow to local businesses and industry are not taken into account in this assessment of the aid program.

The Australian Government delivers its aid program through dynamic and innovative private sector, NGO sector and international partnerships. Competition for Australian Government tendered aid activities is extremely competitive, eliminating the potential for excess profits.

Australia’s aid has also been “untied” to a significant extent. For example: partner country firms are able to tender for implementing contracts; sub-contracting opportunities have always been open to local firms; nationality restrictions on consultants have been relaxed; and in the case of Least Developed Countries, implementing contracts are usually open to international tendering. Excessive profit-making in the Australian development industry is further avoided through competitive tender processes and robust contract management.

The figures speak for themselves, let’s take PNG for example:

- > In the 2003-04 financial year, AusAID’s country program to PNG totalled \$292.4 million.
- > It is estimated that of the AusAID program, around one third of activity expenditure was made through local firms with an additional 40 per cent made through in-country agencies.
- > Over 80 per cent of personnel engaged in the program were PNG nationals.
- > A specific example in PNG is the National Road Regravelling and Sealing Project. This project had total expenditure of A\$13.5 million through the Australian aid program in 2004-05. Of this almost 90 per cent, or some A\$12.1 million in contracts, was awarded to local firms.