

**Question on notice no. 77**

**Portfolio question number: 78**

**2018-19 Additional estimates**

**Foreign Affairs, Defence and Trade Committee, Foreign Affairs and Trade Portfolio**

**Senator Claire Moore:** asked the Department of Foreign Affairs and Trade on 21 February 2019—

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( ) What consultations has the Department carried out across the Pacific in the design of the AIFFP?

(2) What proportion of the new loans component (\$1.5bn) of the AIFFP will be classified as Official Development Assistance?

(3) What are the terms of the loans that the AIFFP will distribute?

(4) What interest rate/s will loan recipients be charged as part of the AIFFP?

(5) Will Export Finance and Insurance Corporation be expected to administer the grants component of the AIFFP?

(6) What risk analyses are informing the creation of the AIFFP?

(7) What were the recommendations made to the Department as part of the feasibility study into a Pacific financing facility led by John Eyers?

**Answer —**

Answer attached

**QUESTION ON NOTICE/ Written**

**078 – Additional Estimates**

**Topic: Australian Infrastructure Financing Facility for the Pacific (AIFFP)**

**Senator Claire Moore**

**Question**

- (1) What consultations has the Department carried out across the Pacific in the design of the AIFFP?
- (2) What proportion of the new loans component (\$1.5bn) of the AIFFP will be classified as Official Development Assistance?
- (3) What are the terms of the loans that the AIFFP will distribute?
- (4) What interest rate/s will loan recipients be charged as part of the AIFFP?
- (5) Will Export Finance and Insurance Corporation be expected to administer the grants component of the AIFFP?
- (6) What risk analyses are informing the creation of the AIFFP?
- (7) What were the recommendations made to the Department as part of the feasibility study into a Pacific financing facility led by John Eyers?

**Answer**

- (1) DFAT has been undertaking consultations with Pacific governments on this announcement through Australia's Pacific posts and discussions between Australian Ministers and their counterparts. Further consultations are planned in the lead up to 1 July, including by the AIFFP design team.
- (2) None.
- (3) This will be considered as part of the current design process of the AIFFP.
- (4) See response to question 3 above.
- (5) No. DFAT will be responsible for administration of the grant component of the AIFFP.
- (6) Detailed risk analysis is a critical element of the current design process of the AIFFP.
- (7) The study led by John Eyers did not specifically look at a Pacific financing facility, but explored whether expanding the range of financing options available to the aid program (including loans, equity, guarantees and insurance) would help deliver on the Foreign Policy White Paper objectives across the Indo-Pacific. The study's findings will first be considered by DFAT's Aid Governance Board on 26 March ahead of recommendations being put to Ministers.