



Summary of Australia's International Development Cooperation 2004–05

Australian Agency for International Development (AusAID)

The Australian Government will provide \$2.133 billion as Official Development Assistance (ODA) in 2004–05, an increase of \$239 million over the 2003–04 Budget figure of \$1.894 billion, and a real increase of 9.9 per cent. The ratio of Australia's ODA to Gross National Income (GNI) for 2004–05 is estimated at 0.26 per cent. This places Australia above the donor average which, in the latest year available (2003), is 0.25 per cent.

The Australian development cooperation 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.

ADVANCING SECURITY, PROSPERITY AND DEVELOPMENT IN OUR REGION

The development cooperation program continues to play a key role in advancing Australia's national interest in the Asia-Pacific. Insecurity directly threatens the prospects for growth, prosperity and development for many countries in our region, with the potential to undermine Australia's security. The Australian Government, with the help of our regional partners, is devoting greater resources to tackle these challenges head-on. The development cooperation program is an integral part of this enhanced whole-of-government approach. In 2004–05, key features of Australia's international development cooperation include:

- increasing ODA to Papua New Guinea (PNG) to an estimated \$436 million in support of the PNG Government's efforts to address fundamental governance challenges—strengthening the rule of law, enhancing economic and financial management, and effective delivery of essential health and education services
- more than doubling ODA to the Pacific to an estimated \$383 million as part of Australia's renewed approach to helping Pacific island countries deal with serious economic, social and security challenges
- an estimated \$202 million in ODA for Solomon Islands to support the long-term tasks of comprehensive economic reform, rebuilding the machinery of government, enhancing the legal and judicial environment, and developing a capable national police force to maintain law and order
- increasing resources by \$11 million in support of regional mechanisms to address good governance in the Pacific. This includes \$6 million for the establishment of a new Pacific Governance Support Program
- substantially increasing ODA for both Vanuatu (up \$8.2 million to an estimated \$31 million) and Fiji (up \$5.1 million to an estimated \$25 million) to strengthen the administration of law and justice, and support improved economic and financial management, public sector reform and delivery of basic services
- increasing funding for the Pacific Peace and Security Fund, established in 2003–04, from \$7.5 million to \$10 million
- maintaining ODA to East Asia at close to \$500 million to tackle issues that impact on growth and development prospects in East Asia, including governance reform, promoting regional economic integration, and countering the risk of terrorism and other trans-boundary challenges, including the threat of communicable diseases
- increasing ODA to Indonesia by \$9.1 million to an estimated \$161 million, reflecting Australia's increased support for basic education and governance reform
- maintaining ODA to East Timor at approximately \$40 million as it continues the difficult transition to self-reliance
- direct Australian support for improved governance now comprising one-third of total Australian ODA, the highest level ever. An important component of this is increased support for basic policing, including in PNG, the Pacific and East Timor
- an estimated \$146 million for humanitarian, emergency and refugee programs. This is an increase of \$13.7 million on 2003–04 and a real increase of 50 per cent since 2000–01, underscoring Australia's commitment to assist those affected by disaster and conflict
- increasing, to \$250 million, the Australian Government's 6-year commitment to funding activities that arrest the spread of HIV/AIDS in the Asia-Pacific
- a new 3-year initiative to stop the spread of communicable diseases, such as avian influenza, in the Asia-Pacific region. This is in addition to the \$1 million contribution to the World Health Organisation announced in January 2004
- a new \$5 million package of assistance to support training, awareness raising and research on water quality in the Asia-Pacific region, particularly the growing problem of arsenic contamination of drinking water.

PAPUA NEW GUINEA

Estimated ODA: \$435.6 million

The development of a secure and prosperous PNG remains a high priority for the Australian Government. A major focus in 2004–05 will be implementation of the 5-year, \$1.1 billion Enhanced Cooperation Program—a series of collaborative initiatives tailored to support PNG to address core economic and development challenges.

The development cooperation program will take a sector-wide approach to law and justice, pursue innovative approaches to the delivery of health and education using PNG systems, and tackle the threat of HIV/AIDS through both a 5-year, \$60 million project and mainstreaming HIV/AIDS strategies across all programs. Continued support will be provided for implementation of the Bougainville Peace Agreement through establishment of the Governance and Implementation Fund.

PACIFIC

Estimated ODA: \$383.1 million

Australia is taking a more robust approach to development cooperation in the Pacific with an increased focus on basic policing, reform of the legal and judicial sector, improved financial and public sector management, and more effective delivery of basic services.

Solomon Islands

Estimated ODA: \$201.6 million

In 2004–05, the priority will be for the governments of Solomon Islands, Australia and regional partners to consolidate and build on the gains made to date through the Regional Assistance Mission to Solomon Islands (RAMSI) and Australia's bilateral development cooperation program. The focus will be on supporting Solomon Islands to implement a comprehensive reform agenda to improve the accountability and affordability of government. Priorities for reform are economic governance, rebuilding the machinery of government and strengthening the legal and judicial sector. Substantial support will be provided for continuing peace building, community development and health services programs.

Vanuatu

Estimated ODA: \$30.9 million

Australia will work closely with Vanuatu to improve the governance of key institutions, achieve a stronger and more accountable law and justice sector, ensure effective delivery of government services, and promote an environment that is conducive to investment and economic growth.

Fiji

Estimated ODA: \$25.1 million

Australia's development cooperation with Fiji will focus on improving law and justice systems, enhancing health and education service delivery, and supporting effective, accountable and democratic government.

Samoa

Estimated ODA: \$18.4 million

Australia's development cooperation with Samoa will continue to focus on public sector reform and essential service delivery, including strengthening the Samoan police service.

Nauru

On top of ongoing assistance, Australia will provide an additional \$13.5 million under the third Memorandum of Understanding for management of the offshore processing centre and Nauru's long-term development. Australian support will include the provision of an in-line Secretary of Finance who will work to reform Nauru's budget processes and improve revenue collection. The Australian Federal Police will also assist to improve management and training of the national police force.

Other Pacific island countries

Estimated ODA: \$35.7 million

In **Tonga**, Australia will continue to support effective economic management, reform of the public sector, and health and education programs.

In the **Cook Islands**, a pilot of a joint Australia–New Zealand development cooperation program will commence in July 2004. Australia, New Zealand and **Kiribati** will undertake a joint assessment of the Kiribati education sector with a view to implementing a sector-wide approach. In **Tuvalu**, Australia will continue to support the operation of the Trust Fund in addition to funding activities in the education sector.

Pacific regional programs

Estimated funding: \$62 million

Australia's development cooperation program is identifying opportunities for pooling regional resources (for example in transport) for more efficient and effective service delivery and improved administration, including through the new Pacific Governance Support Program which will transfer public sector expertise between Australia and the Pacific. Australia will also work with national police forces on a regional basis through the implementation of the Pacific Regional Policing Initiative. Australia is supporting reform of the Pacific Islands Forum Secretariat, including the additional funding announced by the Prime Minister at the 2004 Pacific Islands Forum Special Leaders' Retreat.

EAST ASIA

Estimated ODA: \$493.4 million

In 2004–05, priorities for development cooperation with countries in East Asia will include improved governance and service delivery, tackling trans-boundary challenges, and better integration of humanitarian and longer-term development programs.

Indonesia

Estimated ODA: \$160.8 million

Australia's bilateral development cooperation program with Indonesia is aimed at strengthening economic and financial management, building the institutions of democracy, promoting stability and security, and improving the quality and accessibility of government services.

Australia's counter-terrorism capacity building initiative for Indonesian police, financial intelligence and border control agencies will continue.

Australia will further increase funding for improvements in the quality and accessibility of basic (primary and early secondary) education including a new learning assistance program for Islamic schools. As well as expanding its program of assistance in HIV/AIDS prevention and treatment, Australia will also support efforts to build capacity in communicable disease surveillance and control.

Vietnam

Estimated ODA: \$73.7 million

Australia will support measures to strengthen the governance of institutions required for a competitive market economy, and improve productivity and links to markets for the rural poor in the Mekong Delta and Central Coast region. New initiatives will be formulated in 2004–05 for supporting development of the private sector in Vietnam. Through multi-year cooperation agreements with Australian Non Government Organisations (NGOs), Australia will fund new activities in water and sanitation, and disaster management.

Philippines

Estimated ODA: \$62.2 million

A new phase of support will be implemented for improved economic governance in the Philippines. Expanding funding for basic education in southern Philippines for government and Islamic schools will be a priority. Australia will also strengthen the capacity of immigration, transport and law enforcement agencies to combat terrorism, and provide additional funding for activities in support of the Mindanao peace process.

China

Estimated ODA: \$49.3 million

Australia will work with key government ministries to support fiscal reform, improve technical and vocational education systems, and strengthen health systems in order to reduce the spread of communicable diseases, particularly HIV/AIDS. Australia will continue to fund the Human Rights Technical Cooperation Program which promotes practical approaches to improvements in human rights.

Cambodia

Estimated ODA: \$41.4 million

Australia's ODA to Cambodia centres on three priority areas—strengthening the rule of law, increasing the productivity and incomes of the rural poor (particularly in the agriculture sector), and reducing the vulnerability of the poor to natural disasters. Australia will explore new initiatives to develop Cambodia's agricultural export potential and expand private sector development.

East Timor

Estimated ODA: \$39.9 million

Support for East Timor will focus on three inter-related priorities—a government that can budget and deliver basic services, a police force that is impartial and has the confidence of the community, and a legal and judicial system that supports law and order and a secure environment for investment. Cooperation is also planned to improve food security, and rural water supply and sanitation.

Other East Asia countries

Estimated ODA: \$43.8 million

Australia's development cooperation with **Thailand** has been reduced significantly in 2004–05 as it graduates from being an ODA recipient. Support to **Laos** will be framed by a new country strategy that focuses on access to education, property rights in the transition to a market economy and reducing the vulnerability of poorer communities to natural disasters.

Australia's development cooperation with **Burma** will focus on vulnerable populations and will be delivered through local and international NGOs and United Nations agencies.

Australia's support to **Mongolia** will continue to build the skill base of key government agencies and provide scholarships to develop specialised expertise and qualifications.

East Asia regional programs

Estimated funding: \$32.1 million

The East Asia Regional Program addresses high priority economic and trans-boundary development challenges, including promoting trade liberalisation, combating people trafficking and reducing the spread of communicable diseases, particularly HIV/AIDS. Support will continue for the Asia-Pacific Economic Cooperation (APEC) Forum and the Association of South-East Asian Nations (ASEAN). Regional initiatives will also strengthen quarantine processes and sustainable management of the Mekong River Basin.

SOUTH ASIA, AFRICA, MIDDLE EAST AND CENTRAL ASIA

SOUTH ASIA

Estimated ODA: \$86.4 million

Australia will increasingly work with major multilateral partners to address the major challenges facing the region, including HIV/AIDS, conflict and lack of food security. Australia will continue to provide significant humanitarian assistance, and support regional initiatives in governance reform and people trafficking.

Bangladesh

Estimated ODA: \$28.7 million

Australia's focus will remain 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: \$23 million

In support of the peace process in Sri Lanka, ODA will increase by approximately \$7 million from the 2003–04 Budget. Australia will work closely with other donors to target the most vulnerable communities and focus on core needs—food security, removing mines and generating sustainable incomes for the poor.

India

Estimated ODA: \$17.2 million

Australia's development cooperation program with India is being phased down following the Government of India's decision to reduce its engagement with smaller bilateral donors. Major activities already agreed by Australia and India for implementation in HIV/AIDS, and water supply and sanitation, will go forward on a modified basis.

Nepal

Estimated ODA: \$6.4 million

Australia will continue to fund sustainable livelihood activities in selected rural areas and a successful Vitamin A project that has contributed to reducing infant mortality.

Pakistan

Estimated ODA: \$5.3 million

Australia will support access to quality primary education for vulnerable children, especially girls in Balochistan.

AFRICA

Estimated ODA: \$67.5 million

ODA to Africa will increase by an estimated \$6 million from the 2003–04 Budget. Australia will continue to play a constructive role in southern and eastern Africa through targeted development cooperation focusing on good governance, basic service delivery and immediate humanitarian needs. Australia's development cooperation program will also work to reduce the spread of HIV/AIDS through community based HIV prevention and AIDS care programs.

MIDDLE EAST AND CENTRAL ASIA

Estimated ODA: \$52.9 million

Approximately \$22 million of the Government's \$120.5 million commitment to **Iraq's** reconstruction remains to be disbursed in 2004–05. Additional reconstruction funding will be considered as required. Australia is supporting international efforts to assist Iraq's complex transition to a democratic society with an open market-based economy. The focus will continue to be on reconstruction of Iraq's agriculture sector.

In 2004–05 Australia will provide an estimated \$18 million in ODA to **Afghanistan** to support delivery of essential services, strengthen the institutional capacity of the Ministry of Finance, assist the return and reintegration of displaced Afghans, improve food security and rural livelihood opportunities, and provide viable alternatives to opium growing for farmers. Continued support will be provided to women's health initiatives and the removal of landmines.

Australian support to the **Palestinian Territories and refugees** in 2004–05 (approximately \$12 million) will focus on reducing the vulnerability of Palestinians to poverty and conflict through activities in education, health and food security. Support will mainly be provided through the United Nations Relief and Works Agency and NGOs.

HUMANITARIAN, EMERGENCY AND REFUGEE PROGRAMS

Humanitarian and emergency funding: \$131 million

International Refugee Fund: \$15 million

Funding for these priority programs will increase by \$13.7 million in 2004–05. Whilst largely targeting the Asia-Pacific region, Australia will continue to play a constructive role in humanitarian relief and reconstruction efforts beyond our immediate region, including in Iraq, Afghanistan, Africa and Sri Lanka. Food aid, through the World Food Programme, will remain an important component of Australia's humanitarian response.

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.

Core funding to the International Committee of the Red Cross (ICRC) will increase to \$5 million. In June 2004, Australia will host the ICRC Donor Support Group. This is an opportunity to increase donor focus on the unique development challenges in the Pacific and the role of humanitarian action in meeting those challenges.

MULTILATERAL REPLENISHMENTS

Estimated funding: \$220.4 million (cash payments)

Targeted support for effective multilateral organisations complements and reinforces Australia's bilateral efforts. Negotiations on replenishments of the Asian Development Fund (ADF 9) and International Development Association (IDA 14) will conclude in 2004–05. Australia's aims for the replenishments include continuing to support strategies for engagement with poorly performing countries, emphasise the importance of growth and trade to poverty reduction, and highlight the case for lending and technical assistance to the Asia–Pacific region.

Contributions will be made to the Global Environment Facility (\$15.4 million) and the Montreal Protocol Multilateral Fund (\$5.9 million).

UNITED NATIONS, COMMONWEALTH AND OTHER INTERNATIONAL ORGANISATIONS

Estimated funding: \$95.5 million

Australia will continue to strengthen engagement with effective United Nations organisations working on priority development issues in the Asia–Pacific region.

In 2004–05, Australia will provide \$19.8 million to international health programs, including those managed by the World Health Organisation. Australian funding is targeted at regional priority health needs, including HIV/AIDS and infectious diseases, particularly in PNG, East Timor, Indonesia and the Mekong countries.

Australia will continue to support Commonwealth organisations in 2004–05 (\$12.1 million) with the aim of increasing effectiveness, focusing Commonwealth and associated resources on PNG and the Pacific, and supporting economic and governance reform across the Commonwealth.

NGO AND VOLUNTEER PROGRAMS

NGO program estimated funding: \$26.4 million

Volunteer program estimated funding: \$21.6 million

NGOs and volunteers play an important complementary role in delivering a high quality development cooperation program. New strategic partnerships, and tendering the delivery of volunteer services, will ensure greater value for money and effectiveness through a closer alignment between the work undertaken by NGOs and volunteers, and Australia's development cooperation priorities.

Implementation of the successful Australian Youth Ambassadors for Development Program will continue, with the one-thousandth youth ambassador expected to depart Australia in September 2004 as part of the twelfth intake.

AUSTRALIAN TOTAL ODA (\$m)

Major Partner Countries / Regions	2004-05 Budget Estimate
PAPUA NEW GUINEA & PACIFIC	
Papua New Guinea	435.6
Solomon Islands	201.6
Vanuatu	30.9
Fiji	25.1
Samoa	18.4
Tonga	12.0
Kiribati	11.9
Regional Pacific & Other	69.7
Total Papua New Guinea & Pacific	805.2
<i>Nauru Additional</i>	<i>13.5</i>
EAST ASIA	
Indonesia	160.8
Vietnam	73.7
Philippines	62.2
China	49.3
Cambodia	41.4
East Timor	39.9
Laos	18.4
Thailand	10.6
Regional East Asia & Other	37.1
Total East Asia	493.4
SOUTH ASIA, AFRICA AND OTHER	
Bangladesh	28.7
Sri Lanka	23.0
India	17.2
Regional South Asia & Other	17.6
Africa	67.5
Middle East & Central Asia	52.9
Total South Asia, Africa and Other	206.7
Other Government Departments <i>(not attributed to country/region)</i>	168.5
Core contributions to multilateral organisations, other ODA, reconciliation of expenses to cash	445.7
Total ODA (cash)	2133.1
ODA/GNI Ratio (%)	0.26

Refer to the Ministerial Budget Statement *Australia's International Development Cooperation 2004–05* for more detail.

The Australian Government's International Development Cooperation Program

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



