



BUDGET
**AUSTRALIA'S INTERNATIONAL
DEVELOPMENT ASSISTANCE PROGRAM**

A GOOD INTERNATIONAL CITIZEN

STATEMENT BY

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AND

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FOREWORD

Australia prides itself on being a good international citizen. This is demonstrated through its Official Development Assistance (ODA) program.

This 2009-10 Budget underlines the Government's ongoing commitment to increasing Australia's ODA to 0.5 per cent of Gross National Income (GNI) by 2015-16.

Through this Budget total Australian ODA will increase to 0.34 per cent of GNI, from 0.33 per cent in 2008-09.

The Budget is also a necessary and practical response to the needs of millions of people in developing countries severely affected by the global recession.

It is in Australia's national interest that the Government continues to increase the level of Australia's aid. By applying this increased aid to generating employment, protecting vulnerable populations and maintaining essential health and education services in developing countries, we are laying the foundations for recovery and future prosperity, including in Australia's own region.

The Budget funds key initiatives to boost food security through rural development, to increase investment in economic infrastructure, to improve governance and to support faster development progress in the Pacific. Funding will also support a greater commitment to Africa and South Asia, and for the international community's efforts to achieve peace and stability in Afghanistan and Pakistan.

To guide the direction of Australia's international development assistance over coming years, a new policy statement has also been developed and is introduced within this Budget Statement.



Stephen Smith



Bob McMullan

BUDGET HIGHLIGHTS

In 2009-10, the Government will implement initiatives targeted at responding to the global recession and advancing the Millennium Development Goals (MDGs)

Scaling up Australia's Official Development Assistance

- Australia's aid will increase to 0.34 per cent of GNI in 2009-10, and to 0.40 per cent of GNI by 2012-13. Australian aid to education, health and infrastructure, including water and sanitation, will total more than \$1.8 billion in 2009-10, up from an estimated \$1.3 billion in 2008-09, an increase of over 30 per cent.

Responding to the global recession

- Australia will prioritise efforts to respond to the impacts of the global recession on Australia's developing country partners. Australia's response will target the needs of the most vulnerable, growth and employment creation and the maintenance of essential service delivery. Major initiatives will include:
- **Food Security through Rural Development (\$464.2m over 4 years)** will support increases in food production globally and strengthen the ability of developing countries in the Asia-Pacific and Africa to address food insecurity – *page 20*
- **Economic Infrastructure (\$454.2m over 4 years)** will fund high priority infrastructure needs in developing countries facilitating economic growth and job creation – *page 23*
- **Asian Development Bank (ADB) General Capital Increase (US\$197.6m over 10 years)** will ensure the ADB can significantly expand its lending capacity for development programs in the Asia-Pacific to promote growth and reduce poverty – *page 66*

Working with partners

- **Performance-linked Aid (\$336.1m over 4 years)** will help partner governments in the Asia-Pacific to implement priority reforms, contributing to faster progress towards the MDGs and other development priorities – *page 34*
- **Improving Responsiveness and Accountability in Government (\$138.6m over 4 years)** will strengthen community leadership, improve government and public sector effectiveness and citizens' engagement with government and support anti-corruption efforts – *page 33*
- **Debt-to-Health Swap with the Government of Indonesia (\$75m over 6 years)** will cancel debt owed by Indonesia to Australia in parallel with increased Indonesian Government investment in programs combating tuberculosis – *page 28*
- **Afghanistan and Pakistan Assistance (\$352.8m over 4 years)** will increase Australia's humanitarian and development assistance to Afghanistan and Pakistan, targeting education, health, agriculture rural development and improved governance – *page 59*

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POLICY STATEMENT ON AUSTRALIA'S INTERNATIONAL DEVELOPMENT ASSISTANCE

Why Australia Assists Developing Countries

Nations reflect the values, virtues and characteristics of their people.

Australia wants to be a good international citizen. That reflects a key Australian characteristic: a commitment to help people less fortunate than ourselves, a belief in a fair go for all.

Australians are motivated to extraordinary levels of generosity in times of both domestic crisis and when disaster strikes overseas and others face ongoing suffering. Australia's commitment to our international development assistance program reflects this aspect of the Australian character. We are, for example, committed to do our part to improve the lot of more than a billion people who still live in poverty.

Poverty is one of the greatest challenges of our time. We know that poverty not only blights the lives of individuals but contributes to national instability and conflict.

Australia's development assistance focus on poverty is guided by the Millennium Development Goals, the internationally agreed targets for poverty reduction, and by the aid program's objective *to assist developing countries to reduce poverty and achieve sustainable development in line with Australia's national interest.*

Australia's standing as a good international citizen, working regionally and internationally, is critical to promoting and advancing Australia's foreign policy and national interests.

A strong and effective aid program advances Australia's reputation and our influence in the international community.

The Prime Minister's First National Security Statement identified *'an international environment, particularly in the Asia-Pacific region, that is stable, peaceful and prosperous'* as one of Australia's key national security interests.

It is strongly in Australia's national interest to support stability and economic development in our region and throughout the world through assistance to the people and governments of developing countries.

Australia's location in the developing Asia-Pacific region, and the contribution of our aid program to the stability and economic progress of our near neighbours, means Australia's aid program is more closely aligned with our national interest than is the case for most developed countries.

Our aid program is not separate from our foreign policy. It is a crucial part of it.

Core Principles of Australia's Aid Program

The Australian Government has committed to increase Australia's official development assistance (ODA) to Gross National Income (GNI) ratio to 0.5 per cent by 2015-16.

In doing so we are committing to an aid program that is stronger, more effective and in Australia's national interest.

The core principles of Australia's aid program are:

- accelerating progress towards the Millennium Development Goals;
- a recognition that while economic growth is the most powerful long-term solution to poverty, economic growth will not, by itself, deliver fair and stable societies;
- a strong emphasis on the Asia-Pacific, while also increasing our efforts in Africa and South Asia;
- an emphasis on the power of education to promote development; and
- a commitment to continue to improve effectiveness.

These principles will guide the aid program in delivering sustainable development gains.

The Millennium Development Goals

At the United Nations' Millennium Summit in September 2000, the nations of the world agreed on the eight Millennium Development Goals (MDGs).

The MDGs provide a focus for international efforts to reduce global poverty by 2015.

The goals include halving extreme poverty, getting all children into school, making women more equal, reducing child and maternal deaths and lives lost to HIV and malaria, and protecting the environment (see Diagram 1 on page 10).

The Australian Government is committed to the MDGs and has brought them to the centre of Australia's aid program.

Economic Growth

Economic growth remains the most powerful long-term solution to poverty. Australia's development assistance program will maintain strong support for activities that promote economic growth.

Generating jobs is a key to economic progress and the aid program will support increased employment opportunity and income generation in developing countries

through investments in areas such as infrastructure, rural development, land reform and financing (including microfinance).

These investments, at the local level, support an environment where individuals and the private sector will be better able to take initiative, see the rewards of improved productivity and bring the fruits of their labour to markets.

Even in turbulent times, the global economy holds long-term opportunities. Our development efforts will focus on helping developing countries ensure that even their poorest citizens have access to these opportunities.

But improvements in economic growth alone are not enough. Economic prosperity can be fragile. Recent international shocks, including the global recession, demonstrate how economic growth can be easily reversed.

Australia has demonstrated economic resilience in the face of the current economic crisis. Our aid program has an important role in developing similar resilience in developing countries.

In the face of the global recession, the aid program will help developing countries respond, by supporting the most vulnerable and restoring progress towards the MDGs. In the longer term, the aid program helps to ensure that economic growth is translated into development that is accessible by all, fair and environmentally sustainable.

Evidence over the long-term has shown that economic integration with the global economy underpins durable development and allows countries to take better advantage of global growth. Australia will support developing country access to international markets and their capacity to negotiate better trade outcomes in the international arena as well as strengthening regional trade institutions.

Asia-Pacific Focus

Australia will continue to focus its development efforts in the Asia-Pacific region where we have special responsibilities and interests.

In Asia, development assistance deepens and diversifies our bilateral relationships as we support partner countries' development and poverty reduction plans.

In the Pacific, economic growth has been slow, several countries have failed to keep pace with growing populations and there are a number of fragile states.

Australia is committed to working in partnership with developing countries. Our new approach, Pacific Partnerships for Development, provides the model for the future.

The Pacific Partnerships for Development, launched by Prime Minister Rudd as part

of the 2008 *Port Moresby Declaration*, mark a new era of cooperation with Pacific Island countries. They are a framework for Australia and its neighbours to commit jointly to achieving shared goals. They are based on principles of mutual respect and responsibility. The Partnerships help focus development efforts on achieving concrete outcomes within agreed timeframes. With developing countries in the lead, these new partnerships require commitments from all parties and a readiness to measure and report transparently on results.

Working in partnership means that increasingly Australia will work through, rather than alongside, different countries' own systems of government and service delivery.

This will involve changing the way we provide financial assistance and design and deliver programs, but in the longer term it will lead to stronger local capacity and ownership of the results.

Broadening the Geographic Scope

While the Asia-Pacific remains the geographic core of the program, our responsibilities do not end there. As we are serious in our commitment to realising the MDGs, we will engage more deeply in other regions.

Australia is committed to broadening and deepening our engagement in Africa. In view of the extreme poverty and need in many African countries and our growing economic, people-to-people and cultural links with the continent, Australia will contribute to development and economic progress in Africa.

In South Asia, India's growth is making progress in reducing poverty, but in other parts of the region threats to regional and global security are increasing alongside instability and poverty. For these reasons Australia is also enhancing our engagement in South Asia and we will continue our work in Afghanistan and Pakistan, where our aid program forms part of our wider security agenda.

The Power of Education

Unless we attend to the long-term skills development and capacity building of the people in the developing world, they will continue to face significant problems in generating and maintaining sufficient economic progress.

Education is one of the highest impact development measures. It is critical to the achievement of all the MDGs and to other development outcomes. Education enables people to participate actively in their societies, increases access to employment and other sources of income, and opens up opportunities. Education also delivers benefits down-stream in health, governance, productivity, gender equality and nation-building.

Education is a flagship sector of Australia's increased aid program and will become

the program's largest sector with support extending from basic education to technical and vocational skills training and improving tertiary level qualifications.

Leadership is also critical to the success of development efforts: political leadership as well as community and technical leadership. The aid program will build upon Australia's 50-year history of providing scholarships by increasing the number of scholarship places available to strengthen the skills of leaders in developing countries. By building our relationships with leaders we can strengthen our partnerships with developing countries and help to foster the growth of durable institutions within those countries.

Effectiveness

It is essential that aid funding is used effectively to provide genuine improvements in people's lives. The gains must be durable, leading to an increase in the number of people lifted permanently out of poverty.

To achieve this, the world's poor need their most basic needs met while work continues to improve their long-term prospects and opportunities.

Development is a complex process. Government policies, national and international capacity, corruption, conflict, migration and private cash flows all have an impact on countries' development. To be effective the aid program must adapt to the circumstances in each country. This is particularly the case in fragile states where Australia delivers much of its aid.

Development is also a long-term process and achieving lasting progress depends on the sustained commitment of developing country governments, donors, and civil society organisations. The creation of genuine partnerships with partner governments, with agreement on goals and the use and strengthening of their systems, will in the long term strengthen their ability to deliver to their own people.

Transparency and accountability are also critical. Australia will continue to publish comprehensive and detailed information about aid in a form that is easily accessible. Public reporting will build understanding of the aid program within the Australian community and help strengthen evidence-based policy and budget decision-making.

Key Themes

In addition to the core principles, other key themes of the aid program are:

- a renewed commitment to food security and rural development;
- health – the subject of three of the MDGs;
- governance;
- fair development accessible to all;

- environmental sustainability;
- a focus on multilateral engagement;
- closer cooperation with Australian non-government organisations (NGOs); and
- humanitarian assistance and disaster risk reduction.

Food Security and Rural Development

Even before the global recession, millions of the world's poorest people were being pushed deeper into poverty as a result of rising food prices.

Australia is committed to a comprehensive response to this issue.

One of many factors which has driven the increase in food prices is a decline in international investment, including in Australia, in agricultural productivity.

If the world is to continue to feed a growing population on a fixed or shrinking area of arable land then agricultural productivity must be increased.

Australia can and should lead this work, and through agencies such as the Australian Centre for International Agricultural Research we have a strong capacity to do so.

Rural development and food security will also be enhanced through measures to strengthen agricultural markets and to support communities to purchase sufficient food.

Health

Health is a prerequisite to development and poverty reduction. Poor health is both a cause and consequence of poverty and it is the focus of three MDGs.

Inadequate health services, poor sanitation and lack of access to water compound disadvantage and impede development.

Australia will support the wellbeing of the poor by focusing on areas such as maternal and child health, and providing sanitation and safe water. Weak health systems contribute to poor health outcomes, with women and children most affected.

Australia will also help to strengthen health systems to achieve better and long-lasting health impacts, leading to healthier and more productive lives.

Australia is committed to reducing the impact of disease, particularly HIV/AIDS, malaria and tuberculosis, and will support international efforts in prevention, treatment and care, particularly in high-risk populations.

Governance

Good governance is critical to development. Most importantly, effective governance supports the rule of law and the delivery of basic services such as health and education.

The extent of Australia's engagement with fragile states increases the importance of governance within the aid program.

Capacity building forms an important part of Australia's approach to supporting effective governance. Helping to enhance the capacity of partner countries to manage their own affairs is central to Australia's development assistance efforts.

Governance programs will also support anti-corruption measures and the development of leaders and civil society organisations in partner countries.

Fair Development Accessible to All

The Australian Government is committed to fair development: the benefits of development should be accessible and available to all.

This is a goal in itself, but a fairer society – particularly to the extent that women have the opportunity to fully participate in society – also advances development.

The aid program will have an ongoing focus on gender equality and on helping marginalised and disadvantaged groups. In particular, we will seek a balance between urban and rural development and, through the *Development for All* strategy, ensure people with a disability benefit from development gains.

Associated with the advancement of equity and wellbeing of all people, is the defence and promotion of human rights. Australia explicitly recognises the importance of human rights to development. Australia is committed to promoting and protecting human rights – civil, political, economic, social and cultural. Australia will advance human rights at all levels – through positive multilateral engagement, genuine bilateral partnerships, regional initiatives and support to civil society and NGOs.

Environmental Sustainability

The durability of development is linked with environmental sustainability. People living in poverty in developing countries are especially vulnerable to damaged environments.

The pace of development and urbanisation creates environmental pressures. Water resources are growing scarce, land is being degraded and some ecosystems are no longer able to support the demands of growing populations.

The adverse effects of climate change are a growing threat to global development and pose significant challenges for developing countries.

The Australian aid program will work with our bilateral partners and the international community to address issues such as climate change, deforestation, biodiversity and water and energy resources.

Commitment to Multilateral Engagement

In most cases Australia will work primarily with national governments to ensure our development activities have the committed support of those we assist.

Many development challenges, however, require global and coordinated responses and multilateral agencies often provide the most effective way to assist in responding to challenges such as humanitarian crises, addressing global disease threats and assisting people displaced by conflict.

Working strongly with these agencies is consistent with the commitment to multilateralism which is one of Australia's three foreign policy pillars.

For the Australian aid program this means increased engagement with other multilateral development organisations, including the United Nations, and with the multilateral development banks. This deeper engagement will be reflected in increases in financial support and a greater involvement in strengthening the effectiveness of the multilateral system.

The Government is also deepening its partnership with Australian NGOs and civil society organisations. This will increase the Australian community's involvement in our efforts to reduce poverty internationally.

Humanitarian Assistance

Natural disasters and conflict can have catastrophic impacts on development prospects. Developing countries are particularly vulnerable to the impact of these events as they have limited capability to respond.

Drawing on our own experience with natural disasters, Australia's good reputation in responding quickly and practically to humanitarian crises is well recognised.

The quality of Australia's humanitarian response will be maintained and further strengthened through work to develop Australia's own preparedness and response capabilities and to improve national and international approaches to disaster risk reduction, stabilisation, early recovery, peace building and the rule of law, state building in complex environments, and pandemic disease preparedness.

Australia will support international, local and Australian agencies with extensive experience in relief operations to prepare for and respond to disasters and other

humanitarian emergencies.

Conclusion

There is a great deal to be done to achieve the Millennium Development Goals, which are at the centre of Australia's aid program. The global recession will only make this more difficult.

To work towards these goals and to lift more than a billion of the world's people out of poverty, Australia is committed to an aid program that is generous, effective and in our national interest – a program that is worthy of Australians' generosity and practicality and which enhances Australia's reputation as a good international citizen.

Diagram 1: Millennium Development Goals

The Millennium Development Goals (MDGs) are a set of global development objectives to be achieved by 2015 that were unanimously adopted at the United Nations Millennium Summit in September 2000. They represent an unprecedented global unifying force for reducing poverty and enhancing human development. Attainment of the eight individual goals is to be measured by progress against associated targets, developed during and since the Summit.

1	Eradicate extreme poverty and hunger	▶	<ul style="list-style-type: none"> • Halve the proportion of people whose income is less than one dollar a day • Achieve full and productive employment and decent work for all, including women and young people • Halve the proportion of people who suffer from hunger
2	Achieve universal primary education	▶	<ul style="list-style-type: none"> • Ensure that children everywhere, boys and girls alike, complete a full course of primary schooling
3	Promote gender equality and empower women	▶	<ul style="list-style-type: none"> • Eliminate gender disparity in all levels of education
4	Reduce child mortality	▶	<ul style="list-style-type: none"> • Reduce by two thirds the under five mortality rate
5	Improve maternal health	▶	<ul style="list-style-type: none"> • Reduce by three quarters the maternal mortality ratio • Achieve universal access to reproductive health
6	Combat HIV/AIDS, malaria and other diseases	▶	<ul style="list-style-type: none"> • Halt and begin to reverse the spread of HIV/AIDS • Achieve universal access to treatment for HIV/AIDS for those who need it • Halt and begin to reverse the incidence of malaria and other major diseases
7	Ensure environmental sustainability	▶	<ul style="list-style-type: none"> • Integrate the principles of sustainable development into country policies and programs; reverse loss of environmental resources • Reduce biodiversity loss • Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation • Achieve significant improvement in the lives of at least 100 million slum dwellers, by 2020
8	Develop a global partnership for development	▶	<ul style="list-style-type: none"> • Targets cover: trading and financial systems, the special development needs of disadvantaged states, debt sustainability, affordable access to essential drugs and access to information and communications technologies

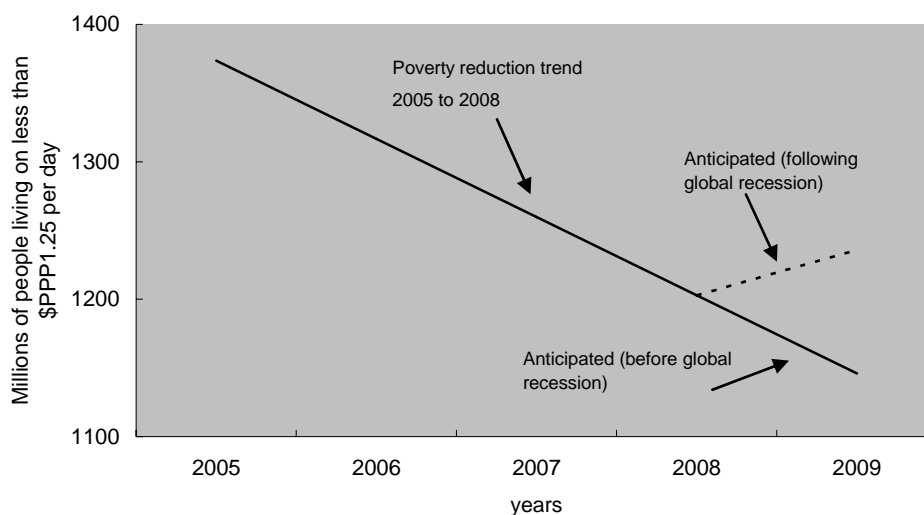
RESPONDING TO THE GLOBAL RECESSION

Context

The past year has seen a dramatic change in the prospects of developing countries due to the effects of the global recession. Declines in foreign direct investment, export revenue, remittances, tourism and other adverse impacts of the recession will reduce economic growth and, in turn, may unravel progress towards the Millennium Development Goals (MDGs). World Bank forecasts released on 31 March 2009 indicate that global economic growth will contract by 1.7 per cent in 2009, compared to 1.9 per cent positive growth in 2008. Developing countries' combined growth will fall to 2.1 per cent, or to zero per cent excluding China and India.¹

The impacts on growth will vary across the developing world² but overall will have an enormous human cost. Poverty reduction gains will be substantially lower as a result of the recession. Based on economic growth projections made in late March, it is estimated that up to 90 million extra people world-wide (62 million in Asia) will live in extreme income poverty in 2009 as a result of the global economic slowdown. This represents not just a slowing but a reversal in the global extreme poverty reduction trend since 2005, with the global number of extreme income poor rising to over 1.2 billion people in 2009 (see Diagram 2).³ Further upward revisions to poverty projections may occur as further information becomes available on the depth and extent of the global recession.

Diagram 2: Global Trends in Extreme Poverty



An obvious manifestation of the global economic slowdown in developing countries will be increased unemployment, under-employment and loss of income. Numbers of working poor are projected to rise by more than 200 million.⁴ For example, many laid-off formal sector workers will be forced into low-income jobs in the informal and rural sectors.

The United Nations Children's Fund (UNICEF) has raised the prospect that the global recession will create inter-generational poverty traps as children leave school to find employment to supplement family incomes or are withdrawn by parents no longer able to afford education costs.⁵ Previous economic crises have displayed evidence of increases in child mortality and morbidity, child exploitation, violence against women and children and other forms of abuse.⁶ Current World Bank projections indicate that an average of 200,000 to 400,000 more infants may die each year if the current recession persists.⁷ Widespread job losses in urban, export-oriented sectors will increase unemployment and push more workers into low-income occupations and working poverty. Women are likely to be disproportionately affected, increasing vulnerability to trafficking or exploitation.

The global recession will generate enormous difficulties for developing country governments. While needing to help newly vulnerable populations, they will have less tax and other revenue to fund crisis responses and to maintain basic services such as health and education. This places a special responsibility on donor governments to support developing country counterparts to generate employment and help limit the scale of the human impacts.

The recession is a global challenge requiring global solutions. G-20 members, including Australia, have reaffirmed their commitment to achieving the MDGs. G-20 members have recognised that the current crisis will impact disproportionately on the vulnerable in the poorest countries and that there is a collective responsibility to mitigate its social impact.

Response

Major new multi-year commitments will be made to improve food security and build community resilience through rural development (\$464.2 million over four years) and support high priority infrastructure needs (\$454.2 million over four years). Australia's funding will also assist partner governments sequence and implement key reforms through performance-linked aid (\$336.1 million over four years).

A Global Economic Crisis Taskforce has been established in AusAID to coordinate a comprehensive aid response to the global recession, as part of broader whole-of-government efforts. The AusAID taskforce has overseen a rapid review of existing programs to assess partner government needs arising from the recession and to identify the most effective means of support.

The objective of Australia's aid response to the global recession is to maintain progress towards the MDGs and to support early, sustainable recovery. Priority will be given to

generating employment and restoring growth; supporting delivery of basic services, such as health care and education, to the poor; and helping the vulnerable. AusAID will strengthen monitoring and analysis on the path and impacts of the recession, ensure existing programs are responsive to changing needs, and seek opportunities to support priority policy and structural reforms.

Australia will work closely with other donors, in particular the World Bank and the Asian Development Bank (ADB) to support global response efforts and to analyse regional and country-specific needs and design appropriate responses. Australia will contribute to a 200 per cent general capital increase for the ADB (see page 66 for details). This contribution will significantly expand the ADB's capacity to lend to developing member countries in the Asia-Pacific region, assisting governments and the private sector reduce poverty.

GENERATING EMPLOYMENT AND RESTORING GROWTH

Increased efforts to generate employment will be an essential component of an effective response to the global recession in almost all developing countries. Keeping people in work, even on minimal incomes, helps to maintain essential household purchases and promotes social stability, especially in countries where systems of social protection are weak.

The employment generation impacts of existing aid programs in infrastructure and enterprise development will be boosted significantly by 2009-10 budget initiatives in rural development and food security (see page 20 for details) and economic infrastructure (see page 23 for details). Emphasis will be given to labour-intensive public works programs, such as road maintenance, especially in regional areas, where alternative employment opportunities are scarce. Programs to increase employment opportunities will be targeted to groups most affected by the recession, such as women in export-oriented industries or rural youth. Australian support for technical and vocational training will also continue to be expanded.

Sustaining investment in infrastructure, including maintenance, is also critical to avoid exacerbating future infrastructure bottlenecks which will lengthen the impact of the recession and slow economic recovery.⁸

Established and successful programs of support in economic governance in the Asia-Pacific region have positioned Australia well to assist developing country partners to implement structural changes that will better prepare them for economic recovery and increase their overall resilience to future economic shocks. Potential areas for increased support may include efforts to promote private sector activity, including privatisation of poorly performing state-owned enterprises, increased tendering of inefficient government services such as road maintenance and wider efforts to improve the business-enabling environment.

The need for policy and regulatory reform to address the causes of the global recession is widely recognised. The global recession provides both an opportunity and a

rationale to move more quickly to address overdue reforms, in areas as diverse as financial regulation, trade, competition and public sector improvement.

SUPPORTING SERVICE DELIVERY

Maintaining and increasing aid spending in education and health will have a positive impact on society's most vulnerable. It will, for example, reduce the pressures on children to leave school. Such assistance will also have an impact on the longer-term human capacity in developing countries by minimising serious regression or lags in basic education for the current generation of children. There is likely to be greater demand for basic public health services at the community and facility level with less ability to pay out-of-pocket expenses. Australia will work with partner countries to ensure aid spending is effectively targeted towards minimising recession impacts on the delivery of essential services. Appropriate actions to support maintenance of basic health and education services may include increased school-based grants, fee relief, and funding to maintain essential pharmaceutical supplies to health centres.

As government revenues decline it will be important to focus limited resources on essential health, education, and economic infrastructure services. Australia will assist partner countries to assess fiscal gaps, re-prioritise expenditures and improve the quality of budgeting and expenditure management. Budget initiatives in 2009-10 to increase the use of performance-linked aid (see page 34) and improve transparency and accountability in government (see page 33) will support partner country efforts.

HELPING THE VULNERABLE

The impact of the global recession will be felt differently in different countries, with particular groups more vulnerable in some countries than others. The most vulnerable groups include:

- those just above the poverty line who have limited access to alternate sources of income in an economic downturn;
- children of poorer households who may suffer malnutrition, be subject to neglect or violence or who may need to leave school to seek work;
- those engaged in trade-exposed industries;
- poor pregnant women, newborn babies and infants who may have less access to appropriate medication and nutrition; and
- marginalised groups, such as ethnic minorities, the rural poor and people with a disability.

Australia will work with partner governments, civil society groups and other development partners to improve the quality and timeliness of vulnerability assessments particularly in the Asia-Pacific region.

To support those most at risk of falling into extreme poverty and avoid the risks of life-long 'poverty traps' social protection programs may include:

- conditional cash transfer programs, such as payments made to parents for children attending school;
- nutrition and feeding programs in schools or for pregnant and lactating women and infants; and
- micro-insurance programs to support informal sector livelihoods.

INTERNATIONAL DEVELOPMENT ASSISTANCE BUDGET 2009-10

The Government will provide an estimated \$3,818 million in official development assistance (ODA) in 2009-10, of which \$3,334 million will be managed by AusAID. The ratio of Australia's ODA to Gross National Income (ODA/GNI ratio) is estimated at 0.33 per cent for 2008-09. In calendar year 2008, Australia provided a total of \$3,840 million in ODA, representing a 0.34 per cent ODA/GNI ratio. This is above the preliminary 2008 weighted average ODA/GNI ratio for the Organisation for Economic Cooperation and Development (OECD) donor community as a whole of 0.30 per cent but significantly below the average donor country effort of 0.47 per cent. This Budget increases Australia's ODA/GNI ratio to 0.34 per cent.

Table 1 shows the composition of Australian ODA, including ODA managed by AusAID.

Table 1: Composition of Australian ODA

	Notes	Actual (\$m)	Budget	Estimated	Budget
		2007-08	Estimate (\$m) 2008-09	Outcome (\$m) 2008-09	Estimate (\$m) 2009-10
AusAID Country Programs	a	1,738.4	2,131.1	2,215.9	2,329.4
AusAID Global Programs	b	853.9	768.0	809.3	877.9
AusAID Departmental	c	108.8	129.7	130.5	133.5
ACIAR	d	51.7	51.9	53.3	60.9
Other Government Departments	e	417.4	563.5	698.0	322.9
Adjustments	f	3.4	-95.7	-117.4	-6.9
Funds approved but not yet allocated			111.3		101.2
Total ODA	g	3,173.7	3,659.9	3,789.6	3,818.8
Real change over previous year outcome	h			12.2%	2.0%
ODA/GNI ratio		0.30%	0.32%	0.33%	0.34%

Notes: see page 75.

The 2008-09 Estimated Outcome includes \$296.6 million in debt relief for Iraq.

Economic circumstances require some small adjustment to previous plans for scaling up ODA in the near term. Despite this, the Government expects to increase Australia's ODA levels to equivalent to 0.35 per cent of GNI in 2010-11, 0.37 per cent of GNI in 2011-12, and 0.40 per cent of GNI in 2012-13. Increased Australian aid will be directed first to achieve faster progress towards the internationally agreed MDGs.

Table 2 shows total Australian ODA from all agencies and programs attributable to partner countries and regions.

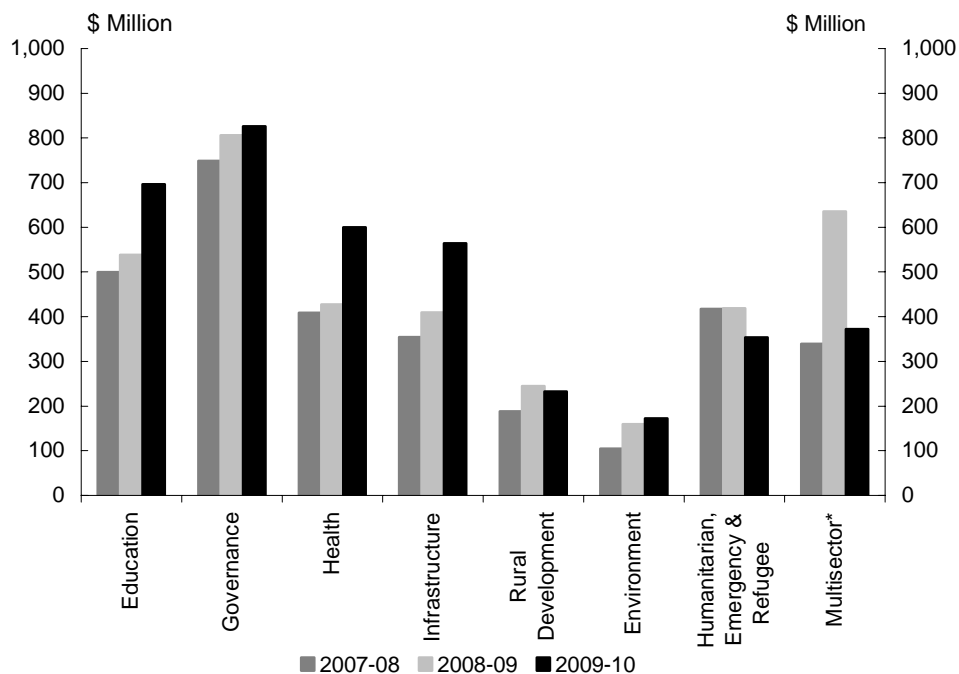
Table 2: Australian ODA by partner countries and regions

Country / Region	Notes	Actual (\$m)	Budget	Estimated	Budget
		2007-08	Estimate (\$m)	Outcome (\$m)	Estimate (\$m)
			2008-09	2008-09	2009-10
Papua New Guinea		374.0	389.4	400.3	414.3
Solomon Islands	a	237.5	236.4	245.0	246.2
Vanuatu		41.0	51.8	53.6	56.3
Fiji		34.8	26.9	37.9	35.4
Tonga		18.2	19.3	19.4	21.3
Samoa		18.4	28.3	31.8	32.4
Kiribati		8.7	18.4	16.0	17.7
Tuvalu		6.5	6.3	7.4	7.5
Nauru	b	28.4	26.6	26.1	23.4
Micronesia	c	4.7	6.5	7.1	7.7
Cook Islands		4.1	5.1	4.1	3.1
Niue and Tokelau		2.7	2.7	3.0	3.1
Regional and Other Pacific	d	84.0	181.9	140.9	222.5
Papua New Guinea and Pacific		862.9	999.5	992.8	1,090.9
Indonesia	e	420.4	462.0	482.4	452.5
Philippines		102.7	109.3	112.1	123.0
Vietnam		91.3	93.1	95.9	105.9
Cambodia		45.4	55.0	52.5	61.4
Laos		27.0	27.8	26.3	36.0
East Timor		89.1	96.3	103.5	117.0
Burma		42.0	16.1	44.0	29.1
China		44.9	34.8	37.8	37.0
Mongolia		4.4	5.2	10.5	6.4
Thailand		8.8	4.3	6.1	4.5
East Asia Regional	f	93.8	134.8	113.4	100.6
Indonesia and East Asia		969.7	1,038.7	1,084.5	1,073.5
Africa		101.0	116.4	132.0	163.9
Bangladesh		52.7	52.6	49.4	61.2
Sri Lanka		27.7	27.0	33.9	35.6
India		12.7	5.4	15.3	13.7
Nepal		12.0	8.2	11.6	15.8
Maldives		3.0	4.6	3.6	3.7
Bhutan		3.7	3.2	4.3	4.8
South Asia Regional	g	11.1	12.5	8.8	15.1
Pakistan		33.5	30.5	38.6	58.8
Afghanistan		139.9	122.4	144.2	88.7
Iraq		22.2	313.4	372.8	44.7
Palestinian Territories and Other Middle East		44.9	31.3	44.7	32.3
Africa, South and Central Asia, and Middle East		464.5	727.5	859.1	538.3
Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions	h	873.2	878.6	970.5	1,022.0
Adjustments	i	3.4	-95.7	-117.4	-6.9
Funds approved but not yet allocated			111.3		101.2
Total ODA	j	3,173.7	3,659.9	3,789.6	3,818.8

Notes: see page 75.

As Australia's ODA increases to 0.50 per cent of GNI by 2015-16, Australia's aid program will focus more on sectors influencing MDG outcomes through growth and basic service delivery. Over time this will have a major impact on the shape of Australia's aid program, for example as education becomes its flagship sector and as the share of Australian ODA to health, infrastructure and rural development also increases. In 2009-10 key sectoral shares will increase to education (up by 29 per cent, see page 24 for details), health (up by 40 per cent, see page 27 for details), and infrastructure including transport and water supply and sanitation (up by 38 per cent, see page 22 for details). Diagram 3 illustrates the estimated sectoral breakdown of Australia's development assistance by major sectors for 2009-10, compared to previous years.

Diagram 3: Estimated breakdown of Australian ODA by sector



*'Multisector' includes debt relief. The significant change in multisector ODA is due to a one-off payment relating to the final tranche of debt relief for Iraq recognised in 2008-09.

PRIORITIES FOR AUSTRALIA'S DEVELOPMENT ASSISTANCE

ECONOMIC GROWTH

The global economic slowdown demonstrates clearly the link between broad-based economic growth and sustained improvements in the lives of the poor. In response to the global recession, Australia will increase its aid in areas that support broad-based growth and employment generation, in particular in rural development, infrastructure and private sector development, including financial services.

RURAL DEVELOPMENT

Context

The effects of ongoing food price volatility, together with serious oil price fluctuations and falls in global economic growth have been devastating for the poor. According to the United Nations, there are currently close to one billion malnourished people globally.⁹ Although prices for staple commodities such as wheat, rice, soybeans, corn and palm oil have eased since the peaks experienced in early 2008, they remain high compared to pre-2006 prices. Volatile food prices combined with the global recession will mean increased hunger and risk of malnutrition, particularly amongst the landless poor, children and women.

Global population growth of one per cent per year, increased consumption and the diversion of food crops for biofuel production and for intensive feeding of livestock, have all increased the total global demand for food, resulting in food shortages in particular countries. Changes in climatic conditions, soil degradation, scarcity of arable land, a decline in the standard of rural infrastructure and use of outdated agricultural practices have affected the global community's capacity to respond. Over 90 per cent of the poor in East Asia and the Pacific live in rural areas with most dependent on agriculture and fisheries for their livelihoods. A decrease over the past several decades in investments in agriculture and agricultural research and development has compounded the problems in developing countries of food insecurity and persistent rural poverty.

Response

Direct spending on rural development is estimated to be \$230 million in 2009-10, or approximately six per cent of total ODA. Australia's response will include both short and medium-term investments to support increased agricultural productivity, better functioning of rural markets, trade reform, improved fisheries management and removal of barriers to rural private sector growth. Action to extend social protection

measures will be a major component of the Government's aid response to the global recession.

A 2009-10 budget initiative to address food security through rural development, costing \$464.2 million over four years (see Box 1) is a central component of Australia's action plan, announced by the Government in May 2008, to improve long-term food security. In 2009-10, programs promoting food security through rural development will be expanded in East Asia, South Asia and the Pacific. For example, a Pacific Regional Agricultural Marketing Access Program will increase agricultural exports to Australia and other destinations by helping Pacific Island countries meet trading partners' quarantine requirements. Consistent with Australia's increased attention to development needs in Africa, support for increased agricultural productivity and social protection programs in Africa will be a focus of increased Australian assistance.

Box 1: Food Security through Rural Development

The Government will invest \$464.2 million over four years, to support increases in food production globally and strengthen the ability of selected countries in the Asia-Pacific region and Africa to address food insecurity. Targeting major causes of food insecurity, the initiative consists of three components.

The first component will **lift agricultural productivity**, by working with other donors and research institutions using environmentally sustainable approaches. A key strategy will be to invest in the critical science and innovation upon which productivity depends. Core funding will be increased for the Consultative Group on International Agricultural Research (CGIAR). The international research centres that are members of CGIAR include the World Fish Centre, the International Rice Research Institute, the Africa Rice Centre and the International Institute of Tropical Agriculture. Additional funding for Australian Centre for International Agricultural Research (ACIAR) will expand its support for collaborative research partnerships between Australian researchers and their counterparts in developing countries. Partnerships will be enhanced with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and other centres of Australian expertise.

The second component will **improve rural livelihoods**, through improving the functioning of markets in ways that increase job opportunities and incomes for the rural poor. Key markets targeted will include agricultural input and output markets, land, finance and labour markets. This component will also help Pacific Island countries to achieve better returns from sustainable management of tuna fisheries and coastal fisheries. Expanded assistance will increase poor people's access to financial services, including savings and insurance schemes and microfinance.

The third component will **build community resilience**, through supporting social protection mechanisms to enable vulnerable people to withstand natural and economic shocks that increase food prices. The initiative will strengthen and expand existing formal and informal social protection programs — such as school feeding programs, micro-insurance, crop insurance and food and cash-for-work programs — implemented by governments, NGOs and church groups, and support the creation of new mechanisms where none exist.

Increased funding will build on successful current large-scale program support (such as agricultural livelihoods training in 45 provinces of Vietnam) as well as smaller-scale projects (such as assisting local farmers in the Solomon Islands to identify better performing varieties of subsistence root crops). The Australian Centre for International Agricultural Research (ACIAR) will play an expanded role in Australia's increased support for measures to improve food insecurity and rural development. Australia will also provide increased core funding for the Consultative Group on International Agricultural Research (CGIAR) with the aim of increasing the rate of productivity growth for food crops, livestock and fisheries.

MICROFINANCE AND FINANCIAL SERVICES

From 2009-10, Australia will facilitate economic growth through expanded support for microfinance activities in both urban and rural areas. This will enable poor people, who commonly lack collateral or are considered too costly to serve, to access affordable small-scale financial services such as deposits, loans, remittance transfer systems and insurance. New assistance will increasingly support activities in the Pacific, Papua New Guinea and East Timor, and Africa and West Asia, including Afghanistan and Iraq. In this work Australia will draw on partnerships with NGOs, regional network organisations and the private sector.¹⁰ Financial support for the Consultative Group to Assist the Poor, a World Bank policy and research body which disseminates best practice advice on microfinance, will continue.

INFRASTRUCTURE

Context

Poor infrastructure is a major constraint to economic development and achievement of the MDGs. Conversely, infrastructure investment has a demonstrated positive impact on economic growth and poverty reduction. Reliable transport infrastructure improves access to services and markets, encourages entrepreneurial activity and promotes economic integration. Improved water and sanitation services help reduce water-borne and vector-borne diseases. Information and communication technology promotes broad-based growth through greater integration of markets and economies. Reliable and affordable energy supplies promote agricultural and private sector development and improve living standards in poor households.

Two-thirds of people globally who are without reliable access to clean water live in the Asia-Pacific. Of the region's 3.8 billion people, over half do not have access to sanitation, and an estimated one billion people still lack electricity.¹¹

East Asia performs poorly in terms of infrastructure quality. *The Global Competitiveness Report* for 2008-09, published by the World Economic Forum, shows that Indonesia, Vietnam, Cambodia, East Timor and the Philippines rank 80th and lower of the 134 countries included in the study in terms of quality of overall infrastructure.¹²

In the Pacific, significant socio-economic benefits have resulted from increased investment in infrastructure provision, maintenance and policy reform. In Papua New Guinea, for example, keeping major roads in good condition is demonstrated to have stimulated agricultural diversification and led to a reduction in the proportion of households below the poverty line. Support for policy reforms in the telecommunications sector in Vanuatu will enable an expansion in telecommunication coverage from 20 per cent to an expected 85 per cent of the population by December 2009.

Response

Direct spending on infrastructure and water and sanitation will increase to over \$560 million in 2009-10, or approximately 15 per cent of total Australian ODA, up from only \$350 million in 2007-08. Increased funding will help partner governments maintain and enhance investments in essential infrastructure, while generating jobs and improving service delivery, in response to the unfolding global recession.

Major components of infrastructure assistance in 2009-10 will comprise support for transport (45 per cent of total infrastructure expenditure), water and sanitation (30 per cent) and energy sector development (12 per cent) (see Diagram 4 on page 23).

Australia's support for transport infrastructure focuses on improving access to markets and essential services. Major programs are underway in Indonesia, the Philippines, the Greater Mekong sub-region, East Timor, Papua New Guinea and the Pacific.

In 2009-10, programs will be expanded to cover support in information communication technology and energy sub-sectors. For example, Australia will work with the Government of Indonesia to reform communication bandwidth pricing and licensing; facilitating new technologies and providing a source of revenue to continue development of this sector. A Pacific Regional Infrastructure Facility coordinates major donor support for improvements in basic infrastructure services in Pacific Island countries including in transport, water and sanitation, energy, telecommunications and utility reform.

From 2009-10 investment in infrastructure will be boosted by a major new budget commitment (outlined in Box 2 on page 23).

Water and sanitation is a growing sub-sector in Australia's infrastructure aid with expenditure of approximately \$165 million in 2009-10. New investments of \$300 million over three years from 2008-09 are improving access to clean water and sanitation, fundamental to improving health outcomes. Australia will assist countries to expand basic sanitation services, increase hygiene promotion, and increase urban and rural water supply and sanitation infrastructure in Asia, the Pacific and Africa. In East Timor, for example, Australia will support national and district level governments to plan water and sanitation activities and develop policy. In Vietnam, Australia, in conjunction with other key donors, will support a National Target Program for Rural Water Supply and Sanitation, with a community focus on hygiene promotion.

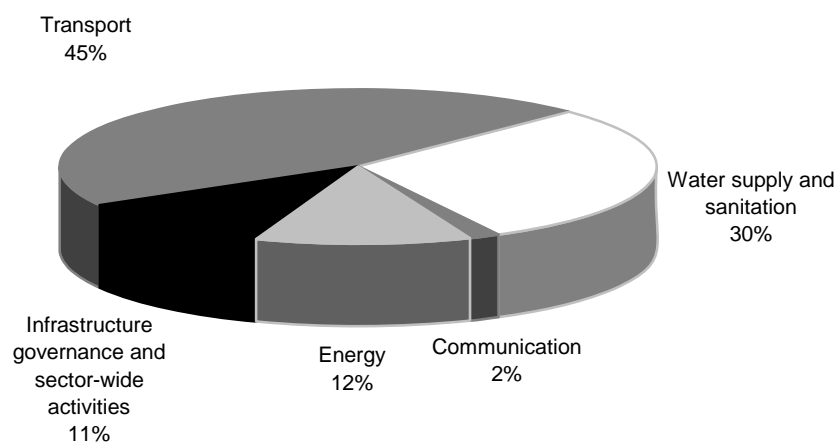
Box 2: Economic Infrastructure Initiative

The Government will invest \$454.2 million over four years, to support partner countries to reduce poverty and achieve economic growth through improved infrastructure. The initiative will focus on funding infrastructure needs and improving infrastructure activities' development impact in East Asia and Papua New Guinea.

One component of the initiative will **fund high priority basic infrastructure**. Planned activities include: extension of rural electrification in Vietnam, Cambodia and Laos; rehabilitation and maintenance of provincial roads in the Philippines and Indonesia; labour intensive public works as a means of generating employment; and maintenance of key transport infrastructure in Papua New Guinea as agreed under the bilateral Partnership for Development.

The second component will (i) **strengthen the capacity of infrastructure agencies** and (ii) **support conditions for increased infrastructure financing**. This component will strengthen the corporate structures and management capacity of infrastructure delivery agencies. It also contributes to an enabling environment and governance conditions that make increased, recurrent infrastructure financing an attractive proposition for government and the private sector. Both activities will enable infrastructure assets to be better operated and maintained.

Diagram 4: Infrastructure: estimated ODA by sub-sector 2009-10



EDUCATION

Context

The number of children enrolled in primary school worldwide has risen from 647 million to 688 million over the six year period from 2000.¹³ However, there are still 75 million children of primary school age who are not enrolled. Over 27 million of these children live in Asia and the Pacific.¹⁴ Children who miss out on a full basic education are overwhelmingly poor, female, living in remote locations, from ethnic minorities or with a disability.

It is estimated that an additional US\$11 billion annually is required to meet basic education needs in developing countries.¹⁵ This funding gap is likely to increase as the global recession places greater pressure on developing country budgets. Failure to bridge this gap will result in failure to achieve the Education for All goals,¹⁶ including the MDG of universal primary education by 2015. This in turn is likely to undermine the chances of achieving other MDGs, and limit the growth in knowledge and skills needed for future growth.

Even in countries with high enrolment rates, such as the Philippines and Indonesia, overall education quality is often inadequate, with major weaknesses in basic literacy and numeracy. In a recent international reading literacy study less than 20 per cent of students in developing countries performed at or above the intermediate competency benchmark.¹⁷

Developing the knowledge and skills necessary for life and productive livelihoods is also reflected in the growing importance of technical and vocational education. This is especially important in the Pacific given poor local employment prospects for rapidly expanding youth populations. Almost all Pacific Partnerships for Development identify basic and technical and vocational education as initial partnership priorities.

In fragile or weakly performing states, long-term sustainability requires coordinated and predictable investment to strengthen local capacities. The weakness of local institutions that deliver education services makes this extremely challenging and requires a systemic approach to education sector development.

Response

The Australian Government recognises the power of education as an investment that helps individuals achieve their potential and societies to be stronger and more productive. The poor quality of local education and higher education institutions can undermine gains in building local capacity, income generation, social stability and national development. The Government aims to make further growth in education assistance the centrepiece of Australia's ODA strategy.

Investments in education will increase to over \$690 million in 2009-10, or approximately 18 per cent of total ODA. Approximately one third of education sector expenditure relates to strengthening higher education and the provision of

development scholarships. The majority of education expenditure relates to basic education and education system strengthening. Support for technical and vocational education currently comprises about nine per cent of total education expenditure (see Diagram 5 on page 26).

In 2009-10 Australia will continue to strengthen national education systems, help put more children into school and improve the quality of education provided in Indonesia, Papua New Guinea, the Philippines, East Timor, Bangladesh, Fiji, Vanuatu, Samoa, Kiribati and Laos. These programs are tailored to partner country circumstances and priorities. They may include provision of quality teaching and learning materials; teacher training; the use of school-based grants; and support for education sector governance and the construction and refurbishment of schools and classrooms; improved information systems, education planning, budgeting and management.

Australia's education assistance will work to reach the disadvantaged and marginalised, including through the provision of more equitable access to quality education for girls and boys with disabilities, and those in disadvantaged Muslim and Indigenous Peoples' communities in the Philippines. In collaboration with UNICEF, Australia will support improved education for disadvantaged communities in Papua, in Indonesia.

In the Pacific, Australia will continue to help develop livelihood skills through existing and new programs in Tonga, Kiribati, Samoa and Fiji. The Australia-Pacific Technical College, which has campuses in Fiji, Samoa, Papua New Guinea and Vanuatu, is on track to deliver 3,000 graduates (trained to Australian standards) by June 2011.

Partnerships with the World Bank and UNICEF will enhance the reach and impact of Australian aid in the education sector. For example, countries endorsed to participate in the World Bank Education for All Fast Track Initiative have experienced significant improvements in gross student intake, primary enrolment and completion, gender parity and lower repetition rates. Australia's \$40 million contribution over four years from 2008, will contribute to more low-income countries being able to access funds and expertise to assist in achieving global education goals.

SCHOLARSHIPS

Higher education opportunities, particularly scholarships, are an important tool for capacity building and improved governance. Scholarships help to align Australian expertise with the leadership challenges facing developing countries in Australia's priority regions. Scholarships are an effective mechanism to support institutional strengthening and enduring people-to-people linkages. Tertiary scholarships and fellowships help to address skills shortages in a wide range of disciplines.

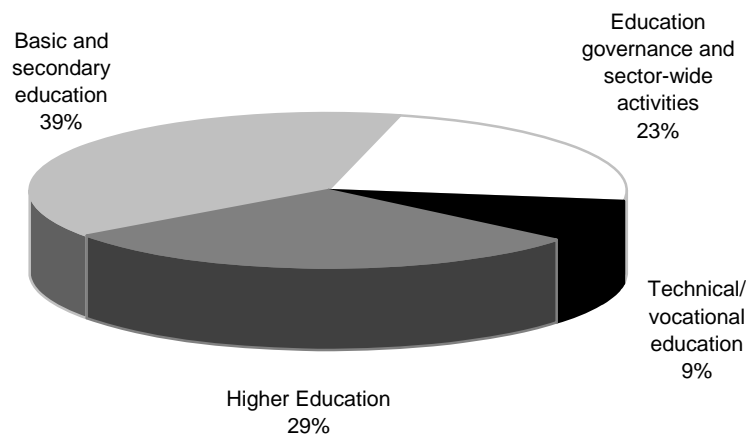
Through the Australian Development Scholarships program, Australia provides around 1,000 new scholarships annually in tertiary and higher education. This is projected to increase to an estimated 1,500 by 2011. In addition, approximately 2,500 Australian Leadership Awards will be offered in the period to 2011, involving

scholarships and fellowship placements with Australian host organisations. As part of Australia's overall increase in aid to Africa, Australia will help build Africa's human resource capacity through a significantly expanded scholarships program which will include technical and vocational training.

In the Pacific, Australia is supporting enhancement of regional education institutions. As part of Australia's investment in improving Pacific public sector capacity over the next four years, Australia will provide 20,000 training opportunities for Pacific public servants to improve core writing, accounting and administrative skills, 2,000 leadership development opportunities for strongly performing senior and middle level public servants, in areas such as policy development and people management, and more than 100 Australian Government scholarships or fellowships offered each year for promising public servants working on priority issues.

A 2009-10 budget initiative, the Prime Minister's Pacific-Australia Awards, will invest \$3.0 million over four years, to supplement existing scholarships for high achieving postgraduate students in the Pacific region, including Papua New Guinea and East Timor. Student intake will begin in the 2010 academic year with approximately 30 scholarships awarded per year for four years. These scholarships are enhanced by a short-term work placement in the Australian workforce.

Diagram 5: Education: estimated ODA by sub-sector 2009-10



HEALTH

Context

Support for the health MDGs (goal 4 reducing child mortality, goal 5 improving maternal health and goal 6 combating HIV, malaria and other major diseases) is a high priority in the Asia-Pacific. In this region, approximately a quarter of a million women die annually of preventable and treatable complications in pregnancy and childbirth; close to four million children die before their fifth birthday; and five million people are living with HIV.¹⁸ In the Pacific, non-communicable diseases such as diabetes and heart disease are now a major cause of adult mortality.¹⁹ In Solomon Islands and Vanuatu, malaria incidence is among the highest in the world outside Africa.²⁰

Reaching the MDGs relies on effective health care systems which ensure health care is available to the poor, particularly those in rural areas. Service delivery is hampered both by inadequate funding and by failures in fundamental components of health systems, especially the supply and distribution of basic medicines and health workforce planning and management. Ensuring the availability of sufficient funding to support health service delivery is increasingly the focus of international efforts.

Globally, there are 33.2 million people living with HIV. In the Asia-Pacific region, there are nearly half a million new infections and 300,000 deaths each year.²¹ HIV is having an increasingly human and economic impact on our nearest neighbour, Papua New Guinea, where there are approximately 60,000 people living with the disease and an estimated 3,730 children were orphaned by HIV in 2007 alone.²² It is estimated that, without additional action, infection rates will increase from just over two per cent of the population now to five per cent within the next four years.²³ Rates of infection in the neighbouring provinces of Papua and West Papua in Indonesia are approximately 2.4 per cent and also growing rapidly.²⁴

Response

Support for health and HIV activities will increase to over \$595 million in 2009-10, or approximately 16 per cent of total ODA. Assistance to the health sector is a major component of the Government's response to the global recession and will help partner countries manage budgetary pressures on essential items such as pharmaceutical supplies and immunisation. Major categories of health sector expenditure are prevention, treatment and care with respect to control of sexually transmitted infections (STI) and HIV, support for basic health care, and strengthening and improvement of health systems (see Diagram 6 on page 29).

Australia will encourage improved delivery of basic health services by working with partner country governments and other donors to ensure funds are directed to where they are needed most. Australia has recently joined other nations as a founding member of the High-Level Task Force on Innovative Financing for Health Systems. The Taskforce is identifying funding gaps and costs, and options for increasing resources to achieve the health MDGs. Australia represents the Asia-Pacific region on the Task Force.

In 2009-10, Australia will continue to support countries in the region to address major immediate health concerns and build stronger health systems over the longer term, particularly in the areas of health workforce and financial planning. Major health sector support programs are underway in Papua New Guinea, Indonesia, and the Solomon Islands. New health programs have been established in Pakistan, Bangladesh, Vietnam, Cambodia and East Timor. In Africa, Australia will broaden its assistance for maternal and child health. At the global level Australia is contributing to innovative funding approaches, including to the GAVI Alliance which is providing greater access to the benefits of immunisation.

Improving maternal and child health will remain a priority, including through increasing access to family planning services, increased numbers of skilled birth attendants and the use of health performance incentives to ensure services reach vulnerable groups. Following a review, the Government has revised family planning guidelines for the development assistance program to support the same range of family planning services for women in developing countries as are supported for women in Australia, subject to the national laws in partner countries. Australia will also provide additional funding of up to \$15 million over four years through United Nations agencies, bilateral programs and Australian NGOs for family planning and reproductive health activities to help reduce maternal deaths.

Australia is supporting the control and progressive elimination of malaria in the Pacific. Vanuatu and Solomon Islands aim to achieve no incidence of malaria by 2011 in selected provinces and maintain this status for three consecutive years in order to declare these provinces malaria free by 2014. In 2009-10 the distribution of insecticide-treated bed nets, particularly to groups at greatest threat of infection, will continue to be a priority.

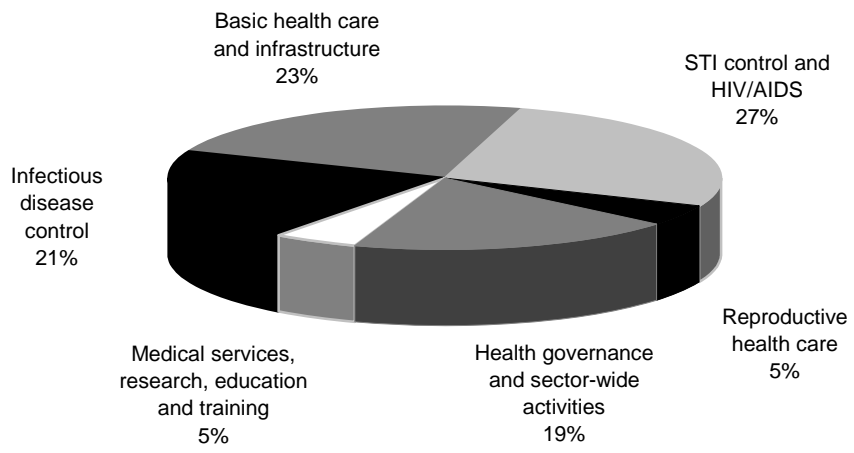
A 2009-10 budget initiative (outlined in Box 3) will complement Australia's assistance to the health sector in Indonesia through a debt-relief arrangement. Debt owed to Australia by Indonesia will be forgiven in parallel with the Government of Indonesia contributing funding for tuberculosis programs through The Global Fund to Fight AIDS, Tuberculosis and Malaria.

Box 3: Debt-to-Health Swap with the Government of Indonesia

In line with election commitments, the Government will cancel up to \$75 million in debt owed by the Government of Indonesia to Australia while at the same time the Indonesian Government invests \$37.5 million in the Global Fund to Fight AIDS, Tuberculosis and Malaria for approved tuberculosis programs.

The reduction and control of tuberculosis has international priority under MDG 6 and has been identified by the Government of Indonesia as a national health priority. Tuberculosis is one of Indonesia's leading health burdens. Indonesia has the third highest incidence of tuberculosis in the world, with over 90,000 deaths each year and over 550,000 tuberculosis cases reported.²⁵

Diagram 6: Health: estimated ODA by sub-sector 2009-10



HIV

Australia is committed to reducing the spread of the HIV epidemic and mitigating the effects on people living with HIV and their respective communities. In 2009-10 expenditure on programs to address HIV will increase to an estimated \$160 million. This includes a further \$46.5 million contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria. This contribution supports performance-based grants for country-driven programs, to reduce the burden and impact of HIV, tuberculosis and malaria.

On 7 April 2009, the Government launched a new International Development Strategy for HIV, *Intensifying the Response: Halting the Spread of HIV*. The strategy will direct a sustained effort to achieve the MDG 6 target of halting and beginning to reverse the spread of HIV by 2015, through assisting partner countries achieve universal access to HIV prevention, treatment, care and support.

Australia's HIV-related international development assistance will support partner countries to:

- intensify HIV prevention;
- optimise the role of health services within HIV responses;
- review legal and policy frameworks to enable effective responses to HIV;
- build the evidence base for an effective HIV response; and
- demonstrate and foster leadership on HIV.

The principal geographic focus for Australia's HIV support will be the Asia-Pacific region, particularly in Papua New Guinea, East and South Asia and Pacific Island countries.

GOVERNANCE: ENABLING SUSTAINABLE DEVELOPMENT

Context

Governance matters because it either enables or impedes the achievement of broader development goals, such as growth, poverty reduction and improvements in health and education.

Building capacity for effective economic and public financial management is critical for development, attracting investment and ensuring that public resources are used sustainably and targeted to areas of need. Improving the capacity of the public sector at all levels supports the delivery of basic services and the effective management of public goods such as water and sanitation systems, roads and natural resources.

Governance includes more than the institutions of state. Effective governance occurs when government, the private sector, civil society organisations and citizens work together to identify needs, find solutions and deliver services. Participation in governance is particularly important for marginalised groups, including women, the poor and ethnic minorities. These groups frequently experience poor state responses to their needs and exclusion from non-state and customary governance systems.

Effective delivery of basic services such as health, education and infrastructure helps to restore the legitimacy of government in fragile environments. Reliable and equitable access to legal and judicial services contributes to stability, community safety, private sector initiative and the protection of human rights in all societies.

Effective governance also includes a commitment to combat corruption and improve transparency and accountability in government. Corruption is a primary impediment to sustainable growth and improved service delivery, leading to under-investment in public goods and entrenched inequality. As donors scale up development assistance and use partner government systems to implement programs, it becomes increasingly important to support country, regional and global efforts to combat corruption.

Civil society organisations, oversight and integrity systems and democratic processes contribute to improved accountability in government. Effective leadership practices also play an important role in improving standards of governance.

Response

Australia is committed to work at all levels of society in partner countries to support improvements in government capability, responsiveness to citizen needs and accountability. Spending on governance constitutes the largest proportion of the aid program, reflecting the importance of effective governance to improved service delivery, economic growth and social stability. In 2009-10 governance-related ODA will total approximately \$820 million or 22 per cent of total ODA.

Governance support includes strengthening economic and public financial management, building public sector capacity at national and sub-national levels,

strengthening law and justice systems, supporting democratic institutions, tackling corruption and supporting national integrity systems (see Diagram 7 on page 35). Increased emphasis is also being given to encouraging effective leadership, improving social accountability and civil society participation in decision-making.

Economic governance and public sector reform are heavily interdependent. Two priorities from 2009-10 will be improving public financial management and working with sub-national levels of government in partner countries. This work will respond to challenges emerging from the global recession in developing countries such as shrinking revenues and increased demand for government services. Assistance will include increasing the capacity of government systems, through tailored training programs, placement of Australian and other experts with partner country governments, and encouraging the adoption of best-practice systems of performance improvement such as Public Expenditure and Financial Analysis.

In many countries in which the Australian aid program works, basic services such as education and health are delivered by sub-national levels of government. From 2009-10 Australia will provide increased support to strengthen government systems and processes for the delivery of basic services at national and local levels through improved regulatory, legislative and policy frameworks.

Anti-corruption activities will include working with partner countries on their own efforts to address corruption through improved public financial management and procurement systems that limit opportunities for corruption. Support will also go towards strengthening oversight and accountability institutions such as audit bodies, ombudsmen and anti-corruption commissions.

Australia will provide significant assistance to law and justice reform efforts across the Pacific and Southeast Asia. An integrated approach recognises the interdependencies across the various institutions within the justice sector, including policing, prosecutions, public defenders, courts, and corrections. Crime prevention initiatives will also be supported. Emphasis will be placed on the importance of effective government agencies and the significant role played by customary and community-based justice systems. A whole-of-government approach will draw on the expertise of a range of Australian agencies including the Australian Federal Police and the Commonwealth Attorney General's Department.

Australia will work to improve democratic processes through electoral support, civic education, parliamentary strengthening, peace building and work to increase the participation of women in government. Australia will also participate in international initiatives such as the Indonesian-led Bali Democracy Forum. A review of democratic governance programs will guide future work in this area.

Australia will continue to support engagement between communities and government, to improve the ability of citizens to participate in making decisions that impact upon their lives. Programs to support the role and build the capacity of civil society organisations to monitor, and in some instances deliver, services will be developed and strengthened. In 2009-10, work will continue to strengthen Pacific media to

provide citizens with greater access to information and increase government accountability.

In 2009-10, the Pacific Leadership Program will establish long-term partnership agreements with regional church, youth, women's and private sector organisations to strengthen their leadership skills.

A new budget measure in 2009-10 (outlined in Box 4) will strengthen responsiveness and accountability in government, particularly in Australia's region.

Box 4: Improving Responsiveness and Accountability in Government

The Government will invest \$138.6 million over four years to improve the effectiveness of government and its accountability to citizens.

The first component will **develop leadership practices** of current and emerging leaders in the Pacific and East Timor, including increased participation by women as active citizens and elected representatives. Australia will fund five annual Pacific leadership awards, in honour of Greg Urwin, the former Secretary-General of the Pacific Islands Forum to enable post-graduate students to study in Australia and undertake internships with regional organisations.

The second component will **strengthen engagement between citizens and government**. Approaches that increase citizen and community participation will be supported and civil society organisations will be strengthened to hold government to account and, in some cases, as an alternative mechanism for service delivery. Citizens' access to information will be improved, particularly through the media and civic education for school students and civil society organisations.

The third component will **support anti-corruption efforts** of selected partner countries in the Asia-Pacific region. This includes reducing corruption in service delivery through systems strengthening, particularly at sub-national and local levels. Oversight and accountability institutions will be strengthened and support built for anti-corruption action at the country level and through multilateral partnerships.

The fourth component will support efforts to **improve the effectiveness of public sector agencies** in the Pacific and East Timor, through training and technical assistance. It will expand performance-based partnerships with regional tertiary institutions to improve the quality of graduates recruited to the public sector. Statistical services will be strengthened.

PERFORMANCE-LINKED AID

Performance-linked aid is the provision of additional assistance to partner governments and agencies to recognise progress in achieving identified policy or administrative reforms or improvements in specific development outcomes.

Early evidence from the use of performance-linked aid indicates that it has helped partner governments to set and implement effective policy and can be a powerful instrument for reform – provided there is local ownership and clarity around performance measures. A new budget measure in 2009-10 (outlined in Box 5) will build on a successful two-year trial of performance incentive funding.

Box 5: Performance-linked Aid

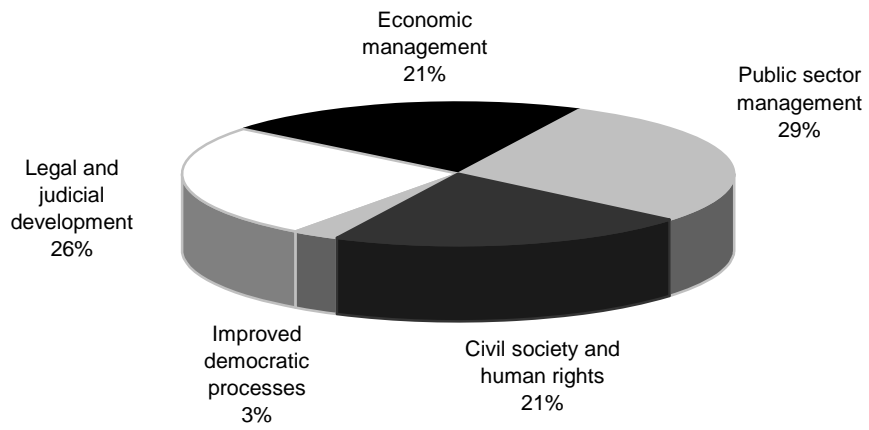
The Government will invest \$336.1 million over four years to enable the inclusion of significant performance-linked aid elements within the new Pacific Partnerships for Development and the expansion of existing performance-linked aid arrangements in Asia.

Performance-linked aid will support progress towards partner government reform priorities. Performance measures and the use of performance payments will be jointly determined with partner governments and aligned with their priorities.

This initiative will assist partner governments to develop and implement reforms and will enhance opportunities to improve policy dialogue. The initiative will support Pacific Partnerships for Development with individual Pacific Island countries.

Additional assistance could recognise, for example, improvements in the quality of public expenditure, levels of funding from partners' own budgets committed to national development priorities, the integrity of public accountability systems, or the effectiveness of revenue collections. Additional funding may also recognise improvements in the delivery of basic services in priority areas such as health, education and infrastructure, or improvements in the business-enabling environment through microeconomic or regulatory reform.

Diagram 7: Governance: estimated ODA by sub-sector 2009-10



EQUITABLE DEVELOPMENT

The Australian Government is committed to equitable development, with the gains and benefits of development assistance available to all.

GENDER EQUALITY

Context

Addressing gender inequality and supporting women's full participation in economic, social and political life are priorities for Australia's aid program. Gender equality and the empowerment of women (MDG 3) are not only development goals in their own right, but are necessary to the achievement of all MDGs. There are significant multiplier effects from investing in women and girls.²⁶ Women who have the opportunity to participate in the economy are key actors in addressing poverty and are able to ensure their children are educated. Educated mothers have lower infant mortality rates. When attention is paid to gender equality, women's participation in the life of the community and in politics is higher and economic growth is stronger.

Gender inequalities are most visible in women's access to education, to health services, to economic opportunities and political participation. They are also far more likely than men to be the victims of violence. Despite recent progress in South Asia, only 85 girls for every 100 boys are enrolled in secondary school, and women and girls remain at a distinct disadvantage in attending school and acquiring literacy skills.²⁷ In East Timor, maternal mortality is estimated at 660 per 100,000 live births, one of the highest rates in the world.²⁸ The Pacific has the lowest rate of female membership of parliaments in the world (2.5 per cent) and is the only region in which women's formal political participation has stagnated.²⁹

Gender disparities have clear social and economic costs. In the Asia-Pacific region, it is estimated that up to US\$47 billion per year is lost due to restrictions on women's access to employment opportunities, and up to US\$30 billion due to gender gaps in education.³⁰ Violence and the fear of violence severely limits the contribution of women to development and causes lower worker productivity and income, escalating costs in healthcare, social services and policing, disability and lower rates of accumulation of human and social capital.³¹

Decreased growth and lower levels of schooling and employment opportunities will leave women and girls highly vulnerable to the global recession. This threatens to reverse progress in gender equality and women's empowerment, increase current poverty and imperil future development.³² Declining employment in export-oriented industries and tightening of microfinance lending, as well as a fall in remittances, are likely to disproportionately impact on women, who tend to have fewer employment opportunities and social security benefits as well as unequal control over economic and financial resources. This is likely to have long-term impacts on family welfare as well as girls' education.

Response

Australia is working to narrow the gender gap by targeting direct assistance to reduce violence against women and improve economic opportunities for women, as well as enhancing their participation in decision-making. Sectoral programs which support equal access to health and education are a high priority.

Other specific development assistance initiatives promote gender equality and empower women. Australia will increase its support for the United Nations Development Fund for Women (UNIFEM) (\$16.1 million over the next three years) in support of UNIFEM's work in over 100 countries to reduce women's poverty and exclusion, end violence against women, reverse the spread of HIV among women and girls and support women's leadership in governance and post-conflict reconstruction.

As a demonstration of Australia's strong commitment to reducing violence against women, the Government released a major report on Violence Against Women in Melanesia and East Timor in November 2008.³³ The report identified strategies to address violence against women in the region, including increased access to justice and support services and changing attitudes and practices that encourage and condone violence. Australia is working with local and regional stakeholders to develop programs that address the findings of this report.

In partnership with UNIFEM Pacific, Australia will provide \$6.2 million over five years to train women at a local level for leadership and governance roles in the Pacific. Research to be undertaken on the barriers and successful pathways to women's leadership in the Pacific region will help shape future assistance.

In order to promote women entrepreneurs Australia is identifying barriers that disproportionately restrict Pacific women's ability to do business. A four-year initiative in collaboration with the International Finance Corporation and the World Bank to support Pacific women in the private sector commenced in 2008-09.

HELPING PEOPLE WITH A DISABILITY

Context

People with disability are among the poorest and most vulnerable in developing countries. They are more likely to be excluded from education, health services and employment, than others in their communities. Eighty per cent of the 650 million people worldwide living with disability are in developing countries.³⁴ Disability can lead to significant economic impacts on families and communities, with an estimated 25 per cent of households affected.³⁵

It is believed that, in Asia, at least half the causes of disability can be prevented. One-third of people with disability are children, two-thirds of whom have preventable impairments.³⁶ The costs globally of blindness and low vision in 2000 were estimated to be US\$42 billion. Without a decrease in the prevalence of blindness and low vision,

it is projected that total annual costs would rise to US\$110 billion by 2020.³⁷ Road traffic accidents cost developing countries up to US\$100 billion each year, a figure equivalent to almost twice as much as total global ODA.³⁸

Response

Development for All: Towards a disability-inclusive Australian aid program 2009-2014 contains practical guidance to address the specific needs and priorities of people with disability as well as measures to ensure that people with disability are considered across all phases of Australia's development assistance, including planning, implementation, and review processes. Initial activities to be implemented under the strategy include:

- education activities in Samoa to ensure that children with disability receive an education;
- building the capacity of disabled people's organisations to become effective advocates and leaders for people with disability;
- making infrastructure more accessible to people with disability;
- ensuring that flexible support mechanisms, such as NGO agreements, volunteers, research, leadership awards, scholarships, sports and small grants, are accessible to people with disability; and
- forging strategic partnerships and improving our understanding of disability and development through strengthening information systems and research, with emphasis on the lived experience of people with disability.

Efforts will focus initially on reducing preventable impairments in two areas; avoidable blindness and road safety. An Avoidable Blindness Fund has been established to strengthen eye health and vision services in Cambodia, Papua New Guinea, Solomon Islands and Vanuatu. Australia is also working with members of Vision 2020 Australia to support Vietnam's Prevention of Blindness strategy and with the New Zealand Agency for International Development (NZAID) to expand the number of eye health workers in the Pacific, Papua New Guinea and East Timor. Increased support will also reduce impairments caused by traffic accidents, building on Australia's existing support for the World Bank's Global Road Safety Facility.

ENVIRONMENTAL SUSTAINABILITY

Context

Compounded by the impacts of climate change and driven by demographic change, industrialisation and rising demand for resources, environmental degradation can undermine economic growth and impact negatively on livelihoods.

Negative impacts may include: reduced crop yields and diminishing access to fresh water through changed weather patterns, air and water pollution; loss of land and infrastructure from rising sea levels, increased spread of diseases, and increased costs of disaster risk mitigation and recovery through more frequent extreme weather events. If unmanaged, these impacts will cause significant economic, environmental and human costs in the Asia-Pacific region. Accordingly, environmental degradation and climate change represent complex challenges for the development assistance program.

The negative impacts of environmental degradation and climate change will be felt most acutely by the poorest and most vulnerable. Vulnerable rural and coastal communities, dependent on natural resources for their livelihoods, require assistance to diversify and sustainably manage their sources of food and income, build resilience and adapt to the impacts of climate change.

Demographic change, coupled with increased levels of industrialisation and demand for resources, is driving rapid increases in greenhouse gas emissions in some developing countries – albeit from a low per-capita base. In Asia, rapid industrialisation compounds the challenge of mitigating greenhouse gas emissions as developing country governments seek to maintain economic growth and expand energy access.

As well as the assistance required by developing countries to build capacity to adapt to climate change impacts and participate in emerging carbon markets, significant commitments will be required to help bridge knowledge and financing gaps for emission mitigation in areas such as reducing deforestation and forest degradation (REDD), energy efficiency, renewable energy supply, transport and urban waste management.

Response

Addressing environmental and climate change challenges is central to poverty reduction. Expenditure on environment and climate change programs in 2009-10 is estimated to be over \$170 million, approximately five per cent of total Australian ODA.

Australia's development assistance to the environment sector to date has focused primarily on: supporting adaptation to climate change, greenhouse gas mitigation through reduced deforestation and forest degradation, and multilateral environment funds.

Supporting developing countries to implement lower carbon growth strategies is an increasing focus for Australia's development assistance. Australia has made a pledge of \$100 million over three years to the World Bank-administered Clean Technology Fund, which finances large-scale and innovative approaches to the demonstration and deployment of low carbon technologies in high-emitting developing countries.

Australia will continue to expand efforts to address the impacts of climate change with funding of \$150 million over three years from 2008-09 to address high priority adaptation needs in vulnerable countries in Asia and the Pacific. Support to partner countries in 2009-10 will include: scientific research to better understand the impacts of climate change on the natural and socio-economic systems of Pacific Island countries; vulnerability assessments to help Pacific Island countries formulate appropriate adaptation strategies and plans; and specific assistance to help country partners adapt to the immediate impacts of climate change.

The International Forest Carbon Initiative (\$200 million over five years from 2007-08) is supporting cost effective abatement of global greenhouse gas emissions by improving the management of tropical forests in developing countries. Under the Kalimantan Forests and Climate Partnership for example, the first large-scale REDD demonstration activity of its kind is being planned in Indonesia. In 2009-10, Australia will work with Indonesia to develop a second REDD demonstration activity and a national carbon accounting system.

HUMAN SECURITY AND STABILITY

Context

Conflict, insecurity and humanitarian crises undermine development progress and future growth prospects through the destruction of local communities, livelihoods, institutions and infrastructure and places pressure on fragile government systems. Violence and insecurity impact on personal safety, health, access to income and education, and leave a legacy of trauma. Emerging global issues, including the closely-linked concerns of climate change, food and resource insecurity, and protracted displacement are potential causes of increasing poverty and human insecurity.

Australia and Australians have a track record of responding quickly and effectively to major humanitarian crises, especially those resulting from natural disasters. Australia provides assistance to over 30 humanitarian and protracted emergency situations worldwide each year. The increasing frequency and ferocity of natural disasters and greater public awareness of their impact is leading to greater emphasis on disaster preparedness and risk reduction in an effort to mitigate the worst humanitarian effects of such disasters.

Addressing conflict-created humanitarian crises is more complex requiring a greater emphasis on conflict prevention, peace building, stabilisation, early recovery and state building programs which seek to build stability, and improve service delivery and governance, building both social cohesion and long-term state capacity.

Response

Australia will continue to contribute to international responses to humanitarian crises, taking a leadership role in response operations in the Asia-Pacific region where this is appropriate. Australia will also take an active leadership role in policy dialogue and advocacy in international fora such as in the role of chair of the United Nations Office for Coordination of Humanitarian Affairs (UNOCHA) Donor Support Group. Increased coherence in addressing issues of human security and stability will be achieved through a new Crisis Prevention, Stabilisation and Response Group in AusAID.

AusAID is leading a whole-of-government taskforce to develop a Deployable Civilian Capacity, an idea raised at the Australia 2020 Summit. Once established, a national deployable civilian capacity will enable rapid deployment of civilian experts to provide stabilisation and recovery assistance to countries experiencing conflict, post-conflict situations or natural disaster. In cooperation with other government agencies, AusAID will pre-identify, train, deploy rapidly and sustain civilian technical expertise. The program will build on Australia's experience of deploying civilian experts in post-conflict situations, for example in East Timor and Solomon Islands, and improve Australia's integration into multilateral reconstruction and stabilisation operations.

In 2009-10 humanitarian, emergency and refugee-related expenditure is estimated to be \$350 million or approximately nine per cent of total Australian ODA.

Australia will continue to strive to increase the effectiveness of humanitarian action through improved donor coordination, strengthened accountability and support for global response mechanisms, in particular the World Food Programme, the United Nations High Commissioner for Refugees (UNHCR), the International Red Cross Movement, and the United Nations Central Emergency Response Fund (UNCERF).

Australia's emergency response is supported by effective disaster risk reduction, aimed at strengthening partner countries' capacity to respond to disasters. In 2009-10 Australia will work with the United Nations International Strategy for Disaster Reduction, the World Bank's Global Facility for Disaster Reduction and Recovery, partner governments, and NGOs to strengthen prevention, mitigation and preparedness efforts.

Following from the Australian Prime Minister's and the Indonesian President's announcement in November 2008 at the Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting, work will continue in 2009-10 to implement the Australia-Indonesia Facility for Disaster Reduction (\$67 million over five years). The facility is delivering: training and outreach; risk and vulnerability modelling; and research and analysis in disaster risk reduction, to benefit Indonesia, other countries in the region and regional organisations such as the Association of South East Asian Nations (ASEAN).

STRENGTHENING EFFECTIVENESS OF DEVELOPMENT ASSISTANCE

Context

The Government is committed to increasing the effectiveness as well as the volume of its development assistance. Australia's aid program was reviewed favourably by the Development Assistance Committee (DAC) of the OECD in 2008. The DAC review noted efforts to promote effectiveness, including through the establishment of the Office of Development Effectiveness (ODE) and the production of the first Annual Review of Development Effectiveness. Australia is one of only two bilateral donors to produce such a review on a regular basis.³⁹

Response

The Australian aid program is continuing to change the way it delivers and manages aid to improve effectiveness. A new Performance Management and Evaluation policy outlines performance reporting requirements including annual performance reports for all country and regional programs and major themes. Major evaluations were completed or are nearing completion on violence against women in Melanesia and service delivery in difficult environments (covering health, education and water supply and sanitation).

Key priorities over the coming year include the development of an updated operational policy and management framework, encompassing reforms aimed at strengthening policy dialogue with partner countries, moving more consistently towards program-based approaches and the use of partner government systems to deliver aid, streamlining program portfolios, providing more predictable aid levels to partners and developing new approaches to risk management that are better suited to new aid delivery mechanisms.

In 2009-10, ODE will commence evaluative work on vulnerability and pro-poor growth and employment, as well as on the aid program's engagement with civil society. ODE will also map the aid program's response to the global recession, with a view to reporting on the effectiveness of Australian aid support in future annual reviews of development effectiveness.

COUNTRY AND REGIONAL PROGRAMS

PAPUA NEW GUINEA AND THE PACIFIC

Following the 2008 Port Moresby Declaration, Australia is establishing bilateral Pacific Partnerships for Development to achieve better development outcomes in the Pacific, including more rapid progress towards the MDGs. Under Pacific Partnerships for Development Australia will provide increased development assistance over time and in response to commitments by Pacific nations in areas such as improved economic and financial management, better management of essential infrastructure and the achievement of better outcomes in basic health and education. It is intended that partnership arrangements will progressively replace existing country strategies as the principal statement of agreed priority areas of cooperation.

The first Partnerships were signed with Papua New Guinea and Samoa in August 2008, followed by Solomon Islands and Kiribati in January 2009. Partnerships with Vanuatu, Tonga, Nauru and Tuvalu are currently under discussion. Key development indicators for partner countries in the Pacific are shown below.

Key development indicators for Papua New Guinea and the Pacific

Country	GNI per capita [†] (\$US)	Access to water [#] (% of population)	Life expectancy (years)	Adult literacy rate (% of population)
Papua New Guinea	850	39	57	57
Solomon Islands	730	30	63	77
Vanuatu	1,840	75	70	77
Fiji	3,800	93	69	n/a
Tonga	2,320	100	73	99
Samoa	2,430	88	71	99
Kiribati	1,170	65	65	n/a
Federated States of Micronesia	2,470	94	68	n/a

Sources: Human Development Indices 2008, UNDP; for [†] World Development Indicators Online, World Bank, 2008; and for [#] Tracking Development and Governance in the Pacific, AusAID, 2008.

The global recession will have a significant impact on Papua New Guinea and other Pacific Island countries. Impacts will vary by country but all countries will be affected by some combination of reduced earnings from tourism, remittances and commodity exports and reduced income from national trust fund and national provident fund investments. Downturns in the economies of key developed country partners will drive reduced local economic activity in Pacific countries and decreased government revenues. Countries will need to adjust government expenditures to avoid unsustainable fiscal deficits and balance of payments problems. Expenditure cuts will impact on the delivery of basic education, health, infrastructure and other services, unless these expenditures are prioritised carefully by Pacific governments and international donors.

Australia is working closely with other key donor partners in the Pacific – in particular New Zealand, the World Bank Group and the Asian Development Bank – to ensure timely and accurate information is available on the country-specific impacts of the recession, to make available consistent and high quality technical advice on appropriate policy responses in individual countries and to prepare tailored financial assistance where required. Australia’s bilateral aid programs will be re-prioritised to help Pacific Island countries manage the impacts of the recession. Australian support will include technical assistance with economic and financial management, targeted aid for vulnerable groups and support to maintain basic health and education services and to generate employment, for example through labour-intensive infrastructure maintenance.

Details of Australia’s assistance, including major new and ongoing assistance by country and regional programs, are provided in Table 3.

Estimated ODA to Papua New Guinea and the Pacific in 2009-10 \$1,090.9 million

Table 3: Assistance to Papua New Guinea and the Pacific in 2009-10

Country/Program	Focus
Estimate 2009-10 (\$m)	
Papua New Guinea <i>Country Program:</i> 377.4 Total ODA: 414.3	<p>Under the PNG-Australia Partnership for Development, assistance to PNG will initially focus on five priority areas and will:</p> <p><u>Provide better access to markets and services through improving transport infrastructure</u> by supporting the implementation of PNG’s National Transport Development Plan to improve priority national roads, regional airports and ports.</p> <p><u>Promote faster progress towards universal basic education</u>, by supporting the implementation of PNG’s National Education Plan, targeting increasing primary and elementary school enrolment rates, with a particular focus on increasing the percentage of female students. As agreed by Prime Minister Rudd and Prime Minister Somare, activities will aim to raise the net enrolment rate in PNG primary schools to 70 per cent by 2015.</p> <p><u>Improve health outcomes</u>, by providing assistance for PNG to implement the National Health Strategy to meet targets on triple antigen and measles vaccinations, reducing malaria and tuberculosis rates, and increasing the percentage of deliveries supervised by skilled staff.</p> <p><u>Strengthen the public service</u>, by improving public administration at national, provincial and district levels, including strengthening public financial management.</p> <p><u>Improve statistical data</u> by developing and implementing a national statistics roadmap, consisting of household surveys, census and data collection by Government agencies. Consistent and coordinated data collection will enable development policy and program formulation to be based on sound statistics and performance reporting.</p> <p>Other assistance will:</p> <p><u>Improve governance and nation building</u> by working with civil society, the private sector and all levels of government to support enhanced governance, civic education and community development.</p> <p><u>Promote sustainable broad-based economic growth and increased productivity</u> through continued support for macro-economic management, enhanced private sector development and improved agricultural productivity in rural areas.</p> <p><u>Improve service delivery and stability</u> including public administration and governance at the sub-national level through the Provincial Performance Improvement Initiative, which covers 17 provinces as well as Bougainville. Assistance to PNG’s law and justice sector will continue to strengthen the</p>

Country/Program Estimate 2009-10 (\$m)	Focus
	<p>ability of PNG agencies to improve application of the rule of law. <u>Provide a strengthened, coordinated and effective response to the HIV crisis</u> through a \$100 million five year (from 2007) multi-sector program to prevent the spread of HIV and provide treatment and care for those most affected. Australia is working with PNG to improve the quality of the HIV response by strengthening support to national leadership, processes and systems; increasing engagement at the provincial level; and reinvigorating the focus on HIV prevention.</p>
<p>Solomon Islands Country Program: 109.3 Total ODA: 246.2</p>	<p>Under the Solomon Islands-Australia Partnership for Development, assistance to Solomon Islands will:</p> <p><u>Improve service delivery</u>, by strengthening public health functions that respond to community health needs and improving progress towards MDG targets for health facility access, reduced malaria incidence, reduced maternal and infant mortality rates and increased access to clean water and proper sanitation. The Partnership will also investigate options for providing assistance to the education sector.</p> <p><u>Improve economic livelihoods</u> by working to create long-term economic opportunities and livelihood security for Solomon Islanders, particularly those living in rural areas. Support will be provided for more productive and sustainable utilisation of agricultural land, forests and marine resources, and the improved operation of markets for the benefit of rural households.</p> <p><u>Improve economic infrastructure</u> by increasing access to transport, energy and telecommunication services and maintaining priority transport infrastructure. Assistance will also be provided to improve access to and reduce costs of energy supply including by expanding the use of renewable energy technologies.</p> <p><u>Address economic and fiscal challenges</u>, through improved decision-making processes and structural reforms to make Solomon Islands an attractive and reliable place for business to invest. The use of performance-linked funding will also be considered. This work complements capacity building efforts under the Regional Assistance Mission to the Solomon Islands (RAMSI).</p> <p>Assistance through RAMSI will:</p> <p><u>Contribute to a safer and more secure Solomon Islands</u>, by strengthening the law and justice system to improve the Government's capacity to provide timely, affordable and equitable access to justice. Programs will provide technical assistance including prosecution and defence lawyers to build capacity of the justice agencies, support to the corrections system to improve both security and conditions in prisons, and funds for upgrading court and prison infrastructure.</p> <p><u>Contribute to a better functioning government</u>, by improving accountability and service delivery, including through implementation of programs to strengthen the Solomon Islands public service and provincial administration. Programs will also support improved electoral processes, strengthening of Parliaments' representative, oversight and law-making functions, and strategies to increase women's participation in government.</p> <p><u>Contribute to improved standards of living for Solomon Islanders</u>, building capacity of the Solomon Islands Government to develop and implement policies which support sustainable economic growth, including public financial management capacity.</p>
<p>Vanuatu Country Program: 41.6 Total ODA: 56.3</p>	<p>Under a proposed new Pacific Partnership for Development, assistance to Vanuatu is expected to focus on:</p> <p><u>Increasing access to and quality of education</u>, by supporting implementation of Vanuatu's Education Sector Strategy.</p> <p><u>Improving access to basic health care services for rural communities</u>, including trained personnel, enhanced infrastructure, and reliable pharmaceutical supplies. Support will be provided for programs to improve immunisation coverage rates and reduce malaria.</p> <p><u>Improving infrastructure</u>, to facilitate access to markets and services through</p>

Country/Program Estimate 2009-10 (\$m)	Focus
	<p>rehabilitation and maintenance of Vanuatu's national road network.</p> <p><u>Governance reforms</u>, including support for continued improvements to Vanuatu's budget system, the operation of government business enterprises, improved statistics to track MDG progress, and support to Vanuatu's Land Reform Agenda.</p> <p>Other assistance will cover: <u>Law and justice</u>, through support for key legal institutions and the Vanuatu Police Force.</p>
<p>Fiji Country Program: 18.0 Total ODA: 35.4</p>	<p>Ahead of progress towards a return to democratic governance, assistance to Fiji will:</p> <p><u>Provide social protection and financial inclusion measures</u> to support vulnerable communities affected by the global recession and the floods of January 2009. This will include small and medium rural enterprise development including measures that promote better access to financial services for the poor.</p> <p><u>Support health and education systems</u> through continued provision of funding for essential health and education services.</p> <p><u>Partner with civil society and regional organisations</u> to promote an enabling environment for improved governance and accountability, as well as providing support to promote political dialogue, civic education and elections.</p>
<p>Tonga Country Program: 14.9 Total ODA: 21.3</p>	<p>Under a proposed new Pacific Partnership for Development, assistance to Tonga is expected to focus on:</p> <p><u>Building a more efficient public sector</u>, through strengthening policy formulation and implementation and improving public financial and economic management.</p> <p><u>Improving health</u>, providing support to reduce the prevalence of non-communicable diseases and improve access to and quality of primary health care.</p> <p><u>Improving technical and vocational skills</u> in areas of industry demand both domestically and abroad, through strengthening the management and teaching capabilities of technical and vocational education and training institutions in Tonga, and promoting access to training and employment opportunities in the region.</p> <p><u>Developing infrastructure</u>, through the Pacific Regional Infrastructure Facility.</p>
<p>Samoa Country Program: 22.0 Total ODA: 32.4</p>	<p>Under the Samoa-Australia Partnership for Development, assistance to Samoa will:</p> <p><u>Promote private sector growth and employment</u>, with an emphasis on agriculture and fisheries, regional economic integration and trade liberalisation, economic infrastructure and lowering costs of doing business.</p> <p><u>Improve health</u>, by supporting the reduction of non-communicable diseases and workforce development in the health sector.</p> <p><u>Improve education</u>, by supporting equitable access to and quality of education including disability services.</p> <p><u>Improve governance</u>, through public sector improvement, improving public financial management and strengthening statistics and data on development and governance indicators.</p> <p><u>Strengthen law and justice</u>, by supporting an integrated approach to policing and law and justice sector reform.</p> <p><u>Provide climate change assistance</u>, by supporting Samoa's National Adaptation Programme of Action that will monitor the impacts of climate change, provide adaptation measures for vulnerable communities and develop viable options for renewable energy.</p>
<p>Kiribati Country Program: 13.2 Total ODA: 17.7</p>	<p>Under the Kiribati-Australia Partnership for Development, assistance to Kiribati will:</p> <p><u>Improve basic education</u>, by supporting efforts to achieve improved access to and quality of education in primary and junior secondary schools.</p>

Country/Program Estimate 2009-10 (\$m)	Focus
	<p><u>Develop workforce skills</u>, in areas of industry demand both domestically and abroad to decrease youth unemployment in Tarawa and the outer islands.</p> <p><u>Improve growth and economic management</u>, by supporting reforms that improve public financial management, increase Government of Kiribati revenues, reduce the cost of public enterprises, and improve service delivery including through delivery by the private sector.</p>
<p>Tuvalu Country Program: 5.0 Total ODA: 7.5</p>	<p>Assistance to Tuvalu will:</p> <p><u>Provide annual contributions, linked to reforms, to the Tuvalu Trust Fund and related budget mechanisms</u> to support both recurrent government budgets (particularly in health and education) and Tuvalu's long-term financial viability.</p> <p><u>Improve public sector management</u>, supporting human resource management, budgetary management and improving oversight of public enterprises.</p> <p><u>Improve access to and quality of education and vocational skills development</u>, through provision of scholarships, improving Tuvalu's national education system, and facilitating access to technical training.</p> <p>Areas of assistance will be further refined under a Pacific Partnership for Development to be negotiated in 2009.</p>
<p>Nauru Country Program: 15.4 Total ODA: 23.4</p>	<p>Assistance to Nauru will:</p> <p><u>Improve economic and financial management, health and education services</u> including technical and vocational education and training, <u>utilities management</u> and supporting <u>improved revenue</u> from the fisheries and phosphate industries.</p> <p>Areas of assistance will be further refined under a Pacific Partnership for Development to be negotiated in 2009.</p>
<p>Micronesia (Federated States of Micronesia, Marshall Islands, and Palau) Country Program: 2.7 Total ODA: 7.7</p>	<p>Assistance to Micronesia will:</p> <p><u>Improve governance, public financial management and energy policy</u>, through the provision of advisory services and regional scholarships.</p> <p><u>Support community organisations and government agencies</u>, through a small grants scheme.</p>
<p>Cook Islands Country Program: 1.7 Total ODA: 3.1</p>	<p>Assistance to Cook Islands will be provided through a delegated cooperation program with New Zealand, and focus on the outer islands. Assistance will cover: <u>economic growth</u>, <u>infrastructure</u>; <u>service delivery</u>; and <u>governance</u>.</p>
<p>Niue and Tokelau Country Program: 1.7 Total ODA: 3.1</p>	<p>Assistance to Niue and Tokelau will:</p> <p><u>Promote social and economic development</u>, through support to the Niue and Tokelau International Trust Funds.</p> <p><u>Support human resource development</u>, through targeted scholarships and technical assistance to strengthen capacity for management and policy development.</p>
<p>Pacific Regional Regional Program: 270.0</p>	<p>Major Pacific regional assistance programs will cover:</p> <p><u>Health systems strengthening</u>, through health workforce development and service provision under a \$13.3 million initiative over four years from 2007-08. This initiative provides significant investment in health workforce planning and training, as well as coordination of specialist surgical and training visits in the Pacific region.</p> <p><u>Addressing HIV and other sexually transmitted infections</u>, through the Pacific Island HIV and STI Response Fund (up to \$30 million over five years from 2008-09). This initiative, in partnership with other donors, strengthens the focus on prevention and continues support for testing, treatment and research.</p> <p><u>Combating malaria</u> in the Solomon Islands, Vanuatu and regionally.</p> <p><u>Tackling non-communicable diseases</u> in Pacific Island countries, by supporting prevention, workforce training in clinical management, surveillance</p>

Country/Program Estimate 2009-10 (\$m)	Focus
	<p>and research on disease burden and creating sustainable funding mechanisms through taxation.</p> <p><u>Improving education</u>, through a \$48 million Pacific education program over three years from 2008-09 to support better education access and quality and implement universal basic education. Continuing support will be provided for the <u>Australia-Pacific Technical College</u>, through a \$149.5 million initiative over four years from 2007-08. The College is supporting skills development in the Pacific in response to national and regional labour market requirements, and provides qualifications in construction and automotive trades, manufacturing, hospitality/tourism and health/community services. The College will graduate 3,000 students over four years.</p> <p><u>Climate change</u>, through helping partner countries adapt to the impacts of climate change as well as identifying and financing priority adaptation measures that can immediately increase the resilience of partner countries to the impacts of climate change.</p> <p><u>Building public sector capacity</u>, through a \$107 million Pacific Public Sector Capacity Building Initiative over four years from 2008-09.</p> <p><u>Enhancing engagement with and support for Pacific regional organisations</u>, which play an important role in coordinating and developing regional solutions to shared development challenges. During 2009-10 Australia will support institutional reform and strategic planning agendas agreed by member countries.</p>

INDONESIA AND EAST ASIA

Australia's assistance to promote growth, development and poverty reduction in East Asia will become even more important as global growth declines. Australia will help countries get basic services to affected rural and urban communities by extending access to quality health and education, improved water and sanitation and transport infrastructure.

Assistance will be provided in monitoring and managing the impacts of the recession including in Indonesia, the Philippines and through the ASEAN Secretariat. Australia will help countries manage their finances to maintain social sector spending and priority public investment, especially in the Philippines and East Timor. Additional support for vulnerable groups, particularly women and children, will be provided through strengthening social protection schemes in Cambodia and Indonesia's successful National Program for Community Empowerment that reaches more than 60,000 villages. Conditional cash transfer programs will be enhanced in the Philippines and school feeding programs expanded in Laos.

Australia will also continue to support international trade through developing transport corridors and energy connectivity in the Mekong and by promoting economic integration across ASEAN.

Key development indicators for partner countries in East Asia

Country	GNI per capita [†] (\$US)	Access to water (% of population)	Life expectancy (years)	Adult literacy rate (% of population)
Indonesia	1,650	80	70	91
Vietnam	790	92	74	90
Cambodia	540	65	59	76
Laos	580	60	64	73
East Timor	1,510	62	60	50
Burma	n/a	80	61	90
Philippines	1,620	93	71	93
China	2,360	88	73	93
Mongolia	1,290	72	66	97

Sources: Human Development Indices 2008, UNDP; and for † World Development Indicators Online, World Bank, 2008.

Estimated ODA to Indonesia and East Asia in 2009-10

\$1,073.5 million

Table 4: Assistance to Indonesia and East Asia in 2009-10

Country/Program <i>Estimate 2009-10 (\$m)</i>	Focus
Indonesia <i>Country Program: 284.4</i> <i>AIPRD: 111.9</i> <i>Total ODA: 452.5</i>	<p>Assistance to Indonesia will:</p> <p><u>Promote sustainable growth and economic management</u>, by improving economic policy and strengthening economic management at a national level; reducing infrastructure constraints; and improving natural resource management. Economic crisis policy and programs will be strengthened so that financial system stability is maintained and investment is encouraged. The development of infrastructure at national and local levels will be supported, including continuing improvements to road networks in eastern Indonesia under the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD).</p> <p><u>Improve service delivery</u>, supporting better access to health services, education and water and sanitation to progress the MDGs. Support for Indonesia's national poverty alleviation program (PNPM) will be expanded. As part of the Basic Education Program, the construction and rehabilitation of 2,000 junior secondary schools will be completed. Ongoing support will be provided to reduce maternal and infant mortality; prevent and manage HIV, particularly in the Papua region; and improve rural and urban water supply and sanitation.</p> <p><u>Improve democracy, justice and good governance</u> by strengthening capacity, accountability and responsiveness of legal, democratic and oversight institutions. Local government reforms in priority regions to improve service delivery and public financial management will be supported.</p> <p><u>Improve safety and peace</u>, through improved responses to humanitarian needs, and improved capacity to ensure transport safety and security and to counter threats from transnational crime. The new Australia-Indonesia Facility for Disaster Reduction will be inaugurated to improve disaster response management in Indonesia and the region.</p>
Philippines <i>Country Program: 109.3</i> <i>Total ODA: 123.0</i>	<p>Assistance to the Philippines will:</p> <p><u>Improve basic education</u>, through support for the Government of the Philippines' Basic Education Reform Agenda to achieve its MDG target of universal primary education. This includes support for School Based Management, rationalisation of teacher deployments to ensure coverage of remote schools, text book provision and school building construction. Increased support will be provided to improve access to and the quality of education for Muslim and indigenous children and children in disadvantaged and conflict-affected areas, including the Autonomous Region of Muslim Mindanao.</p> <p><u>Promote national stability and human security</u>, through support for peace building programs focused at the community level, the provision of economic opportunities through small-scale infrastructure development and the delivery of health services through UNFPA, WHO, and UNICEF. Support will also be directed to social protection through financial incentives for families to access health and education services. Increased funding will be provided to reduce maternal mortality. Disaster response will be improved through collaborative partnerships with government and civil society.</p> <p><u>Support economic growth</u>, through programs to increase the quality and level of government expenditure on social services and infrastructure, supporting improvements to national level budgeting and public financial management and improved management of road infrastructure at the provincial level.</p>

Country/Program	Focus
<i>Estimate 2009-10 (\$m)</i> Vietnam Country Program: 91.0 Total ODA: 105.9	Assistance to Vietnam will: <u>Support inclusive growth</u> , through activities that assist Vietnam address the challenges of economic integration and transition to a market economy. <u>Improve infrastructure</u> by supporting the development of key infrastructure in the Mekong Delta, including funding the design of a bridge at Cao Lanh which will improve connectivity and access to markets. <u>Improve water and sanitation</u> by supporting Vietnam's national water and sanitation program. <u>Provide climate change assistance</u> to Vietnam's national program to respond to climate change and ongoing assistance to reduce the risk of natural disasters. Climate analyses in the Mekong Delta and increased mitigation activities, including in energy and biodiversity conservation, will also be supported. <u>Build government and private sector capacity</u> by increasing the number of Australian Development Scholarships in 2009-10.
Cambodia Country Program: 47.9 Total ODA: 61.4	Assistance to Cambodia will: <u>Alleviate rural poverty</u> through a new program to increase the value of Cambodian agricultural production, especially rice. Support will foster better linkages between farmers and markets, rehabilitate irrigation infrastructure and improve agricultural practices. Assistance will also be provided for mine and unexploded ordnance clearance, and maintenance of rural roads. <u>Improve health outcomes</u> through increased assistance for improved health service delivery, with a focus on improving child and maternal health services. Direct support for areas such as midwifery training and reproductive health services will be complemented by support for the Implementation of the Cambodian Government's Health Strategic Plan. <u>Support sustainable economic and natural resource management</u> through improved public financial management to enhance service delivery. A priority will be to support the development of social protection measures. <u>Strengthen law and justice</u> by supporting key Cambodian legal institutions to strengthen the rule of law and access to justice, especially for juveniles, women and other vulnerable groups. Strengthening crime prevention and community safety organisations will be a priority.
Laos Country Program: 28.1 Total ODA: 36.0	Assistance to Laos will: <u>Increase access to quality basic education</u> by funding school construction, training teachers, improving curriculum materials and the provision of school feeding programs, in poor and remote areas. Improving access to education for children with disabilities will be a priority. <u>Support trade and investment reforms</u> in areas that underpin equitable growth. Analytical and advisory support will be provided to: improve the capacity of ministries to engage in reforms, simplify bureaucratic procedures, improve regulatory frameworks and increase competitiveness in products with the potential to benefit the poor. <u>Integrate livelihood development</u> through community-based programs addressing food security, income generation and reduced vulnerability to unexploded ordnance. Assistance will also be provided to improve rural access to electricity, and road infrastructure. <u>Build Government and private sector capacity</u> through the provision of scholarships for study in Australia and at the National University of Laos.
East Timor Country Program: 64.2 Total ODA: 117.0	Assistance to East Timor will: <u>Expand support to improve health outcomes</u> , particularly in rural areas, including through strengthened engagement with district administration. <u>Enhance support for rural employment</u> , including through employment generation, training and assistance in agriculture and rural development. <u>Improving public financial management</u> , including through strengthening basic public accounting practices and through building administrative capacity across the government.

Country/Program <i>Estimate 2009-10 (\$m)</i>	Focus
	<u>Improving security</u> , notably through an Australian Federal Police-managed program to build the capacity of the East Timor National Police force.
Burma <i>Total ODA: 29.1</i>	<p>Assistance to Burma will:</p> <p><u>Support the basic needs of Burma's poor and vulnerable populations</u>, especially in the areas of immediate humanitarian assistance, healthcare, basic education and livelihoods support.</p> <p><u>Continue to assist communities</u> in the Irawaddy delta region affected by Cyclone Nargis in 2008 and vulnerable populations including refugees on the Thai and Bangladeshi borders.</p> <p>Australian support to the people of Burma will continue to be provided through United Nations agencies and international NGOs.</p>
East Asia Regional <i>Regional Program: 104.1</i>	<p>Assistance through the East Asia Regional Program will:</p> <p><u>Strengthen regional economic integration</u>, through:</p> <ul style="list-style-type: none"> - assistance to achieve an ASEAN Economic Community by 2015; - implementation of the ASEAN Australia New Zealand Free Trade Agreement; - continued support for East Asia Summit economic and trade priorities; and - continued assistance to APEC's capacity building initiatives for developing economies. <p>In response to the global recession Australia will support work aimed at encouraging countries in the region to harmonise and coordinate their financial corporate governance reforms and rescue packages.</p> <p><u>Strengthen capacities of key regional institutions to tackle transboundary challenges in health and human security</u>, including:</p> <ul style="list-style-type: none"> - combating the threat of pandemics and emerging infectious diseases, such as Avian Influenza by strengthening surveillance, prevention and response systems for animal and human health; preventing the spread of HIV and reducing HIV-related harm associated with drug use in the region; and - preventing the commercial sexual exploitation of children and addressing people trafficking by improving coordinated responses within and across criminal justice systems in Southeast Asia. <p>and in the <u>Mekong sub-region</u>:</p> <ul style="list-style-type: none"> - <u>Support sub-regional connectivity through infrastructure investments</u> in poorer areas by improving market access and services, upgrading feeder roads connecting to transport corridors and by improving the provision of sustainable and efficient energy. - <u>Enable sub-regional integration</u> by improving the efficient cross-border movement of goods, people and vehicles, and through improved management of water resources in the Greater Mekong Basin.
China <i>Country Program: 25.0</i> <i>Total ODA: 37.0</i>	<p>Assistance to China will focus on:</p> <p>Policy engagement on global and regional issues, partnerships and skills enhancement in <u>governance</u> (economic reform), <u>environment</u> (water and climate change) and <u>health</u> (strengthening health systems and HIV) sectors, supported by technical and knowledge exchanges.</p>
Mongolia <i>Country Program: 3.3</i> <i>Total ODA: 6.4</i>	<p>Assistance to Mongolia will:</p> <p>Provide <u>scholarships</u> to assist the Mongolian Government achieve its Human Resource Development goals.</p>

Country/Program	Focus
<i>Estimate 2009-10 (\$m)</i>	
North Korea	Assistance to the Democratic People's Republic of Korea (DPRK) will: Respond to the protracted <u>humanitarian emergency</u> through funding to United Nations and international agencies providing assistance in areas such as food aid, water and sanitation and disaster response and preparedness. The provision of other development assistance will depend on progress on denuclearisation.

AFRICA, SOUTH AND CENTRAL ASIA, MIDDLE EAST

AFRICA

Estimated ODA to Africa in 2009-10

\$163.9 million

The Australian Government is committed to increasing engagement with Africa through enhanced trade and commercial linkages, strengthened diplomatic relations and increased development assistance. Increased Australian development assistance will support Africa's progress towards the MDGs in areas where Australia has a comparative advantage and experience, such as food security, maternal and child health and water and sanitation.

Australia will also help build Africa's human resource capacity through a significantly expanded scholarships program and targeted technical assistance in areas of Australian expertise, such as agriculture, natural resource management (including mining), water and health, as well as other priority areas such as trade policy and economic governance.

A major increase in Australian programmed aid to Africa in 2009-10 (75 per cent in real terms over the 2008-09 allocation) will also provide scope to support early international efforts to promote economic recovery and the restoration of basic services in Zimbabwe. Programmed aid will be supplemented by continued humanitarian assistance.

Table 5: Assistance to Africa in 2009-10

Program	Focus
<i>Estimate 2009-10 (\$m)</i>	
<i>Regional Program:</i> 103.5	Assistance to Africa will:
<i>Total ODA:</i> 163.9	<p><u>Support Africa's achievement of the MDGs</u> through an enhanced development program of assistance in selected countries and sectors, such as food security, maternal and child health, and water and sanitation. This will be largely delivered through partnerships with other donors, multilateral organisations and NGOs. An expanded scholarships program will underpin this assistance by helping to build African human resource capacity.</p> <p><u>Contribute timely and effective humanitarian assistance</u> by responding to emergency situations and providing programmed assistance for protracted humanitarian needs and disaster risk reduction. Humanitarian aid to Africa will increasingly be linked to broader development efforts in order to achieve long-term gains. Australia's assistance will be part of our efforts to help sub-Saharan Africa meet the MDGs and will be closely coordinated with other donors.</p> <p><u>Support the reintegration of Zimbabwe into the international community</u> by continuing to provide humanitarian support to Zimbabwe through international organisations and NGOs. Australia will also support efforts by the inclusive Government of Zimbabwe to bring sustainable and longer-term improvements to the lives of Zimbabweans.</p>

SOUTH ASIA

Estimated ODA to South Asia in 2009-10

\$149.9 million

Australia's aid to South Asia emphasises improving the health, education and livelihoods of the poor. In the wake of the global recession, Australia will strengthen social protection through additional support for food security and rural development, especially in Bangladesh. Water and sanitation programs will extend the reach of Australia's assistance to the urban and rural poor.

Key development indicators for partner countries in South Asia

Country	GNI per capita [†] (\$US)	Access to water (% of population)	Life expectancy (years)	Adult literacy rate (% of population)
Sri Lanka	1,540	82	72	91
Nepal	340	89	63	55
Bangladesh	470	80	64	52
India	950	89	64	65
Maldives	3,200	83	68	97
Bhutan	1,770	81	65	54

Sources: Human Development Indices 2008, UNDP; and for † World Development Indicators Online, World Bank, 2008.

Table 6: Assistance to South Asia in 2009-10

Country/Program <i>Estimate 2009-10 (\$m)</i>	Focus
Bangladesh <i>Country Program: 46.4</i> <i>Total ODA: 61.2</i>	<p>Assistance to Bangladesh will:</p> <p><u>Improve livelihoods of the rural poor</u> by providing targeted assistance to the extreme poor; through programs with the Bangladesh Rural Advancement Committee (BRAC) and by continuing to provide humanitarian assistance to identified communities in need.</p> <p><u>Increase support for health services</u>, through new and expanded partnerships to enhance health services delivery by government and NGO providers. Support will help reduce maternal, neonatal and child deaths in rural areas by improving the skills and motivation of health providers, strengthening referral linkages between public and private health facilities, increasing demand for obstetric services and providing improved emergency obstetric care. Funding will also further develop human resources for health services, particularly midwifery.</p> <p><u>Increase support for education</u> through expanded programs with UNICEF and BRAC. In 2009-10, as part of a multi-donor program, teacher education and local-level planning for government primary schools will be targeted. Support will also be provided to a nation-wide non-government network of 32,000 primary schools which focus on disadvantaged poor rural children who are excluded from the formal system. These BRAC-managed schools also seek to address the multiple disadvantages faced by poor children with disabilities.</p> <p><u>Improve water and sanitation services</u> for urban and rural poor and enhancing community resilience to climate change.</p>

Country/Program <i>Estimate 2009-10 (\$m)</i>	Focus
Sri Lanka <i>Country Program: 11.3</i> <i>Total ODA: 35.6</i>	Assistance to Sri Lanka will: <u>Provide humanitarian support</u> (food, shelter, medicines and protection) to conflict-affected communities in the North and East. <u>Promote community rehabilitation, livelihood development and peace building</u> , delivered primarily through United Nations and NGO partners. <u>Improve access to education</u> for the most vulnerable and marginalised children affected by conflict. The Ministry of Education will be assisted to plan, manage and assess schooling at provincial and local levels. <u>Continue support to improving natural resource management</u> , including through community-based approaches.
India <i>Country Program: 5.3</i> <i>Total ODA: 13.7</i>	Assistance to India will: <u>Continue support to foster agricultural research and build linkages focused on sustainable development</u> between Australian and Indian public sector institutions, including on climate change. <u>Continue support for reducing the risk and impact of HIV and AIDS</u> particularly among high-risk groups in the Northeast.
Nepal <i>Country Program: 10.8</i> <i>Total ODA: 15.8</i>	Assistance to Nepal will: <u>Improve health service delivery</u> by funding UNICEF child health programs and participating in a multi-donor program with the Government of Nepal to improve health services and cut maternal and child mortality. <u>Strengthen governance and build broad community participation</u> through strengthening democratic practices and increasing inclusion of marginalised communities, in partnership with the United Kingdom's Department for International Development. <u>Support education</u> through targeted improvements in basic education access and quality, focusing on girls and disadvantaged children. <u>Directly contribute to poverty reduction</u> through a partnership with UNDP to help support micro-enterprise development and employment generation.
Maldives <i>Total ODA: 3.7</i>	Assistance to the Maldives will: Continue support through <u>Australian Scholarships, post-tsunami reconstruction and governance</u> activities.
Bhutan <i>Total ODA: 4.8</i>	Assistance to Bhutan will: Continue support through <u>Australian Scholarships</u> and small-scale <u>governance and education</u> activities.
South Asia Regional <i>Regional Program: 20.5</i>	Assistance to South Asia, through the regional program, will: <u>Continue support to address priority regional development issues</u> , including adaptation to climate change, water and sanitation, HIV and AIDS, health, education, regional integration and policy analysis. Assistance will be delivered through key regional partners including UNAIDS, the World Bank, Asian Development Bank and International Monetary Fund. Targeted support will also be provided to <u>improve governance</u> , including economic management.

CENTRAL ASIA AND MIDDLE EAST

Estimated ODA to Central Asia and Middle East in 2009-10

\$224.5 million

Key development indicators for Central Asia and Middle East

Country	GNI per capita [†] (\$US)	Access to water (% of population)	Life expectancy (years)	Adult literacy rate (% of population)
Pakistan	870	90	65	54
Afghanistan	n/a	22	43	28
Iraq	n/a	77	58	74

Sources: Human Development Indices 2008, UNDP; and for † World Development Indicators Online, World Bank, 2008.

Table 7: Assistance to Central Asia and Middle East in 2009-10

Country/Program <i>Estimate 2009-10 (\$m)</i>	Focus
Pakistan <i>Country Program: 51.3</i> <i>Total ODA: 58.8</i>	<p>Assistance to Pakistan will:</p> <p><u>Support maternal and child health</u> through the Government of Pakistan's National Maternal, Neonatal and Child Health Program, which seeks to improve quality and access to healthcare services for mothers and their children.</p> <p><u>Support basic education</u> by improving the quality of, and expanding access to, basic education for under-served and disadvantaged groups, particularly in poorer provinces. Support will also seek to improve educational governance at both the federal and provincial levels.</p> <p><u>Continue humanitarian relief and reconstruction</u> by supporting the reconstruction of schools and health facilities destroyed as a result of the October 2005 earthquake. Support will also be directed to the United Nations and International Committee of the Red Cross and Red Crescent (ICRC) for relief operations targeting internally displaced people in the border regions with Afghanistan.</p> <p><u>Support agriculture and rural development</u> by building agricultural linkages between Pakistani and Australian institutions, and developing opportunities to improve livelihoods through rural development programs.</p> <p><u>Build human capital</u> through tertiary scholarships.</p>
Afghanistan <i>Country Program: 53.6</i> <i>Total ODA: 88.7</i>	<p>Assistance to Afghanistan will:</p> <p><u>Improve agriculture and rural development</u> through programs supporting improved agricultural production, food security and rural livelihoods.</p> <p><u>Support basic service delivery</u> in education and health through assistance to national government programs. Emphasis will be placed on targeting maternal and child health services. In partnership with Malaysia, a Master Teacher training program will be supported. Australian postgraduate scholarships, linked to four target ministries including agriculture, health, rural development and education, will also be provided.</p> <p><u>Strengthen local governance and promote community capacity</u> to manage small-scale projects. Increased support will also be provided to build the capacity of key Afghan government ministries together with support for the 2009 presidential and provincial elections.</p> <p><u>Assist vulnerable populations</u> through United Nations and other multilateral agencies delivering emergency relief and humanitarian assistance to vulnerable communities. The program will also support social protection and mine action programs.</p> <p><u>Support reconstruction activities</u> by complementing the Australian Defence Force's activities in Oruzgan Province.</p>

Box 6: Afghanistan and Pakistan: Strengthened Development Effort

A 2009-10 budget initiative will boost Australia's total non-military ODA to Afghanistan and Pakistan to over \$650 million over four years.

Increased development and humanitarian funding in **Afghanistan** will build on reconstruction activities through the Australian Defence Force in Oruzgan Province and police training activities undertaken by the Australian Federal Police. Funding will support the World Bank's Afghanistan Reconstruction Trust Fund which focuses on supporting rural development, local governance, education and access to microfinance. Funding through Australia's bilateral Development Assistance Facility will deliver basic training in areas such as: health, education, agriculture, irrigation and livestock, rural construction and development.

Increased development funding in **Pakistan** will provide increased support for improved food security, rural development and national and provincial governance. Funding for civil society institutions working to improve governance at national and provincial levels will be increased and coordinated with other development efforts to address poverty and radicalisation in the border areas. Continued support will be provided to the World Food Programme (WFP) to address immediate food security needs and longer-term human development objectives through food-for-work and food-for-training programs, improving health and nutrition status of children and pregnant women, and increasing school attendance through school meals and the provision of take home rations for girls and boys attending primary school.

Expected outcomes of Australia's increased assistance to Afghanistan and Pakistan include:

- improved partner government capacity to undertake essential government functions;
- improved access to basic services (particularly health and education);
- enhanced Australian capacity to respond to humanitarian needs;
- increased opportunities for communities through rural development; and
- contributing to greater stability and security.

Country/Program <i>Estimate 2009-10 (\$m)</i>	Focus
Iraq <i>Country Program: 39.4</i> <i>Total ODA: 44.7</i>	<p>Assistance to Iraq will:</p> <p><u>Strengthen agricultural productivity and food security</u> through programs under the Australia-Iraq Agricultural Partnership. This includes building skills through scholarships and specialist short courses, improving food security through research and projects to introduce best-practice farming and soil management techniques and supporting the creation of rural businesses through rural microfinance.</p> <p><u>Support improved governance and public sector capacity</u> through programs to build skills in quarantine and border control, public financial management, trade, human rights, and public sector reform.</p> <p><u>Support vulnerable populations</u> by re-establishing essential services (including health and education), with a particular focus on internally displaced people, Iraqi refugees and respective host communities.</p>
Palestinian Territories <i>Country Program: 25.0</i> <i>Total ODA: 32.3</i>	<p>Assistance to the Palestinian Territories will:</p> <p><u>Support the implementation of the Palestinian Reform and Development Plan.</u></p> <p><u>Protect vulnerable groups particularly women and children,</u> through improving livelihoods and access to basic services in partnership with Australian NGOs.</p> <p><u>Improve health and education services for Palestinian refugees.</u></p>

CROSS REGIONAL PROGRAMS

Cross regional programs include funding allocations for health and HIV, education and scholarships, gender, infrastructure, environment and rural development, governance and for measures to improve overall development assistance effectiveness.

Table 8: Cross regional programs in 2009-10

Program <i>Estimate 2009-10 (\$m)</i>	Focus
Cross regional programs 178.9	Includes sectoral, thematic, scholarship and aid effectiveness program expenditure, predominately for activities across geographic regions.
<i>of which:</i>	
<i>Direct Aid Program 7.5</i>	Small grants scheme administered by Australia's diplomatic posts in developing partner countries.
<i>Human Rights Fund 5.8</i>	Supporting a Human Rights Small Grants Scheme, the United Nations Office of the High Commissioner for Human Rights, the Asia Pacific Forum of National Human Rights Institutions, and emerging human rights issues.
<i>Enterprise Challenge Fund 6.0</i>	Supporting business projects that demonstrate results benefiting the poor and future commercial viability, through grants awarded under open competition.
<i>Australian Leadership Awards 51.0</i>	Supporting the development of leadership, partnerships and linkages amongst current and emerging leaders in the Asia-Pacific region through scholarships and fellowship placements with Australian host organisations. Commencing in 2010, Australia will also provide scholarships through the Prime Minister's Pacific-Australia Awards.

GLOBAL PROGRAMS

HUMANITARIAN, EMERGENCY AND REFUGEE PROGRAMS

Humanitarian, Emergency and Refugee Programs in 2009-10 **\$299.8 million**

The Australian Government's humanitarian, emergency and refugee programs aim to protect lives and alleviate suffering caused by conflict and natural and other disasters, through timely and effective assistance to promote prevention, preparedness and risk reduction and assist recovery. Expanded engagement with key humanitarian agencies and with organisations engaged in disaster preparedness and reduction, such as the World Food Programme (WFP), the United Nations High Commissioner for Refugees (UNHCR), the International Red Cross Movement, the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) and Australian NGOs, will contribute to a better coordinated and more efficient international humanitarian system and strengthen Australia's capacity to respond effectively to global humanitarian needs.

Table 9: Humanitarian, emergency and refugee programs in 2009-10

Program <i>Estimate 2009-10 (\$m)</i>	Focus
Humanitarian and Emergency Response 211.3	Emergency response and support for global, regional and country level humanitarian initiatives that help improve basic conditions of life, alleviate suffering, and maintain human dignity during and in the aftermath of man-made crises and natural disasters, including assistance and protection for refugees and internally displaced people.
International Committee of the Red Cross and Red Crescent (ICRC) 16.0	Core support for the ICRC. ICRC plays a key role responding to conflict and meeting the needs of conflict and crisis affected populations.
United Nations Humanitarian Agencies 72.5 <i>of which:</i> UNOCHA 6.0	Australia will continue to support effective and efficient United Nations humanitarian agencies. Australia will continue to provide core support for the UNOCHA which plays a lead role in strengthening the United Nations' response to humanitarian crises through coordination, policy development and advocacy of the United Nations' humanitarian reform agenda. Australia has entered into a partnership agreement with UNOCHA to provide \$26 million in support over four years.
WFP 35.0	Emergency food aid continues to be an important element of Australia's humanitarian program, and Australia will continue to provide core support for WFP in their key role as the lead United Nations agency in humanitarian food assistance.
United Nations Central Emergency Response Fund (UNCERF) 12.0	Australia will continue to support the UNCERF which works to improve the speed and efficiency of funding access in the earliest days of a crisis response, as well as filling the gaps in funding for 'forgotten' emergencies.
UNHCR 14.3	Australia will provide increased core support to the UNHCR as the mandated lead agency to assist refugees and internally displaced people.

Program	Focus
<i>Estimate 2009-10 (\$m)</i> United Nations Relief and Works Agency for Palestine Refugees (UNWRA) 5.2	Australia will continue to support UNRWA to deliver services to over 4.5 million registered Palestinian refugees across its five fields of operation (the West Bank, Gaza, Jordan, Syria and Lebanon), through basic health and education assistance and by responding to humanitarian and emergency appeals.

MULTILATERAL ENGAGEMENT

Estimated 2009-10 funding for multilateral replenishments **\$259.8 million**

Estimated 2009-10 funding for United Nations, Commonwealth and other international organisations **\$205.9 million**

Australia's engagement with the multilateral system will continue to strengthen in 2009-10. This commitment recognises the central role of multilateral organisations in reducing poverty and the benefits of a shared approach to addressing global development challenges.

Australia's engagement with multilateral organisations extends the reach and scope of Australia's country and regional aid programs. The World Bank and Asian Development Bank (ADB) continue to be central partners for Australia's aid program. The convening power of both Banks often enables them to lead donor coordination efforts at country and sectoral levels. Drawing on deep technical expertise, they undertake extensive and innovative analytical work and engage developing country governments on important and sensitive policy issues. In the context of the global recession timely analysis of recession impacts from the World Bank and ADB is helping to shape effective international responses. The World Bank and ADB are valued partners in the delivery of aid activities at both a sector and country level throughout the Asia-Pacific region. In the Pacific, for example, the development banks and New Zealand are founding partners with Australia in the Pacific Regional Infrastructure Facility and will play a major role in the delivery of improved infrastructure services to Pacific Island countries.

United Nations development agencies play a central role in global efforts to realise the MDGs. The Australian aid program engages with selected United Nations agencies to improve the lives of millions in the Asia-Pacific region and globally.

In 2009-10 Australia will continue to implement partnerships to strengthen the capacity of key United Nations agencies to lead global efforts to realise the MDGs. Australia has signed partnership frameworks with UNICEF, the United Nations Development Programme (UNDP), UNOCHA, and the World Health Organisation (WHO), and is working on similar arrangements with the United Nations Population Fund (UNFPA), UNIFEM, and the Joint United Nations Programme on HIV/AIDS (UNAIDS). These frameworks reflect Australia's increased engagement with the United Nations and provide multi-year and increased core funding to these agencies (\$200 million over the period 2008-12). The partnership frameworks set out the commitments between parties to achieve the MDGs; deliver development assistance more effectively; and support United Nations reforms such as improved coherence in the delivery of development assistance and increased aid effectiveness.

Australia is a member of the Multilateral Organisations Performance Assessment Network (MOPAN). As part of MOPAN Australia will work with fourteen other bilateral donors to support a harmonised approach to assessing the effectiveness of multilateral partners.

Table 10: Assistance through multilateral institutions in 2009-10

Program	Focus
<i>Estimated funding 2009-10 (\$m)</i>	
World Bank (through the International Development Association (IDA)) 137.5	Payments made in 2009-10 reflect Australia's commitments made under previous replenishments to IDA which is the concessional lending arm of the World Bank.
Asian Development Bank (through the Asian Development Fund) 54.1	Payments made in 2009-10 reflect Australia's commitments made under previous replenishments to the Asian Development Fund which is the concessional lending arm of the ADB.
Heavily Indebted Poor Countries Initiative (HIPC) 22.7	The HIPC Initiative provides multilateral debt relief to the world's poorest and most heavily indebted countries that have a demonstrated commitment to reform. Payments in 2009-10 reflect Australia's commitments made under previous replenishments.
Global Environment Facility (GEF) 17.4	GEF supports projects in developing countries related to biodiversity, climate change, international waters, the ozone layer, land degradation and persistent organic pollutants.
Multilateral Fund for the Implementation of the Montreal Protocol (MPMF) 3.1	The Montreal Protocol on Substances that Deplete the Ozone Layer is an international treaty designed to protect the ozone layer by phasing out the production of certain substances believed to be responsible for ozone depletion.
World Bank Clean Technology Fund 25.0	Payments made in 2009-10 reflect Australia's pledge of \$100 million over three years to the Clean Technology Fund, financing demonstration and deployment of low carbon technologies in high-emitting developing countries.
United Nations Development agencies 72.3	Core funding to these agencies supports the United Nations' efforts to realise the MDGs globally.
<i>of which:</i>	
UNICEF 19.6	UNICEF's program will focus on five areas: young child survival and development; basic education and gender equality, HIV and children; child protection from violence, exploitation and abuse; and policy advocacy and partnerships for children's rights. Australia has entered into a partnership with UNICEF to provide \$93.6 million in support over four years.
WHO 13.0	Expanded support for WHO's lead role on global health and advocacy with partner countries to improve the delivery of health services and the systems that underpin it. Australia signed a partnership framework with WHO in March 2009 to provide \$64 million in support over four years.
UNFPA 9.0	Expanded support for sexual and reproductive health initiatives.
UNIFEM 3.6	Strengthened partnership to advance women's democratic participation, increase economic empowerment and reduce violence against women. Australia is currently finalising a partnership framework with UNIFEM.
UNDP 14.6	Assistance will strengthen UNDP's central role in coordinating the United Nations development system and the United Nations' implementation of the MDGs. Australia signed a partnership framework with UNDP in March 2009 to provide \$68.3 million in support over four years.
UNAIDS 8.0	Expanded support for UNAIDS' lead role in coordinating the global response to HIV including scaling up assistance towards universal access on treatment, care and support.

Program	Focus
<i>Estimated funding 2009-10 (\$m)</i>	
<i>Other United Nations Development agencies</i> 4.5	Support for development and associated activities by other United Nations agencies, including the International Atomic Energy Agency, the United Nations Drug Control Program and the United Nations Environment Programme. Support for United Nations humanitarian agencies is outlined on page 62 under Humanitarian, Emergency and Refugee Programs.
Commonwealth organisations 14.3	Australia will continue to support the development-related work of the Commonwealth, focusing primarily on the Commonwealth Fund for Technical Cooperation which provides small-scale, short-term technical assistance in a range of sectors.
Global environment programs 39.3	Support for global environment programs including the International Tropical Timber Organisation, the Global Crop Diversity Trust, international climate change adaptation funds programs and international forest carbon programs.
Global health programs 57.5 <i>of which:</i> <i>The Global Fund to Fight AIDS Tuberculosis and Malaria</i> 46.5	Support for key international health partners to take forward innovative service and financing mechanisms. Continued support for the Global Fund international financing mechanism to assist countries address tuberculosis, malaria and HIV.
Global education programs 22.5	Support for global education programs; in particular the World Bank-led Education For All Fast Track Initiative, accelerating progress towards the goal of universal primary education; and UNICEF's Back on Track Initiative, protecting children's right to education in emergencies.

Box 7: Supporting the Asian Development Bank's Response to the Global Recession

Australia will contribute to a general capital increase of up to 200 per cent for the Asian Development Bank (ADB), requiring an estimated US\$197.6 million in additional ODA payments over a ten year period from 2010-11. Australia will also provide for an increase in callable capital of US\$5.6 billion to assist the ADB respond to the global recession. These contributions will significantly expand the ADB's capacity to lend to developing member countries (41 borrowing members⁴⁰), assisting restored growth and poverty reduction.

In responding to the global recession, the ADB will assist its developing country members through supporting public investment programs in infrastructure and social sectors. It will also facilitate trade financing and, in countries where the ADB is already engaged in the financial sector, provide policy-based advice and support to address weaknesses in financial systems. In addition to direct assistance at the country level, the ADB intends to strengthen monitoring and regional responses to the recession and participate in emergency response programs with other international financial institutions such as the International Monetary Fund and World Bank.

COMMUNITY ENGAGEMENT

The Australian Government recognises and encourages the valuable role that the Australian community plays in international development, including in fostering awareness, understanding and support for Australia's engagement in development issues. Communicating the work of the Australian aid program is an important public accountability measure as well as increasing the Australian community's understanding of, and involvement in, the aid program. To better utilise the expertise and knowledge of the Australian community, in 2009-10, partnerships and funding arrangements will be enhanced with Australian development NGOs, volunteer organisations, business organisations, community-based and professional organisations, research institutes and education-related bodies.

In 2009-10 the Government will increase funding for the AusAID-NGO Cooperation Program (ANCP) to \$54.5 million. The ANCP provides co-funding for the community-supported international development work of more than 40 accredited Australian NGOs. The expanded ANCP will support new partnerships with eligible agencies (\$7.0 million) and include an Innovation Fund (\$0.5 million) to disseminate knowledge and understanding of NGO good practice principles and highlight innovative Australian NGO approaches. A new Community Call to Action Fund (\$1.5 million) will provide grants to community organisations, peak bodies and small business to help raise Australian public awareness and support for international development through their member networks.

In 2009-10 volunteer programs will provide further opportunities for adult Australians (including young and Indigenous Australians), business professionals and individuals with relevant expertise to contribute to development in partner countries. Volunteer efforts cover a wide range of fields including education, health, disability support, rural development and sport.

The Government will continue to provide funding for community engagement activities to support increased knowledge and understanding of the challenges faced by poor people overseas.

Table 11: Community engagement programs in 2009-10

Program <i>Estimate 2009-10 (\$m)</i>	Focus
Non-government organisations 56.1 <i>of which</i> <i>AusAID-NGO Cooperation Program (ANCP) 54.5</i>	Enhanced NGO engagement will support more than 40 accredited Australian NGOs undertaking community-based development work. New Partnerships will be established with larger community-supported NGOs. Support will also be provided to improve coordination and promote good practice community development principles and standards for community development programs.
Volunteer programs 35.0	Supporting the management and placement of Australian volunteers in developing countries, increasing people-to-people links and organisational capacity building. In 2009-10 Australia will support the placement of an estimated 1,200 volunteers.
Development research program 8.7	A strengthened research program will contribute to aid effectiveness with increased research funding, partnerships, capacity building and improved research communication. The 2008 round of the Australian Development Research Awards funded 41 grants totalling \$12 million over three years. In 2009 new frameworks for the monitoring, evaluation and communication of research will be developed, as will initiatives designed to build the capacity of researchers in Asia and the Pacific.
Community engagement and development education 8.8	Increasing awareness of development issues and the activities of the Australian development assistance program in Australia and overseas. Supporting participants from partner countries to attend development-oriented seminars in Australia and overseas under the International Seminar Support Scheme.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

Total ODA for the Australian Centre for International Agricultural Research (ACIAR) in 2009-10 is an estimated \$60.9 million. ACIAR's program delivers research outcomes that integrate closely with the Australian Government's broader aid program strategies including the new Food Security through Rural Development initiative and regional, sectoral and country strategies. The Centre's projects link Australian scientists with their counterparts in developing countries in the Asia-Pacific region to increase agricultural productivity and sustainability and to improve livelihoods by strengthening food security, particularly in rural areas where poverty is the most prevalent. Of ACIAR's bilateral programs, Indonesia and Papua New Guinea will remain the largest partners.

Estimated ODA in 2009-10

\$60.9 million

Table 12: ACIAR programs in 2009-10

Program	Focus
Bilateral programs	<p>ACIAR's bilateral work will implement new programs under the Food Security through Rural Development initiative in conjunction with ongoing country programs. A key component of ACIAR expenditure will be investment to support the Food Security initiative through sustainably enhancing agricultural productivity and profitability in specific partner countries:</p> <ul style="list-style-type: none"> • Improving the productivity of rice-based farming systems in South and Southeast Asia. • Climate change adaptation in the rice-based farming systems in the Mekong and South Asia. • Identifying opportunities for developing high-value agricultural, forestry and fisheries products in the Pacific. • New programs improving the profitability and market linkages of smallholder mariculture in the Philippines, crop and livestock production in the lagging regions of Vietnam, and vegetable and coffee industries in PNG. <p>ACIAR will continue to align its investment to poorer countries and, in particular, lagging regions within partner developing countries. In part these areas will be the focus of a continued shift to larger, multidisciplinary projects that integrate across ACIAR's research and development program. Priorities for 2009-10 include:</p> <ul style="list-style-type: none"> • Improving productivity of smallholder crops, forestry and aquaculture in PNG through technology innovation and improving marketing within a socio-cultural context that reduces constraints to adoption. • Contributing to the design of the second phase of the Smallholder Agribusiness Development Initiative in Eastern Indonesia, as well as implementing the agricultural research and development and capacity-building components. • Managing the research and extension component of the AusAID-funded Cambodian Agricultural Value Chain program, focusing on accelerating growth in the value of agricultural production and smallholder incomes in selected provinces through improved productivity of rice-based farming systems.

Program	Focus
	<ul style="list-style-type: none"> • Supporting new initiatives in the Pacific to improve the profitability of the plantation tree crop sector. Together with a focus on high-value fisheries resources by integrating community aquaculture and mariculture and stock assessment and planning for sustained use of inshore fisheries. • Enhancing, through research in PNG, smallholder incomes through better production, quality and marketing of horticultural, root and export tree crops, village-based aquaculture and smallholder fisheries and forestry and agroforestry systems, together with sustainable management of important forestry and fisheries resources.
Multilateral programs	Expanded multilateral funding will be provided as core support to the Consultative Group on International Agricultural Research (CGIAR). This will support the ongoing reform process of the CGIAR system. Some other multilateral funds will be directed to ACIAR's bilateral project funding that supports country specific programs run in partnership with Australia under the overseas aid program.
Training programs	<p>Training programs will develop the skills of partner country research scientists involved in ACIAR projects, through formal training courses, and informal project activities and interactions, including:</p> <ul style="list-style-type: none"> • Continuing two fellowship schemes, the first of which offers developing country scientists post-graduate study opportunities in Australia and the second via short-term research management training of outstanding leaders. • Continued support through the ATSE Crawford Fund for training activities many of which complement ACIAR training and projects.
Communicating research results	<p>ACIAR will communicate its results from research activities via electronic media and publications raising awareness of research and development activities through:</p> <ul style="list-style-type: none"> • Scientific publications produced and disseminated, including through the ACIAR website, CD-ROMs and in hard-copy formats. • Implementing a website strategy that supports and encourages project and stakeholder collaboration and interaction.
Evaluating impacts	<p>ACIAR will commission independent studies of the impacts arising from projects through the ACIAR Impact Assessment program, working closely with AusAID's Office of Development Effectiveness:</p> <ul style="list-style-type: none"> • Five major studies of projects or suites of projects will be undertaken to assess their impacts, including assessing economic growth, environmental, social and capacity building wherever possible. • An adoption study will also be commissioned for all large projects (greater than \$0.4 million) completed in 2005-06, where no follow-on projects were undertaken, to determine the level of adoption.

Most of ACIAR's research expenditure in 2009-10 will be in Southeast Asia (59 per cent), followed by Papua New Guinea and the Pacific (22 per cent), South Asia (15 per cent), North Asia (4 per cent) and Southern Africa (1 per cent). ACIAR's Annual Operational Plan provides further details of the Centre's priorities and programs for the 2009-10 financial year.

APPENDIX

AUSAID COUNTRY AND GLOBAL PROGRAMS

Table 13: AusAID country programs

Country / Regional Program	Notes	Actual (\$m)	Estimated Outcome (\$m)	Budget Estimate (\$m)
		2007-08	2008-09	2009-10
Papua New Guinea		346.8	357.3	377.4
Solomon Islands	a	97.4	101.5	109.3
Vanuatu		30.3	42.5	41.6
Fiji		18.0	21.1	18.0
Tonga		13.4	14.0	14.9
Samoa		12.4	24.5	22.0
Kiribati		5.7	12.6	13.2
Tuvalu		4.0	4.9	5.0
Nauru	b	19.7	18.0	15.4
Micronesia	c	1.3	2.6	2.7
Cook Islands		2.7	2.7	1.7
Niue and Tokelau		1.4	1.6	1.7
Pacific Regional		121.3	177.9	270.0
Total Papua New Guinea and Pacific		674.5	781.2	892.7
Indonesia	d	361.1	441.9	396.2
Philippines		87.9	97.8	109.3
Vietnam		71.5	77.7	91.0
Cambodia		31.7	37.6	47.9
Laos		16.2	17.4	28.1
East Timor		56.7	59.1	64.2
Burma		7.1	6.9	16.5
China		30.7	25.0	25.0
Mongolia		2.4	8.0	3.3
Thailand		0.2	0.0	0.0
East Asia Regional		103.7	111.6	104.1
Total Indonesia and East Asia		769.2	882.9	885.8
Africa		42.9	66.0	103.5
Bangladesh		33.9	34.5	46.4
Sri Lanka		9.3	11.8	11.3
India		2.3	2.2	5.3
Nepal		4.7	5.7	10.8
Maldives		2.2	2.6	2.6
Bhutan		1.4	2.0	2.2
South Asia Regional		13.1	10.9	20.5
Pakistan		19.6	26.9	51.3
Afghanistan		0.0	41.6	53.6
Iraq		0.0	39.4	39.4
Palestinian Territories		23.9	28.5	25.0
Total Africa, South and Central Asia, Middle East		153.2	272.0	372.0
Cross Regional Programs		141.6	279.7	178.9
AusAID COUNTRY PROGRAMS	e	1,738.4	2,215.9	2,329.4

Notes: see page 79.

Table 14: AusAID global programs

Global Program	Notes	Actual (\$m)	Estimated Outcome (\$m)	Budget Estimate (\$m)
		2007-08	2008-09	2009-10
Humanitarian and Emergency Response		204.9	194.7	211.3
International Committee of the Red Cross		12.0	14.5	16.0
United Nations Humanitarian Agencies		66.5	91.5	72.5
UNOCHA		4.2	6.0	6.0
WFP		29.8	55.0	35.0
UNCERF		20.0	12.0	12.0
UNHCR		8.3	14.3	14.3
UNRWA		4.2	4.2	5.2
International Refugee Fund	a	15.0	0.0	0.0
Humanitarian, Emergency and Refugee Programs		298.4	300.7	299.8
IDA		583.0	4.8	0.0
ADF		0.0	332.8	0.0
MDRI		0.0	40.8	0.0
HIPC		34.8	27.5	0.0
GEF		0.0	0.0	0.0
MPMF		0.0	9.4	0.0
World Bank Clean Technologies Fund		0.0	100.0	0.0
Multilateral Replenishments	b	617.8	515.3	0.0
United Nations Development Agencies		60.9	57.6	72.3
of which:				
UNDP		8.5	12.5	14.6
UNICEF		13.7	14.5	19.6
UNFPA		7.0	6.5	9.0
UNAIDS		6.0	5.0	8.0
WHO		19.3	12.8	13.0
Other UN Development Agencies		6.4	6.3	8.1
Global Health Programs	c	53.6	51.4	57.5
Global Environment Programs	d	28.3	62.9	39.3
Global Education Programs	e	0.0	0.0	22.5
Commonwealth Organisations and Other	f	12.6	13.6	14.3
UN, Commonwealth and Other International Organisations		155.3	185.6	205.9
Non-Government Organisations		38.4	45.8	56.1
of which:				
AusAID-NGO Cooperation Program		36.9	44.0	54.5
Volunteer Programs		16.7	17.9	18.0
Australian Youth Ambassadors for Development (AYAD)		15.0	14.6	17.0
Community Engagement and Development Research		12.1	16.6	17.5
NGO, Volunteer and Community Programs		82.2	94.9	108.6
Total AusAID Global Programs	g	1,153.7	1,096.6	614.4
Less: new multi-year commitments	h	-617.8	-515.3	0.0
Add: cash paid to multi-year liabilities	i	318.0	228.1	263.5
AusAID GLOBAL PROGRAMS	j	853.9	809.3	877.9

Notes: see page 79.

TOTAL AUSTRALIAN OFFICIAL DEVELOPMENT ASSISTANCE

Table 15: Australia's ODA 1971-72 to 2009-10

Year	Current prices (\$m)	Constant 2008-09 prices (\$m)	Real change over previous year (%)	ODA/GNI ratio (%)
1971-72	200.5	1,856.1	4.0	0.48
1972-73	219.2	1,917.5	3.3	0.47
1973-74	264.9	2,029.4	5.8	0.47
1974-75	334.6	2,099.8	3.5	0.50
1975-76	356.0	1,938.4	-7.7	0.45
1976-77	386.2	1,865.1	-3.8	0.43
1977-78	426.1	1,893.4	1.5	0.43
1978-79	468.4	1,970.7	4.1	0.42
1979-80	508.7	1,955.1	-0.8	0.40
1980-81	568.0	1,971.6	0.8	0.40
1981-82	657.8	2,018.4	2.4	0.40
1982-83	744.6	2,052.4	1.7	0.42
1983-84	931.8	2,407.1	17.3	0.47
1984-85	1011.4	2,485.5	3.3	0.46
1985-86	1031.0	2,385.8	-4.0	0.43
1986-87	975.6	2,108.4	-11.6	0.37
1987-88	1019.6	2,044.3	-3.0	0.34
1988-89	1194.6	2,197.0	7.5	0.35
1989-90	1173.8	2,030.9	-7.6	0.32
1990-91	1261.0	2,078.2	2.3	0.33
1991-92	1330.3	2,147.8	3.3	0.34
1992-93	1386.1	2,209.0	2.8	0.34
1993-94	1410.8	2,232.4	1.1	0.33
1994-95	1483.7	2,321.3	4.0	0.33
1995-96	1556.5	2,374.9	2.3	0.32
1996-97	1432.0	2,149.5	-9.5	0.28
1997-98	1443.0	2,140.0	-0.4	0.27
1998-99	1528.6	2,260.9	5.6	0.27
1999-00	1748.7	2,532.5	12.0	0.29
2000-01	1623.1	2,250.9	-11.1	0.25
2001-02	1755.1	2,377.6	5.6	0.25
2002-03	1830.8	2,409.5	1.3	0.25
2003-04	1973.1	2,496.2	3.6	0.25
2004-05	2198.1	2,674.3	7.1	0.26
2005-06	2697.7	3,134.5	17.2	0.29
2006-07	3017.9	3,352.3	6.9	0.30
2007-08	3173.7	3,376.8	0.7	0.30
2008-09 (Estimated Outcome)	3789.6	3,789.6	12.2	0.33
2009-10 (Budget Estimate)	3,818.8	3,865.1	2.0	0.34

NOTES

Figures in tables and generally in the text have been rounded. Totals and percentages are calculated on un-rounded totals. Any discrepancies between totals and sums of components in tables and generally in the text are due to rounding.

In this Statement, 'real' means adjusted for the effect of inflation. Real changes are calculated using the non-farm Gross Domestic Product deflator.

All amounts are in Australian dollars (AUD) unless otherwise indicated. All estimates are exclusive of recoverable Goods and Services Tax (GST).

One billion is equal to one thousand million.

The source of data is AusAID unless otherwise stated.

Responding to the Global Recession (from page 11)

1. World Bank (31 March 2009), *World Bank Updates Global Economic Forecast*
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,contentMDK:22122200~pagePK:64165401~piPK:64165026~theSitePK:469372,00.html> (at Data and Research section of World Bank website).
2. Economic growth in East Asia and the Pacific is on aggregate expected to fall from 8.0 per cent in 2008 to 5.4 per cent in 2009. Many countries in these regions will record negative growth in 2009. In South Asia growth is expected to fall from 5.6 per cent in 2008 to 3.7 per cent in 2009, while in sub-Saharan Africa growth is forecast to fall from 4.9 per cent to 2.4 per cent over the same period.
3. World Bank (April 2009), *Global Monitoring Report 2009: A Development Emergency*, Washington DC; Chen, S., Ravallion, M. (August 2008), *Policy Research Working Paper 4703: The Developing World Is Poorer Than We Thought, But No Less Successful in the Fight against Poverty*, World Bank Development Research Group, Washington DC, p 37
http://siteresources.worldbank.org/INTGLOMONREP2009/Resources/5924349-1239742507025/GMR09_book.pdf;
http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/08/26/000158349_20080826113239/Rendered/PDF/WPS4703.pdf .
4. International Labour Organization (ILO) (January 2009), *Global Employment Trends*, Geneva, p 20
<http://www.ilocarib.org.tt/portal/images/stories/contenido/pdf/LabourMarketInformation/get09.pdf>.
5. UNICEF (1 April 2009), *Crisis Threatens to Create 'Lost Generation'*
<http://www.unicef.org.au/mediaCentre-Detail.asp?ReleaseID=827>.
6. Espey, J., Harper, C., Jones, N., McKay, A. (March 2009), *Overseas Development Institute (ODI) Background Note: Children in times of economic crisis: Past lessons, future policies*
<http://www.odi.org.uk/resources/details.asp?id=2865&title=children-times-economic-crisis-past-lessons-future-policies>.
7. World Bank (February 2009), *Global Economic Crisis: Assessing Vulnerability with a Poverty Lens*
<http://siteresources.worldbank.org/NEWS/Resources/WBGVulnerableCountriesBrief.pdf>.
8. These impacts were displayed in the 1997 recession when the East Asian 'tiger' economies significantly reduced infrastructure investment. This contributed to sustained decline in economic growth over the following years; severe infrastructure backlogs emerged which slowed the recovery and reversed some of the gains made in poverty reduction.

