

# AUSTRALIA'S INTERNATIONAL DEVELOPMENT ASSISTANCE PROGRAM 2011-12

AN EFFECTIVE AID PLAN FOR AUSTRALIA: REDUCING POVERTY, SAVING LIVES AND ADVANCING AUSTRALIA'S NATIONAL INTERESTS

STATEMENT BY
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MINISTER FOR FOREIGN AFFAIRS
10 MAY 2011

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# **FOREWORD**

Over the past thirty years we have witnessed unprecedented progress in reducing poverty and improving the health and livelihoods of people around the world.

Yet over one billion people still live in extreme poverty. Every day, 22,000 children under the age of five die from preventable or treatable conditions that have largely been overcome in Australia and almost 1,000 women and girls die in pregnancy and childbirth. Today, some 67 million children don't have the opportunity to attend primary school. These statistics are unacceptable.

Reducing poverty is also in our national security and national economic interest. Poverty breeds instability and extremism in our region and globally, and creates conditions that lead to more refugees, as people flee from violence or hardship. Two thirds of the world's poor live in Australia's region — of our twenty nearest neighbours, eighteen are developing countries. Many of these countries are also important trading partners. We export around \$90 billion in goods and services to the countries where Australian bilateral aid is delivered.

It is for these humanitarian, national security and economic reasons that the Government is committed to increasing our aid to 0.5 per cent of our gross national income by 2015-16.

I'm committed to delivering efficient and effective aid. We have already made a start. A recently concluded review will see the number of overseas advisers in the aid program decrease by 25 per cent over the next two years with funds freed up to support more health and education services.

To ensure that our aid program can be even better, in November 2010 I established the Independent Review of Aid Effectiveness. Put simply, we want to save as many lives, educate as many children and lift as many people out of poverty as we can with our aid investment. The Government will make a formal response to the Review in the middle of the year.

Our aid is achieving results and saving lives. Since 2009 we have helped immunise 900,000 children in Papua New Guinea against measles and other diseases, and our support for a global vaccine initiative has helped immunise 288 million children worldwide and prevented an estimated 5.4 million deaths. We have helped halve malaria rates in Solomon Islands. Over the past five years we have created places for 330,000 poor children to go to school in Indonesia and will create another 300,000 places over the next five years. Since 2009 in Indonesia, East Timor, Vietnam and Solomon Islands, we have provided safe water to 600,000 people and improved sanitation to 400,000 people. Last year we provided life saving assistance for over thirty humanitarian emergencies, including the Pakistan floods where Australian assistance directly benefited 1.65 million people in need.

In 2011-12, Australian aid will increase to \$4,836 million (0.35 per cent of GNI), up from \$4,362 million (0.33 per cent of GNI) in 2010-11.

New measures totalling \$1.9 billion over the next four years will deliver on the Government's election and other commitments on water and sanitation, avoidable blindness, education, maternal and child health, and ending violence against women.

Most of this new assistance will go to our region, particularly Indonesia and the Pacific.

The aid budget for 2011-12 continues to demonstrate our commitment to the Millennium Development Goals, particularly on poverty, education, maternal and child health, and water and sanitation.

This Budget will provide more opportunities for the Australian community to participate in the aid program. I am pleased to announce that we are increasing the number of Australian volunteer places to 900 in 2011-12, working to 1,000 a year by 2012-13. The expertise that Australian volunteers bring to developing countries is an integral part of Australia's aid effort. Just as importantly, these dedicated Australians return richer for the experience, adding new ideas and perspectives to Australian life.

We are also doubling our program for Australian development non-government organisations (NGOs). NGOs play an important role in the delivery of the aid program. NGOs have grass roots networks that enable them to progress changes that make a difference to people's lives.

Finally, I am committed to enhancing the transparency of our aid program. When people are able to access information, they are better able to hold those who are managing their money — whether AusAID, partner governments, or international organisations — to account. The revised format of this statement is an example of this improved transparency.

Kevin Rudd

# BUDGET HIGHLIGHTS<sup>1</sup>

In 2011-12, the Government will implement initiatives to help developing countries progress towards the Millennium Development Goals (MDGs). The Government will also continue to increase Australia's overall level of Official Development Assistance (ODA), to meet its target ODA to Gross National Income (GNI) ratio of 0.5 per cent by 2015-16.

Delivering on the Government's 2010 election commitments

## Focusing on priority areas

- Improving water, sanitation and hygiene (\$433.1m over four years) to help provide over four million people with access to safe water, basic sanitation and improved hygiene practices across East Asia, South Asia and Africa – page 89.
- Expanding volunteer and NGO programs (\$244.0m over four years) to provide more than 1,000 volunteer assignments per year and to double the AusAID-NGO Cooperation Program, expanding its scope and enabling ten more Australian NGOs to join – page 78.
- Increasing access to education (\$124.5m over four years) to improve enrolment and completion rates in the Pacific by training teachers, updating curricula and providing school fee relief page 11.
- Eliminating violence against women (\$96.4m over four years) to provide support through women's crisis centres in the Pacific, improve the ability of peace-keepers to protect women and children and support United Nations programs page 111.
- Tackling avoidable blindness (\$21.3m over four years) to treat over 8,000 sufferers of avoidable blindness diseases and provide routine screening for 100,000 people in East Asia page 113.

## Working with partner countries

- Indonesia (\$492.8m over four years) to: improve education services by building 2,000 schools benefiting 300,000 children, training 10,000 teachers and improving the quality of tertiary education; deliver small scale rural infrastructure and provide community development grants to 80,000 poor villages; and improve poor people's access to justice by piloting legal aid in fifty courts page 30.
- Africa and the Middle East (\$462.6m over four years) to: improve obstetric and new born health care, train 300 new midwives in East Africa, help provide safe water and sanitation to 1.2 million people in Southern Africa, build the capacity of African governments in areas where Australia has expertise such as natural resource management, and help the Palestinian Authority to deliver health and education services and respond to humanitarian needs page 56.
- Australian Civilian Corps (\$32.0m over four years) to support rapid deployment of specialists to countries experiencing or emerging from conflicts and disasters – page 108.

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## **Diagram 1: The Millennium Development Goals**

The Millennium Development Goals (MDGs) are a set of global development objectives to be achieved by 2015 that were unanimously adopted at the United Nations Millennium Summit in September 2000. They represent an unprecedented global unifying force for reducing poverty and improving human development. Progress towards the goals is measured against a number of targets, shown here, which were developed during and after the Summit.

End Poverty and Hunger		Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.
		Achieve full and productive employment and decent work for all, including women and young people.
		Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
	Universal Education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Q³	Gender Equality	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
W 4	Child Health	Reduce by two thirds, between 1990 and 2015, the under- five mortality rate.
D 5		Reduce by three quarters the maternal mortality ratio.
Maternal Health		Achieve universal access to reproductive health.
-6		Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
<b>•</b>	Combat HIV/AIDS	Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.
		Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
		Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
907	Environmental	Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.
Sustainability		Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.
		By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.
***************************************	Global Partnership	Targets cover: trading and financial systems, the special development needs of disadvantaged states, debt sustainability, affordable access to essential drugs and access to information and communications technologies.

# 1. Australia's International Development Assistance Program

## 1.1. Introduction

The Australian aid program seeks to reduce the number of people living in poverty in developing countries in the Asia Pacific region and beyond. By doing so, the aid program also advances our national interest through promoting a more stable and prosperous region and world. The aid program is guided by the Millennium Development Goals (MDGs), the internationally agreed targets for poverty reduction and human development.

This Statement provides details on the 2011-12 Australian international development assistance budget:

- Section 1 provides an introduction and outlines the context and the broad parameters of the 2011-12 aid budget.
- Section 2 details 2011-12 country and regional program allocations.
- Section 3 details 2011-12 global program allocations, including support for multilateral organisations and humanitarian assistance.
- Section 4 provides a sectoral analysis of the budget, outlining development progress in areas such as health and education, results achieved by Australian aid and major programs to be funded in 2011-12.
- Section 5 covers the ODA-eligible programs of other Australian Government departments.
- Section 6 provides an overview of work being undertaken to improve the efficiency and effectiveness of the aid program.

## **Independent Review of Aid Effectiveness**

In November 2010, the Government commissioned the first independent review of the aid program in almost fifteen years. The Independent Review of Aid Effectiveness was conducted by a panel of eminent persons led by Mr Sandy Hollway AO. The Review examined the effectiveness and efficiency of the aid program and made recommendations on measures to improve the aid program. The panel consulted with key stakeholders, including non government organisations, relevant Australian Government departments and partner governments in our region as well as bilateral and multilateral donors. The panel received almost 300 submissions from a broad cross-section of the Australian and international community.

The panel submitted its report to the Minister for Foreign Affairs in late April. The Government will release the Review and a formal response to its recommendations in the middle of the year.

## **Operating environment**

Despite set-backs arising from the 2008 global economic crisis, developing countries have made remarkable progress in recent decades. The number of people in developing regions living in extreme poverty (less than US\$1.25 a day²) has fallen, from 1.8 billion in 1990 to 1.4 billion in 2005³. The total number of children dying before the age of five has reduced, from 12.5 million in 1990 to 8.1 million in 2009⁴. The primary net enrolment ratio⁵ for developing regions has improved, from 82 per cent in 1990 to 89 per cent in 2008⁶. The HIV epidemic appears to have stabilised in most regions — at its peak in 1996 some 3.5 million people were newly infected; in 2008 it is estimated the number of new infections had fallen to 2.7 million⁵.

However much remains to be done. Some 925 million people go hungry every day. Around 22,000 children die every day from largely preventable diseases such as diarrhoea, malaria, neonatal infection, pneumonia, preterm delivery, or lack of oxygen at birth, and 1,000 women die each day in pregnancy or childbirth. 67 million school age children never get the chance to go to primary school<sup>8</sup>.

Australia's aid program is assisting developing countries to rise to these challenges. In recent years for instance, we have:

- helped 330,000 poor children to attend school by constructing and rehabilitating more than 2,000 schools throughout Indonesia;
- helped immunise 900,000 children in PNG against measles and other diseases, and assisted through the GAVI Alliance to immunise more than 288 million children worldwide and prevent an estimated 5.4 million future deaths through routine immunisation;
- helped halve the incidence of malaria in the Solomon Islands and reduce the number of cases by 80 per cent in Vanuatu. Our support for the Global Fund for AIDS, Tuberculosis and Malaria has helped distribute 160 million insecticide treated bed nets, provide HIV treatment to three million people and tuberculosis treatment to 7.7 million people;
- benefited an estimated 8.7 million people in Vietnam with Australian-funded infrastructure construction and repairs, and helped deliver a 20 per cent increase in the number of rural people with access to clean water;
- contributed to increasing school enrolments in Afghanistan from one million in 2001 to over six million today (including two million girls) and to expanding basic health services from less than ten to around 85 per cent of the population; and

 provided scholarships to over 12,000 students from developing countries to study in Australia over the past ten years, half of whom were women. Alumni include the Indonesian Vice President and the Secretary for Education in PNG.

## **1.2. BUDGET**

The Government will provide an estimated \$4,836 million in total ODA in 2011-12, of which \$4,087 million will be administered by AusAID. It is estimated that our total ODA will be equal to around 0.35 per cent of Gross National Income (GNI) in 2011-12, up from 0.33 per cent in 2010-11. The Government has committed to increase Australia's ODA/GNI ratio to 0.5 per cent by 2015-16. To reach this target, the Government expects to increase Australian aid to around 0.38 per cent of GNI in 2012-13, 0.42 per cent of GNI in 2013-14 and 0.46 per cent of GNI in 2014-15.

Table 1 shows the composition of Australian ODA, including ODA managed by AusAID and other government departments.

**Table 1: Composition of Australian ODA** 

			Budget	Estimated	Budget
		Actual (\$m)	Estimate (\$m)	Outcome (\$m)	Estimate (\$m)
	Notes	2009-10	2010-11	2010-11	2011-12
AusAID Country Programs	а	2,439.7	2,654.9	2,682.7	2,991.6
AusAID Global Programs	b	825.3	966.7	992.3	1,095.4
AusAID Departmental	С	134.3	211.8	258.5	283.8
ACIAR	d	63.1	68.3	71.5	82.5
Other Government Departments	е	465.1	336.2	440.7	446.6
Adjustments	f	-13.5	-71.7	-144.7	-135.1
Funds approved but not yet allocated		0.0	183.1	60.7	71.4
Total ODA	g	3,914.0	4,349.3	4,361.8	4,836.2
Real change over previous year outcome	h			5.2%	8.4%
ODA/GNI ratio		0.32%	0.33%	0.33%	0.35%

Notes: see page 129.

This year's budget includes additional funding of \$1.9 billion over the next four years to meet the Government's commitments on aid to Indonesia and Africa, for additional volunteers and expanded NGOs programs, to address maternal and child health, education, avoidable blindness, ending violence against women and water supply and sanitation. An overview of this additional funding is provided on page v.

In 2011-12 Australia will provide bilateral aid to around 35 countries around the world (see Diagram 2). We will also help some 78 other countries through support provided through regional and global programs.

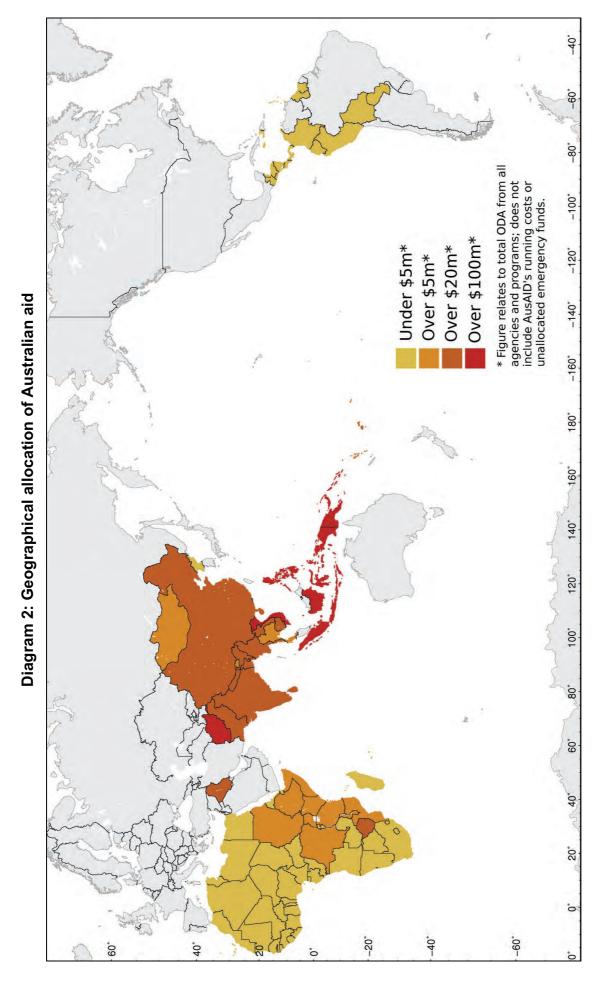


Table 2 shows total Australian ODA from all agencies and programs attributable to partner countries and regions. This includes: (i) country program allocations; and (ii) global and OGD expenditure that can be attributed to countries and regions.

Table 2: Total Australian ODA by partner country and region

			Budget	Estimated	Budget
		Actual (\$m)	Estimate (\$m)	Outcome (\$m)	Estimate (\$m)
Country/Regional Programs	Notes	2009-10	2010-11	2010-11	2011-12
Papua New Guinea		450.3	457.2	454.1	482.3
Solomon Islands	а	271.1	225.7	269.1	261.6
Vanuatu		63.6	66.4	59.1	70.1
Samoa		46.9	39.8	44.8	43.7
Fiji		42.5	37.2	36.0	37.5
Tonga		25.1	27.8	32.0	32.1
Nauru	b	25.5	26.6	29.3	26.2
Kiribati		18.1	23.9	31.5	28.2
Tuvalu		8.1	8.9	8.8	9.9
Cook Islands		4.6	5.0	4.5	4.4
Niue	С	3.9	4.4	4.7	4.6
North Pacific	d	5.7	10.4	8.4	10.7
Regional and Other Pacific	е	134.4	152.0	134.1	149.7
Pacific		1,099.6	1,085.4	1,116.3	1,160.9
Indonesia	f	458.3	458.7	446.0	558.1
Vietnam		131.9	119.8	127.4	137.9
Philippines		130.6	118.1	118.8	123.1
East Timor		127.0	102.7	112.0	123.7
Cambodia		74.3	64.2	68.0	77.4
Burma		33.1	48.6	49.0	47.6
Laos		46.4	41.0	50.0	42.1
China		41.1	36.8	35.7	35.7
Mongolia		7.6	7.4	9.4	12.2
East Asia Regional	g	66.5	95.1	105.7	108.0
East Asia	9	1,116.8	1,092.3	1,122.1	1,265.7
Afghanistan		113.3	123.1	141.2	165.1
Bangladesh		79.0	70.0	75.4	92.0
Pakistan		78.7	66.5	119.3	92.8
Sri Lanka		79.6	46.0	52.5	43.5
India		20.5	22.2	26.3	25.0
Nepal		25.9	18.4	26.1	26.6
Bhutan		6.8	5.4	8.1	8.0
Maldives		4.8	4.4	4.8	5.0
South and West Asia Regional	h	1.2	4.9	11.9	7.1
South and West Asia		409.8	360.9	465.4	465.0
Iraq		46.3	46.5	43.3	36.6
Palestinian Territories & Other Middle East		52.1	37.7	50.3	56.0
Africa		175.2	200.9	290.7	291.3
Africa and the Middle East		273.6	285.1	384.3	384.0
Latin America		12.2	16.2	17.4	27.2
Caribbean		24.6	23.6	21.6	20.7
Latin America and the Caribbean		36.9	39.8	39.0	48.0
Core contributions to multilateral organisations	i	00.5	00.0	03.0	40.0
and other ODA not attributed to particular		990.8	1,374.4	1,318.6	1,576.3
countries or regions		330.0	1,017.7	1,010.0	1,070.0
Adjustments	j	-13.5	-71.7	-144.7	-135.1
Funds approved but not yet allocated	J	0.0	183.1	60.7	71.4
Total Estimated ODA	k	3,914.0	4,349.3	4,361.8	4,836.2
Total Ediniator Opin	11	3,017.0	7,0-10.0	1,001.0	F,000.2

Notes: see page 130.

Our top five bilateral aid recipients in 2011-12 are expected to be Indonesia, Papua New Guinea, Solomon Islands, Afghanistan and Vietnam. These countries are also expected to be our top five recipients in 2010-11. Further details are provided in Section 2. On current projections, health, education and economic growth (agriculture and rural development, transport, energy and communications) will comprise half of the 2011-12 budget, and there will be increases in funding for other sectors, including climate change and environment programs. Further details are provided in Section 4.

Diagram 3 summarises how Australian ODA is broken down and who delivers it. Most (89 per cent) of Australia's ODA is provided through AusAID. This is made up of: (i) administered funding for country and regional programs; and (ii) departmental funding for AusAID's operating costs in managing the aid program. Of the other government departments (OGD) ODA expenditure, almost one quarter relates to overseas policing activities conducted by the Australian Federal Police.

Of AusAID's administered funding, around 73 per cent will be spent on country and regional programs. East Asia and the Pacific will receive the majority of this assistance at 33 per cent and 31 per cent, South and West Asia 12 per cent, and Africa, the Middle East and other regions 11 per cent. The remaining 13 per cent will be assigned to cross-regional programs. A further 27 per cent will be spent on global and multilateral initiatives, including humanitarian assistance, UN agencies, the World Bank, the Asian Development Bank (ADB) and on NGO and volunteer programs.

The remaining six per cent is allocated for departmental costs, essentially staffing and operating costs in administering the aid program. AusAID operates from its headquarters in Canberra, Australia and at 41 posts overseas. It currently has around 1,700 Australian and international staff, of which 42 per cent are stationed abroad.

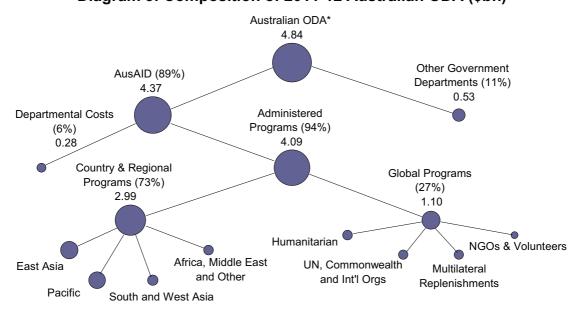


Diagram 3: Composition of 2011-12 Australian ODA (\$bn)

<sup>\*</sup> Equals sum of AusAID and OGD expenditure plus accounting adjustments shown in Table 1.

## 1.3. AUSTRALIAN AID IN CONTEXT

Australia provides aid in diverse contexts, from Indonesia with over 230 million people, through to Tuvalu, a small island country home to just 10,000 inhabitants. Diagram 4 illustrates the level of dependence that key developing countries have on aid — represented as a percentage of total government revenue — and the significance of Australian aid to each country — represented as a percentage of total aid. <sup>9</sup>

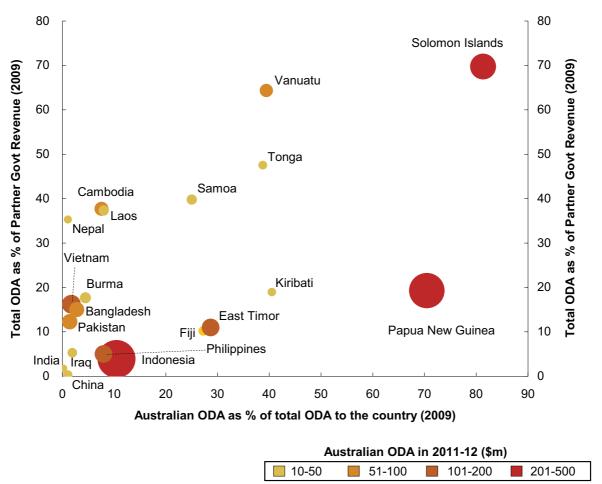


Diagram 4: Relative significance of Australian aid

Source: AusAID analysis incorporating statistics from the IMF, DAC and ADB, and AusAID financial data. Figures are illustrative only.

This diagram shows the importance of Australian aid to Pacific Island economies, with Solomon Islands, Vanuatu and Tonga highly dependent on aid contributions and Australia the major donor. Indonesia is Australia's largest aid recipient and Australia is Indonesia's largest grant donor, but aid accounts for less than four per cent of Indonesian government revenue (2009).

The significance of Australia as a donor, and the importance of aid to total government revenue, shapes the way in which Australia provides assistance. Nepal for instance is

highly aid dependent but Australia provides only a small proportion of that aid. To be effective and promote efficiency, Australia supports the programs of other likeminded aid donors, including multilateral organisations such as UNICEF.

In Indonesia, our aid is best used to promote reform, target pockets of extreme poverty and disadvantage and help the Indonesian government to make better use of its own resources, such as in water, health and education service delivery. In this way a proportionately small amount of assistance can leverage much greater outcomes for poor people.

In PNG, where Australia provides the lion's share of aid, the overall importance of aid to revenue is declining given economic growth from mineral resources. Therefore our aid must work in ways to help translate this economic growth into benefits for the estimated two million people living below the poverty line. This means working with PNG on long-term programs to improve their capacity to deliver services, while also supporting more immediate service delivery needs such as for schools and health clinics.

## 1.4. IMPROVING RESULTS FOR THE POOR

Australia has a high quality aid program that is achieving results. As the volume of Australian aid increases, we must continue to satisfy ourselves that our assistance is:

- lifting people out of poverty and promoting stability and prosperity in our region and the world, through investments in areas such as education and health; and
- achieving value for money.

This will ensure that Australian taxpayers are seeing the maximum returns from their aid investment in terms of more children educated and vaccinated, increased incomes for poor people, more women surviving childbirth and other MDG related goals.

To this end, AusAID has undergone a series of major reforms and reviews which will continue into 2011-12. Further information on efforts to improve the effectiveness of the aid program is provided in Part 6.

# 2. COUNTRY AND REGIONAL PROGRAMS

The main vehicle for delivering Australian aid is through country and regional programs. This Section provides details of the major country and regional programs.

Total Australian ODA to each country is calculated as the sum of:

- direct bilateral assistance through an AusAID country program<sup>10</sup> (labelled as "Country" in the boxes) plus
- an estimate of the amount of AusAID regional<sup>11</sup> and global<sup>12</sup> expenditure that can be attributed to the country (labelled as "Regional/Global") *plus*
- ODA-eligible expenditure by Australian government departments other than AusAID (labelled as "OGDs") that can be attributed to the country.

This part of the Statement is presented in a different format from previous years. The new format provides more contextual, visual information than before and is intended to help the reader develop a better understanding of the country-specific challenges that the Australian aid program attempts to address. It is also designed to help the reader conduct quick cross-country and cross-sector comparisons in relation to key development indicators.<sup>13</sup>

Also introduced in this year's Statement is systematic coverage of each country's progress towards the MDGs. Hence the reader is able to discern not just the outputs that Australia is delivering with its aid program, but also the broader country outcomes it is attempting to influence. The key to the MDG diagrams is below:

Diagram 5: Key to country MDG diagrams

	PROGRESS TOWARDS THE MDGS					
MDG 1	MDG 2	MDG 3	MDG 4	MDG 5	MDG 6	MDG 7
		$Q^{\circ}$		5	<b>(+)</b>	<b>%</b>
End Poverty and Hunger	Universal Education	Gender Equality	Child Health	Maternal Health	Combat HIV/AIDS	Environmental Sustainability
<b>√</b>	×	-	✓	✓	×	×

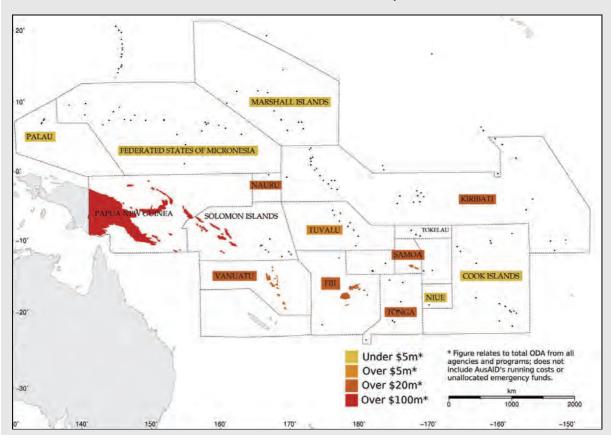
Progress towards the 2015 MDG targets (see Diagram 1 for more detail) is indicated by a tick (already achieved or on-track), a cross (slow, regressing or no progress), or a dash (insufficient data to assess).

## 2.1. THE PACIFIC

## Overview

The Pacific Islands region, including Papua New Guinea (PNG), is vast, with major differences in terms of culture, population size, land area and the economy, but with many common challenges. These include geographic isolation, small populations and markets that limit economies of scale, and vulnerability to climate change and natural disasters. Human and institutional constraints limit the ability of countries to manage the complex business of government. In this context, regional approaches and collaboration play an important role through joint provision of goods and services, a Pacific voice in global forums and supplementing local capacity. The Pacific Plan is the cornerstone of regionalism in the Pacific and is supported by Australia. The *Cairns Compact on Strengthening Development Coordination in the Pacific* was agreed at the 2009 Pacific Islands Forum in Cairns. The Compact identifies a range of actions that will help achieve the Pacific Plan, including better coordination of climate change assistance and improved energy services.

## Estimated ODA to the Pacific in 2011-12: \$1,160.9 million



The economic and social performance of the region has been mixed. There have been some successes, but many nations struggle to deliver services to their populations. Improving development outcomes in the Pacific remains the central goal of Australia's aid program. We are committed to our responsibilities as a member of the Pacific Islands Forum and provide more aid to the region than any other donor. In 2011-12 our support to the Pacific will build upon the strong bilateral relationships created through the *Pacific Partnerships for Development*. These Partnerships were introduced after the 2008 Port Moresby Declaration and focus on outcomes agreed between Australia and the countries of the region. To date we have signed Partnerships with 11 countries.

## New Initiative: Improving education access and outcomes in the Pacific

The Government will invest an additional \$124.5 million over four years to accelerate progress in education in the Pacific region

The additional funding will expand and extend Australian support to Pacific Island Countries to enable more children to attend and complete primary school, improve learning outcomes, particularly in literacy and numeracy in the early grades, and improve the employability of their young people.

To achieve these objectives, Australia will reduce financial and social barriers to schooling (this is expected to benefit 250,000 students); upgrade facilities at some 500 schools across the region; and strengthen pathways between secondary school and post-secondary, technical and vocational training.

Australia will improve learning outcomes by:

- strengthening early childhood education for at least 25,000 students per year;
- developing over 7,500 teachers and introducing teacher career structures to ensure that schools and teacher training institutions are staffed with motivated and competent teachers; and
- improving curricula and providing high-quality learning materials annually to over 100,000 students.

To help ensure better futures for the Pacific's young people, Australia will support skills development and the provision of in-demand qualifications. Over the next four years Australia will strengthen over 150 local training providers, both public and private, urban and rural. This will result in an annual stream of over 4,000 graduates with recognised skills and qualifications that are in demand and valued in the national, regional and international labour markets.

## Country programs



## PAPUA NEW GUINEA



Papua New Guinea (PNG) is in its longest period economic of growth since independence. However, PNG still faces serious challenges in delivering services to its fast-growing population and is unlikely to meet any of the MDGs by 2015. In 2011-12, Australia will strengthen the impact of its aid to PNG through repositioning the program around the two sectors, health and education, in which PNG faces the most difficulties. We will continue to ensure a strategic approach to the use of advisers and consider options to increase the use of volunteers, NGOs and the private sector to deliver the aid program. Australia's assistance to PNG will continue to be guided by the PNG-Australia Partnership Development, which provides framework for Australia's aid program in PNG. It sets out mutually agreed priorities for reducing poverty, focusing in particular on improving basic education, health, transport infrastructure and better policy-making. Additional priorities around HIV, law and justice and higher education are to be agreed \_ with PNG in 2011.



Rey Statistics		
Population:	6.9 million	
GNI per capita:	USD 1,047	
HDI rank:	137 of 169	
Estimates (\$m)	10-11	11-12
Australian ODA	454.1	482.3
- Country	406.4	436.5
- Regional/Globa	d 25.9	29.4
- OGDs	21.9	16.4

## **Priority areas**

## Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

Although considerable progress has been made in increasing the numbers of boys and girls attending school, over one third of the children in PNG still do not complete primary schooling. There are major challenges in improving the quality of education including addressing the lack of skills and poor attendance of many PNG teachers, and improving access to school infrastructure and education materials. In higher education, outcomes are hindered by poor management, and a lack of suitable infrastructure, equipment and teaching resources.

Australia will support PNG's Universal Basic Education Plan to increase primary elementary enrolment. In 2010, Australia provided subsidies to abolish school fees for the first three grades, distributed 540,000 new textbooks for over 3,400 primary schools and built 361 school buildings. In 2011-12, Australia will continue to provide subsidies and fund teacher training and school inspectors. In 2011 we will provide a further 830,000 new textbooks and construct more school buildings. We will increase our assistance to PNG universities and technical and training institutions, targeting improvements in educational quality. We will also continue to provide an increasing number of scholarships for Papua New Guinean students to study in Australia. In 2010, we provided 130 scholarships. In 2011, we will provide 170 scholarships. These scholarships range from Diploma to PhD level.

#### **HEALTH**

by Despite persistent efforts **PNG** and development partners to improve its health system, health outcomes remain unacceptably low. particularly for women and children. PNG has a high maternal mortality rate with only 37 per cent of births taking place at health facilities. In the past decade PNG has improved child survival rates, though progress has stagnated recently and MDG 4 is unlikely to be achieved. The country also has high rates of HIV prevalence, at around 0.9 per cent of the population. Nonetheless, about three quarters of eligible people are now able to access HIV treatment, compared to zero in 2003. Systemic health issues have contributed to the spread of disease, including outbreaks of cholera.

In 2011-12, Australia will target support to reduce maternal deaths and improve maternal health. This includes the distribution of maternal health emergency equipment to district hospitals and health centres in rural PNG and drug kits to all health centres and aid posts across PNG. Australian support will also improve access to obstetric and gynaecology services and improve the capacity of midwifery schools to train competent midwives. More generally we will support the training of community health workers and nurses and investigate the use of outreach patrols in the provinces to increase health service coverage. We will continue to help provide a coordinated and effective response to HIV in PNG, including increasing access to HIV testing through additional testing and counselling facilities. In 2011-12, Australia will establish eight new testing sites, fund distribution of 25 million condoms and test approximately 120,000 people for HIV. We will also support PNG responses to outbreaks of disease including cholera.

#### **ECONOMIC GROWTH**

With over 85 per cent of PNG's population living in rural and remote areas, growth-promoting service delivery is expensive and logistically challenging. Many communities have difficulty accessing quality health care, education and adequate transport. Good transport infrastructure is essential for development. Roads and highways are needed for people to take their goods to market to earn an income, for people to get to schools and hospitals and for the government to deliver services to people in rural areas.

In 2010, Australia supported the maintenance of over 2,000 kilometres of national roads and highways. In 2011-12, Australian assistance will continue to fund the maintenance of the national priority road network and work to improve the capacity and governance of the PNG institutions responsible for the transport network. Australia will also provide support in the areas of transport safety and security.

#### **GOVERNANCE**

PNG is still developing sufficient public sector capacity to effectively manage and deliver services across all levels of government. Law and order and access to justice are significant problems in PNG. High crime levels affect safety and security in both rural and urban communities. Law and justice systems require strengthening to function more effectively.

Australia will support the development of human resources and public sector systems and institutions, strengthen financial management and increase public accountability. We will help key agencies in government to improve service delivery in PNG through programs including the Strongim Gavman Program, the Economic and Public Sector Program and the Sub-National Program. Australia will support law and justice agencies and communities to deliver services in crime prevention, policing, courts, legal aid, prisons, restorative justice and the Ombudsman.

## **EQUITABLE DEVELOPMENT**

Gender inequality remains extremely high in PNG. The incidence of gender-based violence is among the highest in the world. Women are considerably under-represented in decision-making roles. There is only one female Member of Parliament and few women employed within the public sector.

Australia will continue to encourage greater gender equality and combat violence against women in PNG. We will focus on increasing access to education and health and helping victims of gender-based violence to access quality legal, health and social services. We will also continue to support PNG women to take up leadership roles across all aspects of life including in government, business, education and within the community.



## **SOLOMON ISLANDS**



Solomon Islands has over half a million people living on around 90 dispersed islands and speaking more than 70 languages. Communication, transport, and delivery of efficient health and education services is difficult. In the late 1990s Solomon Islands experienced civil unrest and instability, leading to a breakdown in the delivery of basic services including law and order. In 2003, the Solomon Islands Government requested assistance from Pacific Island Countries including Australia and New Zealand, which is being delivered through the Regional Assistance Mission to Solomon Islands (RAMSI). Australia's bilateral aid program, which covers sectors not included in RAMSI's mandate, is delivered under the *Solomon Islands-Australia Partnership for Development*.



Key StatisticsPopulation:535,699GNI per capita:USD 1,313HDI rank:123 of 169

 Estimates (\$m)
 10-11
 11-12

 Australian ODA
 269.1
 261.6

 - Country
 120.9
 124.3

 - Regional/Global
 12.2
 14.4

 - OGDs
 135.9
 123.0



## **Priority areas**

## Australia's response

#### **HEALTH**

Good progress has been made, with 85 per cent of births in health facilities and malaria incidence continuing to decline (the incidence rate is down to 75 per 1,000 people in 2010 from 199 per 1,000 in 2003). However health-related challenges remain, particularly lifestyle diseases and poor infant nutrition and rates of child immunisation. Underfive mortality remains unacceptably high at 36 per 1,000 live births.

In 2011-12 Australia will help improve the quality of primary care nursing to provide better reproductive and antenatal care, post-natal care and early childhood assessments. Australia will help to improve childhood nutrition and the management of childhood illness, increase immunisation rates and improve access to essential medicines for an anticipated 15,000 births in 2011 and for the 76,000 children under the age of five. We will work to improve water supply and sanitation facilities for around 20,000 people in rural communities and improve access and reliability of water services for around 50,000 people in the main urban areas. We will help to implement a national malaria action plan to further reduce malaria incidence and deaths.

## **EDUCATION AND SCHOLARSHIPS**

Primary education rates in Solomon Islands are relatively high, estimated at over 90 per cent. The Solomon Islands Government allocates around a quarter of its budget to education. But there are high drop-out rates in primary school, large numbers of untrained teachers, poor quality skills

Australian funding in 2011-12 will help around 145,000 poorer primary and junior secondary school children remain in school through the fee free education program, improve the quality of teaching in primary schools by training some of the 2,000 unqualified teachers, increase the quality of

training and limited tertiary education.

skills training for over 2,000 post-secondary students, and provide 50 new scholarships for high performing individuals.

#### **ECONOMIC GROWTH**

More than 80 per cent of Solomon Islanders live in rural areas where infrastructure and services are poor. Many communities rely on subsistence agriculture and informal income generation. Agriculture, forestry, fishing, the public sector and aid underpin the national economy. Economic growth is constrained by limited transport, telecommunications and energy infrastructure. Solomon Islands is heavily reliant unsustainable logging for government revenue. Efforts to broaden the economy depend upon improved investor confidence and a sustained reform agenda. Competition in the mobile telephone market has increased access and reduced costs. The 2008 global financial crisis also highlighted the need for structural adjustment, including macroeconomic stabilisation, budgetary prioritisation and structural reforms.

In 2011-12 Australia will support the productive and sustainable use of agricultural land and improve the operation of markets. We will work to improve access to the knowledge and services required for rural people to increase their incomes, and food security. We will improve the quality of transport infrastructure by supporting the maintenance and rehabilitation of key roads, bridges and wharfs. We will support the full deregulation of mobile phone internet services. We will develop hydroelectricity to assist Solomon Islands reduce its dependency on costly diesel-powered energy. We will support the Government's reform program which aims to improve the environment for fiscal certainty, more effective public expenditure and broad-based economic growth. This work will complement RAMSI efforts.

#### **EQUITABLE DEVELOPMENT**

Solomon Islands has one of the highest rates of recorded violence against women in the world. Sixty-four per cent of women between the ages of 15 and 49 have experienced physical and/or sexual violence by an intimate partner. Addressing violence against women remains a difficult challenge in Solomon Islands and throughout the region.

In 2011-12 Australia will help to empower women to participate in the Solomon Islands Truth and Reconciliation Commission. We will also improve family violence counselling services and increase awareness about family violence amongst police, magistrates and frontline health workers. The fee-free education program and an additional \$3 million for child and maternal health will support more equitable service delivery for women and girls. We are helping female public servants to access equal promotion and training opportunities.

#### **GOVERNANCE**

The divisive effects of civil unrest in Solomon Islands (1998-2003) are still being felt in many communities. It is difficult for the Solomon Islands Government to reach the most vulnerable in society, and in this context, non-government organisations (NGOs) remain an underdeveloped force with great potential. Many NGOs are fragile and still developing, but are able to reach remote communities and disenfranchised groups. The Australian Solomon Islands NGO partnerships help communities to prioritise needs, use existing skills and resources, and link to public services.

In 2011-12, Australia will support six NGO partners to work with 130 communities, representing 20,000 people, to meet their own development needs. The NGOs will work in a range of areas including health, sanitation, vocational training in carpentry and sewing, financial literacy training, as well as building savings and accessing finance. The program will help some of the poorest and most disenfranchised Solomon Islanders to identify their community strengths; ask for better services from government; and, meet their current development needs.

#### **RAMSI FOCAL SECTORS**

Contribute to a safer and more secure Solomon Islands: RAMSI works to build the capacity of the Solomon Islands legal and prison systems. Last year the High Court finalised 310 cases, more than any other year since the tensions (in the previous year the figure was 133). Five out of six correctional centres now meet UN minimum standards. But the legal sector remains fragile, the backlog of cases is increasing and access to justice remains a challenge. The Solomon Islands Government has serious difficulties retaining legal staff due to private sector competition.

In 2011-12, with Australia's support RAMSI will help improve legal services, the judiciary, court administration and correctional services. RAMSI will build a courthouse and a correctional centre in Western Province to improve access to services. RAMSI will work with the Courts to increase the number of circuit courts held in the provinces, and to implement long-term planning and budgeting strategies for more efficient and affordable court services. While RAMSI will continue to support operational policing, the focus will shift to improving back-office management of the Royal Solomon Islands Police Force.

Contribute to improved standards of living: The economic outlook for Solomon Islands has improved, with GDP growth estimated at over five per cent for 2011 and the budget returning to surplus with donor budget support. Significant risks remain however, including the decline in the logging sector and high population growth. Ongoing reform to encourage investment and growth and improve the efficient allocation of public resources is required.

In 2011-12, with Australia's support RAMSI will help to embed new public financial management systems within the Ministry of Finance and Treasury, to improve the monitoring and control of expenditure. RAMSI will focus on improvements to the budget process to support improved service delivery. Capacity building will be expanded, including graduate recruitment and the introduction of a new leadership development program. A program of modernising customs and taxation administration will continue. The program will support microeconomic reform, improving access to credit in Solomon Islands. Australia will also help the Solomon Islands Government to undertake reforms that will improve the effectiveness of 14 state-owned enterprises.

Contribute to a better functioning government: to improve accountability and reinforce core democratic institutions. This includes initiatives to improve public sector human resource management, strengthen electoral processes, enhance Parliamentary oversight and law-making functions and increase women's participation in government.

RAMSI will support accountability institutions such as the Ombudsman's Office, Auditor General's Office and the Leadership Code Commission. Following national elections in 2010 the focus will shift to strengthening parliamentary processes and electoral reform by improving voter registration and the electoral system. Work will continue on payroll and human resource management.



## **VANUATU**



Vanuatu has significantly reduced poverty over the last decade, due largely to sound policies promoting economic growth. Its economy weathered the global recession well, achieving strong economic growth in 2009 (four per cent), but easing slightly in 2010 (three per cent), driven by tourism and construction. Growth is forecast to reach 4.2 per cent in 2011. Falling revenue and an unexpected budget deficit in 2010 have underscored the need for further governance reforms. In recent years our aid to Vanuatu has increased rapidly, in response to Vanuatu's efforts to improve governance and promote economic growth. Our policy priorities in Vanuatu are determined through the Partnership for Development. We will help to increase access and the quality of education for boys and girls, strengthen health services, develop essential infrastructure and support economic governance reform. New law and justice programs will commence in 2011, a new priority under the Partnership. Together with other donors, we will also continue to provide humanitarian assistance to Vanuatu in response to natural disasters when needed.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12
Population:	245,786	Australian ODA	59.1	70.1
GNI per capita:	USD 2,368	- Country	42.7	53.0
HDI rank:	unranked	- Regional/Global	14.6	15.2
		- OGDs	1.9	1.9



#### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

School enrolment rates in Vanuatu have been declining in recent years due to increasing costs borne by families and non-financial barriers, such as distance from schools. In response, in 2010, Vanuatu introduced a Universal Primary Education Policy in order to get Vanuatu back on-track to meet MDG2. Substantial school grants to primary school students have seen enrolments increase by seven per cent in the program's first year of implementation. Vanuatu is achieving gender parity in primary and secondary education Nevertheless. significant concerns (MDG 3). remain in relation to the quality of education and human resource constraints with the Ministry of Education.

In 2011-12 Australia, together with New Zealand and UNICEF, will continue to support the Vanuatu Education Road Government's assistance will focus on improving school level management to enhance the benefits of the school grants program; introducing minimum service standards to improve learning outcomes; and teacher training. Our assistance will provide refresher training for 150 primary teachers by end 2011. It will also supply 42 new primary teachers, and 58 new secondary teachers, who will graduate from the Vanuatu Institute of Teachers Education by end 2012. Australia will support curriculum improvements for Kindergarten to Year 3 and improve the stock of primary school buildings.

#### **HEALTH**

Vanuatu is making gradual progress towards reducing child mortality (MDG 4) but there is still insufficient data to assess progress in improving maternal health (MDG 5). Progress in combating HIV/AIDS, malaria and other diseases (MDG 6) is patchy, with early indications of improvements in the incidence of malaria, but long-term challenges with HIV and other major diseases such as diabetes.

Australia and other key donors will fund the Ministry of Health's business plan for 2011. Australia's support will improve maternal and child health by supplying 30 new nurses to address the current shortfall. Malaria deaths will be almost eliminated in Tafea province and increased outreach programs will improve immunisation coverage in rural areas. We will strengthen the Ministry of Health's asset management and procurement, and improve the Health Information System, which is vital for monitoring service delivery and health outcomes.

#### **ECONOMIC GROWTH**

Like other Pacific Island Countries, Vanuatu's development is constrained by its relative isolation from key markets and the remoteness of its communities. Infrastructure, including transport and a congested international port in Port Vila, is generally poor but mobile phone coverage has grown rapidly from 20 per cent in 2007 to over 90 per cent in 2010, with Australian support. Vanuatu has a sound record on economic reform but continued improvements in infrastructure, fiscal management and state-owned enterprises are needed. Legislative reform has improved public financial accountability and, over the past few years, the budget preparation process has improved.

In 2011 Australia will help the Vanuatu Government to manage the impact of slowing economic growth and government revenues. We will help develop new public financial management legislation, improved budgeting and financial management information systems. This will strengthen revenue administration, manage public service expectations, stem the losses of state owned enterprises and promote an effective "value for money" culture. We will continue to rehabilitate 140 kilometres of priority rural roads on the islands of Tanna, Malekula and Ambae. The design and preparation phase (with Japan) for the upgrading of the international wharf in Port Vila will commence in 2011-12, which will be the biggest infrastructure project in Vanuatu since independence. We will also help the Vanuatu Government to develop and implement its first national energy roadmap.

## **GOVERNANCE**

Major reforms are underway in Vanuatu's law and justice sector. While there is a lack of financial resources and skilled personnel, the Vanuatu Government's first Law and Justice Sector Strategy and Action Plan (2009-2014) is reshaping the sector. Vanuatu's justice sector is fragile. Government capacity is constrained by a lack of qualified legal professionals. Corporate reforms and training has seen improvements in the Vanuatu Police Force in recent years, but it remains under resourced and still needs donor support to maintain basic operations.

Australia will support the Vanuatu Police Force (VPF) to recruit and train 30 new officers (including eight women) in 2011, engage in corporate and financial reform, and construct and maintain key policing infrastructure and critical equipment. Our new legal sector project will build the capacity and performance of the State Law Office and the offices of the Public Prosecutor, Public Solicitor and State Prosecutor.

## SAMOA



Samoa has recovered well following the 2009 tsunami and the 2008 global financial crisis. It continues to be one of the most reformminded, stable democracies in the Pacific. Samoa has made good progress against the MDGs but there are still concerns around mortality (linked infant to declinina immunisation rates and quality of rural health services), poverty levels increasing incidence of non-communicable diseases (type II diabetes, heart disease and hypertension). One fifth of Samoans lack access to quality health and education services. Samoa has a narrow economic base and is dependent on remittances, tourism and foreign aid. This makes it especially vulnerable to external economic shocks and natural disasters. The Samoa-Australia Partnership for Development was signed in 2008. Through the Partnership, Australia, as Samoa's largest donor, is helping the Government of Samoa to achieve its national aim to "improve the quality of life for Samoans". We will work with the other major donors — the World Bank, the \_ Asian Development Bank, the European Union and New Zealand — to improve the quality, range and accessibility of vital health, education and energy services.



Key Statistics		
Population:	178,943	
GNI per capita:	USD 2,838	
HDI rank:	unranked	
Estimates (\$m)	10-11	11-12
Australian ODA	44.8	43.7
- Country	25.5	26.0











#### **Priority areas**

## Australia's response

- Regional/Global

- OGDs

#### **ECONOMIC GROWTH**

Samoa has a small, narrow-based economy and a large trade deficit. Stronger private sector growth would contribute to a sustainable income stream and improve local job opportunities.

Australia will support Samoa's efforts to lower its costs of doing business by promoting regional integration and trade, improving economic economic infrastructure and improving business operating environment through public sector reforms.

14.5

4.9

13.4

4.4

#### **HEALTH**

Samoa faces a high level of non-communicable diseases such as diabetes, cancer and heart disease. This is placing a large burden on the health sector which is providing early intervention and screening programs.

Over the period August 2010 to January 2011 Australia supported Village Health Fairs to conduct health screening, childhood vaccinations, and healthy lifestyle promotion activities in 64 Samoan communities. In 2011-12 Australia will continue to improve primary health care delivery to rural and urban communities. We will also help Samoa to improve planning and workforce training in the health sector to deal with the increasing burden from non-communicable diseases.

#### **EDUCATION AND SCHOLARSHIPS**

Despite good progress towards the MDGs, Samoa needs to cement gains in primary school enrolment and help students from marginal communities and those with disabilities get into school. More training opportunities are required to meet the demands of overseas and local employers.

Australia will provide more equitable access to education for 36,500 primary school students through the provision of school fee grants. We will focus on stronger disability services in education. Our funding will improve the standard of local TVET training opportunities for Samoa students.

#### **GOVERNANCE**

Samoa's public sector is undertaking significant reform, with a focus on improved public financial management and governance structures. A lack of resources in the law and justice sectors restricts access to the judicial system for many Samoans. This includes a lack of trained personnel and systems to manage high case loads.

In 2011-12 we will provide incentive funding to Samoa to continue public financial management improvements. We will train public sector agencies on key management and governance skills. We will also improve access to justice services through training of prosecutors, funding of legislative reform and improved records management.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Samoa is highly vulnerable to natural disasters. Adaptation work is required to protect its agricultural sector, which employs two thirds of the labour force, and the tourism industry which provides 20 per cent of GDP.

In 2011-12 Australia will assist adaptation and mitigation efforts in Samoa including increased use of alternative fuels, to reduce Samoa's reliance on fossil fuel imports. Following the 2010 tsunami, Australia supported a new water scheme catering for the needs of relocated residents and 23.2 kilometres of roads were rebuilt or upgraded, including ten roads leading inland to relocated villages. All 502 houses that were destroyed were rebuilt and 360 were repaired. Australia's funding to Caritas Samoa and the Australia-Pacific Technical College also enabled 15 students from tsunami affected villages to gain a Certificate II in Housing Repairs & Maintenance by working on the Caritas Samoa shelter project.



## FIJI



Fiji faces an uncertain future following the military takeover of the elected civilian government in December 2006. A politically economically democratic and prosperous Fiji is of fundamental importance to Australia and the region, and to sustained poverty reduction in the country. The Australian aid program has focused on mitigating the economic and social impacts of the coup and on assistance to vulnerable communities. Fiii has lost more than a decade of growth, with GDP per capita now barely higher than 1995 levels. The quality of services is deteriorating, poverty is increasing and key sources of growth, such as sugar, are declining. Fiji's progress towards the MDGs has stalled and the country is at risk of not achieving the targets by 2015.

	176 Rotuma	0	100 200 km	200 mi
	SOUTH PACIFIC	С	Wallis and (FRA)	
-16	Viti Levu Tomanivi Lev	Taveuni Koro au Koro uka Sea	NORTHERN LAU GROUP SOUTH LAU GR Vatoa Island	ERN NOUP
-20		ONO-I-L	AU.	20-
Ceva-i-Ra	3 176	180	*Tuvana-i-Tho	lo

Key Statistics	
Population:	854,098
GNI per capita:	USD 3,589
HDI rank:	86 of 169

10-11	11-12
36.0	37.5
17.1	18.5
16.9	17.5
1.9	1.6
	36.0 17.1 16.9



#### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

While public reports state that Fiji has met MDG 2, the Interim Ministry of Education is reporting increasing dropout rates. The introduction of compulsory retirement at age 55 in April 2009 has seen the loss of over 1,000 experienced teachers and senior education administrators. In 2008 the primary school dropout rate was 15 per cent and 25 per cent of those enrolled in secondary education did not complete their schooling.

A new Access to Quality Education Program will assist in reducing the financial barriers to education for as many as 18,000 students from the most disadvantaged schools. We will also upgrade and rehabilitate up to 90 disadvantaged schools and carry out large scale repairs for up to five schools affected by natural disasters. The program will increase the ability of education managers to assess and monitor student attendance and performance. It will also help 8,000 teachers to introduce a new curriculum across all primary and secondary schools in Fiji.

#### **HEALTH**

Fiji had made significant improvements in health indicators up until around 2003 when progress stalled and figures began to deteriorate. A maternal mortality rate of 31.7 in 2008 is well above the MDG target of 10.3. Infant mortality rates were 16.8 in 1990 but have worsened to 18.4 in 2007, and nutritional problems persist in school children and women. Immunisation rates are high, and with Australian support 67,000 people were vaccinated against typhoid and 81,000 against H1N1 in 2010. High rates of cardiovascular disease, diabetes, cancer and hypertension are attributed to lifestyle changes, poor diet, smoking and changing patterns in physical activity.

Australia's new Fiji Health Sector Support Program will provide \$5 million in 2011-2012 to support activities to improve maternal and child health outcomes, prevent and manage diabetes and revitalise primary health care. This includes ensuring that safe motherhood and healthy child programs operate at all health facilities across Fiji. This is expected to lead to an increased number of pregnant women presenting for antenatal checks in the first trimester. In support of this objective we will upgrade eight subdivisional hospitals to World Health Organisation (WHO) "baby-safe" standards, and help Fiji to maintain immunisation rates at more than 90 per cent.

#### **EQUITABLE DEVELOPMENT**

Recent reviews have highlighted the importance of expanding the role of civil society organisations (CSOs) in responding to the needs of vulnerable communities and mitigating increasing social hardship among the people of Fiji. However, Fiji's civil society is underdeveloped with CSOs operating below their potential due to limited geographical reach, limited capacity, poor coordination and conflict among organisations. Additionally, civil society activity in Fiji is constrained by public emergency regulations which restrict public meetings and freedom of expression.

Australia will continue to support 16 CSOs working on improving service delivery for vulnerable groups in Fiji. We will also provide grants to CSOs for capital and infrastructure spending to improve their outreach to isolated and vulnerable groups, and provide CSOs training in financial management and community participation processes. A new program to provide expanded support for service delivery by CSOs will begin in 2012.

## **ECONOMIC GROWTH**

Fiji's economy contracted by three per cent in 2009 and has stagnated in 2010 (an estimated 0.1 per cent growth). New consumption-based poverty analyses using 2008-09 figures estimate that 26 per cent of urban households and 44 per cent of rural households in Fiji are in poverty. Around 51.5 per cent of households in the Northern Division live in poverty. Meanwhile 30 per cent of the population, or approximately 250,000 people, cannot or do not access formal banking services.

In 2011-12, Australia will focus on building resilience and economic opportunities for disadvantaged communities. We will promote the development of agricultural markets, and access for the poor to those markets. Small scale projects will increase agricultural productivity for 3,000 taro farmers and in prawn farming. This work will be bolstered by the roll-out of mobile money services to reach at least 125,000 active users and 160 rural agents by the end of 2011. Financial literacy courses in primary and secondary schools, and pilot initiatives in micro-credit and micro-insurance all aim to increase the capacity of the poor to access financial services.



## **TONGA**



Tonga remains on-track to meet most of the MDGs but faces high rates communicable diseases such as diabetes and there are concerns regarding the quality of education. Tonga has had years of low growth, has a limited economic base and is vulnerable to economic and environmental shocks. A quarter of Tongan households experience hardship in some form, particularly in the outer islands and among recent migrants to urban areas. Seventy-seven per cent of families rely on remittances of funds from those working overseas. The global financial crisis led to a sharp decline in these remittances. The recovery of remittance flows will be critical to the recovery of the domestic economy. Over the past few years Tonga has important political delivered reforms, culminating in elections in November 2010. This has led to a more representative government, with more parliamentarians directly elected by the people. An immediate challenge for the new Tongan Government is a sound budget strategy to address declining revenues, manage debt and create an environment for economic growth. Australian investments in health and education will be critical durina this particularly period. Australia's support is guided by the Australia-Tonga Partnership for Development, which was signed at the Pacific Islands Forum in Cairns on 7 August 2009.

O 50 100 km Niuafo'ou Tafahi Niuatoputapu
South Pacific Ocean
Vava'u Group Vava'u
Kao Island Pangai Ha'apai Group
NUKUʻALOFA  Tongatapu  Group  Minerva Reef not shown

<b>Key Statistics</b>		
Population:	104,260	
GNI per capita:	USD 3,337	
HDI rank:	85 of 169	
Estimates (\$m)	10-11	11-12
Australian ODA	32.0	32.1
- Country	17.8	19.0
- Regional/Globa	al 10.3	9.5
- OGDs	3.9	3.6













## **Priority areas**

#### Australia's response

## **GOVERNANCE**

The impact of the global financial crisis, particularly on remittances, means the immediate fiscal outlook remains constrained. A responsive and appropriately skilled and focused public sector is vital as Tonga looks at sustainable ways in which growth can be increased, revenue can be boosted and expenditure prioritised.

In 2011-12 Australia will support the development of an economic and fiscal recovery plan to improve public expenditure management, and inform policy decisions. For example, an economic statistics adviser is assisting the Tongan Government to update key economic data for planning and economic forecasting. Assistance will be provided in procurement management and tax audit and compliance. Australian aid will provide an incentive for further economic and public sector reforms, including the trialling of a staff performance management system.

#### **HEALTH**

Tonga has generally good and consistently improving health indicators. The exception is that poor diet and limited exercise has pushed rates of non-communicable diseases such as diabetes upwards. They are the most common cause of death and represent ten per cent of hospital admissions and 20 per cent of costs.14 It is estimated that 18 per cent of adult Tongans have

Australia's support in 2011-12 will reduce risk factors for non-communicable diseases, improve community health services and increase the budget for health promotion measures. In 2010 we helped diagnose and treat more than 200 patients affected by cardiac related diseases.

diabetes, many of them undiagnosed. The prevalence rate has more than doubled in the past 25 years and its onset occurs on average a decade earlier than previously. More Tongan women than men develop diabetes. It is the single biggest cause of disability. Health expenditure is just over 3.4 per cent of GDP (low by Pacific standards). The sector faces acute staff shortages, especially of specialists, and the prospect of continued pressure on health expenditure.

## **EDUCATION AND SCHOLARSHIPS**

Despite good education levels, Tonga has a high rate of unemployment, especially youth unemployment. Tonga has identified the need to improve its Technical Vocational Education and Training (TVET) system, to provide the skills required to prepare Tongans for employment at home and abroad. Early progress has been made including the development of qualification standards for industry and TVET providers and the bedding down of management arrangements for the Ministry implementing this new work.

In 2011-12 Australia will continue its support for the national TVET system. Internationally benchmarked skills standards will be introduced and a TVET providers register will align standards and accreditation with those in Australia and New Zealand. In addition, 80 per cent of TVET providers will be equipped to provide competency-based and demand-driven training. Since 1997 Australia has provided almost 400 scholarships to Tonga. Since 2009, our scholarships have supported the *Australia-Tonga Partnership for Development*, including: 24 scholarships for economic and public sector management; 16 scholarships for education and TVET, and 33 scholarships for health studies.

#### **ECONOMIC GROWTH**

Well-planned, developed and maintained transport, energy and communications infrastructure is a key driver of sustainable economic growth and improvement in living standards. Infrastructure maintenance is a high priority for the Government of Tonga, since its ability to build and maintain infrastructure has been reduced in recent years by budget constraints. Better roads, wharves and inter-island shipping would potentially improve the lives of vulnerable groups. Improving access to affordable energy has the potential to increase small scale private sector activity.

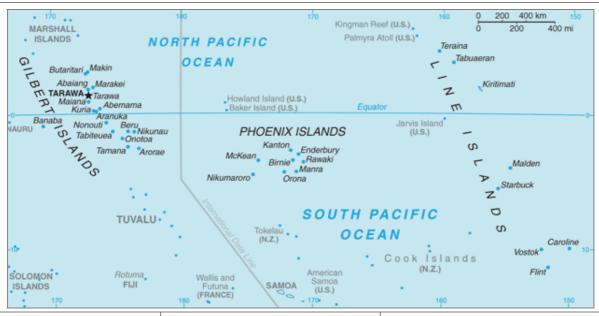
In 2011-12 Australian funding will support the implementation of two World Bank managed infrastructure programs: (i) a road maintenance program which aims to involve the local private sector to undertake road maintenance; and (ii) implementation of the *Tonga Energy Roadmap*, a ten year (2010–2020) plan focused on reducing fossil fuel dependence while expanding access to energy services.



## **KIRIBATI**



Kiribati faces some of the most difficult development challenges in the Pacific. The people of Kiribati have little fresh water and are vulnerable to impacts on its environment. With a population of 100,000 spread across an exclusive economic zone of 3.5 million square kilometres, the high cost of delivering basic goods and services to outer islands is a key challenge. Partly for that reason, migration to Tarawa, the capital, has caused high population density coupled with limited employment opportunities, leading to increasing social problems. The Government of Kiribati is responding to these challenges through a policy of skilling-up its people to gain employment internationally. Australia's aid program supports this policy by focusing on improving education standards and workforce skills. It is guided by the Kiribati-Australia Partnership for Development, which was signed at a Special Forum Leaders Meeting in Port Moresby on 27 January 2009.



Key Statistics	
Population:	99,547
GNI per capita:	USD 1,617
HDI rank:	unranked

Estimates (\$m)	10-11	11-12
Australian ODA	31.5	28.2
- Country	18.1	18.3
- Regional/Global	12.6	8.9
- OGDs	0.9	1.0



## **Priority areas**

## Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

Kiribati's primary school enrolment rate (75 per cent in 2010) is one of the lowest in Pacific and despite improvement in 2010, literacy and numeracy results are still below the Pacific regional average. With the proportion of the population under 24 years increasing, youth unemployment has become a profound challenge. Of the 2,300 school leavers each year, few continue their education and the remainder compete for some 500 new jobs in the formal economy.

Australia is working to improve access to and the quality of basic education across all 115 primary and junior secondary schools in Kiribati. We will commence rebuilding six priority primary schools in the outer islands, as well as activities to increase the performance of teachers and reform the curriculum and assessment systems. We will also continue to fund the School & Centre for Children with Special Needs. Australia is working to raise TVET in Kiribati to an international standard by skilling teachers, upgrading local facilities and transitioning to international-standard courses. We will also continue to provide annually around 50 new tertiary and vocational scholarships, as well as a nursing scholarships program to provide with internationally-recognised students qualifications. In 2011 the first nursing students will graduate.

#### **ECONOMIC GROWTH**

Kiribati has a poorly developed economy, as a result of a narrow and vulnerable economic base and a large but underperforming public sector. Government expenditure drives the economy, providing two thirds of formal sector employment. Public enterprises, for example in power and communications, pose significant fiscal risk to the economy, as most provide poor quality services but require large government subsidies and loan guarantees to continue operating. Poor quality infrastructure adds to a difficult operating environment for private enterprise.

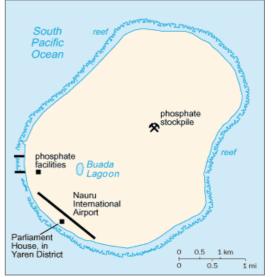
Australia is working with the Asian Development Bank to reform public enterprises in Kiribati. In 2011-12, we will help the Kiribati Government to finalise the first sale of a public enterprise and rationalise expenditure for five other enterprises. We will also support infrastructure projects led by other donors in the areas of town planning, energy and water and sanitation.



## **NAURU**



Nauru's economy, which depends heavily on foreign aid, remains in a critical condition. There are few domestic revenue options (principally phosphate mining and fishing licenses), high unemployment, few private sector opportunities, relatively few skilled or qualified personnel and extremely high levels of debt (external debts of A\$237 million). There are also no banking or insurance services available on the island. The small economy and narrow revenue base leave it highly vulnerable to external influences such as currency fluctuations and global economic trends. However, a reform-focused Nauru Government is making some progress in implementing the priorities of its National Sustainable Development Strategy.



<b>Key Statistics</b>	
Population:	10,254
GNI per capita:	USD 5,322
HDI rank:	unranked

10-11	11-12
29.3	26.2
17.8	18.0
6.1	6.1
5.4	2.0
	29.3 17.8 6.1



## **Priority areas**

## Australia's response

#### **GOVERNANCE**

Local capacity is extremely limited and the sector relies on expatriate personnel filling key management positions. Systems of governance and economic management are rudimentary. However, the Nauru Government is making gradual progress in strengthening public sector management, delivering balanced budgets, addressing debt and improving revenue management and accounting systems.

In 2011-12, Australia will fund 11 key public service positions such as the Secretary and three Deputy Secretaries for Finance. These personnel are responsible for delivering and managing Nauru's national budget and debt management processes as well as public expenditure oversight and broader financial management and economic policy.

#### **EDUCATION AND SCHOLARSHIPS**

Education outcomes in Nauru are poor. Despite good recent progress, secondary school completion rates are around 30 per cent and school enrolment rates overall are 83 per cent. Only about 80 per cent of grade six children have competent literacy skills and only ten per cent have a satisfactory numeracy level.

Australia will fund a key advisory role in policy and curriculum development, public financial management and planning, teacher training, student management and schools infrastructure. We will contribute to primary school refurbishment and maintenance. We will help introduce new curriculum packages aimed at providing post secondary studies for mature aged persons to

improve life skills and employment prospects. Up to ten Australian Regional Development Scholarships are provided each year. Our support has helped improve education services for around 2,900 boys and girls currently enrolled in Nauruan schools. In 2010, we handed over the newly reconstructed Nauru Secondary School accommodating up to 450 students.

#### **HEALTH**

Nauru's health sector suffers from limited capacity, lack of resources and failing infrastructure. Nauruans face high morbidity levels due to diabetes, cancer and respiratory disease. However, with one doctor and around nine nurses per 1,000 people, the coverage of medical services is comparatively good. Infant mortality has halved from 40 to 20 per 1,000 live births since 2002 and key vaccines such as diphtheria, polio and measles are now available to the entire community.

Australia will continue to fund senior management roles including the Secretary for Health and Medical Services. Funding will be provided for drugs and consumables, hospital building repairs and maintenance, health promotion and education services, purchase and maintenance of medical equipment, staff training and for planning work associated with Nauru's proposed new hospital facility. As a major contributor to improved health services in Nauru, Australian assistance benefits the entire Nauruan community of around 10,000.

#### **ECONOMIC GROWTH**

Nauru has no fresh water reserves and relies on expensive imported fuel. The power production and distribution network and Nauru's port facility are badly in need of major repair. However, there have been recent gains. Power services have been restored to 24 hour availability, water production increased to 80 per cent of the island's needs and power usage (and associated cost of production) has dropped by as much as 25 per cent with the introduction of a cost recovery system.

Australia will fund senior positions in the Nauru Utilities Authority — the CEO and the Manager of Power and Water Operations. In 2011-12, we will fund maintenance of the power and water production units and distribution systems, and procurement of diesel fuel and the rehabilitation of the fuel pipeline. We will also help improve navigation and safety equipment at Nauru's airport. Our assistance is delivering more reliable power and water services for around 1,600 households.



## **TUVALU**



Tuvalu is a small island state with very limited natural resources and few development opportunities. Australia is making contributions to the Tuvalu Trust Fund (TTF), which supports the country's longer term economic viability. Returns from the TTF are used to help finance Tuvalu's Budget. In 2011, Tuvalu will access funding from the TTF to improve implementation of health and education services. We will also fund advisers to strengthen the capacities of key central economic and oversight institutions. In the education and health sectors, Australia will encourage service delivery improvements by providing funding directly linked to performance improvements. We will also provide scholarships for tertiary courses in the Pacific region and in Australia.

<b>Key Statistics</b>	
Population:	9,970
GNI per capita:	USD 2,749
HDI rank:	unranked

Estimates (\$m)	10-11	11-12
Australian ODA	8.8	9.9
- Country	6.3	7.4
- Regional/Global	2.0	1.9
- OGDs	0.5	0.6





## **COOK ISLANDS**



In 2011-12 Australia will contribute to New Zealand's Aid Program to the Cook Islands. Programs funded by Australia and delivered by New Zealand address education, infrastructure, private sector development and water and sanitation.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12	
Population:	19,933	Australian ODA	4.5	4.4	
GNI per capita:	USD 9,749	- Country	2.2	2.2	
HDI rank:	unranked	- Regional/Global	2.1	2.0	- x x x x √ √
		- OGDs	0.2	0.2	



## NIUE



In 2011-12 Australia will contribute funding to the Niue International Trust Fund. AusAID represents Australia as a member of the Trust Fund Board. Australian funded personnel will support the delivery of essential services by public utilities, and improved public financial management. Australia will also fund the reconstruction of Niue's primary school.

Key Statistics	
Population:	1,438
GNI per capita:	n/a
HDI rank:	unranked

•		
Estimates (\$m)	10-11	11-12
Australian ODA	4.7	4.6
- Country	2.7	2.7
- Regional/Global	2.0	1.9
- OGDs	-	-

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#### **North Pacific**

2011-12 Estimate: \$10.7 million



## FEDERATED STATES OF MICRONESIA (FSM)



Australia will help FSM to implement financial and budgetary reforms and other measures to achieve greater financial self-reliance. In 2011-12 the focus will be to implement tax administration reforms, including the introduction of a value-added tax. We will provide a technical adviser to help improve the management, coordination and utilisation of donor funds at the national and state level. In the environment sector, Australia will help FSM review its Environmental Protection Act, and Australian aid has assisted a community-based project to produce biomass fuel briquettes, which provide income and preserve mangrove forests. The briquettes use recycled paper and waste materials rather than mangrove wood, the traditional source for cooking fuel.

#### **Key Statistics**

Population: 111,101 GNI per capita: USD 2,598 HDI rank: 103 of 169















# REPUBLIC OF MARSHALL ISLANDS (RMI)



Australia will provide support to improve energy efficiency and shift reliance away from oil and towards greater use of affordable renewable energy sources, consistent with RMI's National Energy Policy and the Climate Change Road Map. We will fund an adviser to coordinate energy related activities across all government ministries. We will assist with the development of a water policy and address problems associated with insufficient and inefficient water catchments. We will fund 150 household water tanks to ensure all households have better access to clean water. This continues work already started by the European Union and RMI Government.

#### **Key Statistics**

Population: 63,398 GNI per capita: USD 3,386 HDI rank: unranked

















## REPUBLIC OF PALAU



Australia will, in cooperation with Palau's College of Health, train all staff to basic levels appropriate to their jobs. We will fund an English-as-a-Second-Language (ESL) adviser who will work with the Ministry of Education and the Palau Community College to improve the quality of the teaching workforce. We will help Palau's Procurement and Asset Management Office to review asset management data and develop good-practice procurement policy and procedures.

## **Key Statistics**

Population: 20,531 GNI per capita: USD 10,229 HDI rank: unranked















## Regional programs

## PACIFIC REGIONAL PROGRAMS

2011-12 Estimate: \$149.7 million

## **Priority areas**

## Australia's response

#### **EDUCATION**

Pacific youth need the right skills and training, either to get jobs at home, or to migrate to other countries where work is available.

Australia will continue its support to the Australia-Pacific Technical College. This school provides Pacific Islanders with internationally recognised Certificate III and IV qualifications, and is expected to produce 3,450 graduates by 2015. We will also continue our support for the University of the South Pacific (USP) as it implements its 2010-12 Strategic Plan. This plan aims to strengthen USP's role as the premier academic institution in the Pacific. The USP currently has around 20,000 students. We will work with the South Pacific Board Educational Assessments (SPBEA) and development partners to design and implement a pilot program to benchmark education results in the Pacific. The pilot will be undertaken initially in three countries: Papua New Guinea, Solomon Islands and Samoa.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Pacific Island Countries (PICs) are vulnerable to natural disasters, both meteorological (cyclones, floods, storm surges) and geophysical (earthquakes, volcanoes). However, the disasters are expected to become much more frequent and extreme over the coming years. In particular, climate change projections suggest more cyclones and rising sea levels.

Australia will continue to assist vulnerable countries to plan for and adapt to the impacts of climate change. We will do this primarily through our support for the International Climate Change Adaptation Initiative. Our activities in 2011-12 will build on our existing assistance to the Pacific. We will help PICs to improve their food security, protect their water supplies and infrastructure, improve coastal zone management, and prepare for, and reduce the risks associated with, natural disasters. For example, we will assist the Government of Vanuatu to protect its key transport links from the impacts of climate change, by improving drainage and erosion protection, upgrading water crossings and realigning highly vulnerable roads. We will also work with Pacific Island national meteorological services to monitor long-term sea level movement and rainfall predictions, to better inform government and industry risk assessments and planning.

#### **ECONOMIC GROWTH**

PICs are generally experiencing only modest economic growth and are not expected to reach many of the MDG targets. Most of the PICs are small and very remote from each other and from major economic centres — which makes it difficult for them to compete economically. The only significant non-aid long-term revenue opportunities are, in most cases, fisheries, some agricultural products, tourism and services (people).

During 2011-12, new government and industry working groups were set up in Fiji, Tonga, Samoa, Solomon Islands and Vanuatu, under the *Pacific Horticultural and Agricultural Market Access (PHAMA)* program. These groups will pursue priority agricultural export opportunities. The PHAMA program will also work with the Secretariat of the Pacific Community to help the region's exporters meet the regulatory requirements of trading partners, such as quarantine and food safety standards. Australia will also support the Forum Fisheries Agency, Secretariat of the Pacific Community (SPC Fisheries Division) and national fisheries agencies, which are expected to increase

economic returns to the region from fisheries resources. Specific activities will include assessments of commercial fisheries opportunities and strengthened measures to address illegal, unregulated and unreported fishing, including expanding the *Regional Observer Program* (placing Pacific nationals as observers on vessels fishing in the Western and Central Pacific Ocean), and training of Pacific officials on fisheries evidence, investigation and prosecutions.

Termination of Pacific Land measure<sup>16</sup>: Assisting Pacific Island Countries to unlock the economic potential of their land also remains a priority of the aid program. However Australia has agreed with Pacific Island Countries that reform in this area needs to pursued in a flexible way that reflects the unique circumstances of each country. Ongoing funding for this reform agenda will thus be accommodated in individual country programs and not through a regional initiative.

#### **GOVERNANCE**

The geography and small size of PICs is exacerbated by their human capacity constraints. This inhibits their ability to manage the modern requirements of business and government and deliver on essential sovereign functions. Such functions include formulating and enforcing effective and appropriate national policies; and providing essential services such as health, education and policing. Overall public sector management is weak.

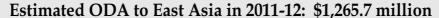
Australia will fund the appointment of professional staff to the new Pacific Islands Centre for Public Administration (PICPA) within the University of the South Pacific (USP) in 2011. The PICPA will cultivate links with PIC public sector agencies and use these links to strengthen human resource management, public financial management and performance assessment. In accordance with the region's 10-year Pacific Statistics Strategy, we will provide technical support for PICs conducting censuses and other major surveys, and we will assist with the development of a long-term training and professional development program to improve skills in national statistics offices. These activities will result in overall improvements in the quality and timeliness of statistics collection, analysis and dissemination across the region. We will also support the Pacific Regional Audit Initiative (PRAI), which aims to ensure that, throughout the region, 70 per cent of available PIC public accounts are audited in a timely fashion to internationallyaccepted standards.

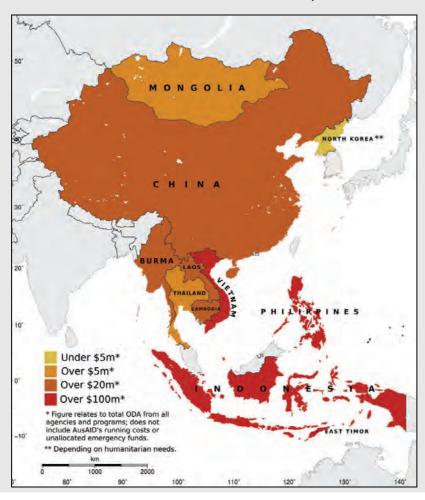
### 2.2. EAST ASIA

### **Overview**

East Asia<sup>17</sup> is home to over two billion people, most of whom live in China (1.4 billion), Indonesia (233 million) and the Philippines (94 million). The region includes some of the world's richest countries and some of its poorest. Since the 1960s, the region has seen greater economic growth and poverty reduction than any other region of the world. In large part this has been driven by the region's willingness to embrace globalisation and economic integration. However, globalisation has also brought new development challenges in the form of pandemics and emerging infectious diseases, HIV/AIDS, illicit drugs and human trafficking. As the sources and impacts of these challenges are not contained within national borders, they cannot be solved through bilateral approaches alone. They also require a regional response.

In addition to its ongoing bilateral programs in the region, Australia is therefore working closely with key organisations such as the Association of Southeast Asian Nations (ASEAN), Asia Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS).





### New Initiative: Expanding Official Development Assistance to Indonesia

The Government will invest an additional \$492.8 million over four years to expand Australia's development partnership with Indonesia. This initiative will support the Indonesian Government's priorities and expand the current *Australia-Indonesia Partnership* bilateral program.

The education component of the initiative, under the *Australia-Indonesia Education Partnership*, will build or expand around 2,000 junior secondary schools, creating around 300,000 new junior secondary school places in disadvantaged districts. It will also strengthen the management and capacity of school principals, school supervisors and district government officials as well as assist around 1,500 Islamic schools to achieve accreditation and operate to higher educational standards. Indonesia needs to develop and enhance its skills and knowledge base as its economy grows and democratic institutions mature. Australia will also work with Indonesia to identify ways to support higher education to strengthen the skills and knowledge base in the country.

The governance component of the initiative will assist Indonesia to further develop its justice institutions, develop skills and expertise in sub-national governments through training, mentoring and other means, and support the roll out of the *National Program for Community Empowerment (PNPM)*<sup>18</sup>, which will provide small-scale infrastructure and basic service delivery to around 80,000 rural villages. Improving governance in Indonesia will mean better services for all Indonesians, particularly those who are living in extreme poverty.

### **Country programs**

### **INDONESIA**

Strong economic growth over the past decade has led to Indonesia's emergence as a lower middle income developing country, on-track to meet most of the MDGs<sup>19</sup>. However major development challenges remain. The maternal mortality rate is the fourth lowest in the region and as many as one in three children under five are stunted in their growth due to malnutrition. Almost a third of the population live in poverty. The Indonesian bilateral aid program is Australia's largest, and it forms a core part of one of Australia's most important bilateral relationships. The program will remain focused on reducing poverty, improving health, increasing access to education and growing the economy through infrastructure development in both water and sanitation and transport.



<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							
Population:	232.5 million	Australian ODA	446.0	558.1	<u></u>	n 2	Q³	\$ \$	655	F°	#Z
GNI per capita:	USD 2,080	- Country	385.4	474.6							
HDI rank:	108 of 169	- Regional/Global	26.1	35. <i>4</i>	<b>√</b>	$\checkmark$	$\checkmark$	$\checkmark$	X	X	×
		- OGDs	34.5	48.1							

### **Priority areas**

#### Australia's response

### **ECONOMIC GROWTH**

Poverty reduction is a high priority for the Indonesian Government. Poor infrastructure is consistently identified as a major constraint to employment growth and poverty reduction in Indonesia and will impede its emergence as a stable middle income country unless addressed.

Australian assistance will contribute to economic growth and improved food security in at least four targeted provinces: East and West Nusa Tenggara, Papua and West Papua. We will continue to roll out a water and sanitation grants program, to connect approximately 48,000 low-income households to clean water services in 2011-12, leading to reduced morbidity and mortality and improved productivity. The Australia-Indonesia national road upgrade program will continue construction of approximately 350 kilometres of national roads that will enable the rural poor to access health and education services and will trial better ways of building and maintaining local roads. We will also provide assistance to sub-national governments to help them plan and budget for the delivery of core public services, such as education and health.

#### **EDUCATION AND SCHOLARSHIPS**

In 2010-11, around 96 per cent of Indonesia's children were enrolled for six years of primary school but only 67 per cent were enrolled for the full nine years of schooling. Access to basic education services varies considerably between districts and households across the country.

2011-12 the Australian and Indonesian will implement a five-year governments Australia-Indonesia Education Partnership. The Partnership will construct around 2,000 junior secondary schools, establish a national teacher training system and help around 1,500 Islamic schools to meet minimum education standards. From 2011-12 we will significantly increase the of development scholarships number Indonesian students to study in Australia each year. This will see new long-term awards increase in Indonesia from around 350 awards in 2010-11 to around 500 by 2014.

#### **HEALTH**

Indonesia's health outcomes are comparatively poorer than its regional peers. Indonesia's HIV epidemic is generally concentrated amongst high risk groups, with the exception of Papua and West Papua where there is an un-checked epidemic amongst the general population. The percentage of people in Indonesia living with HIV between the ages of 15 and 49 years has doubled between 2001 and 2007 (0.1 to 0.2 per cent) and Indonesia is off-track to meet the related MDG target. Systemic weaknesses within the health system are a major challenge to improving health care for the poor in Indonesia.

Since 2008 our assistance has helped to increase the number of patients on anti retroviral therapy from 6,000 to 19,500 at the end of 2010; however, significant work remains to reduce infection rates. In 2011-12 we will continue to help Indonesia by providing policy advice and designing effective health care approaches. A high priority is to increase access to primary health care services in East and West Nusa Tenggara. In 2011-12 we will programs targeting maternal and neo-natal health in Eastern Indonesia, HIV and emerging infectious diseases, as well as a new program to improve specific systems which will result in increased access to primary health care services for the poor.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Indonesia aims to reduce its greenhouse gas emissions by 26 per cent by 2020, or 41 per cent, with international support. Currently 65 to 85 per cent of Indonesia's greenhouse gas emissions come from land use change, deforestation and fire. Indonesia also faces climate change adaptation challenges. These are heightened by a low capacity to study and respond to changing weather patterns, especially at the sub-national level.

Under the Indonesia-Australia Forest Carbon Partnership, Australia is helping Indonesia to reduce emissions from deforestation and forest degradation. Together the two countries are implementing a large scale demonstration project in Kalimantan, to learn which activities most effectively protect forests, reduce carbon emissions and promote sustainable livelihoods for local communities. An initial 40,000 seedlings have recently been planted over two sites of 25 hectares each. A second initiative in Sumatra is being designed. We are helping Indonesia to develop a national carbon accounting system. We will also help Indonesia to adapt to climate change, by improving understanding of likely impacts and the quality of local adaptation responses.

### **EQUITABLE DEVELOPMENT**

In recent years Indonesia has made positive progress on several equitable development indicators, but further work is needed. For example, the percentage of seats held by women in national parliament has increased from 12.4 per cent in 1990 to 18 per cent in 2010. In 2008 the gender parity indices for primary, secondary and tertiary enrolment were 0.97, 0.99 and 0.92 respectively.

All designs in the Indonesia program incorporate equitable development principles. For example, the *Australia-Indonesia Education Partnership* will ensure that female school principals access training opportunities, and that all new schools constructed include ramps and toilets that are accessible to children with disabilities.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

Indonesia is the most disaster prone country in the world. More than one million people have been affected by natural hazards and in 2009 alone Indonesia experienced 469 earthquakes of magnitude five or higher. Each year disasters force many people back into poverty by the loss of their homes and/or livelihoods. Natural disasters contribute to the ongoing cycle of poverty for millions of Indonesia's poorest and cause major economic losses diverting much needed development funds.

In addition to preparing for, and responding to, any disasters that occur in 2011-12, we will continue our focus on disaster risk reduction through the work of the *Australia-Indonesia Facility for Disaster Reduction*. We will improve the resilience of communities and build the capacity of the National Disaster Management Agency. This includes training for a new earthquake modelling tool, 'Risk in a Box', which will help disaster managers conduct natural hazard risk assessments.

#### **GOVERNANCE**

Over the past decade, Indonesia has emerged as a middle income developing country with a vibrant young democracy and an increasingly outspoken media. However, further consolidation of the democratic institutions is needed, and the law and justice sector plays a central support role.

Australia is supporting reforms in key law and justice institutions to increase public access to better quality legal information and services, civil society and human rights commissions. We are also helping Indonesia to make its election system more transparent and improve the effectiveness of community electoral monitoring in targeted districts.

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## **VIETNAM**



Vietnam has achieved strong growth and poverty reduction over the last few decades. Poverty has fallen from 58 per cent of the population in 1993 to 12.3 per cent in 2009. Vietnam has made progress against all of the MDGs. However, more effort will be needed to halt and reverse the spread of HIV/AIDS (MDG 6), and give rural populations access to proper sanitation (MDG 7). The Government of donors and investors agree Vietnam, that inadequate infrastructure, human resources. institutional weaknesses are the key constraints to maintaining strong growth. Climate change also poses a serious threat to Vietnam's development. Australia's Vietnam aid strategy (2010-15) identifies three key areas for engagement: human resource development through scholarships; economic integration, focusing infrastructure and policy reforms; and environmental sustainability in the areas of water and sanitation, climate change, and agricultural research.

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Key Statistics		Estimates (\$m)	10-11	11-12
Population:	89 million	Australian ODA	127.4	137.9
GNI per capita:	USD 1,032	- Country	95.3	102.4
HDI rank:	113 of 169	- Regional/Global	22.4	25.7
		- OGDs	9.7	9.7

### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

Education quality, particularly at the tertiary level, remains low. Only 12 per cent of tertiary-level academic staff have doctorates. There is also a lack of graduates whose skills match market demand. Unless labour quality improves, Vietnam risks becoming trapped as a low-income, low-cost, manufacturing-based economy.

Our scholarships program builds on a strong record of over 50 years of improving the skills of Vietnam's workforce. In 2011-12 we will grant around 245 scholarships for graduate study and around 80 fellowships for training and work attachments with Australian organisations.

#### **ECONOMIC GROWTH**

The World Economic Forum's 2008 Global Enabling Trade Report rated Vietnam 100 out of 118 countries for availability and quality of transport infrastructure. Vietnam needs to reform its institutions to adapt to the demands of further integration with the global economy. This includes accelerating private sector infrastructure financing.

Australian investments in rural transport infrastructure are connecting farms to markets. A major highway upgrade in south Vietnam will help to increase trade with other countries in the region. In 2011 detailed design of the Cao Lanh Bridge will begin and work on the Southern Coastal Corridor will reach 50 per cent completion. We will also support related policy and institutional reforms.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Vietnam's coastal zones are particularly vulnerable to climate change. Increases in erratic rainfall, higher temperatures, and more frequent extreme weather events will have a major impact on livelihoods. With continued rapid urbanisation and increased industrial energy consumption Vietnam needs to adopt low-carbon growth strategies. Vietnam will struggle to meet rural sanitation MDG targets by 2015.

Australia will help Mekong communities respond to the impacts of a changing climate and develop sustainable livelihoods. We will continue to improve access to water and sanitation services. With Australian help, in 2011-12 86 per cent and 63 per cent of the rural population will have access to clean water and hygienic latrines respectively.



### **PHILIPPINES**



The Philippines has experienced nine years of economic growth. Despite this, poverty levels have increased and some 45 million people currently live on less than US\$2 a day<sup>20</sup>. Conflict in Mindanao has left many areas amongst the poorest in the country. Low levels of public investment and high population growth are undermining basic service delivery, including health and education. The Philippines is one of the most disaster prone countries in the world, so millions more can easily fall back below the poverty line. Australia's development assistance strategy focuses on improving economic growth, national stability, and basic education.

Key Statistics		Estimates (\$m)	10-11	11-12
Population:	93.6 million	Australian ODA	118.8	123.1
GNI per capita:	USD 2,004	- Country	102.6	105.0
HDI rank:	97 of 169	- Regional/Global	11.4	15.4
		- OGDs	4.9	2.8





#### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

Although the enrolment rate is around 90 per cent, only 60 per cent of students complete primary school. Only 45 per cent complete secondary school<sup>21</sup>. Having more children complete high quality schooling will help improve low education indicators that are most prominent among poorer groups, particularly Muslim and Indigenous communities.

Australia will lead donors to progress the Philippines basic education reform agenda. Australia will begin a new program to help increase school enrolment rates of Muslim and Indigenous children. Hundreds of new classrooms will be built and 140 Australian scholarships awarded to improve the skills in key Philippines government agencies.

#### **GOVERNANCE**

Improving government spending at both the national and local levels is critical to ensure service delivery (e.g. education, roads and health) for the poor. The quality of service delivery will be improved with efficient budget allocations, reducing significant underspends each year and more transparency.

Australia will help national and local governments improve how they allocate, spend and report on their budgets. To maximise development benefits, Australia will target the biggest spending national agencies (education, roads and social welfare). We will upgrade and help maintain a core network of roads (500 kilometres) in ten provinces as an incentive for local governance reforms. We will also provide scholarships to young leaders to lead reforms when they return from their studies.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

Ongoing conflict in southern Mindanao constrains development effort significantly. Filipinos from these areas experience some of the lowest development indicators in the country and are consistently ranked amongst the poorest in the country. Some 80 per cent of the school-aged population in the Autonomous Region of Muslim Mindanao (ARMM) do not complete secondary school, and those who do have low levels of learning achievement.

Australia will work to build stronger economic linkages between the conflict-affected areas and prosperous regions of Mindanao to support new opportunities away from conflict. We will continue to deliver education programs in Mindanao, including ARMM, and will work to raise awareness of human rights responsibilities among the military and police. In ARMM, Australia will improve access and participation rates in basic education mainly through building classrooms and providing alternative forms of schooling in remote areas not serviced by government. Australia will also improve learning achievement by training teachers and providing culturally appropriate learning materials.

### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

The Philippines ranks among the ten most vulnerable countries in the world to natural disasters and climate change<sup>22</sup>. Economic losses due to disasters average one per cent of GDP each year<sup>23</sup>.

Australia will provide safe shelter for at least 1,800 vulnerable, poor families by 2015. We will also provide disaster and climate change hazard mapping to assist local government planning.



### **EAST TIMOR**



Continued stability in East Timor has created the conditions for a draw down of the peace-keeping international operation following the elections scheduled for 2012. There has been strong economic growth since 2007, driven by large increases in East Timor Government spending, and the number of people living below the poverty line has decreased from 50 per cent in 2007 to 41 per cent in 2009. East Timor's ranking on the Human Development Index was up 42 places in 2009. Nonetheless. East Timor still has some of the worst economic and social indicators in the Asia-Pacific region. Adult illiteracy rates are high and the country's private sector cannot provide jobs for the thousands of young people entering the workforce each year. The country's oil wealth provides a strong base with which the East Timor Government can develop the economy, if the money is spent wisely. Supporting East Timor to achieve tangible development outcomes is a high priority for Australia.



Key Statistics		Estimates (\$m)	10-11	11-12							
Population:	1.2 million	Australian ODA	112.0	123.7	_(() 1	<b>^</b> 2	Q³	₩ <sup>4</sup>	٦٠	<b>+</b>	SK.
GNI per capita:	USD 1,939	- Country	70.7	80.4		Ш	-	w	U		Δ
HDI rank:	120 of 169	- Regional/Global	9.5	11.2	<b>✓</b>	-	-	X	×	-	<b>V</b>
		- OGDs	31.7	32.1							

#### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

In 2008, 40 per cent of East Timor's population aged six years and above had never attended school. By 2009, primary school enrolment rates were up to 83 per cent, a major achievement. However, East Timor is unlikely to reach its MDG education target. The number of Australian scholarships awarded to Timorese students has nearly doubled since 2008 (from 12 to 23). However the small pool of Timorese students with the requisite English language skills remains an obstacle to increasing student numbers.

In 2011-12, Australia will support the development of up to 250 'cluster schools' which will act as educational hubs for surrounding schools. We will attempt to provide the same educational opportunities for girls as there are for boys. In 2011 we will provide 30 scholarships to East Timorese students, with up to a further 35 to follow in 2012. We will also start implementing a new English language program which aims to help more students to take up Australian scholarships.

#### **HEALTH**

East Timor's 2009 Demographic and Health Survey reported improved child health indicators. Although declining, a maternal mortality rate of 440 per 100,000 live births and an infant mortality rate of 44 per 1,000 live births, still positions East Timor as having some of the worst health outcomes in the Asia-Pacific.

In 2011-12, Australia will provide support to deliver basic health services, particularly to women and children. We will support the East Timor Government's mobile health clinics that aim to provide health services in every Timorese village, at least once a month, along with the expansion of family planning services from four to eight of East Timor's 13 districts. The Royal Australasian College of Surgeons will continue to provide muchneeded surgical mentoring in East Timor's hospitals, and will field specialist surgical teams to reach out to districts. East Timor's first dedicated eye surgery hospital will open in Dili in 2011.

#### **ECONOMIC GROWTH**

Although East Timor's economy has grown strongly since the 2006-07 crisis, unemployment remains a major challenge. Around 35 per cent of urban youth are unemployed and 75 per cent of the broader population depends on subsistence agriculture with little or no cash income. Efforts are being made to stimulate growth in non-oil sectors, but access to credit continues to be a constraint to private sector expansion.

In 2011-12, Australia will help create around 15,000 short-term jobs, bringing to 50,000 the total number of jobs created for poor men and women since 2009. We will also increase the number of micro-finance clients to around 110,000 (at least 50 per cent women), through the *Inclusive Finance for the Under-Served Economy* program. A new phase of the *Seeds of Life* program will improve the food security of 60,000 families by 2016 by providing farmers with higher yielding crop varieties.

#### **GOVERNANCE**

A major challenge for East Timor's public sector is how to manage and spend its resource revenues wisely. The budget has tripled since 2007, and expenditure controls have been restructured to reduce disbursement bottlenecks. This has placed pressure on weak systems. The East Timor Government is working hard to build robust financial systems, and is tackling civil service reform. There are early signs of greater accountability and oversight in both the Parliament and media.

In 2011-12 Australia will assist East Timor to prepare and spend a credible budget which supports service delivery in the districts. We will help build the core administrative skills of 500 civil and Civil servants. support the Service transition Commission to an estimated 13,500 'temporary' civil servants into permanent positions, while maintaining its cap on new recruitment in 2011. Support delivered through the Australian Electoral Commission will enable professional management of the presidential and national legislative elections scheduled for 2012.



### **CAMBODIA**



Peace, political stability and solid economic growth over the past decade have enabled Cambodia to make considerable development progress. Average living standards have increased. Gains have been made education, HIV/AIDS control and de-mining. However, over one quarter of Cambodia's population still lives in absolute poverty. Income inequality is widening between urban and rural areas. Maternal health targets remain seriously off-track. Weak institutions and corruption remain significant barriers to development. The ability of courts to protect vulnerable groups is limited. Cambodia also faces challenges in diversifying its economy and overcoming trans-boundary issues such as water resource management.



Key Statistics		Estimates (\$m)	10-11
Population:	15.1 million	Australian ODA	68.0
GNI per capita:	USD 615	- Country	47.3
HDI rank:	124 of 169	- Regional/Global	17.5
		- OGDs	3.3



11-12

77.4

57.3 17.6

2.5

#### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

Weak human resource capacity constrains nearly every facet of Cambodia's development. The national primary school enrolment rate was 88.6 per cent in 2008, up from 83.4 per cent in 1990.

In 2011-12 Australia will offer 50 scholarships to Cambodian students to study postgraduate degrees in Australia. This is an increase from 25 in 2008-09, and is consistent with Australia's commitment to double the number of scholarships to Cambodia by 2013-14.

#### **HEALTH**

Progress in reducing child mortality is slow and maternal mortality remains disturbingly high, with 540 women and 69 infants dying for every 100,000 live births<sup>24</sup>. Cambodia's health system has major weaknesses. These include a shortage of key medical personnel, particularly midwives. There is inefficient deployment of medical staff to remote, rural locations. Access to health insurance and health welfare is difficult for Cambodia's poor.

Australia's assistance will help improve health services for the poor, women, children, and people with a disability. In 2011-12, Australia will provide assistance to ensure that at least 75 per cent of all births in Cambodia are attended by trained health staff, and 90 per cent of pregnant women receive ante-natal care. Australia will also provide assistance to train health professionals, improve service delivery in health centres and hospitals, increase coverage of health insurance, and improve health administration.

#### **ECONOMIC GROWTH**

As an open economy with a reasonable level of integration with global and regional economies, Cambodia has considerable growth potential. However this is hampered by inadequate physical infrastructure and weak governance. Only 20 per cent of Cambodia's roads are paved. The railway network is damaged and underused. Electricity is expensive. Eighty per cent of Cambodia's population, and most of its poor, rely on agriculture for their livelihoods which is constrained by a lack of modern farming practices.

Australia will help rehabilitate 600 kilometres of underused and damaged railway, maintain 950 kilometres of roads and increase coverage of electricity to over 10,000 households. We will support improved farming practices, access to irrigation, higher quality seeds and fertilisers and product diversification. In 2011-12, we will work with up to 10 agribusinesses to facilitate access to agricultural inputs. We will train 4,000 farmers in improved farming techniques. We will help 5,000 farmers cultivate additional crops in the dry season via access to new irrigation methods.

### GOVERNANCE

The ability of prisons and courts to protect vulnerable groups such as juveniles and women remains weak. Rising levels of youth violence and violence against women are serious challenges. National prisons suffer from overcrowding. There are few options for alternative sentencing. Cambodia is undergoing a national reconciliation process through the trial of former Khmer Rouge leaders.

local authorities Australia will assist communities to prevent crime, especially violence against women, and improve community safety. We will work to increase the number of prisoners in rehabilitation programs, reduce overcrowding, expand legal services and explore alternative sentencing. In 2011-12 we will support the establishment of a national crime database and the introduction of a Police Act. We will also continue our support for the Khmer Rouge trials being conducted by the Extraordinary Chambers in the Courts of Cambodia.

### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

Malnutrition rates are among the highest in Asia. Around 2.8 million people lack sufficient food. Almost 40 per cent of children under five suffer chronic malnutrition. Landmines continue to pose obstacles to human security and development. 650 square kilometres of land still needs to be cleared of mines.

Australia will implement social protection activities, such as school meals programs, to improve the livelihoods of the poorest and most vulnerable Cambodians. We will support the piloting of public works and cash transfer programs. Our support for mine clearance will see the release of a further six square kilometres of mine-affected land for productive use by poor communities.



### **BURMA**



Burma is the poorest country in Southeast Asia with almost one third of its 50 million people living in abject poverty. Burma's development remains severely constrained by a lack of progress towards real democracy, economic reform and improved access to basic services. The Burmese authorities spend less than two per cent of GDP on basic healthcare and education combined. Ongoing conflict has resulted in refugee populations fleeing to neighbouring countries. Last year Australia announced an expanded aid program for the benefit of the Burmese people, targeting critical needs in basic health care (especially maternal and child health) and education, food security and livelihoods. Australia's assistance is delivered through the United Nations, reputable international NGOs and civil society, and not through the Burmese central government.

CHINA Hakabo
INDIA Myitkyinä CHINA Bansi. Bhamo
Mandalay Chauk Taunggyi Nay Pyi Taw (administrative capita)
Prome  Bago RANGOON
Bengal Pathein Mawlamyine THAILAND
Andaman Sea ANDAMAN SLANDS (INDIA) Thailand
0 100 200 km sp

<b>Key Statistics</b>	
Population:	50.5 million
GNI per capita:	USD 380
HDI rank:	132 of 169

Estimates (\$m)	10-11	11-12
Australian ODA	49.0	47.6
- Country	42.0	42.0
- Regional/Global	7.0	5.6
- OGDs	0.1	_

### Priority areas

#### Australia's response

#### **HEALTH**

Prolonged lack of public investment has severely degraded the health of the Burmese people. Many people are dying from easily preventable illness and disease. Pregnancy complications are the leading cause of death for women of childbearing age. One in 14 children dies before the age of five years (one of the highest rates in the world outside of sub-Saharan Africa). There is a public health emergency caused by high rates of HIV/AIDS, malaria and tuberculosis.

Australia's contributions to the multi-donor Three Diseases Fund will assist the fight against HIV/AIDS, tuberculosis and malaria. The Fund will provide malaria treatment to 700,000 people and antiretroviral therapy to over 16,000 people living with HIV. We will improve basic health services for mothers and babies by equipping health clinics, training nurses, midwives and healthcare staff.

### **EDUCATION AND SCHOLARSHIPS**

Although more than 90 per cent of children enrol in primary education, less than half complete more than four years of primary school.

Australia will support UNICEF to help poor families keep their children in primary school. We will train primary school teachers and early childhood workers, provide educational materials to teachers and administrators and invest in water and sanitation facilities at schools. We will provide up to 15 scholarships to Burmese people who have the potential to strengthen the delivery of basic services.

#### **ECONOMIC GROWTH**

There is significant agricultural potential in Burma. The country is well located to supply regional markets with produce and could meet its own food security needs. Despite some policy improvements in recent years, almost one third of the population lives below the poverty line, rising to 70 per cent in some rural ethnic areas. Most farmers cannot access enough land to move beyond day to day subsistence living and in urban areas the poor spend close to 70 per cent of their income on food.

Australia will support the multi-donor Livelihoods and Food Security Trust Fund which supports farmers to raise their incomes and increase the amount of food they grow. For example, 25,000 rural households (including 14,000 female headed households) will receive agricultural training in order to access new market opportunities for their crops.

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### LAO PEOPLE'S DEMOCRATIC REPUBLIC



Despite good economic and social gains since the mid 1980s, Laos remains the second poorest country in the Mekong region. Improvements in basic service delivery and more investment in human capital are vital. Poverty in Laos is widespread. An estimated 27 per cent of the population live under the national US\$1 per day poverty line and a considerable proportion of the population still live close to it. Unexploded ordnance (UXO) is also a major issue with 25 per cent of villages contaminated and 37 per cent of agricultural land affected. Our assistance focuses on education; inclusive economic growth through trade and investment; and rural development.



<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							
Population:	6.4 million	Australian ODA	50.0	42.1	1	<b>n</b> 2	Q³	<b>™</b>	5	[∓°	₽S'
GNI per capita:	USD 853	- Country	39.0	31.1							
HDI rank:	122 of 169	- Regional/Global	7.6	8.2	X	×	X	$\checkmark$	X	×	×
		- OGDs	3.3	2.8							

Australia's response

#### \_\_\_\_\_

**Priority areas** 

# EDUCATION AND SCHOLARSHIPS The adult literacy rate in Laos is only

The adult literacy rate in Laos is only 73 per cent; only 75 per cent of grade one students reach grade five and only 75 per cent of boys and 66 per cent of girls progress from primary school to secondary school. While good progress has been made towards achieving universal primary education, reaching young people living in remote areas is challenging.

In 2011-12, Australia will support the construction of around 400 primary and pre-primary schools, including building water and sanitation facilities. Training and equipment will also be provided to over 1,500 teachers at primary and pre-primary level. This support is part of our contribution to the *Fast Track Initiative*, which will help Laos achieve universal primary education. At least 40 Lao students will receive scholarships in 2011-12 to study at Australian tertiary institutions.

#### **ECONOMIC GROWTH**

Around 80 per cent of poor people in Laos live in rural areas. Constraints to rural development include poor infrastructure, lack of access to education and health services, inadequate potable water and sanitation facilities, weak agricultural support services, and limited access to markets.

Australian support for the *Northern Transport Network Improvement Project* will see 81 kilometres of main roads paved. This will provide improved road access to over 18,000 people. Work to upgrade 82 kilometres of rural feeder roads will improve access for

Despite some progress in trade reform, Laos' Ease of Doing Business ranking remains consistently low — 167 of 183 in 2010.

46,000 people. Our support for civil society programs will benefit at least 6,500 individuals, who will have safe access to UXO cleared lands. We will continue to support the Trade Development Facility, which aims to improve economic opportunities for the poor.

#### **GOVERNANCE**

While the World Bank ranks Laos relatively well in economic management, it ranks the country as a poor performer in financial sector management and transparency, accountability and corruption. Laos' ranking in the Transparency International Corruption Perception Index was 154 out of 178 in 2010.

In 2011-12, Australia will continue to support a *Public Financial Management Strengthening Program* to improve public sector financial accountability, transparency, budget allocation and revenue management.

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### PEOPLE'S REPUBLIC OF CHINA



China drives growth in the Asia-Pacific and influences progress against MDGs globally. China will meet most of its MDG targets, but its development is not balanced. The World Bank estimates that 150 million Chinese live in extreme poverty. Over 200 million migrant workers have very restricted access to basic services in the urban areas where they live and work. China is currently developing its 12th Five Year Plan. The new plan will promote equality and sustainable economic growth by improving domestic consumption and social safety nets. Australia seeks to share skills in areas where we have strong knowledge, including climate change, environment, balanced economic growth, health systems and human rights.



Key StatisticsPopulation:1.4 billionGNI per capita:USD 3,692HDI rank:89 of 169

 Estimates (\$m)
 10-11
 11-12

 Australian ODA
 35.7
 35.7

 - Country
 20.3
 22.5

 - Regional/Global
 11.2
 10.2

 - OGDs
 4.2
 3.0

		Q³	<b>₩</b>	<b>\$</b> 5	<b>+</b> 6	<b>%</b>
<b>✓</b>	✓	✓	×	✓	$\checkmark$	×

#### **Priority areas**

#### Australia's response

### **EQUITABLE DEVELOPMENT**

Though China developed a *National Human Rights Action Plan* in 2008, human rights is a key development challenge. This includes issues such as the protection of ethnic minorities, access to justice and women's and disability rights.

The Human Rights Technical Cooperation Program was established in 1998. The program identifies key human rights issues to support on an annual basis. In 2011-12, Australia will support activities to promote workers' and children's rights, access to family planning and training for judges.

#### **HEALTH**

The Chinese Government has made significant investments in its health sector over the last decade. Despite this, those living in central and remote areas in China still have difficulty accessing health care. In Tibet, for instance, 234 mothers died per 100,000 live births, compared to a national ratio of 34 mothers per 100,000 births<sup>25</sup>.

Australia's *Tibet Health Sector Support Program* has helped to strengthen the health system in Tibet since 2005. The Program finished in 2010 and is being replaced with a new program which will build on previous successes to train workers in the health sector. The estimated funding is \$6 million over five years.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

China has experienced urban development at a fast pace in recent years. This has contributed to high levels of pollution, environmental damage and water shortages. China is seeking to address these issues and to learn from others about managing natural resources.

The Australia China Environment Development Partnership works to improve how China uses its natural resources and protects its environment. This year we will help promote river health nationally, create a wetlands conservation strategy for arid and semi-arid areas in northwest China and assist in predicting and managing floods.



### **MONGOLIA**



Australian aid to Mongolia has centred on education. In the past decade, Mongolia has received more than 140 scholarships. Previous scholars have returned to Mongolia to positions of public importance. This includes two Ministers, two State Secretaries, a Deputy Speaker of Parliament and two Members of Parliament. Australia will award up to 38 scholarships this financial year. Australia will also work with the World Bank and UNICEF to improve water and sanitation. This includes a water management project in the South Gobi to make mining sustainable. Improving water and sanitation in schools and health clinics is also a focus of Australia's aid.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							_
Population:	2.7 million	Australian ODA	9.4	12.2	1		Q³	\$ \$	5	<b>F</b> °	æ³
GNI per capita:	USD 1,607	- Country	5.4	7.0							
HDI rank:	100 of 169	- Regional/Global	3.8	4.9	<b>V</b>	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	X
		- OGDs	0.2	0.2							



### DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA



Development outcomes in the DPRK have dropped in the last 20 years: in 2011, up to five million low-income North Koreans will require food assistance<sup>26</sup>. Australia does not have a bilateral aid program with the DPRK. We provide aid in the DRPK on an as-needs basis, in response to the ongoing humanitarian emergency, as well as in response to regular natural disasters. We fund international organisations (such as the World Food Programme, the United Nations Children's Fund and the Red Cross) to deliver assistance. The decision to provide assistance in the DPRK must be made by the Minister for Foreign Affairs and is based solely on the severity of the emergency, rather than on political concerns.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12						
Population:	24 million	Australian ODA	-	-	sk 1	r C	<b>³</b> 🐃⁴	ِ آھِ	<b>(</b>	₩ <sup>7</sup>
GNI per capita:	USD 500	- Country	-	-		Ψ .		U		
HDI rank:	unranked	- Regional/Global	-	-	-		×	×	$\checkmark$	×
		- OGDs	-	-						

### Regional programs

### **EAST ASIA REGIONAL PROGRAMS**

2011-12 Estimate: \$108.0 million

#### **Priority area**

#### Australia's response

#### **ECONOMIC GROWTH**

East Asian nations are largely outwardly-oriented. They work closely through the key regional institutions, the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation forum (APEC) and the East Asia Summit (EAS), to promote integration and expand regional cooperation. and However. substantial barriers to trade still exist. These include economies that are not well structured to benefit from higher levels of integration, difficulties in moving goods, high transport costs, and widely divergent customs, immigration, quarantine and security procedures. The current average time taken to complete an export transaction in Mekong countries is between 3.5 and 10 times longer than in Singapore. Reducing such impediments will help accelerate growth and reduce poverty.

A new Australia-APEC Structural Reform initiative will help APEC developing countries to identify and implement structural reforms to ensure that they benefit from economic opportunities. Australia will work to support ASEAN's goal of establishing an economic community by 2015. In the greater Mekong, Australia will support new trade facilitation policies which will lead to increased volumes of cross-border trade. This will include a standard operating manual for border authorities, better data arrangements, and will progress negotiations to improve traffic flow. Australia will also support the first Mekong-wide gender action plan for trade and transport facilitation. Support for the implementation of the Cambodia-Vietnam Agreement on Waterway Transportation will help reduce transport costs along the Mekong River.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

As trade and people movement accelerate, so too does the exploitation of migrant workers and trafficking in persons. Sex trafficking of women and children is the most commonly reported form of trafficking. Available data indicate that migrant workers in the region are at very high risk of labour exploitation and abuse. Increasing tourism has a positive effect on development; however it also creates greater opportunity for child sex tourism, both domestically and across borders.

In 2011-12, Australia will support implementation of international standards to combat human trafficking in the region. Through the International Labour Organisation, we will provide around 5,000 vulnerable and exploited workers with advice on their labour rights, support for registration systems and protection from exploitation. We will support vulnerability mapping to identify emerging hotspots for child sex tourism. We will strengthen enforcement information systems networks to increase investigations, arrests and convictions.

#### **HEALTH**

East Asia is a hotspot for emerging infectious diseases, with the global outbreak of the H1N1 virus in 2009 affecting the entire region. Foot and Mouth Disease continues to have major impacts on the livelihoods and food security of smallholder farmers. Improvements to the existing animal and human health systems in the region will help to prevent and control emerging infectious diseases in the future. An estimated 4.9 million in Asia people were living with HIV in 2009. A key driver of the epidemic is needle sharing – it is estimated that there are now as many as 4.5 million injecting drug users in Asia. Preventing transmission among injecting drug users and their partners will reduce the risk of a full-scale generalised epidemic in these countries.

In 2011-12 Australia will provide Foot and Mouth Disease vaccines and emergency assistance to countries in the Mekong Sub-region, via the World Animal Health Organisation. We will train and support a cadre of around 350 community animal health officers. We will assist countries to develop strategic plans to halt and prevent animal disease outbreaks. We will provide more than 40,000 men and women with condoms, clean needles and syringes, and access to voluntary counselling. We will also provide around 100,000 referrals for methadone treatment and primary health care services and will continue assisting countries to develop appropriate legislation and policies. Cross-border programs will be extended to deliver reduction services harm Burma/China and China/Vietnam borders.

### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Water resources lie at the heart of development in the Mekong subregion. More than 56 million people live in the lower Mekong Basin and depend on the river either directly or indirectly for their The Australian Mekong Water Resources Program will improve governance and promote cooperation. An Integrated Water Resources Program will commence implementation in Cambodia and Laos

livelihood, with an estimated 2.6 million tonnes of freshwater fish harvested annually. Quality of life in the region will be further improved with wise choices about sharing, developing and managing water to produce food and energy and to maintain vital ecosystems.

to build national capacity, including establishment of the first River Basin Organisation in Laos, and implement a National Policy on Sustainable Hydropower. The Australia-funded Hydropower Sustainability Assessment Protocol will be piloted. Australia will continue to support the Mekong River Commission to develop water resource management tools, procedures and guidelines as well as to improve climate change adaptation planning and preparedness. In Thailand we will increase the practical knowledge of officials from the Ministry of Water and Environment through the Thailand-Australia Exchange Program. These exchanges will improve understanding of drought and flood management policy and lead to more effective water resource management.

### 2.3. SOUTH AND WEST ASIA

### **Overview**

South and West Asia<sup>27</sup> is home to around one fifth of the world's people (1.4 billion) and is the most densely populated of the UN macro geographical regions. South and West Asian economies have performed strongly with GDP growth of seven per cent (2009-10), despite the impacts of the global economic recession. However, the rapidly increasing wealth is not being shared equitably within countries. Disadvantaged sub-regions with poorly connected infrastructure, trade and political arrangements, and vulnerable groups such as women and minority populations are falling further behind. South and West Asia has the largest concentration of poor people in the world, the highest rate of child malnutrition and the lowest income per capita. Based on current trends, the region will not achieve most MDGs. South and West Asia is also highly vulnerable to the adverse impacts of climate change. This has the potential to undermine water and food security, increase the frequency and scale of natural disasters and result in the displacement of vulnerable people.

Australia is working closely with countries in the region and other development partners to support South and West Asia's progress toward the MDGs.

38

AFGHANISTAN

PAKISTAN

PAKISTAN

PAKISTAN

BANGLADESH

IN DIA

10'

Under \$5m\*
Over \$5m\*
Over \$20m\*
Over \$20m\*
Poure \$1500 from all agencies and programs; does not include Aus/AlD's running costs or unallocated emergency funds.

MALDIVES

MALDIVES

Estimated ODA to South and West Asia in 2011-12: \$465.0 million

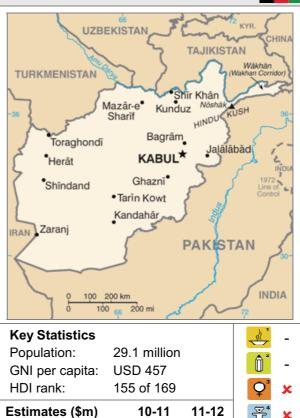
### **Country programs**



### **AFGHANISTAN**



Afghanistan is amongst the least developed countries in the world. Forty-two per cent of the population live in extreme poverty. Life expectancy is 44 years, and around one in five children will die before their fifth birthday. Uruzgan, where Australia works as part of the Multinational Provincial Reconstruction Team, has some of the worst development indicators in the country. The literacy rate in Uruzgan is just eight per cent for men and less than one per cent for women. 37 per cent of children die before they reach the age of Development progress in Afghanistan difficult and slow. Insecurity and weak government capacity inhibits the delivery of basic health and education services, prevents the construction of necessary infrastructure and curtails job-creating private sector activity. Economic growth has increased in recent years, driven by development and military spending, but the challenge remains to make gains sustainable, spread the benefits evenly across the provinces and ensure that those benefits reach the poor and vulnerable.



141.2

109.2

1.3

30.7

165.1

124.1

2.9

38.1

### **Priority areas**

### Australia's response

Australian ODA

- Regional/Global

- Country

- OGDs

### **EDUCATION AND HEALTH**

There have been considerable gains in health and education in Afghanistan over the past ten years. School enrolments have increased from one million in 2001 to over six million today (including two million girls). 85 per cent of the population can now access basic health care, compared with less than ten per cent in 2002. However, the literacy rate in Afghanistan remains a very low 28 per cent (12.6 per cent for women). Around 40 per cent of the people in Uruzgan still live more than two hours from a health centre.

Australia is supporting national programs that build schools and clinics, provide training and funding for teachers and medical staff, and strengthen Afghan Government administration of these sectors. There is a particular focus on training female teachers and getting more girls into school. In Uruzgan, Australia is training community health workers, increasing teacher numbers and building the capacity of the provincial administration to deliver basic services. Trilateral cooperation between Australia, Malaysia and Afghanistan is training master teacher trainers — 60 have been trained since 2009, and an additional 120 are expected to be trained by July 2012.

#### **ECONOMIC GROWTH**

Agriculture is Afghanistan's biggest employer and 80 per cent of Afghans live in rural areas. In recent years over 22,000 communities have identified and implemented their own development projects, and around 10,000 kilometres of rural roads have been rehabilitated. However a lack of infrastructure

Australia will continue its support to the *National Solidarity Program* and *National Rural Access Program*, which have supported the substantial improvements made in rural infrastructure over the past ten years. Assistance will also include training farmers in agricultural practices, improving access

continues to inhibit economic growth, while incomes are constrained by poor farming practices.

to water for irrigation and rehabilitating rural infrastructure to increase market access and rural employment.

#### **GOVERNANCE**

A functioning government is needed to ensure the effective delivery of public services. Governance challenges are particularly acute in Uruzgan, where just 30 per cent of provincial government positions are filled, and many public servants are unable to read or write.

Australian contributions to the Afghanistan Reconstruction Trust Fund will fund public service reforms and build government capacity. Australia will support electoral reforms that encourage transparency and participation. We will provide training and scholarships to four key ministries. We will also provide 48 interns to bolster staff numbers in the Uruzgan Provincial Government.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

As a result of decades of war, the UN High Commissioner for Refugees estimates that there are 300,000 internally displaced people in Afghanistan and 1.7 million Afghan refugees in Pakistan. Human rights have been neglected, particularly the rights of women, children and minorities. Many areas of the country are at high risk of flood and drought.

Australia is supporting its largest single mine action activity in Afghanistan, providing \$20 million over four years to fund the removal of mine hazards, help victims recover and educate Afghans on mine risk. We will also support local human rights programs, particularly the Afghanistan Independent Human Rights Commission, and provide humanitarian assistance as needed.



### BANGLADESH



Poverty remains a pervasive challenge for Bangladesh despite some very progress towards the MDGs. Bangladesh has achieved remarkable progress over the past decade in boosting primary enrolment rates, encouraging gender parity in education, lowering child mortality and improving maternal health. However, major challenges remain. While overall poverty rates are improving, inequality is growing. With a population of 164 million living on a low-lying delta, the country is extremely vulnerable to the effects of climate change and natural disasters. Global increases in food and oil prices have deepened household poverty. Many Bangladeshis are moving to urban areas looking for work, placing pressure on service delivery and infrastructure.



Key Statistics		Estimates (\$m)	10-11	11-12
Population:	164.4 million	Australian ODA	75.4	92.0
GNI per capita:	USD 610	- Country	52.6	72.1
HDI rank:	129 of 169	- Regional/Global	20.0	17.4
		- OGDs	28	2.5



#### **Priority areas**

#### Australia's response

### **EDUCATION AND SCHOLARSHIPS**

Despite marked improvements in enrolment rates over recent years, almost half of all children (48 per cent) still fail to complete primary school. The quality of teaching and learning outcomes is poor. Many vulnerable groups are unable to access basic education services.

Australia will support the Bangladesh Government's *Primary Education Program*. This will improve learning outcomes for 18 million children. We will also fund BRAC (a Bangladeshi NGO) to deliver informal basic education to 750,000 students (64 per cent female) in rural and urban areas.

#### **HEALTH**

In Bangladesh every 45 minutes a woman dies from pregnancy or complications connected with childbirth. One family in four will lose a child by age five. Bangladesh also has one of the highest rates of child malnutrition, which leads to stunting in close to half of all children.

Australia will support Bangladesh's national health program, which aims to deliver better health services to around 30 million people, focusing on women and children. We will also continue to fund BRAC to deliver health assistance to eight million people, including 1.3 million under five children and 200,000 new born babies. Australia will contribute funds to the International Centre for Diarrhoeal Disease to conduct research, training and treatment activities.

#### **ECONOMIC GROWTH**

While the official poverty level has fallen in Bangladesh, the gap between rich and poor has widened. One quarter of the population live below the poverty line, spend almost all their income on food and still do not meet basic nutritional requirements. This group is extremely vulnerable to global food and oil price hikes.

Australia will fund BRAC to raise 75,000 extremely poor women out of poverty. In partnership with the Government and the UK Department for International Development (DFID), we will help 21,000 extremely vulnerable families living on remote river islands. This assistance will help reduce flood risks and provide employment opportunities, productive assets and training.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Bangladesh is extremely vulnerable to natural disasters and climate change. 20 per cent of the country is flooded annually. Disastrous floods can inundate more than 60 per cent of the country. In the future, rising sea levels could displace up to 20 million people and affect 1,000 square kilometres of productive land<sup>28</sup>. The Bangladesh Government is devoting increasing amounts of time and money to understanding and preparing for disasters and the impacts of climate change. 25 per cent of the population cannot access safe drinking water. 60 per cent lack adequate sanitation facilities.

will work with the Bangladesh Australia Government, UNDP and other development partners to help reduce the vulnerability of communities in 40 districts to disaster risks and build their resilience to the impacts of climate change. This will also help to develop livelihood security and adaptation strategies. We will support the construction of 5,000 additional water points and 41,000 latrines in the critical southern districts of Bangladesh to help address the water and sanitation challenges. This will improve water and infrastructure sanitation for around 150,000 people.

#### **GOVERNANCE**

While there have been governance improvements in recent years, a very low tax base and complex processes for development planning, programming and budgeting continue to limit the state's capacity to effectively deliver services. A vibrant NGO and private sector is well placed to partner with the state but these relationships need to be further developed.

Australia will help Bangladesh to strengthen its governance systems through the Australian NGO Cooperation Program (see section 3.3), scholarships and volunteers, and the Public Sector Linkages Program (PSLP)<sup>29</sup>. The PSLP aims to improve public sector governance capacity in selected partner countries. It offers departments and agencies of Australian federal, state and territory governments, as well as Australian public universities, the opportunity to compete for grant funding that will: (i) transfer skills and expertise to their public sector counterpart institutions in partner countries; and (ii) strengthen public sector bilateral and regional linkages.



### **PAKISTAN**



Pakistan's progress towards the MDGs has been slow. In 2010, Pakistan ranked 125 out of 169 countries on the UN's Human Development Index. A third of the population lives in extreme poverty. Almost a quarter of the population is malnourished. worsen indicators may following devastating July 2010 floods, which reversed many development gains and heavily impacted the country's economy. The severe damage to the agriculture sector will likely result in further food shortages and food price inflation, risking increased poverty and malnutrition, particularly in rural areas. In 2011-12, Australia will focus on improving services, public health and education increasing agricultural productivity, improving rural livelihoods, strengthening democratic governance and supporting vulnerable groups.



Key Statistics		Estimates (\$m)	10-11	11-12							
Population:	184.8 million	Australian ODA	119.3	92.8			Q³	₩ W	<b>6</b> 5	F	Sp?
GNI per capita:	USD 914	- Country	68.8	79.0							Ш
HDI rank:	125 of 169	- Regional/Global	44.5	6.1	<b>✓</b>	X	$\checkmark$	×	X	$\checkmark$	X
		- OGDs	6.0	7.7							

#### **Priority areas**

#### Australia's response

#### **EDUCATION AND SCHOLARSHIPS**

Almost half of Pakistan's adult population is illiterate. Only two-thirds of primary school-aged children go to school. Almost a third of them will drop out before reaching high school. While enrolment has improved from 53 per cent in 2005-06, there has been little improvement in adult literacy levels. The situation has been made worse by the floods in 2010, which damaged over 8,000 schools.

Australia's support will focus on strengthening basic education to improve Pakistan's progress towards achieving MDG 2. Our assistance will help to improve early childhood education access and quality in three districts of Balochistan and improve education access and delivery in seven districts of Gilgit-Baltistan, supporting 181 schools and 22,000 children. In 2011-12. Australia will provide scholarships to around 50 Pakistani students to study at Australian universities. The program will support students who will be able to contribute to Pakistan's development after completing their studies in Australia.

#### **HEALTH**

Pakistan's maternal mortality rate is high, with 260 out of 100,000 mothers dying during childbirth and only 39 per cent of births attended by skilled medical personnel. Two out of five children are malnourished and one in ten children will die before reaching the age of five. Child health indicators have improved little over the past five years and the maternal mortality rate has only improved slightly from 400 deaths per 100,000 live births in 2004-05. As a result of the 2010 floods, a further six million people could become undernourished, with children most likely to be affected.

Australia is helping to reduce Pakistan's maternal and neonatal mortality rates. Since 2008, we have worked with the Pakistan and United Kingdom governments to train 15,000 health facility staff in emergency care procedures for mothers and children. We will continue activities to reduce the incidence of avoidable blindness and increase access to quality and affordable eye care services in 25 districts across Pakistan. We will fund upgrades to local eye care units and rural health centres, and improve methods for detecting and treating minor eye problems, particularly in children.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

In 2009, law enforcement operations in the provinces of Khyber Pakhtunkhwa and the Federally Administered Tribal Areas resulted in the displacement of over three million Pakistani civilians. In July 2010, the floods affected over 20 million people and damaged more than 1.6 million homes. Humanitarian and reconstruction needs following these events are immense.

In response to the floods, Australia mobilised relief flights which provided emergency supplies such as family tents, tarpaulins, generators, water storage containers and birthing kits. Australia also established a medical facility in Kot Addu, Punjab, staffed by civilian and Australian Defence Force personnel, which treated more 11,000 patients between September and October 2010. In 2011-12 Australia will continue to provide humanitarian and reconstruction assistance as needed to support vulnerable communities affected by crisis and natural disasters.

#### **ECONOMIC GROWTH**

A large number of Pakistan's rural communities live in poverty. Around 70 per cent of the country's labour force lives in rural areas, of which 43 per cent are employed in the agriculture sector. The 2010 floods destroyed more than two million hectares of planted crops and millions of livestock and poultry, resulting in food shortages and increased food prices. As a result, poverty in rural areas is worse after the floods.

Australia will rebuild and improve rural infrastructure, such as roads, to help farmers to access markets and develop new skills. Our activities will restore the work and incomes of over 278,000 people affected by the 2010 floods and the 2009 law enforcement operations. Our support to the *Australia-Pakistan Agricultural Scholarships program* will strengthen human resource capacity, providing eight Masters-level scholarships and short courses for up to 20 participants in 2011-12.

#### **GOVERNANCE**

Following a constitutional amendment, Pakistan's provinces will be responsible for delivering basic services from 2011. As these reforms commence, the federal and provincial governments will need support to ensure that quality and equitable services, particularly in health and education, are delivered across Pakistan.

Complementing our support in the education and health sectors, Australia will support Pakistan's federal and local governments to ensure they are able to deliver quality and accessible basic services. A key priority is supporting the transition phase as responsibility for service delivery is passed from the federal to provincial level government. We will also support bilateral governance exchanges between Australia and Pakistan in areas such as parliamentary strengthening, institutional strengthening and access to justice.



### **SRI LANKA**



Sri Lanka's 26-year civil conflict ended in May 2009. Helping areas affected by conflict to recover remains a major challenge. Heavy flooding in early 2011 has compounded problems for disadvantaged communities in the northern and eastern provinces. The Sri Lankan Government has focused its national reconciliation efforts on encouraging greater economic growth and creating jobs in conflict-affected and rural areas. While Sri Lanka has been achieving relatively high economic growth, regional imbalances remain high. There are also major problems, such as under-nutrition in children.



<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							
Population:	20.4 million	Australian ODA	52.5	43.5	_ () 1		Q³	₩**	<b>₽</b> 5	<b>₽</b> °	AS"
GNI per capita:	USD 2,083	- Country	33.0	33.5		<u> </u>		w	U	رك	<u> </u>
HDI rank:	91 of 169	- Regional/Global	17.3	8.0	×	<b>√</b>	$\checkmark$	×	$\checkmark$	$\checkmark$	$\checkmark$
		- OGDs	2.2	2.0							

#### **Priority areas**

#### Australia's response

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

The security environment in Sri Lanka has improved following the end of the civil conflict. However, thousands of internally displaced people remain without homes and are struggling to restart their lives. Landmines and tenure issues are also ongoing challenges to resettlement. Longer term peace and stability will depend on the outcomes of current national reconciliation efforts.

Australia will assist people in conflict-affected areas to return safely and securely to their homes, by demining 12 square kilometres of land. We will help to rebuild community infrastructure, including schools and around 4,000 houses. We will also work with local governments and NGOs to improve the delivery of public services in these areas.

#### **EDUCATION AND SCHOLARSHIPS**

Despite high adult literacy levels (93 per cent), learning outcomes in Sri Lanka are very different, depending on location. The quality of primary education varies and some children are not able to attend school. Access to tertiary and vocational education is also limited and not well-aligned to the needs of the labour market. An improved education system that promotes values such as multiculturalism will support peace into the future.

Australia is helping to improve basic education for around 100,000 poor children. This assistance covers 150 schools in 11 districts, including five northern districts that were affected by conflict. We are training teachers and encouraging schools to work closely with the local community.

#### **ECONOMIC GROWTH**

GDP is forecast to grow by an average of six to seven per cent a year over the next few years. The Government is facing a number of challenges, including reducing its deficit, encouraging foreign investment and containing inflation. Much of the country's wealth and most jobs are concentrated in Colombo and the Western Province. There are serious disparities between regions, particularly in rural areas.

Australia is helping people in disadvantaged and conflict-affected communities to find work or start businesses. We are providing farming and fishing support, micro-finance, vocational training, improved community infrastructure, support for business and public-private partnerships. These communities are largely rural, located in the Central, Eastern and Northern Provinces and have not yet seen the benefits of Sri Lanka's higher economic growth.

#### CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

Sri Lanka is on-track to meet its national MDG water and sanitation targets. However, the national statistics obscure major differences in underserved and post-conflict areas, particularly in the north. For example, 52 per cent of water sources in the north cannot be used, while 38 per cent are damaged or contaminated. At the national level, 13 per cent of schools have no water and sanitation facilities and 22 per cent have poor facilities. There are also other major environmental challenges. Sri Lanka is vulnerable to climate change and natural disasters, such as floods. Poor forest management is also a widespread problem.

Australia will provide around 15,000 people in northern and eastern Sri Lanka with safe, piped water and latrines. We will provide improved water and sanitation facilities and hygiene education in around 250 schools in the East and Central Provinces. This will cover approximately 62,000 students (and 2,500 teachers). We will work with the Ministry of Education to establish national standards for child and disabled friendly water and sanitation facilities. We will also help the Lankan Government to meet forestry challenges by teaching communities how to better manage forest resources.

#### **GOVERNANCE**

The Sri Lankan Government's focus is to stabilise the country and move forward with economic renewal and political reforms. Local governments could improve their service delivery. Areas they can improve include better efficiency, improved planning and revenue-raising.

Australia will work with various government agencies, particularly at the local level, to improve their capacity to govern effectively. We will provide scholarships to key government personnel. We will send Australian volunteers to key organisations. We will also trial Australian and Sri Lankan government linkages.



### **INDIA**



India has emerged as a global economic power. Strong growth over the past five years has reduced the proportion of people living in poverty. However, around 400 million Indians still live on less than US\$2 a day, and climate change is predicted to have major impacts on Indian agriculture, water resources and public health. In particular, agricultural production in India's food bowl, the Indo-Gangetic plain, would be seriously undermined by variability in water flows in the Ganges. Australia is supporting the design of climate change action plans in six states and six districts. Other support funds six pilot projects to increase energy efficiency and reduce carbon emissions in steel mills. We will support planning for major investments in water and sanitation in selected Ganges Basin cities. We will also help 23 slums in New Delhi implement water and sanitation plans for Indian Government funding. In the health sector, Australia is assisting the Indian Government to halt and reverse the HIV epidemic in the north east of India. Together we are providing direct care for people who have been infected, as well as children who have been orphaned as a result of the disease.

Key Statistics		Estimates (\$m)	10-11	11-12							
Population:	1.2 billion	Australian ODA	26.3	25.0	- de 1		Q³	₩ <sup>4</sup>	<b>€</b> 5	•	AS"
GNI per capita:	USD 1,073	- Country	6.6	9.0							
HDI rank:	119 of 169	- Regional/Global	10.4	8.6	X	$\checkmark$	$\checkmark$	×	X	<b>√</b>	X
		- OGDs	9.3	7.4							



### **NEPAL**



Nepal is one of the least developed countries. Australian aid is focused on health and education. In the education sector, Australia will support the Government of Nepal's *School Sector Reform Program* (\$15 million over five years). Donor contributions will assist more than 1.6 million girls and *dalit* ("untouchable") children from poor families, as well as children with disabilities, receive scholarships to enable them to attend school. All primary school students will receive free text books. Girls from various castes and ethnic groups will make up almost half of all children enrolled in primary school. In the health sector, Australia and other donors signed a *Partnership Compact* with the Government of Nepal in February 2009. Donors will provide predictable funding for Nepal to achieve the health MDGs through the *Nepal Health Sector Program* (\$26 million from 2010-11 to 2014-15). The program focuses on accelerating progress towards MDGs 1, 4 and 5, with a special focus on the poor and excluded. In the agricultural sector, we will work with other donors to help Nepal diversify rural livelihoods. We will increase the incomes of poor families through the creation and development of micro-enterprises and entrepreneurship. Our program will target women, ethnic minorities and *dalits*. It could lift over 40 per cent of participants out of poverty in the long-term.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							
Population:	29.9 million	Australian ODA	26.1	26.6	_sk 1		Q³	₩ W	آج ا	<b>+</b>	AR"
GNI per capita:	USD 441	- Country	12.1	17.2		Ψ.	<b>T</b>		U		Ш
HDI rank:	138 of 169	- Regional/Global	13.3	8.6	×	X	$\checkmark$	$\checkmark$	×	X	×
		- OGDs	0.8	0.8							



### BHUTAN



In the education sector, Australia will provide Bhutan with over 50 scholarships. Priority areas of study will include health and education. We will also help Bhutan set up master-level courses in public and business administration. In the governance sector, Australia will support Bhutan to conduct effective and fair elections.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							
Population:	708,484	Australian ODA	8.1	8.0	30 1		Q³	₩ <sup>4</sup>	آج ا	<b>+</b> °	#
GNI per capita:	USD 1,761	- Country	3.3	3.8							
HDI rank:	unranked	- Regional/Global	3.1	2.7	-	$\checkmark$	$\checkmark$	X	$\checkmark$	<b>√</b>	×
		- OGDs	1.6	1.5							



### **MALDIVES**



In the education sector, Australia will offer over 30 development awards. Priority areas of study will be health, education, and environment. Following a successful pilot, Australia is also planning to support a volunteers program. This program will focus on teacher training and curriculum development. In the area of environment, Australian support will focus on adaption to climate change as well as mitigation for a carbon neutral development path. In the governance sector, Australia will support the training of judges in human rights and constitutional law.

<b>Key Statistics</b>		Estimates (\$m)	10-11	11-12							
Population:	313,920	Australian ODA	4.8	5.0	_d\ _1		Q³	₩ <sup>4</sup>	5	<b>∓</b> °	AS"
GNI per capita:	USD 3,914	- Country	3.2	3.5		<u> </u>	-	00	U		Δ
HDI rank:	107 of 169	- Regional/Global	1.5	1.4	-	$\checkmark$	×	$\checkmark$	×	$\checkmark$	X
		- OGDs	0.2	0.2							

### Regional programs

### **SOUTH AND WEST ASIA REGIONAL PROGRAMS**

2011-12 Estimate: \$7.1 million

### **Priority areas**

### Australia's response

#### **ECONOMIC GROWTH**

South and West Asia remains the least integrated region in the world. Trade between South and West Asian states is only two per cent of the region's combined GDP, compared with 20 per cent for South East Asia. Greater regional integration is crucial for future economic expansion.

Australia will continue to partner with the World Bank and Asian Development Bank to improve economic management and promote reforms in regional infrastructure, energy, urban development, public financial management and anti-corruption.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Climate change is predicted to increase the frequency and intensity of the monsoon and floods. Climate change will also contribute to faster melting of glaciers in the Himalayas and increase the intensity of droughts, resulting in rapid depletion of ground water resources. These changes will have a major impact on the long-term development and security of the region.

Australia will support initiatives to improve water catchment management and community adaptation to climate change. Australia will increase its support for agricultural research and training to help farmers in dry land and irrigated smallholder farming systems produce more food with less water. Farmers in the region will be provided with climatic information to minimise the damage caused from seasonal weather events on agricultural production.

#### **HEALTH**

Maternal, child and newborn health and nutrition are major priorities for South and West Asia to achieve MDG targets by 2015. The region has the world's largest numbers of malnourished children, surpassing even sub-Saharan Africa. Stunting affects up to half of the children in several countries. Some progress has been made on reducing child and maternal deaths (MDG 4 and 5) in several countries but such efforts have not yet benefited the hard to reach populations.

Australia will support initiatives aimed at increased access to maternal, child and newborn health, including family planning. Emphasis will be on reaching the underserved, ensuring newborns live beyond their first month of life, and tackling maternal and child malnutrition using a life-cycle approach for long-term human, social and economic development gains.

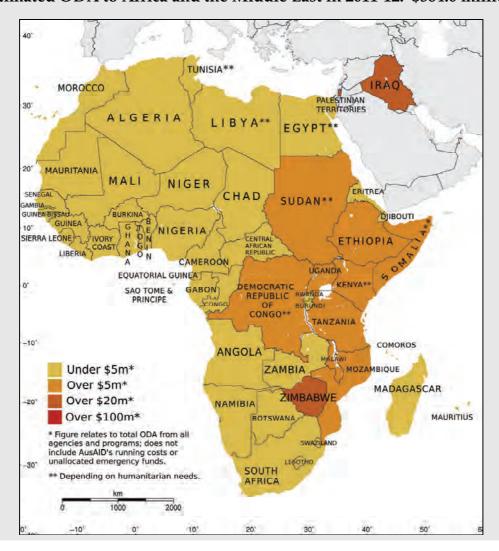
### 2.4. AFRICA AND THE MIDDLE EAST

### **Overview**

Africa is more stable, peaceful and prosperous today than it was a decade ago and its economic outlook continues to improve. Many African countries have an abundance of natural resources which, if well managed, could contribute substantially to economic growth and progress toward the MDGs. However, Africa remains the world's most impoverished continent and African countries comprise 33 of the world's 48 least developed countries. Sub-Saharan Africa is also the region in the world most off-track to meet the MDGs by 2015. Natural disasters, poor governance and civil conflicts hamper the development efforts of many African countries. Climate change also looms as a major threat to food security and water resources.

In the Middle East, Australia will continue its bilateral assistance programs to Iraq and the Palestinian Territories, focusing on activities that will help to reduce conflict, improve security and encourage regional stability.

Estimated ODA to Africa and the Middle East in 2011-12: \$384.0 million



# New Initiative: Expanding Official Development Assistance to Africa and the Middle East

The Government will invest an additional \$462.6 million over four years to expand Australia's development partnerships in Africa and the Middle East.

In Africa, additional funding will complement the expansion of the Australia Awards (scholarships) program funded in the 2010-11 Budget, and will implement the \$140 million *Africa Maternal and Child Health Initiative* announced by the Minister for Foreign Affairs in September 2010.

Australia's funding will also help Africa progress towards the MDGs by focusing on areas where Australia can make the most difference, including to:

- build African capacity in dry-land agriculture, public administration, natural resource management and other areas where Australia has expertise, through the *Australia-Africa Partnerships Facility*;
- improve maternal and child health, including by training over 300 new midwives and improving obstetric and newborn health care in East Africa (including in Ethiopia and South Sudan);
- provide access to safe water and sanitation to 1.2 million people in Southern Africa;
- work with Australian non-government organisations (NGOs) to provide African communities with access to basic services; and
- increase humanitarian assistance.

In the Middle East, funding will be provided to assist the Palestinian Authority to deliver health and education, to support the peace process and to respond to the humanitarian needs of Palestinian refugees.

The Government will continue to respond to key humanitarian crises in the region, such as the increasingly serious situation in Libya.

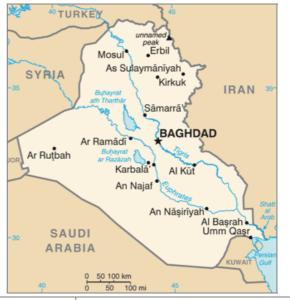
### **Country programs**

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### **IRAQ**

الهٔ اکبر

Despite the potential of its immense oil reserves, poverty in Iraq remains widespread with 22.9 per cent of Iraqis (6.9 million people) living below the national poverty line of US\$2.20 per day. There is also an estimated 1.55 million internally displaced people in the country. Iraq faces significant challenges in establishing peace and security, meeting its people's expectations for improved services infrastructure, tackling corruption, diversifying its economy to create jobs and managing ethnic and sectarian tensions. The Australia-Iraq relationship is guided by memoranda of understanding signed by the two Prime Ministers in 2009.



Key Statistics	
Population:	31.5 million
GNI per capita:	USD 842
HDI rank:	unranked

Estimates (\$m)	10-11	11-12
Australian ODA	43.3	36.6
- Country	38.8	30.0
- Regional/Global	0.5	6.5
- OGDs	4.0	0.1



### **Priority areas**

### Australia's response

#### **ECONOMIC GROWTH**

Iraq's agriculture sector provides a large employment base and can contribute to stability through private sector development, poverty reduction and food security.

In 2011-12, Australia will continue to help Iraq improve its agricultural productivity by identifying and developing suitable programs to support rural development. Australia is drawing upon its expertise in dry-land farming to assist with the development and strengthening of the sector. We will also train specialists, via scholarships and short-term technical courses, to improve the capacity and effectiveness of the sector.

#### **GOVERNANCE**

Years of conflict and deferred maintenance have degraded Iraq's infrastructure, leaving many Iraqis with little or no access to essential basic services. Conflict has also eroded the public service. Many Iraqis, particularly women and children, live in dire poverty. Rapid progress has been constrained by a complex political environment and limited experience in modern public sector management.

Australia will support a range of programs in 2011-12 that aim to improve basic service delivery in Iraq. These programs will increase access to emergency health services, increase access to water and sanitation facilities, clear landmines and empower women and girls. We will continue to improve public sector governance by training public officials, either in Australia or in third countries.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

The difficult security environment, high levels of unemployment, poverty and limited government capacity mean a significant proportion of Iraq's population is vulnerable and unable to access basic services. Widespread conflict has displaced many Iraqis. There are an estimated 1.55 million internally displaced people (IDPs) in Iraq and large numbers of refugees living throughout the region.

Australia will work to improve school environments to alleviate over-crowding and support remedial education and accelerated learning programs. This will promote greater school enrolments among IDPs; benefiting over 12,000 children. We will also provide sustainable housing for over 250 families.

### **PALESTINIAN TERRITORIES**



The economy of the Palestinian Territories during 2010-11. However, unemployment, ongoing insecurity and lack of access to basic services remain concerns for many. The Palestinian Authority has continued to implement its reform agenda. However, the conflict with Israel continues to constrain economic development, particularly in Gaza, resulting in a heavy reliance on international assistance. The UN Relief and Works Agency (UNRWA) - the main provider of social services to Palestinian refugees - launched its five-year Medium Term Strategy in 2010 focusing on livelihood support, infrastructure, education, health and protection services for 4.7 million Palestinian refugees. Australian aid to the Palestinian Territories and Palestinian refugees in surrounding regions will double to around \$70 million per annum by 2012-13.





Key Statistics		
Population:	4.4 million	
GNI per capita:	n/a	
HDI rank:	unranked	
Estimates (\$m)	10-11	11-12
Australian ODA	50.3	56.0
- Country	39.8	43.8
- Regional/Global	9.8	11.6
- OGDs	0.7	0.7





#### **Priority areas**

#### Australia's response

### **GOVERNANCE**

The long-standing conflict with Israel has led to geographical and political fragmentation of the Palestinian Territories. A stable and effective Palestinian state is essential to peace and development in the region. Australia supports a two-state solution led by a capable and moderate Palestinian Authority.

Australia will provide multi-year funding to the Palestinian Authority to improve its operations and assist in the delivery of services. The Palestinian Authority's priorities are: providing security while respecting citizens' rights; improving transparency and fighting corruption and waste; improving the quality of public services; and enabling private sector growth. These priorities are set out in detail in the Palestinian National Development Plan 2011-2013: Establishing the State, Building our Future<sup>30</sup> (April 2011). Australia has also launched a scholarship program focused on law and public sector management, with the first scholars to commence in 2012. We will provide up to 50 postgraduate scholarships to public officials and legal academics.

#### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

Around 80 per cent of Palestinians in Gaza depend on international humanitarian assistance for the essentials of life. Until significant progress is made towards a peace settlement and the situation of refugees improves, humanitarian assistance focused on basic service provision (health, education, water and sanitation) will remain a key priority for the Australian aid program.

In 2011-12, Australia's support will help UNRWA operate 58 recognised refugee camps, 691 schools and 137 primary health care clinics. We will also help UNRWA distribute over 140,000 loans and grants in the West Bank and Gaza. We will provide safe water, sewerage access and health promotion via three projects in Gaza and the West Bank, assisting up to 90,000 people.

#### **ECONOMIC GROWTH**

Unemployment in the West Bank and Gaza is currently 16 and 37 per cent respectively. Civil society plays an important role helping people access additional income, livelihood support and vocational training opportunities. Support for civil society and livelihood programs can lower unemployment and create additional income, leading to overall economic growth.

The Australia Middle East NGO Co-operation Agreement (AMENCA2) program will focus on creating income-generating opportunities for a planned 50,000 farmers and vulnerable communities. AMENCA2 also supports capacity development for 66 community-based organisations and has a particular focus on empowering women.

### Regional programs

### AFRICA REGIONAL PROGRAM

2011-12 Estimate: \$291.3 million

Australia continues to expand its engagement in Africa, including through increased humanitarian and development assistance, enhanced trade and commercial links and strengthened diplomatic relations. Australia's development assistance will support Africa's progress towards the MDGs, in the areas of food security (MDG 1), maternal and child health (MDG 4 and 5) and water and sanitation (MDG 7). Africa is the world's most impoverished continent and sub-Saharan Africa is the region most off-track to achieve the MDGs by 2015.

Australia will also continue to help build Africa's human resource capacity through technical assistance and expanded Australia Awards (scholarships). In 2011, 400 Australia Awards will be offered in up to 40 African countries. Technical assistance will respond to development priorities of African governments, including in the areas of agriculture, natural resource management and public policy. Australia will continue to work closely with United Nations agencies, international and Australian NGOs and regional partners to respond to humanitarian emergencies and protracted crises in Africa, particularly in Sudan, South Sudan<sup>31</sup>, the Democratic Republic of Congo (DRC) and the Horn of Africa. Assisting African countries adapt to climate change, supporting international peace-building initiatives and ensuring African governments harness the potential of their natural resources for economic development will also be important elements of the aid program.

We will continue to provide support to address the needs of the most vulnerable and promote stability and economic growth in Zimbabwe. Our assistance will focus on water and sanitation and food security/agriculture as the two priority sectors. We will also provide assistance for health and education, and to promote economic reform and improved administration.

Our aid program to Africa will be delivered through partnerships with multilateral and regional organisations and bilateral donors, as well as non-government and community based organisations. An expanded engagement with NGOs will strengthen our focus on maternal and child health, food security, water and sanitation and relief and recovery programs by supporting community-level responses and stronger links between communities and their governments. See the box text on the *Australia Africa Community Engagement Scheme (AACES)* on page 61.

The 2011-12 Budget provides additional funding of \$334.5 million for Africa, to improve obstetric and new born health care, train 300 new midwives in East Africa, help provide safe water and sanitation to 1.2 million people in Southern Africa, and build the capacity of African governments.

### **Priority areas**

#### Australia's response

#### **HEALTH**

Sub-Saharan Africa has made particularly slow progress on reducing infant mortality and improving maternal health. One in eight children in sub-Saharan Africa dies before age five<sup>32</sup>. The lifetime risk of maternal death is one in 31, which is almost 140 times higher than the industrialised world<sup>33</sup>.

In 2009, with Australian assistance, the Hamlin Fistula Hospital in Ethiopia treated 2,278 fistula patients and distributed over 15,000 birthing kits to traditional birth attendants. In 2011-12, Australia's assistance will focus on maternal and child health in East Africa (initially Ethiopia, Tanzania, South Sudan<sup>31</sup> and regional initiatives). It will support health workforce development, particularly midwifery training, improving basic obstetric and newborn care and family planning.

#### **ECONOMIC GROWTH**

African economic development is improving. Over the last decade, six of the world's fastest growing economies were in Sub-Saharan Africa. Foreign direct investment has increased six-fold, and average real economic growth has more than doubled compared to the previous two decades. Despite this growth, Sub-Saharan Africa is still the most food insecure region in the world with one in three people suffering from chronic hunger. Forty per cent of people living in sub-Saharan Africa lack access to safe drinking water and close to seventy per cent lack access to effective sanitation<sup>34</sup>. Improving access to sanitation has been particularly slow, with only a two per cent improvement between 2000 and 2008. Recent conflicts in North and parts of West Africa are likely to have a negative impact on Africa's economic growth and humanitarian needs in these areas are expected to continue.

Support through the Australian Centre International Agricultural Research will aim to increase crop productivity of maize and legumes by an estimated 30 per cent on approximately 500,000 small African farms within ten years. Australian assistance will also build capacity across West Africa in dry-land agriculture, improve the functioning of rural markets and enhance the resilience of communities most vulnerable to food insecurity. In Mozambique, our partnership with the World Bank will result in access to treated water supply for an estimated 84,000 people by 2014. In Malawi, our partnership with the African Development Bank will deliver water supply facilities for up to 37,000 people, with sanitation and hygiene promotion programs reaching up to 180,000 people. Assistance will also be provided through regional programs.

#### **GOVERNANCE**

Human resource development has been identified as a high priority by African partner governments in their efforts to meet the MDGs. Capacity gaps are significant across the continent in all key development sectors. African education institutions lack the capacity and resources to adequately respond to the continent's training needs.

In 2011, Australia will build Africa's human resource capacity by providing 400 Australia Awards (scholarships), including 60 mining fellowships, in up to 40 African countries. Technical assistance will also be provided, including short-term agricultural training and training in diplomacy and public financial management for African public officials. Increasing numbers of Australian volunteers will be placed in Africa to help build the capacity of individuals and organisations.

### **HUMANITARIAN, EMERGENCY AND REFUGEE AID**

Africa is home to some of the most complex humanitarian situations in the world. Humanitarian pressures across the continent continue to escalate due to poverty, political crises, armed conflict and extreme weather conditions. Humanitarian crises in Africa can involve the breakdown of state structures and the mass displacement of people, with significant regional and security implications.

Australia's humanitarian assistance will provide protection, emergency food supplies, shelter, essential health and education services and safe water and sanitation facilities to people in crisis affected countries including Sudan, Somalia and the Democratic Republic of Congo (DRC). Support will also contribute to disaster risk reduction and mine action efforts, and will assist longer-term recovery programs.

#### **ZIMBABWE**

Zimbabwe is ranked last on the UNDP's human development index. Poverty levels there are estimated at above 70 per cent. The country's economy, which contracted by more than 50 per cent over the past decade, features unemployment estimated at over 90 per cent. The poor condition

In 2010-11, our support to Zimbabwe through UNICEF provided safe drinking water for more than two million people. Our support to the multi-donor *Protracted Relief Programme* will result in safe water supply and sanitation for an estimated 400,000 people from 33 of Zimbabwe's

of water and sanitation systems contributed to a severe cholera epidemic in 2008-09, which cost the lives of more than 4,200 Zimbabweans. poorest districts. Australia will also support improved food security and the recovery of the rural economy. In addition, assistance will be provided to health and education and to promote economic and administrative reform.

### The Australia Africa Community Engagement Scheme (AACES)

The Australia Africa Community Engagement Scheme (AACES) aims to support Australian NGOs to expand or extend their existing programs in Africa. Australian NGOs are a key delivery partner for our aid to Africa. There are a range of civil society organisations, including diaspora organisations (connecting scattered peoples and ethnic groups) and research organisations, which have close links with African communities and governments.

The AACES builds on these strengths to:

- increase African communities' access to basic services including access to safe drinking water, health and safe sanitation practices;
- target the most marginalised communities, informed by a strong evidence base;
   and
- increase opportunities for the Australian public to engage with development in Africa.

The largest component is a partnership between AusAID and ten Australian NGOs. Through AACES, Australian NGOs and their local partners will implement activities in maternal and child health, food security, and water, sanitation and hygiene. AACES activities will engage directly with poor and vulnerable communities across Africa and with government service providers to improve access to services. AusAID will also work with a larger number of civil society organisations to draw upon their knowledge and experiences.

The AACES budget is \$90 million over five years.

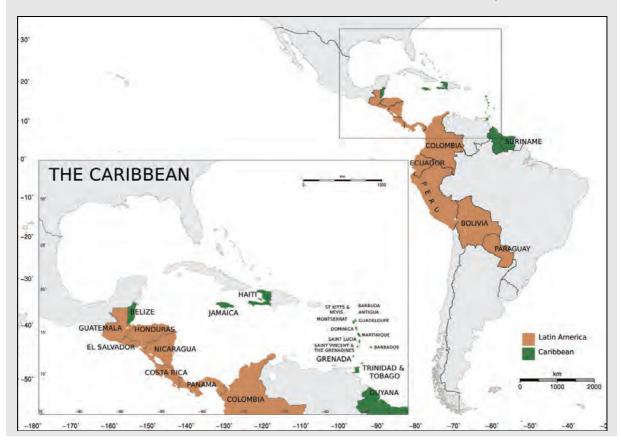
### 2.5. LATIN AMERICA AND THE CARIBBEAN

### Overview

There are significant levels of poverty and income inequality in many countries of Latin America. Almost half of those living in poverty are in rural areas and the rate of extreme poverty in rural areas is three times the urban rate. Australia will target assistance to the countries in the region that need it most and will deliver the majority of its assistance through partnerships with multilateral and regional organisations and other aid donors, including the more developed Latin American countries such as Chile and Brazil.

The Caribbean is an archipelago of more than 7,000 mainly small, low-lying islands. The population of over 37 million is concentrated in the coastal areas. The region is diverse, with major differences in the size of the economies and overall development. Countries in the Caribbean face a range of development challenges. These include significant levels of poverty, high crime rates, susceptibility to natural disasters and climate extremes, and vulnerability to economic shocks. Australia is working with the Caribbean Community (CARICOM) to help address these issues.

Estimated ODA to Latin America and the Caribbean in 2011-12: \$48.0 million



### Regional programs

### LATIN AMERICA REGIONAL PROGRAM

2011-12 Estimate: \$27.2 million

In 2011-12 Australia's assistance to Latin America will target poor countries and communities with a strategic focus on: (i) enhancing sustainable rural livelihoods including through agricultural development and the provision of financial services for the poor, especially for women; (ii) investing in human resource development, including through scholarships and fellowships, and by sharing Australia's public sector expertise; (iii) helping to build the capacity of Latin American countries to protect and manage their natural resources and the physical environment; and (iv) assisting vulnerable regions to prepare for and respond to natural disasters.

Australia will work in cooperation with the more advanced countries of Latin America such as Brazil and Chile to help less developed countries in the region. Australia will also work in partnership with multilateral agencies such as the Inter-American Development Bank and the World Bank Group and with other OECD donors to deliver assistance.

#### **Priority areas**

#### Australia's response

#### **RURAL DEVELOPMENT**

Poverty in the rural areas of Latin America can be reduced by improving the ability of poor rural dwellers to access land, resources (including finance), and markets. Improved access to employment and rural productivity are key factors in Latin America's success in reducing poverty to date. Latin America has more than 100 million people (about half of the region's total employment figure) working in small and micro-enterprises with up to five employees. There are an estimated 650 microfinance institutions, many of which are unregulated.

Through partnerships with other donors, Australia will support programs that raise agricultural productivity and improve financial services for the poor. Financial literacy training and programs that provide access to affordable, transparent and well-regulated financial service providers will enable poor people to improve local enterprises and their overall standard of living. Programs that improve small landholder agricultural production and access to markets will help to secure sustainable livelihoods of rural people living in poverty.

### **HUMAN RESOURCE DEVELOPMENT**

All countries need a flexible, appropriately skilled and productive workforce with relevant qualifications and experience to sustain economic growth and social development. In developing countries, empowering people with additional knowledge, skills and capabilities is a powerful tool for achieving the development goals as well as contributing to the wellbeing of individuals, families and communities through improved employment opportunities.

Australia will help to build human resource capacity in Latin America by sharing knowledge and technical expertise in key sectors that support economic and social development. Long-term scholarships, short courses and short-term professional development opportunities as well as volunteer programs and small grants will help build capacity primarily in the public and civil society sectors.

### NATURAL RESOURCE GOVERNANCE

Latin America's natural resource wealth can make a substantial contribution to the region's economic growth, poverty reduction and social development. These benefits however rely heavily upon the quality of governance arrangements in place. Effective governance of natural assets such as land and mineral resources, water, and forests will help countries deliver sustainable and equitable benefits from to their communities.

With strong interest from countries in the region and in cooperation with local partners and other donors, Australia will support programs that strengthen the governance capacity of Latin American countries to effectively manage their natural resource wealth. Carefully targeted development projects as well as opportunities for short courses, fellowships, and scholarships will strengthen skills in this sector.

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

Latin American countries are vulnerable to extreme weather events and natural disasters. The economic and human cost resulting from these events set back development progress and impact disproportionately on the poor. With significant poverty and difficult geographical landscape, many countries in the region face challenges responding to natural disasters when they occur. This is likely to be further exacerbated as climate change impacts intensify.

Australia will assist vulnerable Latin American countries to prepare and respond to the increasing incidence and intensity of natural disasters in the region. Australia will support projects and capacity building activities, including using Australian volunteers where appropriate, to improve climate change adaptation, disaster risk reduction and management of emergency responses.

### CARIBBEAN REGIONAL PROGRAM

2011-12 Estimate: \$20.7 million

In 2011-12, Australia will further develop its development assistance partnership with the Caribbean Community (CARICOM) which was established in November 2009. Australia will work closely with Caribbean partners and other regional donors in three main areas: (i) addressing climate change issues and improving disaster risk reduction; (ii) supporting regional economic development; and (iii) strengthening emerging people-to-people and institutional links between Australia, the Caribbean and, where possible, the Pacific, to share knowledge, expertise and build capacity.

### **Priority areas**

#### Australia's response

#### **CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY**

CARICOM member states are vulnerable to climate change impacts, generally have a small economic base (including high levels of national debt) and have limited technical and institutional capacity. Significant development challenges therefore already face the region and are likely to be exacerbated by climate change in the future.

Australia will support the Caribbean Community Climate Change Centre and the Caribbean Disaster Emergency Management Agency in the areas of climate change adaptation for small island states, disaster risk reduction and natural disaster management.

#### **GOVERNANCE**

Currently there are limited links between Australia and the Caribbean. By strengthening links between individuals and institutions there will be foundations for longer-term collaboration and partnerships between Australia and actors throughout the Caribbean, including civil society, business, academia and government institutions.

In 2011, Australia awarded 21 people from across the Caribbean Australian Awards scholarships in areas such as natural resource management, education and engineering. This program will be increased to 30 awardees in 2012. An expanded sport for development program through the Trinidad and Tobago Alliance for Sports and Physical Education will commence in 2011 and placement of Australian volunteers and technical experts in the region will begin in Dominica. A second phase of diplomatic training will also take place with participation from across the region.

# 2.6. CROSS REGIONAL PROGRAMS

Cross regional programs include allocations for programs that benefit a number of regions, including sector-based initiatives and measures to improve overall aid effectiveness.

# **Cross Regional Programs**

2011-12 Estimate: \$378.3 million

### **Education & Scholarships**

\$121.3m

Cross-regional programs relating to the education sector, including scholarships for emerging leaders as well as research, analysis and expertise to improve the effectiveness of education programs.

### including: Australian Leadership Awards

Supports social and economic growth through the development of leadership, partnerships and linkages for current and emerging leaders, AusAID provides 200 Australian Leadership Award Scholarships each year to citizens from countries in Asia, the Pacific, Latin America, the Caribbean and Africa. Short-term Australian Leadership Award Fellowships also support linkages at individual and institutional levels and provide opportunities for fellows from these regions to address priority development areas. There has been a fourfold increase in Fellowships from more than 300 in 2007 to more than 1,300 in 2011, with numbers expected to continue to rise in 2012.

Health \$64.5m

Cross-regional programs relating to the health sector that contribute to global health goals of reducing maternal and child mortality, and reversing the incidence of malaria and other diseases, and by strengthening health systems across the Asia Pacific region. This includes research and analysis of regional health trends and providing technical expertise to health programs in the Asia Pacific region to improve their effectiveness.

### including: Emerging Infectious Diseases initiative

Helps partner countries in the Asia Pacific region to prevent, detect and control emerging infectious diseases, including influenzas.

### Economic Growth \$63.0m

Cross-regional programs relating to economic growth (rural development, microfinance, transport, energy and communications), including research, analysis and expertise to improve their effectiveness.

### including: Infrastructure

The infrastructure program works with partners, including multilateral development banks, to reduce infrastructure related constraints to growth in developing countries. For more information on how the Australian aid program is addressing infrastructure constraints see Section 4.3.

### including: Performance-linked Aid

"Performance-linked aid" refers to activities with special incentives to improve aid outcomes. See Section 4.4.

### including: Enterprise Challenge Fund (ECF)

The ECF supports commercially viable and innovative business projects which directly benefit the poor through grants awarded on a competitive basis. An independent review of the program found it to be a highly relevant development tool for AusAID, expected to improve the livelihoods of around 700,000 people. ECF is funding a range of innovative projects in various sectors including: a bio-fuel production facility in Papua New Guinea and mobile banking facilities in Cambodia.

Governance \$43.0m

Cross-regional programs relating to governance and social development, including research, analysis and expertise to improve their effectiveness.

including: Improving Responsiveness and Accountability in Government (IRAG) Initiative

Aims to strengthen community leadership, improve government and public sector effectiveness, enhance citizens' engagement with government, and supports anti-corruption efforts in the Asia-Pacific. See Section 4.4.

### Climate Change & Environmental Sustainability

\$26.2m

Cross-regional programs relating to climate change and environmental sustainability, including research, analysis and expertise to improve their effectiveness.

including: Adaptation to Climate Change initiative

Assists vulnerable countries to undertake practical adaptation activities, improve their understanding of climate change impacts, assess their vulnerability to climate change, and prepare strategic plans. See Section 4.5. Key programs include:

Community-based adaptation initiatives in 18 countries in the Asia-Pacific, such as increasing water security in communities on Vietnam's central coast and constructing a village levee in Samoa to minimise flooding from extreme weather events and reduce associated soil erosion.

The *Pacific Climate Change Science Program*, which is working with 15 Pacific Island partner countries to better understand past and current climate trends, develop regionally-specific climate change projections, understand how climate change is already affecting and will affect sea-level rise and ocean acidification, and delivering research findings in practical and relevant ways.

The Pacific Adaptation Strategy Assistance Program, which is enhancing the capacity of partner countries to assess their vulnerability to climate change and develop adaptation strategies.

### **Equitable Development**

\$23.4m

Cross-regional programs relating to equitable development, including research, analysis and expertise to improve their effectiveness.

including: Disability Inclusion

AusAID has adopted a 'twin-track approach' to the implementation of disability inclusive development in the Australian aid program that includes focusing initially on two key sectors (education and infrastructure) and four countries (Cambodia, East Timor, Samoa and Papua New Guinea). This is supported by disability-specific initiatives that enable persons with disabilities to participate, address the barriers to their social and economic participation, and support partner governments' efforts to ensure development efforts meet the needs of all citizens. For more information on how the Australian aid program benefits people with disability, see Section 4.7.

including: Gender Equality

Cross-regional programs relating to the promotion of gender equality, including research, analysis and expertise to improve their effectiveness. See Section 4.7.

Other \$37.1m

Other cross-regional programs.

including: Human Rights Fund

Promotes human rights through the aid program. The Human Rights Fund supports the UN Office of the High Commissioner for Human Rights, the Asia Pacific Forum of National Human Rights Institutions and the Human Rights Grants Scheme. In addition to the Fund, Australia's aid program supports human rights through bilateral, regional and thematic programs, and through high-level dialogues on human rights.

including: Australian Civilian Corps (ACC)

Supports the rapid deployment of civilian specialists to countries affected by natural disaster or conflict. These deployments will support stabilisation, recovery and development planning. See Section 4.6.

including: Direct Aid Program (DAP)

Advances development objectives and addresses humanitarian hardship in developing countries administered through 54 overseas diplomatic posts to over 80 developing partner countries.

# 3. GLOBAL PROGRAMS

AusAID will deliver 27 per cent of its administered budget through global programs in 2011-12. This Section details the 2011-12 global program budget, comprising:

- humanitarian, emergencies and refugees programs;
- · multilateral engagement; and
- NGOs and community engagement.

Table 6 (page 127) shows actual expenditure on AusAID global programs in 2009-10, estimated outcomes for 2010-11 and anticipated expenditure in 2011-12.

# 3.1. HUMANITARIAN, EMERGENCIES AND REFUGEES

### Overview

Australia's humanitarian, emergency and refugee programs aim to protect lives, ease suffering, maintain human dignity, and help people to recover from conflict and disasters. We help developing countries to prevent, prepare, respond to and reduce the risks of, natural disasters and conflict.

AusAID coordinates Australia's response to humanitarian crises and disasters in developing countries. To ensure that Australia can respond quickly and effectively, AusAID continues to improve its partnerships with other Australian Government agencies such as the Department of Foreign Affairs and Trade and the Department of Defence. In 2011, a number of agencies, including AusAID, will participate in *Talisman Sabre 2011*. This is a joint exercise led by the US and Australia, a component of which will focus on the coordination of disaster responses. It will be the largest civil-military exercise in the region.

Australia will continue to work with global coordination agencies such as the UN Office for the Coordination of Humanitarian Affairs and the UN International Secretariat for Disaster Reduction. We will also respond to appeals from the World Food Programme, the UN High Commissioner for Refugees, the UN Office for the Coordination of Humanitarian Affairs and the International Committee of the Red Cross. Recently we entered into new funding agreements with the Australian Red Cross, RedR Australia and the six largest Australian non-government organisations that manage humanitarian responses. This will help these effective organisations to respond rapidly to disaster and conflict wherever they occur in the world.

In 2011-12, we will strengthen our capacity to respond to global emergencies and contribute towards improving coordination and efficiency in the international humanitarian system.

# Global programs

# **Humanitarian, Emergency and Refugee Programs**

2011-12 Estimate: \$325.0 million

# Focus Expected returns Humanitarian and Emergency Response \$210.0m Emergency response and support for global. Australia responds quickly and effectively to

Emergency response and support for global, regional and country level humanitarian initiatives that save lives, reduce suffering, and maintain human dignity, during, and in the aftermath, of human made crises and natural disasters.

Australia responds quickly and effectively to disasters around the globe. The emergency stores in AusAID's four warehouses are effectively managed and deployed. Over 2.5 million people fed, of which two million are women and children.

25 square kilometres of mined land returned to productive use and 90,000 munitions destroyed as well as a continuing decline in the global number of mine victims.

Australian NGOs and the Red Cross Movement respond effectively to humanitarian crises.

### International Committee of the Red Cross and Red Crescent

\$20.0m

Core support for one of the world's largest and most well respected humanitarian agencies mandated in international law to protect and assist civilians affected by armed conflict.

Civilians affected by armed conflict and other situations of violence are protected.

International humanitarian law and universal humanitarian principles are promoted and strengthened. Water, health and sanitation services provided to over 2.5 million crisis-affected individuals and more than 60,000 protection visits to detainees and separated families.

The resilience of civilians affected by armed conflict and other situations of violence is supported and strengthened.

### **United Nations Humanitarian Agencies**

\$95.0m

We will continue to support the work of key United Nations (UN) humanitarian agencies, leading to improved effectiveness and coordination of the UN response to humanitarian crises around the globe.

### of which: UN Office for the Coordination of Humanitarian Affairs (UNOCHA) \$8.0m

Core support to UNOCHA, which strengthens the UN response to humanitarian crises through coordination, policy development and advocacy of the UN humanitarian reform agenda. We will provide \$26 million to UNOCHA over four years (2009-2012).

Timely and effective humanitarian leadership across the UN system.

Coordinated advocacy and financing for humanitarian crises through the UN Consolidated Appeal process.

Disaster preparedness and coordination is strengthened across the Asia Pacific region.

### of which: World Food Programme (WFP)

\$45.0m

Food assistance is an important element of our humanitarian program. We will provide \$180 million over four years (from 2009) to support the WFP in their role as the lead UN agency for humanitarian food assistance.

Life-saving food aid operations are conducted in refugee and other emergency situations.

Nutrition and quality of life is improved for millions of children through the WFP school feeding programs.

Self-reliance and assets of vulnerable communities is built through labour-intensive work programs.

#### **Focus Expected returns** \$16.0m of which: UN Central Emergency Response Fund (UNCERF) Provision of \$60 million over four years (from Loss of life is minimised because UN agencies can 2009) to the UNCERF. This will improve the quickly access funding to respond to emergencies. speed and efficiency of humanitarian funding in UN agencies can access funding to respond to the immediate aftermath of a crisis, as well as 'under-funded' humanitarian crises, in a more provide much needed funding for 'neglected' efficient way. emergencies. of which: UN High Commissioner for Refugees (UNHCR) \$18.0m Funding to the UNHCR as the mandated lead Life saving assistance is provided to refugees and agency to assist refugees and internally displaced persons in humanitarian crises. displaced people. Ongoing progress in addressing and resolving protracted refugee situations. \$8.0m of which: UN Relief and Works Agency for Palestine Refugees (UNRWA) Funding to the UNRWA to provide basic Basic social services and humanitarian relief are services (including education and health) for provided to Palestinian refugees. some 4.8 million registered Palestine refugees in Jordan, Lebanon, Syria and the Palestinian Territories, and to respond to humanitarian and emergency needs.

# 3.2. MULTILATERAL ENGAGEMENT

### Overview

Australia's partnership with multilateral organisations extends the reach and scope of our country and regional aid programs. The World Bank and the Asian Development Bank (ADB) continue to be central partners for our aid program. Their convening power often allows them to lead donor coordination at country and sectoral levels. Drawing on their technical expertise they provide policy advice to developing country governments on important and sensitive issues. They are essential partners in implementing the G20 development agenda and the *Cairns Compact on Strengthening Development Coordination in the Pacific*.

In 2011-12, we will continue to be an active member of the Multilateral Organisation Performance Assessment Network (MOPAN). MOPAN is a multi-donor partnership to measure and assess the performance of multilateral organisations.

Our partnership agreements with UN agencies support progress towards the MDGs and further global efforts to address development and humanitarian challenges. We have signed eleven partnership framework agreements with UN development and humanitarian agencies. In 2009-10, Australian and other donor funding helped the UN Development Programme (UNDP) support elections in 35 countries and establish special measures in 59 countries to increase the representation of women at all levels of government. It also enabled the UN Children's Fund (UNICEF) to procure and distribute 42 million insecticide-treated nets for malaria prevention and distributed over 570 million vitamin A capsules in 74 countries; and supported the World Health Organisation (WHO) in providing technical assistance on health matters globally. Following the launch of the WHO strategy for tuberculosis in 1995, 41 million people have been successfully treated worldwide and over six million lives saved, including two million women and children. UN Women, established in July 2010, will play a key role helping the UN and its member states to deliver on their commitments to promote equality between women and men. We were one of the first countries to pledge multi-year core funding for UN Women.

We are increasing our support for global funding mechanisms, such as the Global Alliance for Vaccines and Immunisation, the International Finance Facility for Immunisation and the Global Fund to Fight AIDS, Tuberculosis and Malaria. These mechanisms are an efficient way of delivering additional resources for developing countries to provide better healthcare to their people and meet the health MDGs. We are also increasing our support for global education efforts, namely through the *Education for All Fast Track Initiative (FTI)*, which helps least developed countries and small island states to develop and finance education sector plans. In 2008, an additional 19 million children were enrolled in school in countries supported by FTI compared to 2002; 300,000 additional teachers had been hired; and girls accounted for 54 per cent of all new enrolments.

# **Global programs**

# **Multilateral Engagement**

2011-12 Estimate - multilateral replenishments: \$289.0 million 2011-12 Estimate - UN and other global organisations: \$301.9 million

# Focus

### **Expected returns**

# Multilateral replenishments<sup>35</sup>

\$289.0m

Australia's expected 2011-12 cash contributions to multilateral organisations, in accordance with past multi-year commitments.

of which: World Bank (through the International Development Association, IDA)

\$167.9m

The World Bank's IDA assists the world's poorest 79 countries. It provides grants and soft loans to reduce poverty by creating opportunities for growth, strengthening governance and improving public sector capacity for service delivery. Our payments in 2011-12 reflect commitments made under previous replenishments. The most recent replenishment of the IDA's resources (IDA 16) was finalised in December 2010.

Accelerated progress towards the MDGs, in the world's poorest 79 countries, through IDA programs aimed at improving health and education systems, enhancing food security, building economic infrastructure, addressing environmental degradation and climate change, empowering women, promoting regional integration and strengthening governance. By 2015, among other things, IDA aims to support recruitment or training of over one million teachers per year, and the immunisation of over 99 million children per year.

### of which: Asian Development Bank (through the Asian Development Fund, ADF)

\$80 9m

The Asian Development Bank's ADF assists the ADB's poorest 28 borrowing countries. It provides resources to reduce poverty by supporting inclusive and environmentally sustainable economic growth and regional integration. Our payments in 2011-12 reflect commitments made under previous replenishments. In 2011-12 negotiations to replenish the ADF will commence.

Accelerated progress towards the MDGs, in the Asia-Pacific's poorest 28 countries, through ADF programs aimed building economic at infrastructure, protecting the environment, promoting regional integration, expanding access to education and strengthening financial sectors. Over the period 2009-12 the ADF aims to benefit 162.7 million people through improved road infrastructure, support nearly 700,000 to access an electricity connection, and 7.6 million households to obtain access to new sanitation connections.

### of which: Multilateral Debt Relief Initiative (MDRI)

The MDRI provides for 100 per cent relief on eligible debt from the IMF, IDA and the African Development Fund to a group of low-income countries, to help them advance toward the MDGs and their poverty reduction goals.<sup>36</sup>

Low-income countries are able to reallocate resources previously required to service multilateral debt in support of their national poverty reduction strategies and the MDGs.

## of which: Heavily Indebted Poor Countries (HIPC) Initiative

\$17.5m

The HIPC initiative provides targeted multilateral debt relief to the world's poorest and most heavily indebted countries to help them meet their poverty reduction goals.

Heavily indebted poor countries are able to reallocate resources previously required to service multilateral debt in support of their national poverty reduction strategies, including health and education services.

### of which: Global Environment Facility (GEF)

\$22.6m

The GEF helps developing countries to tackle climate change, biodiversity loss, ozone depletion, contamination by persistent organic pollutants and degradation of land and transboundary water systems. Our contribution is part of a larger, global GEF funding pool of US\$4.25 billion over four years.

Global ecosystems and natural resources are conserved and used sustainably, taking into account the anticipated impacts of climate change.

Global climate change risks are reduced by reducing emissions and helping countries to adapt to climate change impacts.

Chemicals are managed throughout their lifecycle to minimise impact on human health and

_	- , , , ,
Focus	Expected returns
	environments.
	Training in global environment protection and sustainable development.
	To date, the GEF has helped fund: 2,700 projects in more than 165 countries supporting the creation and management of over 2,302 protected areas spanning 634 million hectares; sustainable land management innovations in over 100 million hectares of production landscapes; and projects expected to achieve an estimated 1.7 billion tonnes reduction in greenhouse gas emissions.
of which: Multilateral Fund for the Implementation of	the Montreal Protocol (MPMF) *
MPMF helps developing countries to phase out the production and consumption of ozone-depleting substances in line with their commitments under the Montreal Protocol on Substances that Deplete the Ozone Layer.	Developing country parties to the Montreal Protocol whose annual per capita consumption and production of ozone depleting substances is less than 0.3 kg comply with the control measures of the Protocol.
* Australia's funding for MPMF will be announced at the pledging conference in 2011-12.	To date, the MPMF has funded over 6,200 projects and activities in 148 countries supporting the elimination of over 457,000 tonnes of ozone depleting substances.
United Nations Development Agencies	\$116.7m
Our core funding to UN development agencies support	orts UN efforts to progress the MDGs.
of which: UN Children's Fund (UNICEF)	\$34.1m
UNICEF focuses on five areas: young child survival and development; basic education and gender equality; HIV and children; child protection from violence, exploitation and abuse; and policy advocacy and partnerships for children's rights.	Assisting more than 150 countries and territories make progress towards the child-related MDGs.  Emergency operations and responses are strengthened.
of which: World Health Organization (WHO)	\$23.0m
WHO is a global leader for improving the quality of health service delivery and progressing the health MDGs.	In developing countries, health services and access to, and quality of, medicines are improved. Health outcomes for women and children are improved by assisting countries to project, recruit and manage human resources for maternal and newborn health-care services, providing wider access to skilled and quality care for pregnant women and newborns.  The burden of communicable diseases such as HIV, tuberculosis and malaria is reduced.
	The adverse health impacts of emergencies, disasters, crises and conflicts are reduced.
of which: UN Population Fund (UNFPA)	\$15.0m
UNFPA progresses key elements of the health and gender MDGs.	Accelerated progress towards the health and gender MDGs, including an increase in the proportion of births attended by skilled health staff to 85 per cent by the end of 2011.
	Sexual and reproductive health issues are integrated into emergency response operations.

#### **Focus Expected returns** of which: Joint UN Programme on HIV/AIDS (UNAIDS) \$9.0m UNAIDS coordinates the global and regional Strengthened global leadership on HIV. response to HIV in order to achieve MDG 6 Increased access to HIV prevention and treatment, (combat HIV/AIDS, malaria and other contributing to a 50 per cent reduction in the sexual diseases). This includes improving access to transmission of HIV and universal access to life prevention, treatment, care and support. saving drugs for those who need it by 2015. Better laws and policies. Reduced stigma and discrimination. Improved epidemiological data. of which: UN Women \$8.0m UN Women is the new UN entity for gender Expanded women's leadership and participation. equality and the empowerment of women. It Reduced violence against women. was created by the UN General Assembly on More women are empowered economically. 2 July 2010 to promote gender equality and Gender equality becomes a central consideration empowerment of women. It opened on in national, local and sectoral planning, budgeting 1 January 2011. It builds on the work of four and statistics. former parts of the UN system focusing on equality, including gender the Development Fund for Women (UNIFEM). of which: UN Development Program (UNDP) \$23.3m UNDP's five thematic areas of operation are: Accelerated progress towards the MDGs. particularly the health, poverty reduction and democratic governance; poverty reduction; crisis prevention and recovery; environment environment goals. and energy; and HIV/AIDS. It operates in 166 High quality analysis of development needs and countries. It also coordinates the activities of trends, including through the annual Human other UN development agencies. Development Report. More integrated and effective UN operations in developing countries. \$4.3m of which: Other UN Development Agencies We also support other UN agencies not listed Development outcomes in accordance with each

above, including the International Atomic Energy Agency, the UN Drug Control Program and the UN Environment Programme. Our support for UN humanitarian agencies is described under the section on Humanitarian. Emergency and Refugee Programs.

agency's mandate and strategic framework.

Commonwealth

The Commonwealth groups 54 countries that support each other and work together towards broad democracy and development goals. We work through the Commonwealth to deliver programs in areas such as youth and civil society engagement. We also support the Commonwealth Fund for Technical Cooperation. This fund is the principal mechanism for delivering technical assistance to Commonwealth countries.

Improvements in areas such as debt management, climate change and economic development throughout Commonwealth developing countries.

### **Contributions to Global Environment Programs**

We fund global environment programs including international climate change adaptation and emissions reduction programs, international forest carbon programs, the Global Crop Diversity Trust and the International Tropical Timber Organisation.

Developing countries have improved capacity and resilience to manage the effects of climate change. Emissions are reduced by planning for low carbon growth and accessing carbon markets.

Environmental management, including forests, land and agriculture, is improved.

### Focus Expected returns

### **Contributions to Global Health Programs**

\$50.0m

We fund innovative international funding mechanisms which help to progress the health MDGs.

### of which: Global Alliance for Vaccines and Immunisation (GAVI)

\$5.0m

GAVI is a public-private partnership created to save children's lives and protect people's health by increasing access to immunisation in poor countries. Our funding for GAVI is a critical part of our efforts to help countries meet MDG 4 (reducing child mortality) and MDG 5 (improving maternal health). We have committed \$60 million to GAVI over three years, from 2011 to 2013.

With Australia's funding support, around 50,000 deaths are prevented by 2013 through the provision of vaccines and immunisation.

### of which: International Finance Facility for Immunisation (IFFIm)

\$5.0m

IFFIm generates additional funds for immunisation on the capital markets. These resources are used by GAVI to increase access to immunisation in developing countries. We have committed \$250 million to IFFIm over 20 years.

Additional resources are raised to help countries tackle health system challenges, such as training health staff, buying essential drugs, and providing basic maternal and child health care services.

### of which: Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund)

\$10.0m

The Global Fund is a public-private partnership created to address the costs of HIV prevention and treatment, and to make headway with other major infectious diseases — malaria and tuberculosis. It provides a quarter of international financing for HIV globally and two-thirds for tuberculosis and malaria. It is a key part of our support to achieve the health MDGs. We have committed \$210 million to the Global Fund over three years, from 2011 to 2013.

With Australia's funding support, by 2013, provision of HIV treatment for an estimated 28,000 people; tuberculosis treatment for 35,000 people; distribution of 1,050,000 bed nets for the prevention of malaria worldwide.

### **Contributions to Global Education Programs**

\$25.0m

We fund global education programs, including the *Education for All Fast Track Initiative* (FTI). FTI is a global partnership between donors and developing countries to accelerate progress towards MDG 2 (universal primary education) in the world's poorest countries. Our support to the FTI is a critical part of our strategy to assist countries to provide a quality basic education for all children.

The number of children in school in the world's poorest countries is increased. Every \$1 million provided to FTI will purchase 74 new classrooms and see 8,000 more children into school.

Education quality is improved.

Gender issues in education are addressed — particularly getting girls through the crucial transition from primary to secondary school.

# 3.3. Non-Government Organisations and Community Engagement

### **Overview**

### **Non-Government Organisations**

Australian non-government organisations (NGOs) develop strong connections with people and communities in developing countries, providing much-needed assistance in the wake of emergencies and disasters, as well as addressing longer-term development needs. The Australian public provides strong support to NGOs through child sponsorships, one-off donations in the wake of disasters, and ongoing charitable donations to help those in need. More than \$800 million in donations is received each year by Australian NGOs working in overseas aid and development.

The Australian Government provides funding support to Australian NGOs through the long-established *AusAID-NGO Cooperation Program (ANCP)*. With the help of funding received through the ANCP, Australian NGOs help to improve the lives of millions of people by providing assistance in almost 50 countries across Asia, the Pacific, Africa, the Middle East and Latin America.

AusAID works in partnership with the Australian Council for International Development (ACFID), the peak body for Australian aid and development NGOs, to:

- improve the coordination of Australian aid;
- promote learning and sharing of experiences; and
- improve NGO transparency and accountability.

The Australian Government recognises that an expanded aid program will require a strong relationship with partners, such as NGOs, to implement effective aid programs and to achieve demonstrable results. Continuing to expand and strengthen AusAID's partnerships with Australian NGOs will help ensure that the aid program has a direct and positive impact on the lives of people in developing countries.

### **Volunteers**

The Australian Government's overseas volunteer program gives Australians (including young and Indigenous Australians) a chance to work and share their skills in developing countries. Through assignments with host organisations, Australian volunteers help build knowledge and capacity in areas such as health, education, disability support, environment and rural development. Australian volunteers build direct people-to-people links, helping to strengthen relationships between Australia and developing countries.

An independent review in 2009 found that the volunteer program has had a positive impact in building capacity and people-to-people links<sup>37</sup>. The review found that the lack of a comprehensive design had weakened implementation and recommended a new approach to the volunteer program.

During 2010-11, AusAID has been working with three partner organisations which are highly experienced in international volunteering — Australian Volunteers International, Austraining International and the Australian Red Cross — to develop a new volunteer program which will be implemented in 2011-12.

The new program unites volunteers funded by the Australian Government's aid program under one single program, with a 'one-stop-shop' facility for potential volunteers to access assignments through an AusAID web portal. Most volunteers under the new program will be managed by one of the three partner organisations. The new program also comprises a one-year pilot grants scheme to support a limited number of other organisations to participate in the Australian Government's volunteer program. The *Australian Volunteers for International Development* program will be officially launched before the commencement of the 2011-12 financial year.

# **Global programs**

# NGOs and Community Engagement 2011-12 Estimate: \$171.0 million

Focus	Expected returns
AusAID-NGO Cooperation Program (ANCP) \$98.1m	
ANCP supports more than 40 accredited Australian NGOs to undertake community-based development work. Partnerships with some of the largest accredited NGOs, which have significant support from the Australian public, help developing countries achieve the MDGs.	Improved development outcomes and reduced poverty for the poorest and most vulnerable people in developing countries.  Increased awareness, transparency and accountability of the work of Australian NGOs.
Australian Volunteers for International Developm	ent (AVID) Program \$33.5m
The volunteer program provides an opportunity for Australians to directly help people in developing countries. Volunteers help build capacity in host organisations in developing countries to help improve the lives of people in areas such as health, education, rural development, environment and disability.	Recruitment, placement and management of more than 900 new volunteers in 29 countries across the world, including Asia, the Pacific, Middle East, Africa, Latin America and the Caribbean.
<b>Australian Youth Ambassadors for Development</b>	\$21.5m
The Australian Youth Ambassadors for Development (AYAD) program places skilled young Australian volunteers, aged 18-30, on short-term assignments of between 3-12 months, in developing countries throughout the Asia Pacific <sup>38</sup> .	Skilled young Australians are able to contribute to development, broaden their experience by living and working in a cross-cultural environment gain an increased understanding of the development needs of our neighbouring countries and
Development Research Program	\$16.0m
Local and international development research. See section 6.4 for more information.	The Australian aid program is informed by a strong evidence base.
NGO Policy and Development Effectiveness	\$1.1m
Analysis of issues, and development of policies and practices that promote more effective NGO programs.	The process for ensuring Australian NGOs have robust systems of accountability and the ability to deliver effective programs is reviewed and streamlined.
Australian Council for International Development (ACFID) \$0.9m	
The Government's partnership with ACFID promotes effective community-based development to progress the MDGs. In 2011-12, AusAID and ACFID will continue to work together to maintain accountability of Australian NGOs.	Consultation between the Government and Australian NGOs is facilitated.  Design and implementation of a performance, monitoring and evaluation framework for NGO programs.

# New Initiative: Expansion of Australian community engagement in the aid program – NGOs and Volunteers

Additional funding of \$244 million over four years has been provided in the 2011-12 Budget to expand the *AusAID-NGO Cooperation Program (ANCP)* and the volunteers program.

Under the 2011-12 Budget, funding for the ANCP will double by 2014-15, with an initial increase from \$70 million in 2010-11 to \$98 million in 2011-12. Major reforms introduced in 2009-10 included high-level strategic partnerships between AusAID and some of Australia's largest NGOs, including World Vision Australia, Oxfam Australia, Caritas Australia, Plan International Australia, and ChildFund Australia. These partnerships enable the Australian Government and Australian non-government aid organisations to increase the reach and effectiveness of Australian aid by sharing lessons and experiences, and jointly identifying the most effective ways to make an impact on poverty and make progress towards the Millennium Development Goals.

Expansion of the ANCP enables more Australian NGOs to receive financial support, and enables more Australian NGOs to work in a direct partnership with the Australian Government. Increased levels of funding to a more diverse range of Australian NGOs will provide even greater opportunities to extend the reach and effectiveness of Australian aid to benefit the most vulnerable people in the poorest communities in the world.

While the Australian Government has provided funding for overseas volunteering programs for over 40 years, 2011-12 marks the beginning of a new era with an increased number of Australians undertaking volunteer assignments in developing countries as *Australian Volunteers for International Development*.

Funding for volunteers will increase from \$30 million in 2010-11 to \$34 million in 2011-12, enabling an additional 120 new volunteer assignments to be funded, including in an expanded range of locations beyond the Asia-Pacific region into Africa, Latin America and the Caribbean. This will take the total number of new volunteer assignments in 2011-12 to over 900, taking a significant step forward in achieving the Government's goal of 1,000 new volunteer assignments, which AusAID expects to meet in 2012-13.

# 4. SECTORAL ANALYSIS AND PROGRAM PRIORITIES

In 2011-12 Australia will increase funding for most sectors. Much of this growth will occur in the education sector, the flagship of the Australian aid program. On current projections, in 2011-12 education programs will comprise around 19 per cent of our total ODA (see page 80 for details); health will comprise around 17 per cent (see page 86); and economic growth around 16 per cent (see page 91).

Diagram 6 illustrates the estimated sectoral breakdown of Australia's development assistance by major sectors for 2011-12, compared to previous years.

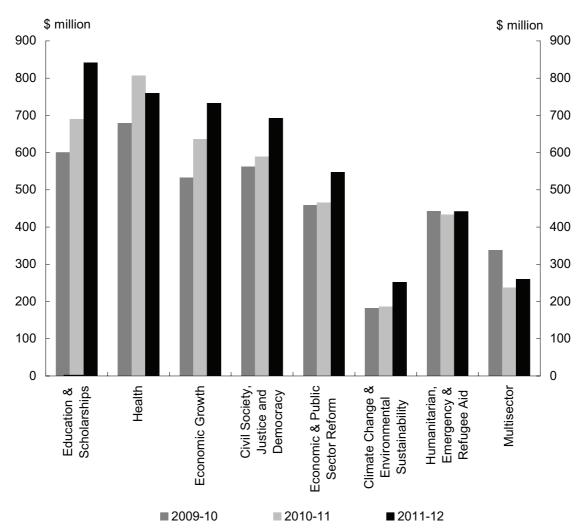


Diagram 6: Estimated breakdown of Australian ODA per sector

<sup>\*</sup> The sectoral break-down above is presented differently to previous Statements, to better reflect the intended purpose of the expenditure. Changes include: (i) splitting the previous governance category into two - "economic and public sector reform" and "civil society, justice and democracy" incorporating legal and judicial development, civil society and human rights and improved democratic processes; (ii) inclusion of water and sanitation expenditure under health in all years from the previously titled "infrastructure" sector; and (iii) retitling of the remaining infrastructure sector expenditure to "transport, energy and communications", which has been combined with rural development under a new category, "economic growth". Multisector includes debt relief. For detailed notes see page 134.

# 4.1. EDUCATION AND SCHOLARSHIPS

### Key achievements in recent years

- From 2005 to 2010 in Indonesia, 2,075 junior secondary schools were constructed or extended, including 500 Islamic junior secondary schools. This work created 330,000 new school places, enabling children from the poorest families to go to school and complete nine years of education.
- Since its inception in 2007, more than 2,400 students have graduated with Australian qualifications from the Australia-Pacific Technical College.
- In Afghanistan in 2009-10, Australia assisted with the construction of 828 schools and the training of 45,000 teachers.
- Australian funds paid to the *Education for All Fast Track Initiative* have so far directly supported the construction of 612 classrooms enabling some 160,000 children to enter primary school, 100,000 of them girls.

### Context

Education provides the means by which people can lift themselves out of poverty. Half of the global reduction in deaths of children younger than five years over the past 40 years can be directly attributed to the better education of women. Educated women have fewer children and these children are more likely to attend school. Each year of schooling translates into a ten per cent increase in an individual's potential income. Better educated societies are more stable. They are better able to manage conflict and more equipped to keep their governments accountable.

Over the past decade, many developing countries have made good progress towards the MDG education targets. Primary school enrolment rates have gone up and the ratio of boys to girls is more balanced.

But much more still needs to be done. While down from 100 million ten years ago, there are still 67 million children worldwide<sup>39</sup> who miss out on a primary school education, including 27 million in Asia and the Pacific<sup>40</sup>. In our own region, Papua New Guinea will not reach its education targets by 2015 and six of the 15 Pacific Island Countries may need help to meet the MDG education targets.

Education outcomes cannot be measured by enrolment rates alone. There are many children who enrol in primary school but drop out early. There are also many students who leave school unable to read, write or solve basic maths problems.

More also needs to be done to help people from disadvantaged social groups get a quality education. These include children living with a disability, the very poor, ethnic

minorities, children in rural and remote areas, and children affected by conflict. For example, in developing countries, 90 per cent of children with a disability do not go to school<sup>41</sup>. Fifty-four per cent of the children who miss out on primary school are girls (although this gap has narrowed in recent years, it widens in secondary schools)<sup>42</sup>. Over 40 million of the world's out-of-school children live in fragile states<sup>43</sup>.

The 2010 *EFA Global Monitoring Report* estimates that additional funding of around US\$16 billion per annum is needed to meet the global education MDG targets.

### Australia's response

Australia is increasing its funding for education. In September 2010, the Minister for Foreign Affairs announced that, on current projections, Australia expected to spend around \$5 billion on education between now and 2015.

On current projections, we expect to spend around \$842 million (19 per cent of our total ODA) on education and scholarships programs in 2011-12. This represents a major increase over the 2010-11 estimated outcome.

The majority of our education support will be targeted to our own region. In 2011-12 we will continue to invest in education in Indonesia, Philippines, PNG, and the Pacific Island Countries. We will also boost our support for the education sectors of Afghanistan, Pakistan and Bangladesh.

Working bilaterally with partner governments, we will:

- help poor children access, and complete, at least nine years of primary and junior secondary education, by building schools and reducing or abolishing school fees. For example, in Indonesia we will help the Government to construct an additional 2,000 schools over the coming five years. In PNG, we will continue school construction and subsidies which, in 2010, saw 361 school buildings built and the abolition of school fees for the first three grades. Additional funding for Pacific Island Countries will help more children to attend and complete school (see page 11).
- *improve the quality and performance of the education system*, by training teachers, developing curricula and introducing school-based management. For example, in Indonesia we will help the Government to establish a national teacher training system and help 1,500 Islamic schools to meet minimum education standards. In Vanuatu we will provide refresher training for 150 primary teachers and support 42 primary teachers and 58 secondary teachers to graduate from the Vanuatu Institute of Teacher Education by the end of 2012.

There will also be an increasing emphasis on building work skills and improving the quality of the labour force, through technical and vocational training (primarily through the Australia-Pacific Technical College), higher education support and scholarships to study in Australia.

Globally, we will continue to support the *Education for All Fast Track Initiative* (FTI). The FTI is a partnership between donors and developing countries that is helping the world's poorest countries to attain universal basic education. A key achievement from Australia's engagement with FTI has been the continuing eligibility of small island states to FTI financing and, in November 2010, PNG became the first country in the Pacific to have a FTI funding proposal approved.

Our other global education partners include UNICEF, the World Bank and the World Food Programme. Like the FTI, these partners are helping to expand the reach and impact of Australia's international education assistance.

# **Scholarships**

### Key achievements in recent years

- In Vanuatu, Australian scholarship graduates now make up 30 per cent of the senior government officials.
- Seven per cent of Indonesia's diplomats have graduated under an Australian scholarship. Of some 4,000 alumni, 17 per cent have gone on to assume positions of particular influence and profile in government, academia and with the private sector. This has included the current Vice-President, the Minister for Foreign Affairs and the Managing Director for General Motors in Indonesia.
- There are over 750 members of the PNG Australia Alumni Association. Alumni include a former Deputy Prime Minister, six government departmental secretaries, the Chief Ombudsman, the Administrator of West New Britain Province, and two university Vice-Chancellors.
- Other prominent Australian alumni have included the Vietnamese Foreign Minister, the Bangladesh Minister for Finance, the Samoan Superintendent of Police, the Permanent Secretary of the Public Service Commission in Fiji, the current Bhutanese Ambassador to Bangladesh and the Head of the African Development Bank in Malawi.

Scholarships for students from developing countries to study at Australian tertiary institutions have been a cornerstone of the aid program, dating back to the Colombo Plan in the early 1950s. Scholarships build much needed human resource capacity in a range of fields including health, economics, public administration, agriculture and science. Importantly, aid scholarships develop future leaders and build enduring people to people links between Australia and developing countries that can help advance our long-term national interests.

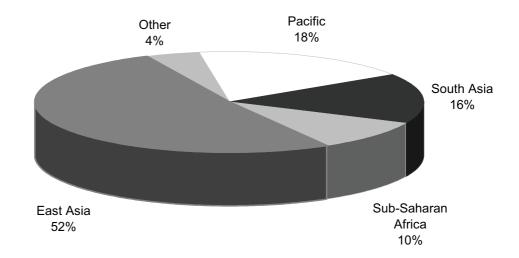
Over time, our scholarships program has grown and we now offer Australia Award scholarships to current and future leaders in developing countries throughout the world. Over the past decade, we have offered more than 12,000 development

scholarships. Most of these have gone to our neighbouring region, particularly East Asia and the Pacific.

Awardees mainly study for post graduate degrees, which are geared towards their countries' human resource capacity needs and aligned with the development priorities of the partner government. We provide short-term work placements in our industries. This builds the skills awardees will need to drive reforms when they return home. Many of our past students have gone on to hold leadership positions, such as vice president or minister, in countries such as Indonesia, Vietnam, Sri Lanka and Mongolia. The strong people to people links between Australia and our partner countries built from scholarships are maintained through a global alumni network. We use this network to assess the long-term impacts of our scholarships and help our alumni to address the challenges in their country.

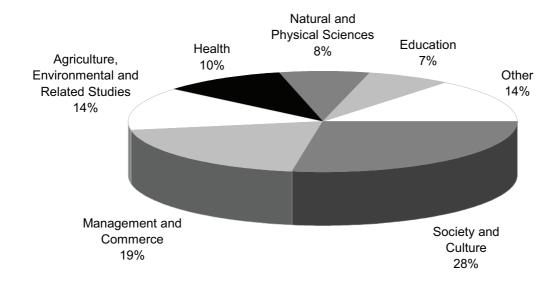
In 2011-12 we will offer awards to around 2,400 people. While the vast majority of the awards will continue to go to people living in the Asia Pacific region, in 2011-12 we will offer 400 awards to people in up to 40 African countries. Over the next four years we will also offer up to 110 awards to people in the Caribbean and up to 200 awards to people in Latin America.

To allow us to respond more quickly to changes in a country's needs and priorities, we will continue to offer short course awards. These awards will include training for marginalised groups such as people with disability. We will also focus more on leadership. Through the Australian Leadership Awards, we will provide specialist, tailored support to improve the leadership skills of our best and brightest award recipients.



**Diagram 7: Current Development Awards by region** 

Diagram 8: Current Development Awards by field of study\*



<sup>\*</sup> The above fields of study are defined by the *Commonwealth Register of Institutions and Courses for Overseas Students*. Society and Culture includes international development, law, human welfare studies, economics, political science and policy studies. Natural and Physical Sciences includes mathematics, chemistry, physics and biology; Agriculture, Environmental and Related studies includes forestry and fisheries; the Other field includes information technology, engineering and related technologies, architecture and building, creative arts, food, hospitality and personal services and mixed field programmes.

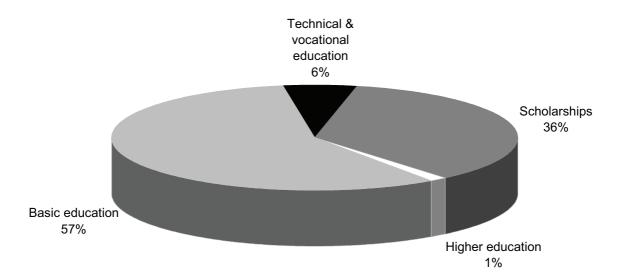
# Australian support for education in Afghanistan

Education has been one of the success stories of Afghanistan over the past ten years. With support from Australia and other donors, more Afghans now attend school or receive some sort of education than ever in its modern history. There has been an increase in school enrolments from less then one million in 2001, to over six million today, over two million of whom are girls. The number of schools has trebled to meet this growth.

However, real challenges remain. There is a shortage of qualified teachers to meet the increasing demand for education, many schools lack adequate facilities and strong efforts are required to increase the participation of girls. The challenges are particularly severe in Uruzgan Province, where Australia leads the multi-national Provincial Reconstruction Team (PRT). Literacy rates in Uruzgan are extremely low, even by Afghan standards, at eight per cent for men and less than one per cent for women. These rates are amongst the worst for all provinces in Afghanistan.

Improving education outcomes in Uruzgan is a priority for the Provincial Government, the PRT and AusAID. Australia is providing \$36 million over four years to Save the Children to implement a health and education program in Uruzgan. The major goal of this program is to enhance the quality, access and demand for education in Uruzgan, with a particular focus on women and girls. Our funding will build schools, train women as teachers and community educators, establish literacy groups, and educate women and children about health, nutrition and sanitation.

Diagram 9: Education & Scholarships – estimated ODA by sub-sector 2011-12



# 4.2. HEALTH

# Key achievements in recent years

- In Papua New Guinea, our aid has allowed 134,000 people to be tested for HIV (a five-fold increase since 2006) by increasing the number of voluntary counselling and testing sites from 61 in 2006 to 300 in 2010. By the end of 2010, 7,555 adults and children were on antiretroviral therapy in Papua New Guinea. About three quarters of eligible people in Papua New Guinea are now able to access HIV treatment, compared to zero in 2003.
- In East Timor, Australia helped reduce infant deaths by a quarter from 2003 to 2009 and the percentage of births attended by skilled health personnel increased from 35 per cent in 2008 to 47 per cent in 2009.
- In Cambodia, Australia has helped deploy at least one midwife to each health centre in the country, a significant improvement since 2008, when 79 centres were without a midwife.
- In Bangladesh, Australia has contributed to a 40 per cent decline in maternal mortality over the last decade.
- Australia has helped to more than halve the number of malaria cases in Solomon Islands between 2003 and 2009, and decrease malaria cases in Vanuatu by 80 per cent over the same period. In Burma, Australia has helped protect more than 700,000 people from malaria with insecticide-treated bed nets and insecticide residual spraying in their houses.
- Since 2009, Australia's support has helped around 600,000 people obtain access to safe water and 400,000 obtain access to basic sanitation in East Timor, Indonesia, the Philippines, the Solomon Islands and Vietnam.

### Context

Healthier populations are more productive and children free of disease are better able to learn and therefore break out of poverty. Reflecting the centrality of health to development, four of the seven MDGs are health related. According to various Harvard University studies<sup>44</sup>, 30 to 50 per cent of Asia's economic growth from 1965 to 1990 can be attributed to reductions in infant and child mortality and falling fertility rates.

Global health indicators have improved in recent years but the benefits are not spread evenly, nor do they always reach the poor and remote areas. There are still many people, especially in more marginalised groups, who are needlessly suffering.

In some areas, good progress has been made<sup>45</sup>:

- Fewer children are dying and the decline has sped up during this decade. Annual global deaths of children under five years of age has fallen to 8.1 million, from 12.5 million in 1990.
- More women are getting help from skilled health workers and midwives during childbirth and maternal mortality rates are falling. Recent estimates report a global annual average rate of decline over the period 1990-2008 of 1.3 per cent compared with a 0.4 per cent decline reported by the UN during 1990-2005.

However around 350,000 women and girls still die each year from largely preventable problems related to pregnancy and childbirth. This is the main cause of death for women aged 15 to 19 years old worldwide<sup>46</sup>. In Papua New Guinea a woman is 80 times more likely to die from pregnancy or childbirth than in Australia. The Asia Pacific region represents 40 per cent of the eight million child deaths each year<sup>47</sup>.

While the number of new infections is falling, HIV is still a major threat to the Asia Pacific region. Around 4.9 million people were living with HIV across the Pacific and South, South East and East Asia in 2009<sup>48</sup>. Around 34,000 of these people were in Papua New Guinea<sup>49</sup>, which has the worst HIV epidemic in the Pacific<sup>50</sup>. In Indonesia HIV prevalence remains low. Despite this, there are serious levels of infection in the provinces of Papua and West Papua and among men who have sex with men, sex workers, and injecting drug-users.

Non-communicable diseases are the main cause of death worldwide. Cardiovascular diseases, cancers and chronic respiratory diseases caused 60 per cent of all deaths in 2005<sup>51</sup>. In the Pacific three in four deaths are caused by these diseases<sup>52</sup>, where there is a high incidence of diabetes, high blood pressure, cardiovascular diseases and some cancers.

Almost 900 million people do not have access to safe drinking water<sup>53</sup> and 2.6 billion people do not have safe sanitation facilities<sup>54</sup>. Although water and sanitation has its own MDG targets, reducing diarrhoeal diseases through better access to clean water, sanitation and hygiene will also help achieve the maternal and child health MDG targets. Providing water supply and separate toilets for girls and boys in schools will help improve education attendance rates.

### Australia's response

Health is a high priority for our aid program. We will continue to work with our partner countries to prevent infant deaths, ensure women do not needlessly die in childbirth, and address regional and country level health problems such as HIV and infectious diseases. On current projections, we expect to spend around \$759 million (17 per cent of our total ODA) on health programs in 2011-12.

Australia is committed to increasing access to water, sanitation and hygiene in developing countries. Our funding for this area has grown over the past three years since our *Water and Sanitation Initiative* was introduced in 2008-09. Many of the programs that started and expanded under this initiative will continue into 2011-12 and beyond, through new funding provided in the 2011-12 Budget.

# Bilaterally, we will:

- help our partner governments deliver health services and improve their own public health systems, by supporting appropriate reforms mainly in the areas of health financing, procurement and health workforce development. For example, in Vanuatu we will work with the Ministry of Health to strengthen their asset management and procurement, and improve their Health Information System. In East Timor, we will support the government's mobile health clinics, which aim to provide health services in every Timorese village. In PNG, we will improve maternal health by distributing emergency equipment to district hospitals and rural health centres and drug kits to all health centres and aid posts across the country.
- help poor people to access safe drinking water and improved sanitation facilities, by building appropriate infrastructure and connections. For example, in Indonesia, we are funding a program that is providing connections for 59,000 people to safe piped water and 4,600 people to sewers. This will leverage funding from the Indonesian Government and other donors.

Our health assistance is focused on the Asia Pacific but is growing in South Asia and eastern Africa. At the regional level, we will:

- continue to respond to HIV epidemics in the Asia Pacific region. We will contribute to the Pacific Islands HIV and STI Response Fund. We will continue to support the HIV/AIDS Partnership in Indonesia and the HIV/AIDS Asia Regional Program in Burma, Cambodia, China, Laos, Philippines and Vietnam. These programs work with the most-at-risk groups in Asia, including men who have sex with men and injecting drug-users.
- continue to help Pacific Island Countries tackle the growth of non-communicable diseases and address risk factors such as tobacco, inactivity, poor diet and harmful use of alcohol. We will fund activities to: develop and implement national non-communicable diseases strategies; promote health in schools, workplaces and communities; and encourage people to grow and eat healthy traditional foods.
- work with our partners to improve the quality of health statistics, particularly in the Pacific, so that funding decisions are well targeted.

We are working to improve health outcomes globally. During the UN MDG Summit in September 2010, the Minister for Foreign Affairs announced that Australia planned to spend at least \$1.6 billion improving the health of women and children over the next

five years. This supports the UN Secretary General's *Global Strategy to Improve Women's and Children's Health*. Australia also joined the United States, the United Kingdom and the Bill and Melinda Gates Foundation in a new *Alliance for Reproductive, Maternal and Newborn Health*. With this funding, and under the Alliance, Australia will help more women to access effective family planning methods, skilled health workers (before, during and after childbirth), and quality emergency obstetric and neonatal care. Australia will also expand childhood immunisation services in partner countries and improve the treatment of common childhood illnesses. The Alliance will initially partner with ten countries: Ethiopia, Kenya, Nigeria, Tanzania, Uganda, Bangladesh, India, Indonesia, Nepal and Pakistan.

We will also look for ways to improve the coordination and effectiveness of global health initiatives, including through the *GAVI Alliance* for vaccines and immunisation and the *Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund)*. In late 2010, Australia committed \$60 million to GAVI and \$210 million to the Global Fund over the three years from 2011 to 2013. See Section 3.2.

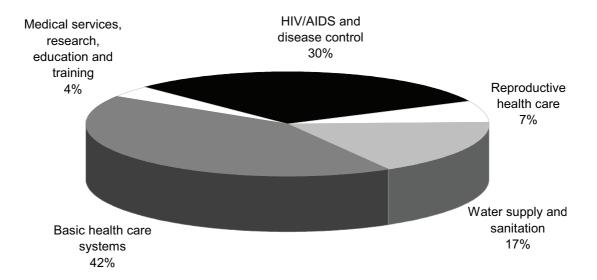
# New Initiative: Water, Sanitation and Hygiene

The Government will increase funding to improve access to safe water, basic sanitation and hygiene promotion for around four million people by 2014-15 at a cost of \$433.1 million. This support builds on \$300 million provided over 2008-09 to 2010-11 through the *Water and Sanitation Initiative*. The extra funding will be used to continue and expand programs in Africa, South Asia, East Asia and globally.

Australia will continue to help countries in Africa, including Malawi and Mozambique, to improve access to clean water and effective sanitation in peri-urban areas, towns and market centres. Australia will invest in rehabilitation and construction of safe water and sanitation facilities including piped systems, wells, hand pumps and latrines. We will support national and local institutions to strengthen systems for sustainable management of water and sanitation services. We will also provide regional support by contributing to multilateral organisations such as the African Development Bank, the World Bank and UNICEF. In South and East Asia we will continue our successful long-term water and sanitation programs in countries such as East Timor, Indonesia and Vietnam. We will also continue to fund our newer programs in Bangladesh, India, Nepal, Sri Lanka and elsewhere in the region.

We will also fund non-government and multilateral organisations to conduct research, train officials, manage sector institutions, build and maintain systems, and promote good hygiene. These organisations may include the Asian Development Bank, the World Bank, UNICEF, the World Health Organization and the Water Supply and Sanitation Collaborative Council.

Diagram 10: Health – estimated ODA by sub-sector 2011-12



# 4.3. ECONOMIC GROWTH

Sustained economic growth is the most powerful way to reduce poverty. It creates jobs, and lifts both household incomes and government revenues that provide public services such as health and education. No country has made substantial inroads into poverty in the absence of growth.

The economies of many developing countries recovered quickly from the global economic crisis. The challenge now is to sustain the growth and ensure it is shared and contributes to poverty reduction. In other countries, notably in the Pacific, economic recovery was slower. The challenge in these cases is to generate faster growth.

Australia's aid program focuses on several key drivers of growth: (i) agriculture and rural development; (ii) transport, energy and communications; and (iii) access to finance. We also provide incentives for reform through our performance-linked aid program.

On current projections, we expect to spend around \$733 million (16 per cent of our total ODA) on economic growth programs in 2011-12.

# Rural development

### Key achievements in recent years

- Australian support in East Timor has provided 12,000 farming families with access to improved varieties of maize, rice, sweet potato, cassava and peanuts that are yielding 23 to 80 per cent higher than existing varieties.
- Australian support to Afghanistan has improved varieties of wheat and maize; yields have increased by more than 50 per cent and are expected to increase total production by more than \$100 million.
- Through partnerships with lead firms facilitated by Australian support, more than 7,500 Indonesian farmers have increased peanut productivity through new varieties, better management and staggered plantings to reduce costs and increase incomes by up to 20 per cent.

### Context

Food security remains a major global challenge. In early 2011, overall food prices rose above the record levels experienced during the food crisis in 2008. In some countries, the domestic prices of cereal the poor depend upon, such as wheat, rice and maize, are at record levels. High prices have been caused by a range of factors including extreme weather events, growing populations and trade restrictions imposed by some food exporting nations. For many of the rural landless, subsistence farmers and urban poor,

food is their greatest expense. Higher food prices increase hunger amongst these people.

The UN Food and Agriculture Organization estimates that in 2010, 16 per cent of the world's population, or 925 million people, still suffered from hunger. Two thirds of the world's hungry live in the Asia-Pacific region. In sub-Saharan Africa, almost one in three people do not have enough food<sup>55</sup>. When food is scarce, poor households spend less on education and health care, skip meals and eat less nutritious food. Hungry workers are less productive. Households often have to borrow money to pay for food and risk becoming further indebted, deepening their poverty.

### Australia's response

Australia is increasing its support for agriculture and rural development in order to improve food security. We expect that agriculture and rural development will comprise almost half (46 per cent) of our total expenditure on economic growth activities in 2011-12. Much of this support is provided through the *Food Security through Rural Development* commitment in the 2010-11 Budget. In total, the initiative will contribute \$464.2 million towards the international commitment to raise US\$20 billion towards food security as set out under the *L'Aquila Food Security Initiative*.

Our rural development programs aim to improve agricultural productivity and increase rural incomes by improving market access. We are also helping governments to establish and expand social protection systems<sup>56</sup> that build community resilience. This includes targeted cash transfers to help poor people buy food.

Bilaterally, we are cooperating with specific country partners in the Pacific, Asia and Africa. For example, in the Solomon Islands, Australian support enabled 1,350 smallholders to be trained in cocoa management that has doubled yields and increased incomes. Similarly, 300 farm households were able to increase peanut yields by 400 per cent and increase incomes by up to \$1,840 per hectare. Through Australian support to the World Food Programme in Cambodia, 145,833 unemployed people received food through food for work projects. In Zimbabwe, Australia has helped two million people to grow more food and contributed to the delivery of seeds and fertiliser to 376,000 farmers. We will continue to implement similar activities in 2011-12.

Australia is actively involved in global efforts to address food insecurity. In 2011, Australia and Indonesia will lead a G20 working group to improve social protection systems as a way to promote more resilient economic growth. We will also support the G20's efforts to understand the causes and mitigate the risks of rising food prices and price volatility. We will assist the Committee for World Food Security's ongoing reforms in 2011-12, including its efforts to improve food and nutrition security policies. Australia is also working to coordinate international food security policy in several committees of the G20's Development Working Group.

Donors are working together to increase the global funding that is available for rural development. As part of these efforts, we have provided \$50 million to the multi-donor *Global Agriculture and Food Security Program (GAFSP)*, which is administered by the World Bank. This will help low income countries to raise their agricultural productivity, link farmers to markets, improve non-farm rural livelihoods, and reduce risks. GAFSP has already awarded grants to Bangladesh, Haiti, Rwanda, Sierra Leone, Togo, Ethiopia, Mongolia and Niger.

### Microfinance and financial services

# Key achievements in recent years

- Australian support in the Pacific enabled the launch in Fiji of new banking services using mobile phones, with more than 350,000 users enrolled by March 2011, including more than 100,000 who did not have a bank account.
- Australian support to the Microfinance and Employment Project in PNG helped the Nationwide Microbank provide new savings accounts for 30,000 low-income customers in 2010.

### Context

More than two billion adults in developing countries lack access to basic financial services. Access to financial services enables the poor to manage and invest their money, save for the future, obtain credit and insurance, and receive remittances. This encourages economic growth, and can help these people to spread their risks and improve their ability to recover from economic shocks and natural disasters. This also helps to empower marginalised groups, such as women, and increase self-confidence. Recent technological advances have expanded ways of providing financial services to the poor, such as branchless banking using mobile phones.

### Australia's response

Australia is helping poor people to access affordable financial services.

We expect that our microfinance expenditure will double over the period 2007-08 to 2012-13, to at least \$18 million per annum. We fund bilateral and global microfinance activities in the Pacific, Asia, Latin America and Africa. Our activities are guided by an AusAID strategy launched in 2010, entitled *Financial Services for the Poor*. This document describes our approach to the sector, which includes helping governments to produce enabling policies and regulations, building financial institutions that meet the needs of the poor, sharing information on new methods and providing financial literacy training<sup>57</sup>.

# Transport, energy and communications

### Key achievements in recent years

- Since 2009, Australia has supported the maintenance or rehabilitation of around 5,400 kilometres of roads, in East Timor, Laos, PNG, Samoa and Solomon Islands.
- In Vanuatu's telecommunications sector, the Australian-funded Telecom Regulator has played a critical role in increasing competition and ensuring that operators comply with their licence requirements. This has led to substantial price reductions and improved mobile phone coverage, from 20 per cent (198,900 people) of the population in 2007 to 85 per cent (468,000 people) in 2009.<sup>58</sup>

### Context

Investment in transport, energy and information and communication technologies (ICTs) can help other sectors of the economy to grow. If carefully planned and managed, it can also help a country progress towards the MDGs. For example, transport infrastructure will help people get to hospitals, schools and markets. Stable and affordable energy supplies will help rural and private sector development and will raise living standards in poor households.

In some Pacific Island Countries up to 85 per cent of the population has no access to electricity. Estimates on the amount of money needed to build or maintain the infrastructure in the Asia Pacific region suggest that an extra \$180 billion per year is needed to support current levels of economic growth<sup>59</sup>. In Vietnam, infrastructure investment as a percentage of GDP has been higher than eight per cent for the past 10 years. This has been a key driver for the eight per cent economic growth and 30 per cent poverty reduction that Vietnam has averaged over the same period.

### Australia's response

On current projections, we expect that transport will comprise about 44 per cent, and communications and energy about seven per cent, of our total economic growth expenditure in 2011-12.

We will work with partner governments across the Asia Pacific region and in Africa to:

• maintain and improve vital transport infrastructure. For example, in Vietnam, detailed design of the Australian-funded Cao Lanh bridge will commence this year. The bridge will be built over the Tien branch of the Mekong River, and, when complete, is expected to directly benefit five million people. It is expected that the bridge will provide improved transportation facilities for around 170,000 daily road users within five years of its completion. We will continue our support for the Philippines Provincial Road Management Facility (PPPMF) and the Pacific Regional Infrastructure Facility (PRIF). In Kiribati, PRIF is improving 40 kilometres of the road network on the main island. In PNG, we will continue to fund maintenance of the national

priority road network, following on from the 2,000 kilometres of national roads and highways we helped maintain in 2010.

 help poor households to access energy supplies and improve the sustainability of energy infrastructure. For example, we will help the Solomon Islands Government to reduce the country's dependency on diesel-powered energy by developing hydroelectricity technology.

At the regional level, in 2010 we funded a World Bank report to identify options for East Asia to reduce greenhouse gas emissions without compromising the region's strong economic growth. In 2011-12 we are partnering with the World Bank and governments in the region to implement the report's findings, such as assisting partner developing countries improve their energy efficiency policies and enhancing energy security without compromising economic development.

Globally, Australia supports a number of partnerships managed by the World Bank and Asian Development Bank. These partnerships expand Australia's infrastructure support into new subsectors (such as urban development, renewable energy and road safety) and test new aid delivery methods (such as public-private partnerships and output-based aid). Since 2007, the \$52 million Australia has provided to the Asian Development Bank and World Bank for project preparation and technical assistance has leveraged more than US\$14.8 billion of major new infrastructure loans.

Infrastructure
governance and
sector wide
activities
3%
46%

Transport
44%

Communication
and energy
7%

Diagram 11: Economic growth – estimated ODA by sub-sector 2011-12

# 4.4. GOVERNANCE

# Key achievements in recent years

- In Solomon Islands, Australia, as a major contributor to RAMSI, has helped to improve security and community confidence. For example, in 2009 the Auki Correctional Centre opened, reflecting the modernisation of the Solomon Islands correctional system to focus on prisoner rehabilitation and reintegration. The number of correctional centres compliant with UN minimum standards for the treatment of prisoners increased from two in 2009 to five in 2010. Average remand times for serious offenders have reduced to five months, a significant reduction compared to the ethnic tensions period when many prisoners were on remand for years. The 2010 RAMSI Independent People's Survey<sup>60</sup> found that 84 per cent of respondents support RAMSI's work to improve law and order.
- In Tonga, Australia has helped the Revenue Services Department to educate people and businesses about their tax obligations and liabilities, ensure that taxpayers are registered and develop more effective methods to profile and audit tax evaders. This has led to more tax returns being submitted (up from 55 per cent in 2007-08 to 70 per cent in 2008-09) and more than T\$12 million being secured through audits.
- Australia has supported the three national elections (1999, 2004 and 2009) and numerous local elections during Indonesia's democratic transition. In 2009 with technical input from the Australian Electoral Commission more than 650,000 election manuals and video-discs were produced, printed and distributed for officials at the polling stations and subdistrict election committees.
- Australian support for tax administration reforms has also helped the Indonesian Government to increase the number of taxpayers from 10.7 million in 2008 to 12.8 million in 2009. There has also been impressive medium-term growth in national tax collections.

### Context

Good governance is vital for development and progress towards the MDGs. The absence of good governance is one of the key reasons why, on current trends, it is expected that none of the MDGs will be achieved in the world's fragile and conflict-affected states<sup>61</sup>. Strong democratic processes, a robust civil society and an effective law and justice system encourage transparency and help to keep governments accountable. Efforts to strengthen law and justice institutions are also important because improved community safety and non-violent dispute resolution is essential for peace-building and longer-term development to occur.

Public administration, including the way in which governments collect, allocate and spend public monies plays a key role in determining whether countries will achieve

sustained economic growth and, through the provision of appropriate government services, the MDGs. Poor public financial management practice and policy has clear, adverse impacts on service delivery. For example, infrastructure might not be properly maintained if the ongoing costs associated with new capital spending are not considered. Schools might not have teachers for much of the year if the payroll is mismanaged. Health centres may be forced to operate without supplies if funds do not flow quickly enough. This will also have adverse macroeconomic impacts.

But governance is not a purely technical matter and support for improved administrative practices alone is unlikely to lead to sustained improvements. Governance is also shaped by the quality of leadership and the ability of citizens to effectively engage with their government.

Governance can be viewed from the perspective of the state (government) and of society (citizens). This is the rationale behind the two subsections below: democratic governance (citizen engagement) and economic and public sector reform (government effectiveness). It should be noted that this does not mean Australia's governance programs sit purely under one or the other of these headings. Successful governance reforms need to incorporate both perspectives.

### Civil society, justice and democracy

On current projections, Australia will spend around \$693 million, or 15 per cent of its total ODA on civil society, justice and democracy activities in 2011-12. Around 30 per cent of this funding (\$210 million) will be administered by Australian Government departments and agencies other than AusAID.

The four year, \$138.6 million *Improving Responsiveness and Accountability in Government (IRAG)* program, announced in the 2009-10 Budget, is an example of a consolidated approach that takes a broader and more inclusive approach to the way we think about governance. This work aims to improve government and public sector performance, foster community leadership, and strengthen the means by which citizens can engage with their government. It will treat governance as the institutional, rules-based behaviour that underpins development, within and between governments, the private sector and communities<sup>62</sup>.

### Civil society, leadership and political processes

We will support improvements in legislative and executive oversight. Globally under the IRAG program, in 2011-12 we will support the development of materials and methodologies for civic education, and help civic educators to translate these into practical activities "on the ground". We will also establish partnerships and explore methods to increase the strategic use of information and communication processes to give poor people a say in their own development.

At the regional level, we will continue our investment in the *Development Leadership Program*. Through partnerships with organisations such as the Asia Foundation, Oxfam

and others, we will make greater use of governance approaches that are targeted and suitable to the local social, political and economic environment. This program will support the work of partners such as Leadership PNG and the Pacific Leadership Program, and will help to promote women's leadership in the Pacific, in conjunction with our Development-through-Sport activities.

Much of our assistance for civil society is also channelled through NGOs. For more information see Section 3.3.

### Law and justice

Bilaterally, we will work with our partner countries, especially our fragile and conflict-affected neighbours, to strengthen law and justice systems. Through the Australian Federal Police, we will help to strengthen law and justice in Solomon Islands, the Pacific, Afghanistan and East Timor. We will support activities that aim to improve community safety and promote non-violent dispute resolution.

At the regional level, we will work to address the impacts of transnational crime and other cross-border threats through the Asia-Pacific region and beyond. In 2011-12 we will draw on the findings of the Office of Development Effectiveness law and justice evaluation<sup>63</sup> to strengthen our approach. The evaluation aims to identify key principles and opportunities to ensure Australia's law and justice assistance is effective and well coordinated across the range of Australian Government agencies involved in delivering law and justice assistance.

### Anti-corruption

We will continue to support anti-corruption activities that enhance all aspects of governance.

We will strengthen our global partnerships with *Transparency International* and the *Extractive Industries Transparency Initiative (EITI)*. EITI is a global standard to promote revenue transparency in the extractives (oil, mining and gas) sector. It requires extractives companies to publish what they pay and governments to publish what they receive. There are currently around 35 countries implementing EITI (including both developing and developed countries) and it is supported by around 50 of the world's largest oil, gas and mining companies. More information is available online at <a href="http://eiti.org">http://eiti.org</a>.

We will also work with UN agencies to help our partner countries to implement the *UN Convention against Corruption*<sup>64</sup>.

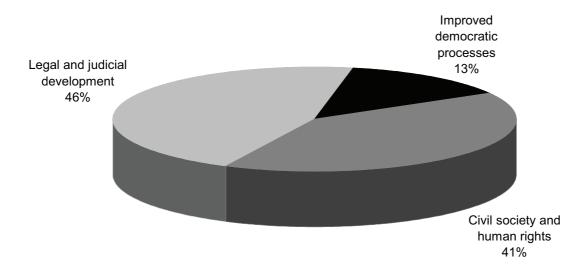


Diagram 12: Civil society, justice and democracy – estimated ODA by sub-sector 2011-12

## **Economic and public sector reform**

In 2011-12, funding for economic and public sector reform will be around \$546 million, or 12 per cent of our total ODA. Around eight per cent of this funding (\$45 million) will be administered by Australian Government departments and agencies other than AusAID.

Public sector reform covers areas such as public financial management, government administration and statistical capacity-building. Economic management includes financial policy, economic integration and trade-related activities, such as trade policy administration, regional trade agreements, multilateral trade negotiations, trade facilitation and trade-related adjustments.

### Public financial management

The way our partner governments manage their resources is critical to the longer term viability of all development work, irrespective of whether aid money is being channelled through the government or not.

Effective public financial management (PFM) systems achieve three outcomes<sup>65</sup>:

- Aggregate fiscal discipline (whether the size of the budget pie can be sustained over time).
  When the budget is prepared, the total budgeted expenditure is realistic given revenue forecasts and, if the government needs to borrow to finance any activities, public debt is kept within sustainable levels. Throughout the financial year, the budget is respected and enforced.
- Allocative efficiency (how the pie is sliced). The budget accurately reflects government priorities and, when decisions are made about how funding will be allocated, past performance is taken into account. From a democratic governance perspective,

consideration might also be given to how such decisions are made and to what extent the stated priorities reflect the views of the country's citizens.

• Operational performance (how the slices are consumed). Public sector entities achieve value for money and deliver quality goods and services, contributing to beneficial socioeconomic outcomes for the country. See the boxed text in Part 6 (page 120) for a conceptual framework of what operational performance means.

Bilaterally, we will help our partner governments to identify and implement reforms that will contribute to improvements in all three of these areas, particularly the last.

In East Timor, we will help the Ministry of Finance to create a new Finance Academy. This Academy will provide financial systems training to public officials. In Indonesia, we will continue to use and support financial management systems in the education, health and infrastructure sectors, both nationally and sub-nationally. In the Philippines we will improve PFM systems through a new *Public Financial Management Program (PFMP)*. Among other things, the PFMP will help the Philippines Government to: (i) produce more user-friendly budget documents for the general public; (ii) streamline the processes for agencies to draw down and spend their budgets; (iii) complete a government PFM manual to provide a common whole-of-government understanding of the public finance laws, regulations and procedures; and (iv) improve expenditure monitoring and reporting in selected agencies.

We will also continue to fund *Public Expenditure Reviews (PERs)* and *Public Expenditure and Financial Accountability (PEFA)* assessments<sup>66</sup> in many of our partner countries, especially in the Pacific. These reports provide valuable information about the strengths and weaknesses of a country's PFM system. They help partner governments to identify and prioritise appropriate reforms, then monitor their impact (through periodic follow-up assessments). They ensure that donors are well-informed when making decisions about the extent to which partner systems can be used for aid delivery. The assessments are usually undertaken by officials in the partner government, assisted by Australian or international experts. Where the partner government permits, the final report is made available to the general public — for example, many PEFA reports are available online at <a href="http://www.pefa.org">http://www.pefa.org</a>.

At the regional level, we fund IMF centres in Singapore (STI) and, more recently, India (ITP)<sup>67</sup>, which provide training on macroeconomic and financial management, and related legal and statistical issues, to government officials from over 37 countries. Since 1998, the STI has provided training to more than 8,000 officials. We also fund the Pacific Financial Technical Assistance Centre (PFTAC), which provides technical advice and training to the governments of the 15 Pacific Island Countries.<sup>68</sup>

Globally, we support a number of related initiatives such as the *Heavily Indebted Poor Countries (HIPC) Initiative*. The HIPC Initiative was launched in 1996 by the IMF and World Bank, with the aim of ensuring that no poor country faces a debt burden it cannot manage. It provides full or partial debt relief to eligible poor countries, so that

money that would have been spent on debt repayments can be reallocated towards core social services such as education and health. See Section 4.2.

# Trade policy and facilitation

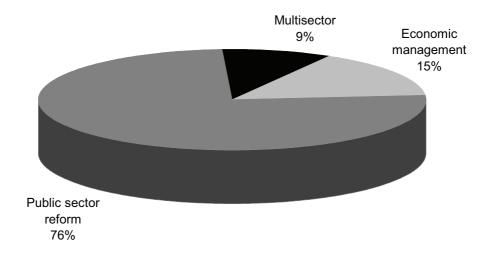
Trade and appropriately sequenced and paced trade reform can significantly contribute to economic growth, which in turn reduces poverty. Greater economic integration from trade enhances economic activity, and helps communities build new livelihoods, expand existing businesses and find new jobs.

Australia supports trade-related activities in order to help developing countries, especially least developed countries (LDCs), to integrate better with the multilateral trading system, to sell their goods and services more successfully in the global marketplace, and to create an appropriate trade-enabling environment domestically.

Bilateral support will include the *Beyond WTO Technical Assistance Program Phase II* (\$12 million in 2010–13) to help Vietnam maximise the employment and poverty reduction benefits of ongoing global economic integration; and a project to rehabilitate the Cambodian national rail network, including by establishing a public-private partnership for its operation (\$25 million in 2010–13). At a regional level, Australia will continue to support the *Pacific Regional Agricultural Market Access Program* (\$16.4 million in 2009–13) to assist Pacific Island Countries to meet the customs and quarantine requirements of their key trading partners; and the *ASEAN Australia New Zealand FTA Economic Cooperation Support Program* (up to \$20 million in 2009–15) to support implementation of the trade agreement.

Australia's contributions to the WTO Global Trust Fund (over \$5 million since 2007, including \$2 million in 2010) will help developing countries engage in multilateral trade negotiations and implement their commitments.

Diagram 13: Economic and public sector reform – estimated ODA by sub-sector 2011-12



### Performance-linked aid

### Context

"Performance-linked aid" refers to activities with special incentives to improve aid outcomes. These include payments to service providers after goods and services have been delivered, grants to governments after reform milestones have been met, and conditional cash transfers to households.

### Australia's response

Performance-linked aid activities are being used to implement Partnerships for Development throughout the Pacific, including in PNG, the Solomon Islands, Samoa, Tonga and Kiribati.

Over the 2009 calendar year, Tonga successfully achieved the performance-linked aid milestones detailed in the 2008-09 Performance Partnership Agreement, with improved revenue services and performance management within the public service. This resulted in a milestone payment of \$1 million. In early 2011, we provided a grant to the PNG Government after it increased funding for school subsidies by almost 20 per cent in its 2011 Budget. The grant will be paid directly to PNG elementary schools and will complement the subsidies being provided by the PNG Government. Our performance-linked aid program will continue in 2011-12, in line with our four year, \$336 million commitment. We will begin implementing new performance-linked activities in Vanuatu, Nauru and Tuvalu, and in Asia, including in Indonesia and East Timor.

Globally, we will continue our support for performance-linked aid initiatives such as the *Global Partnership on Output Based Aid (GPOBA)*. GPOBA links the payment of aid to the delivery of specific services (outputs). These can include connection of poor households to electricity grids or water and sanitation systems, installation of solar heating systems, or delivery of basic healthcare services. The provider is responsible for pre-financing the project (and hence bearing the risk) until outputs have been delivered and verified.<sup>69</sup>

# 4.5. CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

# Key achievements in recent years

- In the area of climate change mitigation (reducing greenhouse gas emissions and limiting the global temperature increase) Australia has:
  - helped Indonesia to develop a national system to track forest carbon emissions and to implement a demonstration project in Central Kalimantan, which has pioneered research on emissions from peat lands.
  - supported the World Bank-managed Clean Technology Fund, which has helped developing countries to reduce the carbon footprint of their energy and transport sectors. The Fund aims to help: Indonesia to almost double its geothermal power capacity; the Philippines to increase its use of renewable energy and improve energy efficiency; and Mexico to improve its public transport system.
- In the area of climate change adaptation (managing the unavoidable impacts of climate change) Australia has:
  - supported improved drainage, strengthened bridges and the relocation of highly vulnerable roads to make transport infrastructure in Vanuatu and Solomon Islands more resilient to extreme weather events.
  - established the first Pacific-wide community-based adaptation program to fund local-level adaptation responses to issues such as food and water security and coastal protection. In Samoa the program is working in three villages to secure fresh water supplies and protect coral reefs in the face of climate change impacts. In Vietnam the program is helping farmers reduce the impact of droughts and floods on rice production.
  - improved access to fresh water in Tuvalu by installing 600 water tanks to increase water storage capacity by six million litres.
- Australia is also helping Pacific governments to better understand local climate change risks and improve their ability to respond. For example, the *Pacific Climate Change Science Program* is providing detailed climate and ocean projections to partner governments throughout the Pacific region. These will assist Pacific Island Countries factor climate change impacts into their long-term development planning. Australia has also funded development of, and 26 places in, a higher education course on climate change at the University of the South Pacific for Pacific Island country citizens.

### Context

Hundreds of millions of the world's poor depend directly on natural resources for their livelihoods. The environment in which people live also influences their health and overall level of well-being. Yet more and more pressures are being placed on both, by diverse factors such as climate change, growing populations, urbanisation, changed land use patterns and increased pollution levels.

Many rural and coastal communities in the Asia Pacific need assistance and new technologies to help them manage their food sources and income in a more sustainable way. Large Asian cities with growing populations are struggling to manage their waste and pollution while maintaining economic growth. Africa is facing more droughts, desertification and food shortages.

Climate change is now recognised as one of the greatest challenges facing the world. Scientists predict that over the coming decades there will be increasing intensity of extreme weather events, rising sea levels and prolonged droughts. Such events will potentially undermine development progress, reverse economic growth, destroy critical infrastructure and exacerbate food and water shortages. This in turn will likely result in more environmental refugees and increased conflict as natural resources in various places become more and more scarce.

### Australia's response

Australia is helping developing countries to address climate change and other environmental challenges. On current projections, Australia will spend around \$251 million, or six per cent of its total ODA on climate change and environmental activities in 2011-12.

In 2010 Australian representatives attended the UN Climate Change Conference held in Cancun, Mexico. Among other things, the delegates agreed to: (i) design and establish a new global *Green Climate Fund*; and (ii) work together to reduce emissions from deforestation and forest degradation in developing countries (REDD+). The *Green Climate Fund* will help to boost climate change financing in the medium to long-term. AusAID will represent Australia on the Transitional Committee that will begin designing a framework for the Fund in 2011.

At the Cancun Conference, Australia also discussed in more detail its three-year \$599 million "fast-start" package of climate change funding. This was first announced in the 2010-11 Budget and is Australia's contribution to global fast-start funding, which will be around US\$30 billion for the period 2010 to 2012. Australia's fast-start assistance will be balanced between adaptation and mitigation. Adaptation work helps vulnerable countries to manage the unavoidable impacts of climate change. Mitigation work helps countries to reduce their greenhouse gas emissions and contribute to the goal of limiting global temperature increase to two degrees or below. Australia will fund activities to help developing countries: build their resilience to climate change impacts, participate in emerging carbon markets, improve their knowledge and skills,

reduce deforestation and forest degradation, improve energy efficiency, make better use of renewable energy sources and improve waste management.

In 2011-12, Australia's support for climate change adaptation will remain primarily focused on the Pacific. We will also expand our efforts in South Asia, Africa and the Caribbean. Australia's assistance will help public officials at the regional, national and local levels to work out what the likely climate change impacts in their country will be and implement an appropriate response. We will continue to help the Indonesian and PNG Governments to reduce emissions from deforestation and forest degradation.

Australia's regional climate change initiatives aim to slow carbon growth. In the Mekong region we are funding a range of energy programs and in the Pacific Island Countries we are helping people access clean and affordable energy services, with a four year \$25 million commitment from 2009-10. Australian assistance is promoting the use of renewable energy sources, energy sector reforms, and better energy services for poor and remote communities. As a Coral Triangle Initiative Development Partner, Australia is supporting measures to protect and improve the livelihoods of some 240 million people who depend on coastal marine resources for food and livelihoods. Coral Triangle countries — Indonesia, the Philippines, Malaysia, East Timor, Papua New Guinea and the Solomon Islands — all recognise the need to protect coastal ecosystems against the impacts of climate change. They are attempting to do this by reducing over-fishing, maintaining habitats and addressing destructive fishing practices.

At the global level, Australia will continue its contributions to, and participation in governance of, environment funds such as the *Global Environment Facility* (GEF) and the *Climate Investment Funds* (CIF):

- The GEF was established in 1991. It provides grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. These projects benefit the global environment, linking local, national, and global environmental challenges and promoting sustainable livelihoods.
- Since 2008-09, we have provided \$100 million to the *Clean Technology Fund* (CTF), one of the CIF, which helps developing countries with high carbon emissions to reduce the carbon footprint of their energy and transport sectors. CTF projects are expected to reduce the Philippines' national carbon emissions by 2.6 per cent from 2005 levels and double current installed concentrated solar power capacity worldwide through investments in North Africa and the Middle East.

# 4.6. HUMANITARIAN, EMERGENCY AND REFUGEE AID

### Key achievements in recent years

In 2009-10, Australia:

- responded to more than 30 rapid-onset emergencies and conflicts in Africa, Asia, the Pacific, Latin America and Europe. This included the earthquake in Haiti, the tsunamis in Samoa and Tonga, the Padang earthquake in Indonesia and Typhoon Ketsana in the Philippines, Vietnam and Laos. In July 2010 we also provided humanitarian relief in the wake of the devastating Pakistan floods.
- deployed 109 Australian humanitarian experts into overseas disaster zones to save lives and deliver emergency relief.
- partnered with the World Food Programme to deliver more than 175,000 tonnes of food into emergency situations and supported nutrition programs for children and pregnant and lactating women.

#### Context

Human security and stability is threatened by a range of events — natural disasters (including those associated with climate change), wars and internal conflicts. These events impede MDG progress, reverse years of development gains, and disproportionately affect the poor and the displaced.

It is unlikely that weak states will be able to prepare for, or respond to, natural disasters without external help. The 2010 earthquake in Haiti is a case in point.

The impacts of natural disasters and conflict also extend beyond borders. Affected people will often be forced to move within their own country and become internally displaced people (IDPs) — or to seek refuge in another country — known as refugees. IDPs and refugees may be unable to return home for a long time, due to destroyed infrastructure, an inability to resume their livelihoods, ongoing conflict or other reasons. It is estimated that there are currently some 26 million IDPs<sup>70</sup> and 15 million refugees<sup>71</sup> worldwide who have fled their homes due to conflict or human rights violations.

Over half of Australia's major bilateral programs operate in countries that are deemed to be fragile. In addition to natural disasters, most fragile states have typically experienced destructive, violent conflict. It is within these states that many of the world's poorest and most vulnerable live. In such settings, governments often lack the capacity to provide security and basic services for their citizens.

### Australia's response

Australia continues to work with partner countries and the global community to reduce the risks associated with natural disasters and respond to humanitarian crises. On current projections, Australia will spend around \$442 million, or ten per cent of its total ODA on humanitarian, emergency and refugee-related activities in 2011-12.

Disaster risk reduction aims to lessen the humanitarian, economic and environmental impacts of major natural disasters. In this area Australia is working with over 30 countries, including Indonesia, Vietnam, the Philippines and a number of Pacific Island Countries. We help governments and communities to reinforce vital infrastructure such as schools and hospitals, plant drought or flood resistant crops, improve weather forecasting and develop evacuation plans.

When major disasters do strike or other humanitarian emergencies arise, we will continue to provide relief. We do this in a number of ways. We provide relief supplies to affected countries; we deploy medical and urban search and rescue teams; we send Australian relief experts through RedR Australia and the Australian Red Cross; and we rapidly disburse funding to partner governments, the UN, non-government organisations and the Red Cross Movement. After our initial response we also provide assistance to rebuild infrastructure and livelihoods.

The close relationship between AusAID and the Department of Defence enables us to rapidly deploy humanitarian assistance into often remote and challenging disaster environments. We were the first donor country to send a joint civilian-military task force into Pakistan to establish a medical facility in the Punjab during the floods that devastated the country in 2010. The medical team was made up of Defence personnel and experienced Australian Medical Assistance Team personnel drawn from the States and Territories.

We are committed to improving the effectiveness of our humanitarian work. We recognise that an important determinant of effectiveness is the ability of donors, governments and civil society to cooperate and coordinate their relief work in difficult conditions with very short timeframes. We are therefore supporting key global humanitarian programs such as the World Food Programme (WFP), the International Committee of the Red Cross and Red Crescent, the UN Office for the Coordination of Humanitarian Affairs (OCHA) and the Office of the UN High Commissioner for Refugees (UNHCR).

# **The Australian Civilian Corps**

The Government has established the Australian Civilian Corps (ACC) as a mechanism to enable the rapid deployment of civilian specialists to countries experiencing or emerging from natural disaster or conflict. The ACC will assist these countries to restore essential services, rebuild government institutions and reestablish economic and social stability. The ACC will provide a bridge between emergency response measures and long-term development programs.

The Australian Civilian Corps Act 2011, which received Royal Assent on 12 April 2011, creates a legal framework for the employment and management of ACC employees<sup>72</sup>. Recruitment of civilian specialists commenced in early 2010 and will continue throughout 2011-12, with the ACC register expected to build to 500 screened and trained personnel by June 2014.

The first ACC deployment took place in April 2011 when an ACC register member deployed as a donor liaison officer within the Interim Haiti Recovery Commission. Further deployments are expected during the 2011 calendar year.

In the 2011-12 Budget additional funding has been provided to the ACC (\$32 million over four years) to support civilian deployments.

# 4.7. EQUITABLE DEVELOPMENT

# **Gender equality**

### Key achievements in recent years

- In Papua New Guinea, with Australian assistance, the number of women village court magistrates increased from 10 to 384 over the last five years.
- Australia has been helping the Fiji Women's Crisis Centre to meet the immediate needs of survivors of violence – 3,734 women received counselling and support from the Centre in 2009.
- In Pakistan, over the period 1999 to 2009 Australia, in cooperation with the United Nations Children's Fund, helped 46,000 girls into primary schools in Balochistan Province, with an 89 per cent retention rate.
- Over the past ten years, Australia has provided over 6,000 scholarships for women from developing countries to study in Australia.

### Context

Empowering women and girls is a necessary precondition for achieving the MDGs. Without this it will be impossible to end poverty, prevent HIV/AIDS, improve nutrition, promote health or ensure peace, security and sustainable development.

Globally progress has been made, but much more work is needed to achieve gender equality and meet the gender-related MDG targets. Women and girls are the majority of the world's poor. Of the one billion people in the world who lack basic literacy skills, women and girls comprise about two thirds<sup>73</sup>. Some 350,000 women still die every year from complications during pregnancy<sup>74</sup>. One in three women experience physical or sexual violence<sup>75</sup>.

At the UN MDG Summit in September 2010, governments around the world recognised that insufficient progress had been made in relation to gender equality (MDG 3) and improving maternal health (MDG 5).

In early 2011, a new UN organisation, UN Women was established, to accelerate progress on meeting the needs of women worldwide. Merging and building upon the work of four previously distinct parts of the UN system, it aims to help both: (i) formulate policies, global standards and norms; and (ii) help Member States to implement these standards. It also aims to hold the UN system accountable for its own commitments on gender equality, including regular monitoring of system-wide progress.

### Australia's response

Australia's aid program is empowering women and advancing gender equality.

Bilaterally, we will continue to progress gender equality across the aid program. In the education sector, we will help get more girls into school and focus on ensuring adolescent girls receive more years of quality education. In the health sector, we will help to save the lives of the many women and girls in developing countries who still die needlessly from problems arising during pregnancy and childbirth. Under the new *Alliance for Reproductive, Maternal and Newborn Health* we will work with USAID, DFID and the Bill & Melinda Gates Foundation to improve maternal health and reduce the unmet need for family planning by 100 million women.

We will increase our support to end violence against women in our region. In 2011, we will co-host a conference in Australia with the United States, to discuss ways in which we can more effectively combat gender-based violence and empower women in the Pacific. This will bring together governments, private sector leaders and civil society.

We will help more women to get into leadership and decision-making roles. In this area, the Asia-Pacific region has made less progress than any other region of the world over the past two decades. To address this, we will work with governments and civil societies to develop women's leadership programs. Initially we will focus on Pacific Island Countries and Indonesia. The programs will build upon existing initiatives, will be tailored to local contexts, and will be locally led. They will empower women by building capacity, networks and coalitions which can then influence policy and decision-making.

We welcome the creation of UN Women. We are confident that UN Women, under the leadership of Under-Secretary-General Michelle Bachelet, will be a strong global actor and will protect and empower women throughout the world. In November 2010, we were one of the first countries to pledge multi-year core funding for UN Women. We will provide \$14.5 million over 2011 to 2012.

Australia will continue its support for *UN Security Council Resolution* 1325. This resolution concerns the impact of war on women, and the contributions that women can make to end conflict and promote peace. We will help to ensure that women take part in peace processes and are protected, and that gender issues are taken into account in peacekeeping operations.

October 2010 marked the tenth anniversary of *UN Security Council Resolution* 1325 on women, peace and security.

## **New Initiative: Eliminating Violence against Women**

Consistent with its 2010 election commitment, the Government will invest \$96.4 million over four years to eliminate violence against women and to help women affected by violence in developing countries throughout East Asia and the Pacific. This reflects the Government's determination to reduce violence against women globally and in our region. The initiative will fund UN and civil society organisations to deliver support to women affected by violence. Activities will include establishing and improving crisis services, strengthening counselling and legal support, and sharing best practice approaches.

Through this initiative we will improve the services available to women who have been subjected to violence, through training and education. For example, we will work with health sector systems to improve identification, response and referrals of women who have been affected by violence. We will provide training and materials to service providers to improve counselling, administration and legal responses for women and their families. We will work with men and boys, community organisations and leaders to prevent violence against women and change community attitudes. We will increase our efforts to combat violence against women in conflict and post-conflict environments. We will attempt to improve the responses of peacekeeping personnel to sexual and gender-based violence during conflict, and we will get more women into leadership roles in peace processes and reconstruction.

In the Pacific region the additional funding will help to stop the incidence of violence against women through: improved emergency accommodation, referral and counselling services for women affected by violence, particularly through the women's crisis centres in Fiji, Vanuatu and Tonga; health workers trained and appropriate procedures developed within national health systems for proper diagnosis and treatment of victims of violence; legislative reform and improved access to judicial services for victims of violence; and awareness programs integrated within school curricula for long-term change to community attitudes on violence against women.

# Including people with disability

# Key achievements in recent years

- In Indonesia, around 1,000 junior secondary schools constructed with Australian
  assistance have been built with ramps and accessible toilets, improving access to
  education for students with disability.
- In East Timor, Australia has helped the Ministry of Social Solidarity to develop a
  disability policy to ensure that citizens with disability can participate in,
  contribute to and benefit from national development.
- In Papua New Guinea, Australia has supported disability-inclusive training for 50 Special Education Resource Centre staff, 25 teacher education lecturers and around 300 school-based counsellors.

### Context

At least ten per cent of the world's population — around 650 million people — live with disability and 80 per cent of these people live in developing countries<sup>76</sup>. In the Asia Pacific region, this translates to more than 400 million people. People with disability make up the world's largest and most disadvantaged minority, and are often the poorest of the poor.

Too often, people with disability do not share the same rights and cannot access the same services as others. They are less likely to go to school, get a job, own a home or have a family. A range of barriers prevent them from fully participating in social, economic and political life. People with disability continue to lack a voice in the public discourse and their interests and needs are often neglected. It is estimated that only three to four per cent of people with disability benefit from international development assistance<sup>77</sup>.

### Australia's response

In 2008 Australia formally recognised the rights of people with disability by ratifying the UN Convention on the Rights of Persons with Disabilities (CRPD). Our first disability strategy for the aid program, *Development for All*, was launched in November of that same year<sup>78</sup>. It sets out practical approaches to include people with disability and to ensure the benefits of development are extended to all:

- support for partner government efforts towards disability-inclusive development;
- promoting and facilitating better access to education and to infrastructure for people with disability across the aid program; and
- training and support for Disabled Peoples' Organisations.

In 2009 Australia acceded to the Optional Protocol of the CRPD. In May 2010, we reaffirmed our commitment to people with disability through a new \$30.2 million budget initiative. This is now funding the disability-specific measures in our strategy, and brings our total budget for disability activities since 2008 to \$88 million.

People with disability are often unable to access education and other development opportunities. This has led to a lack of basic literacy, numeracy and computer skills as well as managerial skills. In 2011-12, we will work with partners such as the UN Children's Fund to ensure girls and boys with disability can access schools and receive quality education. We will work with the World Health Organisation to implement the findings of the *World Report on Disability and Rehabilitation* and improve the quality of life of people with disability.

In the Pacific, we will help partner governments to ratify the CRPD. We will also help regional organisations, such as the Pacific Islands Forum Secretariat, to implement the *Pacific Regional Strategy on Disability* 2010-2015<sup>79</sup>. This strategy aims to:

- support Pacific Island Forum member countries to protect and promote the rights of persons with disabilities;
- provide a framework for the coordination of development partners, governments and civil society in building a disability-inclusive Pacific; and
- strengthen the commitment of all stakeholders towards implementation of the *Convention on the Rights of Persons with Disabilities* and other human rights instruments which/that relate to disability.

We are including more people with disability in our program design, evaluation and decision-making processes. For example, AusAID has created a new *Disability Inclusive Development Reference Group* which consists of five global and Australian leaders. The Group gives high-level guidance to ensure that Australia's development assistance is consistent with our obligations under the CRDP.

### **New Initiative: Tackling Avoidable Blindness**

According to the World Health Organisation, as at April 2011, around 384 million people were living worldwide with blindness and low vision<sup>80</sup>. Of these, some 90 per cent — 346 million people — were living in developing countries. Cataracts remain the leading cause of blindness in developing countries and it is estimated that 80 per cent of the blindness and low vision cases could be avoided or cured.

Australia is working to tackle these issues. For example, in 2010 we funded 7,668 cataract and other sight-saving surgeries in Cambodia. Commencing with the 2011-12 Budget, the Government will invest an additional \$21.3 million over four years. This funding will be used to treat over 8,000 sufferers of avoidable blindness diseases and conduct routine screening for 100,000 people in East Asia.

# 5. OTHER GOVERNMENT DEPARTMENTS (OGDS)

# 5.1. SUMMARY OF AID PROGRAMS DELIVERED BY OGDS

**Table 3: Aid delivered by Other Government Departments** 

		Estimated	Budget
Department / Agency	Actuals (\$m)	Outcome (\$m)	Estimate (\$m)
	2009-10	2010-11	2011-12
Australian Federal Police	212.9	233.3	217.7
Australian Centre for International Agricultural Research (ACIAR)	63.1	71.5	82.5
Immigration and Citizenship	45.4	39.8	65.9
Foreign Affairs and Trade	29.8	37.5	36.3
Treasury	30.5	19.1	31.6
Education, Employment and Workplace Relations	20.5	31.2	29.6
Defence	45.4	19.4	18.8
Health and Ageing	33.4	21.1	15.6
Agriculture Fisheries and Forestry	8.4	9.2	9.2
Attorney-General's	4.1	5.6	4.8
Infrastructure and Transport	8.7	4.3	4.7
Innovation, Industry, Science and Research	5.3	5.1	3.7
Australian Customs and Border Protection Service	2.3	3.7	2.4
Broadband, Communications & the Digital Economy	1.4	1.4	1.4
Finance and Deregulation	1.0	1.1	1.1
Prime Minister and Cabinet	1.2	1.3	1.1
Sustainability, Environment, Water, Population and Communities	6.2	4.4	0.8
Climate Change and Energy Efficiency	2.0	0.6	0.4
Other Australian government agencies	0.1	0.1	-
States and Territories	6.3	2.6	1.7
Total	528.2	512.2	529.1

Other Government Departments (OGDs) — that is, Australian and State and Territory government departments and agencies excluding AusAID — play an important role in the delivery of Australia's aid program, helping to ensure a whole-of-government perspective and approach.

Table 3 above shows ODA-eligible expenditure by OGDs, from monies appropriated separately to those departments and agencies. In 2011-12, OGDs anticipate spending around \$529.1 million on ODA-eligible activities, around 11 per cent of Australia's total expected ODA.

As highlighted in the table, the OGDs expected to spend the most on ODA-eligible activities in 2011-12 are the Australian Federal Police (AFP), at 41 per cent, and the Australian Centre for International Agricultural Research (ACIAR), at 16 per cent. Further information on ACIAR activities is provided in section 5.2.

OGDs will undertake the following types of ODA-eligible activities in 2011-12:

• *AFP*: The AFP will continue its Participating Police Force contribution to the Regional Assistance Mission to Solomon Islands (RAMSI), and will continue to transition from in-line policing to increasing capacity development activities and

providing technical advisers to the Royal Solomon Islands Police Force. Other AFP activities include: implementing *Operation Illuminate*, to train, develop and mentor Afghan National Police (ANP) in Uruzgan Province; contributing to the *UN Mission of Support in East Timor (UNMISET)* and the *Pacific Police Development Program (PPDP)*; and assisting the *UN Mission in Sudan* (UNMIS), including coordination of international police contributions and development of training and evaluation processes for the Sudanese police.

- DIAC: DIAC will help partner countries to improve their capacity to prevent people smuggling, through training, knowledge sharing, technical cooperation and border management systems strengthening. A major activity will be the management and care of irregular immigrants in Indonesia. The objectives of this activity are: (i) strengthen regional cooperation arrangements in Indonesia to support international organisations to provide care and welfare of irregular migrants who are intercepted in Indonesia; (ii) provide funding to the International Organisation for Migration (IOM) to enhance Indonesian immigration detention and transit facilities and to improve the care and support provided to irregular migrants in Indonesia; and (iii) provide training in identity management to Indonesian immigration officials, in particular, facial identification techniques. Other key priorities for DIAC include the effective delivery of the Displaced Persons Program (DPP) with an annual budget of approximately \$7 million. The DPP aims to address the humanitarian needs of displaced people in both source and transit countries for irregular migration. Furthermore, DIAC provides significant capacity-building funding for migration management projects in the Middle East, South East Asia and the Pacific, notably in the following countries: Afghanistan, Iraq, Pakistan, Sri Lanka, Papua New Guinea, East Timor, Thailand, Vietnam, Cambodia, Solomon Islands and Vanuatu. Through the Bali Process and ASEAN, DIAC plays a strategic role in supporting co-operative regional initiatives between member countries to address people smuggling, people trafficking, transnational crime and border management issues through the funding of technical workshops, training opportunities and exchanges.
- DFAT: DFAT's ODA activities will include contributions to various UN organisations including UNESCO and UN peacekeeping operations, managing Australia's Debt to Health swap with Indonesia (under which Australia agreed to cancel debt owed by Indonesia to Australia in parallel with increased Indonesia Government investment in programs combating tuberculosis), debt relief to Egypt and playing a lead role in the Regional Assistance Mission to Solomon Islands (RAMSI).
- Treasury: Treasury ODA expenditures will include payments towards previously
  agreed capital increases on Australia's behalf to the International Bank for
  Reconstruction and Development (IBRD), of the World Bank Group, and the Asian
  Development Bank (ADB).

- DEEWR: DEEWR's programs include ODA-eligible expenditure of the Endeavour Awards and Australia's membership of the International Labour Organisation (ILO). The Endeavour Awards is the Australian Government's internationally competitive, merit-based scholarship program providing opportunities for citizens of the Asia-Pacific, Middle East, Europe and Americas to undertake study, research and professional development in Australia. Awards are also available for Australians to undertake study, research and professional development abroad.
- Defence: Defence's ODA-eligible expenditure relates to Defence Cooperation Program activities supporting institution-building assistance to strengthen core Defence related public sector management systems and capacities. In addition, Defence provides Australian Defence Force (ADF) elements for the Provincial Reconstruction Team (PRT), deployed to Afghanistan under Operation Slipper. The PRT is a team of civilian and military personnel responsible for facilitating the delivery of stability, governance and development activities at the provincial and district level in Uruzgan Province. The ADF contribution to the Uruzgan PRT consists of a dedicated Force Protection Element as well as personnel for the Trade Training School and the Australian Defence Force Managed Works Team. ADF elements in the PRT also provide project management support in a variety of reconstruction projects aimed at enhancing health, education and other vital infrastructure.

# New Initiative: Extending the UN Mission in Sudan

In 2011-12 the AFP will receive funding to continue Australia's support to the *United Nations Mission in Sudan* (UNMIS). Australia has provided ten members to UNMIS as part of the UN Police component of the mission since March 2006. This funding will allow the AFP to continue its support for law enforcement capacity building in Sudan which, in turn, will support broader regional security and stability in East Africa.

# 5.2. Australian Centre for International Agricultural Research (ACIAR)

Total ODA for ACIAR in 2011-12 is estimated at \$82.5 million. ACIAR's programs integrate broad research themes to address food security and development and align with the Australian Government's *Food Security through Rural Development initiative*. ACIAR's projects and programs link Australian scientists with their counterparts in developing countries of the Asia-Pacific and parts of Sub-Saharan Africa, to increase agricultural productivity and sustainability. Three broad themes guide the design of programmatic emphases, which address the unique operating environments in partner countries. These themes are: (i) agricultural productivity growth in smallholder systems; (ii) developing market integration for smallholder livelihoods to enable market participation; and (iii) human and institutional capacity building for developing national research institutions to enhance sustainable follow-up research and adoption capabilities.

In 2011-12, ACIAR's key research programs address mutual priorities between developing countries and broader Australian Government development assistance, and other aid initiatives: (i) safeguarding food security in smallholder farming systems where poverty persists; (ii) adaptation to climate change for smallholder systems; (iii) sustainable intensification of staple cropping systems in the Asia-Pacific and Africa; (iv) developing high-value agriculture, forestry and fishery products and linking smallholder producers to markets; and (v) capacity building within national agricultural research systems of partner countries.

ACIAR's largest programs are in Indonesia and Papua New Guinea respectively, with large initiatives in East Timor, Eastern and Southern Africa and the Pacific islands.

The Australian Government, through ACIAR, directs financial support to the Consultative Group on International Agricultural Research (CGIAR), not for profit research centres, with a mandate to help the poor. It is intended that funding be provided to the CGIAR multi-donor trust fund for specific research areas, specific centres and directly to the trust without specific directions.

The majority of ACIAR's research expenditure by region in 2011-12 will be in Indonesia, East Timor and the Philippines (24.3 per cent), in the Mekong region and China (24.5 per cent) followed by South and West Asia (19.7 per cent), Papua New Guinea and the Pacific (15.5 per cent), and Africa (16 per cent). ACIAR's *Annual Operational Plan* provides further details of the Centre's priorities and programs for the 2011-12 financial year.

Estimated ODA in 2011-12

\$82.5 million

Table 4: ACIAR programs in 2011-12

Program	Focus
Bilateral programs	ACIAR's bilateral work will further key programs under the Food Security through Rural Development initiative. Ongoing country programs will operate in developing countries in the Asia Pacific region, and Africa. Initiatives to support the Food Security initiative through sustainably enhancing agricultural productivity and profitability are:
	<ul> <li>The 'Sustainable intensification of maize-legume cropping systems in eastern and southern Africa' project, to lift the productivity of maize-legume systems through introduction of productive varieties and strengthening value chains;</li> </ul>
	<ul> <li>Developing high-value agricultural, forestry and fisheries products in the Pacific through the Pacific Agribusiness Research for Development initiative;</li> </ul>
	<ul> <li>Improving the productivity of rice-based farming systems in South Asia and South East Asia, concentrating on adapting existing technologies to improve yields; and</li> </ul>
	<ul> <li>Climate change adaptation in the rice-based farming systems in the Mekong and South Asia through the integration of a suite of improved technologies and varieties.</li> </ul>
	ACIAR will continue to align its investment of resources with the broader priorities of the aid program to achieve food security. Priorities for 2011-12 are outlined in the Centre's <i>Annual Operational Plan</i> and include:
	<ul> <li>Delivering improved crop varieties in East Timor, enhancing productive and competitive horticulture and livestock systems in Pakistan, fostering sustainable agricultural practices in Iraq's cropping sector and stronger supply and marketing chains for Philippines horticulture and aquaculture producers.</li> </ul>
Multilateral programs	Funding will be allocated to the CGIAR system primarily on an unrestricted basis, through three Windows: funding without earmarks, funding earmarked for specific research areas and funding earmarked for specific centres.
Training programs	Training programs will develop the skills of partner country research scientists involved in ACIAR projects, through formal training courses, and informal project activities and interactions, including:
	<ul> <li>Continuing two fellowship schemes, offering developing country scientists post-graduate study opportunities in Australia and short-term research management training of outstanding leaders; and</li> </ul>
	<ul> <li>Continued support through the Crawford Fund for training activities, including master classes which complement ACIAR training and projects.</li> </ul>
Communicating research results	ACIAR communicates the results of its research activities via electronic media and publications raising awareness of research and development activities through scientific publications available through the ACIAR website, CD-ROMs and in hard-copy formats.
Evaluating impacts	ACIAR commissions independent studies of the impacts arising from projects through the ACIAR Impact Assessment program, working closely with AusAID's Office of Development Effectiveness.
	Studies of projects or suites of projects will be undertaken to assess their impacts and adoption studies will be conducted to determine levels of adoption based on a large research project completed in 2007-08.

# 6. EFFECTIVENESS OF THE AID PROGRAM

The Australian Government is committed to ensuring the aid program delivers effective programs and provides value for money. The establishment of the Independent Review of Aid Effectiveness demonstrates the depth of this commitment. It will help ensure that our aid educates more children and saves more lives with the money made available by taxpayers.

Over the past five years, a vastly improved performance system has been designed and implemented to drive a focus on quality and results within AusAID. This is codified in AusAID's *Performance Management and Evaluation Policy*, which has been recognised as a robust program performance system by the Australian National Audit Office and the OECD Development Assistance Committee. Individual aid activities are assessed annually against quality principles and are subject to independent evaluations at completion. Country programs report annually with program performance and progress assessed against country strategy objectives. AusAID's Thematic Groups report on the performance of the aid program in the major sectors. The Office of Development Effectiveness produces an *Annual Review of Development Effectiveness* and conducts major cross-cutting reviews and evaluations that inform program management and future programming choices.

The *Performance Management and Evaluation Policy* and annual performance reports dating back to 2006 are available on the AusAID website at <a href="http://www.ausaid.gov.au/ode/">http://www.ausaid.gov.au/ode/</a>.

Transparency is an important aspect of effectiveness. Transparency increases government accountability for aid spending and results and encourages debate that can serve to improve the impact of our aid. Transparency reduces costly duplication and drives ongoing improvements in efficiency. Australia is a signatory to the *International Aid Transparency Initiative*, through which donors are implementing a range of transparency commitments by developing a common standard of reporting. Australia's commitment to improving transparency continues to drive value for money in the Australian aid program, maximising the impact on the lives of the world's poor.

Value for money in the Australian aid program

#### Value for Money Efficiency **Economy** Effectiveness **Funding** Inputs Outputs Outcomes [\$m] [behavioural changes] [resources] [goods or services] (e.g. equipment, (e.g. schools built) (e.g. improved enrolment rates) materials & labour)

A "value for money" perspective (one that balances effectiveness, efficiency and overall economy) has been, and continues to be a key underlying principle for the aid program. This perspective focuses on results and returns rather than only on input costs. The value for money concept is an explicit focus on demonstrating results, and managing the risks of achieving expected returns.

Improving aid effectiveness involves understanding and funding those outputs that are most likely to bring about the desired outcomes. It is about understanding the "bigger picture" and what is under our direct control (outputs) and what is not (desired outcomes). To improve aid effectiveness we need to better understand and monitor all the factors contributing to or inhibiting achievement of our desired outcomes.

Improving aid efficiency involves two aspects: (i) achieving the best possible quality and quantity of inputs for the best possible price; and (ii) ensuring that those inputs produce the best quality and quantity of outputs. AusAID has undergone, and continues to undergo, reforms in both these areas. In 2010, Australia and its partner countries jointly reviewed the use of advisers in the Australian aid program. This review resulted in major changes to the way AusAID will provide technical assistance in the future, including the introduction standardised salaries and allowances, to ensure they are consistent with international market rates. In December 2010, AusAID also commissioned a Procurement and Agreements Review.

Further information on these concepts is available in most performance audit guidelines. For example, see the *Implementation Guidelines for Performance Auditing* published by the International Congress of Supreme Audit Institutions (INTOSAI) (<a href="http://intosai.connexcc-hosting.net/blueline/upload/1implgperfaude.pdf">http://intosai.connexcc-hosting.net/blueline/upload/1implgperfaude.pdf</a>).

# 6.1. MAJOR AID REVIEWS

# Review of advisers funded by the Australian aid program

In 2010, Australia and partner countries jointly reviewed the use of advisers by the Australian aid program. The purpose of the review was to ensure that each adviser position is aligned with agreed development priorities, and to identify and agree on processes for regularly reviewing the use of advisers and considering requests for new positions. The review confirmed that the majority of adviser positions funded by the aid program are focused on high priority areas for partner governments.

Of 952 adviser positions reviewed, 257 were recommended to be phased out over the coming two years. Some of these represent success stories, where the objectives of the position have – or will have – been achieved and positions do not need to be replaced. In other cases they reflect changing development priorities and needs which may be better met by other means. The largest changes are occurring in East Timor and Papua New Guinea, where up to one-third of adviser positions will be phased out within two years. Funds from these positions will be redirected to higher-priority programs, such as basic education and health service delivery, training and other forms of skills development.

The review also made recommendations for making better use of advisers. These include setting clear and realistic objectives for positions, and encouraging partner countries to be more involved in selecting, recruiting and managing advisers.

New measures have also been introduced to ensure that when an adviser is used, this represents value for money; and that there is a consistent approach to adviser salaries and allowances across the aid program. An *Adviser Remuneration Framework* now applies to all commercially-contracted advisers funded by AusAID. The *Framework* sets clear salary and allowance ranges which have been benchmarked against international fee rates in the aid market. The *Framework* is also linked to a strengthened adviser performance management system. These two reforms mean that there is a comprehensive, rigorous approach in place guiding the aid program's use and payment of advisers.

In March 2011 the Government announced a review of the terms and conditions offered to public servants engaged overseas as Australian aid advisers (currently 68 individuals are working in such positions). This is a next step in ensuring advisers under the aid program, be they commercially engaged or a Government employee, represent value for money.

AusAID can expect to continue to receive requests for advisers from countries receiving Australian aid, because Australian advice is highly sought after. Australia will continue to improve the effectiveness of the aid program, including by ensuring that the use of advisers achieves results and represents value for money.

# **Procurement and Agreements Review**

In December 2010, AusAID commissioned a review of its procurement and grants administration practices to ensure they keep pace with changes in the aid market and deliver value-for-money. The review examined best practice in Australian government agencies and international aid donors to ensure AusAID's systems continue to deliver value-for-money as the aid program grows.

The review team consulted widely and tested AusAID's systems against established criteria for value-for-money in the Commonwealth's financial policy and regulatory framework. This involved an assessment of the agency's agreements processes, technical support systems, accountability structures and skills for:

- analysing costs and benefits of proposed aid activities;
- ensuring associated tender and grant selection processes are transparent and effective;
- ensuring resources are allocated to the most efficient and effective delivery organisations; and
- ensuring funds are protected through diligent contract management.

The review recommendations are being examined and its recommendations will help AusAID to improve the way it disburses funds and manages agreements in the most efficient, effective and transparent way. We expect to release the report by the middle of the year. The findings also informed the work of the Independent Review of Aid Effectiveness.

# Increasing use of partner government systems

AusAID is increasingly working through partner government systems. This way of working includes strengthening the internal public financial management systems of partner governments to improve the efficiency and effectiveness of all resources available for the delivery of services, including those of the partner government. The decision to provide funding through these systems is based on careful and detailed analysis, often undertaken jointly with other donors.

To support this analysis and to ensure that decisions on the use of partner government systems in delivering aid are well-based, AusAID has developed new guidance on the use of partner government systems. The guidance ensures that appropriate analysis is undertaken, and safeguards and risk management mechanisms are put in place when financing through partner government systems. To support this, staff training on the use of partner government systems and public financial management more broadly is being rolled out across programs. AusAID has also employed a Public Financial Management specialist to supplement capacity to understand and assess risks

associated with using partner systems and to advise program areas on different types of aid.

# 6.2. REVIEWS BY THE OFFICE OF DEVELOPMENT EFFECTIVENESS

The Australian Government established the Office of Development Effectiveness (ODE) in 2006 to monitor the quality and evaluate the impact of the Australian aid program. ODE is a unit within AusAID that is separate from program management. ODE answers directly to the Director General of AusAID and is guided by the Development Effectiveness Steering Committee (DESC), which is chaired by the Director General and comprises deputy secretaries from the following Australian Government departments: Prime Minister and Cabinet, Foreign Affairs and Trade, Treasury and Finance and Deregulation.

Australia became the only bilateral donor to produce three annual reviews of development effectiveness after tabling the 2009 Annual Review of Development Effectiveness (ARDE). The Review found the performance of the aid program continued to improve, as did the quality of performance reporting. Australia's move towards more partnership-based approaches to aid delivery was found to be paying returns, particularly in the basic service sectors of health, education and water and sanitation. For example, thanks to Australia's commitment to fair and inclusive development, Samoan students with disabilities have access to secondary education for the first time in that nation's history. The Review makes recommendations on how the aid program can build on this experience.

Australia continues to draw on internationally agreed development effectiveness principles, adapting them to the unique challenges faced in fragile and low capacity states in our region. Australia is bringing this experience to international discussions on aid effectiveness, including participation in the Fourth High Level Forum on Aid Effectiveness in Busan, Korea, in late November 2011. For instance, Australia's experience and expertise in supporting our partners in delivering basic services in these challenging environments is recognised internationally. There is strong interest in Australia's role in support in the Pacific for the Cairns Compact on Strengthening Development Coordination and for the Partnerships for Development. This latter initiative is building stronger partnerships with Pacific Island Countries, based on principles of ownership and mutual respect and responsibility, and has proven to be critical in providing impetus for broader reforms across the region.

# 6.3. EXTERNAL AUDITS

The Australian National Audit Office (ANAO) conducts regular audits of aspects of the Australian aid program. In November 2009, the ANAO published an audit report on *AusAID's Management of the Expanding Australian Aid Program*. The report assessed AusAID's progress in implementing reforms to support the planned increase in size of

the aid program. It examined AusAID's management arrangements and staff capacity; how aid investments are selected; major forms of aid delivery (focusing on technical assistance and use of partner government systems); coordination of whole of government engagement; monitoring and evaluating aid performance; and external reporting.

The ANAO's overall conclusion was that since 2005 AusAID had managed the expansion of the aid program in a way that supported the delivery of effective aid. AusAID agreed to all six recommendations made by the ANAO and all of the recommendations have now been implemented.

An ANAO audit of the aid program's support for tertiary education has been undertaken and is due to be tabled in Parliament in late May.

# 6.4. RESEARCH

Reducing poverty in a wide range of different country settings is complex. As the Australian Government increases its aid program, it is critical that policies and programs are underpinned by the best available evidence. Good research provides a quality and practical evidence base upon which policies and programs can be built.

Australia's investment in development research has increased significantly over the past few years. Over this time AusAID funded research has informed education funding in the Philippines and Vanuatu, motivated new policies addressing violence against women in the Pacific, changed banking guidance in Indonesia to address illegal deforestation and improved food security in South Asia through increased resilience of key food crops. Health, food security and economic development, particularly for the rural poor, have been focal areas of our research support. Research on governance and the environment remains strong and research into education and aid effectiveness continues to grow.

Research support through our country programs, sector groups and central research program has increased and systems to fund, evaluate and promote the use of this research have been strengthened. In 2010, a joint investment in systematic reviews of development research with the UK Department for International Development (DFID) and the International Initiative for Impact Evaluation (3ie) was part of AusAID's efforts to better ensure the global availability and use of synthesised research evidence for development. Our engagement with Australian Universities has expanded through partnerships and competitive grants such as the Australian Development Research Awards. This scheme has awarded \$26.5 million across 80 research projects in 2007, 2008 and 2009.

In the coming year, AusAID will publish a new *Development Research Strategy* for the period 2011-2015. Funding will support programs of applied research for policy in key

areas of development and build networks between Australian and international research communities, particularly those in developing countries.

# **APPENDIX**

# **AUSAID COUNTRY AND GLOBAL PROGRAMS**

**Table 5: AusAID country programs** 

Tuble 0. AddAib dountry programs			Estimated	Budget
		Actual (\$m)	Outcome (\$m)	Estimate (\$m)
Country/Region	Notes	2009-10	2010-11	2011-12
Papua New Guinea		395.5	406.4	436.5
Solomon Islands	а	109.2	120.9	124.3
Vanuatu		45.6	42.7	53.0
Samoa		25.9	25.5	26.0
Fiji		17.6	17.1	18.5
Tonga		16.8	17.8	19.0
Nauru	b	16.4	17.8	18.0
Kiribati		13.0	18.1	18.3
Tuvalu		5.4	6.3	7.4
Cook Islands		2.2	2.2	2.2
Niue	С	1.6	2.7	2.7
North Pacific	d	2.2	4.0	6.3
Pacific Regional		191.6	190.8	203.7
Total Pacific		843.0	872.3	935.9
Indonesia	е	391.9	385.4	474.6
Vietnam		98.2	95.3	102.4
Philippines		109.6	102.6	105.0
East Timor		74.9	70.7	80.4
Cambodia		51.2	47.3	57.3
Burma		20.7	42.0	42.0
Laos		29.6	39.0	31.1
China		25.2	20.3	22.5
Mongolia		3.2	5.4	7.0
East Asia Regional		43.1	48.5	61.7
Total East Asia		847.6	856.5	984.0
Afghanistan		53.3	109.2	124.1
Bangladesh		62.8	52.6	72.1
Pakistan		70.3	68.8	79.0
Sri Lanka		45.7	33.0	33.5
India		4.3	6.6	9.0
Nepal		17.4	12.1	17.2
Bhutan		3.2	3.3	3.8
Maldives		3.4	3.2	3.5
South and West Asia Regional		15.2	38.9	25.0
Total South and West Asia		275.6	327.7	367.2
Iraq		39.4	38.8	30.0
Palestinian Territories & Other Middle East		43.3	39.8	43.8
Africa		103.1	172.8	218.0
Total Africa and the Middle East		185.8	251.4	291.8
Latin America		2.1	9.2	18.0
Caribbean		17.4	17.6	16.4
Total Latin America and the Caribbean		19.5	26.8	34.4
Cross Regional Programs	f	268.2	348.0	378.3
AusAID COUNTRY PROGRAMS	g	2,439.7	2,682.7	2,991.6

Notes: see page 138.

Table 6: AusAID global programs

			Estimated	Budget
		Actual (\$m)	Outcome (\$m)	Estimate (\$m)
Global Program	Notes	2009-10	2010-11	2011-12
Humanitarian and Emergency Response		171.5	200.2	210.0
International Committee of the Red Cross and Red Crescent		16.0	20.5	20.0
United Nations Humanitarian Agencies		52.5	89.5	95.0
UNOCHA		6.0	7.0	8.0
WFP		15.0	45.0	45.0
UNCERF		12.0	14.0	16.0
UNHCR		14.3	16.0	18.0
UNRWA		5.2	7.5	8.0
Humanitarian, Emergencies and Refugees		240.0	310.2	325.0
IDA		0.0	723.6	0.0
MDRI		0.0	56.7	0.0
HIPC		0.0	50.1	0.0
GEF		0.0	105.0	0.0
MPMF		0.0	0.0	0.0
Multilateral Replenishments	а	0.0	935.4	0.0
United Nations Development Agencies		78.2	94.0	116.7
of which:				
UNDP		14.6	17.9	23.3
UNICEF		19.6	25.4	34.1
WHO		19.0	18.0	23.0
UNFPA		9.0	11.5	15.0
UNAIDS		8.0	8.5	9.0
UN Women		3.6	7.4	8.0
Other UN Development Agencies		4.4	5.3	4.3
Commonwealth Organisations	b	10.8	11.0	15.5
Contribution to Global Environment Programs	С	28.1	27.1	84.7
Contribution to Global Health Programs	d	57.6	46.6	50.0
Contribution to Global Education Programs	е	24.2	25.2	25.0
Contribution to Other Global Programs	f	14.4	40.0	10.0
UN, Commonwealth and Other International		213.3	243.9	301.9
Organisations				
Non-Government Organisations		56.4	71.4	100.0
of which:				
AusAID-NGO Cooperation Program		55.1	70.0	98.1
Volunteer Programs		17.9	29.7	33.5
Australian Youth Ambassadors for Development		16.8	17.2	21.5
Community Engagement and Development Research		17.3	15.2	16.0
NGO, Volunteer and Community Programs		108.4	133.5	171.0
Total AusAID Global Programs	g	561.7	1,623.0	797.9
Less: new multi-year commitments	h	0.0	-935.4	0.0
Add: cash paid to multi-year liabilities	i	263.6	304.7	297.5
AusAID GLOBAL PROGRAMS	j	825.3	992.3	1,095.4

Notes: see page 138.

# TOTAL AUSTRALIAN OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Table 7: Australia's ODA 1971-72 to 2011-12

	Current	Constant	Real change over	ODA/GNI
Year	prices	2010-11 prices	previous year	ratio
	(\$m)	(\$m)	(%)	(%)
1971-72	200.5	1,897.8	4.0	0.45
1972-73	219.2	1,969.4	3.8	0.44
1973-74	264.9	2,095.6	6.4	0.44
1974-75	334.6	2,162.6	3.2	0.46
1975-76	356.0	2,007.2	-7.2	0.42
1976-77	386.2	1,940.1	-3.3	0.40
1977-78	426.1	1,963.9	1.2	0.41
1978-79	468.4	2,043.1	4.0	0.40
1979-80	508.7	2,027.0	-0.8	0.38
1980-81	568.0	2,047.8	1.0	0.37
1981-82	657.8	2,093.9	2.2	0.38
1982-83	744.6	2,127.5	1.6	0.39
1983-84	931.8	2,500.5	17.5	0.44
1984-85	1,011.4	2,583.3	3.3	0.43
1985-86	1,031.0	2,478.1	-4.1	0.40
1986-87	975.6	2,181.8	-12.0	0.34
1987-88	1,019.6	2,140.1	-1.9	0.32
1988-89	1,194.6	2,306.6	7.8	0.33
1989-90	1,173.8	2,123.3	-7.9	0.30
1990-91	1,261.0	2,180.5	2.7	0.31
1991-92	1,330.3	2,263.4	3.8	0.32
1992-93	1,386.1	2,343.3	3.5	0.32
1993-94	1,410.8	2,362.5	0.8	0.31
1994-95	1,483.7	2,438.3	3.2	0.31
1995-96	1,556.5	2,496.1	2.4	0.30
1996-97	1,432.0	2,258.8	-9.5	0.26
1997-98	1,443.0	2,256.0	-0.1	0.25
1998-99	1,528.6	2,379.3	5.5	0.25
1999-00	1,748.7	2,659.4	11.8	0.27
2000-01	1,623.1	2,369.9	-10.9	0.24
2001-02	1,755.1	2,500.6	5.5	0.24
2002-03	1,830.8	2,540.1	1.6	0.23
2003-04	1,973.1	2,640.7	4.0	0.23
2004-05	2,198.1	2,820.8	6.8	0.25
2005-06	2,697.7	3,298.2	16.9	0.28
2006-07	3,017.9	3,503.8	6.2	0.29
2007-08	3,173.7	3,522.7	0.5	0.28
2008-09	3,799.5	4,027.4	14.3	0.31
2009-10	3,914.0	4,144.7	2.9	0.32
2010-11 (Estimated outcome)	4,361.8	4,361.8	5.2	0.33
2011-12 (Budget estimate)	4,836.2	4,729.1	8.4	0.35

# **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.

# **Budget Highlights**

1. In the Foreign Affairs and Trade Portfolio Budget Statement 2011-12 and Budget Paper No.2: Budget Measures 2011-12, these new budget measures are itemised into programs as follows:

- a) Program 1.1 (PNG and the Pacific): \$150.6 million over four years.
- b) Program 1.2 (East Asia): \$697.1 million over four years.
- c) Program 1.3 (Africa, South and Central Asia, Middle East and Other): \$783.1 million over four years.
- d) Program 1.7 (Volunteers and NGOs): \$244.0 million over four years.
- e) Australian Civilian Corps: \$32.0 million over four years.
- f) Termination of *Pacific Land* budget measure: -\$90.2 million over four years.

### Part 1: Australia's International Development Assistance Program

- 2. Throughout this Statement, all references to 'extreme poverty' mean a daily income of less than US\$1.25 a day (adjusted for purchasing power parity).
- 3. United Nations (2010), The Millennium Development Goals Report 2010, New York.
- 4. UNICEF et al. (2010), Levels and Trends in Child Mortality, p. 8.
- 5. Defined as the number of pupils of the theoretical school age for primary education enrolled in either primary or secondary school, expressed as a percentage of the total population in that age group.
- 6. United Nations (2010), *The Millennium Development Goals Report 2010*, New York. 7. *Ibid*.
- 8. UNESCO (2011), Education for All Global Monitoring Report, Paris.

# **Table 1: Composition of Australian ODA**

The column 'Budget Estimate 2010-11' shows estimates provided in the 2010-11 Budget at May 2010. The column 'Estimated Outcome 2010-11' shows outcomes for 2010-11 as estimated at May 2011.

- a) 'AusAID Country Programs' are detailed in Table 5 on page 126, and include country and regional programs, as well as AIRPD grants and loans.
- b) 'AusAID Global Programs' are detailed in Table 6 on page 127, and adjusted to include cash but exclude expenses associated with multi-year liabilities (such as to the ADF and IDA). See notes (h) and (i) to Table 7 for details and explanation of these adjustments.
- c) 'AusAID Departmental' shows AusAID's Departmental expenses.

- d) Australian Centre for International Agricultural Research (ACIAR) 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

The column 'Budget Estimate 2010-11' shows estimates provided in the 2010-11 Budget at May 2010. The column 'Estimated Outcome 2010-11' shows outcomes for 2010-11 as estimated at May 2011.

- 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 5 on page 126).
- c) The 2009-10 and 2010-11 ODA flows to 'Niue' includes ODA flows to 'Tokelau'.
- d) For the purposes of this table, 'North Pacific' includes the Federated States of Micronesia, Palau, and the Republic of the Marshall Islands.
- e) 'Regional and Other Pacific' includes amounts attributable to the Pacific region (but not to a specific country) from the Pacific Regional program (see Table 6 for amounts and Section 2.1 for program details), AusAID global programs (see Table 7 for a breakdown), and other government departments.
- f) 'Indonesia' estimated expenditure includes AIPRD.
- g) 'East Asia Regional' shows amounts attributable to the East Asia region (but not to a specific listed country) from the East Asia Regional program (see Table 6 for amounts and Section 2.2 for program details), AusAID global programs (see Table 7 for a breakdown), and other government departments.
- h) 'South and West Asia Regional' shows amounts attributable to the South and West Asia region (but not a specific country) from the South and West Asia Regional program (see Table 6 for amounts and Section 2.3 for program details), AusAID global program (see Table 7 for a breakdown), and other government departments.
- i) 'Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions' includes payments to some UN and Commonwealth organisations, ODA-eligible departmental expenditure and ODA flows not attributable to the above countries and regions. The ODA-eligible components of cash payments to IDA, ADF, GEF, HIPC and the MPMF are also included in this line item (see Section 3.2 for 2011-12 funding levels).
- j) 'Adjustments' see notes to Table 1(f) above.
- k) ODA is reported on a cash basis.

### Diagram 4: Relative aid significance

- 9. Diagram 4 examines how donors supplement domestic resources in our partner countries:
  - the vertical axis shows how dependent the country is on foreign aid. It plots the ratio of total ODA disbursed to the country from all donors over domestic revenue received by all general (that is, national and sub-national) government entities, in the most recent year for which data is available, 2009. The higher the ratio, the more aid dependent the country is.

- the horizontal axis shows how Australia's aid to the country compares to aid provided by other donors. It plots the ratio of Australian ODA over total ODA disbursed in 2009. The higher the ratio, the more significant Australia is among the donors to the country.
- the size of the bubbles shows how much of Australia's aid program is allocated to each of the countries in 2011-12. The larger the bubble, the more funding has been allocated – i.e. the more significant the funding is to Australia.

Taken together, these factors show the relative significance of aid in general, and Australian aid in particular, to our partner countries. We can also see that, for some countries, a relatively small proportion of our aid program is extremely significant.

### Part 2: Country and regional programs

- 10. AusAID has a separate country program for each major partner country, which is planned and implemented jointly with the partner government. Each country program is an integrated package of mutually agreed activities, developed and implemented under an agreed country strategy. In dollar terms it is often the largest AusAID program delivering benefits in the partner country.
- 11. AusAID's regional programs deliver Australian aid across a region (or regions) of interest to Australia. Activities are usually planned and delivered under a single regional program strategy, and usually benefit more than one country. Expenditure is allocated between beneficiary countries whenever identifiable.
- 12. AusAID's global programs deliver development benefits across the developing world. They include contributions to international organisations; emergency, humanitarian and refugee programs; contributions to NGOs and volunteer programs; development education and public information; and development research.

### Maps

13. The depiction and use of boundaries, geographic names and related data shown on the maps and flags do not necessarily imply official endorsement or acceptance by the Australian Government. The regional maps were produced by AusAID using the Generic Mapping Tools (<a href="http://www.soest.hawaii.edu/gmt/">http://www.soest.hawaii.edu/gmt/</a>) and the GNU Image Manipulation Program (<a href="http://www.gimp.org/">http://www.gimp.org/</a>). All of the country maps and the flags, unless otherwise specified, are from:

The World Factbook 2011. Washington, DC: Central Intelligence Agency, 2011. https://www.cia.gov/library/publications/the-world-factbook/index.html

# MDG diagrams

Unless otherwise noted, the MDG diagrams are based on the following progress assessments:

- Pacific: AusAID (2009), Tracking development and governance in the Pacific, p.62. Available online at <a href="http://www.ausaid.gov.au/publications/pdf/track\_devgov09.pdf">http://www.ausaid.gov.au/publications/pdf/track\_devgov09.pdf</a>.
- East, South and West Asia: Asian Development Bank (2010), Paths to 2015: MDG Priorities in Asia and the Pacific, p. 6. Available online at <a href="http://www.adb.org/Documents/Reports/Asia-Pacific-MDG-2010/mdg-paths-to-2015.pdf">http://www.adb.org/Documents/Reports/Asia-Pacific-MDG-2010/mdg-paths-to-2015.pdf</a>.
- Iraq: UN and Government of Iraq (2010), The Millennium Development Goals in Iraq. Available online at <a href="http://www.iauiraq.org/reports/mdgs/MDG">http://www.iauiraq.org/reports/mdgs/MDG</a> booklet English.zip.
- Palestinian Territories: Palestinian National Authority: Central Bureau of Statistics (2009),
   Millennium Development Goals: Statistical Report. Online at
   <a href="http://www.pcbs.gov.ps/Portals/">http://www.pcbs.gov.ps/Portals/</a> pcbs/mdgs/MDGs%20Report 2009 English.pdf.

The indicators and targets used for each MDG are as follows:

 MDG 1: Halve between 1990 and 2015 the proportion of people in the country living on less than one dollar a day (at 1993 international prices), recently updated to \$1.25 a day (at 2005 international prices). This is often known as the 'absolute poverty line', that is a measure of extreme poverty. In the PICs, due to lack of data, the 2009 AusAID report assessed national

- poverty lines (also known as 'basic needs poverty lines' or BNPL), which represent the level of income required to meet a minimum standard of living in a country.
- MDG 2: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling (primary completion rate). That is, the ratio of the number of students successfully completing (or graduating from) the last year of primary school in a given year to the number of children who were enrolled in grade 1 in that cohort.
- MDG 3: Eliminate gender disparity in primary and secondary education by no later than 2015 (ratios of girls to boys in both primary and secondary education). That is, the ratio of female to male students enrolled at the primary and secondary levels in public and private schools. The 2010 ADB report assesses progress against each of these indicators separately; in this Statement the MDG diagrams for countries covered by that report only include a tick if both indicators were assessed by the ADB as 'met' or 'on-track'.
- MDG 4: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate. The under-five mortality rate is the probability (expressed as a rate per 1,000 live births) of a child born in a specified year dying before reaching the age of five if subject to current age-specific mortality rates. The under-five mortality rate includes the infant (under 12 months) mortality rate.
- MDG 5: Reduce by three-quarters between 1990 and 2015, the maternal mortality rate. The maternal mortality ratio is the number of women who die from any cause related to, or aggravated by, pregnancy or its management (excluding accidental or incidental causes) during pregnancy or childbirth or within 42 days of termination of pregnancy irrespective of the duration and site of the pregnancy per 100,000 live births. Similar to the under-five mortality rate, measuring the maternal mortality rate for small states (e.g. most Pacific Island Countries, PICs) is problematic due to small populations. In this Statement, for countries other than the PICs, as per the 2010 ADB report, the proportion of births attended by skilled health personnel has been used as a proxy for the maternal mortality ratio.
- MDG 6: Halt and reverse the spread of HIV/AIDS, malaria and tuberculosis by 2015 (HIV and tuberculosis prevalence rates). Progress assessments are based on the HIV prevalence rate the percentage of the population aged 15 to 49 estimated to be HIV positive and the tuberculosis (TB) prevalence rate the number of cases of TB per 100,000 population. In the PICs, the progress assessments for this MDG also take into account reported cases of malaria. Countries must have received a rating of "met" or 'on-track' against all of these indicators in the referenced reports to receive a tick in the MDG diagrams in this Statement.
- MDG 7: Halve by 2015 the proportion of the population without sustainable access to safe drinking water and basic sanitation. The proportion of households with sustainable access to an improved water source is the proportion of households that use any of the following types of water supply for drinking piped water, public tap, borehole or pump, protected well, spring or rainwater. Improved water sources do not include vendor-provided water, bottled water, tanker trucks or unprotected wells or springs. The proportion of households with sustainable access to improved sanitation refers to the proportion of households with access to facilities that hygienically separate human excreta from human, animal or insect contact. Facilities such as sewers or septic tanks, poor-flush latrines and simple pit latrines are assumed to be adequate, provided they are not public. To be effective, facilities must be correctly constructed and properly maintained. Countries must have received a rating of 'met' or 'on-track' against both of these indicators in the referenced reports to receive a tick in the MDG diagrams in this Statement.

To avoid misinterpretation, it is important to understand that the MDG diagrams only show *progress* towards the MDG targets. They are not an assessment of the current situation in the country. For example, if a country had a poverty rate of 60 per cent in 1990 and was expected to reach 30 per cent by 2015, it would receive a tick against MDG 1 in the relevant MDG diagram. However this is not to say that poverty is no longer a major issue in that country, only that significant progress has been made.

### **Key Statistics**

'Population' refers to the country's estimated 2010 population (both sexes combined), according to the United Nations Population Division. See <a href="http://data.un.org/Data.aspx?d=PopDiv&f=variableID%3a12">http://data.un.org/Data.aspx?d=PopDiv&f=variableID%3a12</a>.

'GNI per capita' refers to the country's 2009 per capita Gross National Income (GNI) in current prices in US\$, as reported by the United Nations Statistics Division. See <a href="http://unstats.un.org/unsd/snaama/dnlList.asp">http://unstats.un.org/unsd/snaama/dnlList.asp</a>. For alternative measurements, see <a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a> (current US\$, using the World Bank Atlas method) and <a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD/countries">http://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD/countries</a> (current US\$ PPP).

'HDI rank' refers to the country's 2010 ranking on the Human Development Index produced annually by UNDP. The HDI is a summary measure of human development. It measures the average achievements in a country in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. In 2010 ranks ranged from 1 (very high human development) to 169 (low human development). Data availability determines HDI country coverage. See <a href="http://hdr.undp.org/en/statistics/data/">http://hdr.undp.org/en/statistics/data/</a> for more information.

#### **Pacific**

- 14. Doran (2003), *Economic impact assessment of NCDs on hospital resources in Tonga, Vanuatu and Kiribati*, SPC/AusAlD Pacific Action for Health Project, National Drug and Alcohol Research Centre, UNSW, Australia, Final report September 2003.
- 15. WHO, (2008), Western Pacific Regional Health Databank (diabetes prevalence figures are from 2002).
- 16. See "Termination of Pacific Land Measure" in the *Foreign Affairs and Trade Portfolio Budget Statement 2011-12* and *Budget Paper No.2: Budget Measures 2011-12*. This will generate a saving of \$90.2 million over four years.

#### East Asia

- 17. Unless otherwise specified, any references to East Asia throughout this section refer to both Eastern and South-Eastern Asia, as per the UN macro-geographical classifications, available at <a href="http://unstats.un.org/unsd/methods/m49/m49regin.htm">http://unstats.un.org/unsd/methods/m49/m49regin.htm</a>.
- 18. For more information on PNPM see the Indonesian Government's website at <a href="http://www.pnpm-mandiri.org/">http://www.pnpm-mandiri.org/</a> (Indonesian only) or the World Bank's website at <a href="http://go.worldbank.org/PMAHFZXG80">http://go.worldbank.org/PMAHFZXG80</a> (English and Indonesian).
- 19. The assessments of Indonesia's progress towards the MDGs shown in the MDG diagram here are taken from BAPPENAS (2010), *Roadmap to Accelerate Achievement of the MDGS in Indonesia* (available online at <a href="http://www.undp.or.id/pubs/docs/MDG%202010%20Report%20Final%20Full%20LR.pdf">http://www.undp.or.id/pubs/docs/MDG%202010%20Report%20Final%20Full%20LR.pdf</a>). These assessments vary from those found in the ADB's 2010 MDG progress report in some areas.
- 20. World Bank Open Data Database (online). The World Bank, viewed 20 April 2010
- 21. World Bank and AusAID, Philippines: Basic Education Public Expenditure Review Draft 20 July, 2010.
- 22. World Bank (2005). Natural Disaster Hot Spots: A Global Risk Analysis; UN-ISDR Country DRM Fact Sheet, 2010
- 23. National Assessment on the State of Disaster Risk Management in the Philippines Final Report, Philippines National Disaster Coordination Council, ADB and UNDP 2008 report
- 24. UNICEF Childinfo (2008), State of the World's Children.
- 25. Ibid
- 26. Food and Agriculture Organization/World Food Programme, *Food and Crop Assessment*, November 2010.

### South and West Asia

- 27. Unless otherwise specified, any references to South and West Asia throughout this section refer to South Asia, as per the UN macro-geographical classifications, available at <a href="http://unstats.un.org/unsd/methods/m49/m49regin.htm">http://unstats.un.org/unsd/methods/m49/m49regin.htm</a>.
- 28. IPCC 2007.
- 29. See <a href="http://www.ausaid.gov.au/business/other-opps/pslp.cfm">http://www.ausaid.gov.au/business/other-opps/pslp.cfm</a> (Asia Public Sector Linkages Program) and <a href="http://www.ausaid.gov.au/business/other-opps/pac-pslp.cfm">http://www.ausaid.gov.au/business/other-opps/pac-pslp.cfm</a> (Pacific Public Sector Linkages Program).
- 30. Available on the Ministry of Planning's website at <a href="http://mopad.pna.ps/web\_files/publishing\_file/Establishing%20the%20State%20Building%20our%20Future%20NDP%202011-13.pdf">http://mopad.pna.ps/web\_files/publishing\_file/Establishing%20the%20State%20Building%20our%20Future%20NDP%202011-13.pdf</a>.

### Africa and the Middle East

- 31. Pending formal recognition of South Sudan as a state (expected to occur around the time this document goes to press).
- 32. Level and Trends in Child Mortality Report 2010: Estimates Developed by the UN Inter-agency Group for Child Mortality Estimation.
- 33. Trends in Maternal Mortality: 1990 to 2008: Estimates Developed by WHO, UNICEF, UNFPA and the World Bank.
- 34. WHO/UNICEF Joint Monitoring Program on Water and Sanitation (2010), *Progress on Sanitation and Drinking Water: 2010 Update.*

### Part 3: Global programs

### Multilateral engagement

35. Multilateral replenishments equals the sum of Australia's expected 2011-12 cash contributions to the IDA, ADF, MDRI, HIPC, GEF, and MPMF, in accordance with past commitments. The IDA and the ADF are the concessional arms of the World Bank and Asian Development Bank respectively. They are mainly financed through contributions made by the governments of the richer member countries. Donors meet every three or four years to replenish the funds and review fund policies. The most recent replenishment of the IDA's resources (IDA 16) was finalised in December 2010 (see <a href="http://go.worldbank.org/7ARHOU1WK0">http://go.worldbank.org/7ARHOU1WK0</a>). The most recent replenishment of the ADF's resources (ADF X) was finalised in May 2008 (see <a href="http://www.adb.org/ADF/adf-replenishment.asp">http://www.adb.org/ADF/adf-replenishment.asp</a>).

36. More information is available at <a href="http://www.imf.org/external/np/exr/facts/mdri.htm">http://www.imf.org/external/np/exr/facts/mdri.htm</a>.

### NGOs and community engagement

- 37. See <a href="http://www.ausaid.gov.au/partner/pdf/volunteer-review.pdf">http://www.ausaid.gov.au/partner/pdf/volunteer-review.pdf</a>.
- 38. More information is available at <a href="http://www.ayad.com.au">http://www.ayad.com.au</a>.

### Part 4: Sectoral analysis and program priorities

### Diagrams 6, 9, 10, 11, 12 and 13

AusAID budget allocations are made to country, region and global programs, and in line with AusAID key sectors. The projections of expenditure in each sector for 2011-12 shown in Diagram 6 are generated using an analysis of the nature of actual expenditure in the most recent certified data (2009-10) combined with the expected sectoral allocation of new resources through the 2011-12 Budget, multilateral replenishments, and information supplied by Other Government Departments. 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.

In 2011-12, in order to improve transparency around sectoral reporting and better reflect the nature of some activities, AusAID has made a number of changes to its sectoral classification scheme:

- a) Expenditure classified as relating to water, sanitation and hygiene activities in 2009-10, 2010-11 and 2011-12 is now included under the health sector rather than the infrastructure sector.
- b) Rural development and infrastructure expenditure (excluding water and sanitation) have been combined into a new category, "economic growth".
- c) Governance expenditure has been split into two new categories, "economic and public sector reform" and "civil society, justice and democracy". These sectors also include a number of expenditure items formerly categorised as multisector.

The subsectors in Diagrams 9, 10, 11,12 and 13 include expenditure relating to the following activities:

Subsector	Types of activities			
DIAGRAM 9 — EDUCATION & SCHOLARSHIPS				
Basic education	Includes basic education (primary, early childhood education and basic life skills for youths and adults), secondary education, and education governance and sector wide activities (education policy and administrative management, education facilities and training, teacher training, educational research, and multisector education / training).			
Higher education	Includes tertiary education at universities, colleges and polytechnics.			
Technical and vocational education	Includes vocational training and advanced technical and managerial training.			
Scholarships	Includes scholarships.			
DIAGRAM 10— HEALTH				
Basic health care systems	Includes basic health care, basic health care infrastructure, basic nutrition, health personnel development, health policy and administrative management and population policy and administrative management.			
Reproductive health care	Includes reproductive health care, family planning and personnel development for population and reproductive health.			
HIV/AIDS and disease control	Includes social mitigation of HIV/AIDS and STI control including HIV/AIDS, infectious disease control, malaria control and tuberculosis control.			
Medical services, research, education and training	Includes medical education and training, research, services and health education.			
Water supply and sanitation	Includes water sector policy and administrative management, water supply and sanitation, basic drinking water supply, waste management and education in water supply and sanitation.			
DIAGRAM 11 — ECONO	MIC GROWTH			
Transport	Includes road, rail, water and air transport, transport policy and administrative management and education and training in transport and storage.			
Communications and energy	Includes telecommunications, information and communications technology, communications policy and administrative management, electrical transmission and distribution, oil and gas, nuclear power plants, energy research and energy policy and administrative management.			
Agriculture, rural development and food security	Includes agricultural policy and administrative management, agricultural development, rural development, agricultural inputs, food aid/food security programs, agricultural education & training, multisector aid, agricultural research, agricultural land resources, agricultural financial services, agroindustries, food crop production, agricultural extension, livestock/veterinary services, and plant and post-harvest protection and pest control.			
Infrastructure governance and sector wide activities	Includes urban development and management, construction policy and administration management.			
DIAGRAM 12— CIVIL SO	CIETY, JUSTICE AND DEMOCRACY			
Improved democratic processes	Includes elections, legislatures and political parties, media and free flow of information, radio / television / print media.			
Civil society and human rights	Includes human rights, post-conflict peace-building, civilian peace-building, conflict prevention and resolution, women's equality organisations and institutions, democratic participation and civil society, security system management and reform, social welfare services, employment policy and administrative management and multisector aid for basic social services.			
Legal and judicial development	Includes legal and judicial development, narcotics control and anti-corruption organisations and institutions.			

Subsector	Types of activities		
DIAGRAM 13 — ECONOMIC & PUBLIC SECTOR REFORM			
Economic management	Includes business support services and institutions, financial policy and administrative management, Industrial and administrative management, informal, semiformal and formal sector and financial intermediaries, trade policy administrative management, small and medium enterprises development, regional trade agreements, multilateral trade negotiations, trade facilitation, trade related adjustments, education in banking and financial services, tourism policy and administrative management.		
Public sector reform	Includes public sector financial management, government administration, decentralisation and support to sub-national government, statistical capacity building, housing policy and administrative management and public sector and administrative management.		
Multisector governance	Includes general budget support and other technical assistance.		

### Education and scholarships

- 39. UNESCO (2011), Education for All Global Monitoring Report 2011, Paris.
- 40. UNESCO (2010), Education for All Global Monitoring Report 2010, Paris.
- 41. United Nations Enable, <a href="http://www.un.org/disabilities/default.asp?id=18">http://www.un.org/disabilities/default.asp?id=18</a>.
- 42. UNESCO (2010), Education for All Global Monitoring Report 2010, Paris.
- 43. Mosselson, J (2009), *Education and Fragility: A synthesis of the Literature*, Journal of Education for International Development 4:1.

### Health

- 44. Bloom DE and JG Williamson (1998), *Demographic Transitions and Economic Miracles in Emerging Asia*, World Bank Economic Review; and Bloom D, D Canning and P Malaney (2000), *Demographic Change and Economic Growth in Asia*, Population and Development Review, p. 26.
- 45. World Health Organization (2010), Fact Sheet No. 290, Geneva.
- 46. World Health Organization (2010), Trends in Maternal Mortality: 1990 to 2008, p. 17.
- 47. Ibid.
- 48. UNAIDS (2010), Report on the Global AIDS Epidemic, p. 20.
- 49. Papua New Guinea HIV prevalence: 2009 Estimates.
- 50. UNAIDS (2010), Report on the Global AIDS Epidemic, p. 58.
- 51. World Health Organization (2005), Preventing Chronic Disease; A Vital Investment, Geneva.
- 52. United Nations Economic and Social Commission for Asia and the Pacific (2009), *Non Communicable Diseases and Achieving the MDGs*, p. 1.
- 53. World Health Organization/UNICEF Joint Monitoring Programme for Water Supply and Sanitation (2010), *Progress on Sanitation and Drinking Water: 2010 Update*, Geneva, pp. 6-7. 54. *Ibid.*

### **Economic growth**

- 55. FAO and WFP (2010), The State of Food Insecurity in the World 2010, Rome.
- 56. Broadly, social protection covers "all measures providing benefits, whether in cash or in kind, to secure protection, inter alia, from; (a) lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age or death of a family member; (b) lack of access or unaffordable access to health care; (c) insufficient family support, particularly for children and adult dependants; and (d) general poverty and social exclusion." (definition from pg. 2 of ILO (2009), *Building adequate social protection systems and protecting people in the Arab region*, Geneva).
- 57. The strategy is available online at <a href="http://www.ausaid.gov.au/publications/pdf/financialservices-fullstrategy.pdf">http://www.ausaid.gov.au/publications/pdf/financialservices-fullstrategy.pdf</a>.

- 58. Population numbers based on 2009 population statistics sourced from: 2009 National Census of Population and Housing, Vanuatu National Statistics Office, Ministry of Finance and Economic Management, Port Vila.
- 59. McCawley P. (2010), *Infrastructure Policy in Developing Countries*, Asia Pacific Economic Literature, Vol. 24 Issue 1, Australian National University, Canberra.

#### Governance

- 60. The annual RAMSI independent people's survey is available at <a href="http://www.ramsi.org/solomon-islands/peoples-survey.html">http://www.ramsi.org/solomon-islands/peoples-survey.html</a>.
- 61. OECD Background Note, Conflict, Fragility and Armed Violence are Major Factors Preventing the Achievement of the MDGs, available at http://www.oecd.org/dataoecd/20/50/46006119.pdf.
- 62. Professor Douglass North, who won a Nobel Prize in 1993 for his work on the way that institutions affect economic performance, defines "institutions" as "... [the] humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights)." See North, D. (1991), *Institutions*, pp. 97-112 in the *Journal of Economic Perspectives*, Vol. 5, No. 1 and subsequent literature. A discussion of the role that institutions play in the budget process more specifically can be found in Shah, A et al. (2007), *Public Sector Governance and Accountability Series: Budgeting and Budgetary Institutions*, New York: World Bank.
- 63. The evaluation was still underway at the time this document went to press.
- 64. See http://www.unodc.org/unodc/en/treaties/CAC/index.html.
- 65. For more formal definitions see Schick, A (1999). A Contemporary Approach to Public Expenditure Management. New York: World Bank Institute, p. 2.
- 66. For more information on the PEFA methodology, see <a href="http://www.pefa.org">http://www.pefa.org</a>.
- 67. For more information on STI see  $\underline{\text{http://www.imfsti.org/}}$ . For more information on ITP, see  $\underline{\text{http://www.rbi.org.in/scripts/ITP.aspx}}$ .
- 68. Further information on PFTAC is at <a href="http://www.pftac.org/">http://www.pftac.org/</a>.
- 69. For more information on GPOBA, see http://www.gpoba.org/gpoba/.

### **Humanitarian, Emergency and Refugee Aid**

- 70. According to the Internal Displacement Monitoring Centre (http://www.internal-displacement.org).
- 71. According to UNHCR (http://www.unhcr.org/pages/49c3646c1d.html).
- 72. The ACC Act 2011 is available at http://www.comlaw.gov.au/Details/C2011A00018.

### **Equitable Development**

- 73. UNESCO (2010), *Education for All: Global Monitoring Report. Reaching the Marginalised*, Paris, p1. <a href="http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/reports/2010-marginalization/">http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/reports/2010-marginalization/</a>.
- 74. Ibid, p. 46.
- 75. UNIFEM (2007), Violence against Women Facts and Figures,
- http://www.unifem.org/attachments/gender issues/violence against women/facts figures violence against women 2007.pdf.
- 76. United Nations (2008), *Mainstreaming disability in the development agenda* (E/CN.5/2008/6), www.un.org/disabilities/documents/reports/e-cn5-2008-6.doc.
- 77. Dutch Coalition on Disability and Development (2006), *Make Development Inclusive Training Resources for Disability Mainstreaming*: Article 32 UNCRPD International Cooperation, <a href="http://www.make-development-inclusive.org/toolsen/06">http://www.make-development-inclusive.org/toolsen/06</a> UNCRPD.pdf.
- 78. The disability strategy is available online at http://www.ausaid.gov.au/publications/pdf/dev-for-all.pdf.
- 79. Available online at
- $\underline{\text{http://www.forumsec.org.fj/resources/uploads/attachments/documents/Pacific\%20Regional\%20Strategy\%20}\\ \underline{\text{on\%20Disability.pdf}}$
- 80. WHO (2011). WHO Fact Sheet No. 282: Visual impairment and blindness. Available online at http://www.who.int/mediacentre/factsheets/fs282/en/.

### Table 5: AusAID country programs

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 2010-11' shows estimates for 2010-11 as at May 2011.

- Solomon Islands' includes an ODA eligible AusAID estimate of \$56 million for the Regional Assistance Mission to Solomon Islands.
- b) '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).
- c) The 2009-10 and 2010-11 funding for 'Niue' includes ODA flows to 'Tokelau'.
- d) For the purposes of this table, 'North Pacific' includes the Federated States of Micronesia, Palau, and the Republic of the Marshall Islands.
- e) 'Indonesia' includes AIPRD grants and loans.
- f) The 'Cross Regional Programs' include regional programs such as Education and Scholarships, Health, Economic Growth, Governance, Climate Change & Environment, and Equitable Development.
- g) '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.

### Table 6: AusAID global programs

The column labelled 'Estimated Outcome 2010-11' shows estimates for 2010-11 as at May 2011.

- a) 'Multilateral Replenishments' includes expenses for new commitments to multilateral development banks and other multilateral funds. There are no new commitments budgeted for in 2011-12 as at May 2011. See Section 3.2 for multilateral program details, including a breakdown of the \$289 million estimated cash by multilateral institution in 2011-12 (items for IDA, ADF, HIPC, and GEF and MPMF in Table 6). Included in the estimates for HIPC are values associated with the clearance of debt arrears and grant compensation.
- b) 'Commonwealth Organisations' 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.
- c) 'Global Environment Programs' includes the *Global Crop Diversity Trust*, the *International Tropical Timber Organisation*, the *International Forest Carbon Initiative* and other climate change initiatives.
- d) 'Global Health Programs' includes the *Global Alliance for Vaccines and Immunisation*, the *International Finance Facility for Immunisation* and the *Global Fund to Fight AIDS, Tuberculosis and Malaria*.
- e) 'Global Education Programs' includes the Education for All Fast Track Initiative.
- f) 'Other Global Programs' includes the Global Agriculture and Food Security Program.
- g) 'AusAID Global Programs' includes expense items only. This is converted to an expenditure figure by adjustments detailed at (h) and (I) below.
- h) 'Less: new multi-year commitments' removes the total expense commitment for new multi-year liabilities. There are no new commitments budgeted for in 2011-12 as at May 2011.
- i) 'Add: cash paid to multi-year liabilities' in cash expected to be paid to multilateral commitments. This includes cash funding for multilateral organisations and other cash paid against multi-year liabilities such as the Nauru Settlement Treaty. See Section 3.2 for program details and amounts for multilateral organisations.
- j) 'AusAID Global Programs' includes AusAID global program expenses, adjusted for multi-year liabilities. It is also shown as a line item in Table 1.

### **GLOSSARY**

ACC Australian Civilian Corps

ACFID Australian Council for International Development

ACIAR Australian Centre for International Agricultural Research

ADB Asian Development Bank

ADF Asian Development Fund

AIDS Acquired Immune Deficiency Syndrome

AIPRD Australia-Indonesia Partnership for Reconstruction and Development

ANAO Australian National Audit Office

ANCP AusAID-NGO Cooperation Program

APEC Asia-Pacific Economic Cooperation

APTC Australia-Pacific Technical College

ASEAN Association of South East Asian Nations

AusAID Australian Agency for International Development

BRAC Bangladesh Rural Advancement Committee

CARICOM Caribbean Community

CGIAR Consultative Group on International Agricultural Research

CSIRO Commonwealth Scientific and Industrial Research Organisation

CSO Civil Society Organisation

FTI Education for All Fast Track Initiative

G-20 The Group of Twenty Finance Ministers and Central Bank Governors

GAVI Alliance Formerly the Global Alliance for Vaccines and Immunisation

GDP Gross Domestic Product

GEF Global Environment Facility

GNI Gross National Income

HIPC Heavily Indebted Poor Countries

### Australia's International Development Assistance Program

HIV Human Immunodeficiency Virus

IBRD International Bank for Reconstruction and Development

ICRC International Committee of the Red Cross and the Red Crescent

IDA International Development Association

IDP Internally Displaced Person

m Million

MDGs Millennium Development Goals

MDRI Multilateral Debt Relief Initiative

MNCH Maternal, Neonatal and Child Health

MOPAN Multilateral Organisation Performance Assessment Network

MPMF Multilateral Fund for the Implementation of the Montreal Protocol

NCD Non-Communicable Disease

NGO Non-Government Organisation

ODA Official Development Assistance

ODE Office of Development Effectiveness

OECD Organisation for Economic Cooperation and Development

PFTAC Pacific Financial Technical Assistance Centre

PIC Pacific Island Country

PNG Papua New Guinea

PPP Purchasing Power Parity

PSLP Public Sector Linkages Program

RAMSI Regional Assistance Mission to Solomon Islands

REDD+ Reducing Emissions from Deforestation and Forest Degradation

STI Sexually Transmitted Infection

UNAIDS Joint United Nations Programme on HIV/AIDS

UNCERF United Nations Central Emergency Response Fund

UNDP United Nations Development Programme

UNESCO Untied Nations Educational, Scientific and Cultural Organization

UNFPA United Nations Population Fund

UNHCR United Nations High Commissioner for Refugees

UNICEF United Nations Children's Fund

UNOCHA United Nations Office for the Coordination of Humanitarian Affairs

UNPBC United Nations Peacebuilding Commission

UNRWA United Nations Relief and Works Agency for Palestine Refugees in the Near East

USP University of the South Pacific

WFP World Food Programme

WHO World Health Organization