



BUDGET
**AUSTRALIA'S INTERNATIONAL
DEVELOPMENT ASSISTANCE PROGRAM
2008-09**

STATEMENT BY

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AND

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FOREWORD

This 2008-09 Budget lays the foundation for implementing the Government's election commitment to increase Australia's official development assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015-16.

This Budget is a building block in the Government's scaling up in Australia's development assistance, with a projected 9 per cent real increase in total ODA over the 2007-08 Budget figure, bringing total ODA in 2008-09 to \$3.7 billion, equal to 0.32 per cent of GNI. The Government expects to increase Australia's ODA to levels equivalent to 0.35 per cent of GNI in 2009-10, 0.37 per cent of GNI in 2010-11 and 0.38 per cent of GNI in 2011-12.


The Budget includes a package of new measures designed to take forward the Government's development assistance priorities. In particular, the Budget gives effect to the Government's election commitments to:

- address climate change challenges by strengthening adaptation efforts in the region through an investment of \$150 million over three years;
- establish Australian leadership on eliminating avoidable blindness in the region as part of a broader policy on disability in development through an investment of \$45 million over two years; and
- improve access to clean water and sanitation through an investment of \$300 million over three years.

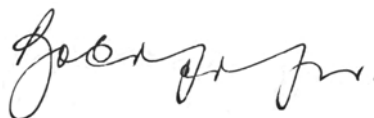
The Budget also encourages faster progress towards the Millennium Development Goals (MDGs) by:

- increasing Australia's multilateral engagement, through increased multilateral development financing and an increase in Australia's core funding for key United Nations agencies leading efforts to achieve the MDGs; and
- establishing new programs in infrastructure development, land administration and public sector capacity building, to contribute to the Prime Minister's March 2008 Port Moresby Declaration on achieving better development outcomes for Pacific island nations through new Pacific Partnerships for Development.

We are also committed to continuing to improve the effectiveness of Australia's official development assistance and are pleased to present this overview of our plans for 2008-09, a first step in meeting our long-term ODA commitments.



Stephen Smith



Bob McMullan

BUDGET HIGHLIGHTS

In 2008-09, the Government will commence a package of initiatives to boost progress towards the Millennium Development Goals (MDGs)

Progress on development requires a global response...

- **UN Partnership for the MDGs (\$200m over four years)** will strengthen effective UN agencies' leadership of global efforts to realise the MDGs – *page 57*

... and increased attention to the global challenge of climate change.

- **Adaptation to Climate Change (\$150m over three years)** will meet high priority climate adaptation needs in vulnerable countries in our region – *page 20*

The benefits of development must reach the most vulnerable ...

- **Access to Clean Water and Sanitation (\$300m over three years)** will improve access for the poor to clean water and effective sanitation and provide more predictable water supply – *page 12*
- **Fighting Avoidable Blindness in the Region (\$45m over two years)** will establish Australian leadership on eliminating avoidable blindness in the region and develop practical ways to help people with disabilities – *page 13*
- **Iraq Humanitarian and Reconstruction Assistance (\$140m over three years)** will meet the immediate humanitarian needs of Iraq's vulnerable and assist reconstruction efforts to enable access by Iraqis to basic services – *page 50*

... Partnerships for Development will target the MDGs in the Pacific.

- **Pacific Infrastructure (\$127m over four years)** will improve basic infrastructure services in the Pacific – *page 28*
- **Pacific Public Sector Capacity (\$107m over four years)** will strengthen public sector administration in the Pacific – *page 30*
- **Pacific Land Program (\$54m over four years)** will protect customary land rights, promote economic and social development and reduce the potential for instability from land-related conflict – *page 27*

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OVERVIEW

DEVELOPMENT CONTEXT AND POLICY APPROACH

Development Progress

Due to solid economic growth, good progress globally is being made towards addressing extreme poverty and hunger, the first Millennium Development Goal (MDG). The World Bank¹ predicts that the number of people globally living on less than one United States (US) dollar a day could be cut by almost two thirds between 1990 and 2015.

However, the Asia-Pacific remains a poor part of the world, with the Asian Development Bank and United Nations (UN)² estimating that around 641 million people in this region continue to live on less than one US dollar a day. This is more than half the world's extreme poor. In the Pacific, slow economic growth and fast growing populations have seen per capita incomes stall and estimates of income poverty rise (from 25 per cent in 1996 to almost 40 per cent in 2003, according to World Bank³ analysis). Though a recent increase in growth rates in countries such as Solomon Islands, Samoa and Papua New Guinea indicates some improvement over the near term, considerable challenges to development remain.

Despite aggregate overall gains in the incomes of the poor, led by major Asian economies, progress in human development outcomes such as infant mortality, nutrition, life expectancy and levels of educational attainment is less clear. This is especially so in lagging regions (such as southern Philippines and eastern Indonesia) that are underperforming economically within larger more successful economies. In a number of countries and regions, growth is occurring alongside markedly deteriorating income inequality. According to a joint Asian Development Bank and UN study⁴ gaps in income equality and opportunity between different geographic areas and between types of households can be striking. Infant mortality rates can be over 50 per cent higher for children in rural households than for those in urban areas, and access to safe water and sanitation can be half that of urban areas.

On achieving universal primary education (MDG2), while overall progress appears relatively strong, there are some major exceptions. In Papua New Guinea, for example, only half of all children complete five years of primary school. Even those Asia-Pacific countries that perform better in access to basic education often provide very low quality education compared to Organisation for Economic Cooperation and Development (OECD) standards.

Although income poverty levels have fallen on aggregate, many countries are tracking poorly towards Millennium Development Goals on human development, particularly

the fourth and fifth MDGs on child mortality and maternal health. HIV/AIDS has already devastated parts of Africa and continues to threaten in Asia and in Papua New Guinea. Tuberculosis is resurgent across the region, and malaria is the second biggest killer in Papua New Guinea. Such diseases place stress on weak and under-resourced health systems; left unchecked, they will seriously undermine development gains.

Limited access to water and sanitation is also a major driver of poor health outcomes. Poor access to clean water and inadequate sanitation affects the health and welfare of millions. MDG Target 10 aims to halve the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. A significant number of countries in Australia's region, including Papua New Guinea, Laos, Cambodia, Indonesia and East Timor appear unlikely to achieve this target. Progress in sanitation coverage is lagging behind that for water supply. Of the region's 3.8 billion people, over half (two billion) do not have access to sanitation. Two thirds of those globally without reliable access to clean water live in the Asia-Pacific region.

Development gains are also at risk from the impact of climate change and environmental degradation. The potential impacts in areas such as health, agriculture and food production, water security and as a result of extreme weather events requires more detailed assessment, to map vulnerabilities and support adaptation, planning and action.

Action to address disadvantage and vulnerability is also essential. Amongst the poorest of the poor are people with a disability or who are refugees or victims of humanitarian crisis. These absolute poor are cut off from access to even basic services and opportunity to improve their quality of life.

Policy Response

Making faster progress on the MDGs requires a concerted and well-coordinated response. The Prime Minister has announced that Australia has joined the MDG Call to Action,⁵ which aims to galvanise action in support of achieving the MDGs. Australia's contribution to the global development effort focuses on the Asia-Pacific region, where a majority of the world's poor live and where massive development challenges confront Australia's neighbours. To be effective, Australia's international development assistance program provides assistance across a range of sectors in the context of supporting economic growth to reduce poverty. This recognises that to be maintained, advances in human welfare need to be pursued on many fronts: by expanding economic activity to create jobs and raise incomes, combating disease and improving nutrition, raising basic educational attainment, and improving the responsiveness and accountability of the state in meeting citizens' basic needs.

An increasing volume of Australian development assistance will be provided in major sectors influencing MDG outcomes: to health (up by 8 per cent, see page 10 for details), education (up by 5 per cent, see page 16 for details), infrastructure including transport

and water supply and sanitation (up by 17 per cent, see page 22 for details) and rural development and environment (up by 7 per cent, see pages 19 and 22 for details). Diagram 2 on page 7 shows a summary of the sectoral change in Australia's development assistance.

Major new multi-year commitments will be made to improve access to clean water and basic sanitation (\$300 million over three years) and to meet high priority climate adaptation needs in vulnerable countries (\$150 million over three years). Recognising the critical role played by multilateral development agencies particularly within the UN system, in hastening the progress towards MDGs, Australia's core funding to a range of effective UN development agencies will be significantly boosted (\$200 million over four years).

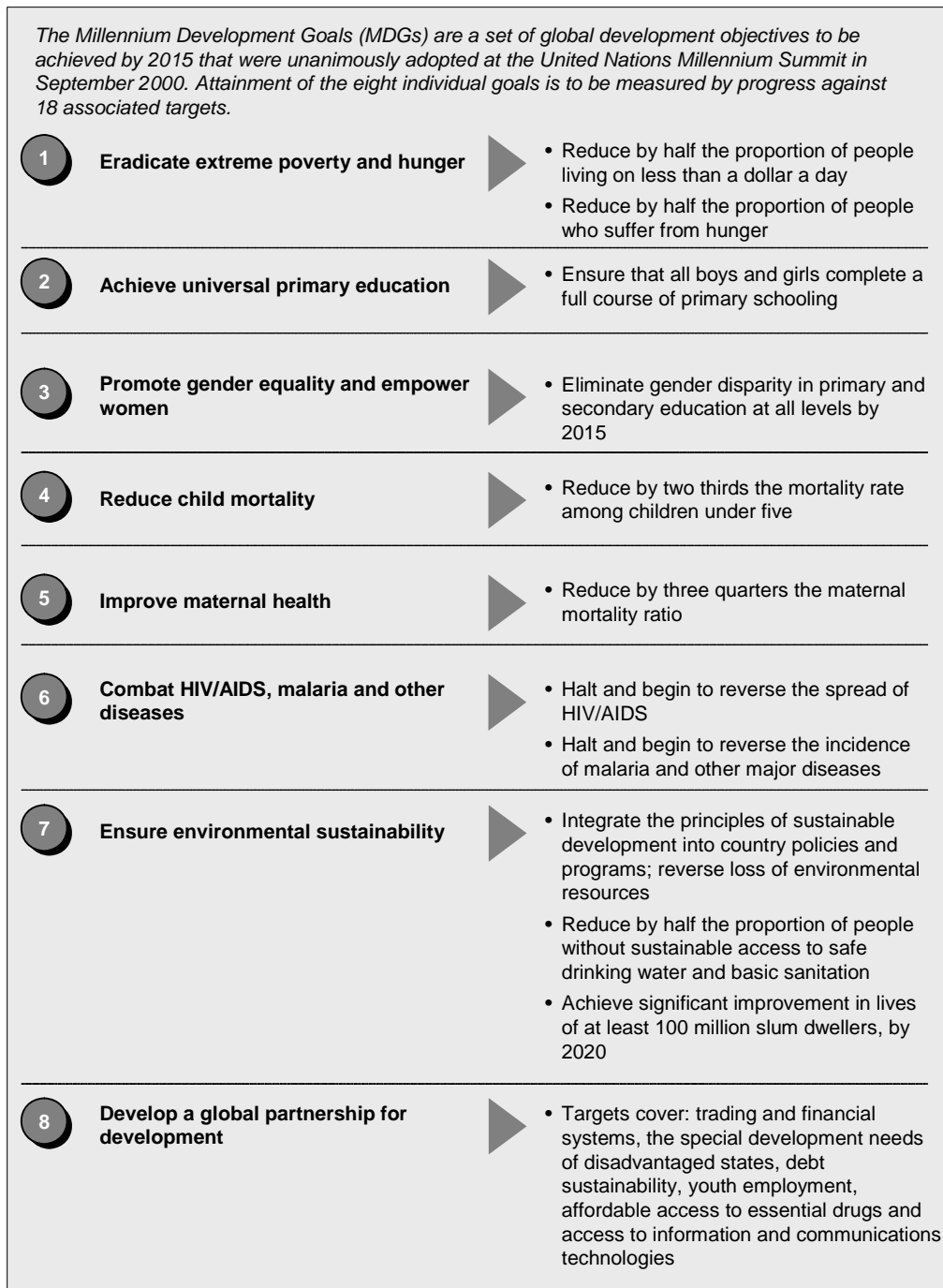
A significant scaling up in assistance for some of the most vulnerable — those suffering avoidable blindness and people with disabilities — will commence in 2008-09, building the foundation for future increases through piloting approaches to better eye and vision care and developing a strategy for addressing disability needs through the development assistance program.

Assistance will also increase to all major regions, including Africa (up by 23 per cent, see page 46 for details). Increasing assistance will be provided to new partners including Iraq and Afghanistan (page 49) in transition from conflict. Increased assistance will support vulnerable civilian populations and help underpin reconstruction.

Assistance to the Pacific and Papua New Guinea will also be expanded in 2008-09, through a suite of initiatives to be drawn upon in establishing Pacific Partnerships for Development. These partnerships will provide a new framework for Australia and the Pacific island nations to commit jointly to achieving improved development outcomes, on the basis of mutual respect and mutual responsibility.

The following section (from page 5) outlines the expected composition of Australian ODA in 2008-09. Subsequent sections outline plans against key development assistance themes for 2008-09 (from page 9) and summarise funding under each country program (from page 37) and global program (from page 53).

Diagram 1: Millennium Development Goals



INTERNATIONAL DEVELOPMENT ASSISTANCE BUDGET 2008-09

The Government will provide an estimated \$3,659.9 million in official development assistance (ODA) in 2008-09, of which \$2,933.1 million will be managed by AusAID. The ratio of Australia's ODA to Gross National Income (ODA/GNI ratio) is estimated at 0.30 per cent for 2007-08. In calendar year 2007, Australia provided a total of \$2,953.3 million in ODA, representing a 0.30 per cent ODA/GNI ratio.⁶ This is above the preliminary 2007 weighted average ODA/GNI ratio for the OECD donor community as a whole of 0.28 per cent but significantly below the average donor country effort of 0.45 per cent. This Budget increases Australia's ODA/GNI ratio to 0.32 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
		2006-07	Estimate (\$m) 2007-08	Outcome (\$m) 2007-08	Estimate (\$m) 2008-09
AusAID Country Programs	a	1,381.6	1,803.4	1,814.4	2,131.1
AusAID Global Programs	b	710.8	817.8	798.3	768.0
AusAID Departmental	c	93.5	109.2	108.8	129.7
ACIAR	d	52.0	45.8	51.2	51.9
Other Government Departments	e	780.5	378.0	400.5	563.5
Adjustments	f	-0.4	1.1	-1.5	-95.7
Funds approved but not yet allocated					111.3
Total ODA	g	3,017.9	3,155.3	3,171.8	3,659.9
Real change over previous year outcome	h			2.5%	8.4%
ODA/GNI ratio		0.30%	0.30%	0.30%	0.32%

Notes: see page 64.

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

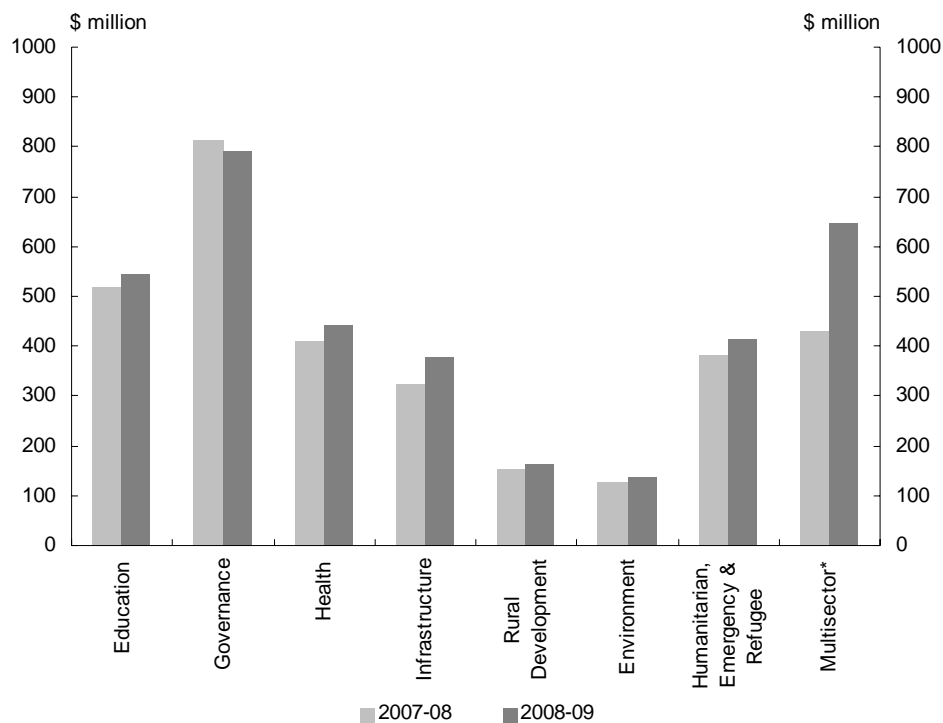
Table 2: Australian ODA by partner countries and regions

Country / Region	Notes	Actual (\$m)	Budget	Estimated	Budget
		2006-07	Estimate (\$m) 2007-08	Outcome (\$m) 2007-08	Estimate (\$m) 2008-09
Papua New Guinea		345.4	355.9	371.0	389.4
Solomon Islands	a	239.8	223.9	229.8	236.4
Vanuatu		30.6	44.5	39.8	51.8
Fiji		25.9	28.7	27.6	26.9
Tonga		13.3	15.7	17.8	19.3
Samoa		18.7	23.3	22.0	28.3
Kiribati		10.6	15.0	15.5	18.4
Tuvalu		4.8	5.6	5.9	6.3
Nauru	b	25.5	23.7	27.4	26.6
Micronesia	c	4.8	6.6	5.4	6.5
Cook Islands		2.6	6.4	3.9	5.1
Niue and Tokelau		1.8	2.6	2.5	2.7
Regional and Other Pacific	d	56.1	120.6	107.4	181.9
Papua New Guinea and Pacific		780.0	872.5	876.1	999.5
Indonesia	e	335.4	458.8	449.6	462.0
Philippines		71.0	100.6	105.8	109.3
Vietnam		83.5	90.8	92.2	93.1
Cambodia		46.0	54.0	46.7	55.0
Laos		25.7	27.2	27.7	27.8
East Timor		101.6	72.8	86.4	96.3
Burma		13.2	14.0	17.9	16.1
China		45.7	39.3	41.6	34.8
Mongolia		3.8	4.9	5.0	5.2
Thailand		5.9	6.5	8.8	4.3
East Asia Regional	f	55.4	101.5	99.6	134.8
Indonesia and East Asia		787.1	970.4	981.4	1,038.7
Africa		84.7	94.4	101.2	116.4
Bangladesh		31.4	47.6	46.5	52.6
Sri Lanka		32.0	25.0	29.5	27.0
India		6.0	6.3	8.4	5.4
Nepal		5.1	8.2	8.1	8.2
Maldives		3.0	4.9	4.0	4.6
Bhutan		1.7	3.8	3.4	3.2
South Asia Regional	g	11.0	25.8	14.1	12.5
Pakistan		16.9	27.1	26.7	30.5
Afghanistan		77.1	99.6	131.0	122.4
Iraq		386.4	22.5	23.2	313.4
Palestinian Territories and Other Middle East		37.9	16.7	45.0	31.3
Africa, South and Central Asia, and Middle East		693.2	382.0	441.2	727.5
Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions	h	758.1	929.2	874.6	878.6
Adjustments	i	-0.4	1.1	-1.5	-95.7
Funds approved but not yet allocated					111.3
Total ODA	j	3,017.9	3,155.3	3,171.8	3,659.9

Notes: see page 65.

Australia's development assistance is delivered across a range of sectors, including education, governance, health, infrastructure, rural development, environment and as humanitarian assistance. Diagram 2 illustrates the estimated sectoral breakdown of Australia's ODA for 2008-09. Further breakdowns of Australia's ODA by major sub-sectors are provided for health (page 15), education (page 18), infrastructure (page 23) and governance (page 34) sectors.

Diagram 2: 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 scheduled to be recognised in 2008-09.

STRENGTHENING DEVELOPMENT ASSISTANCE EFFECTIVENESS

Context

The Australian Government is committed to increasing not just the volume of Australian development assistance, but also its quality and impact. This will maximise Australia's contribution to poverty reduction and progress against the Millennium Development Goals. Increasing international attention to the results of development assistance has led to a series of international commitments to improve its effectiveness, most noticeably the 2005 Paris Declaration on Aid Effectiveness.⁷

Response

On March 20 this year, the Government tabled the inaugural Annual Review of Development Effectiveness⁸ (ARDE), produced by the Office of Development Effectiveness (ODE). The report underlines the Government's commitment to increase transparency and public debate around the performance of the development assistance program and development issues more generally.

The 2007 ARDE found that the international development assistance program is well managed and achieving good results. Nevertheless the ARDE also identified scope for improvement. These centred on broadening Australia's engagement with fragile states particularly on the delivery of services, making the most effective use of technical assistance, addressing gender inequality and influencing reform in the larger Asian economies.

The 2007 ARDE reflects significant internal systems and process reform within AusAID designed to strengthen the performance orientation of the development assistance program. These new processes were trialled and reviewed in 2006-2007 and consolidated in a new Performance Assessment and Evaluation Policy in December 2007. This new policy incorporates annual performance reporting by country and by major theme/sector; a strengthened activity reporting system that assesses the performance of individual development assistance activities at entry, during implementation and at completion; and a more systematic approach to evaluation. The purpose of these changes is to enhance the way managers manage programs on the basis of results and to assist resource allocation decisions, as well as provide more and better information to the Parliament and public on the performance of the development assistance program. Performance information on Australia's development assistance is expected to increase in coverage and quality as these new systems and approaches are bedded down in future years.

PRIORITIES FOR AUSTRALIA'S DEVELOPMENT ASSISTANCE

The 2008-09 Budget represents a major step in the implementation of the Government's development assistance policy priorities. Consistent with the Government's intention to increase the focus of the development assistance program on practical development outcomes, including faster progress towards the Millennium Development Goals, funding will be substantially increased for health, education, water supply and sanitation and basic infrastructure. Reflecting the Government's concern to ensure that more attention be given to the situation of the most vulnerable, funding will also be substantially increased for humanitarian, emergency and refugee programs and for people with disabilities. Environmental issues are a particular priority, with a major multiyear budget initiative to address adaptation to climate change. The 2008-09 Budget also provides an opportunity to re-invigorate our relationship with multilateral development institutions, through a major four year core funding partnership with effective UN agencies. Increased support will also be provided for countries in transition from conflict, in particular Afghanistan and Iraq, and in support of new Pacific Partnerships for Development.

Details of the Government's priorities for Australia's development assistance in 2008-09 follow, including information on major 2008-09 Budget initiatives.

PROMOTING BETTER HEALTH

Context

Health is a cornerstone of development and poverty reduction. Improving health outcomes remains a critical development challenge in the Asia-Pacific region. Health outcomes are central to the Millennium Development Goals but many countries in the region are tracking poorly, particularly on goals 4 and 5 relating to reduced child mortality and reduced maternal mortality. In 2004, 10.5 million children died before their fifth birthday, with over a third of these deaths from the Asia-Pacific region. More than half a million women in the region die annually of preventable and treatable complications in pregnancy and childbirth. Moreover, within the region and within individual countries, serious health disparities persist. In poor regions, the poorest 20 per cent are half as likely to have their children immunised and five times less likely to have professional assistance for childbirth, compared with the wealthiest 20 per cent.

Health system weaknesses are at the heart of the problem of poor and inequitable health outcomes. Women and children in particular suffer disproportionately from under-performing health systems. While overall resources remain inadequate, those available are often not used to greatest effect. Within government outlays there are major inefficiencies and misallocations of resources, with disproportionate support

directed to urban and tertiary-level facilities. There are chronic shortages of human resources overall, imbalances in skill mix and distribution, and a largely unregulated private health sector.

High-burden diseases place a major strain on such weak health systems. Solomon Islands has one of the highest rates of malaria in the world, and multidrug-resistant tuberculosis is found in at least five countries in the region. Halting and beginning to reverse the incidence of HIV, malaria and other major diseases is a major challenge. Five million people in the region are living with HIV, with 440,000 new infections in 2007. Papua New Guinea is now the fourth country in the region to experience a generalised epidemic, with more than one per cent of the adult population infected. Young women are particularly at risk. Indonesia is experiencing escalating HIV epidemics among injecting drug users, sex workers and their clients, and men who have sex with men, and a generalised epidemic in the provinces of Papua and West Papua. AIDS is the leading disease-related cause of death in the most productive age groups in Asia.

The circumstances of the most vulnerable require increased attention. There are clear links between poverty, blindness and disability in the developing world. In many poor communities people who are blind and living with a disability are among the poorest and least able to access services or other assistance. It is a major development challenge to give people with disabilities, including those who are vision impaired, the opportunity to engage more fully in social and economic activity.

Improving access to clean water and sanitation services is crucial to raising the health and living standards of people in the Asia-Pacific region. The World Health Organisation (WHO) estimates 88 per cent of diarrhoeal disease is attributed to unsafe water supply, inadequate sanitation and hygiene.⁹ High incidences of vector-borne diseases, intestinal disease, trachoma, and arsenic poisoning in developing countries is strongly correlated to unsanitary practice and the absence of nearby sources of safe water. Better management of water resources and improved sanitation reduces the transmission of disease and leads to improved health outcomes for the poor.

Response

The Australian international development assistance program is significantly increasing its support to help improve the health and wellbeing of people in the Asia-Pacific region, particularly the most vulnerable. Spending on health in 2008-09 will increase to over \$440 million in 2008-09, or approximately 13 per cent of the development assistance program.

Australia is pursuing an integrated approach to development assistance in health and HIV by working closely with partner governments and communities as well as a broad range of international development partners such as UN agencies. In line with the Prime Minister's announcement,¹⁰ Australia has joined the International Health

Partnership, demonstrating Australia's commitment to ensuring well coordinated collective efforts for achieving the health Millennium Development Goals.

A substantial scaling-up of health sector assistance is planned, with new funding of approximately \$480 million scheduled over the next three years to support the strengthening of national health systems and address the priority health needs of women and children, contributing especially to MDGs 4 and 5.

Support to partner countries will address high-burden health problems and aim to reduce regional vulnerability to HIV and emerging and re-emerging infectious diseases. For example, in addition to support through the Global Fund to Fight AIDS, Tuberculosis and Malaria (see page 14), Australia is providing \$15 million to the Three Diseases Fund to combat HIV, tuberculosis and malaria in Burma.

Australia is committed to tackling malaria in the Pacific, where the burden of disease is high. The Prime Minister has committed Australia to work with the international donor community to provide mosquito bed nets to every mother and child in malaria-affected areas by 2010. Up to \$25 million is committed to combat malaria through prevention, disease management and health system strengthening, in partnership with WHO, regional governments and other stakeholders. Initially focussing on Solomon Islands and Vanuatu, this initiative will target those most at-risk, such as children and pregnant women, and aim for the elimination of malaria in these areas.

Non-communicable diseases (NCDs) are the cause of an increasing majority of deaths in the Pacific. The Australian Government is supporting the Secretariat of the Pacific Community (SPC) and WHO to jointly implement a four year, \$20 million program to tackle and control NCDs in all 22 Pacific island countries and territories. The program will focus on reducing the major NCD risk factors – tobacco and alcohol use, physical inactivity and unhealthy diets – in order to reduce the incidence of chronic diseases such as cardiovascular diseases, cancer, chronic respiratory diseases and diabetes.

Increased support will be provided for health-related development research and analysis. Four 'knowledge hubs' have been established with leading Australian institutions around our key health priorities. Approximately \$24 million over the next three years will be provided through competitive grant research rounds and commissioned and multilateral research. Increased support will be provided to WHO to enable it to take a lead role in coordinating and taking forward health system strengthening work in the Asia-Pacific region.

Clean Water and Sanitation

New funding of \$300 million over three years (see Box 1) will address clean water and sanitation challenges that stand in the way of improved health outcomes.

Box 1: Access to Clean Water and Sanitation

In line with pre-election commitments, the Government will invest \$300 million over three years, with \$8 million in 2008-09, to address the critical challenge to health and wellbeing posed by inadequate access to clean water and sanitation.

This initiative will improve access to clean water and effective sanitation in urban, peri-urban and rural areas, and improve water security by protecting freshwater sources. Program delivery will be through partnerships with developing country governments, private and non-government entities, and bilateral and multilateral development agencies. In recognition of the slower progress in achieving the sanitation Millennium Development Goal target, there will be a significant emphasis on sanitation service provision and hygiene behaviour change.

An **urban water and sanitation** component will deliver efficient and sustainable water supply and sanitation infrastructure, especially for the poor in the rapidly growing urban and peri-urban areas of the Asia-Pacific region. It will also support policy reform, promote good practice water utility models, improve the capacity of the public and private sectors to plan and implement infrastructure, and promote improved hygiene behaviour.

A **rural water and sanitation** component will develop improved rural water supply and sanitation infrastructure, including for small rural towns. Community based models and improved hygiene behaviour will be promoted to ensure sustainability and maximise the impacts of new water and sanitation services. Enhanced partnerships with multilateral agencies such as the United Nations Children's Fund (UNICEF) will support efforts to minimise risks to water quality from industrial and agricultural pollution and arsenic.

A **water security** component will extend successful partnerships in Asia and the Pacific region to protect and better manage freshwater resources. Partnerships in the Pacific will strengthen water planning and management, enhance access to safe drinking water, increase water conservation and storage capacity, and enhance sanitation and solid and hazardous waste management to prevent contamination of water. This component will also continue partnerships with multilateral agencies, such as WHO, to develop safe water plans, and with CSIRO and other partners to develop innovative solutions for water security.

The initiative will target partner countries in the Asia-Pacific region which experience serious deficits in access to safe drinking water and basic sanitation, or face critical challenges in protecting freshwater sources. The initiative will benefit the urban and rural poor through better access to safe water and sanitation and more predictable water supplies for economic activities.

Blindness and Disability

A budget initiative, outlined in Box 2, will address avoidable blindness and establish a comprehensive strategy for addressing disability in partner developing countries.

Box 2: Fighting Avoidable Blindness in the Region

In line with pre-election commitments, the Government will invest \$45 million over two years on eliminating avoidable blindness in the region.

A pilot eye and vision care program will **address primary and secondary eye care needs** in the Asia-Pacific region and inform the design of longer-term programs for addressing avoidable blindness. AusAID will partner with Australian non-government organisations to provide support on blindness and vision impairment. Partnerships will also be built with regional and international agencies, to support work on blindness, vision impairment and other disabilities. This will include support to WHO, the Secretariat of the Pacific Community (SPC), and, on disability more broadly, with the Pacific Islands Forum Secretariat.

The program will **expand the number of eye health workers** through support to training centres, medical colleges and teaching hospitals. This will include support to the Pacific Eye Institute. Support will also be provided through existing scholarships and volunteer programs.

People with disabilities are among the poorest and most vulnerable in developing countries. They are often systematically excluded from basic services and denied opportunities to escape from poverty through employment. A new **Disability Strategy** for the development assistance program will be developed through national and international consultation. The strategy will aim to improve the lives of people with disabilities by:

- ensuring that all new and existing Australian development assistance interventions, where relevant, consider the needs of people with disabilities, for example that Australia's basic education programs help all children, including those with disabilities, attend school
- identifying a range of targeted and practical interventions to prevent disabilities or meet the specific needs of people with disabilities, for example investing in eye care and strengthening the capacity of people with disabilities to earn incomes, and
- fostering greater research on disability prevalence and its links to poverty to improve the evidence base for future programs of support.

By putting in place an effective strategy, action to address disability issues will be mainstreamed throughout the development assistance program.

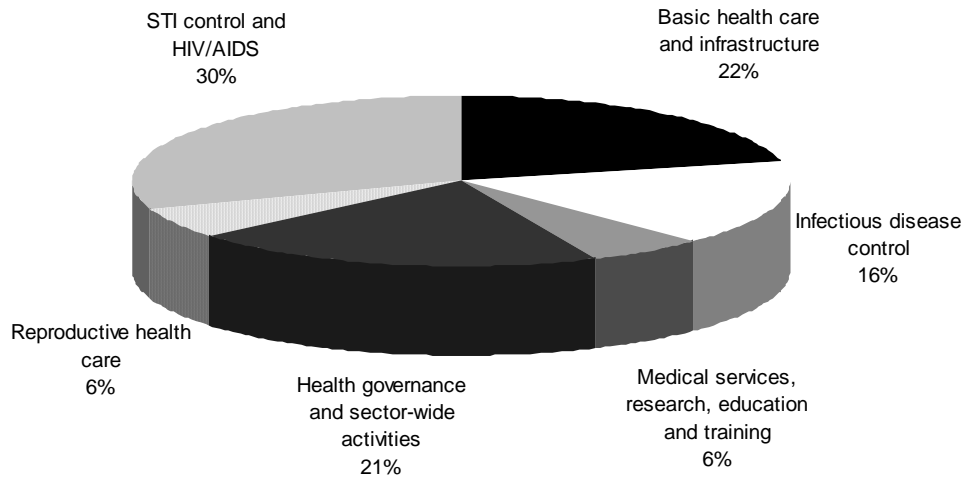
HIV/AIDS

Estimated expenditure on programs to prevent the spread of HIV and mitigate its effects will increase to approximately \$130 million in 2008-09. Major programs to be funded include:

- Australia-Indonesia Partnership for HIV (\$100 million, 2008-2015) supports Indonesia in preventing the spread of HIV, improving the quality of life for people living with HIV and alleviating its socio-economic impacts.
- Papua New Guinea-Australia HIV and AIDS Program (\$178 million, 2007-2012) is working through PNG Government systems, civil society and the private sector to prevent the spread of HIV and provide treatment and care.
- HIV/AIDS Asia Regional Program (\$59 million, 2007-2015) supports harm reduction activities among injecting drug users in Burma, Vietnam, Cambodia, Laos, Philippines and southern China.
- Pacific Islands HIV and Sexually Transmitted Infection (STI) Response Fund (\$30 million, 2009-2013) supports national planning, community based prevention, testing and treatment.
- Australian contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria (\$135 million, 2008-2010) will contribute to performance-based grants to support country-driven programs to reduce the burden and impact of three of the world's most devastating diseases - HIV, tuberculosis and malaria.
- A new United Nations Partnership for the Millennium Development Goals (see Box 9 on page 57) will increase Australian core funding to the Joint United Nations Programme on HIV/AIDS (UNAIDS), the lead agency in coordinating the global response to HIV including scaling up towards universal access on treatment, care and support.

A major review of Australia's HIV strategy will be undertaken in 2008-09. The review will result in a new International HIV Strategy that will aim to strengthen Australia's regional leadership role in HIV, guiding AusAID programming decisions and strategic partnerships. The review will identify how the Australian international development assistance program can in future best add value to the global HIV response in the light of new knowledge about the epidemic's trends and impacts particularly in the Asia-Pacific.

Diagram 3: Health: estimated ODA by sub-sector 2008-09



PROMOTING BETTER EDUCATION

Context

Education is one of the highest impact development investments. Basic education provides the skills for full participation in society, increases access to employment and other sources of income and opens up opportunities for further education. Women who are educated have smaller families, and healthier, better educated children. A person who has attended primary school is more likely to vote and to participate in community development activities. Education also makes communities more resilient to emerging threats such as infectious diseases and conflict.

Six Education For All goals¹¹ were agreed in 2000 at the World Education Forum to complement and expand on the broader education MDGs (2 and 3). Both the MDGs and Education For All targets stress the importance of ensuring that all children, boys and girls alike, complete a full course of primary schooling. This necessitates investment in the expansion of education facilities and a greater focus on educational quality and relevance. Training teachers, reforming school curricula, building infrastructure and improving school management all make immediate improvements to the delivery of education services. However, to achieve long-term sustainable impacts requires improvements in education systems — ensuring that teachers are effectively deployed, curriculum materials are made available to all students every year, infrastructure is maintained, and schools have the authority to respond to changing local needs.

Much of the Asia-Pacific region is making significant progress towards attaining the education MDGs. Net primary enrolment rates are comparatively high at over 90 per cent. The region is also well on its way to achieving gender parity (MDG3) at the primary level but there are still wide gender gaps at the secondary and tertiary levels. However, in spite of this progress, there remain an estimated 26 million children out of school in the region. Reaching these out of school children is a significant challenge because many of these children are disadvantaged by disability, being in minority ethnic and language groups, or extreme poverty. Ensuring such disadvantaged children enrol in and attend school will require a sustained effort.

Response

Australia's approach to education supports achievement of the MDGs and Education for All goals. The Prime Minister announced¹² that Australia will strengthen its development assistance activities to focus on enabling children not in school in East Asia and the Pacific to access a primary education. Spending on education will increase to over \$540 million in 2008-09, or approximately 15 per cent of the development assistance program. A substantial scaling-up of education assistance is planned, with new funding of approximately \$500 million scheduled over the next

three years to strengthen national education systems, to help put more children in school and improve the quality of education provided.

Australia will continue to work with partner governments, non-state providers of education, non-government organisations, other donors, and global partnerships such as the Education for All - Fast Track Initiative to develop and fund programs that both contribute to service delivery inputs and build the capacity of partner governments to make policy decisions, improve resource allocation and enhance efficiency to make best use of scarce resources. Assistance will include:

- support for teacher training, thereby improving education quality in the key areas of English, mathematics and science. Targeting women and ethnic minority teachers will continue to be an important component of in-service teacher training programs
- support for curriculum reform and the production of related materials, since good textbooks based on a rigorous school curriculum also contribute to improving the quality of education
- improving school operations through training for school heads and district supervisors that gives them the skills to implement their school plans within allocated resources
- enhancing essential school infrastructure, including building and refurbishing classrooms, thereby increasing participation in education, and
- the promotion of gender equality through teacher training programs that improve the gender balance in teaching workforces, curriculum reforms that redress gender stereotypes in learning materials; and infrastructure programs (for example provision of separate toilet facilities) that have helped to encourage more girls into school. Women will continue to be empowered to play a greater role in the management of education, particularly as members of school boards.

New assistance is being provided to the education sectors in East Timor, Burma and South Asia. Major existing programs will be strengthened and expanded in Indonesia, the Philippines, Papua New Guinea and the Pacific. Assistance will be provided to address specific education needs such as indigenous peoples' education in the Philippines, quality secular education in the Islamic schooling sector in Indonesia and the Philippines and the development of English language skills in East Timor. Australia will also help countries improve vocational and technical education systems to build skills and enhance employment and productivity among young people.

The Australia-Pacific Technical College, with campuses in Fiji, Samoa, Papua New Guinea and Vanuatu, will continue to provide skills development and qualifications

that will enhance the opportunity for Pacific Islanders to access national and regional labour markets.

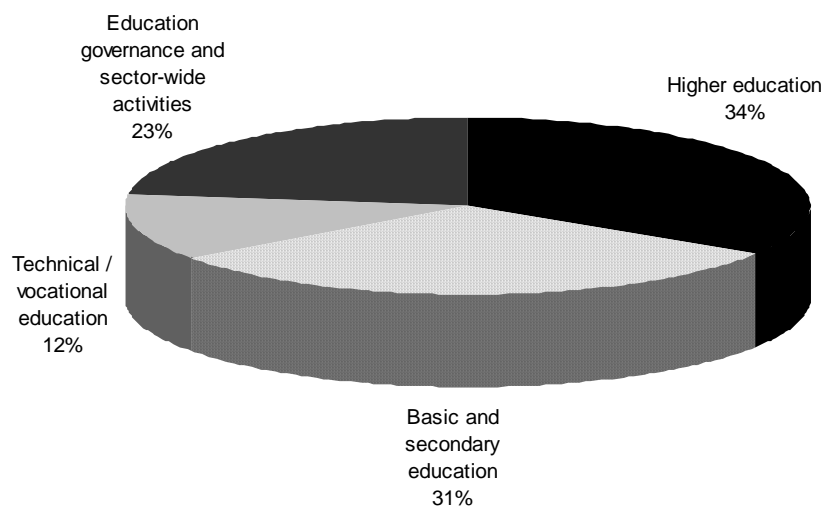
Scholarships

Scholarships are an important component of Australia's education sector assistance. They provide individuals with the opportunity to develop skills needed to strengthen the performance of key institutions in developing countries.

The largest of AusAID's scholarship programs is the Australian Development Scholarships, of which approximately 1,000 are awarded annually for tertiary and higher education, managed through AusAID's country programs. Fields of study are targeted to address agreed priority human resource and development needs of partner countries, in line with Australia's bilateral development assistance programs.

Scholarships are also awarded under the Australian Leadership Awards (ALA) program which aims to foster leadership and build partnerships in the region. Approximately 2,500 Australian Leadership Awards will be offered between 2008 and 2011 to current and emerging leaders through scholarships and fellowship placements with Australian host organisations. In addition to their academic award, recipients of ALA scholarships also participate in a Leadership Development Program.

Diagram 4: Education: estimated ODA by sub-sector 2008-09



ADDRESSING ENVIRONMENTAL AND CLIMATE CHANGE CHALLENGES

Context

While rapid economic growth in the developing world is essential for poverty reduction some economic growth can also place pressure on natural systems. The health of these systems is particularly important to the rural poor as their wellbeing and livelihoods are heavily dependent on access to productive soil and fresh water. Without protecting natural systems, there is a risk that livelihood gains made through economic growth and development will not be sustainable over the long term.

Water management provides a clear example of these contrasting pressures: increasing demands for water mean that by 2025, more than three billion people could be living in water-stressed countries. Balancing the provision of water supplies across agricultural, domestic and commercial users in growing communities requires careful management of surface and groundwater extraction to ensure sustainability of water supply assets and protection of aquatic ecosystems.

The pressures on natural systems are also predicted to intensify with climate change. Climate change will potentially impact on all major development sectors, through increased vulnerability of communities to disasters, increased spread of disease, lowered agricultural productivity, and increased costs of infrastructure provision. The most vulnerable countries (for example small island states, those with high proportions of their populations at risk from extreme weather events) require particular support in managing environmental and climate change impacts.

Response

Addressing environmental and climate change challenges is central to the poverty reduction efforts of the development assistance program. Expenditure on environment and climate change programs in 2008-09 is estimated to increase to over \$130 million, approximately 4 per cent of the development assistance program.

A major new funding commitment (outlined in Box 3) will help address climate change adaptation challenges and lead to significant growth in this sector in future years.

Box 3: Adaptation to Climate Change

In line with pre-election commitments, the Government will invest \$150 million over three years, with \$35 million in 2008-09, to meet high priority climate adaptation needs in vulnerable countries in our region. The primary geographic emphasis of the program will be Australia's neighbouring island countries, but targeted policy and technical assistance will also be available for other countries in the region.

The objectives of the program are to:

- establish a sound policy, scientific and analytical basis for long-term Australian action to help developing partner countries adapt to the impacts of climate change
- increase understanding in partner countries of the impacts of climate change on their natural and socioeconomic systems
- enhance partner country capacity to assess key climate vulnerabilities and risks, formulate appropriate adaptation strategies and plans, and mainstream adaptation into decision making, and
- identify and help finance priority adaptation measures to increase the resilience of partner countries to the impacts of climate change.

The program consists of four principal components:

The first component will **improve scientific information on, and understanding of, climate change impacts** by generating improved climate change impact information to assist decision-makers. This component will engage with, and build the capacity of, scientific communities in partner countries, including through cooperative research partnerships.

The second **strategic planning and vulnerability assessment** component will increase the level of understanding of key climate vulnerabilities at the regional, national and sector levels, and ensure that decision-makers have access to the right information and tools to support adaptation planning and action.

The third component will **finance the implementation of priority adaptation measures**. It will also assist in developing national capacity to cope with climate change impacts in the longer term. Activities implemented under the climate adaptation initiative will be well coordinated with the adaptation activities of other donors and multilateral agencies in partner countries, particularly in the Pacific.

The fourth component of **contributions to major multilateral adaptation funds** will increase significantly Australia's contribution to multilateral financial mechanisms for climate change adaptation.

Communities in developing countries will also be assisted to improve access to clean water and sanitation (see Box 1 on page 12). Better management of freshwater sources to withstand climate change impacts will help ensure that water supply and sanitation systems are more sustainable.

Assisting countries with policies and programs that support sustainable development, particularly through initiatives that reduce the carbon footprint associated with the growth of their economies, is an increasingly important area of work for the development assistance program.

Australia will support Indonesia in the development of its national framework for avoided deforestation and the implementation of the Kalimantan Forests and Climate Partnership. The Partnership aims to prevent the deforestation of up to 70,000 hectares of Kalimantan's peat land forests, rehabilitate 200,000 hectares of degraded peat land and plant up to 100 million new trees on rehabilitated peat land.

Through the PNG-Australia Forest Carbon Partnership, Australia will assist Papua New Guinea to develop its avoided deforestation policies, forest carbon measurement system and demonstration activities to enable Papua New Guinea's participation in future international forest carbon markets. Credible accounting of changes in forested areas is essential for such participation, so Australia will support Papua New Guinea in the development of a rigorous forest carbon measurement and accounting system.

Australia's contribution to the World Bank's Forest Carbon Partnership Facility will assist developing countries to establish credible estimates of their national forest carbon stocks, identify sources of forest-related emissions, determine the opportunity costs of avoided deforestation interventions and design appropriate response strategies.

BROAD-BASED GROWTH

Context

Sustained reductions in poverty have been achieved in countries where the benefits of economic development have been shared widely across the community. Broad-based economic growth provides increased opportunities for employment and increased government revenue to fund delivery of services to the poor and disadvantaged.

In spite of impressive growth in some economies, a large number of extreme poor continue to be found in the Asia-Pacific region. For example, despite national level growth, lagging areas such as southern Philippines and eastern Indonesia have not progressed rapidly in per capita income or human development terms. In such areas, and across economies where people depend on slower growing sectors such as agriculture, appropriate policy settings and public investment can help ensure the benefits of growth are shared. In the Pacific, despite a recent lift in growth rates in a number of economies, per capita incomes have mostly remained stagnant or retreated since the mid-1990s. Volatile, commodity-dependent earnings complicate economic management and the task of continuing to generate employment opportunities for a young and expanding population.

Extending access to basic infrastructure services, including transport, electricity, water and telecommunication, is a fundamental instrument of poverty reduction in rural and urban areas. Growing populations need increasing and reliable levels of infrastructure investment to improve their social and economic conditions. More than half the population of East Asia already live in cities and towns and this proportion will continue to increase. Meanwhile many countries are decentralising, devolving functions and responsibilities to sub-national level, where support is needed to ensure capacity to deliver services, including in rural areas. It is also important to ensure that the gains from economic growth are translated into greater access to health and education services.

The World Bank's 2008 World Development Report¹³ highlights that 'agriculture contributes to development as an economic activity, as a livelihood, and as a provider of environmental services, making the sector a unique instrument for development.' Issues affecting agricultural production and global food security include international trade barriers, climate change and the growing demand for biofuels. Efforts to boost agricultural productivity are also particularly important in a situation of rising global food prices – where addressing hunger and malnutrition will remain key to achieving MDG 1.

Response

Development assistance alone cannot address all impediments to growth. Sound macroeconomic and public investment policies, openness to trade and investment,

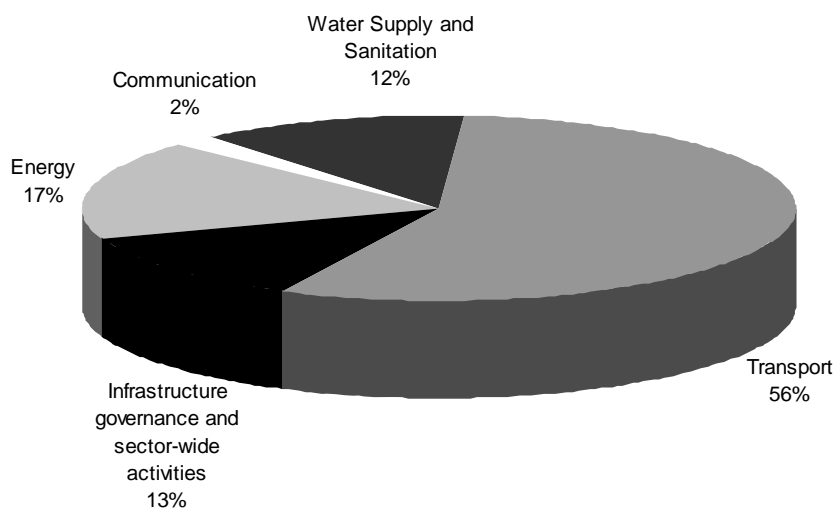
microeconomic reforms that increase competition and reduce costs will be the primary driver of economic growth. However, used effectively, development assistance can be an important facilitator of broad-based growth and help countries more equitably share the benefits of growth. Particular areas of focus for 2008-09 include infrastructure development, rural enterprise development and related governance reforms.

A substantial scaling-up of infrastructure assistance is planned, with new funding of approximately \$420 million scheduled over the next three years. These new resources for economic infrastructure are financing investments and improved government policies in transport, energy, water supply and sanitation and communication sectors in Southeast Asia and the Pacific. For example, the development assistance program is supporting policy and regulation for water supply in Indonesia and the Philippines, infrastructure planning and management in East Timor, power sector regulation in Samoa, and transport infrastructure programs in Papua New Guinea and the Mekong region.

Australia is partnering with the World Bank on infrastructure programs in East Asia and the Pacific and in South Asia by co-financing major investment programs as well as supporting policy work in public-private partnerships, output based development assistance, energy and road safety. Infrastructure partnerships with the Asian Development Bank include work on water and clean energy.

In the Pacific, 80 per cent of the population live in rural areas, and need improved access to social services and markets. A new Pacific Regional Infrastructure Facility (see Box 6 on page 28) will address this challenge by providing effective performance-linked support to infrastructure for Pacific island countries.

Diagram 5: Infrastructure: estimated ODA by sub-sector 2008-09



Direct spending on rural development in 2008-09 will comprise approximately 5 per cent of the development assistance program, comprising support for agriculture, fisheries and forestry.

Rural enterprise development programs will continue to expand as a feature in many country programs through 2008-09, including in the Pacific, Papua New Guinea, East Timor, Philippines, Indonesia, Cambodia, Vietnam and Laos. Preparatory analysis to expand market-based approaches to rural enterprise and service development, including access to financial services and community driven development, will also be undertaken in 2008-09. Options to be explored include market development programs in partnership with the United Kingdom's Department for International Development (DFID) and other bilateral donors, and targeted support to the International Finance Corporation, Asian Development Bank, and the Consultative Group for Assistance to the Poor to improve business environments and particularly access to financial services.

An Enterprise Challenge Fund will expand as an innovative means of sharing risk with business to achieve pro-poor growth. Through open competition, grants are awarded to business projects that achieve direct pro-poor outcomes including the direct creation of jobs, income-earning opportunities and increased access to goods and services by poor people and small businesses.

A comprehensive response to growing concerns about global food security requires both immediate action to support food availability for the most vulnerable, and longer term action to address the root causes of food insecurity (see Box 4).

Box 4: Strengthening Global Food Security

To respond to the urgent threat posed by rapidly rising food prices, Australia will provide \$30 million to support the work of the World Food Programme (WFP). Australia will also develop a comprehensive plan to guide future action on addressing the root causes of food insecurity in partner developing countries, and continue to advocate for trade reforms to enable world agricultural markets to operate more efficiently in support of food security.

The first Millennium Development Goal targets halving poverty and hunger by 2015. World food prices have risen dramatically over the past year, due to a range of influences, including rising demand, falling investment, land use changes, rising energy and other input costs, some poor recent harvests, and trade restrictions. The World Bank¹⁴ estimates that 100 million people are at risk of being pushed deeper into poverty, potentially reversing development gains of the past seven years. The impacts of food price rises will be greatest for the poor and vulnerable, who spend up to 90 per cent of their income on food. To attempt to cope, the poorest are often forced to cut back on basic health and education services, and food and nutritional intake.

An **immediate humanitarian contribution** of \$30 million will be made to the WFP Emergency Appeal. This will support emergency assistance to poor countries affected by steep rises in the prices of essential food supplies and address critical gaps in WFP's food aid operations resulting from rising food and fuel prices.

A **comprehensive action plan** will be developed to guide Australia's engagement in international efforts to address the root causes of food insecurity in vulnerable developing countries. Despite clear evidence that achieving growth in the agriculture sector is one of the most effective ways to reduce poverty, insufficient global resources and attention have been directed to agriculture and rural development.¹⁵ Australian support for improved agricultural productivity, market development and social protection will be strengthened.

Dismantling barriers to trade in agricultural products must also be part of the international effort to improve food security. The Australian Government will continue its strong advocacy for **agricultural trade liberalisation** in multilateral trade policy fora and in bilateral and regional trade policy dialogue.

PACIFIC PARTNERSHIPS FOR DEVELOPMENT

Context

The economic performance of several Pacific countries is improving, but to reach their potential significant reforms are required. The Pacific region's combined Gross Domestic Product (GDP) is projected to grow by 4.5 per cent in 2008, up from an average of 2.8 per cent between 2005 and 2007. The international commodities boom and increased tourism are producing higher growth rates in countries such as Papua New Guinea, Vanuatu and Samoa. However, while economic growth is occurring, Pacific states still have high levels of poverty and none are on track to fully meet the Millennium Development Goals. Substantial development challenges remain. Prominent among these are the difficulty in obtaining secure access to land, weak public sector capacity and difficulty in ensuring reliable infrastructure, especially for transportation.

Response

The Prime Minister's March 2008 Port Moresby Declaration¹⁶ announced a new era of cooperation with the island nations of the Pacific, including Australia's proposal to pursue Pacific Partnerships for Development with Pacific island neighbours. Pacific Partnerships for Development will provide a new framework for Australia and the Pacific island nations to commit jointly to achieving shared goals including the Millennium Development Goals. Under these partnerships, Australia will be prepared to provide increased development assistance over time, reflecting Pacific island countries' own commitment to achieving improved development outcomes.

A package of Pacific-focused initiatives through this Budget will be drawn on in establishing Pacific Partnerships for Development. A Pacific Land Program will help reduce conflict over land, and make land more readily available for development. A Pacific Regional Infrastructure Facility will support better maintained and more reliable basic infrastructure in Pacific island countries, greater local employment opportunities for youth, and associated improvements in rural service delivery and business costs. A Pacific Public Sector Capacity initiative will support a better-trained, more effective public sector to plan and implement new development policies in the Pacific, with stronger linkages between Australian and Pacific counterpart institutions.

Pacific Land Program

In both urban and rural areas of the Pacific the difficulty in gaining secure access to land is a significant obstacle to economic and social development. Moreover, lack of clarity over boundaries and usage rights is a major source of disputes and potential conflict. Social and economic change is introducing new pressures for which the combination of customary land arrangements and existing land administration systems is ill-equipped. Clarity over land ownership and property rights provides the certainty essential for investments and thus economic growth to occur.

Access to land is essential for sustainable economic growth and for infrastructure development necessary to support delivery of basic services such as sanitation, energy, transport and health services. Strengthened administration and tenure systems will provide concrete economic and social benefits for landholders and the broader community while reducing the potential for disputes and protecting customary rights.

Responding to Pacific nation's own reform initiatives, a Pacific Land Program, outlined in Box 5, will support efforts to address land reform challenges.

Box 5: Pacific Land Program

A new Pacific Land Program will invest \$54 million over four years, with \$6.5 million in 2008-09, to protect customary land rights, promote economic and social development, and reduce the potential for instability from land-related conflict. The program responds to Pacific governments' own initiatives and is based on substantial prior consultation and planning.

The program will contribute to Pacific development and security through: strengthened customary land rights and increased availability of customary and unused alienated land; faster resolution of disputes by traditional processes, courts and other methods including mediation; and improved urban planning and tenure security.

Bilateral programs, initially in Papua New Guinea, Vanuatu, Solomon Islands and East Timor, will support partner government efforts to strengthen land departments and related agencies including dispute resolution arms through improved administrative systems and business processes. Support will be provided to build and maintain technical and managerial skills in both the government and non-government sectors. The program will support reforms for new legislation and regulations to strengthen tenure security, provide mechanisms for informed consent of customary owners in negotiations with investors and developers and provide better leasehold mechanisms to increase the potential for raising finance. Programs will also support community and civil society efforts to achieve greater transparency in land administration.

A **regional program** will assist Pacific countries in urban planning in response to growing problems associated with urbanisation including squatter settlements, poverty, growing youth unemployment and rising crime. It will partner with multilateral agencies, regional organisations, Australian agencies and professional associations to strengthen urban planning, infrastructure and service delivery, urban land tenure security and skills for planning officials and professionals. A second component of the regional program will provide education, training and professional development for professionals and semi-professionals in land-related areas such as surveying, valuing, real estate and the law.

Pacific Infrastructure

The poor quality, reliability and high cost of basic infrastructure services in the Pacific island states are a major constraint to broad-based economic growth, poverty reduction and development. Because of their small size, many Pacific island countries experience difficulty generating sufficient internal revenue to finance the infrastructure construction and maintenance required to support the delivery of basic services and underpin sustainable economic growth and the development of the private sector.

Inadequate and unreliable infrastructure undermines service delivery and contributes to regional disparities, both social and economic. High cost and poor quality infrastructure services suppress innovation and private sector growth. In the Pacific, weaknesses in infrastructure services exacerbate rural decline, urban drift, poor education standards and health outcomes, unemployment and crime.

A Pacific Regional Infrastructure Facility (outlined in Box 6) will improve basic infrastructure services in the Pacific by lifting the quality and reliability of basic infrastructure; strengthening partner governments' use of their own resources for infrastructure maintenance and development; and by combining with infrastructure support from the multilateral development banks.

Box 6: Pacific Regional Infrastructure Facility

A new Pacific Regional Infrastructure Facility will invest \$127 million over four years, with \$5.5 million in 2008-09, to improve basic infrastructure services in the Pacific. The Facility will provide performance-linked support for basic infrastructure services in Pacific island countries in combination with multilateral development banks and, potentially, other donor partners.

The Facility will support consistent, reliable and long-term infrastructure financing, cross country benchmarking of management performance and service standards and support cross regional learning about what works. It will also provide a transparent framework linking performance and resources across the region.

The initiative will strengthen donor coordination and provide a potential mechanism for contributions from a range of donors. The Facility will be managed under a governance arrangement involving all contributors.

Support will be country specific, targeted to address local constraints to growth and challenges to nation building and stability. As appropriate, support will be directed to improving policy, planning and regulation, as well as maintenance, rehabilitation and upgrading of infrastructure, and strengthening the role of the private sector in service delivery. Support will be provided across a range of infrastructure sectors in both rural and urban areas including transport, water, sanitation, waste management, energy and communications. Analytical work will underpin funding allocations, with the establishment of transparent performance criteria, for example on public expenditure management.

Pacific Public Sector Capacity

Effective public service organisations have a central role to play in achieving poverty reduction and sustainable development. Yet the effectiveness of public sector workforces in the Pacific is often constrained by weak capacity in core areas such as literacy, numeracy and recordkeeping, together with skills shortages in areas such as public financial management, policy making and policy implementation. Poor organisational management, size and structure are further factors that affect public service efficiency. Salaries form a major part of public sector budgets, with very little left for recurrent service delivery costs. Pacific governments' investment in human resource development is low. Public expenditure remains concentrated in urban areas and resources allocated to regional areas often remain unspent due to limited implementation capacity. Without a more effective public sector workforce many Pacific nations will continue to face difficulties in implementing sound policies and programs to enable economic growth and improve basic service delivery.

A Pacific Public Sector Capacity initiative (outlined in Box 7) will support public sector training and workforce development and assist essential public sector reform.

Box 7: Investing in Pacific Public Sector Capacity

A new \$107 million four-year initiative Investing in Pacific Public Sector Capacity, (\$6 million in 2008-09) will strengthen public sector administration in the Pacific. This will address a key impediment to poverty reduction, by helping to improve service delivery and enable growth.

Improving public sector performance requires a long-term, co-ordinated response which tackles the institutional causes of poor performance, while also providing immediate assistance to improve individual and institutional capacity in priority areas. Working alongside partner governments, the initiative will:

Establish strong and enduring partnerships between Australia and the region, particularly between governments and tertiary institutions. These partnerships will strengthen the capacity of local and regional institutions to undertake public sector workforce performance improvement. Regional tertiary institutions that produce graduates, undertake policy research and provide training will also be strengthened. Partnerships between Australian and Pacific Government organisations and tertiary institutions will use twinning, mentoring and similar arrangements that foster strong people-to-people and organisational linkages capable of supporting long-term improvements in institutional performance.

Systematically address public workforce development needs across the region. This component will provide workforce development assistance to address priority organisational and individual capacity needs, especially in leadership and core skills such as administrative competencies, planning, budgeting and financial management. Training will benefit all levels of the public service, from junior public servants to executive officers. Programs will be tailored to individual country needs, but may include increased opportunities for Pacific public servants to undertake both formal and on-the-job training and work attachments in Australia and within the region.

Provide support for the planning and implementation of public sector reforms crucial to economic growth and delivery of basic services. This component will identify opportunities to support locally-led reform efforts in areas such as public financial management, human resource management and microeconomic reform. Reform efforts will be underpinned by improved region-wide analysis of public sector performance.

IMPROVING GOVERNANCE

Context

Improving governance, including through strengthening government performance and accountability, is a critical factor in achieving the Millennium Development Goals. Good governance allows citizens and communities to share the benefits of economic growth, stability and development. Good governance also supports the delivery of basic services such as health and education by focusing the resources and capabilities of the state on meeting the needs of its citizens. Governance has a broader scope than simply government and the institutions of state – it involves a strong and representative civil society and media, and an active and informed citizenry.

Oversight and accountability systems within government (such as parliamentary committees and statutory officers such as auditors, ombudsmen and public service commissioners), public financial management systems, the media, civil society and law and justice systems all play important roles in holding governments accountable for effective management of state resources and delivery of basic services. However, disempowered communities, particularly the poor or marginalised, with limited engagement in government decision-making or means of advocacy frequently experience poor state responses to their needs and interests.

Australia commits close to half of its country program development assistance (more than any other bilateral donor) to weakly performing states where governance is weak and the risk of conflict or political instability is high. These are states where governments consistently have difficulty delivering core functions and services to the majority of citizens. Weak government performance has a direct negative impact on the poor. Though an especially difficult task in these circumstances, improving governance is central to delivering effective development assistance and making more lasting progress on poverty reduction.

Response

Australia will continue in 2008-09 to work at all levels of society in partner countries to contribute to improvements in government capability, responsiveness and accountability. Spending on governance in 2008-09 will be approximately 22 per cent of the development assistance program.

Australia's approach to governance focuses on strengthening state capability, accountability and responsiveness to citizens. This includes strengthening the institutions and processes that provide checks and balances on the way that the powers of the state are exercised. Transparency of government decision-making is important in keeping the state responsive and accountable to its citizens, as well as reducing the opportunities for corrupt practices.

Elements of this work include strengthening economic management, building public sector capacity at national and sub-national levels, strengthening law and justice systems, supporting democratic elections, and supporting national integrity systems. Growing emphasis is being given to encouraging effective leadership, building demand for better governance, increasing performance-linked development assistance, and tackling corruption. Within the law and justice sector new areas of work include security sector reform and local level initiatives to improve access to justice and ensure that justice serves the poor. Political governance activities include electoral support, civic education, parliamentary strengthening, peace building and work to increase the participation of women in government and to strengthen local-level governance systems.

A wide range of stakeholders including civil society, youth groups, women's societies, private sector organisations and faith-based groups are included in Australia's approach. Ensuring local ownership of activities is essential for sustainability and legitimacy, and work in 2008-09 to build demand for better governance will continue to be locally driven and guided. A panel of eminent Pacific leaders will advise on Pacific leadership and governance issues. Local communities and faith-based organisations will be assisted to strengthen their capacity to plan, implement and evaluate local development initiatives, improve and expand on service delivery, and increase participation in policy development.

Much of the work on economic governance through Australia's development assistance program is directed at improving government fiscal and financial management through the provision of technical assistance. This assistance can include training, deployment of advisers, and links with agencies in Australia. Major investments in technical assistance to improve economic governance are focused on Papua New Guinea, Solomon Islands and Indonesia. Other significant economic governance support is provided in the Philippines, East Timor, Vanuatu and elsewhere in the Pacific.

The use of performance-linked development assistance will expand significantly in 2008-09, with close to \$100 million allocated to such arrangements. As agreed performance criteria are met, Australia provides additional budgetary assistance to address agreed development priorities. In 2008-09, Australia will provide performance-linked assistance in up to ten countries, targeting reforms in a variety of sectors and levels of government.

Australia is now a major contributor to the World Bank managed Global Partnership on Output Based Aid (GPOBA), which is trialling innovative, private sector-based approaches to providing water, sanitation, transport and health services to the poor in developing countries. Consistent with other performance-linked assistance, GPOBA funds are released only on delivery of agreed outputs.

Improving Transparency and Accountability in Government

Work will continue to improve transparency and accountability in government in partner countries. Support will be provided to implement country specific Anti-Corruption Action Plans and further regional and global anti-corruption partnerships and programs. Action plans will prioritise efforts to build constituencies for action by highlighting the costs of corruption, particularly its negative impact on the poor through distorting the efficient allocation of resources to basic service delivery. Assistance will also be provided to reduce opportunities for corruption, for example through better procurement practices, and change incentives for corrupt behaviour, for example through assistance with prosecutions.

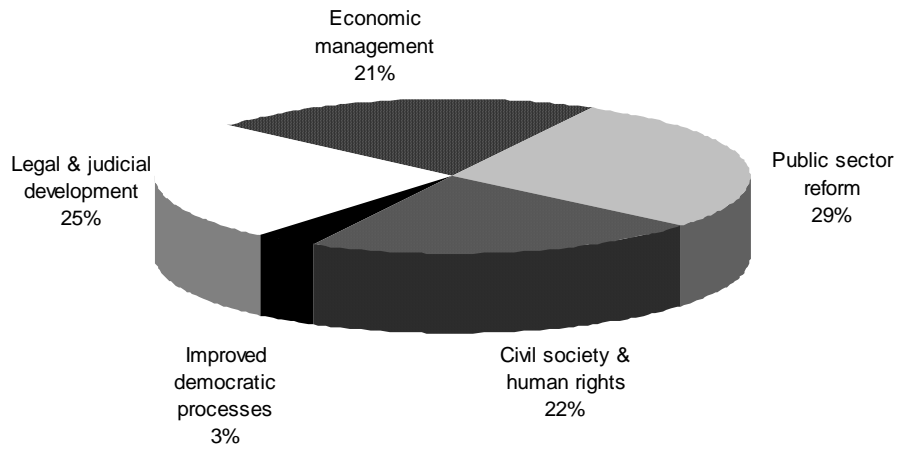
To build constituencies for reform, assistance will support: education and information dissemination on corruption costs; building grassroots momentum and demand through increased awareness; partnerships with civil society groups, non-government and professional organisations to promote ethical conduct and transparency; fostering integrity and accountability in leaders; supporting greater community participation to improve transparency of local level service delivery; and independent tracking of government integrity, including through the Extractive Industries Transparency Initiative and Transparency International.

To reduce opportunities for corrupt behaviour, assistance in selected countries will strengthen regulatory and accountability frameworks, key oversight and accountability institutions and legal and administrative frameworks for financial controls and scrutiny.

To change incentives for corrupt behaviour, assistance in selected countries will strengthen technical capacity to prosecute cases involving corruption and assist partners to ratify and implement the UN Convention Against Corruption.

A new Governance and Anti-Corruption Experts Group will provide access to enhanced expertise in anti-corruption issues.

Diagram 6: Governance: estimated ODA by sub-sector 2008-09



PROMOTING GENDER EQUALITY

Context

Gender equality is essential to efforts to eradicate poverty, enhance economic growth and democratic governance, and achieve sustainable development. Gender gaps are most visible in the low access of women and girls to education and health services, to economic opportunities and to political participation. Female primary school enrolment is as much as 26 per cent lower than that of males in areas within South Asia. The Pacific has the lowest rate of female membership of parliaments in the world. Rates of maternal and girl child mortality are also of significant concern in the region. In Papua New Guinea 61 in every 1,000 female infants die before reaching the age of one, and in East Timor just over one in ten girls die before reaching the age of five. In the Pacific region one in 62 women die during pregnancy or delivery. High rates of violence against women is a significant problem in many countries in the region: the United Nations Development Fund for Women (UNIFEM)¹⁷ estimates that the incidence of violence against women by an intimate partner varies from 10 per cent in the Philippines to 67 per cent in Papua New Guinea.

Gender discrimination has clear economic and social costs. According to one recent estimate, by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP),¹⁸ the Asia-Pacific region is estimated to be losing \$42-\$47 billion per year because of restrictions on women's access to employment opportunities. A further \$16-\$30 billion per year is estimated to be lost because of gender gaps in education. Investments in gender equality, particularly in health and education, yield some of the highest returns of all development investments. Maternal mortality rates decline. Children are healthier and better educated. Household incomes improve. 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.

Response

Progress on gender equality is an integral part of achieving the MDGs. Australia is working to implement international best practice in the area of gender equality, focusing on areas where least progress has been made in narrowing the gender gap such as improving women's economic status, expanding their participation in decision making, and strengthening their leadership. Sectoral programs which support equal access to health and education are also fundamental to achieving gender equality. Efforts to eliminate violence against women are an important new area of assistance.

A range of specific development assistance initiatives promote gender equality and empower women:

- An evaluation on violence against women, due to be completed in 2008, will guide scaling up initiatives in areas such as women's access to justice; support for women and girls living with violence; and actions to prevent gender based violence.
- A leadership program 'Advancing Gender Equality in Pacific Governance: Stronger Women Citizens and Leaders' will be implemented as part of Australia's Pacific Leadership Program. This will improve women's political literacy and civics education at the grassroots level.
- The women entrepreneurs program is working closely with the World Bank and International Finance Corporation on reforms that improve business opportunities for women in the Pacific. This program includes research on constraints to doing business, entrepreneurial case studies and database on legal frameworks.
- The community empowerment program, Local Governance and Infrastructure for Communities in Aceh (LOGICA), is widely regarded as a best practice model for engaging women to drive development change in villages. LOGICA has helped to develop the confidence and leadership skills of over 2,300 village representatives, of whom more than half are women. As a result, more women are moving into leadership positions in local government.
- Increased support will be directed to the UNIFEM, an important partner for Australia in achieving gender equitable development opportunities and outcomes.

COUNTRY AND REGIONAL PROGRAMS

PAPUA NEW GUINEA AND THE PACIFIC

Progressively, Australia will negotiate Pacific Partnerships for Development with Pacific countries as a mechanism to achieve better development outcomes in the Pacific, including more rapid progress towards the Millennium Development Goals. Under these Partnerships for Development Australia will be prepared to provide increased development assistance over time in response to commitments by Pacific nations, for example, to improve governance, increase investment in economic infrastructure and achieve better outcomes in health and education. Pacific Partnerships for Development will complement existing bilateral development cooperation strategies.

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	770	39	57	57
Solomon Islands	680	70	63	77
Vanuatu	1,710	60	69	74
Fiji	3,300	47	68	n/a
Tonga	2,170	100	73	99
Samoa	2,270	88	71	99
Kiribati	1,230	65	n/a	n/a
Micronesia	2,380	94	68	n/a

Sources: Human Development Report 2007, UNDP, and for † World Development Indicators Online, World Bank, 2008.

Estimated ODA to Papua New Guinea and the Pacific in 2008-09 \$999.5 million

Table 3: Assistance to Papua New Guinea and the Pacific in 2008-09

Country/Program	Focus
Papua New Guinea	Assistance to PNG in 2008-09 will reflect the four pillars of the PNG-Australia Development Cooperation Strategy 2006-2010: <u>Improved governance and nation building</u> will be supported through programs covering economic and public sector reform, law and justice, and border security. Performance incentives will remain an important part of Australia's partnership with PNG. Under the Forest Carbon Partnership, Australia will provide technical assistance and expertise to assist PNG to develop a national carbon monitoring system. Australia will support the role of civil society and NGOs in enhancing governance through the new democratic governance program. <u>Sustainable broad-based economic growth and increased productivity</u> will be facilitated through the maintenance and rehabilitation of roads and other
Country Program: 359.8	
Total ODA: 389.4	

Country/Program Estimate 2008-09 (\$m)	Focus
	<p>economic infrastructure, supported by increased PNG Government budget contributions. Support will also be provided to enhance private sector development and improve agricultural productivity and development in rural areas. Incentive based payments will continue to be available to be integrated into the transport infrastructure program and other priority programs.</p> <p><u>Improved service delivery and stability</u> will include a focus on supporting public administration and governance at the sub-national level through the Provincial Performance Improvement Initiative, which now covers 17 provinces as well as Bougainville. Ongoing support for education and health will support government systems strengthening, as well as directly contribute to the delivery of basic health and education services. Australia will work with other donors and the PNG Government to develop a new sector-wide program to support the national education system. Assistance to PNG's law and justice sector will continue to strengthen the ability of PNG agencies to improve application of the rule of law.</p> <p><u>A strengthened, coordinated and effective response to the HIV/AIDS crisis</u> will be supported by a \$100 million five year multi-sector program to prevent the spread of HIV and provide treatment and care for those most affected. This program will be complemented by up to \$50 million over seven years to strengthen PNG's health sector response to HIV/AIDS. 14 sexually transmittable infections clinics will be built in PNG in 2008 to address the high prevalence of STIs and HIV/AIDS. A further 18 clinics are planned for 2009.</p>
<p>Solomon Islands Country Program: 105.5 Total ODA: 236.4</p>	<p>Assistance to Solomon Islands will be delivered through a bilateral development assistance program and the Regional Assistance Mission to Solomon Islands (RAMSI) and will focus on the following linked objectives:</p> <p><u>Contributing to a safer and more secure Solomon Islands</u> by strengthening the law and justice system, through upgrading court and prison infrastructure, capacity development and continued provision of technical assistance, including High Court judges, magistrates, prosecution and defence lawyers, prison personnel and advisers to the Attorney-General's Chambers. Support for law reform initiatives will also continue.</p> <p><u>Contributing to a better functioning government</u> to improve accountability and service delivery, including through implementation of programs to strengthen the Solomon Islands public service and provincial governments. 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>Encouraging sustainable broad-based growth</u> and contributing to a more prosperous Solomon Islands, through strengthening the Government's budget development processes, encouraging key economic reforms, improving economic opportunities through transport infrastructure and rural development initiatives, and supporting reforms to increase access to telecommunications and electricity in rural areas.</p> <p><u>Helping the Solomon Islands Government better serve the people</u> through effective, equitable delivery of basic services, such as improved essential health services. Delivery of increased infrastructure investments such as roads, electricity, water and sanitation will also occur. Ongoing support to the forestry and lands sectors will promote economic opportunities for Solomon Islanders.</p> <p><u>Building strong and peaceful communities</u> will continue through community driven development which helps to improve income-generating opportunities, peace building and access to basic service delivery for rural and remote communities through livelihood and small scale activities.</p>

Country/Program <i>Estimate 2008-09 (\$m)</i>	Focus
Vanuatu <i>Country Program: 37.4</i> <i>Total ODA: 51.8</i>	Assistance to Vanuatu will focus on: <u>Improving governance</u> , by supporting key justice institutions, including the police and legal sector as well helping create a demand for better governance through strengthening key democratic institutions. <u>Service delivery</u> , including through supporting the Government of Vanuatu to undertake major reforms to improve the efficiency and reach of health and education services. A focus on coordination will bring together national and donor resources to improve policy and budget allocations. <u>Equitable growth</u> , through assistance to remove obstacles to economic activity, particularly in rural areas. This will include regulatory reform, the introduction of competition in key sectors such as telecommunications and investment in essential infrastructure, for example road rehabilitation and maintenance.
Fiji <i>Country Program: 21.0</i> <i>Total ODA: 26.9</i>	Assistance to Fiji will focus on: <u>Building resilient communities</u> , by supporting practical measures that improve community life. This will include: mitigating economic hardship by supporting rural enterprise development; continued support for improved delivery of health and education services, with a greater emphasis at the community-level; and support for regional efforts in climate change and disaster risk reduction. <u>Contributing to an enabling environment for good governance</u> , by support for political dialogue and consensus; technical and financial support for elections by March 2009; and support for new partnerships with civil society and regional organisations. <u>Economic recovery, reform and growth</u> , through planning to engage more substantially in economic and public sector reform, with the international development banks and other donors, once a democratic government is in place or firmly in prospect.
Tonga <i>Country Program: 13.2</i> <i>Total ODA: 19.3</i>	Assistance to Tonga will focus on: <u>Strengthening governance and accountability</u> , by support for public sector and political reform. Under the Economic and Public Sector Reform Program, Australia will focus on human resource management, corporate planning and public sector reform. Australia will also continue to improve compliance in taxation and customs and assist with the establishment of an Ombudsman and Anti-corruption Commission. <u>Promoting private sector-led economic growth</u> through the Private Sector Recovery Facility which is aimed at promoting reconstruction of the Tonga central business district. <u>Improving service delivery in health and education</u> , through supporting health management and service delivery at the community level and participating in a multi-donor Tonga Education Support Program. In relation to education, Australia will focus on in-service teacher training.
Samoa <i>Country Program: 19.6</i> <i>Total ODA: 28.3</i>	Assistance to Samoa will focus on: <u>Improved opportunities for employment and investment</u> , by reforming the enabling environment for private sector development. This will include support for regulatory reform to the power sector and institutional strengthening of the tax regime. <u>Improved service delivery and community development</u> , by supporting the education, health and legal sectors. This support will include improved access to quality basic and post-basic education; improved health focusing on primary and preventative health; further strengthening the police force; and improving coordination in the law and justice sector.

Country/Program <i>Estimate 2008-09 (\$m)</i>	Focus
Kiribati <i>Country Program: 11.6</i> <i>Total ODA: 18.4</i>	<p>Assistance to Kiribati will focus on:</p> <p><u>Education</u>, by assisting the Ministry of Education, to improve the quality, relevance and efficiency of basic education in Kiribati. In 2008-09 this includes supporting the setup and operation of a facilities management unit to improve the maintenance of school assets.</p> <p><u>Human resource development</u>, through investing in post-school academic, technical and vocational training and national human resource development planning systems to address the growing youth population and limited prospects for domestic employment. This includes implementation of the pilot scholarship program under the Kiribati Australia Nursing Initiative.</p> <p><u>Improving public sector performance</u>, through supporting strategic and operational planning and performance monitoring, strengthened financial management systems, and improved service delivery.</p> <p><u>Vulnerability reduction and adaptation</u>, through cross-sectoral support to address youth, health, environmental and social problems in partnership with regional and multilateral implementing agencies. This will include a continued partnership with other donors to address Kiribati's vulnerability to climate change, climate variability and sea level rise.</p>
Tuvalu <i>Country Program: 4.3</i> <i>Total ODA: 6.3</i>	<p>Assistance to Tuvalu will focus on:</p> <p><u>Tuvalu Trust Fund</u>, through annual funding contributions to the Fund, which supports Tuvalu's recurrent budget; and is important for Tuvalu's long-term financial viability given limited alternative revenue options.</p> <p><u>Improving fiscal and budget management</u>, including through continued provision of in-line budget management and auditor-general advisers. Australia will also support economic and public sector reform measures to enhance revenues and facilitate private sector growth.</p> <p><u>Improving access to quality education and vocational skills development</u>, through provision of scholarships, improving Tuvalu's national education system, and facilitating access to technical training.</p>
Nauru* <i>Country Program: 15.2</i> <i>Total ODA: 26.6</i>	<p>Assistance to Nauru will focus on:</p> <p><u>Economic and governance reform</u>, by funding positions within the government administration and providing support for Nauru's productive sectors. This work will aim to enhance budget planning, including debt management, and provide support for Nauru's fisheries and mining sectors to enhance job creation and options for alternative livelihoods.</p> <p><u>Improved community access to basic education and primary health care services</u>, by support for infrastructure and specialist advice. This support will include construction of a new secondary school and provision of medical specialists and supplies.</p> <p><u>Sustainability</u>, through reform of Nauru's utilities sector to promote energy diversification, demand management and cost-recovery as well as through support for improved environmental management and land rehabilitation.</p>
Micronesia (Federated States of Micronesia, Marshall Islands, and Palau) <i>Country Program: 2.5</i> <i>Total ODA: 6.5</i>	<p>Assistance to Micronesia will focus on:</p> <p><u>Improving governance and public financial management</u>, through the provision of advisers to assist in tax reform and the provision of scholarships to support management and policy development.</p> <p><u>Support for community organisations and government agencies</u>, through a small grants scheme.</p>

* See note (b) to Table 2 on page 65 for further details.

Country/Program Estimate 2008-09 (\$m)	Focus
Cook Islands Country Program: 2.7 Total ODA: 5.1	Assistance will be provided through a delegated cooperation program with New Zealand to: <u>Improve service delivery</u> , in support of education, health and social services; <u>Strengthen governance</u> ; <u>Provide sound and affordable infrastructure</u> ; and <u>Encourage economic growth</u> , particularly in the outer islands.
Niue and Tokelau Country Program: 1.6 Total ODA: 2.7	Assistance to Niue and Tokelau will focus on: <u>Human resource development</u> , through targeted scholarships and technical assistance to strengthen capacity for management and policy development. <u>Social and economic development</u> , through support to the Niue and Tokelau Trust Funds.
Pacific regional program Regional Program: 219.9	Assistance to the Pacific region will focus on: <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 will provide significant investment in health workforce planning and training, as well as coordination of specialist surgical and training visits in the Pacific region. <u>Addressing HIV and other sexually transmitted infections</u> through the Pacific Islands HIV and STI Response Fund of up to \$30 million over five years from 2008-09. This initiative, in partnership with other donors, will strengthen the focus on prevention and continue support for testing, treatment and research. <u>Combating malaria</u> in Solomon Islands, Vanuatu and regionally through a \$25 million initiative over four years from 2007-08, focusing on prevention, disease management and eradication of malaria island by island. <u>Tackling Non-Communicable Diseases</u> in 22 Pacific island countries through a four year, \$20 million initiative from 2007-08. The initiative will provide support to countries for national planning, legislative changes, workforce training in clinical management, creating sustainable funding mechanisms through taxation, and surveillance and research on disease burden. <u>Improving Education</u> through a \$48 million Pacific education program over three years from 2008-09 focusing on improving education access, quality and universal basic education. The <u>Australia Pacific Technical College</u> , a \$149.5 million four year initiative, supports skills development in response to national and regional labour market requirements and provides qualifications in construction and automotive trades, manufacturing, hospitality and health/community services that will enhance the opportunity for Pacific Islanders to access international labour markets. <u>Climate Change</u> as part of a broader \$150 million climate change adaptation initiative over three years from 2008-09. This initiative will establish a sound policy, scientific and analytical basis for long-term Australian action to assist Pacific countries assess and adapt to the likely impacts of climate change. Sharing Australia's expertise in monitoring climate change and modelling impacts will help countries build resilience to changes. <u>Improving Governance</u> through the Pacific Leadership Program. This initiative will contribute to strengthening demand for good governance by working with current and emerging leaders in the Pacific region and by supporting regional, national and local partners who are already working on leadership development issues.

INDONESIA AND EAST ASIA

Key development indicators for partner countries in East Asia are shown below, and details of Australia's approach, including major new and ongoing assistance by country and regional programs are provided in Table 4.

Key development indicators for partner countries in Asia

Country	GNI per capita [†] (\$US)	Access to water (% of population)	Life expectancy (years)	Adult literacy rate (% of population)
Indonesia	1,420	77	70	90
Vietnam	690	85	74	90
Cambodia	480	41	58	74
Laos	500	51	63	69
East Timor	840	58	60	50
Burma	n/a	78	61	90
Philippines	1,420	85	71	93
China	2,010	77	73	91
Mongolia	880	62	66	98

Sources: Human Development Report 2007, UNDP, and for † World Development Indicators Online, World Bank, 2008.

Estimated ODA to Indonesia and East Asia in 2008-09

\$1,038.7 million

Table 4: Assistance to Indonesia and East Asia in 2008-09

Country/Program <i>Estimate 2008-09 (\$m)</i>	Focus
Indonesia <i>Country Program: 182.7</i> <i>AIPRD: 230.9</i> <i>Total ODA: 462.0</i>	<p>Assistance to Indonesia in 2008-09 will primarily be delivered through a country program and grant and loan components of the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). It will focus on:</p> <p>Sustainable growth and economic management, by: improved natural resource management, environmental governance and response to climate change; reduced constraints to growth in infrastructure and productivity; and improved economic policy and management. This includes continuing improvements to the condition of national road networks; commencing a major new infrastructure facility to support broader infrastructure development at the national and local levels; addressing national economic management and policy in areas such as tax administration, debt management, financial sector regulation and fiscal policy; and assisting Indonesia to improve forest governance and access potential future carbon markets through support for development of a national forest monitoring and carbon accounting system, and design of pilot activities to reduce deforestation.</p> <p>Improving service delivery, by better health and education access and systems, including water and sanitation to meet Millennium Development Goals. This includes the new Maternal and Neonatal Health Program in eastern Indonesia which aims to reduce maternal and infant deaths through improved access to quality services; the next phase of the HIV/AIDS program (up to \$100m over 2008-2015) to significantly increase support to HIV prevention and care, particularly in Papua and West Papua; continued construction of junior secondary schools as part of the Basic Education Program; and support for rural and urban water supply and sanitation projects</p>

Country/Program Estimate 2008-09 (\$m)	Focus
	<p>and programs at local and national levels.</p> <p><u>Democracy, justice and good governance</u>, by: strengthened capacity, accountability and responsiveness of legal, democratic and oversight institutions; and improved local government and public financial management, responding to local demand. This includes support for human rights institutions, electoral processes (including the 2009 Presidential election) and Parliament.</p> <p><u>Safety and Peace</u>, by: improved responses to humanitarian needs, emergencies and vulnerability to disasters; and improved capacity to ensure transport security and to counter threats from transnational crime. This includes new programs to strengthen the capacity of our Indonesian partners in management of natural disasters.</p>
<p>Philippines Country Program: 97.3 Total ODA: 109.3</p>	<p>Australian assistance to the Philippines in 2008-09 will focus on:</p> <p><u>Basic Education</u>, through support for programs under the Government of Philippines Basic Education Reform Agenda to assist the Philippines to achieve its MDG target for 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 quality of education for children in disadvantaged and conflict affected areas.</p> <p><u>National Stability and Human Security</u>, through support for peace building programs focussed at the community level, provision of economic opportunities through small scale infrastructure development and microfinance, and delivery of health services. The program will facilitate more coordinated efforts by donors in their work in conflict affected areas. Increased Australian funding will be provided through multilateral partners to support efforts to reduce the high maternal mortality rate in the Philippines.</p> <p><u>Economic Growth</u>, through programs to increase the quality and level of government expenditure on social services and infrastructure, by supporting improvements to national level budgeting, public financial management and public-private partnerships. The program will support improved public sector management in upgrading and maintenance of critical road infrastructure at the provincial level. Major design work will be undertaken to develop a program of assistance to improve economic opportunities for the rural poor.</p>
<p>Vietnam Country Program: 77.0 Total ODA: 93.1</p>	<p>Assistance to Vietnam will focus on:</p> <p><u>Supporting inclusive growth</u> by assisting Vietnam's efforts to effectively manage the challenges of international economic integration through expansion of performance incentives arrangements and by helping to strengthen the institutional foundations required in a World Trade Organisation environment.</p> <p><u>Improving livelihoods of the rural poor</u> by helping Vietnam to improve the impact of poverty reduction programs targeted at the poorest communities and ethnic minorities. Programs will assist by improving agricultural production; livelihoods; and developing infrastructure such as water supply and sanitation facilities. Assistance will be given to vulnerable communities to help prepare and implement disaster mitigation strategies.</p> <p><u>Improving Health Service Delivery</u> by supporting Vietnam to improve the management, financing and coordination of the health sector by bringing together national and donor programs to improve policy and budget coordination.</p>

Country/Program <i>Estimate 2008-09 (\$m)</i>	Focus
Cambodia <i>Country Program: 37.2</i> <i>Total ODA: 55.0</i>	<p>Assistance to Cambodia will focus on:</p> <p><u>Reducing poverty in rural areas</u> by increasing the value of agricultural production and agribusiness activities by supporting farmers to diversify and expand production and by strengthening market mechanisms and their accessibility to farmers. Assistance will also be provided to reduce the impact of land mines and unexploded ordnance.</p> <p><u>Improving the health of Cambodians, particularly by reducing infant, child and maternal mortality rates</u>, through health system financing, service delivery and monitoring activities. This support will be delivered directly through the Cambodian Government's strategic plan for health in concert with other key donors.</p> <p><u>Strengthening the justice system</u> by developing provincial crime prevention and community safety capacity; and improving the capacity of courts and prisons to deal with juveniles and other vulnerable groups.</p> <p>Underlying all these objectives will be a renewed focus on improving the way government revenue is managed to provide timely and predictable funding to support service delivery and development priorities in Cambodia.</p>
Laos <i>Country Program: 17.3</i> <i>Total ODA: 27.8</i>	<p>Assistance to Laos will focus on:</p> <p><u>Improved outcomes in basic education</u> by helping improve the effective resourcing and management of the Lao education system and by improving access to and quality of basic education, especially for marginalised communities in remote areas.</p> <p><u>Supporting broad-based economic growth through trade reforms</u> by assisting the Lao Government to simplify customs procedures; improve legal and regulatory frameworks; enhancing the capacity of key government agencies; and improving the investment climate.</p> <p><u>Reducing poverty in rural areas</u> by helping the Lao Government to improve livelihoods and strengthen community resilience to natural disasters and unexploded ordnance; by improving security of land tenure; building village water supply and sanitation systems; increasing the participation of people with disabilities, including victims of unexploded ordnance, in economic and social activity; and by promoting better utilisation of government revenues for service delivery and pro-poor outcomes.</p>
Mekong Sub-Region	<p>Assistance to the Mekong sub-region aims to assist sustainable broad-based growth through:</p> <p><u>Supporting sub-regional connectivity through infrastructure investments</u> in poorer areas of the sub-region, by improving access to markets and services for rural communities, by upgrading feeder roads and canals connecting to transport corridors and by increasing the availability of efficient and sustainable energy in rural Laos, Cambodia and Vietnam.</p> <p><u>Enabling sub-regional integration through promoting and facilitating cooperation</u>. Assistance will improve the efficient cross-border movement of goods, people and vehicles in the sub-region. Improving the sustainable management of Mekong River water resources and researching climate change impacts, will be implemented through partnerships with the Mekong River Commission, the World Bank and the Asian Development Bank.</p>
East Timor <i>Country Program: 58.3</i> <i>Total ODA: 96.3</i>	<p>Australian assistance will focus on:</p> <p><u>Supporting democracy, security and justice</u>, through continued assistance with security and the rule of law, promotion of political stability and the reduction of vulnerability. This includes strengthening parliamentary, electoral and justice institutions, reinforcing the capacity of media and civil society, supporting efforts to return and resettle internally displaced people, helping to build disaster risk management and mitigation capacities, and providing emergency relief as appropriate.</p> <p><u>Strengthening economic development and management</u>, by working with the Government of East Timor to improve public sector management and</p>

Country/Program Estimate 2008-09 (\$m)	Focus
	<p>support the delivery of services. This includes improving budgeting practices, increasing rates of budget execution, and strengthening employment opportunities and systems through labour market research, labour-intensive infrastructure projects, and private sector development.</p> <p><u>Improving delivery of services</u>, by supporting implementation of the National Health Plan, improving access to safe water and sanitation practices in rural districts through a five-year \$30 million commitment, expanding vocational education opportunities for youth, and continuing assistance to improve food security and agricultural production.</p>
Burma <i>Total ODA: 16.1</i>	Australia will provide <u>humanitarian assistance</u> to the people of Burma through UN agencies and international NGOs. Activities focus on supporting basic health, education, livelihoods and protection of vulnerable populations inside the country and on the Thai-Burma border.
East Asia Regional <i>Regional Program: 141.2</i>	<p>Under a new East Asia Regional Strategy in 2008-09 Australia will focus on: <u>Strengthening capacities for inclusive and sustainable regional economic integration</u> through: a new phase of assistance to ASEAN to achieve its goal of an ASEAN Economic Community by 2015, under the ASEAN-Australia Development Cooperation Program Phase 2 (\$57 million from 2008-2015); continued support for East Asia Summit economic and trade priorities; support for developing countries to participate in regional and multilateral trading systems; and continued assistance to APEC's capacity building initiatives for developing economies.</p> <p><u>Strengthening capacities to safeguard regional health and human security</u> by encouraging regional approaches to address transboundary threats and economic integration, including continuing to:</p> <ul style="list-style-type: none"> - combat the threat of pandemics and emerging infectious diseases such as avian influenza by implementing the third year of a four year, \$100 million commitment, focusing on strengthening planning, prevention and response capacities and underlying systems for animal and human health in the region - address HIV/AIDS through an HIV/AIDS Asian Regional Program of up to \$65 million over eight years from 2007 including by reducing HIV-related harm associated with drug use in the region - address people trafficking through the Asia Regional Trafficking in Persons Project (\$21 million over five years) that promotes more coordinated approaches to people trafficking within and across criminal justice systems in Southeast Asia.
China <i>Country Program: 25.0</i> <i>Total ODA: 34.8</i>	Assistance to China will focus on <u>building capacity</u> in governance (policy reform), environment (water management and environmental governance) and health (HIV/AIDS, other communicable diseases and health systems strengthening).
Mongolia <i>Country Program: 3.0</i> <i>Total ODA: 5.2</i>	Assistance to Mongolia will focus on the implementation of an increased scholarships program as a <u>capacity building</u> instrument for participating Government agencies, NGOs, private firms and universities.
North Korea	<p>Assistance to North Korea will focus on responding to the <u>protracted humanitarian emergency</u> through funding to UN and international agencies providing assistance in areas such as food aid, water and sanitation, and disaster response and preparedness.</p> <p>The provision of other development assistance will depend on progress on denuclearisation.</p>

AFRICA, SOUTH AND CENTRAL ASIA, MIDDLE EAST

AFRICA

Estimated ODA to Africa in 2008-09

\$116.4 million

In recent years, sub-Saharan Africa has experienced notable gains in terms of economic growth, reduced conflict, improved governance and agricultural productivity. However, it remains off-track in terms of meeting many Millennium Development Goals. Indicators of child mortality, maternal health, environmental degradation and access to safe drinking water remain well below that of other developing countries.

Under a new strategy for development assistance to Africa, significantly increased Australian assistance will support progress towards the Millennium Development Goals. Significant humanitarian assistance will increasingly be linked to broader development efforts in order to achieve long-term gains. Australian assistance will be closely coordinated with that of other donors. A distinct program of humanitarian and development support will be provided to Zimbabwe.

Table 5: Assistance to Africa in 2008-09

<i>Estimate 2008-09 (\$m)</i>	Focus
<i>Regional Program: 60.0</i>	Assistance to Africa will:
<i>Total ODA: 116.4</i>	<p><u>Support Africa's achievement of the Millennium Development Goals</u> in selected countries and sectors as set out in the Strategy for Aid to Africa 2008-2015. This will be largely through partnerships with bilateral, multilateral and non-government organisations.</p> <p><u>Provide timely and targeted humanitarian assistance</u>, by responding to emergency situations as well as providing programmed assistance for protracted humanitarian needs. This longer-term humanitarian support will be linked to efforts towards the Millennium Development Goals.</p> <p><u>Support the reintegration of Zimbabwe into the international community</u>. Australia will continue to provide humanitarian assistance to support those most in need in Zimbabwe, as well as providing assistance to civil society organisations promoting human rights, democracy and good governance. When conditions are appropriate, the Australian Government is committed to assisting the economic recovery of Zimbabwe. This assistance will be provided as part of coordinated international donor efforts.</p>

SOUTH ASIA

Estimated ODA to South Asia in 2008-09

\$113.5 million

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	1,300	79	72	91
Nepal	290	90	63	49
Bangladesh	480	74	63	48
India	820	86	64	61
Maldives	2,680	83	67	96
Bhutan	1,410	62	65	47

Sources: Human Development Report 2007, UNDP, and for † World Development Indicators Online, World Bank, 2008.

Table 6: Assistance to South Asia in 2008-09

Country	Focus
<p><i>Estimate 2008-09 (\$m)</i></p> <p>Bangladesh</p> <p>Country Program: 34.5</p> <p>Total ODA: 52.6</p>	<p>Assistance to Bangladesh will focus on:</p> <p><u>Improving livelihoods of the rural poor</u>, by providing directly 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>Increased support for health services</u>, through new and expanded partnerships with UNICEF and BRAC, to enhance the capacity for health services delivery by government and NGO providers. Support under this pillar in 2008-09 will help to reduce maternal, neonatal and child deaths in rural areas through improving skills and motivation of health providers, strengthening referral linkages between public and private health facilities, increasing demand for services and providing improved emergency obstetric care.</p> <p><u>Increased support for education</u>, through significantly expanded programs with UNICEF and BRAC. In 2008-09 these programs will target teacher education and local-level planning for government primary schools, under a multi-donor non-government network of 32,000 primary schools, focusing on disadvantaged poor rural children who are excluded from the formal system, two-thirds of whom are girls. These BRAC-managed schools also seek to address the multiple disadvantages faced by poor children with disabilities.</p>
<p>Sri Lanka</p> <p>Country Program: 10.9</p> <p>Total ODA: 27.0</p>	<p>Assistance to Sri Lanka in 2008-09 will focus on:</p> <p><u>Continued support for rehabilitation of conflict affected communities</u>, and continued support for peace building processes primarily through UN and NGO partners.</p> <p><u>Support for basic education</u> by working with UNICEF to deliver Australia's education sector assistance which targets education for boys and girls in grades one to nine. The primary aim will be to improve access for the most vulnerable children to quality basic education, especially children affected by conflict.</p> <p>In 2008-09 the program will continue to support improved <u>natural resource management</u>, including in the forestry sector.</p>

Country	Focus
<i>Estimate 2008-09 (\$m)</i>	
India <i>Country Program: 2.2</i> <i>Total ODA: 5.4</i>	Assistance to India in 2008-09 will continue to focus on reducing the risk and impact of <u>HIV/AIDS</u> , particularly among high risk groups and in the northeast. It will also continue to <u>foster agricultural research and institutional linkages</u> with Australia, including linkages to address the impact of climate change.
Nepal <i>Country Program: 5.7</i> <i>Total ODA: 8.2</i>	Assistance to Nepal will in 2008-09 will focus on: <u>Support for health services</u> through joint programs with UNICEF which target maternal and child health and the delivery of essential community health services. <u>Strengthening governance and improving inclusion</u> , by continuing partnerships with DFID to help strengthen democratic practices and to increase access to safe water sources and improve sanitation to marginalised communities. <u>Supporting education</u> through targeted improvements to primary education access and quality, focusing on girls and disadvantaged children.
Maldives <i>Total ODA: 4.6</i>	Continued support delivered through Australian Scholarships and governance activities.
Bhutan <i>Total ODA: 3.2</i>	Continued support delivered through Australian scholarships and small scale governance and education activities.
South Asia Regional <i>Regional Program: 10.4</i>	Continued support to address priority <u>regional development</u> issues, including adaptation for <u>climate change, HIV/AIDS, health, water and sanitation, and education</u> , delivered through key regional partners — including UNAIDS, World Bank and ADB. Targeted support will also continue for improved governance, including <u>economic management</u> .

CENTRAL ASIA AND MIDDLE EAST

Estimated ODA to Central Asia and Middle East in 2008-09

\$497.5 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	770	91	65	50
Afghanistan	n/a	39	43	28
Iraq	n/a	81	58	74

Sources: Human Development Report 2007, UNDP; and for † World Development Indicators Online, World Bank, 2008.

Table 7: Assistance to Central Asia and Middle East in 2008-09

Country/Program <i>Estimate 2008-09 (\$m)</i>	Focus
Pakistan <i>Country Program: 26.8</i> <i>Total ODA: 30.5</i>	<p>Australia's assistance will focus on:</p> <p><u>Increased support for basic health care and education</u>, through new investments to strengthen quality and access to services, including expanding existing partnerships with UNICEF, and new partnerships with the World Bank and other donors.</p> <p><u>Reducing poverty along Pakistan's border with Afghanistan</u>, where Pakistan's poorest and most marginalised populations live.</p> <p><u>Building human capital through support for tertiary scholarships</u></p> <p><u>Continuing reconstruction</u> following the October 2005 earthquake, including support for the Asian Development Bank's Earthquake Emergency Assistance Project, and continued work with UNICEF to help rebuild schools and health facilities.</p>
Afghanistan <i>Country Program: 41.6</i> <i>Total ODA: 122.4</i>	<p>Assistance will focus on:</p> <p><u>Strengthened governance capacity</u> in key sectors (including agriculture) through targeted bilateral and multilateral training programs and to provide legal livelihoods for farmers. Australia's support includes the provision of scholarships.</p> <p><u>Increased support for basic health and education</u> including salary support of teachers and medical staff, improving access to health and education services.</p> <p><u>Complementing the reconstruction activities</u> of the Australian Defence Force in the province of Oruzgan, support for government de-mining and rural development initiatives along the border with Pakistan and continued assistance for the repatriation of Afghan refugees.</p>
Iraq <i>Country Program: 39.4</i> <i>Total ODA: 313.4</i>	<p>Assistance will focus on:</p> <p><u>Responding to the humanitarian situation</u> facing the civilian population through the provision of basic and essential services.</p> <p><u>Building Iraq's capacity</u> in the areas of agricultural management (including through the provision of scholarships), public financial management, human rights, law and justice and public sector reform.</p> <p><u>Supporting international reconstruction efforts</u> through improvement in the delivery of basic services, particularly in health and agriculture.</p> <p>Other ODA includes a final tranche of debt relief estimated at \$238.2 million, scheduled to be recognised in 2008-09.</p>
Palestinian Territories <i>Country Program: 25.0</i> <i>Total ODA: 31.3</i>	<p>Assistance will focus on:</p> <p><u>Supporting implementation</u> of the Palestinian Reform and Development Plan.</p> <p><u>Improving basic services</u> for Palestinians, in particular refugees and promoting democracy and improved governance.</p>

An enhanced Iraq Humanitarian and Reconstruction initiative (outlined in Box 8) will provide increased humanitarian support for the vulnerable civilian population. The initiative will also provide increased support to reconstruction priorities and assist in strengthening the capacity of the Iraqi Government.

Box 8: Iraq Humanitarian and Reconstruction Assistance

A new Iraq Humanitarian and Reconstruction Assistance initiative will provide \$140 million over three years, with \$60 million in 2008-09. An amount of \$20 million in 2008-09 will be dedicated to humanitarian assistance. The remaining \$120 million will fund reconstruction priorities and assist in building the capacity of the Iraqi Government in key sectors.

The Australian Government's enhanced assistance package aims to:

Meet immediate humanitarian needs of Iraq's vulnerable civilian population by providing immediate basic needs through access to essential food items, emergency shelter, clean water and adequate sanitation and basic health services. This assistance will be coordinated and delivered by the International Federation of the Red Cross, the UN High Commissioner for Refugees (UNHCR) and the World Food Programme.

Assistance will also be provided to help address protection needs, restoring dignified life conditions and family links through the International Committee of the Red Cross and support education programs for vulnerable children through UNICEF, UNHCR and non-government organisations.

Improve Iraqi Government capacity by delivering 100 scholarships to support the agricultural sector, assisting the Ministries of Agriculture, Finance and Human Rights through in-Australia training programs and supporting the role of women in key ministries and women's access to training and capacity development programs.

Assist reconstruction efforts in Iraq by improving basic services, particularly in agriculture and supporting mine risk education and increasing the capacity of the agricultural sector by returning arable land to production through de-mining.

CROSS REGIONAL PROGRAMS

Funding through a number of sectoral and thematic programs will be allocated to particular countries and regions during 2008-09, but is not yet attributed geographically. Cross regional programs include funding allocations for health and HIV/AIDS, education and scholarships, infrastructure, environment and rural development, governance and for measures to improve overall development assistance effectiveness.

Table 8: Cross regional programs in 2008-09

<i>Estimate 2008-09 (\$m)</i>	Focus
Cross regional programs 179.0	Includes sectoral, thematic, scholarship and aid effectiveness program expenditure not yet attributed to particular countries or regions.
<i>of which:</i>	
<i>Direct Aid Program</i> 4.5	Small grants scheme administered by Australia's diplomatic posts in developing partner countries.
<i>Human Rights Fund</i> 4.0	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</i> 6.0	Supporting business projects that demonstrate results benefiting the poor and future commercial viability, through grants awarded under open competition.
<i>Australian Leadership Awards</i> 50.3	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.

GLOBAL PROGRAMS

HUMANITARIAN, EMERGENCY AND REFUGEE PROGRAMS

Humanitarian, Emergency and Refugee Programs in 2008-09 \$319.6 million

On average Australia provides assistance to over 30 humanitarian and protracted emergency situations worldwide each year, through funding the work of effective Australian and international partners. Examples include International Committee of the Red Cross (ICRC) and UNICEF emergency response and Australian non-government organisation (NGO) peace building initiatives during post election violence in Kenya, the work of Australian NGOs and UN agencies responding to the cyclone and flooding in Bangladesh, and work by Australian NGOs following the April 2007 tsunami in Solomon Islands. Where geographical proximity presents an opportunity or local circumstances create a need Australia also provides direct material and logistics assistance in response to emergencies. An example is Australia's response to the 2007 floods in Papua New Guinea's Oro Province involving both logistics support from the Australian Defence Force and direct provision of Australian emergency food, shelter and other supplies.

The long-term effects of disasters and crises undermine growth prospects and hard-won development gains – they destroy lives, livelihoods, essential infrastructure and communities; they impact upon schooling, food security, nutrition and health. Women and children suffer disproportionately. Where capacity to deliver services is low or insecurity prevails, vulnerability to hazards and conflict increases and poverty is exacerbated.

In addition to protecting vulnerable populations and promoting stability, Australian humanitarian action aims to facilitate effective disaster risk management. In focusing on risk identification, mitigation, preparedness, response and early recovery, the Australian Government seeks to address not only the symptoms of a crisis, but also the causes of vulnerability. Australia's approach is to work with effective national and international organisations to enhance partner countries' and their communities' capabilities to manage crises – becoming self reliant.

In response to the increasing risk of disasters and the cost to human lives and livelihoods, Australia's humanitarian program expanded in 2007-08 to include a new four-year \$93.3 million enhanced humanitarian response and disaster risk reduction program. This is designed to: enhance Australia's preparedness and response capabilities, including better equipped and trained response experts and updated store holdings; support partner governments and international organisations to reduce the impact of risk and better prepare for disasters; and undertake research and analysis to better target our interventions and support. Spending on Humanitarian, Emergency

and Refugee Programs in 2008-09 will be approximately 8.7 per cent of total estimated Australian ODA. Programs for 2008-09 are shown in Table 9.

Table 9: Humanitarian, emergency and refugee programs in 2008-09

Program	Focus
<i>Estimate 2008-09 (\$m)</i>	
Humanitarian and Emergency Response 202.5	Emergency response and support for global, regional and country level humanitarian initiatives that help improve basic conditions of life, alleviate suffering, and maintain dignity of affected and displaced people.
International Committee of the Red Cross 14.5	Australia will continue to provide core support for key humanitarian agencies including the International Committee of the Red Cross and Red Crescent (ICRC). ICRC plays a key role responding to conflict and meeting the needs of conflict and crisis affected populations.
UN Humanitarian Agencies 87.6	Australia will continue to support the United Nations humanitarian response mechanisms, with an emphasis on effective and efficient UN agencies.
<i>of which:</i>	
UNOCHA 6.0	Australia will continue to provide core support for the UN Office for the Coordination of Humanitarian Affairs (OCHA) which plays a lead role in strengthening the UN response to humanitarian crises through coordination, policy development and advocacy of the UN humanitarian reform agenda.
World Food Programme 57.5	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 lead UN agency in humanitarian food assistance.
UNCERF 10.0	Australia will continue to support the UN's Central Emergency Response Fund (CERF) 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 9.9	Australia will continue to provide core support to UNHCR as the lead agency to assist refugees and internally displaced people (IDPs). The plight of refugees and IDPs requires a dedicated and mandated agency to meet the needs of those affected.
UNRWA 4.2	Australia will continue to support UNRWA to deliver services to over 4.4 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.
International Refugee Fund 15.0	Continued support to address the needs of people displaced by conflict and natural disasters through humanitarian programs that help improve conditions, alleviate suffering, and maintain dignity of displaced people. Eligible agencies such as UNHCR, International Organisation for Migration, ICRC, UNICEF, UNDP and OCHA are accessing this Fund.

MULTILATERAL ENGAGEMENT

Estimated 2008-09 funding for multilateral replenishments **\$175.0 million**

Estimated 2008-09 funding for UN, Commonwealth and other international organisations **\$175.1 million**

Multilateral institutions and international organisations are central to the global development agenda and efforts to achieve the Millennium Development Goals. Multilateral institutions and international organisations play an influential policy role often leading analysis and dialogue in key areas of development policy such as governance (World Bank, UNDP), health (WHO), HIV/AIDS (the Global Fund and UNAIDS), children (UNICEF), environment (Global Environment Facility) and female empowerment (UNIFEM). They also play an important role in development assistance coordination and delivery.

Engaging with effective multilateral institutions helps Australia to extend the reach of its own development assistance, to participate in development assistance activities on a scale and scope not possible bilaterally. The World Bank and Asian Development Bank are important, complimentary partners for the Australian development assistance program. Their comparative advantages include their convening power, knowledge products and program delivery expertise in many sectors.

Australia will continue to expand its cooperation with the multilateral development banks through specific country/regional initiatives such as the Pacific Regional Infrastructure Facility (page 28 refers), as well as global initiatives in emerging priority areas, for example relating to climate change. Australia continues to support the work of the multilateral development banks through regular replenishment of their concessional financing facilities.

Revitalising Australia's engagement with the United Nations is one of the three pillars of the Government's foreign policy. The United Nations is at the heart of global efforts to realise the Millennium Development Goals, working closely with donors to support developing countries to implement their national development plans. The development assistance program engages with selected UN agencies to eradicate poverty, achieve sustainable economic growth and improve the lives of millions in the Asia-Pacific region and globally. Direct support for key UN agencies will increase by \$200 million over four years from 2008-09 through a new United Nations Partnership for the Millennium Development Goals (see Box 9 on page 57).

Table 10: Assistance through multilateral institutions in 2008-09

Program	Focus
<i>Estimated funding 2008-09 (\$m)</i>	
World Bank (through the International Development Association) 87.5	Negotiations for the International Development Association (IDA) 15 replenishment concluded in December 2007. Australia committed \$583 million to this replenishment, which will be paid over nine years commencing in 2008-09, increasing Australia's burden share in IDA from 1.46 to 1.80 per cent. Australia will also continue to pay commitments made under previous replenishments. In 2008-09, Australia will also commit \$26.6 million to meet its share of the costs of clearing World Bank debt arrears for countries with improved political and economic environments that are unable to clear the large amounts of arrears they owe to multilateral institutions. Payments against this commitment will begin in 2008-09.
Asian Development Bank (through the Asian Development Fund) 41.4	Negotiations for the current Asian Development Fund (ADF) replenishment concluded in May 2008. Australia's commitment for ADFX will begin to be paid in 2009-10. Payments in 2008-09 reflect Australia's commitments made under previous replenishments.
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 demonstrated commitment to reform. Payments in 2008-09 reflect Australia's commitments made under IDA15 and previous replenishments.
Multilateral Debt Relief Initiative (MDRI) 0.0	Australia will make a new commitment towards the World Bank's costs under MDRI in 2008-09, which will be paid in 2016-17 to 2018-19. Australia paid \$136.2 million in 2006-07 for its share of the World Bank's costs during the first decade of the MDRI.
Global Environment Facility (GEF) 19.6	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) 3.8	Support will continue to be provided to the Multilateral Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer, following the successful completion of its sixth replenishment.
United Nations Development agencies 55.8	Core funding supports UN efforts to realise the Millennium Development Goals globally. Key areas of engagement focus on HIV/AIDS, basic education, health, and gender equality.
<i>of which:</i>	
<i>UNICEF</i> 14.5	Expanded support focusing on child survival and development, basic education and gender equality, child protection, HIV/AIDS and children and policy advocacy and children.
<i>World Health Organization</i> 8.0	Expanded support for lead role on global health and advocacy with partner countries to improve the delivery of health services and the systems that underpin it.
<i>UNFPA</i> 6.5	Expanded support for sexual and reproductive health initiatives
<i>UNIFEM</i> 1.6	Expanded partnership to promote gender equitable development opportunities and outcomes
<i>UNDP</i> 13.5	Expanded support for UNDP's central role in coordinating the UN development system and UN implementation of the Millennium Development Goals.
<i>UNAIDS</i> 5.0	Expanded support for lead role in coordinating the global response to HIV including scaling up assistance towards universal access on treatment, care and support.
<i>Other UN agencies</i> 6.7	Support for development and associated activities by other UN agencies, including the UN Peacebuilding Commission, the UN Drug Control Program and the UN Environment Programme. Support for UN humanitarian agencies is outlined on page 54 under Humanitarian, Emergency and Refugee Programs.

Program	Focus
<i>Estimated funding 2008-09 (\$m)</i>	
Commonwealth organisations 13.6	Support for the development-related work of the Commonwealth focuses primarily on the Commonwealth Fund for Technical Cooperation which provides small-scale, short-term technical assistance in a range of sectors.
International environment programs 42.7	Support for international environment programs including the International Tropical Timber Organisation, the Global Crop Diversity Trust, the International Forest Carbon Initiative, and international climate change adaptation funds.
International health programs 63.0	Support for key international health partners including the GAVI Alliance which focuses on strengthening immunisation and health systems, and the Global Fund Against AIDS, Tuberculosis and Malaria.

A new United Nations Partnership for the Millennium Development Goals (outlined in Box 9) will support UN agency leadership of international efforts to reach the Millennium Development Goals.

Box 9: UN Partnership for the Millennium Development Goals

Australia will invest an additional \$200 million over four years, with \$10 million in 2008-09, through strengthened partnerships with the United Nations Children's Fund, World Health Organisation, United Nations Population Fund, United Nations Development Fund for Women, United Nations Development Programme, United Nations Office for the Coordination of Humanitarian Affairs, and the Joint United Nations Programme on HIV/AIDS, boosting their capacity to lead global efforts to realise the Millennium Development Goals.

Increased multi-year core funding will help improve the performance of these agencies by ensuring greater financial stability and flexibility to focus on key result areas. These agencies have demonstrated their leadership and effectiveness in working towards achievement of the Millennium Development Goals.

This funding will enable the Australian international development assistance program to contribute directly to UN projects on issues as diverse as increasing child literacy, improving maternal and child health and the empowerment of women in countries beyond our own region. Substantial increases in contributions to such global programs demonstrates Australia's commitment to the United Nations and the Millennium Development Goals and complements the direct work of the Australian development assistance program in the Asia-Pacific region.

COMMUNITY ENGAGEMENT

Community engagement in the international development assistance program will be advanced during 2008-09 through enhanced partnerships with Australian non-government organisations (NGOs). Australian NGOs are significant partners in the development assistance program due to their extensive experience, innovative approaches, linkages with communities in developing countries and their community engagement in Australia. AusAID's NGO Cooperation Program (ANCP) (\$44.0 million in 2008-09, an increase of 19.6 per cent on 2007-08) recognises Australian community support for the work of NGOs by providing matching funding for NGOs' own activities.

Direct engagement of the Australian community in the development assistance program will continue to be promoted through volunteer programs, providing opportunities for Australians to volunteer overseas. People-to-people links contribute to better understanding of other cultures and global development issues. Volunteers also contribute by sharing their skills and time while on assignment. During 2008-09 the volunteer program will also place volunteers in the technical and vocational and disability sectors.

Table 11: Community engagement programs in 2008-09

Program <i>Estimate 2008-09 (\$m)</i>	Focus
Non-government organisations 45.8	Supports approximately 40 AusAID-accredited NGOs that undertake effective community development, including through the AusAID NGO Cooperation Program (ANCP).
Volunteer programs 32.5	Supports annually approximately 850 new Australian volunteer placements in up to 25 developing countries including through the Australian Youth Ambassadors for Development (AYAD) program.
Development research program 8.9	A strengthened research program, in line with a new AusAID development research strategy, will continue to contribute to aid effectiveness with increased research funding, partnerships, capacity building and improved research communication. The 2007 pilot of the competitive research grants scheme, the Australian Development Research Awards, awarded 27 grants totalling \$8.8 million over three years. In 2008, this scheme will expand, an AusAID research steering committee will be constituted, and new frameworks for commissioning, and evaluating research prepared.
Public engagement and development education 7.4	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

In 2008-09, total ODA delivered through the Australian Centre for International Agricultural Research (ACIAR) is estimated at \$51.9 million. Australia is working closely with partner countries to promote rural development through agricultural research and training. ACIAR develops projects that link Australian scientists with their counterparts in developing countries in the Asia-Pacific region to address priority agricultural problems, contributing to improving livelihoods, increasing agricultural productivity and sustainability. Of ACIAR's bilateral programs, Indonesia and Papua New Guinea will remain the largest.

Estimated ODA in 2008-09

\$51.9 million

Table 12: ACIAR programs in 2008-09

Program	Focus
Bilateral programs	<p>ACIAR's bilateral programs with developing partner countries across the Asia-Pacific region will focus on identified priorities across economics and farming systems, cropping systems, livestock production systems and natural resource management. ACIAR will focus its research through the development of larger multidisciplinary projects and by targeting 'lagging' regions within countries where poverty remains, and countries where poverty is widespread. The development and implementation of R&D projects reflect the overarching framework and initiatives of the AusAID Research Strategy, which guides program funded research delivery. Priorities for each partner country are developed in close collaboration with partner government policy makers, research institutions, and agricultural and natural resource systems managers and include:</p> <ul style="list-style-type: none"> • In Indonesia, ACIAR's largest partner country, continued involvement in components of the major Australia-Indonesia partnership programs, through the Smallholder Agribusiness Development Initiative subprogram and involvement in the rural livelihoods component of the Aceh reconstruction program, and new projects on improved policy options for rural enterprise development and sustainable management of fisheries resources. • In PNG new projects to enhance smallholder incomes through emphasising improved production of horticulture and plantation crops, forestry and agroforestry systems, and sustainable management of natural resources in the forestry and fisheries sectors. • Diversifying agricultural production in the Mekong countries, including in Vietnam through developing marketing opportunities for higher-value aquaculture and forestry products, and in Cambodia and Laos via projects supporting the diversification of agriculture beyond rice-based farming systems. • Developing new projects in Pakistan for more productive citrus and mango systems, through the Australia Pakistan Agriculture Sector Linkages program, and in East Timor assessing and releasing improved crop varieties to enhance food security. • Smaller scale investments will be made in the Philippines, Vietnam and several Pacific island countries.

Program	Focus
Multilateral programs	<p>Continued support for selected International Agricultural Research Centres operating under the Consultative Group on International Agricultural Research umbrella, a strategic global partnership of countries, international and regional organisations and private foundations supporting research by 15 centres. ACIAR will provide support to selected centres through:</p> <ul style="list-style-type: none"> • Core funding will foster strong linkages between IARCs, ACIAR and Australian research scientists and institutions, and partner country counterparts to address barriers to agricultural production. • Project specific funding, allocated on a competitive basis to IARCs best placed to address specific ACIAR country priorities, and to strengthen links between Australian research organisations, IARCs and NGOs, to rise by \$0.5 million to \$5.25 million.
Training programs	<p>Development of 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 in areas relevant to project activities addressing partner country priorities, and the second via short-term research management training of outstanding leaders at relevant Australian institutions. • Through the ATSE Crawford Fund continued support for training activities that complement ACIAR training and projects.
Communicating research results	<p>ACIAR communicates the results of its research activities through electronic media and publications. These raise awareness of research and development activities and outcomes, helping link these to adoption, 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. • Training and capacity building activities in science communication and the use of information and communication technologies in disseminating research outcomes.
Evaluating impacts	<p>ACIAR's Program Linkages and Impact Assessment program will commission independent studies of the impacts arising from projects, and will work closely with the AusAID 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 2004-05, where no follow-on projects were undertaken, to determine the level of adoption and impact.

Most of ACIAR's research expenditure in 2008-09 will be in South East Asia (57 per cent), followed by Papua New Guinea and the Pacific (19 per cent), South Asia (17 per cent), North Asia (6 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 2008-09 year.

APPENDIX

AUSAID COUNTRY AND GLOBAL PROGRAMS

Table 13: AusAID country programs

Country / Regional Program	Notes	Actual (\$m)	Estimated Outcome (\$m)	Budget Estimate (\$m)
		2006-07	2007-08	2008-09
Papua New Guinea		309.2	336.3	359.8
Solomon Islands		101.8	101.0	105.5
Vanuatu		22.2	30.8	37.4
Fiji		18.0	21.0	21.0
Tonga		9.1	12.0	13.2
Samoa		12.9	16.3	19.6
Kiribati		6.5	10.5	11.6
Tuvalu		3.3	4.0	4.3
Nauru	a	19.4	19.8	15.2
Micronesia	b	1.4	2.0	2.5
Cook Islands		1.7	2.7	2.7
Niue and Tokelau		1.1	1.4	1.6
Pacific Regional		78.4	135.3	219.9
Total Papua New Guinea and Pacific		585.2	693.1	814.3
Indonesia	c	294.4	387.3	413.6
Philippines		58.5	91.5	97.3
Vietnam		62.1	74.0	77.0
Cambodia		25.6	33.4	37.2
Laos		12.6	16.2	17.3
East Timor		40.3	55.1	58.3
Burma		2.6	7.2	6.9
China		34.2	30.0	25.0
Mongolia		2.4	3.0	3.0
Thailand		1.6	0.2	0.0
East Asia Regional		74.1	111.8	141.2
Total Indonesia and East Asia		608.4	809.6	876.7
Africa		34.0	43.0	60.0
Bangladesh		21.3	30.3	34.5
Sri Lanka		9.0	10.6	10.9
India		1.7	2.3	2.2
Nepal		3.4	4.7	5.7
Maldives		2.8	2.6	2.6
Bhutan		1.1	2.0	2.0
South Asia Regional		11.4	13.6	10.4
Pakistan		14.8	19.8	26.8
Afghanistan		0.0	0.0	41.6
Iraq		0.0	0.0	39.4
Palestinian Territories		17.0	24.0	25.0
Total Africa, South and Central Asia, Middle East		116.6	153.0	261.0
Cross Regional Programs		71.4	158.7	179.0
AusAID COUNTRY PROGRAMS	d	1,381.6	1,814.4	2,131.1

Notes: see page 66.

Table 14: AusAID global programs

Global Program	Notes	Estimated		Budget
		Actual (\$m) 2006-07	Outcome (\$m) 2007-08	Estimate (\$m) 2008-09
Humanitarian and Emergency Response		131.8	171.7	202.5
International Committee of the Red Cross		9.0	12.0	14.5
United Nations Humanitarian Agencies	a	39.4	42.3	87.6
UNOCHA		4.0	0.0	6.0
WFP		23.8	19.8	57.5
UNCERF		0.0	10.0	10.0
UNHCR		7.4	8.3	9.9
UNRWA		4.2	4.2	4.2
International Refugee Fund		15.0	15.0	15.0
Humanitarian, Emergency and Refugee Programs	b	195.2	241.0	319.6
IDA		0.0	583.0	0.0
ADF		0.0	0.0	332.8
MDRI		0.0	0.0	0.0
HIPC		136.2	34.8	73.1
IFAD		0.0	0.0	0.0
GEF		59.8	0.0	59.6
MPMF		0.0	0.0	11.3
Multilateral Replenishments	c	196.0	617.8	476.7
United Nations Development Agencies	a, d	36.7	46.4	55.8
of which:				
UNDP		7.1	8.5	13.5
UNICEF		8.6	13.7	14.5
UNFPA		4.5	6.0	6.5
UNAIDS		4.0	4.5	5.0
WHO		7.5	7.1	8.0
Other UN Agencies		5.0	6.6	8.3
International Health Programs	e	26.6	54.1	63.0
International Environment Programs	f	2.2	41.7	42.7
Commonwealth Organisations and Other	g	13.0	13.2	13.6
UN, Commonwealth and Other International Organisations		78.5	155.4	175.1
Non-Government Organisations		28.0	38.3	45.8
of which:				
AusAID-NGO Cooperation Program		27.1	36.9	44.0
Volunteer Programs		16.0	16.8	17.0
Australian Youth Ambassadors for Development (AYAD)		15.5	15.2	15.5
Development Education and Development Research		9.3	13.7	16.3
NGO, Volunteer and Community Programs		68.7	83.9	94.6
Total AusAID Global Programs	h	538.5	1,098.1	1,066.1
Less: new multi-year commitments	i	-196.0	-617.8	-476.7
Add: cash paid to multi-year liabilities	j	368.3	318.0	178.7
AusAID GLOBAL PROGRAMS	k	710.8	798.3	768.0

Notes: see page 66.

TOTAL AUSTRALIAN OFFICIAL DEVELOPMENT ASSISTANCE

Table 15: Australia's ODA 1971-72 to 2008-09

Year	Current prices (\$m)	Constant 2006-07 prices (\$m)	Real change over previous year (%)	ODA/GNI ratio (%)
1971-72	200.5	1,723.2	4.0	0.48
1972-73	219.2	1,770.7	2.8	0.47
1973-74	264.9	1,872.2	5.7	0.47
1974-75	334.6	1,932.4	3.2	0.50
1975-76	356.0	1,786.9	-7.5	0.45
1976-77	386.2	1,728.5	-3.3	0.43
1977-78	426.1	1,747.1	1.1	0.43
1978-79	468.4	1,816.4	4.0	0.42
1979-80	508.7	1,803.3	-0.7	0.40
1980-81	568.0	1,821.3	1.0	0.40
1981-82	657.8	1,864.4	2.4	0.40
1982-83	744.6	1,895.4	1.7	0.42
1983-84	931.8	2,224.3	17.4	0.47
1984-85	1,011.4	2,292.1	3.0	0.46
1985-86	1,031.0	2,201.7	-3.9	0.43
1986-87	975.6	1,944.4	-11.7	0.37
1987-88	1,019.6	1,888.3	-2.9	0.34
1988-89	1,194.6	2,027.3	7.4	0.35
1989-90	1,173.8	1,876.3	-7.4	0.32
1990-91	1,261.0	1,918.6	2.3	0.33
1991-92	1,330.3	1,984.7	3.4	0.34
1992-93	1,386.1	2,039.7	2.8	0.34
1993-94	1,410.8	2,059.1	1.0	0.33
1994-95	1,483.7	2,148.0	4.3	0.33
1995-96	1,556.5	2,197.1	2.3	0.32
1996-97	1,432.0	1,990.0	-9.4	0.28
1997-98	1,443.0	1,979.7	-0.5	0.27
1998-99	1,528.6	2,091.7	5.7	0.27
1999-00	1,748.7	2,345.1	12.1	0.29
2000-01	1,623.1	2,083.1	-11.2	0.25
2001-02	1,755.1	2,200.0	5.6	0.25
2002-03	1,830.8	2,227.2	1.2	0.25
2003-04	1,973.1	2,308.8	3.7	0.25
2004-05	2,198.1	2,475.0	7.2	0.26
2005-06	2,697.7	2,897.9	17.1	0.29
2006-07	3,017.9	3,093.4	6.7	0.30
2007-08 (Estimated Outcome)	3,171.8	3,171.8	2.5	0.30
2008-09 (Budget Estimate)	3,659.9	3,439.7	8.4	0.32

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.

Overview (from page 1)

- 1 World Bank *Global monitoring report 2007*
- 2 UNESCAP/ADB/UNDP joint project on MDGs in Asia and the Pacific *The Millennium Development Goals: Progress in Asia and the Pacific 2007* p.4 Fig 1-1
- 3 World Bank (2004) *PNG poverty assessment*
<http://siteresources.worldbank.org/INTPAPUANEWGUINEA/Reources/PA-Report.pdf>
- 4 UNESCAP/ADB/UNDP joint project on MDGs in Asia and the Pacific *The Millennium Development Goals: Progress in Asia and the Pacific 2007* pp1-2, 20-27.
<http://www.dfid.gov.uk/mdg/declaration-heads-07.asp>, with Prime Minister Rudd's announcement at <http://www.pm.gov.au/output/Page15209.asp>
- 5 This reflects provisional data provided to the OECD Development Assistance Committee (DAC) for the 2007 calendar year converted from United States dollars (USD) using the prevailing exchange rate.
<http://www.oecd.org/dataoecd/11/41/34428351.pdf>
- 6 Available at http://www.ode.usaid.gov.au/publications/pdf/arde_report-2007.pdf

Table 1. Composition of Australian ODA (page 5)

The column 'Budget Estimate 2007-08' shows estimates provided in the 2007-08 Budget at May 2007. The column 'Estimated Outcome 2007-08' shows outcomes for 2007-08 as estimated at May 2008.

- (a) 'AusAID Country Programs' is detailed in Table 13 on page 61, and includes country and regional programs, as well as AIRPD grants and loans.
- (b) 'AusAID Global Programs' is detailed in Table 14 on page 62, and is adjusted to include cash but exclude expenses associated with multi-year liabilities (such as to the ADF and IDA). See notes (i) and (j) to Table 14 for details and explanation of these adjustments.
- (c) 'AusAID Departmental' shows AusAID's Departmental expenses.
- (d) ACIAR (Australian Centre for International Agricultural Research) financial statements are included in the Foreign Affairs and Trade Portfolio Budget Statement.
- (e) 'Other Government Departments' includes ODA eligible expenditure by Australian Government and State Government agencies other than AusAID and ACIAR.
- (f) 'Adjustments' includes adjustments to reconcile expenses to ODA, which is reported on a cash basis. These adjustments include accrual adjustments to adjust expenses to cash, and adjustments to exclude non ODA eligible departmental and administered expenditure. The adjustments exclude non ODA eligible departmental expenditure such as receipts under Section 31 of the *Financial Management and Accountability Act 1997*, GST payments, and Fringe Benefits Tax. The adjustments also exclude non ODA eligible administered expenditure such as miscellaneous receipts and GST payments.
- (g) ODA is reported on a cash basis.
- (h) 'Real change from previous year outcome' shows the real increase in total ODA from the outcome figure for the previous year to the figure for the reference year.

Table 2: Australian ODA by partner countries and regions (page 6)

The column 'Budget Estimate 2007-08' shows estimates provided in the 2007-08 Budget at May 2007. The column 'Estimated Outcome 2007-08' shows outcomes for 2007-08 as estimated at May 2008.

- (a) 'Solomon Islands' includes ODA eligible Australian Government expenditure under the Regional Assistance Mission to Solomon Islands.
- (b) In this table, 'Nauru' includes cash paid in each year in line with the Nauru Settlement Treaty, in addition to amounts through the AusAID Country Program for Nauru (identified in Table 13 on page 61). This amount includes funding under a Memorandum of Understanding negotiated on an annual basis between the Australian Government and the Government of Nauru.
- (c) For the purposes of this table, 'Micronesia' includes the Federated States of Micronesia, Palau, and the Republic of the Marshall Islands.
- (d) 'Regional and Other Pacific' includes amounts attributable to the Pacific region (but not to a specific country) from the Pacific Regional program (see Table 13 for amounts and Table 3 for program details) as well as AusAID global programs and other government departments.
- (e) 'Indonesia' estimated expenditure in 2008-09 includes \$230.9 million for AIPRD. Expected outcome for 2007-08 includes \$220.7 million for AIPRD.
- (f) 'East Asia Regional' shows amounts attributable to the East Asia region (but not to a specific country) from the East Asia Regional program (see Table 13 for amounts and Table 4 for program details), AusAID global programs (see Table 14 for a breakdown), and other government departments.
- (g) 'South Asia Regional' shows amounts attributable to the South Asia region (but not a specific country) from the South Asia Regional program (see Table 13 for amounts and Table 6 for program details), AusAID global program (see Table 14 for a breakdown), and other government departments.
- (h) 'Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions' includes payments to some UN and Commonwealth organisations, and ODA eligible departmental expenditure. The ODA eligible components of cash payments to IDA, ADF, GEF, HIPC and the MPMF are also included in this line item (see page 56 for 2008-09 funding levels).
- (i) 'Adjustments' — see notes to Table 1 (f) above.
- (j) ODA is reported on a cash basis.

Diagrams 2, 3, 4, 5 and 6

AusAID budget allocations are made to country, regional and global programs, rather than to specific sectors. The projections of expenditure in each sector for 2008-09 shown in Diagram 2 are generated using an analysis of the nature of actual and planned expenditure in the current (2007-08) year combined with the expected sectoral allocation of new resources through this 2008-09 Budget. Further, while AusAID tracks ODA expenditure according to sector and sub-sector classifications endorsed by the OECD DAC, information on projected sectoral allocations in this document is presented in line with the strategic direction and priorities of the development assistance program and in some cases will not directly align with DAC Sector definitions.

Priorities for Australia's development assistance (from page 9)

9 WaterAid Australia and World Vision, 2007, *Getting the Basic Right: Water and Sanitation in Southeast Asia and the Pacific*, p.2

<http://www.worldvision.com.au/learn/policyandreports/files/WaterReport.pdf>

10 <http://www.pm.gov.uk/output/Page15209.asp>

11 The six goals of Education for All (EFA) are:

- (1) *Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children.*
- (2) *Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to, and complete, free and compulsory primary education of good quality.*
- (3) *Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes.*
- (4) *Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults.*
- (5) *Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality.*

(6) *Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.*

Source: UNESCO, The Dakar Framework for Action, UNESCO Paris, 2000.

12 <http://www.pm.gov.uk/output/Page15209.asp>

13 World Bank (2008) World Development Report 2008, pp 2-3

<http://go.worldbank.org/ZJIAOSUFU0>

14 World Bank, April 2008, Policy Research Working Paper 4594, *Implications of Higher Global Food Prices for Poverty in Low-Income Countries*, available at <http://go.worldbank.org/672EGOR2X0>

15 World Bank (2008) World Development Report 2008

<http://go.worldbank.org/ZJIAOSUFU0>

16 http://www.pm.gov.au/media/Release/2008/media_release_0118.cfm

17 UNIFEM, 2003, Not a Minute More: Ending Violence Against Women (p. 60), referencing L. Heise, M.

Ellsberg and M. Gottemoeller, 1999, Ending Violence Against Women. Population Reports, Series L, No.

11. Baltimore: Johns Hopkins University School of Public Health, Population Information Program (p. 4).

http://www.unifem.org/filesconfirmed/207/312_book_complete_eng.pdf

18 UNESCAP, 2007, Economic and Social Survey of Asia and the Pacific 2007, available from http://www.unescap.org/pdd/publications/survey2007/01_Survey_2007.pdf (pp viii, 104 - 106).

Table 13: AusAID country programs (page 61)

This table includes AusAID country and regional program expenses for all partner countries and regions, and also includes AIPRD grants and loans. The column 'Estimated Outcome 2007-08' shows estimates for 2007-08 as at May 2008.

- (a) 'Nauru' country program estimate shown here does not include cash paid in line with the Nauru Settlement Treaty (as the expense was recorded in 1993-94). The estimate shown here includes additional funding provided under a Memorandum of Understanding negotiated on an annual basis between the Australian Government and the Government of Nauru.
- (b) For the purposes of this table, 'Micronesia' includes the Federated States of Micronesia, Palau, and the Republic of the Marshall Islands.
- (c) 'Indonesia' includes AIPRD grants and loans.
- (d) 'AusAID Country Programs' includes country and regional programs, as well as AIRPD grants and loans. It is also shown as a line item in Table 1 on page 5.

Table 14: AusAID global programs (page 62)

The column labelled 'Estimated Outcome 2007-08' shows estimates for 2007-08 as at May 2008.

- (a) United Nations agencies receive contributions on a calendar year basis. From 2008-09 core contributions are shown separately for UN humanitarian agencies and UN development agencies. Previous financial year data reflects this change.
- (b) 'Humanitarian, Emergency and Refugee Programs' now includes the WFP, UNRWA and UNHCR. Previously they have been recorded against 'UN, Commonwealth and Other International Organisations'.
- (c) 'Multilateral Replenishments' includes expenses for new commitments to multilateral development banks and other multilateral funds. In 2008-09, new commitments are budgeted for the Asian Development Fund (ADF — the concessional lending arm of the Asian Development Bank) of \$332.8 million, for the Heavily Indebted Poor Countries Initiative (HIPC) of \$73.1 million, for the Global Environment Facility of \$59.6 million, and for the Montreal Protocol Multilateral Fund of \$11.3 million. See Table 10 on page 56 for multilateral program details, including a breakdown of the \$175.0 million estimated cash by multilateral institution in 2008-09 (items for IDA, ADF, HIPC, GEF and MPMF in Table 10).
- (d) 'United Nations Development Agencies' now includes the WHO and UNAIDS. Previously they were recorded against 'Other International Programs.'
- (e) 'International Health Programs' includes the Global Alliance for Vaccines and Immunisations, the Global Fund to fight HIV, Tuberculosis and Malaria and other international health programs.
- (f) 'International Environment Programs' includes the Global Conservation Trust, the International Tropical Timber Organisation, the International Forest Carbon Initiative and other climate change initiatives.
- (g) 'Commonwealth organisations and Other' includes the Commonwealth Fund for Technical Cooperation, Commonwealth Foundation, Commonwealth Youth Program, the Consultative Group to Assist the Poor and some other minor Commonwealth organisations.
- (h) 'AusAID Global Program' includes expense items only. This is converted to an expenditure figure by adjustments detailed at (i) and (j) below.

- (i) 'Less: new multi-year commitments' removes the total expense commitment for new multi-year liabilities. This is the same \$476.7 million total of expenses for new commitments to 'Multilateral Replenishments' in this same table, details of which are noted at (c) above.
- (j) 'Add: cash paid to multi-year liabilities' adds back \$178.7 million in cash expected to be paid to multilateral commitments in 2008-09, of which \$175.0 million relates to cash funding for multilateral organisations — see Table 10 on page 56 for program details and amounts in 2008-09 for each multilateral organisation. The \$178.7 million in cash for this item ('Add: cash paid to multi-year liabilities') also includes other cash paid against multi-year liabilities such as the Nauru Settlement Treaty (also discussed in note (b) to Table 2 on page 65).
- (k) 'AusAID Global Programs' includes AusAID global program expenses, adjusted for multi-year liabilities. It is also shown as a line item in Table 1 on page 5.

ABBREVIATIONS AND ACRONYMS

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
ADF	Asian Development Fund
AIPRD	Australia-Indonesia Partnership for Reconstruction and Development
ALA	Australian Leadership Awards
ANCP	AusAID-NGO Cooperation Program
APEC	Asia Pacific Economic Cooperation
ARDE	Annual Review of Development Effectiveness
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
AYAD	Australian Youth Ambassadors for Development
BRAC	Bangladesh Rural Advancement Committee
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAC	Development Assistance Committee (of the OECD)
DFID	Department for International Development (UK)
ECP	Enhanced Cooperation Program
EITI	Extractive Industries Transparency Initiative
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
GPOBA	Global Partnership on Output Based Aid
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
IARC	International Agricultural Research Centre
ICRC	International Committee of the Red Cross
IDA	International Development Association
LOGICA	Local Governance and Infrastructure for Communities in Aceh
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative

MPMF	Multilateral Fund for the Implementation of the Montreal Protocol
NGO	Non-government organisation
NZAID	New Zealand Agency for International Development
ODA	Official development assistance
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Cooperation and Development
PNG	Papua New Guinea
RAMSI	Regional Assistance Mission to Solomon Islands
SPC	Secretariat of the Pacific Community
STI	Sexually transmitted infection
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCAC	United Nations Convention Against Corruption
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organisation