



BUDGET

**AUSTRALIA'S INTERNATIONAL DEVELOPMENT
ASSISTANCE PROGRAM
2012-13**

HELPING THE WORLD'S POOR:
IMPLEMENTING EFFECTIVE AID

**STATEMENT BY
SENATOR THE HON BOB CARR
MINISTER FOR FOREIGN AFFAIRS
8 MAY 2012**

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FOREWORD

The fundamental purpose of our aid is to help people overcome poverty.

Around the world, there are 1.3 billion people living in extreme poverty. Two thirds of these people are living in Asia and the Pacific. There are also 7.6 million children who die each year before reaching the age of five, from causes that have been largely overcome in Australia.

This is not acceptable to Australians.

Australians are generous and caring people. Australian families give personal donations to overseas aid efforts that total almost \$1 billion every year.

Australians give aid because it works. Over the last four years, we have helped more than 2.2 million boys and girls enrol in school. Since 2007-08, we have provided 2.2 million people with access to safe drinking water and two million with better sanitation services in countries across Asia, Africa and the Pacific.

I witnessed the results of our aid first hand during my recent trip to Cambodia. At an eye hospital in Siem Reap, I saw the poorest of people with their sight restored for the first time in years or decades by local personnel trained by Australians with equipment from Australia.

And then in Phnom Penh, I saw local women being trained to be midwives. Consider this statistic – in Cambodia 500 women used to die for every 100,000 births. This is an appalling figure. It has been brought down to around 200 per 100,000 births as a result of the training of midwives.

This is a result made possible with Australian aid.

Reducing poverty and promoting development is also good for Australia. It contributes to peace and stability and generates demand for Australian exports. Developing countries imported \$110 billion of Australian goods and services last year alone. This creates jobs in Australia.

For these reasons, the Government has increased the aid program by over 50 per cent since it took office in 2007. To return the federal budget to surplus, the Government has made the difficult, though fiscally responsible decision to defer the full achievement of the 0.5 per cent target by one year to 2016-17. This in no way diminishes our commitment to helping the world's poor or to achieving the Millennium Development Goals.

Despite challenging budgetary circumstances, we have decided to again increase the aid budget in 2012-13, to \$5.2 billion up from \$4.8 billion in 2011-12. This increase of

6 per cent in aid represents 0.35 per cent of our Gross National Income (GNI). We remain committed to increasing our aid effort to 0.5 per cent of GNI.

The 2012-13 Aid Budget implements the Government's aid policy - *An Effective Aid Program for Australia: Making a real difference – Delivering real results* - released in July last year. It provides funding over four years for immunisation, education and law and justice programs in the Pacific, for the poorest countries in East Asia including Burma, and for an expanded capacity to respond to humanitarian crises and disaster preparedness around the world. New funding will also target major multilateral organisations that we have assessed as effective and able to contribute to Australian aid objectives, including the Asian Development Bank, the World Food Programme and UN Women.

As Minister for Foreign Affairs, I am committed to increasing the size of our aid effort and committed to improving its effectiveness. Australia already has a good aid program, underscored by the findings of last year's Independent Review of Aid Effectiveness. I am determined to make it even better.

As a key component of this shift, I am pleased to announce the establishment of the Independent Evaluation Committee to be chaired by Jim Adams, a former Vice President of the World Bank. The Committee will help evaluate our aid efforts and improve them.

I am also releasing a new four-year strategy for the aid program. This strategy - *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-16* - is a roadmap for the aid program to 2015-16. It contains a rolling four-year budget strategy, with forecasts of where Australian aid will be delivered and the results we expect to achieve by 2015-16. By providing policy and funding clarity, we will be able to plan, design and deliver aid programs with greater certainty. This will deliver better results - more lives saved, more poor children provided with an education and better responses to disasters and humanitarian emergencies. For example, we aim to help vaccinate more than 10 million children in developing countries against disease, and provide more than 8.5 million people with access to safe drinking water by 2015-16.

I will report to Cabinet and to the public annually on progress against this strategy.

These reforms continue efforts already in progress to make Australia's aid more focused on achieving results for poor people and on delivering value for money for Australian tax payers.



Bob Carr, Minister for Foreign Affairs

BUDGET HIGHLIGHTS

In 2012-13, the Government will deliver results for poor people in Asia, the Pacific and globally through strategic partnerships with multilateral organisations, such as the Asian Development Bank and the United Nations development agencies. We will also deliver life-saving humanitarian assistance to aid 30 million people living in crises.

Delivering on the Government's response to the Independent Review of Aid Effectiveness

Working with developing countries in Asia and the Pacific

- **Overcoming poverty and building stability in the Pacific (\$384.5 million over four years)** to immunise children, strengthen higher education and help meet the particular needs of the micro-states of Kiribati, Nauru and Tuvalu – *page 20*.
- **Improving policing across the Pacific region (\$97.1 million over four years)** to continue the Pacific Police Development Program, including in Papua New Guinea – *page 20*.
- **Closing development gaps in East Asia (\$208.6 million over four years)** to train teachers and provide students with school materials in Burma, increase agricultural productivity in Cambodia and help disadvantaged children in Laos receive schooling – *page 39*.
- **Extending Australia's commitment to the United Nations Mission in Timor-Leste (\$3.5 million in 2012-13)** – *page 39*.
- **Continuing assistance in Afghanistan (\$190.3 million over two years)** to support the training of teachers, put more girls and boys in school and improve agricultural productivity. We will also strengthen the strategic capability and effectiveness of the Afghan National Police and support displaced Afghan nationals – *page 59*.

Working globally and more effectively

- **Strengthening preparedness and response to humanitarian crises (\$435.6 million over four years)** to respond to an anticipated humanitarian crises in the Asia-Pacific region, provide life-saving assistance for 30 million vulnerable people in crisis situations and reduce deaths through disaster risk reduction – *page 101*.
- **Strengthening Australia's development partnership with the United Nations (\$154.3 million over four years)** to accelerate achievement of the Millennium Development Goals, promote gender equality, combat corruption and help effective United Nations organisations focus on the needs of poor people in our region – *page 96*.
- **Working more with the international development banks** through a strengthened engagement with the **Asian Development Bank** to improve development outcomes in low-income countries in the Asia-Pacific region. In addition, Australia will pursue membership of the **African Development Bank**, signalling Australia's commitment as a long term development partner to Africa and of the United Nation's **International Fund for Agricultural Development** to reduce rural poverty and hunger – *page 97*.

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1. AUSTRALIA'S INTERNATIONAL DEVELOPMENT ASSISTANCE PROGRAM

1.1. INTRODUCTION

This statement provides detail on the 2012-13 Aid Budget.

The statement is in six sections:

- Section 1 summarises the Government's new Comprehensive Aid Policy Framework and the 2012-13 Aid Budget;
- Section 2 details 2012-13 country and regional program allocations and provides indicative budget allocations for 2015-16, based on the Comprehensive Aid Policy Framework;
- Section 3 details 2012-13 global program allocations, including support for multilateral and non-government organisations;
- Section 4 outlines progress and results achieved against the five strategic goals of the aid program, and major programs to be funded in 2012-13;
- Section 5 covers the Official Development Assistance (ODA) eligible activities of Australian government departments other than AusAID; and
- Section 6 outlines measures that are enhancing the performance of the aid program.

1.2. AN EFFECTIVE AID PROGRAM FOR AUSTRALIA

In 2011, the Government released a new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*. As the policy states, the fundamental purpose of Australian aid is to help people overcome poverty. This serves Australia's national interests by promoting stability and prosperity both in our region and beyond.

We also provide aid because Australians find it unacceptable that people across the globe still live without sufficient income to lead a decent life, or to buy basic medicines or send their children to school.

More than 10 years have passed since world leaders established the Millennium Development Goals (MDGs). These are a set of eight interrelated global development goals agreed by almost 200 United Nations member countries, including Australia, in 2000. The MDGs include targets for the eradication of poverty, hunger, disease and

1. Australia's International Development Assistance Program

gender inequality, and the achievement of universal education, health and environmental sustainability by 2015.

There has been remarkable progress towards the achievement of these targets. For example, the World Bank estimates that the MDG target of halving the proportion of people living in extreme poverty between 1990 and 2015 has already been met.

Yet serious challenges remain. There are still 1.3 billion people living in extreme poverty in our region and around the world. And a further 1.1 billion, many of whom are in Asia, live just above the extreme poverty line existing on no more than US\$2 a day.

Many of those who continue to live in extreme poverty are in conflict-affected or fragile states, or remote regions, making it increasingly difficult to make further inroads into poverty reduction. And many of those lifted out of poverty in recent years are vulnerable to slipping back into poverty.

At a global level, Australia's aid program aims to ensure that the MDGs are achieved. Australia does not act alone in pursuing these goals: they are shared by donors and developing nations alike. And measuring collective progress against the MDGs is important. However, to meaningfully assess the effectiveness of Australia's work, we must also measure how Australia's individual efforts are contributing to the MDGs.

Australia's aid program is guided by five strategic goals which are outlined in Diagram 1 - Saving Lives, Promoting Opportunities for All, Sustainable Economic Development, Effective Governance, and Humanitarian and Disaster Response. These strategic goals operationalise Australia's contribution to the MDGs.

Under the strategic goal of saving lives, the Government has committed to save the lives of poor women and children through greater access to quality maternal and child health services (MDGs 4 and 5) and support for large scale disease prevention, vaccination and treatment (MDG 6). Our strategic goals recognise that performance in other sectors, particularly good governance through better public financial management and the maintenance of law and justice, makes a vital contribution to the achievement of the MDGs. Finally, progress in any of these areas can be undermined by inadequate preparation for humanitarian and natural disasters.

Diagram 1: Framework for the Australian aid program
Our purpose

The fundamental purpose of Australian aid is to help people overcome poverty

This also serves Australia's national interest by promoting stability both in our region and beyond. We focus our effort in areas where Australia can make a difference and where our resources can most efficiently and effectively be deployed

Our strategic goals

Saving lives

Improving public health by increasing access to safe water and sanitation

Saving the lives of poor women and children through greater access to quality maternal and child health services; and supporting large scale disease prevention, vaccination and treatment

Promoting opportunities for all

Giving more children access to school

Empowering women to participate in the economy, leadership and education

Enhancing the lives of people with disabilities

Sustainable economic development

Improving food security

Improving incomes, employment and enterprise opportunities

Reducing the negative impacts of climate change and other environmental factors

Effective governance

Improving governance to deliver better services, improve security, and enhance justice and human rights

Humanitarian and disaster response

More effective preparedness and responses to disasters and crises

1.3. THE COMPREHENSIVE AID POLICY FRAMEWORK

In the new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, the Government undertook to develop a Comprehensive Aid Policy Framework (CAPF). The CAPF provides a roadmap for where and how Australian aid will be spent over the next four years.

The main features of the CAPF are:

- an overview of why we provide aid and what we will focus our aid on;
- an outline of where we will provide aid by 2015-16 and why, including indicative budget allocations for all regions;
- results we will achieve through our aid investment by 2015-16; and
- how we will efficiently and effectively deliver our aid.

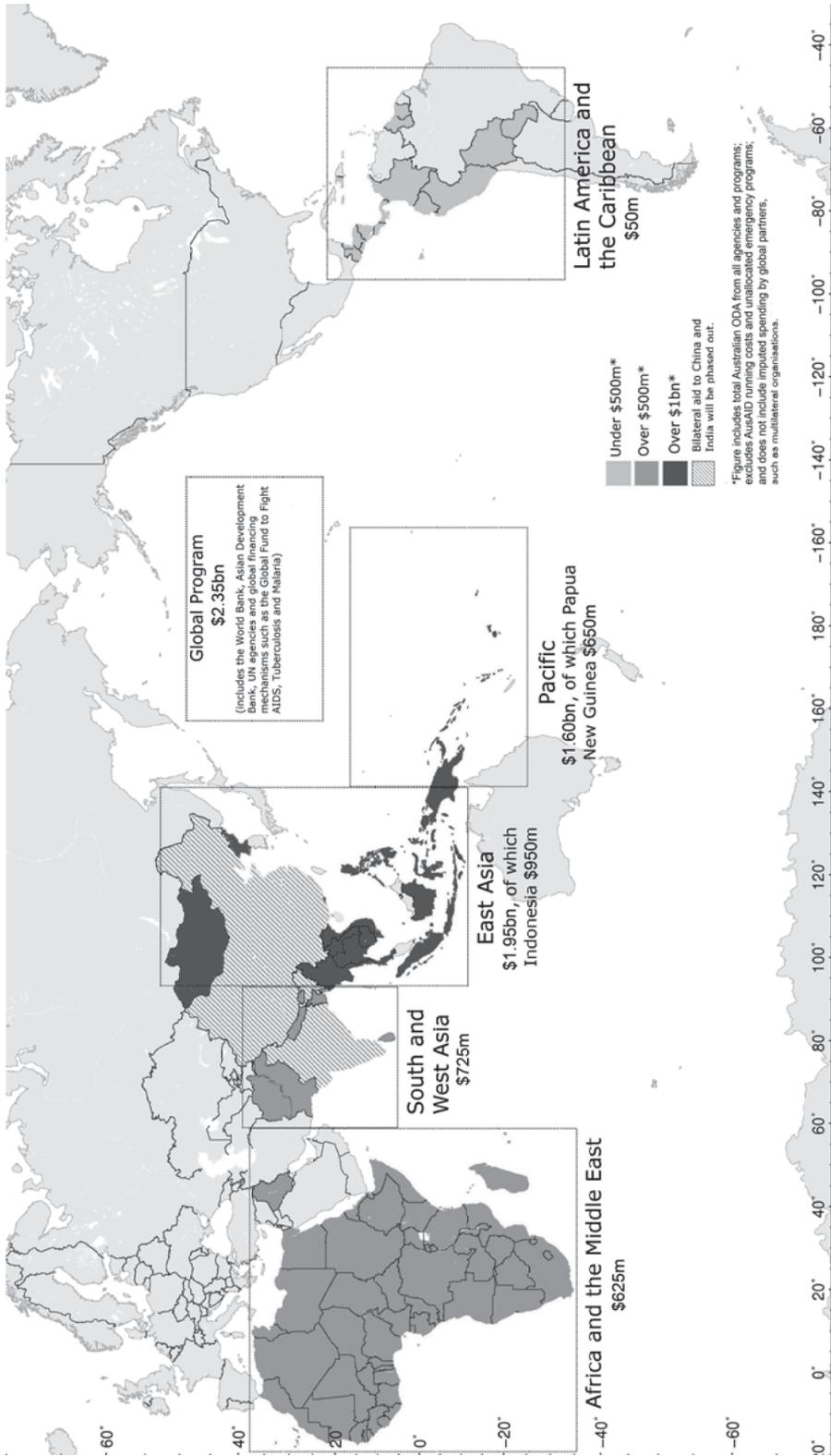
The CAPF encompasses the aid spending of all federal agencies, not only the Australian Agency for International Development (AusAID).

More predictable, multi-year funding is a key element of effective aid. The CAPF will enable the Australian Government and Australian aid recipients to plan and implement aid investments more effectively. The CAPF also provides the Australian people with clarity on what the aid program is trying to achieve.

The forecasts of budget allocations for all regions contained in the CAPF is shown in Diagram 2. These are based on a comparative analysis of poverty, national interest, our capacity to make a difference, and the scale and effectiveness of our existing aid programs. These forecasts have informed the 2012-13 Aid Budget allocations and will inform future aid allocations.

Further detail on the CAPF, including the methodology and results we will achieve by 2015-16 can be found in the Government's separate publication *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-16*, available from 8 May 2012 on the AusAID website (www.ausaid.gov.au).

Diagram 2: Indicative geographic distribution of the aid program by 2015-16



1.4. THE INTERNATIONAL DEVELOPMENT ASSISTANCE BUDGET

The Government will provide an estimated \$5,153 million in total official development assistance (ODA) in 2012-13, of which \$4,752 million will be managed by AusAID and \$506 million will be administered by other Australian government departments. It is estimated that total ODA will be equal to around 0.35 per cent of gross national income (GNI) in 2012-13. The Government has committed to increase Australia's ODA/GNI ratio to 0.5 per cent by 2016-17. To reach this target, the Government expects to increase Australian aid to around 0.37 per cent of GNI in 2013-14, 0.41 per cent in 2014-15 and 0.45 per cent in 2015-16.

Table 1: Composition of Australian ODA

	Notes	Actual (\$m)	Budget Estimate (\$m)	Estimated Outcome (\$m)	Budget Estimate (\$m)
		2010-11	2011-12	2011-12	2012-13
AusAID Country Programs	a	2,518.8	2,991.6	2,997.4	3,142.1
AusAID Global Programs	b	1,174.0	1,095.4	1,137.4	1,284.3
AusAID Departmental	c	250.3	283.8	285.4	325.3
ACIAR	d	69.4	82.5	88.7	100.0
Other Government Departments	e	412.1	446.6	447.1	405.9
Adjustments	f	-92.0	-135.1	-92.0	-104.6
Funds approved but not yet allocated		0.0	71.4	0.0	0.0
Total ODA	g	4,332.6	4,836.2	4,864.1	5,153.0
Real change over previous year outcome	h			9.8%	4.0%
ODA/GNI ratio	i	0.32%	0.35%	0.35%	0.35%

Notes: see page 141.

In 2012-13, Australia will provide bilateral aid to around 35 countries around the world. We will also help some 80 other countries 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 Other Government Department (OGD) expenditure that can be attributed to countries and regions.

Table 2: Total Australian ODA by partner country and region

Country/Regional Programs	Notes	Budget		Estimated	Budget
		Actual (\$m)	Estimate (\$m)	Outcome (\$m)	Estimate (\$m)
		2010-11	2011-12	2011-12	2012-13
Papua New Guinea		434.1	482.3	501.6	491.7
Solomon Islands	a	256.4	261.6	252.1	239.4
Vanuatu		64.7	70.1	65.3	72.9
Samoa		38.1	43.7	42.0	45.5
Fiji		34.9	37.5	45.3	55.6
Tonga		31.8	32.1	34.9	33.8
Nauru	b	28.7	26.2	25.4	31.6
Kiribati		32.3	28.2	30.3	30.4
Tuvalu		10.1	9.9	11.7	11.1
Cook Islands		4.7	4.4	3.3	3.7
Niue	c	5.4	4.6	3.8	4.5
North Pacific	d	6.5	10.7	12.8	9.6
Regional and Other Pacific	e	153.1	149.7	127.4	141.0
Pacific		1,100.8	1,160.9	1,155.9	1,170.9
Indonesia	f	406.7	558.1	505.2	578.4
Vietnam		136.8	137.9	140.3	150.4
Philippines		126.1	123.1	129.4	128.7
East Timor		113.6	123.7	107.8	127.1
Cambodia		79.7	77.4	94.8	94.7
Burma		52.2	47.6	48.8	63.8
Laos		56.6	42.1	49.3	54.9
China		34.8	35.7	29.3	18.1
Mongolia		9.2	12.2	13.4	15.6
East Asia Regional	g	83.3	89.4	87.7	89.6
East Asia		1,099.1	1,247.2	1,205.8	1,321.2
Afghanistan		111.3	165.1	204.8	201.7
Pakistan		116.4	92.8	95.3	96.4
Bangladesh		89.3	92.0	94.9	100.5
Sri Lanka		51.5	43.5	54.4	47.1
India		26.8	25.0	23.9	18.3
Nepal		31.8	26.6	30.5	34.8
Bhutan		9.4	8.0	11.3	11.4
Maldives		5.2	5.0	5.8	7.1
South and West Asia Regional	h	12.1	7.1	12.9	7.9
South and West Asia		453.9	465.0	533.9	525.3
Iraq		45.0	36.6	29.6	22.3
Palestinian Territories		45.3	49.0	48.5	56.7
Middle East and North Africa		46.9	12.1	36.0	31.4
Sub-Saharan Africa		287.1	286.3	389.0	354.6
Africa and the Middle East		424.2	384.0	503.2	465.0
Latin America		17.3	27.2	25.5	28.0
Caribbean		24.6	20.7	17.9	19.7
Latin America and the Caribbean		41.8	48.0	43.4	47.7
Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions	i	1,304.9	1,594.9	1,513.9	1,727.5
Adjustments	j	-92.0	-135.1	-92.0	-104.6
Funds approved but not yet allocated		0.0	71.4	0.0	0.0
Total Estimated ODA	k	4,332.6	4,836.2	4,864.1	5,153.0

Notes: see page 141.

Our top five expected bilateral aid recipients in 2012-13 are all from Asia and the Pacific – Indonesia, Papua New Guinea, Solomon Islands, Afghanistan and Vietnam. Further details are provided in Section 2.

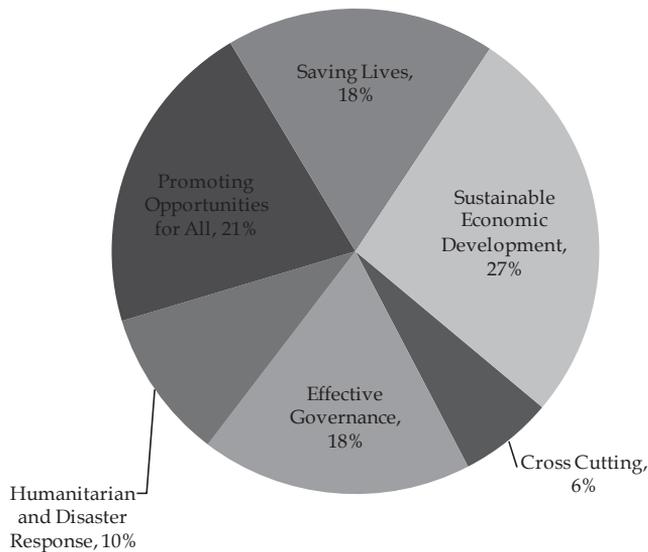
1. Australia's International Development Assistance Program

On current projections, in 2012-13, spending on:

- *Saving lives* through health and water and sanitation, will account for over 18 per cent of total ODA;
- *Promoting opportunities for all*, including education, gender and disability, will account for 21 per cent of total ODA;
- *Sustainable economic development*, including food security, economic development, climate change and the environment, will account for 27 per cent of total ODA;
- *Effective governance* will account for 18 per cent of total ODA; and
- *Humanitarian and disaster response* will account for 10 per cent of total ODA.

See Diagram 3 below. Further details are also outlined in Section 4.

Diagram 3: Estimated ODA by strategic goal in 2012-13



Most (92 per cent) of Australia's ODA is provided through AusAID. This is made up of: (i) administered funding for country and global programs; and (ii) departmental funding for AusAID's operating costs in managing the aid program. Of ODA expenditure by other government departments, almost one quarter relates to overseas policing activities conducted by the Australian Federal Police.

2. COUNTRY AND REGIONAL PROGRAMS

Approximately 66 per cent of total Australian aid is delivered through country and regional programs. This section provides details of our major country and regional programs.

Total estimated Australian Official Development Assistance (ODA) to each country is calculated as the sum of:

- direct bilateral assistance through an AusAID country program¹ (labelled as “Country”) *plus*
- an estimate of the amount of AusAID regional² and global³ 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.⁴

This part of the Ministerial Budget Statement contains more information than in previous years. Linking to the Comprehensive Aid Policy Framework (CAPF), most regional pages contain information on indicative expenditure in 2012-13 and also estimated expenditure by 2015-16 as set out in the four-year budget strategy.

2.1. THE PACIFIC

Overview

Australia's aid in the Pacific is achieving results. Our support is helping more children to complete their education and reducing the incidence of diseases such as malaria.

The core principles for Australia's engagement with the countries and peoples of the region are outlined in the *Port Moresby Declaration* (March 2008): mutual respect, mutual responsibility, a focus on results, and working together to achieve the Millennium Development Goals (MDGs). Since 2008, Australia has signed 11 Partnerships for Development with individual Pacific governments. The Partnerships embed the principles of the *Port Moresby Declaration* in each bilateral relationship and set out joint commitments and actions to accelerate development and make a real difference to people's lives.

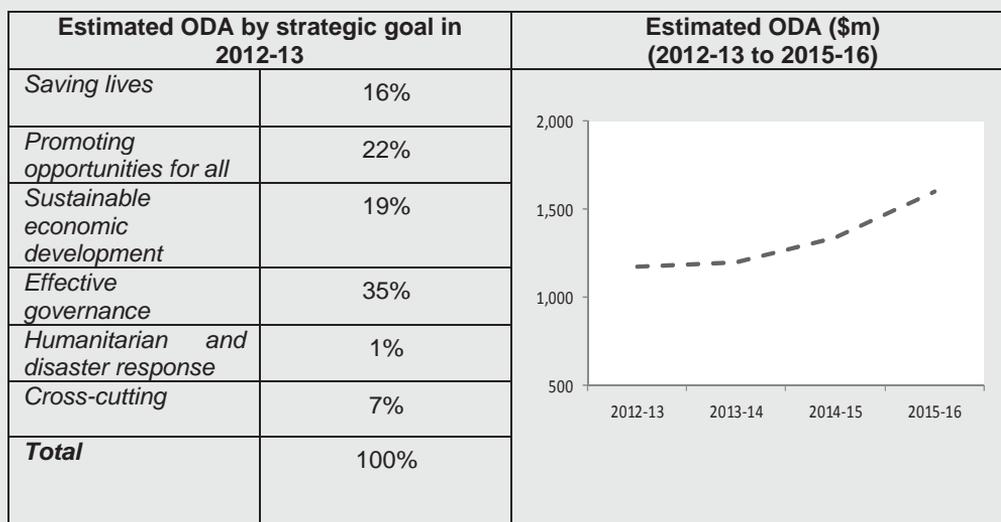
The *Cairns Compact on Strengthening Development Coordination in the Pacific* (also now known as the 'Forum Compact') was agreed by Pacific Islands Forum Leaders at the 2009 Pacific Islands Forum (PIF) meeting and endorsed by all donor partners to the Pacific, except China. The Compact aims to accelerate progress towards the MDGs by improving the effectiveness of all development resources in the Pacific. This means ensuring Pacific island countries (PICs) lead the setting of national development priorities, improving coordination among donors and reducing the number of small, administratively cumbersome programs.

Development progress in the Pacific has been mixed and the region as a whole is off-track to achieve the MDGs by 2015. Most PICs are small and remote with high cost structures and few economies of scale. In most countries there are relatively few income earning opportunities – fisheries, tourism, remittances and mining. Private sectors are small, government institutions lack capacity and infrastructure is poor. The region lags behind comparable developing countries in terms of health and education indicators and these are under further pressure from fast growing populations, especially in Melanesia. Climate change will also affect PICs more than most, notably through more extreme weather patterns. This limits the pace at which progress can be made with development assistance.

Over the next four years Australia anticipates increasing assistance to the Pacific region by around 37 per cent, from \$1.17 billion in 2012-13 to an indicative level of \$1.60 billion by 2015-16. The Pacific region will remain the second largest recipient of Australian aid, after East Asia.

Within the Pacific region, Melanesian countries (Papua New Guinea, Solomon Islands and Vanuatu) will remain the largest recipients of our aid in 2012-13. However, in recognition of the growing stability in Solomon Islands, we will reduce funding through the Regional Assistance Mission and increase our bilateral efforts. We will expand our aid to the Pacific micro-states (Kiribati, Tuvalu and Nauru) because of the particular development challenges they face as a result of their

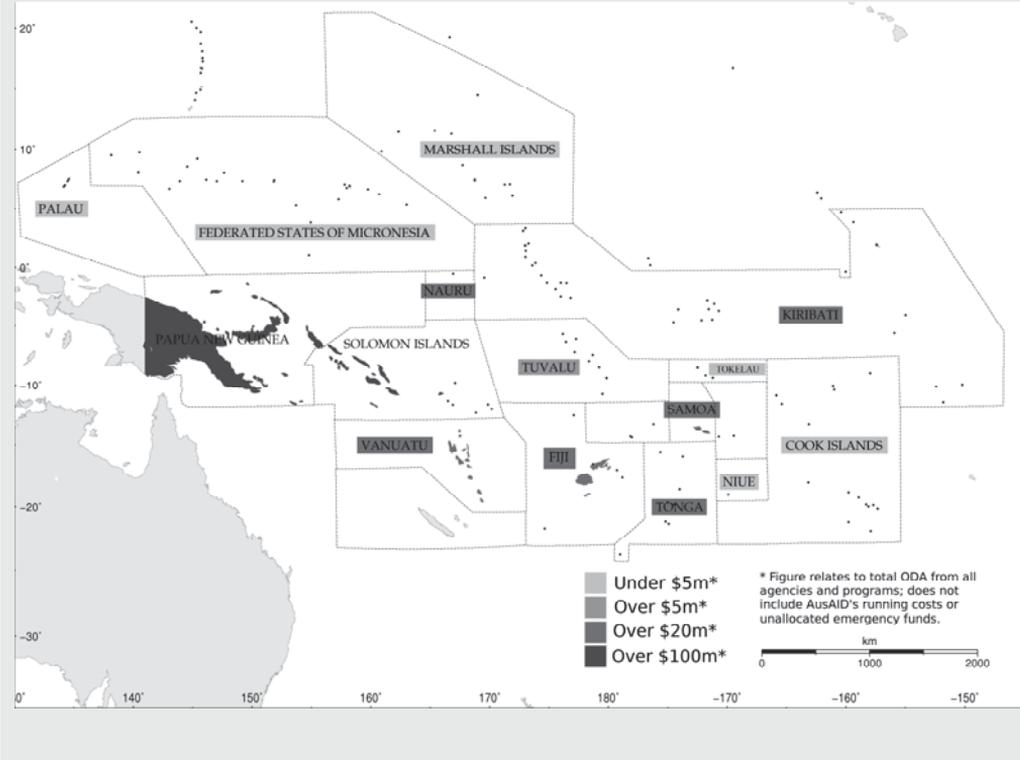
small size, remoteness and lack of natural resources. In other PICs, Australian aid increases will be modest.



Our aid efforts in PICs and ongoing policy dialogue aim to deliver results for poor communities in education, health, law and order, private sector and infrastructure development, gender equity and climate change adaptation. Drawing on our considerable experience, well-established presence and aid management systems, we will expand recent achievements, which have included:

- supporting an additional 120,522 school enrolments in Papua New Guinea, Solomon Islands and Vanuatu in 2010. In Papua New Guinea this has led to an increase in basic education net enrolment rates from 52.9 per cent in 2007 to 74.9 per cent in 2010;
- providing improved access to clean water and sanitation facilities in communities across Solomon Islands, for 17,600 people in 2010 and an additional 14,295 people in 2011;
- supporting free vaccinations for 64,984 people in typhoid hotspots in Fiji, in response to the declaration of a public health emergency typhoid outbreak in 2010; and
- reducing malaria cases in Vanuatu from around 74 cases per 1,000 people in 2003 to less than 26 cases per 1,000 people today. The Ministry of Health is working to wipe out the disease completely from the province of Tafea, where the prevalence rate is now only 0.05 per cent of the provincial population. In Solomon Islands, Australia's aid has supported a reduction in malaria cases from 199 per 1,000 people in 2003 to less than 50 cases per 1,000 people today.

Estimated ODA to the Pacific in 2012-13: \$1,170.9 million



New Initiative: *Overcoming Poverty and Building Stability in the Pacific (AusAID)*

The Government will invest an additional \$384.5 million over four years to overcome poverty and build stability in the Pacific. The additional funding will improve health and higher-education in Melanesia, strengthen the delivery of basic services and economic management in the micro-states of Nauru, Kiribati and Tuvalu, and help governments and communities across the Pacific plan for and deal with the impacts of climate change. This new funding will:

- train 500 midwives in Papua New Guinea, meaning that an additional 6,000 births in the country will be supervised;
- immunise an additional 41,000 children across the Pacific;
- improve the reliability of potable water to households in Kiribati, with 60,000 people supplied with 15 litres of drinkable water per day;
- increase the percentage of people in Papua New Guinea in need of HIV retroviral drugs who receive those drugs from 59 per cent in 2010, to 80 per cent in 2015, with a particular emphasis on reducing mother-to-child transmission of the virus;
- refurbish 75 schools across Nauru, Kiribati and Tuvalu;
- support 4,000 young people across the Pacific and Papua New Guinea to finish their education with recognised qualifications and skills for the workforce; and
- increase higher education enrolment rates for students with disabilities.

New Initiative: *Enhancing Policing in the Pacific (AFP)*

The Government will invest an additional \$97.1 million over four years to boost Australia's policing partnerships in the Pacific. Funding directed through the Australian Federal Police and Attorney-General's Department will improve the effectiveness of, and public confidence in policing agencies across the Pacific including Papua New Guinea, improving security and development opportunities in our region.

Country programs

PAPUA NEW GUINEA

Australia is the largest donor to Papua New Guinea (PNG) and currently contributes around 26 per cent of PNG's total development expenditure and 12 per cent of PNG's overall revenue. In the past year, development assistance has supported achievements including the delivery of 1.5 million textbooks to over 3,600 schools, maintenance of 2,152 kilometres of national roads and highways and reduced the incidence of malaria by 10 per cent since 2009. Despite sustained economic growth in recent years, PNG remains one of the poorest countries in the Pacific. PNG is not expected to meet any of the MDGs by 2015. Delivery of services such as health and education is constrained by governance issues, law and order problems and challenging geography. Australia's assistance is implemented through the *PNG-Australia Partnership for Development*, which focuses on improving health, education and transport and strengthening law and justice. Australia will focus over the next four years on achieving results in health, education (including higher education), law and justice, and transport infrastructure. Australia has a strong interest in PNG's sustainable development and stability due to our shared border and shared history.



Key Statistics		Estimates (\$m)	11-12	12-13
Population (Current):	6.858 million	Australian ODA	501.6	491.7
Population Growth (%):	2.4 %	- Country	452.1	444.3
Population (Est. 2050):	17.691 million	- Regional/Global	25.6	28.3
GDP per capita (PPP):	USD 2,505	- OGDs	23.9	19.1
HDI rank:	153 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic Goals **Australia's response**

SAVING LIVES	
Australia's goal in PNG is to reduce the number of women dying from pregnancy-related complications and the number of children under five dying from preventable causes. PNG has a high maternal mortality rate, with only 40 per cent of births being supervised by trained health workers. While child survival rates have increased over the past decade, progress has stagnated. PNG also has high HIV prevalence rates, at around 0.9 per cent of the population. ⁵ Infections are concentrated in Highlands and National Capital District. Problems include physical barriers to the	Australia will target support for maternal health, including increasing the proportion of births supervised by skilled birth attendants from 40 per cent in 2010 to 44 per cent in 2015 and improving the quality of midwifery education. Australia will purchase and distribute essential drugs to almost 3,000 health facilities across PNG as part of a broader and ongoing program of medical supply reform. Australia will continue to support vaccination of children particularly in districts with low levels of immunisation coverage and consequently, high levels of early childhood

delivery of health services, deteriorating health infrastructure and too few health workers.

mortality. By 2015, we aim to increase the proportion of children receiving three doses of pentavalent vaccine from 53 to 80 per cent, and boost measles vaccination from 50 to 80 per cent. Australia will respond to HIV in PNG by increasing access to testing for sexually transmitted infections and HIV and supporting the availability of condoms, especially to those most at risk.

PROMOTING OPPORTUNITIES FOR ALL

Australian support for PNG's efforts to achieve universal basic education has contributed to an increase in enrolment rates from 52.9 per cent in 2007, to 74.9 per cent in 2010. Ongoing challenges include limited access to schools for children living in remote areas, and a lack of skills and poor attendance of many teachers. The PNG Government's policy of tuition fee-free education up to Year 10, which began in 2012, is expected to increase enrolments. Whilst this is a positive development, it will place pressure on class sizes, learning materials, infrastructure and teachers.

Australia will jointly fund the abolition of school fees for the first three grades of basic education. This support began in 2010-11 and is helping PNG achieve fee-free education to Year 10. In 2012, Australia will finish distributing more than 1.6 million textbooks to more than 3,600 schools. A school infrastructure support program will recommence in 2012, constructing the first of 1,100 classrooms and 450 teacher houses. In response to a review of PNG universities, Australia will increase support for higher education, targeting education quality. Australia will continue to provide scholarships for Papua New Guineans to study in Australia, ranging from diploma to PhD level. Australia will also fund up to 20 awards (2012-13 to 2016-17) for young rural women and men to undertake teacher education at undergraduate level in PNG institutions.

SUSTAINABLE ECONOMIC DEVELOPMENT

PNG is experiencing its longest period of economic growth since independence, largely driven by resource revenues. However, with most of the population living in remote and rural areas and with the country's challenging geography, sustainable economic development is constrained. Transport infrastructure is crucial for PNG's economic development, as it allows people to get their products to market, and is needed for the delivery of basic services and access to education.

Australia will maintain more than 2,150 kilometres of national roads and highways, including a key section of the Highlands Highway from Lae to Goroka, and the Bougainville east coast trunk road. Australia will also continue supporting improved transport safety, including in the maritime and aviation sectors. Australia is helping the Government of PNG to manage its resource projects to benefit all Papua New Guineans, including by providing specialist assistance to establish the laws and regulatory frameworks to effectively manage the LNG project and associated Sovereign Wealth Fund, and provide scholarship opportunities for PNG officials to undertake relevant post-graduate training.

EFFECTIVE GOVERNANCE

Limited public service capacity has hindered PNG's ability to deliver services to its people. Poor law and order and limited access to justice remain significant problems.

Australia will help develop PNG's public sector, increasing public accountability and strengthening financial management. Australia is also helping strengthen democratic governance and will help provide support for the holding of elections in 2012. Australia will continue its support to improve crime prevention, prosecutions, policing, legal aid, prisons and courts.



SOLOMON ISLANDS



Solomon Islands is a country of more than half a million people spread across an archipelago of over 900 islands. Solomon Islands is ranked 142 out of 187 countries in the United Nations 2011 Human Development Index and remains one of the poorest countries in the Pacific.⁶ An estimated 23 per cent of the population live below the poverty line. The country is still recovering from the impact of internal conflict that resulted in the deployment of the Regional Assistance Mission to the Solomon Islands (RAMSI) in 2003. RAMSI is a peacebuilding and development partnership between the Solomon Islands Government and 15 contributing countries across the Pacific region. Development activities under RAMSI are led by an AusAID development coordinator. Australia also provides bilateral assistance in sectors not covered by RAMSI through the *Solomon Islands-Australia Partnership for Development*, which focuses on improving education, health, infrastructure and livelihoods and addressing economic reform challenges.

Australia is the largest donor to Solomon Islands. Our assistance has supported improved service delivery in health and education (including support for more than 100,000 rural people to access safe water and sanitation and helping 145,000 young Solomon Islanders to attend school through funding to allow tuition fee-free education), maintenance of 270 kilometres of roads and helped more than 2,700 cocoa farmers to increase cocoa production and improve livelihoods. Security has been restored and economic growth has improved since RAMSI started. In 2012-13, we will increase funding through the bilateral program, alongside planning for the transition of high priority development programs currently carried out under RAMSI to management under Australia's bilateral aid program from 2013-14.



Key Statistics		Estimates (\$m)	
		11-12	12-13
Population:	0.538 million	Australian ODA	252.1 239.4
Population Growth (%):	2.7 %	- Country	117.4 116.7
Population (Est. 2050):	1.567 million	- Regional/Global	17.3 18.4
GDP per capita (PPP):	USD 3,292	- OGDs	117.3 104.3
HDI rank:	142 of 187		
<US\$1.25/day:	-		
<US\$2.00/day:	-		
Strategic goals		Australia's response	
SAVING LIVES			
In Solomon Islands, 67 per cent of people can reach a health clinic in less than one hour. Eighty-six per cent of births are managed by a skilled birth attendant. ⁷ With support from		Australian support will help improve the management of childhood illness to provide oral rehydration to 90 per cent of children with diarrhoea and treat 70 per cent of suspected cases of	

Australia and other donors, the incidence of malaria in the Solomon Islands has been reduced by 75 per cent since 2003. However, the under-five mortality rate is static at 36 per 1,000 live births and the maternal mortality rate of 140 per 100,000 is higher than the target for 2015 of 87 per 100,000. There is poor hygiene and limited access to water and sanitation, but improvements have been made in sanitation facilities. Growing rates of non-communicable diseases, such as diabetes and cancer, add to the disease burden.

childhood pneumonia with antibiotics by 2015. Australia will help to increase exclusive breastfeeding from 57 per cent⁸ to 90 per cent of 0-6 month olds by 2015, and to achieve national measles immunisation coverage of 95 per cent by 2015. We will install 30 village water and sanitation projects and provide community education about hygiene in rural communities, improving access to clean water and sanitation for 15,000 people in 2013.

PROMOTING OPPORTUNITIES FOR ALL

Access to primary education is relatively high at over 90 per cent. The Solomon Islands Government allocates a quarter of the national budget to education. However, the quality of education remains a major concern and fewer than half of primary school students reach a minimum standard of literacy. There are a large number of untrained primary school teachers. There are currently no women in parliament.

In 2012-13, Australia will help an estimated 150,000 children stay in school by supporting tuition fee-free basic education. We will provide equipment to all 207 junior secondary schools and support the training of 1,500 unqualified primary school teachers. Australia will increase the number of tertiary scholarships, so that 54 new students can access tertiary education at Australian and Pacific regional institutions in 2013. The total number of students on scholarships overall will reach 172. Students will study in areas which support development priorities agreed under the *Solomon Islands-Australia Partnership for Development*. Our support will help more than 400 survivors of domestic and family violence in 2012-13. Through RAMSI, we will also support the Solomon Islands Government policy to increase representation of women in parliament.

SUSTAINABLE ECONOMIC DEVELOPMENT

More than 80 per cent of Solomon Islanders live in rural areas, where infrastructure is poor.⁹ Agriculture is the main source of rural employment and livelihoods and many Solomon Islanders rely on subsistence agriculture for family food security. Agriculture is one of the country's main export earners, with cocoa, copra and palm oil the most significant commodities. Economic growth is constrained by limited transport, energy and telecommunications infrastructure.

In 2012-13, Australia will help around 3,000 farm households improve crop and livestock production, conserve soil resources and increase their incomes. We will support the maintenance and rehabilitation of 370 kilometres of key roads and bridges and build two wharves in rural areas in 2012-13. We will provide 80,000 person work days¹⁰ to help boost incomes, through labour-based road maintenance. Under RAMSI, Australian Government departments, including the Treasury, will develop the capacity of officials in the Solomon Islands Ministry of Finance and Treasury to make sound policies for economic growth.

EFFECTIVE GOVERNANCE

Governance in Solomon Islands is stable, but remains fragile. The last two years saw stability in both budget and foreign reserves and an improvement in its World Bank debt distress rating from red to yellow.¹¹ Solomon Islands increased 17 positions in the World Bank 'Ease of Doing Business' rankings to 74th out of 183 countries.¹² However, there are few ways for the people to hold the government accountable, or to influence how public monies are spent. The 2011 Transparency International Corruption Perception Index ranked Solomon Islands 120 out of 183 countries.¹³ The High Court disposed of 437 cases in 2011, compared to 180 in 2009, but the number of cases is increasing, as is the backlog.¹⁴

In 2012-13, with RAMSI support, the Solomon Islands Government will implement a public financial management roadmap, introduce new procurement procedures and pursue legislation to improve public financial management, audit and customs management. Additional aid funding is available through Australia's performance-linked aid program, as an incentive for Solomon Islands to meet agreed reform milestones. We will assist the Institute of Public Administration to deliver professional training to over 1,100 civil servants in 2012-13. With RAMSI support, in 2012-13 the justice sector will aim to decrease average remand times from 8.2 months¹⁵ to 7.5 months and keep re-offender rates at around 10 per cent.



VANUATU



Australia is the largest donor to Vanuatu and the country relies heavily on Australian aid (equivalent to around 40 per cent of the national budget) to support the delivery of basic services to those most in need. Australian aid has helped remove school fees for Years 1-6 leading to 3,000 more children attending school in 2010 compared with 2009. Australian assistance has reduced malaria cases by more than half since 2003, and Tafea Province (population 32,549) is on track to be malaria-free by 2014. Many people in Vanuatu live without access to basic health, education, infrastructure and employment opportunities. Delivering basic services, such as health and education, to approximately 250,000 people spread across more than 80 islands is expensive and challenging for a small country. Although the economy is expanding, income-earning opportunities are limited for most people. Vanuatu is off-track to achieve the MDGs for gender equality and environmental sustainability and has achieved mixed progress against other MDGs, including poverty and hunger, universal primary education and maternal health.¹⁶ Australia's assistance is implemented through the *Vanuatu-Australia Partnership for Development*, which focuses on improving education, health, infrastructure, economic governance and law and justice. Australia also provides support for land management and for civil society organisations.



Key Statistics		Estimates (\$m)	11-12	12-13
Population:	0.24 million	Australian ODA	65.3	72.9
Population Growth (%):	2.5 %	- Country	48.2	55.5
Population (Est. 2050):	0.64 million	- Regional/Global	14.6	15.4
GDP per capita (PPP):	USD 4,939	- OGDs	2.5	2.1
HDI rank:	125 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic goals	Australia's response
<p>SAVING LIVES</p> <p>Children and babies still die in Vanuatu from preventable diseases and conditions. Providing basic health services across many islands is difficult and expensive. In the outer provinces, as few as 32 births in every 100 are attended by a nurse or midwife.¹⁷ Only 42 per cent of children in Vanuatu are fully immunised.¹⁸ Australian assistance has led to a dramatic reduction in the number of people contracting malaria each year (from around 74 cases per 1,000 people in 2003 to less than 26 cases per 1,000 people today), but the challenge remains to lower this incidence even further.¹⁹</p>	<p>In 2012-13, Australia will continue its support to strengthen the ongoing delivery of health services. This will include upgrading 30 health facilities which serve around 170,000 people. Assistance will also continue towards the reduction of malaria in Vanuatu. By 2014, our aim is that Tafea province (population 32,549) will be malaria-free.</p>
<p>PROMOTING OPPORTUNITIES FOR ALL</p> <p>Australian assistance has helped Vanuatu increase the enrolment rate of primary school students from 80 to 88 per cent, but progress is</p>	<p>Australia will support the preparation and introduction of a new national curriculum for kindergarten to Year Three, improving the quality of</p>

still needed to achieve universal primary education by 2015.²⁰ The quality of education is a major problem in Vanuatu. At the end of Year Three, only about two in 10 students are able to read and those students understand only 80 per cent of what they read.²¹ Only 12.6 per cent of students who start secondary school complete it.²²

education for 24,000 children in 2012-13. Australian assistance will also provide pre-service training for over 200 teachers and expand facilities at Vanuatu's only teaching college. In 2012, 133 scholarships will be provided for students to study at local, regional and Australian universities and colleges, while 268 ongoing students will be supported.

SUSTAINABLE ECONOMIC DEVELOPMENT

Vanuatu lacks basic infrastructure across the island chain. Most of the country's 1,800 kilometres of road are in disrepair.²³ Electricity prices are amongst the highest in the world, while access to power in rural areas is amongst the lowest, at 17 per cent of households. Effective implementation of regulatory reform is needed to ensure both energy and telecommunications are accessible to poor people.

By the end of 2012, 157 kilometres of road will have been rehabilitated. Upon completion, this project will have provided 105,000 days of work for people in remote communities and increased vehicle access to 10 per cent of the unsealed road network. Australian assistance will support improvements to electricity and telecommunication systems. By 2015, 29,500 rural households across Vanuatu will have increased access to electricity under the Vanuatu Energy Road Map.

EFFECTIVE GOVERNANCE

Challenges in governance lie at the heart of the service delivery problems facing Vanuatu. Public financial management is weak. Although Vanuatu is relatively safe, the justice system is weak, conviction rates are generally low, and the Vanuatu Police Force relies on Australian assistance to maintain its operations. Vanuatu ranks 77 out of 178 in the world in terms of perceived corruption.²⁴ The quality of statistics is improving, but more work is needed to track results against the health and education MDGs.

Introduced over 2012-13, a new integrated government information management system funded by Australia, will bring all agencies onto a single IT system and improve transparency and accountability of government activities. In 2012-13, Australian support will ensure six new police posts are built in rural areas, while a new mobile police unit will extend the reach of the police on the island of Efate. To expand skills and ensure police are meeting the needs of the people, 30 constables will undertake a 'Diploma of Policing' and 140 communities will receive crime prevention training.

SAMOA

Samoa's long-term reform efforts have enabled it to sustain relatively strong economic growth over the last decade compared to other remote island economies, although not all Samoans have benefited equally. Samoa's small size, limited natural resources, narrow economic base and distance to major markets make it vulnerable to global economic fluctuations and limit its growth potential. Samoa is on track to meet or exceed key MDGs. Hunger is virtually non-existent and net primary enrolment is near universal. However, basic needs poverty has risen to affect over one in four households and there is mixed progress on gender equality, maternal and child health and combating non-communicable diseases, such as diabetes and heart disease. Australia is Samoa's largest development partner. Australia's assistance is implemented through the *Samoa-Australia Partnership for Development*, which focuses on improving quality and access to education, improving primary health services, adaptation to climate change and strengthening public sector reform and law and justice systems.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	0.183 million	Australian ODA	42.0	45.5
Population Growth (%):	1 %	- Country	26.7	28.6
Population (Est. 2050):	0.277 million	- Regional/Global	11.7	13.6
GDP per capita (PPP):	USD 6,022	- OGDs	3.5	3.4
HDI rank:	99 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic goals	Australia's response
SAVING LIVES	
<p>Samoa faces rapidly rising rates of non-communicable diseases such as coronary heart disease, high blood pressure, diabetes and stroke. Up to 85 per cent of the Samoan population is obese or overweight, one of the highest rates in the world. Health workforce shortages continue to impair Samoa's ability to deliver quality health services.</p>	<p>In 2012-13, Australia will help to reduce the rates of non-communicable diseases and improve access to primary health care in Samoa. We will support the construction of eight new rural and central health facilities, provide equipment and hands-on training to 50 health professionals, and improve the information available to health policy makers. By 2015-16, Australian support will have led to significant improvements in health care facilities and better trained health workers.</p>
PROMOTING OPPORTUNITIES FOR ALL	
<p>Net enrolment in primary education increased to 97 per cent in 2008 from 92 per cent in 2002. However, secondary school attrition rates are significant with only two thirds of students completing secondary schooling. Despite high enrolment rates, there are concerns regarding the quality of education. In 2009, 56 per cent of Year Six students were assessed as at risk of poor outcomes in English literacy, and 48 per cent of students were assessed as at risk in numeracy.²⁵</p>	<p>In 2012-13, we will improve access to education in Samoa by enabling all of Samoa's 37,000 primary school students to attend school without school fees. We will help improve the quality of learning at 167 primary schools by providing better education resources and materials. Australia will continue to support students with disabilities to access quality education, by providing tailored learning materials and teacher training. Australia will provide scholarships to 153 students to study at Australian and Pacific regional universities.</p>
EFFECTIVE GOVERNANCE	
<p>The Samoan Government continues to demonstrate leadership of public financial management reform, macro-economic reform and budget discipline. The government has liberalised the telecommunications sector, reformed public financial management systems, made state-owned enterprises more accountable and has committed to reducing government debt to strengthen economic resilience.</p>	<p>In 2012-13, Australia will support ongoing reform to state-owned enterprises, and improvements in the Samoan Government procurement and audit systems. We will also strengthen Parliament's critical role in a democratic system, by providing training and resources for members of the national legislative assembly.</p>
 FIJI 	
<p>Fiji has had a military government since the elected civilian government was ousted by a coup in December 2006. In 2009, the military regime abrogated the constitution. The actions of the regime have negatively affected the country's development. The economy contracted between 2006 and 2011, when growth returned to an estimated 2 per cent.²⁶ Before the coup Fiji was on track to achieve most of the MDGs. However, the pace of progress towards maternal and child health will need to increase dramatically if Fiji is to reach its targets by 2015. Fiji is off-track to meet the MDG for poverty. The incidence of rural poverty increased from 40 per cent in 2002 to 43 per cent in 2008 and in some areas over 50 per cent of the population live below the poverty line.²⁷ Australia is Fiji's largest bilateral aid donor and remains committed to helping the people of Fiji. In 2010, with Australian support, 90 rural health facilities were fitted with solar panels, to ensure a continuous power supply to safely store vaccines and pharmaceuticals, and achieved a 95 per cent immunisation rate for key vaccines, including tuberculosis, measles, hepatitis B, polio, diphtheria and tetanus. Australia will double the AusAID country program to Fiji from \$18.6 million in 2011-12 to \$36 million by 2013-14²⁸ and increase its assistance to poor and disadvantaged communities through improved access to basic health and education services, and creating economic opportunities for vulnerable communities.</p>	

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	0.861 million	Australian ODA	45.3	55.6
Population Growth (%):	0.8 %	- Country	18.6	27.0
Population (Est. 2050):	1.201 million	- Regional/Global	24.3	26.2
GDP per capita (PPP):	USD 4,624	- OGDs	2.4	2.5
HDI rank:	100 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic goals	Australia's response
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SAVING LIVES

Maternal mortality, infant mortality and under-five mortality rates in Fiji are all well below the MDG targets. Infant mortality rates have barely improved since 1990.²⁹ Non-communicable diseases are an increasingly prevalent cause of illness and death and are at epidemic levels in Fiji.³⁰ Diabetes now affects more than 16 per cent of the population.³¹

Under the expanded bilateral program, our assistance in 2012-13 will upgrade and refurbish 17 sub-divisional hospitals and urban health centres, many of which have fallen into disrepair. We will provide training opportunities for Fiji's medical professionals whose numbers have been depleted due to an early retirement policy and an increasing brain drain. We will also fund the introduction of three new vaccines for over 30,000 children: the human papilloma virus, rotavirus for children under five and pneumococcal.

PROMOTING OPPORTUNITIES FOR ALL

Around 6,000, or 4 per cent, of children aged 6-14 years do not attend school each year. Education expenditure as a proportion of total expenditure has been declining in recent years, dropping from 19.4 per cent in 2005 to 12.3 per cent in 2012.³² Fiji's Ministry of Education has reported increasing drop-out rates at both the primary and secondary levels. The maintenance of school buildings is severely under-resourced, with many schools falling into disrepair.

In 2012-13, Australia will target the most disadvantaged schools in Fiji and promote increased access to education for all children with disabilities. Under the expanded bilateral program, Australia will support more of Fiji's disadvantaged schools, better target removal of financial barriers to primary education, improve infrastructure at up to 30 schools, and strengthen curriculum and performance reporting benefitting an estimated 6,000 students. The number of scholarships provided to Fiji citizens will increase from 40 in 2011-12, to up to 80 in 2013-14.

SUSTAINABLE ECONOMIC DEVELOPMENT

Economic decline since the 2006 coup is having an impact across the country. The ratio of private investment to GDP declined from an average 11.43 per cent in 2000 to 2 per cent in 2011. Growth is stagnant in rural Fiji, with poverty reaching more than 60 per cent in eight of 86 districts.³³ Urban settlements are growing and about 12 per cent of Fiji's population live in squatter settlements.³⁴ A chronic lack of investment means jobs are scarce, particularly for youth and vulnerable groups.

In 2012-13, Australia will help around 50,000 of Fiji's poor to access banking services, teach financial literacy in schools and connect poor people to commercial markets. We will support farmers to access export markets for their goods, provide commercial farmer training and support female vendors to access municipal markets. We will support at least 20 civil society organisations to deliver essential services including health, education, water and livelihood projects to 10,000 people across Fiji in 2012-13.

EFFECTIVE GOVERNANCE

Fiji has been ruled by a military regime since 2006. In that time, people's rights to meet in public, to a free media and to elect their own representatives continue to be eroded.

The Australian Government strongly condemned the removal of Fiji's elected government in 2006 and the abrogation of its constitution in 2009. Australia, together with the international community, has consistently called for Fiji's return to democracy and the rule of law. Australia's objective is to see a democratic Fiji resume its important role in the region and we are ready to support a genuine process for a return to democracy.

+	TONGA	+
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While Tonga remains on track to meet most MDGs, it faces high rates of non-communicable diseases, such as diabetes and heart disease, and provides poor quality education. Tonga is unlikely to meet the MDG target on gender equality, with particular concerns about women's economic empowerment and political representation. Nearly a quarter of Tongan households experience hardship, particularly in the outer islands.³⁵ Employment options are lacking and remittances from overseas relatives have declined in recent years as a result of the global economic crisis impacting on the wages of Tongan family members living in the USA and elsewhere. Tonga's national budget is under severe pressure because of a decline in government revenue, slow economic growth and high levels of official debt to China.

Australia's assistance is implemented through the *Tonga-Australia Partnership for Development*, which focuses on developing the public sector, improving health and technical and vocational education and improving infrastructure, particularly roads. In 2011, upgrades to health centres improved access to services for 1,350 households. Five health centres also received equipment. In 2011, Australian funding supported the delivery of 110,000 textbooks to every student in Years 1 - 6 in Tonga in the four core subjects (maths, science, English and Tongan). Australia also supported key economic and public sector reforms, including development of a new Public Service Act, parliamentary reforms to support Tonga's democratisation of political representation, and Tonga's first Procurement Regulations.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	0.104 million	Australian ODA	34.9	33.8
Population Growth (%):	1.3 %	- Country	20.4	22.0
Population (Est. 2050):	0.175 million	- Regional/Global	11.1	8.5
GDP per capita (PPP):	USD 7,528	- OGDs	3.4	3.3
HDI rank:	90 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic goals	Australia's response
SAVING LIVES	
<p>Non-communicable diseases such as diabetes and heart disease are Tonga's biggest health challenge. Tonga lacks sufficient skilled medical professionals, such as surgeons and anaesthetists, because of high levels of migration. Population growth in the capital Nuku'alofa is putting pressure on water, sanitation and solid waste services. The quality and reliability of water supply, particularly as the population increases, are growing problems. Solid waste services are available to less than 40 per cent of households across Nuku'alofa.³⁶</p>	<p>Australia and Tonga have agreed to reduce the incidence of non-communicable diseases by 2015-16, by reducing the prevalence of smoking and halting the increase in obesity. In 2012-13, we will help support, maintain or refurbish up to 14 of Tonga's community health centres and support programs to promote physical exercise, better diets and awareness of the dangers of smoking. Australian medical professionals will provide surgical and anaesthetist services. Australia will partner with the Asian Development Bank to improve water, sanitation and solid waste management in Nuku'alofa towards the 2015-16 target of 100 per cent of households with access to water and waste services.</p>
PROMOTING OPPORTUNITIES FOR ALL	
<p>Although most children in Tonga complete primary education, a lack of teaching materials and poorly trained teachers mean low literacy and numeracy levels. Australia and New Zealand have been helping to develop a new curriculum, train teachers and provide grants and training to improve schools management.</p>	<p>Australian support will target improved children's levels of literacy and numeracy, by continuing a roll-out of a new curriculum, improving and meeting minimum standards for educational and school management capability. Australia will award up to 40 Australian tertiary degree awards to study at regional or Australian institutions. Australia will also support the Tonga Institute of Education to improve the facilities and training for</p>

50 untrained teachers from the non-government and government school systems, and the upgrading of 15 untrained teachers.

SUSTAINABLE ECONOMIC DEVELOPMENT

Tonga has a target of delivering 50 per cent of energy by renewable means. Like many other small island states, Tonga is highly vulnerable to climate change. Potential impacts include the decline of coral reefs, changes to seasonal rainfall patterns affecting agriculture and water resources, increased erosion and increased risk of damage to infrastructure from cyclones and storm surges.

In 2012-13, Australia will continue to invest in transport and energy projects managed by the World Bank and Asian Development Bank. This includes maintaining road infrastructure, safety upgrades at ports and implementing a maritime coastal watch radio system to improve maritime safety. Australia will fund a number of projects to help Tonga transition its energy supply to 50 per cent from renewable sources. Australia will continue to fund reform of the Technical Vocational Education and Training system.

EFFECTIVE GOVERNANCE

Australia has worked closely with the World Bank to help Tonga identify a set of priority economic, budget and public financial management reforms. Australian technical assistance has been vital in helping Tonga to identify and undertake those reforms, and we have provided performance-linked aid as an incentive.

In 2012-13, Australia will continue to use performance-linked aid as an incentive for Tonga to achieve policy reforms. Australian technical assistance will focus on improved revenue collection and expenditure management.

PACIFIC MICRO-STATES
KIRIBATI, NAURU AND TUVALU



KIRIBATI



Kiribati has a narrow and fragile economic base and has a small population spread across an exclusive economic zone of 3.5 million square kilometres.³⁷ There are limited opportunities for economic growth and development and the Kiribati Government relies heavily on aid. Limited access to fresh water and high vulnerability to storm surges and rising sea levels add to the development challenges. High population growth coupled with limited employment opportunities could lead to increasing social problems. Kiribati's progress against the MDGs is mixed, with particularly poor progress against child and maternal mortality rates. Australia has a long standing program of support in Kiribati and is the country's major development partner. Australia's assistance is implemented through the *Kiribati-Australia Partnership for Development* which focuses on improving education standards and workforce skills, strengthening economic management and promoting economic growth.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	0.1 million	Australian ODA	30.3	30.4
Population Growth (%):	1.6 %	- Country	25.5	25.5
Population (Est. 2050):	0.189 million	- Regional/Global	4.2	4.2
GDP per capita (PPP):	USD 6,212	- OGDs	0.6	0.6
HDI rank:	122 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic goals

Australia's response

PROMOTING OPPORTUNITIES FOR ALL

Kiribati faces a number of challenges in delivering basic education. Management is inadequate, facilities are poor and cannot meet enrolment demands, teaching standards are low and curriculum reform is needed. Children in Kiribati

We will improve the literacy and numeracy of 22,000 school-aged children at primary and junior secondary schools by 2015-16, by delivering a more relevant curriculum and professional development for 902 teachers. Australia will

who live with a disability have difficulty accessing schools and are not mainstreamed into public education. Youth unemployment is a major challenge. Very few of the 2,300 school leavers each year continue their education. Skills development through technical and vocational training is an increasing priority as it will help Kiribati to access regional and global labour markets, as well as address domestic skill shortages in the private and public sectors.

complete the rehabilitation of six primary schools in 2012-13. Through our support, the School and Centre for Children with Special Needs, the only institution in Kiribati catering for disabled children, will continue providing education to Kiribati's most vulnerable. We will provide tertiary and vocational scholarships across sectors with human resource shortages, including nursing. In 2012, Australia will fund 28 new tertiary scholarships and 64 new vocational scholarships.

SUSTAINABLE ECONOMIC DEVELOPMENT

Kiribati has a poorly developed local economy, as a result of a narrow 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 power and communications, have poor financial records and require government subsidies and loan guarantees to continue operating. Poor quality infrastructure adds to a difficult operating environment for private enterprises. As a low-lying atoll, Kiribati faces particular challenges resulting from storm surges, sea encroachment and increasingly low levels of freshwater supplies. Water supply is further affected by increasing saline intrusion in groundwater and prolonged periods of low rainfall.

Australia is supporting improved economic governance by working with the Asian Development Bank to reform public enterprises in Kiribati, including reforms to generate higher revenue and reduce subsidies. In 2012-13, Australia will support improvements to roads and water and sanitation. By 2015-16 these programs will contribute to a reduction in the reported cases of dysentery and diarrhoea (from more than 10,000 to 8,000). Support for telecommunications services is expected to result in a 75 per cent increase in telephone and internet coverage. Australian funds are also helping Kiribati adapt to climate change by protecting scarce freshwater supplies. Over the next four years, our assistance will improve the reliability of potable water to households in Kiribati, with 60,000 people receiving 15 litres of drinkable water per day. Funding will also support better management of new coastal infrastructure such as sea walls. This support will provide communities with access to clean and safe drinking water and strengthen public infrastructure to withstand the effects of extreme weather events.

NAURU

Nauru's economy is hampered by high debt levels and limited revenue options. Public sector management is hampered by a lack of skilled and qualified people and critical infrastructure is dilapidated. Nauru is making mixed progress toward the MDGs. Education outcomes are improving but are still poor by international standards. Levels of non-communicable diseases such as diabetes are among the highest in the world, and progress toward improving infant mortality rates and maternal health care is slow. Australia's assistance is implemented through the *Nauru-Australia Partnership for Development*, which focuses on improving education and healthcare, enhancing the effectiveness of the public service, improving the sustainability of power and water services and helping develop the private sector. Key results from the program in 2011 included continued support to maintain a 95 per cent immunisation rate for key vaccines and implementation of 2010 legislation making school attendance compulsory, raising net primary enrolment rates from 60 per cent in 2002 to 95 per cent in 2011.

Key Statistics

Population:	0.01 million
Population Growth (%):	0.3 %
Population (Est. 2050):	0.012 million
GDP per capita (PPP):	-
HDI rank:	unranked
<US\$1.25/day:	-
<US\$2.00/day:	-

Estimates (\$m)	11-12	12-13
Australian ODA	25.4	31.6
- Country	17.5	23.7
- Regional/Global	5.7	5.7
- OGDs	2.2	2.2

Strategic goals	Australia's response
SAVING LIVES	
<p>Seventy-four per cent of all deaths in Nauru can be attributed to non-communicable diseases.³⁸ Nauru has one of the highest rates of diabetes in the world – more than 20 per cent of the adult population.³⁹ Low nutrition standards due to a lack of locally produced fresh fruit and vegetables, low participation rates in sport and physical activity, and high-risk lifestyle choices are causes. Australia has been working with Nauru to address these issues. While progress is slow, our support is expected to produce tangible improvements over the next 5-10 years.</p>	<p>In 2012-13, Australia will support activities which improve nutrition, promote involvement in sporting events and support policies, legislation and public education campaigns to reduce alcohol and tobacco consumption. Funding for up to four medical scholarships each year will increase the number of Nauruan doctors and nurses. Australia will provide and maintain medical equipment and improve health infrastructure.</p>
PROMOTING OPPORTUNITIES FOR ALL	
<p>With only 68 per cent of those enrolled in schools regularly attending classes, literacy and numeracy outcomes are well below benchmarked standards and a significant proportion of Nauruan students are unable to qualify for further tertiary study.⁴⁰ While literacy levels have been improving marginally, numeracy levels remain a major challenge.</p>	<p>Australia will help increase regular school attendance rates to 75 per cent or better. Australia will ensure 80 per cent of teachers have relevant teaching qualifications by 2013. Support for a school building refurbishment and maintenance program covering all 10 schools in Nauru will continue to improve the learning environment. Australia will support training for around 300 students enrolled in trade training courses at the Nauru Secondary School. With Australian assistance, both primary and secondary enrolment rates will advance toward the 100 per cent target with around 37 per cent of secondary students participating in technical and vocational training by 2015.</p>
SUSTAINABLE ECONOMIC DEVELOPMENT	
<p>With extremely high debt levels and domestic revenue making up only around 40 per cent of the national budget, Nauru relies almost entirely on donor contributions to fund basic services for the community.⁴¹ While Nauru has been successfully reducing its debt burden over recent years, revenue options remain limited to fisheries and phosphate mining. Both of these industries are vulnerable to external influences, such as currency fluctuations, global economic trends, market variations and adverse weather conditions.</p>	<p>Australia will support the new Government Revenue Office to improve revenue collection methods and deliver a more effective and equitable tax system likely to add around \$1 million to the national budget in 2013. Changes to the way fishing license fees are calculated will result in increases to related revenue of more than 50 per cent. The introduction of new technologies in the utilities sector will see the cost of fuel and oil used in generating electricity reduced by around 30 per cent annually.</p>
EFFECTIVE GOVERNANCE	
<p>Poor economic management and weak governance on the part of past Governments have led to high debt levels, the loss of cash reserves, the demise of local banking and insurance services, the deterioration of critical national infrastructure and a failure to build public management capacity. While there have been major improvements in governance and public sector management over the past five years, Nauru still lacks many of the systems and skills necessary for sustained and effective public sector governance and strong financial management.</p>	<p>In 2012-13, Australia will help improve Nauru's public sector governance, funding up to 12 senior management positions. This will put skilled people in place to manage major government departments, such as the Department of Finance. These personnel will develop new policies and procedures and build the skills of local people. They will focus on managing national finances, improving the transparency and efficiency of procurement processes, strengthening revenue, enhancing audit and improving reporting to the public.</p>



TUVALU



Tuvalu is a small island state with few economic opportunities and a high dependence on development assistance. It is constrained by distance from economic markets and its small size. Tuvalu is vulnerable to climate change and natural disasters and has achieved mixed results in respect of the MDGs. Tuvalu is off-track to meet the MDG on eradicating extreme poverty and hunger, but is on track to meet the MDGs for universal primary education, reducing child mortality, and improving maternal health. As the largest donor, Australian assistance is vital to the delivery of basic services in Tuvalu. Australia contributes to the Tuvalu Trust Fund, which underwrites the country's longer term economic viability. In 2010-11 Australian assistance enabled 85 per cent of residents on Funafuti, the main island of Tuvalu, to access clean water through the provision of new water tanks. Australia also provided 150 tanks to more than 3,000 school children in all outer islands primary schools and two secondary schools. Funding also provided essential text books and stationary for pre-school and primary students. The *Tuvalu-Australia Partnership for Development* focuses on supporting the Tuvalu Trust Fund and improved financial management and planning, supporting adaptation measures to increase Tuvalu's resilience to the impacts of climate change and helping Tuvalu build a skilled and educated workforce.

Australian ODA to Tuvalu is estimated to be \$11.1 million in 2012-13.



COOK ISLANDS



The Cook Islands is on track to meet most MDGs. The country's development is challenged by its narrow economic base, limited natural resources, fragile environment, shortage of skilled labour and relatively remote location. The economy, which is underpinned by tourism and marine resources, remains vulnerable to natural disasters. This was demonstrated by a drought in 2011 and Cyclone Pat in 2010, which caused significant damage to key infrastructure. The Cook Islands is a self-governing country in free association with New Zealand. Australia's aid to the Cook Islands is delivered by New Zealand through a harmonised aid program. In 2012-13, Australia will continue to support this program, as it remains the most effective and efficient way to deliver aid to the Cook Islands.

Australian ODA to the Cook Islands is estimated to be \$3.7 million in 2012-13.



NIUE



Niue, a self-governing state in free association with New Zealand, faces development constraints due to its relatively remote location, small size, limited natural resources, and susceptibility to natural disasters. Niue also has a shortage of skilled professionals and entrepreneurial expertise caused by migration. The country is on track to meet nearly all of the MDGs by 2015. However, it remains dependent on overseas aid to maintain its long term economic and social development. Australia's development assistance is closely aligned to the New Zealand aid program. Australia's aid program to Niue is focused on education, economic stability, climate adaptation and water management.

Australian ODA to Niue is estimated to be \$4.5 million in 2012-13.



TOKELAU



Tokelau's small size, limited natural resources and isolation limit its potential for sustainable economic growth and development. Tokelau is highly vulnerable to the impacts of climate change and natural disasters. It is on track to meet the key MDG targets of universal primary education and reduced child and maternal mortality. However, Tokelau relies on external assistance to maintain basic services and meet its large-scale infrastructure needs. As Tokelau is a non-self-governing territory of New Zealand, Australia's moderate aid program is harmonised with New Zealand's program. Australian aid supports Tokelau's ongoing economic stability through contributions to the Tokelau International Trust Fund and assists Tokelau in adapting to the likely impacts of climate change.

NORTH PACIFIC

2012-13 Estimate: \$9.6 million

FEDERATED STATES OF MICRONESIA

The *FSM-Australia Partnership for Development* focuses on improving economic governance, development coordination and environmental management. With the assistance of an AusAID-funded Tax and Revenue Advisor, FSM raised an additional AUD500,000 of revenue in 2011. Pending the successful progression of tax reform legislation through Congress, in 2012-13 Australia will play a lead role in establishing a Unified Revenue Authority. Australia is also providing assistance to review and update legislation to help protect FSM's fragile environment. AusAID has helped enhance the capacity of FSM government agencies to undertake environmental compliance and enforcement activities through a recent series of training exercises and seminars. The Australian Volunteer Program will be reintroduced to FSM in 2012-13, with the mobilisation of seven volunteers to support *FSM-Australia Partnership for Development* priorities.

REPUBLIC OF MARSHALL ISLANDS

The *RMI-Australia Partnership for Development* focuses on improving access to clean water and sanitation and improving energy efficiency, including through the increased use of renewable energy sources. Currently, the transport sector in Republic of Marshall Islands (RMI) consumes 60 per cent of the country's energy. In 2012-13, Australia will assist the Ministry of Resources and Development to introduce new regulations in the transport sector to improve efficiency. Australian aid is installing 1,700 prepay electricity meters to recover arrears and assist customers to budget for electricity usage. In the water sector, Australia will continue supporting the Government of RMI to develop and implement the National Water Policy. Australia has funded a further 220 household water tanks on Kwajalein Atoll, resulting in a tank for every household. The Australian Volunteer Program will be reintroduced to RMI in 2012-13, with the mobilisation of six volunteers to support the *RMI-Australia Partnership for Development* priorities.

REPUBLIC OF PALAU

The *Australia-Palau Partnership for Development* focuses on improving education, clearing unexploded ordnance and strengthening health sector management. Australian funding for education will support a curriculum update to the English-as-a-Second-Language teacher qualification delivered at the Palau Community College. Australia will also work with the Ministry of Education to fund teacher scholarships. Australia is the lead donor in Palau supporting clearance of unexploded ordnance from World War II. In 2012-13, Australian funding will allow for a clearance team to work on Koror and Peleliu Island. The Australian Volunteer Program will be reintroduced to Palau in 2012-13, with the mobilisation of six volunteers to support the *Australia-Palau Partnership for Development* priorities.

PACIFIC REGIONAL PROGRAMS

2012-13 Estimate: \$141.0 million

To complement individual bilateral activities, Australia supports a number of programs that address the major challenges faced by the Pacific on a regional basis.

Strategic goals

Australia's response

SAVING LIVES

Health systems in the Pacific are often weak because of insufficient numbers of trained health workers, inadequate financing and planning for the health sector and unreliability in the procurement, supply and distribution of essential drugs. It is an added challenge for health services to reach the small, highly dispersed populations that exist in many Pacific countries.

In 2012-13, Australia will support regional health partners, such as the World Health Organization, UNICEF, the Secretariat of the Pacific Community and the Fiji School of Medicine, to address major health challenges in the Pacific. These challenges include immunisation, non-communicable diseases, HIV and sexually transmitted infections, health workforce constraints and the quality of specialised clinical services. Support will also assist countries to improve essential services by helping to build effective national health systems, and ensuring that health facilities are staffed by qualified health workers and resourced with essential drugs and medical equipment.

PROMOTING OPPORTUNITIES FOR ALL

Pacific youth need the right skills and training to get jobs, whether at home or abroad. In 2011, the 42nd Pacific Island Forum Communiqué highlighted the need for more women leaders, to empower women who are leaders, and increase representation of women in legislatures.

Australia will support a second phase of the Australia-Pacific Technical College which provides Pacific Islanders with internationally recognised Certificate III and IV qualifications. By 2015, more than 6,600 students will have graduated. Australia will continue to support the University of the South Pacific, which currently has around 20,000 students, including the implementation of the University's *2013-18 Strategic Plan*. We will work with the South Pacific Board of Educational Assessments to improve literacy rates of primary school children and implement a pilot program to benchmark education results in the Pacific.

The Pacific Leadership Program will support UN Women in the Pacific, to equip women with the skills and knowledge to participate in democratic political leadership and to provide legislative assistance to address barriers to women's participation as political representatives.

SUSTAINABLE ECONOMIC DEVELOPMENT

Pacific island countries are generally experiencing only modest economic growth. Most are small and 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 fisheries, mining, some agricultural products, tourism and services. Pacific island countries are vulnerable to natural disasters which are expected to become more frequent or extreme over coming years. In particular, climate change projections suggest more intense cyclones in some parts of the Pacific and rising sea levels.⁴²

The Pacific Horticultural and Agricultural Market Access Program will help government and industry working groups in Fiji, Tonga, Samoa, Solomon Islands and Vanuatu to secure access to international markets for priority agricultural exports. The 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 support the Forum Fisheries Agency, Secretariat of the Pacific Community and national fisheries agencies, which are expected to increase economic returns to the region from fisheries resources.

From 1 July 2012, the Pacific Seasonal Worker Pilot Scheme will transition to a long term program. It will be open to employers in the horticultural industry and seasonal workers from East Timor, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. It will be supported by the Australian Department of Immigration and Citizenship to ensure that worker protections are guaranteed.

Australia will assist vulnerable countries to plan for and adapt to the impacts of climate change, by improving food security, protecting water supplies and infrastructure, improving coastal zone management, and preparing for, and reducing the risks associated with, natural disasters.

EFFECTIVE GOVERNANCE

Improving the quality of governance throughout the region can be achieved with transparent, open and accountable policy making, a professional public sector, an executive arm of government accountable for its actions, responsible civil society participating in public affairs and respect for the rule of law. Within the public sector, the governance challenges faced by many Pacific island countries are exacerbated by limited resources and training, and by the magnitude of the development challenges. Providing effective policy advice to government, managing infrastructure and financial resources, overseeing the delivery of a range of services including effective aid coordination, while accounting for human resources development, places heavy demands on even the most capable of managers.

Australia will continue to help Pacific island countries to improve public financial management, including through support to the IMF-led Pacific Financial Technical Assistance Centre. The Centre assists countries to diagnose, prioritise and implement appropriate policies, procedures and systems underpinning good practice in economic and financial management. This will include continued support for the Pacific Regional Audit Initiative, which aims to ensure that more than 70 per cent of available public accounts are audited in a timely fashion and to international standards. Through the Australian Federal Police, we will also work with Pacific island countries to promote community safety, stability and security through measures such as training and technical assistance, provision of critical law enforcement equipment and material, as well as advice and guidance on domestic legal regimes.

HUMANITARIAN AND DISASTER RESPONSE

Pacific island countries remain vulnerable to natural hazards, both meteorological (cyclones, floods, storm surges) and geophysical (earthquakes and volcanoes). Their small, highly dispersed populations and limited economies mean natural disasters can have a disproportionately high impact on their economies. A 2011 United Nations study ranked Vanuatu, Tonga, Solomon Islands, Papua New Guinea and Fiji in the 20 countries most at risk of natural disasters.⁴³ All Pacific island countries have National Disaster Management Offices as focal points for disaster risk management, but many operate with limited capacity.

Australia will continue to respond to disasters in the Pacific when they occur and also assist countries to be better prepared to respond to disasters and reduce the risk to vulnerable communities. In 2012-13, a new regional program will focus efforts on four high risk countries – Vanuatu, Tonga, Solomon Islands and Fiji. We will help identify risks and vulnerabilities and develop and implement community action plans in response. Australia will also provide core funding to the Secretariat of the Pacific Community for technical assistance and policy advice to assist Pacific island countries with disaster risk management.

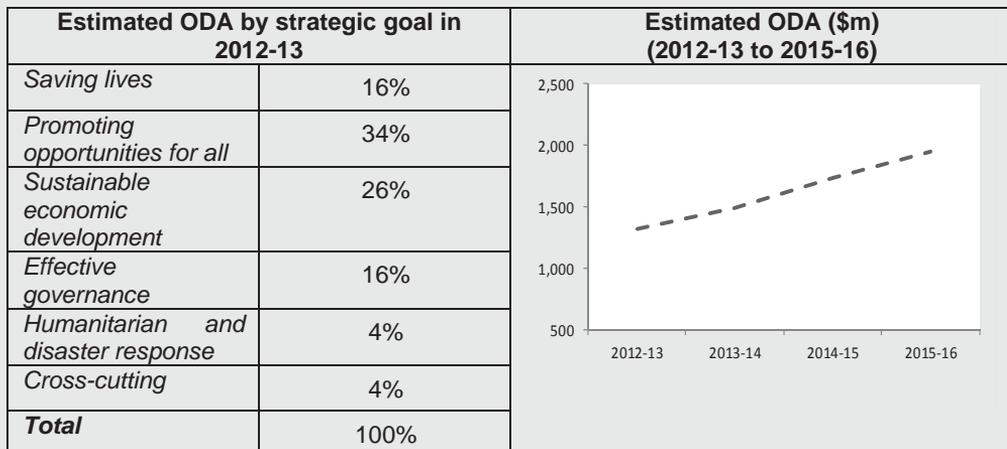
2.2. EAST ASIA

Overview

Over the next four years, Australia will become the largest bilateral grant donor to East Asia. East Asia is a region of primary national interest for Australia. As well as the close geographic proximity of Indonesia and East Timor, Australia has a very important stake in East Asia's broader economic and political future. Over 50 per cent of Australia's exports are concentrated in the region and around 80 per cent of our trade passes through its sea lanes. Around one in 10 Australian jobs is directly linked to East Asia's future stability and prosperity.⁴⁴ Australia also has strong interests in working with East Asian countries to manage regional challenges such as human trafficking, emerging infectious diseases and water resource management.

Despite impressive economic growth and a decline in overall rates of extreme poverty, development progress in East Asia has been uneven between and within countries. Over 300 million people in East Asia live on less than US\$1.25 a day.⁴⁵ The proportion of the population living in absolute poverty is between one quarter and one third in Cambodia, Laos and East Timor.⁴⁶ As one of the poorest countries in East Asia, Burma faces enormous development challenges. An estimated one quarter of Burma's 50 million people live in poverty.⁴⁷ In the larger ASEAN economies of Indonesia, Vietnam and the Philippines, growing inequality has the potential to impede future growth, erode progress against the Millennium Development Goals (MDGs) and undermine social and political stability. In Indonesia, half of the population, or around 120 million people, still live on less than US\$2 a day.

Over the next four years, Australia anticipates increasing assistance to East Asia by around 48 per cent, from \$1.32 billion in 2012-13 to an indicative level of \$1.95 billion by 2015-16. This will see East Asia remain the largest recipient of Australian aid and Indonesia the biggest bilateral program in the aid budget.



Within the region, growth in assistance will be substantial in Indonesia, Burma, Cambodia and Laos where there is a high incidence of poverty and considerable opportunity for Australia to make a difference to the lives of poor people. Elsewhere in the region (East Timor, Vietnam and the Philippines) Australian aid will increase, although at a more modest pace.

Drawing on our considerable experience, well established presence and aid management systems, we will expand on recent achievements which have included:

- helping more than 330,000 poor children attend school by constructing or extending more than 2,000 schools across Indonesia between 2005 and 2010;
- helping to provide 2 million children in the Philippines with access to better quality education;
- assisting 1.1 million households in Vietnam with improved sanitation facilities; and
- improving food security for more than 25,000 East Timorese families.

Estimated ODA to East Asia in 2012-13: \$1,321.2 million



New Initiative: *Closing Development Gaps in East Asia*

The Government will invest an additional \$208.6 million over four years to increase incomes and boost health and education services for the poor in Burma, Cambodia and Laos, where around one third of people live in extreme poverty, and help vulnerable communities in Vietnam reduce the negative impacts of climate change:

- in **Burma**, we will train 6,800 teachers and provide 220,000 students with basic school supplies and provide 700,000 boys and girls with school meals;
- in **Cambodia**, our assistance will save lives by providing 8,000 women to receive improved antenatal, delivery and post natal care;
- in **Laos**, Australia will help get an extra 47,000 children into school in the most disadvantaged regions; and
- in **Vietnam**, up to 750,000 people will benefit from disaster-preparedness training, risk-management plans, and strengthened community infrastructure.

New Initiative: *Extension of the AFP commitment to the United Nations Mission in East Timor*

The Government will invest a further \$3.5 million in 2012-13 to extend the AFP's 50-officer deployment to East Timor as part of the United Nations Integrated Mission in Timor-Leste (UNMIT). Funding will enable Australia's contingent to continue in East Timor.

Country programs

INDONESIA

Indonesia has achieved remarkable development progress over recent decades. However, it is still afflicted by poverty, and development has not been even. About 120 million people live on less than US\$2 a day and are particularly vulnerable to shocks, such as an economic downturn or the effects of natural disasters. While Indonesia's progress towards the MDGs is positive, more work needs to be done to open up opportunities for the poor, to ensure all children receive a basic education, to improve health care and to build key infrastructure. Australia and Indonesia have a highly effective development partnership guided by the *Australia-Indonesia Partnership Country Strategy 2008-13*. Australia is the largest grant aid donor to Indonesia. Australian aid focuses on improving health and education outcomes, boosting economic growth, providing support to protect the poor and vulnerable and strengthening democracy, justice and governance. Maintaining and growing this partnership remains a high priority for Australia. Indonesia's prosperity, stability and growth are in the interests of both our nations as well as the broader region.



Key Statistics

Population:	239.871 million
Population Growth (%):	0.8 %
Population (Est. 2050):	328.832 million
GDP per capita (PPP):	USD 4,668
HDI rank:	124 of 187
<US\$1.25/day:	44.928 million / 18.73%
<US\$2.00/day:	121.279 million / 50.56%

Estimates (\$m)

	11-12	12-13
Australian ODA	505.2	578.4
- Country	433.2	510.1
- Regional/Global	31.2	35.2
- OGDs	40.8	33.0

Strategic goals

SAVING LIVES

An Indonesian woman is 30 times more likely to die in childbirth than an Australian woman and one in three children under the age of five suffers from stunting caused by malnutrition.⁴⁸ The share of births attended by a skilled attendant in 2010 was 80 per cent at the national level, but this varied at the sub-national level, from 51 per cent in Maluku to 98 per cent in Jakarta.⁴⁹ Indonesia has one of the fastest growing HIV epidemics in South East Asia. In the Papua and West Papua provinces, HIV infection is increasing and has spread beyond

Australia's response

By 2015-16, Australia will have helped approximately 4,500 villages gain better access to health care. We are helping tackle HIV through needle exchange, methadone and safe sex programs. Around 1.5 million syringes and 1.5 million condoms will have been distributed through these programs by 2015-16. By 2014-15, we will have connected 1.25 million people living in urban areas to piped water and sewerage systems. Payments under Australia's Debt to Health Swap with Indonesia will continue. Under this

commercial sex workers and injecting drug users to the general community. About 126 million people do not have access to a clean water source while about 118 million do not have adequate sanitation.⁵⁰

arrangement, the Australian Government cancels debt owed to it by the Indonesian Government, in exchange for Indonesia's investment in Global Fund programs to combat tuberculosis. The arrangement is managed by the Department of Foreign Affairs and Trade. Through the *Australia-Indonesia Partnership for Emerging Infectious Diseases – Animal Health 2010-14*, we will also help Indonesia strengthen its animal health systems, including rapid detection and control of emerging infectious diseases, particularly animal diseases which could infect humans.

PROMOTING OPPORTUNITIES FOR ALL

While an estimated 96 per cent of Indonesia's children are now enrolled for six years of primary school, only 75 per cent complete the full nine years of education.⁵¹ One quarter of Indonesia's 13-15 year olds do not attend junior secondary school (years 7 to 9) because schools are too expensive, far away, or the quality of teaching is poor.⁵² There is also a need to assist Islamic schools, which educate more than 5 million Indonesian children a year and are often the only schools available to the poorest and most disadvantaged.⁵³ Indonesia's performance on gender equality is improving overall, but is varied amongst the provinces. Although 50 per cent of Indonesian women are economically active, wage discrimination is still prevalent with some women in the poorest parts of Indonesia earning only 58 per cent of the average male worker's wage.⁵⁴

Under the *Australia-Indonesia Education Partnership*, we will provide more Indonesian children with a good education by establishing 300,000 new school places by 2015-16. Schools constructed as part of the Partnership will all be accessible to children with disabilities. By 2015-16, we will improve school management by training 650,000 school principals, school supervisors and district government officials. Approximately 625 scholarships and fellowships are expected to be awarded in 2012. By 2015 we will have trained 55,000 women's savings and loans groups, resulting in about 540,000 borrowers, which will improve women's livelihood and security.

SUSTAINABLE ECONOMIC DEVELOPMENT

In the last decade, Indonesia has experienced impressive economic growth but that has not generated enough jobs to allow the poor to move into more stable, formal employment. Many of these people live in rural areas. In 2010, 58 per cent of the nation's poor earned their main source of income from agricultural activities.⁵⁵ Indonesia's poor infrastructure has affected the country's growth and foreign investment profile. Indonesia is particularly vulnerable to the impacts of climate change, including storm surges, floods and droughts which affect people, livelihoods and infrastructure. The country has one of the highest rates of deforestation and greenhouse gas emissions in the world, and faces the challenge of helping forest-dependent communities to find new livelihoods.

Australia is helping Indonesia to address poverty reduction and critical infrastructure needs. By 2015-16, Australia's assistance to community development programs will have led to new or improved village infrastructure and income-generating activities for up to 2.9 million rural poor. Australia will also assist about 300,000 farmers lift their incomes by at least 30 per cent by 2016-17. We will continue to help rehabilitate, upgrade and widen the national road network in nine provinces of eastern Indonesia. In 2012-13, our climate change program will continue to support one of the world's most advanced large-scale Reduced Emissions from Deforestation and Forest Degradation in Developing Countries (REDD+) demonstration activities in Central Kalimantan. We will help Indonesia develop a carbon accounting system and explore ways to adapt to climate change.

EFFECTIVE GOVERNANCE

Indonesia has seen improvements in political stability, accountability and government effectiveness since the 1999 transition to democracy, but the country still needs to improve control of corruption and strengthen the quality of public administration. Key priorities in economic governance include improving financial systems, international trade policies and economic policy coordination. There are also significant ongoing challenges in public financial management. Over

By 2015-16, more than 300,000 officials will be trained in planning and budgeting, leading to better use of funding for service delivery. Australia will also provide assistance so that more than 180 civil society organisations are actively engaged in scrutinising how district budgets are used. Australia is building on successful post-tsunami work in Aceh through training and capacity building. This aims to encourage villagers to better interact with local governments, to make the local

the past decade, more and more public service delivery functions have been decentralised to sub-national governments that often lack capacity to implement them efficiently and effectively. In 2011, 61 per cent of total national expenditure went to the districts.⁵⁶ Building the public finance capacity of sub-national governments should be at the core of any attempt to improve public service delivery in Indonesia.

governments more responsive through improved administration, consultation and transparent budgeting.

HUMANITARIAN AND DISASTER RESPONSE

Indonesia is one of the world's most disaster-prone countries and experiences regular floods, earthquakes and volcanic eruptions. The cost of not being prepared for disasters can be catastrophic. People living in poverty in Indonesia are particularly vulnerable to disasters as they often are forced to live and work in poorly constructed buildings, in high-risk coastal areas or on land prone to regular flooding or landslides.

The Australia-Indonesia Facility for Disaster Reduction has helped the Indonesian Government establish a real time earthquake impact estimation system that enables rapid estimates of the number of people potentially affected in a disaster. The Facility is working with Indonesia's largest faith-based organisation and local governments to develop new disaster management laws in East Java, which will ensure district budgets incorporate plans for disaster management. This will provide more than 12 million people with an opportunity to be better protected from natural disasters including floods, tsunamis, earthquakes and volcanoes by the end of 2013.



VIETNAM



Strong growth combined with poverty reduction over the last few decades has enabled Vietnam to achieve middle income status. However, poverty persists, particularly in rural and remote ethnic communities – more than 33 million people in Vietnam live on less than US\$2 a day. Vietnam continues to make good progress against most of the MDGs, but more effort is needed to halt and reverse the spread of HIV/AIDS and to give rural populations access to hygienic sanitation. Vietnam is a key regional player, owing to its geographic location and participation in major regional forums. A stable and growing Vietnam is clearly in line with Australia's national interest in promoting regional stability and prosperity. By continuing to support Vietnam's economic growth and integration, while in the process building people-to-people and institutional links, Australia will assist Vietnam maintain momentum on its transition to an industrialised country. Bilateral links between Australia and Vietnam date back to 1973, and have strengthened over time. Vietnam has significant absorptive capacity and Australia's aid program is increasingly partnering with other donors to maximise influence and effectiveness. Australian aid is guided by *Australia's strategic approach to aid in Vietnam 2010-15*, which focuses on human resource development through scholarships; economic integration, focusing on infrastructure and policy reforms; and environmental stability in the areas of water and sanitation, climate change and agricultural research.



Key Statistics		Estimates (\$m)	11-12	12-13
Population:	87.848 million	Australian ODA	140.3	150.4
Population Growth (%):	0.6 %	- Country	103.5	116.1
Population (Est. 2050):	112.274 million	- Regional/Global	23.5	24.7
GDP per capita (PPP):	USD 3,355	- OGDs	13.3	9.6
HDI rank:	128 of 187			
<US\$1.25/day:	11.482 million / 13.07%			
<US\$2.00/day:	33.778 million / 38.45%			

Strategic goals	Australia's response
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SAVING LIVES

Vietnam will struggle to meet the rural sanitation MDG targets by 2015. Water-borne diseases from polluted water and inadequate sanitation conditions continue to have significant economic and health impacts on rural populations in Vietnam. In 2010, 75 per cent of the rural population had access to clean water and 52 per cent of rural households had access to hygienic latrines.⁵⁷

Australia will continue to improve access to water and sanitation services in Vietnam. In 2012-13, with Australian assistance, 80 per cent of the rural population will have access to clean water and 58 per cent of rural households will have access to hygienic latrines.

PROMOTING OPPORTUNITIES FOR ALL

Education quality in Vietnam must improve to support its transition to an industrialised economy. Currently, only 14 per cent of tertiary level academic staff have doctorates.⁵⁸ Improving the quality of education in Vietnam will help equip graduates with the skills necessary to meet market demand. This supports Vietnam's 2011-2020 plan for the development of human resources.

Since resumption of development assistance in 1991, Australia has been improving the skills of Vietnam's workforce through our scholarships program. Building on this strong record, in 2012-13 we will grant 247 scholarships for graduate study and around 80 fellowships for training and work attachments with Australian organisations. We are on track to meet our target to provide 1,380 postgraduate scholarships from 2010 to 2015, around 20 per cent of which will be for doctoral degrees.

SUSTAINABLE ECONOMIC DEVELOPMENT

While Vietnam continues to grow at an impressive rate, it is important to maintain growth that brings benefit to all. Poor infrastructure, particularly major transport corridors and rural connections to these corridors, remains a challenge. To support its ongoing integration with the global economy, Vietnam needs to reform its institutions. Evidence-based reform will enable Vietnam to capitalise on opportunities and effectively manage challenges that come with economic integration, like exposure of non-competitive sectors of its economy to global market forces. A shortage of public sector resources to fund pressing infrastructure needs means Vietnam must find ways to access private sector financing. Vietnam is extremely vulnerable to climate change and is already beginning to feel the impacts.

Australian investments in rural transport infrastructure are improving access to markets for farmers and the poor. Detailed design of Australia's flagship project, the Cao Lanh Bridge, will be completed in 2012-13. This major piece of infrastructure is a critical part of a transport link from Ho Chi Minh City down through the Mekong Delta and ultimately through Cambodia to Bangkok. It will link people and markets in the Mekong Delta to the rest of South East Asia, and service 170,000 road users per day. In 2012-13, Australia will work with the World Bank to support the Government of Vietnam to put together its first major Public-Private Partnership project in the transport sector. Australia is supporting Vietnam's climate change response by strengthening approaches to adaptation (focusing on the Mekong Delta) and mitigation. Building on previous success, we are expanding our partnership with Germany across five provinces to preserve biodiversity and help communities adapt to the impacts of climate change in the Mekong Delta.

HUMANITARIAN AND DISASTER RESPONSE

With climate change, natural disasters are anticipated to become more frequent and intense. Natural disasters already have a significant impact in Vietnam. In 2009 alone, more than US\$1.3 billion, or 3 per cent of Vietnam's GDP, was lost to weather-related disasters, with 454 recorded deaths.⁵⁹

Australia will continue to support Vietnam's efforts to reduce the impacts of natural disasters. We will support the roll-out of Vietnam's national Community Based Disaster Risk Management program in recognition of the important role communities can play to reduce the impact of natural disasters through participatory planning and small-scale investment. This will be achieved in partnership with NGOs and the Asian Development Bank, reaching around 150 vulnerable communities from 2012 to 2015.

PHILIPPINES

Despite a decade of economic growth in the Philippines, poverty remains persistent and is at its highest levels in the conflict-affected areas of Mindanao. Ongoing conflict and frequent natural disasters push more people into poverty. Low and inefficient public investment in basic services and high population growth mean that the country is not making sufficient progress to meet its MDG targets in basic education and health. As the Philippines is an increasingly active and constructive regional player, it is in Australia's national interests to help the country prosper. Our assistance is guided by the *Australia-Philippines Development Cooperation Program Statement of Commitment 2012-17*. Australia is among the top three bilateral donors and is the largest grant donor. The Philippines is considered to have the ability to absorb further aid, but control of corruption and government effectiveness remain problems.



Key Statistics		Estimates (\$m)	
Population:	93.261 million	11-12	12-13
Population Growth (%):	1.8 %	Australian ODA	129.4 128.7
Population (Est. 2050):	189.587 million	- Country	109.8 109.1
GDP per capita (PPP):	USD 4,111	- Regional/Global	15.0 16.1
HDI rank:	112 of 187	- OGDs	4.6 3.5
<US\$1.25/day:	21.096 million / 22.62%		
<US\$2.00/day:	42.005 million / 45.04%		

Strategic goals **Australia's response**

PROMOTING OPPORTUNITIES FOR ALL

The Philippines is unlikely to meet the MDG for universal primary education. Most secondary school graduates are ill-prepared to enter the workforce, or to undertake tertiary studies. The Philippines Government has prioritised education reform and outlined a plan to improve school access and quality.

In 2012-13, Australia will help the Philippines to implement education reforms focusing on Muslim and indigenous children, and children with disabilities. Australia will work with the Philippines Government to provide additional learning spaces in overcrowded schools and communities without access to schools. Australia will review and enhance the Department of Education's policy and curriculum for education of Muslim students. Between 2012 and 2017, Australia will help train 41,000 teachers to national standards, provide 15,000 out-of-school youth with technical and vocational training, and build 7,500 new classrooms providing an additional 400,000 student places.

EFFECTIVE GOVERNANCE

In the Philippines, local governments provide basic services, such as health, infrastructure and social welfare. Systems of local government need to be strengthened to improve their ability to deliver services. The Philippines' public financial management system also needs to be improved by implementing reforms in central finance agencies and large spending departments. This will lead to better delivery of government services to the population.

In 2012-13, Australia will work with the Philippines Government and local governments across 10 provinces to improve the quality and accountability of funding for provincial roads and other basic services. By 2013, 500 kilometres of roads will be improved through rehabilitation and road maintenance. Australia will, through its partnership with The Asia Foundation, bring together civil society, government and the private sector to help monitor governance reforms. Australia will provide at least 120 scholarships to Filipinos to improve their professional and leadership skills, focusing on those living in conflict-affected areas.

HUMANITARIAN AND DISASTER RESPONSE

The Philippines regularly experiences earthquakes, volcanic eruptions and an average of 20 tropical cyclones each year.⁶⁰ Natural disasters can reduce economic growth and increase poverty. In the conflict-affected areas of Mindanao, the lack of sustained peace is also economically and socially damaging. Security needs to be improved and development facilitated by establishing good governance practices, building human capital and exploiting opportunities to economically link underdeveloped areas with the more developed parts of Mindanao.

In 2012-13, Australia will begin to deliver disaster-resilient settlements and improve the economic livelihoods of at least 9,000 poor men, women and children. Australia will train 420 community leaders living in these areas in disaster management. Australia will complete a hazard and risk analysis map for Metro Manila to identify disaster-prone areas and work with the Philippines' urban search and rescue units to achieve international accreditation standards. Australia will develop feasibility studies for commercial investment in conflict-affected areas. Between 2012 and 2017, Australia will provide education opportunities for children and youths involved with armed groups and work-related skills training to 20,000 out-of-school youth in Mindanao province. Australia will provide approximately 100 local scholarships to train future administrators and professionals in conflict-affected areas.

EAST TIMOR

East Timor is one of the world's poorest nations. Life expectancy is 62 years and 45 per cent of children under five are underweight for their age.⁶¹ Illiteracy is significant in Timor, with only 64 per cent of men and 53 per cent of women considered literate.⁶² Subsistence farming is the main form of livelihood, but agricultural productivity is low. East Timor is on track to meet the MDGs for gender equality and reducing child mortality, but is unlikely to reach the targets for eradicating extreme hunger and poverty, and improving maternal health. East Timor and Australia have a very close bilateral relationship, based on geographic proximity and historical ties. Australia was in the front-line of support for East Timor's transition to independence, and continues to play an important role in the country's growth, including security and development assistance. Australian aid is making a difference. In November 2011, Australia and East Timor signed a new partnership, the *Strategic Planning Agreement for Development*. In line with this agreement, Australian aid focuses on improving education, health, rural infrastructure, agriculture and governance. The agreement is a practical demonstration of Australia's commitment to the *New Deal for Engagement in Fragile States*, endorsed in Busan in November 2011.



Key Statistics		Estimates (\$m)	11-12	12-13
Population:	1.124 million	Australian ODA	107.8	127.1
Population Growth (%):	3.7 %	- Country	62.2	78.3
Population (Est. 2050):	4.834 million	- Regional/Global	13.6	15.4
GDP per capita (PPP):	USD 3,072	- OGDs	32.0	33.4
HDI rank:	147 of 187			
<US\$1.25/day:	0.42 million / 37.4%			
<US\$2.00/day:	0.818 million / 72.82%			

Strategic goals	Australia's response
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SAVING LIVES

Maternal health in East Timor is not improving fast enough to meet the MDG target for reduced maternal mortality by 2015. East Timor's maternal mortality rate, estimated to be between 450 and 557 deaths per 100,000 live births remains one of the highest in Asia.⁶³ East Timor is on track to reduce child mortality by 2015, but despite improvements, children in East Timor remain the most chronically malnourished in the world. Forty-five per cent of children under five have stunted growth.⁶⁴ Limited access to clean water and basic sanitation contributes to children dying from preventable diseases such as diarrhoea. In rural areas, only a quarter of households have access to basic sanitation and 57 per cent have access to a reliable supply of safe water.⁶⁵

In 2012-13, Australian assistance will improve the health of mothers and children in East Timor. This will include support for essential health services such as the monthly mobile clinics that visit 440 villages to immunise children and monitor their development, and advice on family planning and basic nutrition. Australia will support the delivery of specialist surgical services, including assistance to help mothers deliver their babies safely. We will also help reduce malnutrition by providing 100,000 mothers and children with nutritionally fortified biscuits and flour. By the end of 2012, Australia and East Timor's joint efforts will ensure that an additional 90,000 rural people have access to safe water and an additional 35,000 rural people have access to basic sanitation.

PROMOTING OPPORTUNITIES FOR ALL

Education is crucial to enable the East Timorese people to build their own futures and escape poverty. Australia has contributed to increasing basic education enrolment rates from 67 per cent in 2004-05 to 90 per cent in 2010, with gender ratios now almost equal at primary level.⁶⁶ Nonetheless, in 2010, less than 30 per cent of enrolled children completed Year Nine, and it took a child an average of 11.2 years to complete six years of primary school.⁶⁷ East Timor is unlikely to meet the MDG target for primary school enrolment by 2015.

Australia will support the East Timorese Government to provide quality basic education to 93 per cent of children and reduce the drop-out rate to 5 per cent by 2015. By the end of 2012, Australia will have helped build or rehabilitate an additional 100 classrooms, bringing the total number of classrooms built or rehabilitated since 2007 to 2,100. In 2012-13, we will support in-service teacher training, deliver literacy packs to all primary schools in the country, and provide water and sanitation facilities to 48 primary schools. We will also provide up to 35 scholarships for East Timorese students to study tertiary courses in Australia.

SUSTAINABLE ECONOMIC DEVELOPMENT

East Timor's non-oil economy has grown strongly since 2008, but unemployment remains a major challenge. Only 19 per cent of youth (aged 15-29) are employed.⁶⁸ Sixty-three per cent of the population is engaged in agricultural production, many of whom rely on subsistence agriculture with little or no cash income.⁶⁹ The poor state of rural roads is a key constraint to economic development in rural areas, with much of East Timor's 3,000 kilometres rural road network in a poor condition.

Through a new rural roads program, Australia will help create around 52,000 short-term jobs by 2016, bringing the total number of jobs created to over 160,000 since 2008. The program will help maintain and rehabilitate rural roads, improving access and bringing further opportunities for employment or enterprise to the rural poor. We will continue to support agricultural productivity through the *Seeds of Life* program, providing improved crop varieties to an additional 81,000 households by the end of 2015.

EFFECTIVE GOVERNANCE

A major challenge for East Timor's public sector is spending its resource revenues to deliver services for its people and encourage growth in the non-oil economy. With a state budget of US\$1.7 billion for 2012-13, East Timor plans to put US\$757 million into its Infrastructure Fund to create power, telecommunications, roads, government buildings and other capital works.⁷⁰ This spending needs to be done effectively so that East Timor moves closer to the long term goals in its *Strategic Development Plan*.

Australia is helping to strengthen public financial management to enable East Timor to manage a state budget that has increased six-fold since 2006. Our support will help East Timor to spend its budget effectively on services and infrastructure. Australia will assist the Ministry of Finance to plan and manage major infrastructure procurement, and provide training for East Timor's 200 internal auditors. We will support the Ministry of Finance to provide financial management training across government, to enable it to better resource and deliver services, such as schools and hospitals. We will also retain the existing Australian Federal Police contribution to the United Nations Integrated Mission in Timor-Leste (UNMIT). The program will also support UNMIT Police and the Policia Nacional de Timor-Leste to maintain security during the 2012 Parliamentary elections.

CAMBODIA

Cambodia has made considerable progress over the last decade, but remains one of the poorest countries in the region. Approximately 30 per cent of the population live in poverty, with 90 per cent of those in rural areas.⁷¹ Poor transport infrastructure, an inefficient agricultural sector, institutional weakness and corruption remain barriers to sustained economic development. Australia's strong support for the Cambodian Peace Process in the late 1980s and 1990s, including our lead role in the United Nations Transitional Authority in Cambodia (1992-93) still resonates positively with Cambodians. Australian aid is guided by *Australia's strategic approach to aid in Cambodia 2010-15*, which focuses on child and maternal health, rural development, infrastructure, law and justice, and land management. Cambodia is an important partner in a region with developing economic and security ties and close proximity to Australia.



Key Statistics		Estimates (\$m)	11-12	12-13
Population:	14.138 million	Australian ODA	94.8	94.7
Population Growth (%):	1.4 %	- Country	60.5	61.5
Population (Est. 2050):	24.939 million	- Regional/Global	30.6	30.6
GDP per capita (PPP):	USD 2,286	- OGDs	3.7	2.6
HDI rank:	139 of 187			
<US\$1.25/day:	3.997 million / 28.27%			
<US\$2.00/day:	7.982 million / 56.46%			

Strategic goals **Australia's response**

SAVING LIVES

While Cambodia has made significant progress in improving its health services and has achieved its MDG 4 and 5 targets on child and maternal health, challenges still remain. Cambodia's health system has major weaknesses, including a shortage of appropriately qualified medical staff and midwives and a reliance on donor funding for drugs to prevent and treat communicable diseases. Health indicators in Cambodia are still very poor by regional standards, particularly the rates of newborn deaths and child malnutrition.⁷²

By 2014-15, Australia will have helped the Government of Cambodia to achieve its goal of 80 per cent of all births in Cambodia being attended by trained health staff, and 85 per cent of the population having access to health financing and health insurance. Australian support will include funding health facilities and training health practitioners. Australia will also help non-government organisations to provide maternal and child health services to the poor.

SUSTAINABLE ECONOMIC DEVELOPMENT

Cambodia's rural economic activities are constrained by inefficient, unreliable and high cost transport and energy services. Poor rural infrastructure is a major problem, limiting Cambodia's ability to diversify its economy and integrate within the region. Only 10 per cent of Cambodia's roads are paved, the railway network is damaged and under-used, and electricity tariffs are high.⁷³ Cambodia's rural development and

In 2012-13, Australia will assist in the rehabilitation of Cambodia's National Railway, stretching from the Thai Border in the north to the port of Sihanoukville in the south. Australia's support for an expanded income restoration program will assist households affected by this project to earn a living after being resettled. When completed, this work will allow the efficient and reliable transport of passengers and goods across Cambodia.

food security can be improved through increased agricultural production and rural incomes.

By 2015, Australian support will have enabled 120,000 poor farmers to increase their agricultural productivity by 7 per cent and given 30,000 hectares of land access to irrigation.

EFFECTIVE GOVERNANCE

Cambodia faces ongoing challenges in establishing a fair, transparent and accountable legal and judicial system. Close to 36 per cent of the population is between 14 and 30 years old and petty crime perpetrated by youth is increasing.⁷⁴ Cambodia suffers from severe prison overcrowding. Thirty-six per cent of prisoners are in pre-trial detention, many for misdemeanours for which non-custodial options are available under the law.⁷⁵ Increasing the number of prisoners in rehabilitation programs in prisons is a priority.

Between 2012 and 2015, Australia will assist Cambodia to implement a National Crime Database and a Court Register to strengthen the administration of law and justice nationwide. Australian support will help commune councils and community police to prevent crime and assist the formal justice sector institutions to deal justly with juveniles, women and other vulnerable groups. By 2015, Australia aims to help reduce the number of people in pre-trial detention from 36 per cent of the prison population to 25 per cent and increase non-custodial sentencing for petty crime convictions from zero to 25 per cent. Australia remains supportive of the Khmer Rouge trials being conducted by the Extraordinary Chambers in the Courts of Cambodia.

HUMANITARIAN AND DISASTER RESPONSE

Landmines and unexploded ordnance kill and injure hundreds of people in Cambodia each year, having affected around 64,000 people to date.⁷⁶ Up to 650 square kilometres of otherwise arable land is contaminated with landmines and unexploded ordnance, reducing available land for agriculture and rural development.⁷⁷ Clearance of these landmines and unexploded ordnance will take many more years of intensive effort.

Australia will continue to support Cambodian Mine Action Authority programs for the removal of landmines from 35 square kilometres of land between 2011 and 2015. Australian support of landmine clearance and community awareness has helped Cambodia to reduce the number of landmine casualties by 67 per cent from 875 in 2005 to 286 in 2010.⁷⁸ By 2015, Australian support will enable an additional 20,700 people to live in areas with reduced mine risk.



BURMA



Burma is one of the poorest countries in South East Asia, with an estimated quarter of its 50 million people living in poverty.⁷⁹ Burma will not meet key MDGs, including in education and maternal and child health.⁸⁰ Health outcomes are among the worst in the region and, for the first time, this generation of Burmese children will be less educated than their parents. Burma is prone to natural disasters and communities are vulnerable to their effects. Ongoing conflict has seen over 400,000 refugees fleeing to neighbouring countries.⁸¹ Approximately 450,000 people remain internally displaced.⁸² While Burma is unlikely to meet key MDGs, the country is undergoing historic reform. The prospects for change are better now than at any time in the last 20 years. Australia aims to help Burma transition to a stable, more democratic and more prosperous member of the region and the international community. Burma receives less aid per capita than any of the other 50 poorest countries in the world, at around US\$8 per capita.⁸³ Australia is the second largest donor to Burma and will be the lead donor in the education sector. Australian aid is guided by *Australia's strategic approach to aid in Burma: An interim statement: December 2010* which targets education, health and food security and focuses on vulnerable populations across Burma and on the border with Thailand and Bangladesh. The operating environment in Burma remains difficult due to ongoing ethnic conflicts in Rakhine State, vulnerability to natural disasters and low capacity caused by decades of isolation.



Key Statistics

Population:	47.963 million
Population Growth (%):	0.6 %
Population (Est. 2050):	61.565 million
GDP per capita (PPP):	USD 1,327
HDI rank:	149 of 187
<US\$1.25/day:	-
<US\$2.00/day:	-

Estimates (\$m)

	11-12	12-13
Australian ODA	48.8	63.8
- Country	42.7	52.8
- Regional/Global	6.1	11.0
- OGDs	-	-

Strategic goals	Australia's response
<p>SAVING LIVES</p> <p>Across Burma, large numbers of people continue to die from preventable illness and disease. Burma has an under-five mortality rate of 71 per 1,000 live births which is mostly a result of neonatal causes, pneumonia, diarrhoea and malaria.⁸⁴ The United Nations estimates that 2,400 pregnant women die annually, largely from preventable causes.⁸⁵ Estimated cases of malaria are approximately 4.2 million per year, and almost 69 per cent of the population lives in malaria endemic areas.⁸⁶ Burma is one of 22 of the world's highest tuberculosis-burdened countries, and resistance to tuberculosis and malaria drugs is a growing problem.⁸⁷</p>	<p>Australia's contribution to the multi-donor Three Millennium Development Goals Fund will help address maternal and child health, HIV, tuberculosis and malaria, and will strengthen national health systems. From 2012, Australia's support will help avert more than 25,000 deaths of children under five, and more than 3,000 maternal deaths. Our support will help an estimated 46,000 births to be attended by skilled health professionals, an additional 30,000 women to receive full antenatal care, an additional 95,000 children to be immunised against diphtheria, pertussis and tetanus, and through advocacy and counselling an additional 34,000 children will be exclusively breastfed, which is a proven way to increase child survival rates in the first six months of life. Australia will also support mobile outreach services in 3,000 remote villages treating common causes of death for mothers and babies.</p>
<p>PROMOTING OPPORTUNITIES FOR ALL</p> <p>Extremely low public investment in education has prevented Burma achieving quality basic education for many of its 18 million children. UNICEF estimates that less than 54 per cent of children complete primary school.⁸⁸ Education quality is poor, with UNICEF suggesting that just 57 per cent of teachers are properly qualified.⁸⁹ Most schools do not have reliable clean water and appropriate sanitation facilities. Human and institutional capacity to deliver basic services is severely constrained.</p>	<p>Australia will support a multi-donor education fund to increase the number of children accessing and completing quality basic education in Burma. By 2015, the fund aims to have provided learning kits for 1.1 million primary students, trained 20,500 teachers in child-centred learning techniques, and facilitated access to early childhood development for up to 85,000 girls and boys. Through the World Food Programme, Australia will help an estimated 228,000 children stay in school in 2012 by providing monthly food rations to families who regularly send their children to primary school. In 2012-13, Australia will offer up to 30 long term and 20 short term scholarship awards to Burmese people who have the potential to strengthen the delivery of basic services.</p>
<p>SUSTAINABLE ECONOMIC DEVELOPMENT</p> <p>Agriculture, fisheries and forestry employ around 52 per cent of the economically active population, but are deeply constrained by mismanagement, lack of research and technology, poor access to financial services and decrepit infrastructure.⁹⁰ The World Food Programme estimates that around 5 million Burmese people had no food security in 2009. Moderate or severe stunting affects 41 per cent of children⁹¹ and 32 per cent are considered moderately or severely underweight.⁹² People living in remote and conflict-affected areas are particularly vulnerable to food insecurity and restricted livelihood opportunities.</p>	<p>The multi-donor Livelihoods and Food Security Trust Fund to which Australia is a major donor, will increase agricultural productivity, food availability and household income for two million beneficiaries, including providing financial services to more than 50,000 poor and vulnerable households by 2015-16. By funding the work of the Australian Centre for International Agricultural Research, Australia will support new technologies in agriculture while also building the research capacity of Burmese counterparts. Australia will support CARE Australia to improve economic opportunities and food security to over 60,000 people in northern Rakhine State.</p>

LAO PEOPLE'S DEMOCRATIC REPUBLIC

Despite steady economic and social gains, particularly in urban areas, Laos remains one of the poorest countries in the world. An estimated 33 per cent of the population live under the poverty line.⁹³ Many of the poor located in remote rural areas have limited or non-existent access to roads. The reach and quality of basic services delivered by the Government of Laos is limited due to low human and financial capacity. There is an increasing reliance on the resources sector for economic growth and government revenue which is presenting challenges to the pursuit of sustainable and inclusive development. Australia has provided development assistance to Laos for 60 years. Australia's aid to Laos is guided by the *Australia-Laos Development Cooperation Strategy 2009-15*. The strategy involves a balance between activities that provide direct and immediate support to people living in poverty (livelihoods support, unexploded ordnance clearance and humanitarian support) and those that underpin future development and poverty reduction (education support, infrastructure provision and trade and investment reform).

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	6.201 million	Australian ODA	49.3	54.9
Population Growth (%):	1.6 %	- Country	31.6	40.2
Population (Est. 2050):	11.639 million	- Regional/Global	13.9	11.5
GDP per capita (PPP):	USD 2,659	- OGDs	3.8	3.1
HDI rank:	138 of 187			
<US\$1.25/day:	2.101 million / 33.88%			
<US\$2.00/day:	4.093 million / 66%			

Strategic goals	Australia's response
<h3 style="text-align: left;">PROMOTING OPPORTUNITIES FOR ALL</h3>	
<p>Educational status in Laos is poor with an adult literacy rate of 73 per cent and only 75 per cent of Year One students reaching Year Five.⁹⁴ Student progression from primary to secondary school is also poor with only 75 per cent of boys and 66 per cent of girls making the transition. Significant progress has been made increasing primary education enrolment rates, although progress toward ensuring all students complete the full five years of primary school education has stagnated.</p>	<p>In 2012-13, Australian support will help construct new classrooms in approximately 220 primary and pre-primary schools, and water and sanitation facilities in more than 450 schools. Training and equipment will be provided to more than 750 teachers at primary and pre-primary level. This support contributes to the Global Partnership for Education in Laos, helping Laos move toward universal primary education. Around 70 scholarships will be provided in 2012-13 for tertiary study in Australia.</p>
<h3 style="text-align: left;">SUSTAINABLE ECONOMIC DEVELOPMENT</h3>	
<p>The resources sector remains a dominant feature of the Lao economy, accounting for almost half of the 8.4 per cent growth in 2010.⁹⁵ This reliance on resources, particularly mining, leaves Laos exposed to fluctuations in mineral prices. Laos is pursuing a trade reform agenda but significant challenges remain, as demonstrated by a ranking of 165 out of 183 countries in the Ease of Doing Business Index.⁹⁶ Around 71 per cent of the population in Laos live in rural areas, where the poverty rate is 32 per cent. It is estimated that 13 per cent of the population suffers food insecurity and that 66 per cent are at risk of food insecurity.⁹⁷ Poverty has been steadily falling, but rural vulnerability remains an issue with some communities being displaced from their land and associated livelihoods by national development policies and the granting of large-scale agricultural concessions to foreign private investors.</p>	<p>By the end of 2012 Australia will have provided around 800,000 people with access to improved productive infrastructure, such as roads, bridges, water and sanitation facilities, and irrigation schemes. This access to essential infrastructure and services will help remove barriers to improved rural livelihoods and household income for poor communities. In 2012-13, in partnership with Australian non-government organisations, Australia will support at least an additional 800 poor households achieve improved agricultural productivity, livelihoods, and income. Australia will continue to support the Lao Government's trade and investment facilitation agenda in 2012-13 to improve incomes, employment and enterprise opportunities. Australia will improve regulatory transparency for business by establishing an electronic trade portal which will publish government trade procedures in one place.</p>

Inadequate infrastructure, unexploded ordnance contamination and the limited access of rural households to social safety nets, financial services, and markets continue to contribute to rural poverty.

Australia is also supporting Laos accession to the World Trade Organization which involves Laos undertaking a series of pre-accession reforms aimed at improving the trade and investment environment.

HUMANITARIAN AND DISASTER RESPONSE

Unexploded ordnance contamination is a major issue. Half of potential agricultural land in Laos is contaminated with cluster munitions. Unexploded ordnance causes around 300 casualties every year.⁹⁸ Steady progress is being made with clearance but it is an expensive and painstakingly slow process. It is estimated that clearance of priority areas will take \$US1.6 billion and, at present rates of clearance, more than 100 years.

Australia will continue support in 2012-13 for unexploded ordnance clearance, risk education and survivor rehabilitation. With Australian support, non-government organisations and the government clearance agency will clear unexploded ordnance from at least 500 hectares of land, benefiting around 30,000 people.



MONGOLIA



Mongolia has experienced relatively strong economic growth for the past decade and has one of the fastest growing economies in the Asia-Pacific region, due to high levels of foreign investment in its mining sector. However, social and economic inequality is a key risk to long-term growth and stability, and access to water, sanitation and quality education remain serious problems, particularly in rural areas. Overall, poverty levels remain consistently high at around 35 per cent of the population.⁹⁹ Mining expansion is taking place in a context of high inflation and weak governance and accountability. Mongolia's heavy reliance on mining also means that its economy is highly vulnerable to global resource price fluctuations and financial shocks. Mongolia is a relatively new democracy in our region, strategically located between China and Russia and home to substantial natural resource reserves. It is in Australia's national interest to support stability, good governance and transparent use of natural resources in the region.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	2.756 million	Australian ODA	13.4	15.6
Population Growth (%):	1.1 %	- <i>Country</i>	7.5	9.0
Population (Est. 2050):	4.316 million	- <i>Regional/Global</i>	5.3	6.1
GDP per capita (PPP):	USD 4,510	- <i>OGDs</i>	0.6	0.5
HDI rank:	110 of 187			
<US\$1.25/day:	0.617 million / 22.38%			
<US\$2.00/day:	1.352 million / 49.05%			

Strategic goals	Australia's response
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PROMOTING OPPORTUNITIES FOR ALL

More than 50 per cent of Mongolia's rural population has no access to safe water and nearly 70 per cent has no access to adequate sanitation.¹⁰⁰ Only 25 per cent of district schools have improved sanitation and 28 per cent have access to adequate water.¹⁰¹ Lack of proper water and sanitation in rural schools and dormitories, where many rural children spend up to nine months of the year, poses a serious health risk to these children and impacts upon attendance rates. Human resource constraints at all levels represent a serious impediment to Mongolia's economic development.

From 2012, Australia will partner with UNICEF to provide improved water and sanitation facilities for 7,800 disadvantaged rural children in northwest Mongolia, not only improving health outcomes but also contributing to higher school attendance rates. We will support human resource development through Australian Development Scholarships, which will increase to 38 per year from 2012.

SUSTAINABLE ECONOMIC DEVELOPMENT

Mongolia's rapidly expanding mining sector is expected to return large revenues to the government in the years ahead. Minerals already account for approximately 80 per cent of Mongolia's exports.¹⁰² The absence of robust financial governance arrangements and environmental safeguards represent serious threats to long-term economic development. The mining industry is highly dependent upon large, reliable quantities of water, even though there is no viable plan for supplying water to Mongolia's key mining projects, which are located in peripheral provinces with limited water resources.

Australia will continue to support improved governance and environmental accountability in Mongolia's mining sector. This includes a six-year, \$7.4 million activity with the World Bank beginning in 2012. This activity will strengthen the ability of authorities to manage groundwater resources in the South Gobi region, a key mining area that is also home to communities of pastoral nomads. Through Australia's Mining for Development Initiative, we will also provide access to short term technical training courses that will better equip Mongolians for work in the mining sector.



PEOPLE'S REPUBLIC OF CHINA



China is the world's second largest economy and has its own large and growing overseas aid program. In July 2011, the Australian Government announced that bilateral aid to China will be phased out. Most of AusAID's existing work in China, such as environment and health programs, will be completed by the end of 2012. Australia will continue to provide targeted assistance through multilateral organisations and regional programs. Targeted support for issues such as human rights and health in Tibet will continue through the North Asia Regional Program.

AusAID's bilateral ODA to China will conclude in 2012-13.



DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (DPRK)



The quality of life in DPRK has declined markedly over the last 20 years. In 2011-12, an estimated 3 million North Koreans faced food shortages.¹⁰³ Australia does not have a bilateral aid program with DPRK, but we provide humanitarian aid to vulnerable people on an as-needs basis. All Australian aid to DPRK is channelled through multilateral organisations, such as the World Food Programme and UNICEF, to reduce the risk of funds being diverted from the intended beneficiaries.

Regional programs

EAST ASIA REGIONAL PROGRAMS*2012-13 Estimate: \$89.6 million*

To address transboundary development needs that are not met by bilateral programs, Australia supports an East Asia Regional program.

Strategic goal**Australia's response****SAVING LIVES**

Demographic changes, remote small-value farming, increased and new patterns of migration and livestock cross-border trade contribute to East Asia's continuing pandemics and outbreaks of infectious diseases. Foot and mouth disease outbreaks are fuelled by unregulated cross-border trade of livestock and damage the livelihoods and food security of rural communities. Rabies is always fatal without treatment and is endemic in six countries across East Asia. More than 45 per cent of all rabies deaths occur in Asia.¹⁰⁴ Children under the age of 15 are particularly vulnerable, representing more than 40 per cent of rabies cases in the region.¹⁰⁵ Improving animal health systems will help to control infectious diseases, most of which start at an animal source. The 2010 UNAIDS Global Report estimated that 4.8 million people in Asia were living with HIV and that there were 358,000 people newly infected with HIV, 6,000 more than in 2009. Prevention is the key to halting the spread of HIV. In East Asia, drug injectors and their partners are particularly at risk of new HIV infections.

In 2012-13, Australia will save lives in East Asia by working with the World Health Organization to train around 300 community animal health workers. We will prevent small farmers from suffering the loss of animals to foot and mouth disease and associated food insecurity by improving local emergency response plans. We will help countries to prevent pandemics which start in animals (for example avian influenza) from transferring to humans, by assisting three countries to deliver national animal disease strategic plans. We will prevent rabies infections by distributing rabies vaccines to high-prevalence areas in Indonesia and the Philippines. Around 20,000 men and women in the Greater Mekong sub-region will be provided with condoms and access to HIV counselling and referrals for testing and treatment. We will also prevent new HIV infections by distributing around 3.5 million needles and syringes.

SUSTAINABLE ECONOMIC DEVELOPMENT

Despite decades of strong growth in East Asia, poverty and inequality remain, including a large development gap between some countries in the region. Our activities with the Association of Southeast Asian Nations (ASEAN) are helping it to achieve its goal of an integrated economic community by 2015. Our focus is to strengthen the ASEAN Secretariat and implement projects that promote regional economic integration. In APEC, we are helping developing members to improve their economic growth, by liberalising trade and investment. In the East Asia Summit we are continuing to build linkages between Australian and East Asian public sector institutions and work together to address regional economic issues (for example through improving trade financing). This work helps economic integration and strengthens the capacity of developing countries to achieve balanced and sustainable growth. Water resources lie at the heart of development in the Mekong subregion. About 60 million people live in the lower Mekong Basin and depend significantly on the river and its tributaries for their livelihood. An estimated 2.2 million tonnes of freshwater fish are harvested annually.¹⁰⁶ Proposed hydropower development on the mainstream of the lower Mekong River is testing regional relations and

Australia will work with ASEAN to promote regional economic integration. We will improve the mobility of service professionals. For example, over the next four years, we will support the mobility of skilled labour in the tourism sector within ASEAN. Australia will assist developing economies to open their markets to improve trade and investment flows through more liberal and standardised tariff resources and implementation of the Australia and New Zealand Free Trade Agreement. In APEC, we are helping developing members participate in regional policy dialogues and practical workshops that address barriers to more open trade and investment and to a more competitive business environment. Integrated water resources management programs in Cambodia and Laos will continue to build national capacity to better manage national water resources. This will be achieved through visits by government officials to Australia in 2012 and 2013 to learn about best-practice management of natural resources development. We will support further study on the sustainable development and management of the Mekong River, including the impact of mainstream hydropower development projects. A new phase of assistance to the Mekong River Commission will continue to strengthen capacity of this organisation

water governance machinery, as Cambodia, Laos, Thailand and Vietnam assess and discuss the economic benefits and transboundary impacts of these large scale projects.

during a crucial time. This will include helping discussions over the development of the mainstream of the Mekong River, and particularly discussion of hydropower dams.

EFFECTIVE GOVERNANCE

As economic integration and connectivity increase in the region, so do transboundary challenges. The growing numbers of trafficked persons and labour migrants highlight the need for regional responses to issues that spread across borders. These development patterns give rise to a range of human security challenges such as human trafficking and child exploitation. Particularly at risk are women and men seeking work in other countries that are caught up in unsafe migration. Impunity and lack of data on the nature and extent of human trafficking are the main obstacles in overcoming these challenges.

Over the next four years, Australia will continue working with ASEAN to support programs that strengthen the criminal justice sector response to human trafficking. A new five-year anti-trafficking program is expected to begin in late 2012 across East Asia. From 2010-14, through the International Labour Organisation, we will provide around 20,000 vulnerable and exploited workers with advice on their labour rights and protection from exploitation, and strengthen labour standards and working conditions. Australia will also support efforts to prevent child sex tourism by working with vulnerable communities and strengthening law enforcement information systems to increase investigations, arrests and convictions.

HUMANITARIAN AND DISASTER RESPONSE

Natural disasters continue to cause loss of life, property and livelihoods in the East Asia region and impede sustainable development. Recent disasters such as earthquakes and tsunamis, floods and volcanic eruptions, are a reminder that the region remains prone to disasters that have negative long-term social, economic and environmental consequences. East Asia Summit countries accounted for eight of the world's 10 deadliest disasters in 2009 and five of the 10 in 2010.

Australia is supporting a new disaster management initiative in the East Asia Summit which sets out a three year work plan (2012-14) to enhance coordination on disaster response. A new East Asia Summit disaster management committee will oversee the work plan, with the focus on information sharing between countries, overcoming bottlenecks in responding to disasters and promoting collaboration and partnerships between countries when responding to disasters. Australia will support the new committee with implementation activities.

2.3. SOUTH AND WEST ASIA

Overview

South Asia

South Asia is home to half of the world's poor.¹⁰⁷ More than one billion people, equivalent to 74 per cent of the population of South Asia, live on less than US\$2 a day.¹⁰⁸ Based on current trends, the countries of South Asia will not achieve many of the MDGs. One in six people suffer from malnutrition and one in three children is underweight. Food security is threatened by deceleration in growth of agricultural output and productivity. Levels of investment in agriculture have also been declining, while population increases have exacerbated food security issues. Water security also remains a constant challenge, which will deepen as the region deals with the impacts of climate change. While South Asian economies have experienced a period of economic growth, there is widespread income inequality and underinvestment in economic infrastructure, education and job creation.

Australia's country programs in South Asia will address education, health, social protection, livelihoods, water and sanitation, and human resource development. We will build strong partnerships with the most effective and trusted organisations in the region, while also supporting government systems.

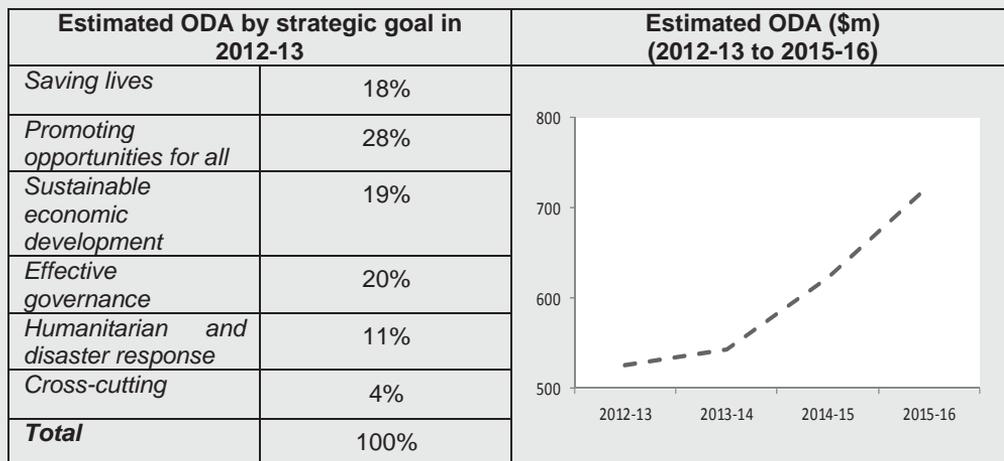
West Asia

Afghanistan and Pakistan have some of the poorest and most disadvantaged populations in the world, and are the focus of major international efforts to promote stability. Australia's whole-of-government engagement in Afghanistan and Pakistan includes interlinked diplomatic, development, defence and police elements.

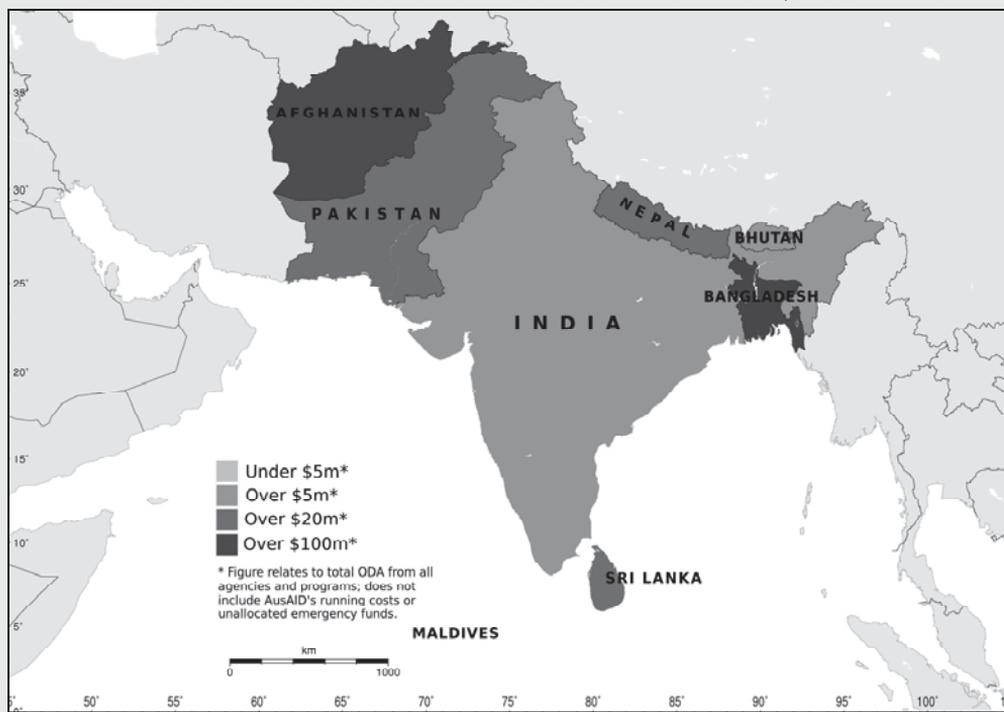
Out of 187 countries in the United Nations Human Development Index, Afghanistan is ranked close to last at 172 and Pakistan 145.¹⁰⁹ According to the World Bank, 36 per cent of people in Afghanistan and 22 per cent in Pakistan live below national poverty lines.¹¹⁰ Pakistan and Afghanistan are consistently ranked near the bottom of United Nations Development Programme's Gender Inequality Index and opportunities for women are very limited. Population pressures compound development challenges in these countries. Pakistan's population is expected to grow by 40 million by 2020 (to over 210 million people) and Afghanistan's by another 10 million (to almost 40 million people).¹¹¹

Strong economic growth is necessary in both countries to reduce poverty and improve development outcomes. The monsoon floods of 2010 and 2011 affected millions of people and stalled Pakistan's economic recovery from the global financial crisis. Afghanistan is currently transitioning from international to Afghan-led security. One aspect of this transition is expected to be the widening of the gap between Afghan Government revenue and expenditure as international security spending and development assistance are drawn down. In this context, budget discipline and the pursuit of priority reforms will be more important than ever.

Over the next four years Australia anticipates increasing assistance to South and West Asia by around 38 per cent, from \$525 million in 2012-13 to an indicative level of \$725 million by 2015-16.



Estimated ODA to South and West Asia in 2012-13: \$525.3 million



New Initiative: *Continuing Australia's aid program to Afghanistan*

The Government will invest an additional \$190.3 million over two years in assistance to Afghanistan.

- AusAID will support the training of at least 4,950 teachers (including 1,050 women) and putting an additional 32,900 children in school, including 11,500 girls. AusAID's assistance will link farmers to markets by building 110 kilometres of secondary and tertiary rural roads and maintaining 145 kilometres of rural roads. AusAID will provide financial and technical assistance to strengthen the capacity of priority Afghan service delivery ministries, continue support for the electoral process, and help to develop a sustainable mining industry by building the capacity of the Ministry of Mines through scholarships and short-term training;
- AusAID and ACIAR will work in partnership to increase agricultural productivity through application of new research into wheat and maize varieties, and improved water management in dryland areas;
- The Australian Federal Police will continue to strengthen the strategic capability and effectiveness of the Afghan National Police; and
- The Department of Immigration and Citizenship will provide support for displaced Afghan nationals, including non-food items, assistance with registration of returning Afghan nationals, and support for longer term livelihood projects.

Country programs

BANGLADESH

With 81 per cent of its population living on less than US\$2 a day, the development challenge in Bangladesh is acute when compared to other developing countries in the region. Progress toward the MDGs has been made over the past decade, but major challenges remain. The health and education programs of the Bangladesh Government struggle to reach remote and vulnerable communities. With a population of 148 million living on a low lying delta, Bangladesh is also vulnerable to the effects of climate change and natural disasters. Many Bangladeshis are moving to urban areas looking for work, putting additional pressure on existing services and infrastructure. Australia's aid targets education, maternal and child health, water and sanitation, disaster risk reduction and humanitarian assistance. Australian trade with Bangladesh has grown rapidly over the past five years, with exports increasing by around 50 per cent in 2010-11.¹¹²



Key Statistics

Population:	148.692 million
Population Growth (%):	1.2 %
Population (Est. 2050):	235.944 million
GDP per capita (PPP):	USD 1,697
HDI rank:	146 of 187
<US\$1.25/day:	73.811 million / 49.64%
<US\$2.00/day:	120.931 million / 81.33%

Estimates (\$m)

	11-12	12-13
Australian ODA	94.9	100.5
- Country	69.3	77.1
- Regional/Global	20.7	18.7
- OGDs	4.8	4.8

Strategic goals

SAVING LIVES

Bangladesh has made impressive progress in many areas of health, including reducing child mortality rates, but continued effort is required to ensure all Bangladeshis benefit from economic growth. While maternal mortality has declined as a consequence of targeted government and civil society programs, every 45 minutes a woman in Bangladesh dies from pregnancy or complications connected with childbirth, while one family in four will lose a child by age five.¹¹³ Around half the population does not have access to good sanitation facilities.

Australia's response

Australia will support Bangladesh's national health sector and civil society programs to help it deliver better health services, particularly to women and children. This will be complemented with funding for civil society programs that will reach up to 22 million people. This year Australian funding will ensure approximately 33,600 births are attended by skilled attendants, up to 90,000 children under the age of one are vaccinated, and around 300,000 people are treated for diarrhoea-related diseases. We will also support the construction of 1,800 additional water points and 30,000 latrines to help around 200,000 people access cleaner water and better sanitation infrastructure.

PROMOTING OPPORTUNITIES FOR ALL

In primary education, Bangladesh has achieved some notable successes. These include increases

Australia will support Bangladesh's Third Primary Education Program to improve the learning

in net enrolment rates, achieving gender parity, and progress in decentralisation through school level improvement plans and structural changes. However, critical challenges remain, such as poor completion rates. Only 55 per cent of children complete primary school and children from disadvantaged groups, hard to reach areas, and those with special educational needs often do not have adequate access to schooling.¹¹⁴

environment and outcomes. This will include providing teacher training and textbooks to benefit 17 million children. Through civil society partners, we will help to deliver non-formal basic education to over 180,000 students (60 per cent female) per year in rural and urban areas.

SUSTAINABLE ECONOMIC DEVELOPMENT

While poverty rates are falling steadily, the number of poor people remains high with 50 per cent of the population still living in extreme poverty. This group is extremely vulnerable to global food and oil price increases.

In 2012-13, Australia will help lift about 60,000 extremely poor women and their families out of poverty. In partnership with the United Kingdom Government, we will help around 8,700 extremely vulnerable families living on remote river islands with assistance to reduce flood risks and provide them with employment opportunities, productive assets and training.

EFFECTIVE GOVERNANCE

To continue progress toward its MDGs, public administration and service delivery systems need to be improved.

Australia will work with Government of Bangladesh programs in health and education to strengthen systems of public financial management, human resource management and procurement. Australia will further help Bangladesh strengthen its governance capacity in 2012-13 by providing 55 Development Scholarships and 39 volunteers to key civil society organisations.

HUMANITARIAN AND DISASTER RESPONSE

Bangladesh is extremely vulnerable to natural disasters including floods, tidal surges and earthquakes, with often catastrophic consequences. Around 20 per cent of the country is flooded annually and severe floods can inundate up to 40 per cent of the country. Despite these challenges, Bangladesh has improved its focus on disaster risk reduction.

Australia will support the Government of Bangladesh and the United Nations Development Program to establish an Early Recovery Facility to help communities recovering from natural disasters. The Facility will ensure that after a disaster, assets are replaced and infrastructure is reconstructed which conforms to better standards and specifications.



SRI LANKA



Sri Lanka has emerged from a 26-year civil conflict with opportunities to accelerate economic growth. It is one of the few lower middle-income countries that is on track to achieve most of the MDG targets at a national level. However, economic and social development is uneven. Poverty remains persistently high, especially in areas affected by the war. These regions lag far behind the national average in education, access to clean water and other key basic services. Located across the east-west shipping route, Sri Lanka is strategically important in the region, especially for sea-based trade. Australia's assistance focuses on conflict-affected areas promoting equitable access to basic services, such as education, and improving the incomes of vulnerable people.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	20.86 million	Australian ODA	54.4	47.1
Population Growth (%):	0.5 %	- <i>Country</i>	38.1	35.1
Population (Est. 2050):	25.91 million	- <i>Regional/Global</i>	9.2	8.1
GDP per capita (PPP):	USD 5,609	- <i>OGDs</i>	7.2	3.9
HDI rank:	97 of 187			
<US\$1.25/day:	1.469 million / 7.04%			
<US\$2.00/day:	6.077 million / 29.13%			

Strategic goals	Australia's response
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SAVING LIVES

Sri Lanka is on track to meet its national MDG water and sanitation targets. However, Sri Lanka is a post-conflict nation with highly uneven development. Only 20 per cent of the rural population have piped water supply, while 62 per cent of urban dwellers do. Thirteen per cent of schools across the country lack adequate water and sanitation facilities. Landmines and other explosive remnants of war still pose a significant threat. This prevents economic recovery and hinders infrastructure and other development programs.

In 2012-13, Australia will improve water and sanitation facilities and provide hygiene education in around 200 schools in the East and Central provinces in partnership with UNICEF. This will ensure basic water and sanitation services for around 37,000 students and 2,500 teachers. Australia is also supporting landmine risk education and helping to clear land in northern Sri Lanka to allow resettlement of displaced populations.

PROMOTING OPPORTUNITIES FOR ALL

Despite high adult literacy levels, there are large differences in learning outcomes across the country. The quality of primary education varies and some children are not able to attend school. Access to tertiary and vocational education is limited and does not align well to the needs of the labour market. An improved education system that promotes values such as multiculturalism will support peace in the future.

Australia is working with the Sri Lankan Government to improve the quality of primary and secondary education and reduce regional disparities benefiting four million school children across the country. Australian funding provides 704,000 textbooks, and assists 8,800 teachers and 132 school officials and administrators. There is a particular focus on basic skills in English and mathematics, and high-level skills such as lateral thinking and problem solving. Australia will provide around 22 long-term scholarships to study in Australia.

SUSTAINABLE ECONOMIC DEVELOPMENT

It is estimated that GDP will grow by an average of 6 to 7 per cent a year over the next few years. Challenges for the Sri Lankan Government include reducing its deficit, encouraging foreign investment and containing inflation. About 50 per cent of economic activity is concentrated in Colombo and the Western Province, resulting in low levels of poverty and high standards of living. In contrast, around 30 per cent of the population live on less than US\$2 a day, particularly in the tea estates (Central Province) and conflict-affected areas (Northern and Eastern Provinces).

During 2012-13, Australia will help generate economic opportunities, support community development and improve service delivery for rural communities in Sri Lanka. This will include building community water supplies for 2,000 people and constructing an ice-making plant that will help approximately 3,700 fishing families and 2,000 dairy farming families to store, process and sell goods. To accelerate economic development in conflict affected areas, we will help repair and construct critical rural public infrastructure (including minor roads, irrigation systems, and public transport facilities) for an estimated 370,000 beneficiaries over three years from 2012 to 2015.

**NEPAL**

Despite impressive poverty reduction efforts in Nepal, more than half of its population lives on less than US\$1.25 a day and about three quarters of the population lives on less than US\$2 a day. While Nepal's social development indicators are amongst the lowest in South Asia, it is likely to achieve some of its MDGs. The likelihood of Nepal returning to conflict is low, but political stability impacts on development prospects. Australia's assistance to Nepal targets maternal and child health, quality education, water and sanitation and improving rural livelihoods.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	29.959 million	Australian ODA	30.5	34.8
Population Growth (%):	1.9 %	- Country	15.8	18.4
Population (Est. 2050):	62.446 million	- Regional/Global	13.8	15.5
GDP per capita (PPP):	USD 1,328	- OGDs	0.9	0.9
HDI rank:	157 of 187			
<US\$1.25/day:	16.507 million / 55.1%			
<US\$2.00/day:	23.248 million / 77.6%			

Strategic goals	Australia's response
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SAVING LIVES

More effort is needed to attain the health MDGs in Nepal. Reaching the most marginalised children is a priority. Nepal has made significant progress in reducing the infant mortality rate and under five mortality rate in recent years. In 2010 there were 41 infant deaths per 1,000 live births and 50 under five deaths per 1,000 live births.¹¹⁵ Neonatal mortality has fallen less dramatically, but it is still possible that Nepal will meet its child mortality goals before 2015.

Australia will work with the Government of Nepal's national health program to support improved nutrition, child survival rates and maternal health, with a special focus on the poor and excluded. The aim is to reduce the current prevalence of underweight children to 29 per cent by 2015, from the 2010 prevalence of 39 per cent.¹¹⁶

PROMOTING OPPORTUNITIES FOR ALL

Nepal has shown improvement in the enrolment rate at primary school level, but a challenge remains to ensure that geographically remote and socially marginalised populations have access to the education system.

Australia will continue to support the Government of Nepal's School Sector Reform Program together with other donors. The overall program will assist more than 1.6 million girls and *dalit* (untouchable) children from poor families and children with disabilities to receive scholarships to attend school. All primary school students will receive free text books.

SUSTAINABLE ECONOMIC DEVELOPMENT

Fifty five per cent of the population live below the national poverty line of US\$1.25 a day. The government's commitment to, and budget for, a social safety net is increasing. Only 20 per cent of land in Nepal is arable and there is limited irrigation. Since the 1990s, Nepal has regularly experienced an annual food deficit, and relies on imports from India. This contributes to malnutrition in children and mothers.

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 handicraft and forest product micro-enterprises and other small businesses. Our program will target women, ethnic minorities and *dalits*. It is expected to have lifted at least 40 per cent of trained micro-entrepreneurs out of poverty, when revisited five years after training. Analysis of the causes of malnutrition will help improve targeting of assistance.



BHUTAN



Bhutan is on track to achieve most of the MDGs, including the targets for education and health. Despite Bhutan's achievements in human development, the country still faces significant constraints and challenges, including those relating to limited service delivery systems and emerging democratic institutions. The inaugural Australia-Bhutan bilateral consultations were held in January 2012, marking 50 years of the bilateral development partnership.

Australian ODA to Bhutan is estimated to be \$11 million in 2012-13 with a focus on human resource development, particularly in the government sector through around 45 scholarships, and support for the Royal Institute of Management. Volunteer programs will also commence in the education and health sectors.



MALDIVES



Maldives has made significant progress in social and economic development, graduating from Least Developed Country status in January 2011. Maldives is highly susceptible to the effects of climate change. Development continues to rest heavily on two industries, tourism and fisheries, and both are vulnerable to external economic factors, natural disasters and rising sea levels. The country faces high unit costs for service delivery across the islands and a shortage of skilled personnel.

Australian ODA to Maldives is estimated to be \$7 million in 2012-13 with a focus on human resource development through around 40 scholarships, and climate change adaptation and mitigation efforts through a World Bank Trust Fund. Australia also supports partners working on judicial reform and public administration, and four volunteers working in the education sector.



INDIA



India has experienced unprecedented economic growth over the past decade and is itself a significant aid donor. Australia will phase out the bilateral aid program by 2013-14. Existing health and HIV, agriculture and food security activities will be completed in 2012-13. Targeted assistance will continue to be provided through multilateral organisations and regional programs where we can make a difference to poor people. Regional programs will support energy efficiency, water resource management, and regional infrastructure and trade cooperation activities. Public sector technical assistance related to the *Australia-India Strategic Partnership* will be implemented by Other Government Departments and supported through the regional program.

Australian ODA to India is estimated to be \$18.3 million in 2012-13, with a focus on addressing climate change through mitigation and adaptation and improving the living standards of poor and marginalised families in the eastern plateau region of India, through improved agricultural and catchment management. We will also support six energy efficiency pilot programs in the steel sector, in an effort to support India in developing more reliable and affordable energy.

AFGHANISTAN

Afghanistan faces immense development challenges. Thirty years of conflict have crippled Afghanistan's human, physical and institutional infrastructure. Development gains since 2001 – notably in health and education – have been substantial but remain fragile. Afghanistan has some of the lowest development indicators in the world with life expectancy at just 48 years.¹¹⁷ Australia is committed to international efforts to stabilise Afghanistan, with improved development and governance as fundamental components of the Australian and international strategy. Australian aid will support national efforts to improve education, agriculture and rural development, and governance. Governance support will focus on mining, public financial management and elections. In Uruzgan province, where Australian troops are deployed, Australian aid programs will train provincial officials, deliver health and hygiene education, build schools and other community infrastructure and clear mines. Across Afghanistan development efforts are constrained by insecurity, poor governance capacity and corruption. Australia is a major bilateral donor to Afghanistan, and in a challenging environment, Australian aid is having a positive impact on the lives of Afghans. Australia and Afghanistan are developing a Memorandum of Understanding on development cooperation to underpin our assistance.



Key Statistics

Population:	31.412 million
Population Growth (%):	3.5 %
Population (Est. 2050):	126.342 million
GDP per capita (PPP):	USD 966
HDI rank:	172 of 187
<US\$1.25/day:	-
<US\$2.00/day:	-

Estimates (\$m)

	11-12	12-13
Australian ODA	204.8	201.7
- Country	159.9	145.7
- Regional/Global	8.6	12.3
- OGDs	36.3	43.7

Strategic goals	Australia's response
PROMOTING OPPORTUNITIES FOR ALL	
<p>Less than half of Afghanistan's population is literate, with women particularly disadvantaged.¹¹⁸ Education under Taliban rule was highly restricted, with fewer than one million children, almost all boys, in school.¹¹⁹ School enrolments have now increased to over seven million students, including around 2.5 million girls, the largest figures in the history of Afghanistan.¹²⁰ But there are still major barriers to education, including a shortage of teachers and limited formal training.</p>	<p>Australia will improve the quality of, and access to, education, mainly through support for the World Bank-managed Afghanistan Reconstruction Trust Fund. Through the Fund, we will put at least 15,000 more children in school in 2012-13, and at least one-third of these will be girls. Since 2009, we have also supported the training of 120 Afghan master teacher trainers in Malaysia who to date have trained 676 teacher trainers in Afghanistan. A further 60 Afghan master teacher trainers and up to 340 teacher trainers are expected to benefit in 2012-13.</p>
SUSTAINABLE ECONOMIC DEVELOPMENT	
<p>Since 2001, the Afghan economy has been heavily reliant on donors, with assistance accounting for 71 per cent of the country's GDP in 2010-11.¹²¹ This has contributed to economic growth, but a major fiscal gap has been forecast in the lead up to and beyond security transition. Addressing this gap will be critical and needs to focus on long-term drivers of growth, particularly mining, agriculture and fiscal discipline.</p>	<p>In 2012-13, we will increase engagement in the mining sector, focusing on policy and legislative reform, effective sector regulation and training opportunities. Increased assistance to agriculture will focus on improving food security and agricultural productivity through better on-farm practices; increased community resilience; and support to the Ministry of Agriculture, Irrigation and Livestock.</p>
EFFECTIVE GOVERNANCE	
<p>Weak governance, including low institutional capacity and corruption, are major constraints to Afghanistan's development. Afghanistan ranked 180 out of 183 countries in Transparency International's 2011 Perceptions of Corruption Index.¹²² Political stability is also fragile. The next presidential election, scheduled for 2014 will be a further test of legitimacy. Strengthening electoral processes continues to be a key component of democratic reform.</p>	<p>Through our support to the Afghanistan Reconstruction Trust Fund, Australia will continue to strengthen service delivery in priority Afghan ministries with technical advisers and training. This will be reinforced through a new, three-year program to build public financial management capacity focusing on four key ministries. Assistance to accountability institutions such as the Afghanistan Independent Human Rights Commission and for electoral reform will also continue. In 2012-13, we will offer up to 42 Australian Development Scholarships to build the Afghanistan Government's human resource capacity.</p>


PAKISTAN


More than one fifth of the population of Pakistan lives on less than US\$1.25 a day. Pakistan's progress towards the MDGs is slow, mostly in relation to poverty, primary education and maternal and child health. The 2010 and 2011 floods have had a devastating effect on development progress across Pakistan, and Pakistani communities remain vulnerable to the effects of conflict and natural disasters. Australia has a long-term national interest in supporting Pakistan, given the scale of its development challenges and its pivotal place in the stability of the region. Our assistance is guided by the *Australia-Pakistan Development Partnership* which was signed in October 2011, and focuses on health, education, agriculture and rural development. Due to the volatile security situation and frequent natural disasters, Pakistan is a difficult operating environment.

**Key Statistics**

Population:	173.593 million
Population Growth (%):	2 %
Population (Est. 2050):	379.242 million
GDP per capita (PPP):	USD 2,792
HDI rank:	145 of 187
<US\$1.25/day:	39.197 million / 22.58%
<US\$2.00/day:	105.857 million / 60.98%

Estimates (\$m)	11-12	12-13
Australian ODA	95.3	96.4
- Country	79.0	82.1
- Regional/Global	9.4	9.2
- OGDs	7.0	5.2

Strategic goals**Australia's response****SAVING LIVES**

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.¹²³ Child health and nutrition requires serious attention. One in 11 children will die before reaching the age of five.¹²⁴ It is estimated that more than 30 per cent of children under the age of five are under-nourished and that the level of acute malnutrition – 15 per cent of children under the age of five – is critical.

In 2012-13, Australia will support activities to improve health and reduce malnutrition for women and children in Pakistan. In the selected districts of Balochistan and Khyber Pakhtunkhwa, Australia's assistance will help to screen up to 200,000 children for malnutrition and provide nutrition support for up to 180,000 women.

PROMOTING OPPORTUNITIES FOR ALL

Almost half of Pakistan's adult population is illiterate.¹²⁵ Only two-thirds of primary school-aged children go to school and over a third of those will drop out before reaching high school.¹²⁶ Attendance at school for many children was disrupted by the 2010 floods which damaged more than 8,000 schools.

Australia will support activities to improve the quality of, and access to school for boys and girls in Pakistan. We will focus on basic education to improve Pakistan's progress toward the MDGs. In 2012-13, Australia will help to improve the quality of education in over 500 schools in Balochistan, Gilgit-Baltistan and Khyber Pakhtunkhwa, aiming to reach more than 145,000 children. In 2012-13, Australia will also provide scholarships to

approximately 50 Pakistani professionals to undertake long-term post-graduate study and 22 professionals to undertake short-term study.

SUSTAINABLE ECONOMIC DEVELOPMENT

According to the World Bank, 109 million people, some 63 per cent of Pakistan's population, live in rural areas.¹²⁷ While agriculture generates 21 per cent of Pakistan's gross domestic product and 45 per cent of its employment, this sector is underdeveloped.¹²⁸

In 2012-13, Australia will help Pakistan to increase agricultural production and to improve the incomes of farmers and rural communities. We will support better farm management practices and introduce improved irrigation methods to help farmers produce higher yields. We will support livelihoods in border areas by providing basic work skills training for more than 1,600 people and supporting 150 new community organisations to implement community infrastructure projects.

HUMANITARIAN AND DISASTER RESPONSE

Australia has provided humanitarian assistance to Pakistani communities affected by natural disasters and conflict. For example, Australia's support following the floods in 2010 and 2011 provided emergency shelter and food to thousands of people in the worst affected areas.

Australia provided assistance to more than 160,000 people affected by the floods in southern Pakistan in August and September 2011. Australia will continue to provide post-disaster assistance as required, and will support disaster risk reduction activities across Pakistan.

Regional programs

SOUTH ASIA REGIONAL PROGRAMS	
<i>2012-13 Estimate: \$7.9 million</i>	
The Regional program addresses the common regional challenges of maternal and child health, nutrition, climate change, economic integration and infrastructure connectivity.	
Strategic goals	Australia's response
SAVING LIVES	
South Asia's rate of child malnutrition remains the highest in the world, even compared to 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 in several countries, but such efforts have not yet benefited the hard to reach populations.	Australia will support regional initiatives (such as World Bank South Asia Food and Nutrition Security Initiative) to increase access to maternal, child and newborn health services. Emphasis will be on supporting countries to implement policy reforms to reach the underserved, ensuring newborns live beyond their first month of life and tackling maternal and child malnutrition. Our funding for family planning reforms (through protection provided by contraceptive methods) will help reduce an estimated 240,000 unintended pregnancies over four years.
SUSTAINABLE ECONOMIC DEVELOPMENT	
Climate change and natural disasters are an acute threat to development in South Asia. An estimated 750 million people have been affected by natural disasters over the last 20 years. The poorest of the region are the most vulnerable, with the potential for unpredictable river flows, intense weather events and sea-level rise to have a major impact on water and food security.	In cooperation with the World Bank, Australia will strengthen regional institutions that manage water resources and improve knowledge to trigger better regional river basin management.
EFFECTIVE GOVERNANCE	
South Asia remains the least integrated region in the world, politically and economically. Trade flows within the region account for less than five per cent of GDP, compared to 40 per cent for East Asia. This has resulted from longstanding political tensions, poor connectivity, endemic corruption and weak regional institutions.	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. We will continue with technical assistance measures to support South Asia's regional institutions, particularly the South Asian Association for Regional Cooperation and the Indian Ocean Rim Association for Regional Cooperation.

2.4. AFRICA AND THE MIDDLE EAST

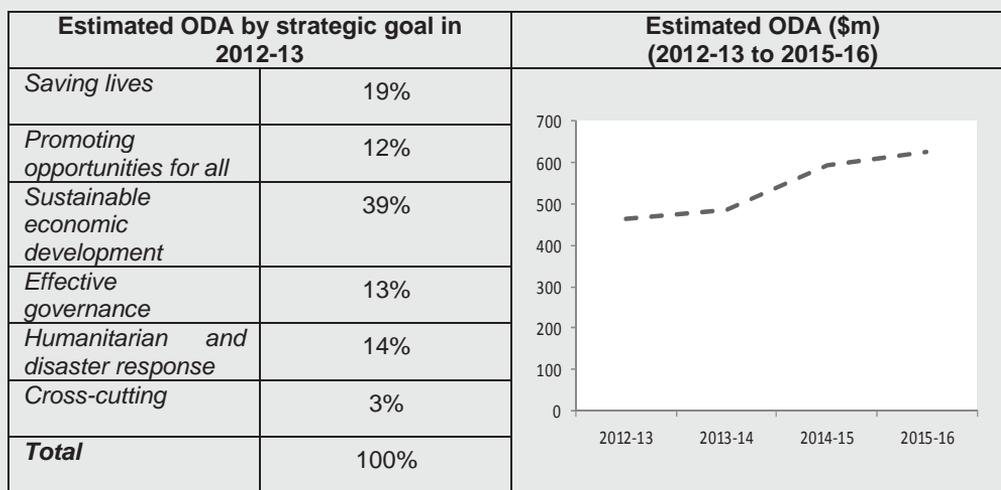
Overview

Australia has a modest and carefully targeted development assistance program in Africa. Africa is the world's most impoverished continent, with the highest proportion of people living in extreme poverty in the world. By 2015, 38 per cent¹²⁹ of sub-Saharan Africa's expected population of approximately 900 million¹³⁰ people will live in poverty.

Across the Middle East and North Africa, 9 million people live on less than US\$1.25 a day and more than 46 million people live on less than US\$2 a day.¹³¹ Positive regional trends mask a picture of uneven development. A number of states in the region are falling far behind in bridging the gap between urban and rural areas. Large populations within middle income countries are struggling with long-term unemployment and rising food prices. The Middle East is undergoing political and social upheaval with major humanitarian consequences – almost 4 million internally displaced people are without security and livelihoods.¹³²

Given the high numbers of people living in poverty, global efforts to achieve the MDGs will not be successful without increasing donor engagement with Africa.

Over the next four years, Australia anticipates increasing assistance to Africa and the Middle East from an estimated \$465 million in 2012-13 to an indicative level of \$625 million by 2015-16. Of this, around \$355 million in 2012-13 will be directed to sub-Saharan Africa, the region most off-track in achieving the MDGs. For effective delivery we will partner with larger organisations that have a solid track record, including multilateral and non-government organisations, and by focusing on a small number of sectors where we can make the biggest difference.



We will build on our recent achievements, which include:

- giving 9.7 million people across the Horn of Africa lifesaving food assistance. Australia was one of the first donors to respond to the food crisis in the Horn of Africa in 2011;
- helping to vaccinate 7 million children against measles and 8 million children against polio in Tanzania, and providing 3,000 women with free fistula surgery in Ethiopia in 2011;
- providing 70,000 small farmers with seeds and farming equipment and 94,000 farmers with training in Zimbabwe;
- helping 15,500 households in East Africa in 2010 enjoy food security through increased crop and livestock diversity;
- providing the opportunity for more than 500,000 Palestinian refugees to attend school in West Bank, Gaza, Lebanon, Syria and Jordan in 2011 - around 50 per cent of school enrolments were girls, demonstrating an important step towards promoting equal rights for women in Palestinian society; and
- providing 115 fully-funded agricultural scholarships to Iraqi officials and training over 300 officials and scientists in modern agricultural policies and practices since 2008.

Estimated ODA to Africa and the Middle East in 2012-13: \$465.0 million



Sub-Saharan Africa¹³³

2012-13 Estimate: \$354.6 million

Notwithstanding strong recent economic growth, sub-Saharan Africa performs worse than any other region on almost every measure of development. Thirty-three of the world's 48 least developed countries are in sub-Saharan Africa.¹³⁴ Forty-seven per cent of the population lives in absolute poverty, on less than US\$1.25 a day.¹³⁵ It is the poorest region in the world and most off-track to meet the MDGs by 2015. The 10 countries in the world with the least progress towards reducing infant mortality are in sub-Saharan Africa. The region has the highest proportion of people without access to an improved source of drinking water. Natural disasters and civil conflicts impact the development of African countries and climate change is a major threat to food security and water resources.

With rapidly increasing links through trade, investment and migration, Australia has a national interest in helping sub-Saharan Africa to overcome these challenges. Trade links with the region are increasingly important with annual trade with Africa expanding by almost a third over the past year to \$8.5 billion.¹³⁶ Current and future investments by Australian companies in Africa in the resources sector alone are worth an estimated \$20 billion.¹³⁷ Public donations to Australian non-government organisations operating in Africa indicate strong community interest in aid to Africa. Sub-Saharan Africa's development trajectory and political and institutional environment differ greatly across its 48 countries.

As a relatively new and small donor, Australia's aid program focuses on areas where there is significant need, where we have particular strengths and on those areas where we can make a difference, including water and sanitation, maternal and child health and food security. Our assistance is guided by *Looking West: Australia's strategic approach to aid in Africa 2011-15* and targets maternal and child health, water and sanitation and agriculture and food security. Australia is growing its program in Africa through partners with experience and an active presence in Africa. To maximise impact, Australia aligns its efforts with those of African governments and institutions, multilateral organisations and trusted partners who can deliver results for Africa's poor.

Strategic goals	Australia's response
<p>SAVING LIVES</p> <p>Sub-Saharan Africa is not on track to achieve the MDG targets for water and sanitation and funding for improved water and sanitation is not adequate. Access to safe water and effective sanitation is essential to reducing preventable diseases like diarrhoea, thereby improving health outcomes. Forty per cent of people do not have access to safe drinking water and 70 per cent of people do not have access to improved sanitation facilities.¹³⁸ Climate change will make progress on water coverage harder to achieve, with 75 to 250 million people likely to be exposed to water stress in Africa by 2020.¹³⁹ Ethiopia, South Sudan and Tanzania have some of the highest number of maternal deaths in the world. As a post-conflict, newly independent country, South Sudan faces considerable challenges in improving its maternal and child health indicators, with only 10 qualified midwives for a population of 8.3 million.¹⁴⁰ While Tanzania and Ethiopia have made great strides in reducing maternal deaths over the last ten years – from 920 to 790 and 750 to 670 per 100,000 respectively – both countries remain off-track to achieve the MDG targets.</p>	<p>Over the next four years, Australia's water and sanitation program will deliver services to towns, improve water management and fund sanitation service delivery. In 2012-13, Australia will deliver access to safe water for 39,000 people in Zambia, 39,000 people in Malawi and more than 100,000 people in Mozambique, and restore water services to 1.1 million people in Zimbabwe. We will improve sanitation services for more than 4,000 people in Zambia, 46,000 people in Malawi and 40,000 people in Mozambique and restore sanitation services to 1 million people in Zimbabwe. We will improve local management of water resources in Mozambique, Zimbabwe, Malawi and Zambia. In 2012-13, Australia will continue to help the Hamlin Fistula Foundation expand services in Ethiopia, including treating 2,300 women for obstetric fistula and graduating 16 new midwives. Australia will also help the Government of Ethiopia to deliver an ambitious maternal and child health program. This will help increase the proportion of births attended by skilled birth attendants from 18.4 per cent to 58 per cent and increase immunisation coverage from 66 per cent to 88 per cent of children.¹⁴¹</p>

PROMOTING OPPORTUNITIES FOR ALL

Sub-Saharan Africa needs the skills to manage economic growth and development if progress is to be sustained. Africa's human resource base remains low, with university enrolment increasing to only 6 per cent in 2007 from 4 per cent in 1999.¹⁴² Without the skills to manage economic growth and development, Africa will continue to rely on external assistance.

Australia's scholarships program in Africa will provide valuable skills and research in priority sectors which drive African development, including agriculture and mining. Australia will provide 1,000 scholarships in 2013.

SUSTAINABLE ECONOMIC DEVELOPMENT

Sub-Saharan Africa as a whole remains the world's most food insecure region, with 26 per cent of the population undernourished.¹⁴³ On average, poor Africans spend 60-80 per cent of their income on food.¹⁴⁴ Inadequate agricultural research, poor soil and water management, lack of agricultural inputs (for example seeds and poor infrastructure) are all contributing factors. In 2011, 25 African countries committed to spend at least 10 per cent of their national budgets on agriculture, in line with the African Union's agriculture framework.¹⁴⁵ Despite a tentative recovery in livelihoods and food production, 3.7 million Zimbabweans remain chronically malnourished.¹⁴⁶ Zimbabwe's infrastructure is also decaying after years of neglect. Access to electricity is intermittent and threatens the Zimbabwean economy's fragile recovery.

In 2012-13, our activities will support 4,000 smallholder farmers in Kenya and Uganda to increase food production and diversify their incomes. Our assistance in Tanzania will help improve the well-being of 10,000 rural female-headed households, using village savings and loans. In northern Kenya, Australia will aim to reduce hunger and extreme poverty in 15,000 chronically food insecure households with regular, guaranteed cash transfers. In 2012-13, Australia's support for private-sector activities in Zimbabwe will benefit the rural poor by providing 350,000 people with training, access to markets, employment opportunities and increased assets. AusAID, CSIRO and the Australian Centre for International Agricultural Research (ACIAR) are working together to increase long-term agricultural productivity. In 2012-13, CSIRO will implement crop and livestock research projects and build the capacity of young scientists. ACIAR's work in east and southern Africa is expected to improve maize and legume productivity by 30 per cent and to reduce the expected downside yield risk by 30 per cent on approximately 500,000 farms within 10 years.

EFFECTIVE GOVERNANCE

Effective governance is critical to Africa's stability and development. Corruption erodes the resources available to deliver effective services. Transparency International estimates that twenty-seven sub-Saharan Africa countries are perceived to suffer very high levels of corruption.¹⁴⁷ More than 10 per cent of the wealth derived from Africa's natural resources are lost to corruption. While Africa's growth is increasingly driven by trade and resource extraction, African governments need the capacity to translate the benefits of trade into real development outcomes and progress towards the MDGs. The holding of free, fair and frequent elections is an important indicator of good governance. 2011 was a record election year in Africa, with 28 elections at the national level and two key referenda taking place.¹⁴⁸

In 2012-13, Australia will contribute to improved management of Africa's mining resources by training 200 senior mining sector officials through the provision of training courses, study tours and targeted technical and advisory assistance. In addition, Australia will help build the governance capacity of more than 100 Africans by strengthening their trade and diplomacy skills in order to secure better outcomes for Africa in international negotiations. Australia will also enhance the skills of 80 election administrators from African election management bodies through the delivery of democracy, governance and elections training courses.

HUMANITARIAN AND DISASTER RESPONSE

After consecutive droughts and low levels of the vital April-June long rains, more than 13 million people in Ethiopia, Kenya, Somalia and Djibouti (known as the Horn of Africa) were in need of urgent humanitarian food aid in 2011.¹⁴⁹ Famine was declared in Somalia in July 2011 and a mass exodus of refugees flooded into Kenya and

Australia was among the first donors to respond to the food crisis in the Horn of Africa in 2011, providing more than \$112 million. In 2012, Australian non-government organisations will continue to provide humanitarian assistance to people affected by famine in the Horn of Africa with funds obtained from the Government's Dollar-for-

Ethiopia. In famine-declared parts of Somalia, more than half of the population is malnourished, including 450,000 children, and 750,000 people are at risk of death without urgent intervention.¹⁵⁰

In West Africa, an emerging food and nutrition crisis, caused by drought, high food prices, and chronic poverty, is affecting millions of vulnerable people across the Sahel region.

Dollar Initiative. In 2012, Australia will continue to build the resilience of agricultural communities in the Horn of Africa and reduce risks to livelihoods. In 2012, Australia is also responding to the food and nutrition crisis in the Sahel by providing food assistance through building the region's disaster preparedness capacities and helping to protect the agricultural livelihoods of vulnerable populations.

Case Study: Australia's Food Security Engagement in Africa

Despite recent economic growth in many parts of Africa, more than one in four people are undernourished and severely affected by poverty and hunger. Food security remains one of the region's greatest challenges, exacerbated by rising global food prices, inadequate investment in agricultural innovation, climate change and environmental degradation. Australia will increase the availability of food in Africa by lifting agricultural productivity. Australia's support builds on African and global initiatives to boost long-term agricultural productivity and the resilience of communities to maintain food security during times of economic stress.

Australia has extensive experience and technology which we can share with our African partners. A research partnership between the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Biosciences East and Central Africa (BecA), will increase crop and livestock productivity, develop control options for livestock diseases, and build local capacity to improve incomes and long-term food security for millions of smallholder farmers in East, Central and West Africa. This partnership is running maize breeding field trials to reduce aflatoxin levels in maize, which is a staple food. By making changes to available varieties, breeding techniques and management practices, this will reduce aflatoxin, benefitting the 11 million small holder farmers who grow maize in Tanzania and Kenya.

Through the Australian Centre for International Agricultural Research (ACIAR) and the ACIAR-led Australian International Food Security Centre (AIFSC) that is currently being established, Australia is building partnerships to increase African agricultural productivity, introduce more innovative farming systems and improve human nutrition and animal health. For example, in 2012-13, ACIAR will test and develop farming techniques using drought resistant varieties leading to a 30 per cent increase in maize and legume productivity, reaching up to 500,000 small holder farms in East Africa over ten years.

Australia will also assist people's access to food in Africa by supporting the establishment and improvement of social protection programs that reduce the vulnerability of poor people to shocks and environmental changes such as droughts. For example, Australia's current support to the UK-led Hunger Safety Net Program in Northern Kenya is delivering regular guaranteed cash transfers to approximately 300,000 chronically food insecure people and is scheduled to scale-up to over 900,000 beneficiaries by 2015.

Middle East and North Africa

2012-13 Estimate: \$110.5 million

In 2011, there was an unprecedented wave of political change across the Middle East and North Africa. Popular protests in Egypt and Tunisia, and open civil conflict in Libya overthrew dictators and began the process of democratic transition. In Syria and Yemen, violence has continued as regimes attempt to hold on to power. Demands for political pluralism, democratic governance, and for economic opportunity brought with it increased uncertainty, fragility and conflict. Absolute poverty in the Middle East and North Africa is low, with approximately 2.7 per cent of the population living under US\$1.25 a day. However, the national poverty line presents a more sombre picture, with poverty ranging from a low of 3.8 per cent in Tunisia to a high of 59.5 per cent in Yemen.¹⁵¹ Poverty in Lebanon, Syria and Egypt is estimated at 29, 30 and 41 per cent respectively.¹⁵² According to the World Bank, 70 per cent of the Middle East and North Africa's poor live in rural areas. External support is important in ensuring basic services continue to be delivered while new government structures are put in place.

Strategic goals	Australia's response
SUSTAINABLE ECONOMIC DEVELOPMENT	
<p>North Africa and the Middle East face serious challenges in securing long-term food security. It is currently the most food import-dependent region in the world, with import dependence tipped to increase from 56 per cent in 2000 to 63 per cent by 2030.¹⁵³ The region is also one of the most water-constrained in the world and particularly vulnerable to climate change. Population growth, widespread poverty, high unemployment, especially amongst youth and rising food prices also contribute to food insecurity in the region.</p>	<p>Through the Australian Centre for International Agricultural Research (ACIAR), Australia will introduce new conservation and water efficiency techniques that will deliver increases in crop production. Research will focus on water management in Egypt and on conservation agriculture in Tunisia, Algeria, and Morocco. Australia is also supporting employment generation programs that improve incomes for 79,000 rural men and women over the next four years. Through the Department of Foreign Affairs and Trade, Australia will also continue to contribute to Egypt's debt relief program in 2012-13.</p>
HUMANITARIAN AND DISASTER RESPONSE	
<p>Revolution and conflict have worsened already weak state institutions, affected state engagement with civil society and made the effective provision of basic services more difficult. During 2011 the number of internally displaced persons in the region has grown rapidly with many lacking essential services and protection systems. Libya has been especially affected by civil war.</p>	<p>Australia will support international partners such as the World Health Organization and the International Committee of the Red Cross to provide emergency assistance and basic services to an estimated 900,000 people affected by conflict in the region over the next four years. Australia will also work to clear explosive remnants of war (restoring 53 square kilometres of land to 100,000 people), support victim assistance and provide landmine risk education. Support will be allocated according to need and the capacity of partner governments to respond. Australia will continue to monitor the humanitarian situation in the region and support humanitarian needs as required.</p>

PALESTINIAN TERRITORIES

Australia's assistance targets the provision of basic services and humanitarian and emergency assistance to refugees, developing the capacity of the Palestinian Authority in support of the peace process, and developing civil society. Palestinian progress towards the MDGs has been variable. There are good prospects for reaching the goals for education, women's empowerment and maternal health. In contrast, there has been slow improvement in child mortality and persistently high poverty levels. The economy of the Palestinian Territories grew by approximately 10 per cent in 2011. However, this was not evenly distributed, and an unstable security situation, unemployment and difficulties in accessing basic services remain concerns for many Palestinians. By identifying priority needs and working through experienced and trusted partners, the aid program contributes to improved living conditions and governance in a challenging environment.

Key Statistics		Estimates (\$m)	11-12	12-13
Population:	4.039 million	Australian ODA	48.5	56.7
Population Growth (%):	3 %	- Country	38.8	40.0
Population (Est. 2050):	13.329 million	- Regional/Global	9.7	16.7
GDP per capita (PPP):	USD	- OGDs	-	-
HDI rank:	114 of 187			
<US\$1.25/day:	-			
<US\$2.00/day:	-			

Strategic goals

Australia's response

SAVING LIVES

At the current rate of improvement the Palestinian Territories will just meet the MDG for infant mortality. However, chronic disease levels are increasing among all age groups, and health indicators for Gaza are consistently below those for the West Bank.

Australian aid will support the main providers of health services for Palestinians. These are the Palestinian Authority in the West Bank and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which supports refugees in the West Bank, Gaza, Jordan, Lebanon and Syria. Together, these agencies will deliver health services through 51 hospitals and more than 140 health centres, as well as providing a range of public health and community-based services.

PROMOTING OPPORTUNITIES FOR ALL

Vulnerable Palestinian children and those of Palestine refugees affected by the long-standing regional conflict face challenges in accessing quality education. Primary school infrastructure has also suffered neglect as a result of decades of conflict.

UNRWA operates one of the largest school systems in the Middle East. Australia's general budget support to UNRWA is helping maintain and develop UNRWA's 700 schools across the West Bank and Gaza. Australian funding to UNICEF will help upgrade water and sanitation infrastructure in 246 Palestinian schools. It is expected that 143,250 children (50 per cent girls) and around 3,000 teachers will benefit from this program.

SUSTAINABLE ECONOMIC DEVELOPMENT

The development of a vibrant private sector is one of the Palestinian Authority's priorities as much of the growth is underpinned by international aid, and concentrated in construction and other non-tradeable sectors. Border constraints and other external restrictions also continue to impede the expansion of export industries.

As well as helping the Palestinian Authority to implement policies that promote economic development, Australian assistance delivered through Australian and Palestinian non-government organisations will provide practical assistance, such as the provision of training and plants and seedlings, to many small-scale farmers and local entrepreneurs, particularly in rural areas. This program is expected to benefit over 50,000 people in low income communities by 2015.

EFFECTIVE GOVERNANCE

A stable and effective Palestinian government is a necessary precondition to achieving a just and sustainable peace with Israel. While significant progress has been made by the Palestinian Authority over recent years in the delivery of basic services, governance and infrastructure, more work is required to strengthen the institutions of government and implement democratic processes in the West Bank. Progress towards effective governance in Gaza depends upon more fundamental political changes.

Australia's financial support to the Palestinian Authority is based on its institutional reform plans, with payments linked to specific performance indicators for improved governance that are regularly assessed by the World Bank. A new Australia Awards scholarship program commencing in 2012 will target the improvement of public sector management and legal skills, providing 50 higher degree awards over five years. The first groups of graduates will return to help build the effectiveness of the Palestinian Authority in early 2013.



IRAQ



Poverty in Iraq is widespread with the World Bank estimating in 2007 that 25.3 per cent of the population live below \$US2 a day. The main development challenges facing Iraq are the need to strengthen security and manage ethnic and sectarian violence, improve basic service delivery and governance, rebuild infrastructure, and diversify its economy to create jobs. However, Iraq has enormous economic potential including oil reserves, which if well managed, could fund rapid future growth. Australian aid will focus on agriculture and rural development, public sector management, and delivery of basic services for the vulnerable.

Key Statistics

Population:	31.672 million
Population Growth (%):	3.2 %
Population (Est. 2050):	110.976 million
GDP per capita (PPP):	USD 3,877
HDI rank:	132 of 187
<US\$1.25/day:	1.273 million / 4.02%
<US\$2.00/day:	8.013 million / 25.3%

Estimates (\$m)

	11-12	12-13
Australian ODA	29.6	22.3
- <i>Country</i>	27.6	21.0
- <i>Regional/Global</i>	1.9	1.2
- <i>OGDs</i>	0.2	0.1

Strategic goals

Australia's response

PROMOTING OPPORTUNITIES FOR ALL

Years of conflict and deferred maintenance have degraded Iraq's social infrastructure, leaving many Iraqis with little or no access to essential basic services. Levels of poverty are high and many Iraqis, particularly women and children, live in dire poverty. The difficult security environment, unemployment, poverty and limited government capacity mean many Iraqis are vulnerable and denied access to basic services.

Australia is supporting a range of programs in 2012-13 to improve basic service delivery to vulnerable people in Iraq. We will increase access to education for 1,400 female-headed-households and children affected by conflict in 30 schools. Australia will continue to increase access to water and sanitation facilities for more than 61,000 Iraqis by upgrading and reconstructing water networks. We will provide internally displaced people and returnees with access to housing and infrastructure.

SUSTAINABLE ECONOMIC DEVELOPMENT

Iraq's agriculture sector provides a large employment base and has great potential to contribute to stability through private sector development, poverty reduction and enhanced food security. Australian expertise in food production in similar arid climates and limited arable areas can be applied to the development and strengthening of the sector.

In 2012-13, Australia will continue to support improved agricultural productivity by assisting with salinity management, better farming techniques and improving the management of livestock. Improvements in the capacity and effectiveness of the agriculture sector will be supported through training specialists (scholarships and short-term technical courses), on-the-ground demonstrations and provision of equipment to farmers. With other donors we will continue to support the clearance of landmines providing communities with land for

agriculture, building on a program that has cleared 15 million square metres of land to date.

EFFECTIVE GOVERNANCE

Conflict and years of isolation has eroded the Iraqi public service. Rapid progress has been constrained by a complex political environment and limited experience in modern public sector management.

Improved public sector governance will be supported in 2012-13 through the training of approximately 200 Iraqi government officials, either in Australia or in a third country. Courses will focus on human rights, financial management, trade and agricultural management.

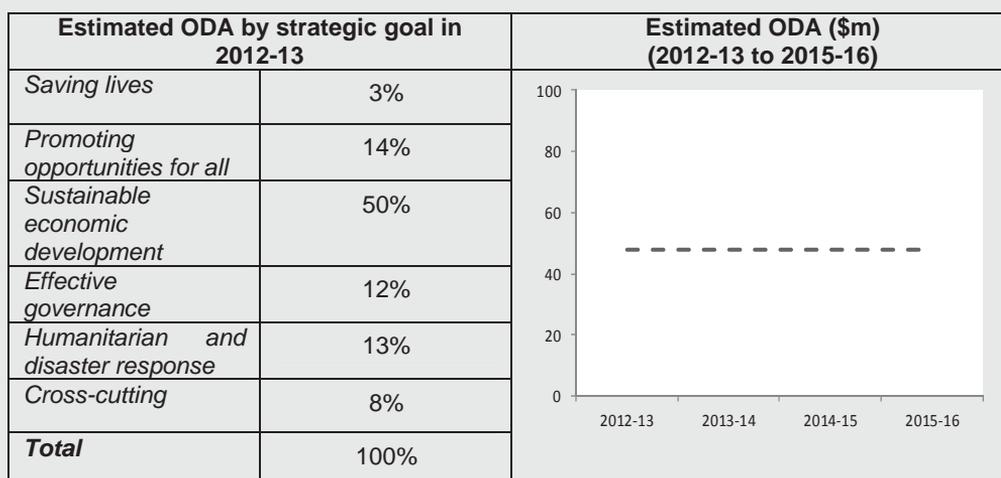
2.5. LATIN AMERICA AND THE CARIBBEAN

Overview

Around 12 per cent of people in Latin America and the Caribbean live on less than US\$2 a day.¹⁵⁴ Australia has a small targeted program of assistance to the region.

Latin America and the Caribbean are vulnerable to natural disasters and the impacts of climate change. The region is also susceptible to external economic shocks, and relies heavily on tourism and a limited range of commodity exports. Australia's aid program focuses on areas where Australia has specific expertise to offer, such as disaster management and response, climate change resilience, and human resource development through scholarships and institutional linkages.

Over the next four years, most of Australia's assistance will be delivered through partnerships with effective regional, multilateral, and non-government organisations, and other donors. Our partners include the Caribbean Community (CARICOM), the Inter-American Development Bank (IDB), the United Nations, and the Caribbean Regional Technical Assistance Centre (CARTAC).



We are working to achieve the following results:

- preposition approximately 5,145 metric tonnes of food donated by Brazil in response to natural disasters and food insecurity in Central America through a partnership with the World Food Programme and Brazil;
- help to increase the incomes of up to 100,000 women in Peru through financial literacy training and access to financial services in partnership with the IDB; and
- work with other donors to continue to assist the 4,874 residents of Saint Vincent and the Grenadines to benefit from a salt water system that uses photo-voltaic energy to produce potable water of better quality, improved reliability and lower cost than the previous supply.

Estimated ODA to Latin America and the Caribbean in 2012-13: \$47.7 million



Regional programs

LATIN AMERICA REGIONAL PROGRAM

2012-13 Estimate: \$28.0 million

Latin America is a vast geographic region covering countries of Central and South America.¹⁵⁵ More than 56 million people live on less than US\$2 a day in Latin America (10 per cent of the total population of 542 million). This includes the populations of Bolivia, Guatemala, Honduras and Nicaragua which have between 25 and 32 per cent of their populations living on less than US\$2 a day. Many countries in the region have experienced severe economic crises and internal conflict and are increasingly vulnerable to natural disasters and the effects of climate change. Central America in particular experiences high levels of crime and violence.

Australia's development assistance to Latin America focuses on food security, sustainable economic growth, climate change and environmental sustainability. As a relatively small donor to the region, we work through partnerships and invest in areas where Australia can make the biggest difference such as sustainable economic development (including food security, climate change resilience, and increasing family incomes), humanitarian response, and education (including through scholarships and public sector development programs). We are working with Brazil, Chile and Germany, the Inter-American Development Bank and United Nations to help meet critical needs in the region.

CARIBBEAN REGIONAL PROGRAM

2012-13 Estimate: \$19.7 million

Poverty in the Caribbean¹⁵⁶ is significant, with more than 36 per cent of the population living on less than US\$2 a day.¹⁵⁷ In Haiti, one of the world's poorest countries, 77 per cent of the population live on less than US\$2 a day and 61 per cent live on less than US\$1.25 a day. Caribbean countries face some of the challenges usually associated with their small size and physical separation from continental land masses. The small open economies of the Caribbean are vulnerable to external shocks and natural disasters, high unemployment, high debt and weak institutions, and many are facing fiscal and debt distress. Youth disengagement and its link to crime is a significant development challenge. Australia is working CARICOM to address such issues.

Australian assistance is guided by a Memorandum of Understanding (MOU) with the members of Caribbean Community in 2009 which provides a framework for cooperation on climate change and disaster risk reduction, economic resilience, scholarships and volunteers, and sport for development.

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 aid effectiveness.

Cross Regional Programs *2012-13 Estimate: \$376.6 million*

Saving Lives

\$63.5m

Australia funds cross regional programs that reduce maternal and child mortality, reverse the incidence of malaria and other diseases, and strengthen 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.

Cross regional programs aimed at improving access to safe water and basic sanitation include funding for a number of multilateral partnerships that contribute to knowledge management and capacity building. Civil society organisations that deliver programs to improve access to water and sanitation will be directly funded and are expected to deliver improved access to water and sanitation and education on hygiene to approximately 1.8 million people across Africa, Asia and the Pacific over the next four years.

For more information on how the Australian aid program is taking measures to save lives, see Section 4.1.

Promoting Opportunities for All

\$172.7m

Australia funds cross regional programs relating to education, including scholarships for emerging leaders as well as research and expertise to improve the effectiveness of education programs. Funding is provided for the Australian Leadership Awards, which each year provide scholarships for 200 emerging leaders from 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 four-fold 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.

AusAID supports disability inclusive development through targeted programs and by mainstreaming disability across the aid program. AusAID's disability strategy focuses 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 people 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. In 2012-13, Australia has committed \$2 million to support the first ever United Nations Partnership to Promote the Rights of Persons with Disabilities, a multi-donor trust fund to support countries in implementing the Convention on the Rights of Persons with Disabilities.

Cross regional programs on gender focus on women's economic empowerment, women's leadership and peace building, and ending violence against women. For more information on how the Australian aid program promotes gender equality and women's empowerment, see Section 4.2.

Sustainable Economic Development

\$72.3m

Australia contributes to partnerships with Multilateral Development Banks and the private sector that support poverty reduction efforts around the world while retaining Australia's bilateral identity and country programming focus. Activities complement, and are able to strengthen, AusAID's bilateral assistance program. Many of these partnerships focus on project preparation, technical assistance and knowledge exchange. For example, since 2008, AusAID has contributed US\$23 million to the AusAID-World Bank East Asia and Pacific Infrastructure for Growth Trust Fund. The Fund has resulted in US\$3.3 billion in World Bank lending for projects including major energy projects in Indonesia and Vietnam and a large urban youth empowerment project in Papua New Guinea. For more information on how the aid program is addressing infrastructure constraints see Section 4.3.

Australia continues to support the AusAID led six year Enterprise Challenge Fund (ECF) pilot which commenced in 2007-08. The ECF is a competitive grant program designed to assist in the commercialising of innovative business projects – where access to finance and effective private sector partnerships within developing countries have proved challenging. To date the ECF has provided \$9.9 million in competitive matching grants to more than 20 businesses for projects throughout South East Asia and the Pacific. By encouraging business opportunities in new markets, the ECF's goal is to assist in increasing incomes, livelihood opportunities, and access to goods and services for the poor. In 2012-13, the final year of the ECF, AusAID will focus its attention on the most successful ECF projects in order to maximise the sustainable impact of the program. These leading projects include those that have accelerated the access to mobile banking and micro-insurance for more than 350,000 people in rural areas of Cambodia, and developed innovative and sustainable methods to expand smallholder involvement in the beef export and teak plantation industries in the Pacific.

Through the International Climate Change Adaptation Initiative, Australia 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. For more information on how the Australian aid program supports climate change in developing countries, see Section 4.3.

Effective Governance

\$40.1m

Cross regional programs relating to governance and social development aim to strengthen community leadership, improve government and public sector effectiveness, enhance citizens' engagement with government, and supports anti-corruption efforts in the Asia-Pacific region. 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.

For more information on how the Australian aid program supports effective governance in developing countries, see Section 4.4.

Other

\$28.1m

Under the cross regional program, support is provided for Australian Government departments to undertake development programs, for example:

- *Government Partnerships for Development*, which enhances the contribution of Australian government agencies other than AusAID to international development. New funding will establish a Government Partnerships for Development facility which will support partnerships between federal and state government agencies, and peer agencies in ODA-eligible countries in Asia and the Pacific.
- *Direct Aid Program*, that DFAT provides small grants to advance development objectives and address humanitarian hardship in developing countries, administered in more than 80 developing partner countries through 58 overseas posts.

New Initiative: *Government Partnerships for Development*

The Government will invest an additional \$52.8 million over four years to establish a Government Partnerships for Development Facility that will:

- enhance the contribution of Australian government agencies other than AusAID to international development; and
- enable developing country governments to promote poverty alleviation and sustainable development by drawing on the institutional experiences and technical knowledge of Australian federal, state and territory agencies.

The Facility, which will expand on the current Public Sector Linkages Program, will support partnerships between federal and state government agencies, and peer agencies in ODA-eligible countries. Partnerships will involve activities such as internships in Australia for developing country officials, short or long-term placements of Australian officials in developing country agencies, policy dialogue roundtables, training workshops, joint policy research and publication and joint project evaluations.

3. GLOBAL PROGRAMS

In addition to bilateral aid and cross regional programs, Australia contributes to a number of global initiatives that support poverty reduction efforts around the world.

AusAID's global program comprises around 27 per cent of the aid program and includes assistance to a range of multilateral and non-government partners. The AusAID global program supports the operational activities of international humanitarian organisations, international development banks, United Nations and Commonwealth organisations, specialised international partnerships, and partnerships with Australian non-government organisations (NGOs). See further detail in Box 1 below.

Australia provides support to multilateral organisations and NGOs because it:

- enables Australia to contribute to development efforts on a broader scale and in countries where establishing a bilateral aid program would be less effective;
- increases our influence within multilateral organisations, to improve their performance and focus on issues of interest to Australia;
- reduces fragmentation by reducing the number of individual activities within the Australian aid program and helping to consolidate international efforts; and
- enables more Australian NGOs to undertake development work.

Box 1: Major Multilateral and Non-Government Partners

- **Multilateral Humanitarian Organisations:** includes the International Committee of the Red Cross, World Food Programme, United Nations Office for the Coordination of Humanitarian Affairs and United Nations High Commissioner for Refugees.
- **International Development Banks:** includes the concessional lending arm of the multilateral development banks, the key partners being the World Bank and Asian Development Bank.
- **UN and Commonwealth Organisations:** includes the UN Development Programme, United Nations Children's Fund (UNICEF), United Nations Population Fund, Joint United Nations Programme on HIV/AIDS, UN Women and the World Health Organization. Also includes core funding to Commonwealth development organisations.
- **Specialised International Partnerships:** includes partnerships with health, education and environment organisations such as the GAVI Alliance, the Global

Fund to Fight AIDS, Tuberculosis and Malaria, the Global Agriculture and Food Security Program, and the Global Partnership for Education.

- **Multilateral Climate Change and Environment Partnerships:** includes the International Climate Change Initiative, and the Global Environment Facility.
- **Australian NGOs and Community Programs:** includes funding through the AusAID-NGO Cooperation Program, volunteer and community programs, and Australian Development Research Awards.
- **Global Partnerships funded by Other Government Departments:** includes core contributions by Australian government agencies to international organisations, including by the Department of Foreign Affairs and Trade to the United Nations agencies, the Department of Employment, Education and Workplace Relations to the International Labour Organization, Department of Health and Ageing to the World Health Organization, and Department of Agriculture, Fisheries and Forestry to the United Nations Food and Agriculture Organization. See Section 5 for more information.

Table 6 shows actual expenditure on AusAID global programs in 2010-11, estimated outcomes for 2011-12 and anticipated expenditure in 2012-13.

In *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, the Government also committed to link the performance and relevance of multilateral organisations to Australia through the introduction of a rating system. This has been determined through the Australian Multilateral Assessment, which was publicly released in March 2012 and can be found on the AusAID website at www.ausaid.gov.au (see Box 2, Section 3.1).

3.1. MULTILATERAL ENGAGEMENT

Overview

Multilateral organisations are large and growing partners for the Australian aid program and add value to the aid program by:

- producing data, policy and analytical work that helps to inform the work of Australia and other bilateral donors;
- helping to coordinate development efforts at a country level and on major international policy issues;
- mobilising experience and expertise from around the world;
- delivering programs on a scale beyond the capacity of Australia and other bilateral donors; and
- operating in countries where Australia does not have a significant presence or in sectors where bilateral assistance is not possible.

Australia engages with multilateral organisations at both policy and program levels.

At a policy level, Australia is an active member of the governing bodies of major multilateral organisations and holds regular high level consultations with senior management. Australia's influence is growing commensurately with increases in funding levels. Australia is using this growing influence to push multilateral organisations to increase their effectiveness, improve their monitoring and reporting of results and increase their attention to value for money.

At a program level, multilateral organisations are important delivery partners. Through *core funding* (funding not tied to a specific purpose), Australia supports multilateral organisations to implement programs that deliver development benefits around the globe. Through *non-core funding* (funding tied to a specific purpose), multilateral organisations deliver programs in countries or in sectors beyond what is possible through bilateral activities.

There are many examples of how our partnerships with multilateral organisations are achieving results. Australian contributions to the World Bank, for example, are helping developing countries accelerate efforts to achieve their MDGs. From 2012 to 2015, the World Bank will help recruit or train more than one million teachers for schools, immunise up to 116 million children and provide more than 40 million people with access to improved water sources.

Australia's new pledge of \$270 million over four years (2011-15) to the Global Partnership for Education (GPE) reflects its standing as the primary multilateral organisation supporting education in the world's poorest countries. Australia's pledge was the second largest pledge for that period and ranks Australia as the

fourth largest out of 19 donors to the GPE overall. The pledge will increase Australia's influence in the governance and future direction of the GPE, consistent with education's standing as the flagship of the Australian aid program. Australia's contribution will enable up to 2.16 million more children to go to school, build up to 200 new classrooms, provide up to one year of training for nearly 3,000 teachers, and support the distribution of up to 1.3 million textbooks.

The findings of the Australian Multilateral Assessment (AMA) (see Box 2) provide the basis on which Australia will strengthen its policy and funding engagement with multilateral organisations over the next four years and ensure it is getting value for money and results from this growing engagement. The AMA found that most of Australia's multilateral partners are effective and relevant to Australia's aid objectives. Of the 42 multilateral organisations assessed in the AMA, 37 were rated satisfactory or above, with five weak on one or more criteria.

The AMA findings have helped guide decisions on core funding to Australia's multilateral partners in the 2012-13 Budget. Priority for additional funding was given to organisations ranked 'high degree of confidence' or 'reasonably high degree of confidence' in the AMA. However, other considerations that influenced future funding for our multilateral partners included:

- existing funding levels and the balance of Australia's effort compared to other donors;
- the organisation's need for additional funding and capacity to effectively absorb it; and
- the prospects of reform efforts leading to improved effectiveness.

Core funding for 10 key United Nations partners will increase in this year's Budget. AusAID will introduce an ongoing rating system to help inform core funding decisions in future budgets. This will be done through a new annual scorecard that will track the results of Australia's multilateral funding and the effectiveness of multilateral partnerships more systematically to ensure value for money. We will also introduce a formal performance management system to address the performance of those multilateral organisations with identified weaknesses, with future core funding contingent on improvements in performance.

Australia's enhanced engagement with multilateral organisations builds on a firm base. Australia has strong existing relationships with many multilateral organisations. Australia has signed partnership frameworks with 12 multilateral organisations that outline shared goals for the efficient use of Australian funds and track the results of our funding. Australia has signed partnership frameworks with:

- The World Bank;
- The Asian Development Bank;
- United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA);
- United Nations Population Fund (UNFPA);
- Joint United Nations Programme on HIV/AIDS (UNAIDS);
- World Food Programme (WFP);
- United Nations International Strategy for Disaster Reduction (UNISDR);
- World Health Organization (WHO);
- International Labour Organization (ILO);
- United Nations Children's Fund (UNICEF);
- United Nations Development Programme (UNDP); and
- United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

Box 2: Australian Multilateral Assessment (AMA)

The AMA assessed 42 key multilateral partners. The assessment involved research and engagement with stakeholders to gather comprehensive evidence on effectiveness of multilateral organisations and their relevance to Australia's interests. It rated organisations according to seven components, grouped into two categories ('Results and relevance' and 'Organisational behaviour'). Organisations were then assigned to one of four tiers according to the degree of confidence that increases in core funding will deliver tangible development benefits in line with Australia's development objectives and that the investment will represent good value for money.

The assessment found that most of Australia's largest multilateral partners are effective. In the case of 13 organisations, Australia can have a high degree of confidence that increases in funding for core operations represent good value for money. Organisations in the highest category include the Asian Development Bank, Global Alliance for Vaccines and Immunisation, Global Partnership for Education, International Committee of the Red Cross, United Nations High Commissioner for Refugees, World Bank, and World Food Programme.

In the case of a further 16 organisations, the AMA found that the Australian Government could have a reasonably high degree of confidence that increases in core funding represent value for money. Organisations in this category included the Joint United Nations Programme on HIV/AIDS, United Nations Children's Fund, United Nations Development Programme, United Nations Office for the Coordination of Humanitarian Affairs, United Nations Population Fund, and the World Health Organization.

The AMA recommended that decisions on whether to increase core funding for a further eight organisations should be made on a case-by-case basis. Most of the organisations in this category are in the midst of major reform efforts, and further analysis on the prospects of reform leading to improvements in effectiveness may be needed. Organisations in this category include: the Consultative Group on International Agricultural Research, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the International Labour Organization.

The AMA found five organisations to be weak in at least one area: the Commonwealth Secretariat Development Programmes, the Food and Agriculture Organization, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Human Settlements Programme, and the United Nations Mine Action Service. The AMA recommended further analysis and discussion before Australia provides any additional core funding.

Multilateral performance will be tracked on an ongoing basis through a new multilateral scorecard that assesses the effectiveness and relevance of each multilateral partner. A new Multilateral Engagement Strategy will take forward the findings of the AMA. This will include engagement strategies for Australia's largest multilateral partners as well as details about the new multilateral scorecard and formal performance management system.

Global programs

Multilateral Engagement

2012-13 Estimate – Contribution to multilateral replenishments: \$313.2 million

2012-13 Estimate – United Nations and other global organisations: \$368.1 million

Focus	Expected returns
Contribution to multilateral replenishments¹⁵⁸	\$313.2m
Australia's expected 2012-13 cash contributions to multilateral organisations, in accordance with past multi-year commitments.	
<i>Asian Development Bank (through the Asian Development Fund, ADF)</i>	<i>\$83.1m</i>
<p>The Asian Development Bank's concessional lending arm, the ADF, is guided by the vision of an Asia-Pacific region free of poverty. It promotes inclusive and environmentally sustainable economic growth and regional cooperation. There are 28 countries eligible to receive assistance from the ADF. Our payments in 2012-13 reflect commitments made under previous replenishments, plus the first payment for the tenth replenishment, which concluded in May 2012 and will be paid over 2013 to 2016.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>From 2013 to 2016, our contributions will help:</p> <ul style="list-style-type: none"> • build or upgrade 12,000 classrooms and train 211,000 teachers, benefiting 2.5 million students; • install or upgrade 2,300 kilometres of transmission lines connecting 346,000 new households to electricity; • build or upgrade 15,000 kilometres of roads, and 723 kilometres of railways; and • install or upgrade 8,000 kilometres of water pipes providing 562,000 new households with water supply and 444,000 with sanitation.
<i>World Bank (through the International Development Association, IDA)</i>	<i>\$189.5m</i>
<p>The World Bank's IDA assists the world's 81 poorest countries. IDA reduces poverty by providing interest-free loans and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions. Our payments in 2012-13 reflect commitments made under previous replenishments.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>From 2012 to 2015, our contributions to IDA replenishments will help:</p> <ul style="list-style-type: none"> • recruit and train 1.0 to 1.2 million teachers; • immunise over 99 million children; • construct or rehabilitate 37,000 to 44,000 kilometres of road; and • provide 36 to 42 million people with access to improved water sources.
<i>Heavily Indebted Poor Countries (HIPC) Initiative</i>	<i>\$17.4m</i>
<p>The HIPC Initiative provides debt relief to the world's poorest and most indebted countries, to help free up resources to meet their poverty reduction goals.</p> <p><i>Not included in AMA</i></p>	<p>Multilateral debt relief helps indebted poor countries free up resources for social spending, such as health, education, and other social services. Poverty reducing expenditure is projected to increase by approximately two percentage points of GDP from 2011 to 2015 due to the HIPC Initiative.</p>
<i>Multilateral Debt Relief Initiative (MDRI)</i>	
<p>The MDRI provides 100 per cent relief on eligible debt from the International Monetary Fund, World Bank's IDA and African Development Fund to a group of low-income countries, to help them advance toward the MDGs.</p> <p><i>Not included in AMA</i></p>	<p>From 2006 to 2046 contributions to MDRI are projected to cancel approximately US\$35.5 billion of credit reflows from eligible low income countries. This will enable eligible countries to reallocate income to national poverty reduction strategies.</p>

Focus	Expected returns
<p><i>Global Environment Facility (GEF)</i> \$20.1m</p> <p>The GEF helps developing countries to tackle climate change, biodiversity loss, ozone depletion, contamination by persistent organic pollutants and degradation of land and trans-boundary water systems. Our contribution is part of a larger, global GEF funding pool of US\$4.34 billion over four years.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>Our contribution to GEF will help ensure:</p> <ul style="list-style-type: none"> • global ecosystems and natural resources are conserved and used sustainably; • climate change risks are reduced through lower emissions and countries are assisted to adapt to climate change; and • chemicals are managed throughout their lifespan, minimising their impact on human health and environments.
<p><i>Multilateral Fund for the Implementation of the Montreal Protocol (MFMP)</i> \$3.2m</p> <p>MFMP helps more than 140 developing countries with annual per capita consumption and production of ozone depleting substances less than 0.3 kilograms to comply with the control measures of the Protocol to phase out the production and consumption of ozone depleting substances in line with their commitments under the Montreal Protocol. Our contribution is part of a larger, global MFMP funding pool of US\$450 million over three years.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>Our contribution to MFMP will contribute to helping reverse the production and use of ozone depleting substances in developing countries.</p>
<p>United Nations Development Agencies \$124.7m</p>	
<p>Our core funding to United Nations development agencies supports United Nations efforts to progress the Millennium Development Goals.</p>	
<p><i>UN Children's Fund (UNICEF)</i> \$34.1m</p> <p>UNICEF's work links to a number of strategic goals of Australia's aid program. It is dedicated to working exclusively for children and their rights. 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.</p> <p><i>AMA rating: Reasonably high degree of confidence</i></p>	<p>Our contribution to UNICEF to 2015 will help developing countries achieve their MDGs by improving maternal and child health services, strengthening access to quality basic education for the world's poorest children, and assisting vulnerable people to prepare for and respond to disasters and humanitarian crises.</p>
<p><i>World Health Organization (WHO), United Nations Population Fund (UNFPA) and Joint United Nations Programme on HIV/AIDS (UNAIDS)</i> \$47.0m</p> <p>These organisations save lives by supporting and delivering services that reduce maternal and child deaths, reduce cases of, and deaths from, communicable and non-communicable diseases, and by increasing equitable access to quality health care.</p> <p><i>AMA rating: All rated reasonably high degree of confidence</i></p>	<p>Australia's contribution to UN Health Agencies will help poor countries to:</p> <ul style="list-style-type: none"> • support immunisation programs for children; • prevent and treat diseases such as tuberculosis, HIV and malaria; • increase access to family planning services; • respond to public health threats and emergencies in our region and around the world; and • improve the quality of the health workforce and health infrastructure.

Focus	Expected returns
<p><i>UN Women</i> \$8.0m</p> <p>UN Women's mandate is to accelerate global promotion of gender equality and empowerment of women. UN Women's priorities include strengthening women's leadership and participation, ending violence against women; and enhancing women's economic empowerment.</p> <p>UN Women's focus on gender equality aligns with the importance of gender as a critical cross-cutting priority, as outlined in the Government's new aid policy, <i>An Effective Aid Program for Australia: Making a real difference – Delivering real results.</i></p> <p><i>UN Women was not assessed in the AMA as it only came into existence in January 2011.</i></p>	<p>Our contribution to UN Women will help developing countries achieve their MDGs through:</p> <ul style="list-style-type: none"> • better maternal health, helping more girls to attend school, and empowering women to participate in the economy, leadership and education; and • increasing UN Women's ability to lead and coordinate efforts to achieve gender equality in the UN system.
<p><i>UN Development Programme (UNDP)</i> \$23.3m</p> <p>UNDP is the United Nations' leading development agency with responsibility for coordinating national and global efforts to achieve the MDGs and UN inter-agency cooperation. It provides direct assistance on the ground in 177 countries and its work focuses on poverty reduction and achieving the MDGs, democratic governance, crisis prevention and recovery, environment and energy, HIV/AIDS, women's empowerment, and capacity development.</p> <p><i>AMA rating: Reasonably high degree of confidence</i></p>	<p>Our contribution to UNDP will help developing countries achieve their MDGs through:</p> <ul style="list-style-type: none"> • strengthening the focus on poverty reduction and increasing the effectiveness, relevance and efficiency of United Nations development programs; • supporting an increased focus on local governance activities; • strengthening emphasis on economic recovery from crisis and disaster; and • enhancing support for the development and implementation of low emission, climate-resilient development strategies.
<p><i>Other UN Development Agencies</i> \$12.3m</p> <p>Australia also supports other United Nations agencies, including the International Atomic Energy Agency, International Labour Organization, United Nations Office of Drugs and Crime (UNODC) and United Nations Environment Programme (UNEP). Our support for the United Nations' humanitarian agencies is described in Section 3.2 Humanitarian, Emergencies and Refugee Programs'.</p> <p><i>AMA rating for UNEP and UNODC: Decisions on whether to increase core funding should be made case-by-case</i></p>	<p>Australia will contribute to development outcomes in accordance with each UN agency's mandate and strategic framework.</p>
<p>Commonwealth \$15.3m</p> <p>The Commonwealth is a group of 54 countries working together to advance shared goals in democracy and development. Australia's support to Commonwealth development programs provides technical assistance in various sectors through the Commonwealth Fund for Technical Cooperation. It also supports programs focused on civil society, youth engagement, and open and distance learning in Commonwealth developing countries.</p>	<p>Our contribution to Commonwealth development programs will:</p> <ul style="list-style-type: none"> • provide assistance to Commonwealth developing countries in sectors including economic development, rule of law and public sector development; and • deliver activities in support of democracy and development as announced at the 2011 Commonwealth Heads of Government Meeting, including re-joining the Commonwealth of Learning.

Focus	Expected returns
<i>AMA finding: Further analysis is required before decisions are made on core funding levels</i>	
Contributions to Global Environment Programs \$81.6m	
<p>Australia supports various global climate change adaptation programs such as the Least Developed Countries Fund and the Adaptation Fund, and other global climate change mitigation programs such as the Scaling-Up Renewable Energy in Developing Countries Program, the Partnership for Market Readiness and the Global Green Growth Institute. Australia also supports global forest carbon and environment programs such as the Global Crop Diversity Trust.</p> <p><i>AMA rating for Global Crop Diversity Trust: High degree of confidence</i></p> <p><i>AMA rating for Climate Investment Funds (CIF): High degree of confidence</i></p>	<p>Our contribution to global climate change and environment programs will help:</p> <ul style="list-style-type: none"> • developing countries improve their capacity and resilience to manage the effects of climate change; • reduce emissions by planning for low carbon growth and access to carbon markets; and • build environmental management capacity, which will improve forests, land and agriculture management.
Contributions to Global Health Programs \$110.5m	
<p>We fund innovative international funding mechanisms which help to progress the health Millennium Development Goals.</p>	
<i>Global Alliance for Vaccines and Immunisation (GAVI)</i> <i>\$20.0m</i>	
<p>GAVI is a global health public-private partnership committed to saving children's lives and protecting people's health by increasing access to immunisation in low income countries. Australia has committed \$200 million to the GAVI Alliance for 2011-13.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>Between 2011 and 2015 Australia's contribution to GAVI is expected to support the full immunisation of 7.7 million children in developing countries.</p>
<i>International Finance Facility for Immunisation (IFFIm)</i> <i>\$5.0m</i>	
<p>IFFIm generates additional resources for immunisation by selling bonds on capital markets underwritten by long-term donor commitments. These resources are used by GAVI to increase access to immunisation in developing countries. Australia has committed to provide \$250 million to IFFIm over 20 years (2010-30).</p> <p><i>Not included in AMA</i></p>	<p>Our contribution to IFFIm will enable developing countries to rapidly increase vaccine coverage and lower disease prevalence. Resources generated by IFFIm are used by GAVI to help low-income countries strengthen their health systems by training health workers, buying essential drugs, and providing maternal and child health care services.</p>
<i>Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund)</i> <i>\$70.0m</i>	
<p>The Global Fund was established as a public-private partnership to increase resources to fight three of the world's most devastating diseases—tuberculosis, malaria and HIV/AIDS. It has become the largest multilateral funder in global health. Australia has committed \$210 million to the Global Fund for 2011-13.</p> <p><i>AMA rating: Decisions on whether to increase core funding should be made case-by-case</i></p>	<p>By 2015, our contribution will help:</p> <ul style="list-style-type: none"> • 70,000 people receive HIV treatment; • 60,000 people receive tuberculosis treatment; and • distribution of over 1,700,000 bed nets annually to prevent malaria.

Focus	Expected returns
Contributions to Global Education Programs	\$30.0m
<p>The Global Partnership for Education, or GPE, (formerly the Fast Track Initiative) is a partnership of donors and developing countries dedicated to ensuring improved education outcomes in the world's poorest countries. The work of GPE contributes directly to the Government's strategic goal of promoting opportunities for all. GPE maintains a strong focus on gender parity in education. Almost half of GPE funding is allocated to fragile states. Australia has committed \$270 million to GPE for 2011-15.</p>	<p>Between 2011-2015, our contribution to GPE will help enable:</p> <ul style="list-style-type: none"> • 20 million additional enrolments in school; • a 40 per cent reduction in out-of-school children of primary school age; • 40 million new textbooks in classrooms; and • 500,000 new trained teachers.

AMA rating: High degree of confidence

New Initiative: Expanding Australia's Development Partnerships with the United Nations

The Government will provide an additional \$154.3 million over four years to expand our engagement with effective United Nations organisations, including: the United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), UN Women, World Health Organization, United Nations Population Fund (UNFPA), and the Joint United Nations Programme on HIV/AIDS (UNAIDS).

These agencies are key partners in delivering our aid program. The Australian Multilateral Assessment, which examined the effectiveness of 42 of Australia's multilateral partners, confirmed the relevance and effectiveness of the above organisations. By working through them, Australia's aid program will:

- accelerate achievement of the Millennium Development Goals by improving access to health services – particularly maternal and child health and HIV/AIDS treatment and prevention – and education for the poorest of the poor;
- improve and protect the health, education and safety of poor children, particularly those affected by conflicts and natural disasters;
- promote gender equality, for example by supporting 25 countries to enact gender responsive recruitment and retention policies in public sector institutions; and
- combat corruption and support democratic processes in 128 countries.

Increasing our funding to these organisations will enhance Australia's profile as an aid donor, which will in turn provide greater opportunities for us to pursue issues of greatest relevance and interest to Australia. In particular, we will direct our efforts towards achieving a stronger United Nations focus on Asia, the Pacific and fragile states.

Box 3: Australia's contribution to the tenth replenishment of the Asian Development Fund

In March 2011, the Government pledged up to \$629.3 million for the tenth replenishment (2013-2016) of the Asian Development Fund – the concessional arm of the Asian Development Bank (ADB) that assists low-income countries in Asia and the Pacific.

It is expected that Australia's contribution to the replenishment of the Fund will:

- benefit more than one million students through school improvement programs or direct support;
- assist more than 37,000 households connect to electricity and support approximately 450,000 households connect to a fresh water supply; and
- benefit 7 million people through road maintenance, construction and upgrades.

The ADB is one of Australia's principal multilateral partners in Asia and the Pacific. Our recent pledge will see Australia become the second largest contributor to the Fund and highlights Australia's strong commitment to addressing poverty in the Asia-Pacific through regional institutions.

3.2. HUMANITARIAN, EMERGENCIES AND REFUGEES

Overview

Australia helps save lives through effective humanitarian and disaster response, supported by strong partnerships. As confirmed by the Australian Multilateral Assessment (AMA), Australia is engaging with, and providing core funding to, multilateral organisations that have demonstrated effectiveness and performance (see Box 2, Section 3.1).

Predictable multi-year funding for humanitarian action provides partners with the certainty to plan and procure, including for longer term strategic actions such as building the resilience of communities to cyclical drought and famine challenges. Predictable funding is therefore a key objective of Australia's assistance and our four-year partnership agreement with the World Food Programme has been described by the United Nations as 'donor best practice'. In 2012-13, we will continue to support action to strengthen capacity to prepare for and respond to global crises, and we will contribute towards improving coordination and efficiency in the international humanitarian system.

Australia will work with global advocacy and coordination agencies such as the United Nations Office for the Coordination of Humanitarian Affairs and United Nations International Strategy for Disaster Reduction. We will continue to respond to emergency humanitarian appeals from the World Food Programme, the United Nations High Commissioner for Refugees, United Nations Children's Fund (UNICEF) and the International Committee of the Red Cross.

The United Nations has a vital role in both delivering humanitarian assistance and peace building. We will continue to support the work of United Nations humanitarian and peace building agencies to improve effectiveness and coordination of the United Nations' responses following natural disasters and in fragile and conflict-affected states. In 2012-13, Australia will continue its support for the United Nations Peacebuilding Commission and funding to the United Nations Peacebuilding Fund. Doing so helps Australia to be engaged in peacebuilding processes in geographic areas where we may not have strong, or any, representation. Australia is also a supporter of the World Bank's efforts to improve aid effectiveness in fragile and conflict affected settings. More than 50 per cent of Australia's aid is delivered in fragile states. In 2012-13, AusAID will continue to assist the World Bank's State and Peacebuilding Fund, which supports state and local governance and peacebuilding efforts in fragile states.

Australia will strengthen our responses to humanitarian crises by supporting effective non-government partners who have local capabilities and specialist knowledge. We will continue to fund the Australian Red Cross, RedR Australia and Humanitarian Partnership Agreements with six Australian non-government organisations that have demonstrated capacity to respond effectively to large-scale humanitarian crises (World Vision Australia, Oxfam Australia, CARE Australia,

Caritas Australia, Plan International Australia and Save The Children Australia). Our multi-year support helps these organisations build capacity and respond rapidly to disaster and conflict wherever they occur in the world. In the Horn of Africa, for example, aid program support is enabling Australian NGOs to deliver assistance to a target group of more than 200,000 people affected by famine in Somalia, Ethiopia and Kenya.

Global programs

Humanitarian, Emergency and Refugee Programs

2012-13 Estimate: \$405.5 million

Focus	Expected returns	
International Committee of the Red Cross (ICRC)		\$22.0m
<p>ICRC is one of the world's largest and most respected humanitarian agencies mandated in international law to protect and assist civilians affected by armed conflict. The ICRC operates in around 80 countries. Australia is a major contributor of core funding to ICRC.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>Australian support will protect civilians affected by armed conflict and other situations of violence. In Somalia for example, Australian support helped feed more than 1 million people affected by drought and conflict. Our support will also promote and strengthen international humanitarian law and universal humanitarian principles through training and advocacy with governments, military and police.</p>	
United Nations Humanitarian Agencies		\$105.0m
<p>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.</p>		
<i>World Food Programme (WFP)</i>		<i>\$46.0m</i>
<p>WFP is the lead United Nations agency for humanitarian food assistance in emergencies. Australia is providing \$180 million over four years (2009-2013) to support emergency and recovery operations as well as school feeding. WFP was the top ranked organisation in the AMA.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>Australia will be assisting WFP to feed more than 100 million people in more than 70 countries during humanitarian emergencies and post-emergency recovery operations. We will provide ongoing support for the re-establishment of livelihoods and food security in communities after emergencies. We will also contribute to improved nutrition and increased access to education for children through WFP school feeding programs.</p>	
<i>Office of the United Nations High Commissioner for Refugees (UNHCR)</i>		<i>\$19.0m</i>
<p>The UNHCR is the mandated lead agency assisting refugees and internally displaced people. Australia is one of the major contributors to UNHCR core funding.</p> <p><i>AMA rating: High degree of confidence</i></p>	<p>Australian funds help UNHCR provide protection from violence and exploitation, and shelter and sanitation to some 34 million refugees and displaced persons in humanitarian crises. In the Horn of Africa for example, Australia's \$15 million contribution to UNHCR assisted the organisation to register and respond to the needs of 463,000 refugees at Dadaab camps in Kenya, and 144,000 people at Dollo Ado refugee camps in Ethiopia, up to 80 per cent of whom are children.</p>	
<i>United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) and United Nations Central Emergency Response Fund (UNCERF)</i>		<i>\$25.0m</i>
<p>UNCERF is used to provide rapid response funding and support under-funded emergencies. UNCERF is managed by the head of UNOCHA, which is responsible for coordination of humanitarian organisations, to facilitate coherent</p>	<p>UNOCHA enables: Effective advocacy and leadership to ensure a timely and coordinated humanitarian response to save lives; strengthened engagement with national authorities on disaster management; and strengthened disaster</p>	

Australia's International Development Assistance Program

Focus	Expected returns
<p>responses to emergencies. UNOCHA relies on funds like UN CERF to improve the level of predictability, flexibility and timeliness in international humanitarian crisis response.</p> <p><i>AMA rating: Reasonably high degree of confidence</i></p>	<p>preparedness and coordination across the Asia-Pacific region.</p> <p>Australian funding for UN CERF enables a more rapid and comprehensive humanitarian response by UN agencies to sudden on-set and protracted or 'neglected' emergencies. UN CERF provided US\$35 million to combat drought in the Horn of Africa in early 2011 and another US\$82 million since June 2011.</p>
<hr/> <p><i>United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)</i> <i>\$15.0m</i></p>	
<p>Funding to the UNRWA to provide basic services (including education and health) for some 4.8 million registered Palestine refugees in Jordan, Syria and the Palestinian Territories, and to respond to humanitarian and emergency needs.</p> <p><i>AMA rating: Reasonably high degree of confidence</i></p>	<p>Australian funding contributes to the provision of basic social services and humanitarian relief to Palestinian refugees.</p>
<hr/> <p><i>United Nations Peacebuilding Commission (PBC) and Peacebuilding Fund (PBF)</i></p>	
<p>PBC is an intergovernmental advisory body to support peacebuilding in countries emerging from conflict. It advises the UN General Assembly and the UN Security Council. Australia supports the work of PBC and provides support to the PBF to respond to imminent threats to peace, build or strengthen national capacity to promote peace, stimulate economic revitalisation, and re-establish basic services. Australia has provided \$11 million to PBF since 2006.</p> <p><i>AMA rating: Reasonably high degree of confidence</i></p>	<p>PBF funding fills immediate peacebuilding gaps in countries in crisis. Programs funded by PBF contribute directly to helping Australia meet its global objectives on peacebuilding. PBF is currently active in 22 countries. For example, in Sri Lanka, PBF has supported returnees who are unable to re-establish their livelihoods due to mine or unexploded ordnance contamination of surrounding agricultural and grazing land.</p>

New Initiative: *Strengthening preparedness and response to humanitarian crises*

In 2010, 385 natural disasters killed more than 297,000 people worldwide and affected more than 208 million people. In an ever-present challenge for Australia, the Asia-Pacific region has accounted for 85 per cent of global deaths from natural disasters over the last three decades. Developing countries are worst-affected.

The Government will invest an additional \$435.6 million over four years to expand Australia's capacity to respond to crises overseas, and to reduce the vulnerability of countries to natural disasters and the destabilising effects of conflict and state fragility.

Australia will build on our existing reputation as being dependable and generous when people need our help. We will be even better prepared to respond to crises, being able to assist within 48 hours of a request. We will lead or co-lead an anticipated 40 responses to requests for assistance from countries in the Asia-Pacific region. Over the four years, we will provide life-saving assistance to a projected 30 million people in crisis situations, and will prevent further deaths through disaster risk reduction, mine action, protection and conflict prevention activities.

We will work with governments and regional organisations to help countries prevent crises, and to be better prepared to cope when they eventuate. We will build our relationships with Australian and international non-government organisations and global humanitarian organisations, and will draw on federal, state, commercial and non-government expertise and assets to provide the best-possible assistance when needed.

Through all of this, we will reinforce Australia's status as a leading humanitarian donor, giving us a stronger policy voice and more influence on issues and countries of most importance to us.

Box 4: Australian Civilian Corps (ACC)

The Australian Civilian Corps (ACC) is a mechanism to deploy Australian civilian specialists to countries experiencing or emerging from natural disaster or conflict. ACC deployments support stabilisation, recovery and development planning, acting as a bridge between humanitarian and emergency response measures and long-term development programs.

The ACC initiative became operational in 2011. Members of the ACC register are highly skilled and experienced civilians who are able to be deployed to assist countries restore essential services, rebuild government institutions and re-establish economic and social stability. There are more than 260 civilian specialists on the register recruited and trained for deployment. In 2012-13, AusAID will continue to build the ACC register towards a target of 500 ACC specialists so it can draw on the expertise of Australians to help overseas communities suffering from disasters and

conflict.

In 2011-12, AusAID deployed 31 ACC civilian specialists to support stabilisation and recovery efforts. This included a team of 21 specialists deployed to Papua New Guinea in the lead up to the 2012 elections, and small teams or individuals in Afghanistan, Sierra Leone, Haiti and South Sudan working in peace building, donor coordination and stabilisation adviser roles. AusAID also contributed a civilian specialist from the ACC to support a United Kingdom-led mission to Libya to assess what is needed to promote stability in that country.

AusAID has established a post-disaster recovery capability from the ACC register consisting of 23 ACC specialists who have received advanced training and are on stand-by to deploy at short notice. The post-disaster recovery capability will augment Australia's humanitarian response and speed early recovery in the event of natural disaster in the Asia-Pacific region or beyond. Through the ACC, AusAID is establishing partnerships with our international counterparts (including the United Kingdom Stabilisation Unit and the United States' Bureau of Conflict and Stabilization Operations), multilateral organisations and other donors through joint deployments and training exercises. Working with effective partners allows Australia to benefit from these organisations' specialist expertise and extend Australia's reach and impact, particularly in geographic areas where we have a limited presence on the ground.

Country	Activities in 2012-13
Afghanistan	<ul style="list-style-type: none"> • Teams of advisers in Uruzgan Province will assist in coordinating the Australian-led Provincial Reconstruction Team's district level stabilisation and development activities. • These advisers will mentor and support district Afghan officials to plan and deliver essential services to the community and work alongside other whole-of-government and international partners to identify and deliver development and stabilisation activities including small scale community development and public infrastructure projects.
Papua New Guinea	<ul style="list-style-type: none"> • ACC civilian specialists will provide surge capacity to support the Papua New Guinea Electoral Commission's Operations Branch during the critical period leading up to and during the 2012 General Elections.
Sierra Leone	<ul style="list-style-type: none"> • An ACC peacebuilding adviser has been deployed to Sierra Leone to support the recovery and development needs of Sierra Leone, Liberia and the West Africa region.

3.3. INVOLVING THE AUSTRALIAN COMMUNITY

Overview

Harnessing the talent available in the Australian community is an integral part of the Australian Government's approach to an effective aid program. For instance, the Government draws on the skills and experiences of thousands of individual Australians as volunteers to work with a range of people and organisations in developing countries. The Government also partners with and funds Australian non-government organisations (NGOs) to work with communities and people in over 50 countries across Asia, the Pacific, Africa, the Middle East, and Latin America.

Australian NGOs bring particular strengths to Australia's aid program. Some have been working in international aid and development for over 60 years. They mobilise public support and voluntary contributions for aid, and they often work in areas where government-to-government aid is not possible. Many also have expertise in working in emergency situations where quick and flexible responses are essential.

In recognition of these strengths, the Australian Government provides funding to Australian NGOs for both long-term development activities and rapid response to humanitarian emergencies and disasters. The Government has in place formal Humanitarian Partnership Agreements with six Australian NGOs (World Vision Australia, Oxfam Australia, CARE Australia, Caritas Australia, Plan International Australia and Save The Children Australia), as well as a multi-year partnership with the Australian Red Cross. These allow the Australian Government to respond to emergencies by quickly committing funds to organisations with proven capabilities.

In 2011-12, the Australian Government's Dollar for Dollar initiative matched funds raised by the public through Australian NGOs to alleviate the food crisis in the Horn of Africa. With Australian NGOs raising \$13.7 million, the campaign raised over \$27 million, for the provision of clean water, shelter, sanitation and vaccinations, providing life-saving assistance to hundreds of thousands of famine victims, including women and children.

The Australian Government also provides funding to Australian NGOs through the AusAID-NGO Cooperation Program (ANCP). As outlined in the Government's new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, the Australian Government will double funding to the ANCP, increasing from \$69 million in 2010-11 to at least \$150 million by 2014-15. In 2011-12, \$98 million in grants was provided under ANCP to 43 Australian NGOs working in almost 50 countries across Asia, the Pacific, Africa, the Middle East, and Latin America. Of this, \$63 million was provided to eight of Australia's largest NGOs – World Vision Australia, Oxfam Australia, CARE Australia, Caritas Australia, Plan International Australia, Child Fund Australia, TEAR Australia and CBM Australia – who have entered into high-level strategic partnerships with the Australian Government,

working jointly to improve the lives of millions of people in developing countries. In 2012-13, ANCP funding will increase to \$110 million.

The Government also utilises the skills and experience of individual members of the Australian community through the Australian Volunteers for International Development program (AVID). AVID was launched in May 2011, drawing together a range of Australian Government overseas volunteering initiatives under a single banner. AVID includes Australian Youth Ambassadors for Development, which is a highly competitive youth stream within the broader program. AVID offers Australians the opportunity to live and work in developing countries to share their skills and knowledge to help reduce poverty, support sustainable development and promote Australia as a good global citizen. In 2012-13, the Australian Government will fund more than 1,000 new volunteer assignments in over 40 developing countries, supporting a total of 1,850 Australians on new and continuing volunteer assignments, ranging in length from a few weeks to three years. AusAID works in partnership with Austraining International, Australian Volunteers International and the Australian Red Cross, to select, prepare, deploy and manage volunteers.

The Government is also seeking to increase the aid program's engagement with the Australian business community, including making better use of private sector expertise in the early stages of policy development and program design in particular regions and countries.

Box 5: AusAID Civil Society Engagement Framework

The Australian Government not only recognises the important role the Australian community plays in ensuring an effective aid program, but also acknowledges the important role of community and community organisations in other countries, regions and local areas. As stated in *An Effective Aid Program for Australia: Making a real difference – Delivering real results*:

Delivering aid through civil society organisations enables us to benefit from these organisations' grass roots networks, niche areas of specialisation, and presence on the ground. These organisations are connected with local communities, and are able to engage on policy issues and deliver assistance directly to those people who need it most.

AusAID is developing a Civil Society Engagement Framework which will take action to strengthen the Government's engagement with civil society organisations, both in Australia and overseas. The Civil Society Engagement Framework is aimed at AusAID and civil society organisations, including Australian NGOs, working together more effectively to achieve greater development impact.

Global Programs

Involving the Australian Community

2012-13 Estimate: \$193.5 million

Focus	Expected returns	
Engaging with Australian Non-Government Organisations (NGOs)		
AusAID works with Australian NGOs in a variety of ways, including		
<i>AusAID NGO Cooperation Program (ANCP)</i>		\$110m
ANCP provides funding for 43 accredited Australian NGOs to carry out more than 500 activities in over 50 countries, aligned with the Government's strategic goals for the aid program.	Reduction in the number of people living in poverty, particularly in the poorest and most marginalised communities in developing countries.	
<i>NGO policy and effectiveness</i>		\$1.1m
AusAID commissions due diligence checks of Australian aid and development NGOs which are seeking tax deductibility status through the Overseas Aid Gift Deduction Scheme, and which are seeking accreditation to access ANCP funding. NGO effectiveness is also ensured through the application of a Monitoring, Evaluation and Learning Framework.	Improved effectiveness, transparency and accountability of Australian NGOs' work in developing countries; reduced risks, particularly in terms of fraud and mismanagement of aid funds.	
<i>Partnership with the Australian Council for International Development (ACFID)</i>		\$0.9m
The Government's formal partnership with ACFID provides for regular and structured dialogue on aid policy and strategy. The experiences and lessons learned in aid and development across the NGO sector are considered in the Government's deliberations on policy and strategy issues. ACFID also provides training and development on compliance with the ACFID Code of Conduct for its 75+ NGO members.	Improved aid effectiveness and results through the development of sound policy approaches to international development problems. Increased professionalism of Australian NGOs, resulting in increased aid effectiveness and reduced risks.	
Australian volunteers		\$63.0m
The Australian Volunteers for International Development program, which includes Australian Youth Ambassadors for Development, allows for individual Australians to contribute to the aid program through undertaking assignments in a range of developing countries. Volunteers help build capacity in host organisations which are focused on meeting development needs across sectors such as health, education, rural development, and law and justice.	Increased capacity of a range of organisations in developing countries to contribute to development outcomes through the recruitment and placement of 1,000 Australian volunteers in more than 40 countries. During 2012-13, there will be approximately 1,850 Australians supported on volunteer assignments, including new and ongoing volunteers.	
Engaging with Australian business		
The Government will increase its engagement with Australian business, including through regular meetings of an AusAID-chaired Business Engagement Steering Committee, and by hosting a consultative forum with business.	Greater input from business in relevant AusAID policy development and program design. Development of a Private Sector Development Strategy informed by Australian business experience and expertise.	

4. STRATEGIC GOALS

While Australia's aid is planned and delivered at the country, regional or global level, it is guided by five core strategic goals:

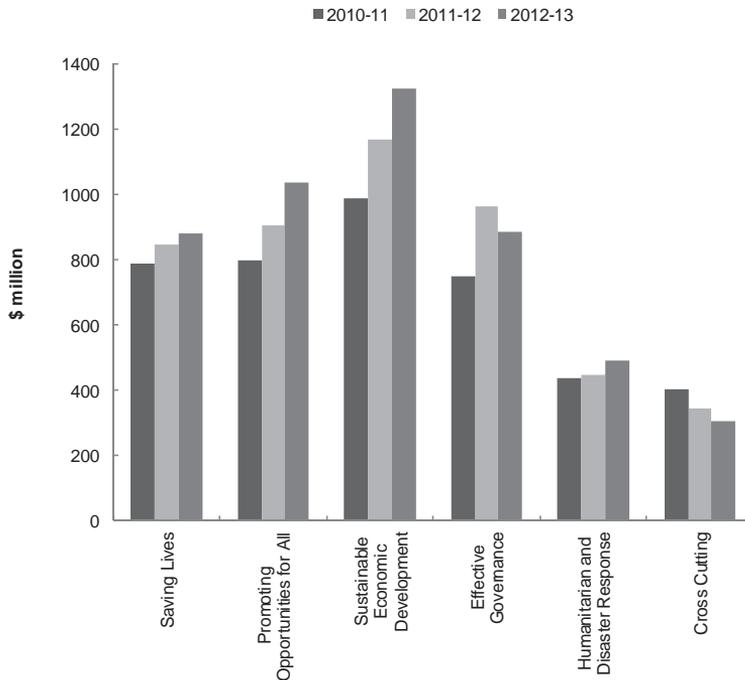
- saving lives: focusing on health, water and sanitation;
- opportunities for all: focusing on education, gender equality and disability-inclusive development;
- investing in sustainable economic growth, food security and private sector development: focusing on food security, infrastructure and climate change adaptation and mitigation;
- supporting security, improving governance and strengthening civil society: focusing on economic reform, law and justice and strengthening civil society; and
- preparing for and responding to humanitarian crises: focusing on emergency response and disaster preparedness.

As outlined in the *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-16*, expenditure towards the five strategic goals will be determined through an assessment of country and regional priorities based on the following four criteria – poverty, national interest, Australia's capacity to make a difference, and current scale and effectiveness.

In 2012-13, Australia will increase funding against all of the strategic goals. Much of this growth will occur in education which is the flagship sector of the aid program and is expected to grow to 25 per cent of all aid expenditure by 2015-16.

In November 2011, the Government also released a number of thematic strategies, which outline the main focus and objectives of the aid program in each of the major sectors, including education, health, sustainable economic growth, governance and humanitarian response. The thematic strategies are based on extensive consultation across government and the non-government organisation (NGO) community and identify how results will be achieved. The strategies can be found on the AusAID website at www.ausaid.gov.au. Additional thematic strategies covering private sector development, social protection, climate change and the environment, and mining for development will be developed and published over time.

Diagram 4: Estimated breakdown of Australian ODA by strategic goal from 2010-11 to 2012-13*



* The sectoral break-down above is presented differently to previous Statements, in order to align with the five core strategic goals set out in the new *An Effective Aid Program for Australia: Making a real difference – Delivering real results*. Changes include: (i) combining the former “climate change & environmental sustainability” and “economic growth” sectors into the strategic goal “sustainable economic development”; (ii) moving “social protection” and “private sector development and trade” expenditure into “sustainable economic development” respectively from the previous “civil society, justice and democracy” and “economic and public sector reform” sectors; (iii) moving “disability” and “empowering women” expenditure from the previous “civil society, justice and democracy” sector into the strategic goal “promoting opportunities for all” where it is combined with “education and scholarships”; (iv) combining the remaining expenditure from the former “civil society, justice and democracy” and “economic and public sector reform” sectors into the strategic goal “effective governance”; and (v) retitling of “health” to “saving lives”, “humanitarian, emergency & refugee aid” to “humanitarian and disaster response” and “multi-sector” to “cross cutting”.

4.1. SAVING LIVES

The Australian Government will invest more in saving the lives of people living in developing countries. We will do this by:

- increasing access to safe water and sanitation;
- providing greater access to quality maternal and child health services;
- supporting large scale disease prevention, vaccination and treatment;
- supporting more medical research; and
- supporting effective multilateral organisations, such as the United Nations Population Fund.

Context

More than 1.5 million children around the world die each year as a result of diarrhoea. The importance of safe water and basic sanitation has been acknowledged through a specific Millennium Development Goal (MDG) target to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. According to a 2011 United Nations report, while the world has met the MDG target for drinking water, almost 783 million people in the world still do not have access to safe drinking water.¹⁵⁹ Access to basic sanitation is even worse, with the world far from meeting the MDG target for sanitation and some 2.5 billion people without access to basic sanitation facilities.

The world's poorest and most vulnerable people bear the greatest burden of disease and ill health. Every year, around 350,000 women die during pregnancy or childbirth and in 2010, 7.6 million children under five years of age died from largely preventable causes (40 per cent in their first month of life). In 2010, 1.8 million people died from HIV-related causes and 655,000 people died from malaria, most of whom were children under five years old. Non-communicable diseases, such as diabetes, cancer and cardiovascular disease, caused an estimated 29 million deaths in low and middle-income countries in 2008. Emerging infectious diseases, such as avian influenza, and potential public health emergencies, such as malaria drug resistance in South East Asia, present new threats.

Key achievements to date

With Australian support, achievements in water and sanitation since 2008 have included:

- in Indonesia, 77,000 households were provided with access to safe piped water and 5,000 households with connections to sewers;
- in Bangladesh, nearly 100,000 poor rural people have access to safe drinking water through the installation of hand tube wells and piped water schemes and nearly 62,500 households have had hygienic latrines installed; and

- in Vietnam, an additional 2.5 million people have been provided with access to hygienic water; 756,000 households with access to latrines; and an additional 5,701 schools, 1,676 clinics, 1,961 commune centres and 785 rural market places provided with water supply and sanitation facilities.

In health, Australia has:

- helped reduce the under-five mortality rate by 67 per cent in East Timor – the biggest reduction in the world between 1990 and 2010;
- since 2009 in Indonesia, helped train more than 5,000 health workers and volunteers and renovated 24 public birthing wards in one of Indonesia’s poorest provinces, East Nusa Tenggara; and
- since 2007 in Burma, contributed to protecting more than 1.9 million people from malaria with insecticide-treated bed nets and residual spraying in their houses.

Australia’s response

Water and Sanitation

On current projections, it is expected that around \$164 million of Australian aid will be spent on water, sanitation and hygiene programs in 2012-13, or 3 per cent of total ODA.

Water, sanitation and health funding from 2012-13 to 2015-16 is estimated to be \$1 billion. This investment will provide access to safe water to 5.8 million people and access to basic sanitation to 4.6 million people across Asia, Africa and the Pacific. It will contribute up to \$9.1 billion to the economic development of these regions based on the World Health Organization estimate that indicates for every dollar invested in water, sanitation and health there is a return of \$9.10 to the economy due to income gained and reductions in health expenditure through less diarrheal and other water-borne illnesses.

This funding will support investments from 2012-13 to 2015-16 including:

- building new household connections to piped water supply systems;
- increasing the number of households with an improved sanitation facility;
- providing schools and other community facilities with water, sanitation and hand washing facilities; and
- running education programs to improve hygiene practices.

Australia will continue to invest in neighbouring countries in East Asia and the Pacific, where there are large gaps in access to clean water and basic sanitation services. We will contribute to an expanding program to support the significant demands for water, sanitation and hygiene in Africa and South Asia, particularly to improve global sanitation by 2015.

Maternal and Child Health, Combating Disease and Other Health Investments

Australia expects to allocate \$1.6 billion between 2010 and 2015 to women's and children's health. On current projections, it is expected that around \$721 million will be spent on health programs in 2012-13 (excluding water, sanitation and hygiene promotion) or 15 per cent of total ODA. Australia's ODA investment in health will contribute to improvements in maternal and child health and reduce the impact of major diseases on poor people, including:

- reduced maternal deaths, through increased access to skilled birth attendants, emergency obstetric care and family planning;
- reduced child deaths, through increased immunisation coverage, improved nutrition and prevention and treatment of common childhood illnesses;
- reduced cases of, and deaths from, communicable and non-communicable diseases, through surveillance and prevention of priority diseases; and
- increased use and improved quality of affordable health services, underpinned by stronger country health systems.

Australia will provide support through multiple channels, with a focus on funding national health systems in Asia and the Pacific. Our bilateral programs will be complemented by support to effective multilateral organisations, such as the GAVI Alliance, which offer financial and technical assistance to developing countries to improve health outcomes. We will continue to support civil society, which has a critical role to play in demanding and delivering quality services.

Case Study: Supporting health services in East Timor

Australia helps the East Timor Ministry of Health deliver community health outreach programs in isolated, rural areas. We support 475 monthly mobile health clinics to travel to 442 villages each month to provide pre and post-natal care for women and babies, immunisation for children, family planning support, treatment and prevention of common diseases and infections, and information on nutrition and hygiene. This is contributing to better community nutrition and higher child immunisation rates. With Australia's support, the child mortality rate reduced by around two-thirds between 1990 and 2010. This was the world's largest percentage decline. Our support has also included training Timorese nurses and midwives, providing overseas scholarships in medicine and health administration, procuring medical equipment, supporting a national health survey and improving the quality of government expenditure.

4.2. PROMOTING OPPORTUNITIES FOR ALL

The Australian Government will promote opportunities for all in developing countries, including those most marginalised, to escape poverty and provide them with the skills needed to lead productive lives by:

- giving more children access to school for a longer and better education;
- empowering women to participate in the economy, leadership and education; and
- enhancing the lives of people with disabilities, promoting their dignity and wellbeing.

Context

Globally, progress has been made in primary education since 2000, but the Millennium Development Goal of achieving a full course of primary education for all is highly unlikely to be met by 2015. Around the world, at least 67 million children, including 35 million girls, remain out of school. Of these, around 27 million children are in Asia and 560,000 in the Pacific. On current trends, there could be as many as 72 million children out of school in 2015.

The quality of education in developing countries is also a major concern. Around 200 million children in primary school learn so little that they struggle to read basic words. The quality of tertiary education is fundamentally important for development. Poor quality frustrates the role that technical and vocational education and training and higher education should play in driving development and economic growth. Postgraduate tertiary education is generally weak in developing countries as is research capacity. Australian scholarships provide people from developing countries with the skills necessary to help find solutions to challenges around poverty, climate change, governance, health and education.

Equality between men and women supports economic growth and helps reduce poverty. When girls are educated it lowers fertility rates, reduces maternal mortality and improves the health of their children. When both women and men have access to economic opportunities it helps their families prosper and the national economy to grow. While there has been global progress toward gender equality, more work needs to be done. Women and girls comprise the majority of the world's poor. Around 70 per cent of people living on less than \$1 a day are women. Women make up just 19 per cent of parliamentarians worldwide. Some 350,000 women die every year while pregnant or giving birth – almost 1,000 every day. One in three women experience physical or sexual violence in their lifetime.

New research in the 2011 *WHO-World Bank World Report on Disability* shows that more than one billion people, or 15 per cent of the world's population, are living with a disability. People with disability are the world's largest and most disadvantaged minority. In education, this results in up to 98 per cent of children with disabilities in developing countries being excluded from school, educational and vocational opportunities. The Convention on the Rights of Persons with Disabilities provides the

guiding framework for our work on disability and development. Disability is a development issue and because of its strong link to poverty, people with disability in developing countries are more likely to have poorer health, lower education levels and fewer opportunities for economic participation.

Key achievements to date

Australia's development assistance for education, gender equality and disability-inclusive development is having an impact and has achieved results. For example:

- in Afghanistan, Australian support contributed to an increase in school enrolments from around one million in 2001 to more than seven million in 2011, including 2.5 million girls;
- in Papua New Guinea (PNG), Australia helped build 506 new classrooms and 430 other school buildings in 2010, and distributed more than 1.5 million textbooks to over 3,600 schools in 2011;
- in Indonesia, from 2006 to 2011, Australia helped construct or extend almost 2,100 junior secondary schools creating around 330,000 new school places for children from the poorest families;
- in PNG, Australia helped boost the number of women village court magistrates from 10 in 2004, to over 700 at the end of 2011, through increased recruitment and training;
- in Bangladesh, Australian assistance provided a comprehensive support package to 83,000 extremely poor women to develop sustainable income generating enterprises in 2010-11; and
- in Vanuatu, Australia supported the Vanuatu Women's Centre, which provides services to address violence against women in four of the six provinces. More than 3,200 clients received counselling and support services in 2011.

Australia's response

Basic Education and Scholarships

Education is the flagship sector of Australia's aid program. Education is a great enabler and the foundation for economic and social development. It enables communities to make decisions about their futures and contributes to good governance and sustainable development. There is a clear link between education and economic growth; both the quantity and quality of average education attainment across a population positively correlate with the economic growth of the country. People with low skills face increased risk of unemployment and skills deficits can be tracked back to education systems.

On current projections, it is expected that around \$1.04 billion or 21 per cent of total ODA will be spent on promoting opportunities for all in 2012-13. Of this, \$630 million

will be spent on education, or 13 per cent of total ODA. Australia expects to be one of the largest bilateral donors in the education sector by 2015.

Bilaterally, Australia's education assistance focuses on the Pacific and Asia with major education programs in Indonesia, PNG, the Philippines, Pacific island countries, Laos and Bangladesh. Australia will work with multilateral organisations (for example, the World Bank and UNICEF) and non-government organisations that operate in areas that are consistent with Australian priorities, are effective and deliver value for money. Supporting the Global Partnership for Education (GPE) is a strategic priority for Australia's aid program, helping to get children into school in 46 low income countries (27 in sub-Saharan Africa and 11 in Asia and the Pacific). At the replenishment conference in November 2011, Australia pledged \$270 million over four years, the second largest pledge for that period, making Australia the fourth largest overall donor to GPE, after the United Kingdom, Netherlands and Spain.

Australia will build on these achievements over the next four years to 2015-16 and continue to contribute to increasing the number of children in school, keeping them there for longer, and helping them to learn more while they are there by:

- addressing the financial and social barriers to girls' education, including in Afghanistan;
- supporting school construction in disadvantaged areas in Indonesia, PNG, Nepal, the Philippines and Afghanistan;
- assisting governments in Indonesia, PNG and the Pacific to target extremely poor families with cash transfers and fee relief to support getting children into school;
- working with the World Food Programme to support school feeding, which encourages attendance and is crucial for poor children to improve cognition;
- helping countries to improve the quality of their education provision by providing textbooks, materials and equipment grants to schools, and improving teacher and principal quality through pre-service training and in-service professional development in Afghanistan, Bangladesh, East Timor, Indonesia, Laos, Pakistan, PNG and the Philippines;
- continuing to work with governments in areas such as education policy, planning and budgeting in order to improve education access and quality; and
- strengthening the pathway between education and employment in the Pacific.

On current projections, we expect to spend around \$350 million on scholarship programs in 2012-13, or 7 per cent of total ODA. Scholarships will increase from 2,082 long and short-term awards offered in 2010 to more than 4,000 long and short-term awards offered annually by 2014. By 2014, we expect that there will be around 6,000 scholars studying in Australia on long and short-term scholarships at any one time.

Gender Equality

The Australian Government has identified gender equality as the key cross-cutting theme of Australia's aid program because it is central to economic and human development, and to supporting women's rights. In 2012-13, our focus will be in countries with the most severe gender gaps and constraints, mostly in Asia and the Pacific. Australia will support global efforts, including assisting UN Women to meet its international commitments on gender equality. Australia's investment will:

- reduce maternal deaths through increased access to skilled birth attendants, emergency obstetric care and family planning;
- increase the number of girls and boys enrolled in school;
- increase the number of women participating on community management committees;
- increase the number of women survivors of violence receiving support services such as counselling; and
- increase the number of vulnerable women, men, girls and boys provided with life-saving assistance in conflict and crisis situations.

Disability-Inclusive Development

Australia's disability strategy for the aid program, *Development for All*, promotes a change in the way Australian aid is designed and delivered. It emphasises that people with disability hold the same rights as others and sets out practical approaches to ensure people with disability are included in and contribute to decision-making processes, and that the benefits of development extend to all. AusAID supports disability-inclusive development through targeted programs and by mainstreaming disability across the aid program.

Two years into implementing the strategy, there are strong signs our approach is working. Australia was one of the main donors to the first *WHO-World Bank World Report on Disability (2011)*. Australia is also contributing \$4 million over four years to the International Committee of the Red Cross Special Fund for the Disabled, which provides rehabilitation services in low-income countries and emergency assistance and protection to those affected by conflict and complex emergencies. During the first half of 2011, the Fund contributed to the rehabilitation of 5,000 people worldwide, fitted over 7,000 prostheses and provided almost 4,000 crutches or wheelchairs. Australia is supporting the Pacific Islands Forum Secretariat's efforts to align national policies and programs with the Pacific Regional Strategy on Disability. The Strategy, which covers the period from 2010-15, supports the Pacific Island Forum member countries to protect and promote the rights of persons with disability.

Case Study: Helping disadvantaged children gain an education in Sri Lanka

Australia's Basic Education Support Program was launched in Sri Lanka in 2009 with the aim of helping some of Sri Lanka's most vulnerable and marginalised children obtain a basic education. In partnership with the Sri Lankan Ministry of Education and UNICEF, Australia invested \$7.5 million in the program, with the aim of achieving universal completion of primary education and improved learning achievement by building a child-friendly learning environment. The program has delivered increased access to quality basic education for almost 300,000 disadvantaged children, reintegrated approximately 2,350 children who had previously dropped out, and provided training for more than 24,000 primary teachers.

The unifying concept for the program is 'Child Friendly Schools'. It seeks to build the capacity of teachers, principals, and communities to promote holistic school development including quality learning; a healthy, protective and safe environment for children; and the capacity of the education system to support the development of such schools. The program was designed to reach vulnerable and marginalised children in 11 districts across Sri Lanka, including those with disabilities, expanding eventually to a maximum of 1,300 schools. By the end of 2011, 1,232 schools had been reached, with all project schools demonstrating improvements in access and quality of education. From 2012, Australia will implement a new nation-wide education project in Sri Lanka in partnership with the World Bank and the Sri Lankan Government. It will continue to improve access to education, both primary and secondary, but importantly, will be striving for greater improvement in education quality.

4.3. SUSTAINABLE ECONOMIC DEVELOPMENT

The Australian Government promotes sustainable economic development in developing countries by:

- improving food security;
- improving incomes, employment and enterprise opportunities;
- promoting private sector-led growth; and
- reducing the negative impacts of climate change and other environmental factors.

Context

Sustainable economic development is about supporting long-term economic growth that benefits the poor, effectively manages natural resources and social capital and attracts private investment. Increased employment and higher household incomes will benefit poor people and increase government revenue, which can then be invested in public services such as schools, roads and hospitals. The United Nations estimates that nearly 1 billion people go hungry every day, with two-thirds living in the Asia-Pacific region. In sub-Saharan Africa almost one in three people suffers from hunger. Rising global food prices in 2008 pushed more than 130 million people back into poverty as the price of staple foods rose by between 50 and 200 per cent. The Millennium Development Goal target to halve the proportion of people suffering from hunger – from 20 per cent in 1990 to 10 per cent by 2015 – remains off-track. Recent natural disasters, such as floods in Pakistan and Thailand and drought in Laos, have reduced agricultural production and food security in Asia as well as global stocks and prices.

Investment in economic infrastructure within developing countries remains low even though roughly 1.4 billion poor people do not have access to electricity and one billion rural dwellers worldwide are estimated to have no access to any roads within 2 kilometres of their homes. Estimates indicate that infrastructure investment needs in developing countries could be in the order of US\$1.2 trillion to US\$1.5 trillion in 2013. Infrastructure development contributes to poverty reduction by spurring economic growth, stimulating enterprise opportunities, generating employment and providing poor people with access to basic needs. Poor people also benefit indirectly from the contribution that infrastructure makes to economic growth through reliable electricity and water supply, better roads, railways and ports, modern telecommunications and improved urban planning.

An increasingly important source of government revenue, capital and infrastructure investment in developing countries is the mining and extractives sector. Between 2000 and 2008, ODA flows to sub-Saharan Africa increased from \$12 billion to \$36 billion per year. In contrast the value of natural resource rents rose from \$39 billion to \$240 billion. However, converting investment and revenue from mining into sustainable development is a challenge and the role of government is critical in making the most of this opportunity. Well targeted public investments can create sustainable

foundations for long-term growth and development. Spending revenues wisely can create an enabling environment that attracts private investment and creates the conditions for a diversified economy with strong governing institutions.

Rapid economic development is placing pressure on the natural resources upon which many of the world's poor depend. At the same time, oceans, forests and fresh water are being increasingly impacted by climate change. Hundreds of millions of people in the developing world rely on these resources for their livelihoods, which face further pressure from urbanisation, changed land use patterns, increased pollution and population growth.

Key achievements to date

Program achievements over the last decade have included:

- in East Timor, the Seeds of Life Program has given 25,000 farming families access to new plant varieties that increase yields by between 23 and 80 per cent, resulting in increased food supply for an estimated 150,000 people;
- in Cambodia, Australian support to extend mobile banking services to rural Cambodians has saved users an estimated US\$16.8 million each year, while providing employment opportunities and improving the financial literacy of hundreds of thousands of Cambodians;
- in Bangladesh, Australia has supported a soft loans and asset transfer program since 2007, which has lifted 125,000 female-headed households out of extreme poverty and benefited 566,000 people in total;
- since 2009, Australia constructed or upgraded 5,400 kilometres of roads across the Asia-Pacific region to improve access of people, especially in poor rural areas, to markets and services; and
- in 2009 and 2010, Australia in partnership with the Government of Vietnam, World Bank and other donors funded economic infrastructure (roads, electricity and water) benefiting an estimated 8.7 million people belonging to Vietnam's ethnic minorities.

Australia's response

Food Security, Rural Development and Social Protection

On current projections, around \$455 million, or 8 per cent of total ODA, will be spent on agriculture and food security activities in 2012-13. This funding will support:

- increased agricultural productivity, through agricultural research and development. AusAID works with the Australian Centre for International Agricultural Research (ACIAR) which is managing the new \$36 million Australian International Food Security Centre¹⁶⁰ between 2011-12 and 2014-15;

- improved rural livelihoods, by strengthening market systems in developing countries and increasing incomes and employment to reduce risks for the rural poor; and
- building community resilience, by supporting the establishment and improvement of social protection programs that reduce the vulnerability of the poor to shocks and stresses. Over the next four years, Australia will implement major social protection programs in Indonesia, Bangladesh, Kenya and Cambodia, which will enable at least 4 million poor women and men to access social transfers, such as cash or in-kind transfers, including food.

Australia actively engages in global efforts to address food insecurity. This includes contributions to the L'Aquila Food Security Initiative, which will provide \$20 billion over three years for agricultural development in impoverished countries. We also contribute to the Global Agriculture and Food Security Program (GAFSP), a multi-donor trust fund managed by the World Bank which provides grants to low-income countries to boost agricultural productivity, help poor rural people increase their incomes and improve long-term food security and nutrition.

Transport, Energy and Communications

The aid program expects to spend around \$374 million on transport, communication and energy infrastructure activities in 2012-13, or 8 per cent of total ODA. This will include:

- delivering sustainable transport infrastructure that acts as a catalyst for innovation and improves transport networks, connectivity across countries and regions and transport planning for rural and urban areas;
- creating reliable energy services and information and communication technologies to extend services to the poor; and
- investing in urban development and planning to address the challenges of rapid urbanisation, so urban areas remain sustainable economic centres and poor people living in those areas have access to services.

Australia is working closely with the Asian Development Bank, the Government of Vietnam and the Republic of Korea to build major transport infrastructure in the Mekong Delta. The Cao Lanh Bridge will be a critical component of a transport and trade network connecting Ho Chi Minh City through the Mekong Delta and southern Cambodia to Thailand. The project will directly benefit 5 million people in the Delta and is expected to deliver improved transport facilities to 170,000 daily road users.

In 2012-13, Australia will also continue contributing to the Energy Sector Management Assistance Program. This multi-donor trust fund helps low and middle-income countries to develop policies, strategies and institutions necessary for sustainable solutions to energy challenges. In the Philippines, the program supported the government's development of a policy framework to develop diversified renewable

energy sources. As a result, the country plans to double its renewable energy capacity within 20 years.

Mining for Development

In October 2011, the Prime Minister launched the Australian Government's \$127 million Mining for Development Initiative (2011-15). Through this initiative, Australia is assisting resource-rich developing countries in Africa, Asia, the Pacific and Latin America to maximise the benefits of their resource endowment in a socially and environmentally sustainable way. The centrepiece of the Initiative is the International Mining for Development Centre, hosted by the University of Western Australia in partnership with the University of Queensland. In 2012-13, approximately \$7 million will be spent by the Centre delivering practical advisory, education and training services to resource-rich developing countries. This will build the capacity of approximately 600 people from developing countries in sustainable mining topics.

Other components of the Initiative which will benefit developing countries across the Asia-Pacific (including Afghanistan), Africa and Latin America include:

- support to the Extractive Industries Transparency Initiative (EITI) to assist developing countries to improve the transparency of their extractive sectors. From 2012-13 through to 2014-15, Australia will provide around \$10 million in support to the EITI which will help the Initiative to increase the number of compliant countries from the current 11 to a target of 22 in 2012-13;
- the implementation in 2012-13 of a \$24 million Extractive Industries Sustainable Economic Development program from 2012 to 2015, to support partnerships between civil society, industry and governments;
- from 2012-13 through to 2014-15 Australia will spend up to \$30 million in scholarships in mining and extractives related topics. This will provide up to 200 undergraduate and postgraduate places; and
- partnerships with the World Bank and International Monetary Fund (IMF). AusAID has already financed the IMF Topical Trust Fund on Managing Natural Resource Wealth (\$5 million) to 2015 to support the development of extractive industry macroeconomic policy frameworks. Between 2011-12 and 2012-13 AusAID will also contribute \$4.8 million to the World Bank Extractive Industries Technical Advisory Facility to support developing countries negotiate with extractives companies, and structure project agreements and related policies more sustainably, thereby reducing the risk of costly or politically difficult remediation.

Climate Change and Environment

On current projections, in 2012-13, around \$246 million, or 5 per cent of total ODA is expected to be spent on climate change and environmental activities. Australia will help vulnerable countries, particularly least developed countries and small island developing states, to adapt to the impacts of climate change. The aid program will also build on work to reduce emissions from deforestation, pilot low emission development pathways and engage in key international development and environment forums.

Programs that address environmental issues such as loss of biological diversity, land degradation and the ecological health of international waters will remain a priority for multilateral support.

In 2012-13, Australia's aid program will support:

- the Global Environment Facility and participate in the United Nations Conference on Sustainable Development (Rio+20) to develop a global roadmap for sustainable development;
- adaptation, including building the ability of partners in the Pacific, South and South East Asia, Africa and the Caribbean to respond to climate change through the International Climate Change Adaptation Initiative (\$99 million in 2012-13). Activities will be targeted at making weather-resilient improvements to infrastructure, improving food security and the availability of fresh water, and protecting coastlines and coastal ecosystems. For example, in partnership with Germany, Australia will assist Vietnam manage and protect its coastal ecosystems such as mangroves in the Mekong Delta;
- action to Reduce Emissions from Deforestation and Forest Degradation in developing countries (REDD+). This includes one of the most advanced large-scale REDD+ demonstration activities in Central Kalimantan, Indonesia where Australia and Indonesia are aligning emissions reductions and sustainable development objectives; and
- low-emissions development by piloting technology and regulatory reforms in developing countries to minimise greenhouse gas emissions as their economies grow. For example, demonstrating the economic viability of renewable energy development in low-income countries through the Scaling-Up Renewable Energy in Low Income Countries program.

4.4. EFFECTIVE GOVERNANCE

The Australian Government will improve governance in developing countries to deliver better services, improve security, and enhance justice and human rights for the poor.

Context

Governance is about people, institutions and financing development – how people, through institutions, decide to obtain, produce, use and distribute resources. Supporting good governance continues to be a priority for the Australian aid program. It is central for development and achievement of the Millennium Development Goals (MDGs), and the way that developing countries manage their resources will be critical to their long-term viability. Social stability, the rule of law, the quality of government and engaged civil society all contribute to an environment where jobs can be created, services delivered to poor people and human rights can be protected and advanced. Effective governance includes a focus on reducing corruption and, through this, enhancing legitimacy of public institutions and building more equitable growth.

Good governance supports the achievement of all the other strategic goals in Australia's aid program. It helps make development stronger by improving overall effectiveness of aid delivery through partnerships between host governments and aid agencies. Human rights go hand in hand with good governance – this means addressing the rights of people with disabilities, the rights of women and children and the rights of poor, marginalised and disempowered people to engage with processes and decisions that impact their lives. The World Bank's 2011 World Development Report highlighted the importance of governance to breaking the cycle of poverty and violence experienced by the world's poorest countries.

Key achievements to date

Key achievements in recent years include:

- in Solomon Islands through RAMSI, Australia supported stabilisation and governance reforms, resulting in a reduction of government net debt as a share of GDP from 64.5 per cent in 2003 to 16 per cent in 2010;
- in Papua New Guinea (PNG) we have supported a continuing increase in the number of female village magistrates. New female village court magistrates have increased from 10 in 2004, to over 700 at the end of 2011. An additional 200 female magistrates are currently being trained, which will lead to better access to justice for women at the village level. Also in PNG, Australia supports three new police family and sexual violence units, which provided specialised services to an estimated 1,050 victims in 2010; and
- in Indonesia, we have helped to improve the transparency of court decisions. There are now more than 20,000 Supreme Court decisions online – before 2008 there were none. This allows a much larger number of people to access information on the court system, and holds the courts accountable for decisions.

Australia's response

On current projections, the Australian aid program expects to spend around \$886 million on effective governance in 2012-13, or around 18 per cent of total ODA. We will invest in governance at global, regional and country levels, supporting strategic global partnerships and priorities based on regional and country strategy processes. Consistent with government commitments, the Asia-Pacific region will continue to be an important region for our assistance.

Economic and Public Sector Reform

On current projections, in 2012-13, around \$396 million, or 8 per cent of total ODA, is expected to be spent on economic and public sector reform activities. Australia will support public sector reform at global, regional, national and local levels. Australia will support developing country governments in their efforts to collect, allocate and spend public revenue efficiently and effectively. This has direct implications for economic growth, the delivery of services such as education and health and the achievement of the MDGs. Examples of aid program funding for economic and public sector reform in 2012-13 are as follows:

- the \$30 million Philippines-Australia Public Financial Management (PFM) Program (2011-16), which supports the Philippine Government's efforts to modernise its public financial management system. It prioritises practical budgeting and expenditure management reforms and is helping those responsible for managing public funds to do their jobs efficiently, effectively, and in an accountable way so that Filipinos benefit from improved delivery of goods and services;
- in Vanuatu, we are helping to build a policy framework that supports broad-based economic growth, improved public financial management and strengthened governance of state-owned enterprises; and
- in Indonesia, we will support financial management systems in the education, health and infrastructure sectors, both nationally and sub-nationally.

Law and Justice

In 2012-13, around \$314 million, or 6 per cent of total ODA, is expected to be spent on law and justice activities. There will be a continued focus on strengthening law and justice, including anti-corruption. This is a prerequisite for development and central to our national interests. Priorities for assistance include ending violence against women, children and marginalised people, providing basic security and stability and working with criminal justice systems. Law and justice support will be delivered in PNG, Solomon Islands, East Timor, Indonesia, Cambodia, Vanuatu and Samoa. For example, Australia's assistance helps improve the lives of Indonesian women who now have better access to justice through mobile courtrooms. These courts travel to remote areas and help women who cannot afford to travel to court to get marriage and birth certificates, enabling them to enrol their children in school.

Leadership, Civil Society and Democracy

In 2012-13, around \$176 million, or 4 per cent of total ODA, is expected to be spent on leadership, civil society and democracy activities. Australia supports citizens and a

robust civil society to participate actively in local and national decision-making without fear of injury or discrimination, and to have confidence in their democratic institutions. We will continue this work at a global level, including through our year in 2012 as Chair of the International Institute for Democracy and Electoral Assistance and through our ongoing support to the United Nations Democracy Fund (UNDEF). Our global efforts support work undertaken at the country level, such as increasing knowledge of elections by funding civic awareness activities of the PNG Electoral Commission and civil society organisations. The PNG Electoral Support Program includes a public service twinning arrangement between the PNG Electoral Commission and the Australian Electoral Commission (AEC).

Australia will continue to support civil society organisations as they work to increase the voice of people at all levels of decision making. Our support to the Thailand-Burma Border Consortium (an alliance of 11 non-government organisations) will assist programs for child care and other care functions and provide women with access to justice and support services.

We will provide ongoing support through the Human Rights Fund for a range of partners including the Asia Pacific Forum of National Human Rights Institutions, the United States State Department Lifeline Embattled NGO Fund, and the United Nations Office of the High Commissioner for Human Rights. These programs address the rights of people with disabilities, the rights of women and children, and the rights of poor, marginalised and disempowered people in developing countries.

Case Study: Performance-linked aid

“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. Performance-linked aid (PLA) activities are being used to incentivise reform through the Partnerships for Development throughout the Pacific, including in Papua New Guinea, Solomon Islands, Samoa, Tonga and Kiribati.

Over 2011-12, Australia will provide \$30 million of PLA in support of the PNG Government’s reforms to the procurement and distribution of medical supplies. This support will ensure almost 3,000 health facilities have adequate medical supplies. The PLA was triggered when the PNG Government cancelled compromised tenders for these high-value medical supply kits in 2010-11. Australia’s support was at the request of the Government of PNG and provides them with critical time to develop a more sustainable approach to medical supply reform.

Australia’s support for further reform of the medical supply system is conditional on the PNG Government meeting its commitments. These include maintaining adequate funding for the annual medical supplies budget, approving a multi-year procurement plan, committing to procure 100 per cent of medical supply kits from international, quality-assured organisations and putting in place the necessary steps to have an independent health procurement authority operational by 2015-16. If PNG meets these commitments, Australia will continue to support the direct distribution of medical supply kits, upgrade regional medical warehouses, support a new inventory system, provide technical support to establishing an independent health procurement authority, and in future provide direct financing to this authority once it is fully operational.

4.5. HUMANITARIAN AND DISASTER RESPONSE

The Australian Government has committed to more effective preparedness and responses to disasters and crises.

Context

Natural disasters are increasing in frequency, scale and impact. In 2011, over 300 natural disasters claimed 29,782 lives worldwide, affected more than 206 million people and caused a record \$370 billion in economic damages.¹⁶¹ Over the last three decades, the Asia-Pacific region has accounted for 85 per cent of the world's deaths and 38 per cent of global economic losses due to natural disasters.¹⁶² Demand for humanitarian assistance is anticipated to grow with population growth, especially in zones of high vulnerability and more frequent extreme weather events associated with climate change. These events will impact disproportionately on poor people who live in vulnerable areas and are the worst equipped to deal with disasters.

In addition, more than 1.5 billion people live in fragile and conflict-affected countries where governments have limited capacity to provide basic services and security to their citizens. In these settings, children, and girls in particular, are often the most severely affected by disasters and conflict. Poverty rates are 20 per cent higher in countries affected by violence, economic performance is weak, and there are high rates of criminal violence. By the end of 2010 there were 43.7 million forcibly displaced people worldwide, the highest number in 15 years.¹⁶³

Key achievements to date

Australia's recent achievements across the humanitarian program include:

- providing food relief to over 9 million drought victims in the Horn of Africa in 2011, through the World Food Programme;
- deploying 55 Australian humanitarian experts in support of more than 40 United Nations humanitarian operations in 23 countries in 2011 through the organisation RedR Australia;
- delivering emergency rations to more than 920,000 people in Sudan through the International Committee of the Red Cross;
- supporting local earthquake-resistant building designs to rebuild health facilities servicing more than 260,000 people to earthquake resistant standards in Padang, Indonesia since the 2009 earthquake; and
- enabling more than 35,000 internally displaced people to return home and resume their livelihoods in northern Sri Lanka through landmine clearance.

Australia's response

Australia will increase its focus on humanitarian assistance and disaster risk reduction and relief. Australia's humanitarian programs deliver on two of the strategic goals of the aid program – Saving Lives and Humanitarian and Disaster Response. Programs under these goals save lives, alleviate suffering, and maintain human dignity during and in the aftermath of humanitarian crises. The aid program also builds resilience and strengthens preparedness, including in fragile states.

The Australian aid program expects to spend around \$493 million on humanitarian assistance in 2012-13, or 10 per cent of total ODA. This includes the AusAID global humanitarian program (at Section 3.2), humanitarian capacity building and disaster risk reduction assistance provided through country programs such as the Australia-Indonesia Facility for Disaster Risk Reduction, and the humanitarian programs of other agencies such as the Department of Immigration and Citizenship's assistance to refugees.

We will also strengthen the international system's capacity to anticipate and respond to crises by increasing support to agencies such as the United Nations Office for the Coordination of Humanitarian Affairs, World Food Programme, United Nations High Commissioner for Refugees, International Committee of the Red Cross and United Nations peacebuilding agencies. We will also expand our engagement with Australian and selected international non-government organisations. In supporting these agencies, we will take a more prominent leadership role in disaster risk reduction, mine action, humanitarian protection and civil-military cooperation.

AusAID leads and coordinates Australia's response to humanitarian crises and disasters in developing countries, by contributing funds to trusted partners such as the World Food Programme and the International Committee of the Red Cross, deploying experts, and providing appropriate and cost-effective relief supplies. To ensure that Australia can respond quickly and effectively, AusAID has expanded its partnerships with other Australian government agencies such as the Department of Foreign Affairs and Trade and the Department of Defence, and state-based emergency response specialists such as the New South Wales and Queensland emergency services. In October 2011, for example, AusAID and the Australian Defence Force collaborated with the New Zealand Government to support the procurement and transport of desalination plants to Tuvalu, in response to urgent drought relief needs.

5. OTHER GOVERNMENT DEPARTMENTS

5.1. SUMMARY OF AID PROGRAMS DELIVERED BY OGDs

Table 3: Aid delivered by Australian government agencies other than AusAID

Department / Agency	Estimated		Budget
	Actuals (\$m)	Outcome (\$m)	Estimate (\$m)
	2010-11	2011-12	2012-13
Australian Federal Police	194.6	203.8	175.5
Australian Centre for International Agricultural Research (ACIAR)	69.4	88.7	100.0
Immigration and Citizenship	46.8	66.6	51.4
Foreign Affairs and Trade	33.9	33.7	50.4
Industry, Innovation, Science, Research and Tertiary Education	5.2	23.0	35.4
Treasury	19.3	27.4	26.3
Health and Ageing	19.1	17.4	17.3
Defence	22.2	19.7	11.7
Agriculture, Fisheries and Forestry	8.5	9.1	10.9
Attorney-General's	5.4	7.1	7.3
Education, Employment and Workplace Relations	35.0	20.1	6.1
Infrastructure and Transport	4.3	4.5	4.7
Australian Customs and Border Protection Service	6.1	5.1	1.0
Broadband, Communications and the Digital Economy	1.4	1.5	1.5
Finance and Deregulation	1.1	1.1	1.2
Regional Australia, Local Government, Arts and Sport	-	1.0	1.1
Sustainability, Environment, Water, Population and Communities	4.6	1.1	0.8
Climate Change and Energy Efficiency	1.1	1.0	0.1
Resources, Energy and Tourism	0.0	-	-
Prime Minister and Cabinet	1.1	0.1	-
States and Territories	2.6	3.7	3.1
Total	481.5	535.8	505.9

Note: This list is based on the most recent machinery of government changes, as outlined in the Administrative Arrangements Order of 9 February 2012.

Other Government Departments (OGDs) – that is, Commonwealth, State and Territory government departments and agencies excluding AusAID – play an important role in the delivery of Australia’s aid program. Australia’s whole-of-government approach to aid delivery has been praised by the Organisation for Economic Cooperation and Development (OECD) and its strength has been forged through a decade of cooperative work in East Timor, Solomon Islands, Papua New Guinea (PNG), in the aftermath of the Indian Ocean tsunami, and more recently in Afghanistan and Pakistan.

The Annual Review of Aid Effectiveness (see Section 6.2), which will be prepared by AusAID, will encompass a review of the performance of all federal agencies that deliver ODA. Oversight will be provided by the Development Effectiveness Steering Committee (DESC), which is a cross-agency committee that advises the Australian Government on major aid policy and aid budget priorities and concerns. The DESC is chaired by AusAID’s Director General. The DESC will oversee work across all government agencies that deliver aid by developing and applying consistent approaches to planning, delivery, monitoring and evaluation.

Table 3 above shows ODA-eligible expenditure by OGDs in 2012-13, from monies appropriated directly to those departments and agencies. The Australian Federal Police (with support from the Attorney-General's Department) accounts for close to 35 per cent of the aid expenditure of other agencies, with large overseas programs in the Pacific, East Timor and Afghanistan. The Australian Centre for International Agricultural Research (ACIAR) and the Departments of Immigration and Citizenship and Defence also manage large aid programs which support food security and refugee protection.

OGDs will undertake the following types of ODA-eligible activities in 2012-13.

Australian Federal Police (AFP)

AFP programs in 2012-13 will continue to build and consolidate previous work conducted in Asia and the Pacific. Key priorities will include support to coalition efforts in Afghanistan, to develop the Afghan National Police and support Afghan rule of law. In partnership with the Attorney-General's Department, AFP has entered the second program phase of consolidation and development of the Pacific Police Development Program, which will support law enforcement and rule of law programs, with a particular focus on PNG, Nauru, Vanuatu, Samoa and Tonga. AFP support will also be extended to the United Nations Integrated Mission in Timor-Leste (UNMIT) until December 2012.

Department of Immigration and Citizenship (DIAC)

DIAC will continue to help other partner countries improve their capacity to prevent people smuggling through training, knowledge sharing, technical cooperation, and strengthening border management. A major activity will be the management and care of irregular migrants in Indonesia. Additional funding in 2012-13 will also be provided to cater for 700,000 displaced Afghans returning from Iran over the next two years. DIAC will continue building the capacity of developing countries to manage migration in the Middle East, South East Asia and the Pacific. Through the Bali Process and Association of Southeast Asian Nations (ASEAN), DIAC plays a strategic role in supporting cooperative regional initiatives to address people smuggling, people trafficking, transnational crime and border management through technical workshops, training and exchanges. DIAC also makes a number of significant contributions to strengthen international protection, refugee issues and managed migration through partnerships with the United Nations High Commissioner for Refugees and the International Organization for Migration.

Department of Foreign Affairs and Trade (DFAT)

DFAT will continue to manage Australia's assessed contributions to the United Nations in 2012-13, including for United Nations peacekeeping operations. DFAT will also continue to manage a number of ODA-eligible country and regional activities in Asia, the Pacific and the Middle East. For example, in Indonesia, DFAT funds programs to promote tolerance and respect for human rights, as well as teacher training programs at six State Islamic universities. DFAT also plays a lead role in the Regional Assistance Mission to Solomon Islands (RAMSI). With funding from AusAID since the 1980s, DFAT manages the Direct Aid Program small grants to community

groups and non-government organisations for projects that promote development at the community level.

The Treasury

In 2012-13, the Treasury's ODA expenditure will include payments of previously agreed capital increases to the International Bank for Reconstruction and Development of the World Bank Group, and the Asian Development Bank, to fund a range of development activities in ODA-eligible countries. Treasury will continue to provide deployees under RAMSI and the Strongim Gavman Program in PNG. This will continue to develop capacity in the PNG and Solomon Islands economic and finance ministries to promote sustainable economic development.

Department of Defence

Defence's ODA-eligible expenditure predominantly relates to the Defence Cooperation Program (DCP) and activities conducted by the Provincial Reconstruction Team (PRT), deployed to Afghanistan under Operation Slipper. The DCP provides institution-building assistance to enhance the national security capabilities of other nations. It includes work with the AFP to build the policing capacities of our regional neighbours, work to remove unexploded remnants of war (which in the past has included work in Solomon Islands, PNG, Vanuatu and Malaysia), and a select range of infrastructure development projects in Vanuatu, Kiribati, and Tuvalu. The Afghanistan PRT is a team of civilian and military personnel working together to facilitate the delivery of stability, governance and development activities at the provincial and district level. Examples of their ongoing work includes a Trade Training School offering a variety of trade courses for local Afghans, and a variety of reconstruction projects, aimed at enhancing health, education and other vital infrastructure.

Department of Agriculture, Fisheries and Forestry (DAFF)

DAFF's ODA activities span across countries in Asia, the Pacific and Latin America. DAFF also manages Australia's annual membership contribution to the UN's Food and Agriculture Organization, to support its work in international trade, international policy forums, and collection and dissemination of global data and information on food, agriculture and rural development. In 2012-13, DAFF will support a number of developing countries to achieve animal welfare standards set by the World Organisation for Animal Health. ODA is also provided through the International Agriculture Cooperation program, which facilitates improvements in bilateral market access, trade and improved biosecurity for Australia's agriculture, fisheries, forestry and processed food industries.

Attorney-General's Department

In 2012-13, the Attorney-General's Department will support countries in Asia and the Pacific. Key priorities include strengthening domestic crime and policing laws, responding to requests for assistance arising under the recently established United Nations Convention Against Corruption Implementation Review Mechanism, the United Nations Convention Against Transnational Organised Crime and the Financial Action Task Force recommendations to combat money laundering. The Attorney-General's Department provides assistance in partnership with the Australian Federal Police and the Australian Transaction Reports and Analysis Centre. The rule of law aid work of the Attorney-General's portfolio supports the development of effective governance.

Department of Education, Employment and Workplace Relations (DEEWR)

DEEWR administers the Australian Government's annual contributions to the International Labour Organization (ILO). Australia is a founding member of the ILO and maintains a strong relationship with the organisation. Australia is currently Chair of the ILO's governing body for 2011-12. Additional funding is provided through the *Australian Government-ILO Partnership Agreement 2010-15*, jointly administered by AusAID and DEEWR. The partnership provides \$15 million from 2010 to 2012 to support ILO technical assistance programs which promote sustainable development and decent work in the Asia-Pacific region.

5.2. AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH (ACIAR)

Total ODA for ACIAR in 2012-13 is estimated at \$100 million. ACIAR is a statutory authority that operates as part of the Australian Government's development assistance program. ACIAR's programs align with the policies and strategic goals outlined in *An Effective Aid Program for Australia: Making a real difference – Delivering real results*. ACIAR's strategic goal is improving food security by lifting agricultural productivity.

The Centre contributes to the strategic goals of the Australian aid program through effective agricultural research, underpinning improved productivity, which in turn promotes sustainable economic development. Three broad themes underpin ACIAR's research:

- agricultural productivity growth in smallholder systems;
- developing market integration for smallholder livelihoods to enable market participation; and
- human and institutional capacity building to strengthen national research institutions.

In 2012-13, ACIAR will strengthen the Australian International Food Security Centre (AIFSC), increasing its scope and footprint in Africa. The focus of AIFSC's activities will be utilising Australian research capacity, technical and policy expertise in areas of national comparative advantage, including tropical, subtropical and temperate agriculture. The initiative expands the work of ACIAR, initially in African countries. It will also enhance Australia's existing \$100 million African Food Security Initiative (AFSI). The Centre will also examine opportunities to broaden its geographic reach beyond Africa in 2012-13.

ACIAR's research expenditure by region in 2012-13 will be in the Mekong countries and China (28 per cent), Africa (24 per cent), Indonesia, East Timor and the Philippines (18 per cent), Papua New Guinea and the Pacific (17 per cent), and South and West Asia (13 per cent). ACIAR's Annual Operational Plan provides further details of the Centre's priorities and programs for the 2012-13 financial year. 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 parts of Africa. Priorities for 2012-13 are outlined in ACIAR's Annual Operational Plan and include the activities outlined in Table 4 below.

Estimated ODA in 2012-13

\$100 million

Table 4: ACIAR programs in 2012-13

Program	Focus
Country and regional programs	<ul style="list-style-type: none"> <li data-bbox="431 220 1181 401">• Improving crop varieties and supporting seed distribution systems to further the dissemination of new varieties of staple crops in East Timor; implementing research under the Australia-Pakistan Agricultural Sector Linkages Program to support pro-poor outcomes; fostering sustainable agricultural practices in North Africa, including in Egyptian and Tunisian cropping sectors; and supporting women in agriculture groups in PNG by enhancing their business skills. <li data-bbox="431 420 1181 601">• Implementation of the 'Sustainable intensification of maize-legume cropping systems in eastern and southern Africa' project, lifting the productivity of maize-legume systems through introduction of productive varieties and strengthening value chains in five east-African countries. The project is expected to improve maize and legume productivity by 30 per cent and to reduce the expected downside yield risk by 30 per cent on approximately 500,000 farms within 10 years. <li data-bbox="431 620 1181 725">• Developing high-value agricultural, forestry and fisheries products in the Pacific through the Pacific Agribusiness Research for Development initiative. The initiative is working to underpin the competitiveness of targeted high-value agriculture, fisheries and forestry products. <li data-bbox="431 744 1181 925">• Improving the productivity of rice-based farming systems in South Asia and South East Asia, concentrating on adapting existing technologies to improve yields. The food security program focuses on rice-based farming systems in both lowland and upland areas, along with technical and agribusiness research collaboration to understand and develop domestic and export market opportunities for rice, cattle and other agricultural products. <li data-bbox="431 944 1181 1172">• Climate change adaptation in the rice-based farming systems of the Mekong and South Asia, through the integration of a suite of improved technologies and varieties. This program is developing strategies that enable policy makers to deliver more effective climate adaptation programs relevant to farmer livelihoods and food security. At the same time it is building capacity of farming households in selected regions of each of the four partner countries, enabling them to adapt their rice-based cropping systems to accommodate climate variability and climate change.
Multilateral programs	<p data-bbox="431 1191 1181 1418">The Australian Government, through ACIAR, directs financial support to the Consultative Group on International Agricultural Research (CGIAR). This is a group of 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. Funding will be allocated on an unrestricted basis, through three Windows: funding without earmarks, funding earmarked for specific research areas and funding earmarked for specific centres. The CGIAR Reform process is expected to conclude with 15 CGIAR Research Programs finalised during 2012-13.</p>

6. PERFORMANCE MANAGEMENT AND EVALUATION

The aid program is subject to regular and extensive external oversight of financial and program accountability. In addition to the regular Senate Estimates process, AusAID has been included in the Australian National Audit Office's (ANAO) annual work plan of performance audits since 2009. In 2010-11, AusAID's Audit Committee made the shift to having an independent chair and a majority of independent members. A Financial Sub-Committee of the Audit Committee was also established.

As a member of the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), Australia is also subject to regular peer reviews by other bilateral donors. The last OECD DAC Peer Review in 2009 commended Australia for its "reinforced strategic focus on poverty reduction and the MDGs and its continuous engagement in states in fragile situations". The next peer review of Australia will commence shortly with the final report to be issued in April 2013.

As outlined in the Comprehensive Aid Policy Framework (CAPF), the Government will accelerate reforms to ensure that the aid program remains effective. From 2012, the aid program will be subject to an Annual Review of Aid Effectiveness. Underpinning this is an internal performance management system aimed at driving continuous improvement across the aid program. The robustness of this system has been recognised at the national and international levels by the ANAO and the OECD DAC and it has since been further strengthened in line with *An Effective Aid Program for Australia: Making a real difference – Delivering real results*.

The Government has established an Independent Evaluation Committee to strengthen the independence and credibility of the work of the Office of Development Effectiveness (ODE). Under the oversight of the Independent Evaluation Committee, ODE will expand its role in assessing the effectiveness and evaluating the impact of the aid program.

6.1. PERFORMANCE MANAGEMENT

Performance management and continuous improvement in the aid program is driven by AusAID's Performance Management and Evaluation Policy that sets out the minimum expectations for performance management of Official Development Assistance (ODA). It applies to ODA delivered by all Australian government agencies.

The policy was updated in February 2012 to strengthen the emphasis on results. This represents an important step in a broader shift towards results-based management and improved results reporting in the Australian aid program.

The performance system for the aid program, which implements the policy, involves three types of performance reports:

- annual performance reports, which assess the achievements of a particular program against the objectives set out in the strategy for that program, specify actions that will be taken to improve effectiveness and report on progress against the CAPF;
- quality reports, which assess how individual initiatives contribute to achieving overall program objectives and ensure any issues are identified and managed; and
- independent evaluations of significant initiatives, which are commissioned at least once during their lifetime.

6.2. EVALUATION AND REVIEW

AusAID is taking measures to improve its external and internal review and evaluation process to make it more rigorous and robust (see Diagram 6).

Annual Review of Aid Effectiveness

From 2012, the Minister for Foreign Affairs will report on the achievements of the aid program in an Annual Review of Aid Effectiveness (the 'Annual Review'). This will replace the Annual Review of Development Effectiveness, or ARDE.

The Annual Review will inform Cabinet of the performance of all aid delivering government agencies against the headline and organisational effectiveness results contained in the CAPF as outlined in Section 1.3. The Annual Review will also recommend any changes to the budget strategy as a result of performance and/or changing circumstances. The first Annual Review is due by the end of October 2012.

Independent Evaluation Committee

In the new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, the Government indicated that it would improve the aid program's evaluation function so that it could contribute to more efficient and effective delivery of aid. As part of this commitment, the Government has established an Independent Evaluation Committee to provide independent expert evaluation advice to the Development Effectiveness Steering Committee (DESC). Importantly, the Independent Evaluation Committee will also oversee the work program of AusAID's ODE in planning, commissioning, managing and disseminating a high quality evaluation program, which produces technically sound and policy relevant evaluations that contribute to improved aid effectiveness.

ODE was established in in 2006 to monitor the quality and evaluate the impact of the Australian aid program. ODE is a unit within AusAID. It reports directly to the Director General of AusAID and is separate from program management.

The Independent Evaluation Committee has three external members (including the chair) and one senior AusAID representative. External members are appointed by the Minister for Foreign Affairs, while the Director General of AusAID appoints the AusAID representative. The committee has a whole of ODA, and therefore whole-of-government, mandate.

Office of Development Effectiveness

ODE will serve as the secretariat to the Independent Evaluation Committee and, in 2012-13, will finalise an evaluation strategy and a three-year rolling work program of independent evaluations. Both the ODE strategy and the work program will be published.

In 2012-13, ODE will increase the number of evaluations that it undertakes and also produce an annual summary of evaluations and a quality assurance report.

ODE will continue to draw on international thinking and best practice on aid effectiveness. Its partnerships with key international think-tanks, such as the Brookings Institution and the Overseas Development Institute's Centre for Aid and Public Expenditure, are central to this effort. These partnerships played an important role in informing Australia's preparations for the Fourth High Level Forum on Aid Effectiveness (HLF-4) in Busan in November 2011 (see Box 6).

ODE's partnership with the World Bank's Regional Centers for Learning on Evaluation and Results supports efforts by the Australian aid program to build local capacity in developing countries in evaluation and results-based management.

Box 6: Fourth High Level Forum on Aid Effectiveness

The Fourth High Level Forum on Aid Effectiveness (HLF-4) was held in Busan, Republic of Korea from 29 November to 1 December 2011. Over 3,000 delegates attended. Australia's delegation was led by the then Minister for Foreign Affairs.

The Forum built on commitments made at previous aid effectiveness meetings in Paris (2005) and Accra (2008). The key outcome was the endorsement by all participants, including the emerging economies (China, India and Brazil) of common principles for effective development cooperation. These principles include ownership of development priorities by developing countries, a focus on results, inclusive development partnerships, and transparency and accountability. Participants also agreed to establish a new Global Partnership for Effective Development Cooperation to support the implementation of HLF-4 commitments, review progress and promote accountability.

HLF-4 had a strong focus on strengthening aid to fragile and conflict-affected states, with the launch of the New Deal for Engagement in Fragile States, developed by the G7+ group of fragile and conflict-affected states. This confirms the relevance of the Paris Principles for fragile contexts, in a world where an increasing share of the poor

live in fragile states.

Australia has already met, or is on track to meet, key Busan commitments by the specified deadlines as we implement *An Effective Aid Program for Australia: Making a real difference – Delivering real results*. Australia will be an active participant in the new Global Partnership and continue to work with all development partners to improve the quality, transparency and effectiveness of our aid.

Box 7: Delivering An Effective Aid Program

The Government's commitment to expanding the aid budget to an estimated \$7.7 billion by 2015-16 (up from \$4.8 billion in 2011-12) is an opportunity for Australia to make an even greater difference to people living in poverty, but it also comes with a risk of a decrease in the effectiveness of aid delivered.

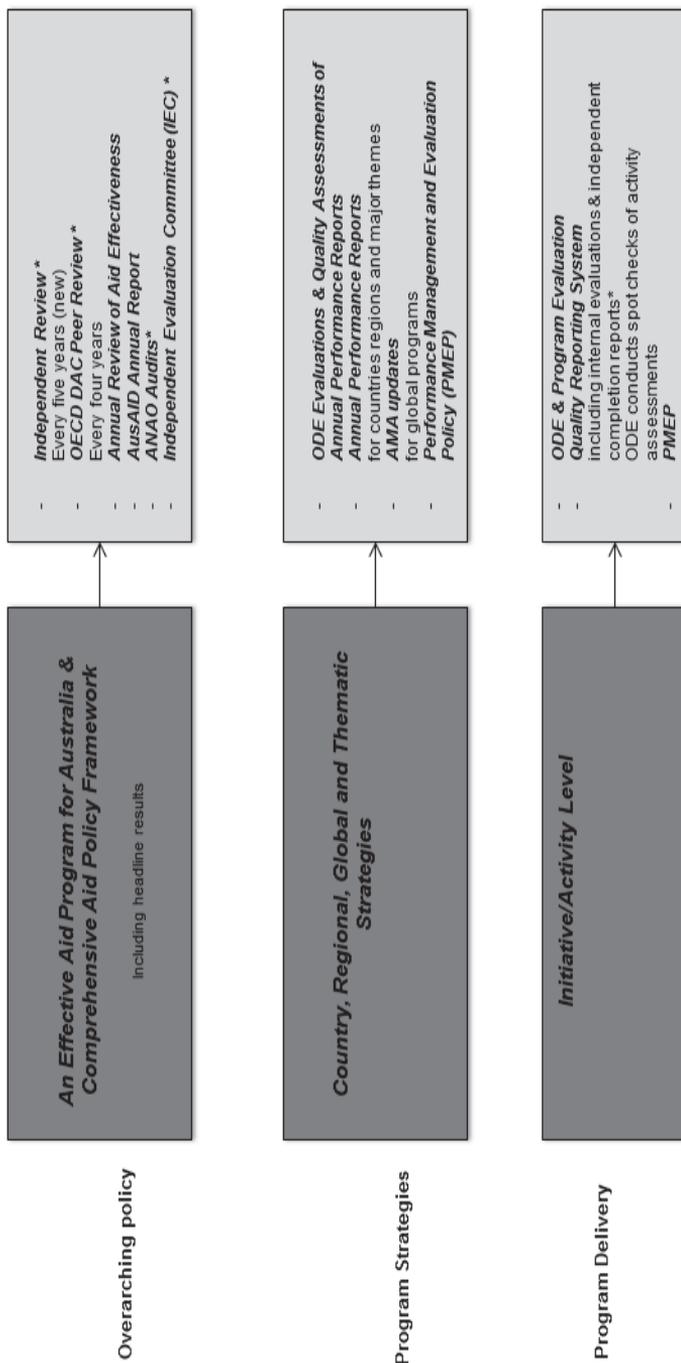
To ensure the aid program continues to be effective, the Government has put strong policy foundations in place. These include a new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, which was released in July 2011, a comprehensive four-year ODA budget strategy, and a comprehensive results framework to ensure value for money. The challenge now lies in giving them effect. AusAID – its people, systems and infrastructure – can deliver on this enormous undertaking, but only if adequately resourced.

To this end, the Government will invest a further \$49.7 million over four years to enable AusAID to deliver a growing and effective aid program. The funding will be invested in corporate and operational areas of AusAID, including in financial and human resource management systems, and the staff required to manage fraud and risk, workforce planning, communications, performance management, whole-of-government engagement, and contracting.

Taking into account AusAID's overall projected growth, the proportion of the organisation's departmental resourcing will decline from 6 to 5 per cent of the overall aid budget by 2015-16. Further, AusAID will deliver an estimated 35 per cent increase in efficiency, with the average amount of ODA budget administered per staff member increasing from \$2.4 million now, to approximately \$3.3 million in 2015-16. This would reaffirm AusAID as one of the four leanest of the OECD DAC's 23 bilateral donors.

Diagram 5: Review and evaluation

Review and evaluation across the aid program



All reviews/evaluations, unless otherwise stated, are undertaken annually

* Denotes fully independent

APPENDIX

AUSAID COUNTRY AND GLOBAL PROGRAMS

Table 5: AusAID country programs

Country/Region	Notes	Actual (\$m)	Estimated Outcome (\$m)	Budget Estimate (\$m)
		2010-11	2011-12	2012-13
Papua New Guinea		390.1	452.1	444.3
Solomon Islands	a	116.5	117.4	116.7
Vanuatu		44.2	48.2	55.5
Samoa		20.0	26.7	28.6
Fiji		16.6	18.6	27.0
Tonga		14.6	20.4	22.0
Nauru	b	18.3	17.5	23.7
Kiribati		19.4	25.5	25.5
Tuvalu		7.5	7.8	9.2
Cook Islands		1.7	1.9	2.2
Niue	c	1.7	3.0	3.7
North Pacific	d	2.8	9.5	6.4
Pacific Regional		193.3	182.6	199.3
Total Pacific		846.7	931.2	964.1
Indonesia	e	342.1	433.2	510.1
Vietnam		95.2	103.5	116.1
Philippines		103.1	109.8	109.1
East Timor		77.0	62.2	78.3
Cambodia		45.7	60.5	61.5
Burma		41.8	42.7	52.8
Laos		36.8	31.6	40.2
China		19.4	15.5	4.3
Mongolia		5.4	7.5	9.0
East Asia Regional		45.4	54.5	67.2
Total East Asia		811.9	921.0	1,048.6
Afghanistan		77.7	159.9	145.7
Pakistan		68.7	79.0	82.1
Bangladesh		55.7	69.3	77.1
Sri Lanka		34.3	38.1	35.1
India		4.5	5.1	3.1
Nepal		19.7	15.8	18.4
Bhutan		3.1	3.8	4.8
Maldives		3.0	3.0	4.0
South and West Asia Regional		36.1	40.8	24.5
Total South and West Asia		302.8	414.8	394.8
Iraq		38.8	27.6	21.0
Palestinian Territories		36.5	38.8	40.0
North Africa and the Middle East		6.3	25.5	20.8
Sub-Saharan Africa		155.0	216.0	242.2
Total Africa and the Middle East		236.6	307.9	324.0
Latin America		9.2	17.3	18.0
Caribbean		17.0	16.0	16.0
Total Latin America and the Caribbean		26.2	33.3	34.0
Cross Regional Programs	f	294.6	389.2	376.6
AusAID COUNTRY PROGRAMS	g	2,518.8	2,997.4	3,142.1

Notes: see page 147.

Table 6: AusAID global programs

Global Program	Notes	Actual (\$m)	Estimated	Budget
		2010-11	Outcome (\$m) 2011-12	Estimate (\$m) 2012-13
Humanitarian and Emergency Response		245.9	216.7	278.5
International Committee of the Red Cross and Red Crescent		18.1	20.0	22.0
United Nations Humanitarian Agencies		89.5	95.0	105.0
UNOCHA		7.0	8.0	9.0
WFP		45.0	45.0	46.0
UNCERF		14.0	16.0	16.0
UNHCR		16.0	18.0	19.0
UNRWA		7.5	8.0	15.0
Humanitarian, Emergencies and Refugees		353.5	331.7	405.5
MPMF		0.0	9.5	0.0
ADF		0.0	0.0	629.3
IDA		723.6	0.0	0.0
HIPC		50.1	0.0	0.0
MDRI		47.6	0.0	0.0
GEF		105.0	0.0	0.0
Multilateral Replenishments	a	926.3	9.5	629.3
United Nations Development Agencies		112.6	119.6	124.7
UNDP		17.9	23.3	23.3
UNICEF		25.4	34.1	34.1
UNFPA		21.5	15.0	15.0
UNAIDS		8.5	9.0	9.0
WHO		24.8	23.0	23.0
UN Women		9.4	9.2	8.0
Other UN Development Agencies		5.1	6.0	12.3
Commonwealth Organisations	b	10.5	14.0	15.3
Contribution to Global Environment Programs	c	31.6	63.1	81.6
Contribution to Global Health Programs	d	82.6	84.0	110.5
Contribution to Global Education Programs	e	43.6	50.2	30.0
Contribution to Other Global Programs	f	50.0	11.0	6.0
UN, Commonwealth and Other International Organisations		330.9	341.9	368.1
Non-Government Organisations		70.5	97.7	112.4
Australian Volunteers Program		49.6	57.8	63.0
Community Engagement and Development Research		16.5	12.3	18.1
NGO, Volunteer and Community Programs		136.6	167.8	193.5
Total AusAID Global Programs	g	1,747.3	850.9	1,596.4
Less: new multi-year commitments	h	-926.3	-9.5	-629.3
Add: cash paid to multi-year liabilities	i	353.0	296.0	317.2
AusAID GLOBAL PROGRAMS	j	1,174.0	1,137.4	1,284.3

Notes: see page 148.

TOTAL AUSTRALIAN OFFICIAL DEVELOPMENT ASSISTANCE (ODA)**Table 7: Australia's ODA 1971-72 to 2012-13**

Year	Current prices (\$m)	Constant 2010-11 prices (\$m)	Real change over previous year (%)	ODA/GNI ratio (%)
1971-72	200.5	1,948.2	4.0	0.45
1972-73	219.2	2,018.8	3.6	0.44
1973-74	264.9	2,141.6	6.1	0.44
1974-75	334.6	2,228.5	4.1	0.47
1975-76	356.0	2,048.9	-8.1	0.43
1976-77	386.2	1,985.3	-3.1	0.40
1977-78	426.1	2,005.6	1.0	0.41
1978-79	468.4	2,092.9	4.4	0.40
1979-80	508.7	2,071.8	-1.0	0.38
1980-81	568.0	2,095.8	1.2	0.37
1981-82	657.8	2,143.4	2.3	0.38
1982-83	744.6	2,172.3	1.4	0.40
1983-84	931.8	2,556.4	17.7	0.44
1984-85	1,011.4	2,644.6	3.5	0.44
1985-86	1,031.0	2,533.2	-4.2	0.40
1986-87	975.6	2,231.5	-11.9	0.35
1987-88	1,019.6	2,185.7	-2.1	0.32
1988-89	1,194.6	2,360.3	8.0	0.33
1989-90	1,173.8	2,169.4	-8.1	0.30
1990-91	1,261.0	2,225.7	2.6	0.32
1991-92	1,330.3	2,309.5	3.8	0.33
1992-93	1,386.1	2,390.7	3.5	0.32
1993-94	1,410.8	2,405.9	0.6	0.31
1994-95	1,483.7	2,482.2	3.2	0.31
1995-96	1,556.5	2,535.9	2.2	0.30
1996-97	1,432.0	2,297.7	-9.4	0.27
1997-98	1,443.0	2,284.2	-0.6	0.25
1998-99	1,528.6	2,405.3	5.3	0.25
1999-00	1,748.7	2,680.0	11.4	0.27
2000-01	1,623.1	2,384.0	-11.0	0.24
2001-02	1,755.1	2,518.6	5.6	0.24
2002-03	1,830.8	2,554.4	1.4	0.24
2003-04	1,973.1	2,665.1	4.3	0.24
2004-05	2,198.1	2,852.7	7.0	0.25
2005-06	2,697.7	3,333.6	16.9	0.28
2006-07	3,017.9	3,555.0	6.6	0.29
2007-08	3,173.7	3,575.5	0.6	0.28
2008-09	3,799.5	4,060.2	13.6	0.32
2009-10	3,914.0	4,144.9	2.1	0.31
2010-11	4,332.6	4,332.6	4.5	0.32
2011-12 (Estimated outcome)	4,864.1	4,756.3	9.8	0.35
2012-13 (Budget estimate)	5,153.0	4,947.4	4.0	0.35

NOTES

Figures in tables and generally in the text have been rounded. Totals and percentages are calculated on unrounded 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.

Table 1: Composition of Australian ODA

The column 'Budget Estimate 2011-12' shows estimates provided in the 2011-12 Budget at May 2011. The column 'Estimated Outcome 2011-12' shows outcomes for 2011-12 as estimated at May 2012.

- 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 140, 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 6 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 and Territory 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) Estimates are subject to confirmation of final GNI outcomes by the Australian Bureau of Statistics
- i) '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 2011-12' shows estimates provided in the 2011-12 Budget at May 2011. The column 'Estimated Outcome 2011-12' shows outcomes for 2011-12 as estimated at May 2012.

- a) 'Solomon Islands' includes ODA-eligible Australian Government expenditure under the *Regional Assistance Mission to Solomon Islands (RAMSI)*.
- 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 2010-11 and 2011-12 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 5 for amounts and Section 2.1 for program details), AusAID global programs (see Table 6 for a breakdown), and other government departments.
- f) 'Indonesia' 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 5 for amounts and Section 2.2 for program details), AusAID global programs (see Table 6 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 5 for amounts and Section 2.3 for program details), AusAID global program (see Table 6 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, MDRI and the MPMF are also included in this line item (see Section 3.2 for 2012-13 funding levels).
- j) 'Adjustments' – see notes to Table 1(f) above.
- k) ODA is reported on a cash basis.

Part 2: Country and regional programs

¹ 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 a partner country.

² 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.

³ 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

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 (<http://www.soest.hawaii.edu/gmt/>) and Paint.NET. All of the country maps and 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>

Key statistics

'Population' refers to the country's estimated 2010 population (both sexes combined), according to the United Nations Population Division. See <http://data.un.org/Data.aspx?d=PopDiv&f=variableID%3a12>.

The source of population estimates is the online database corresponding to the World Population Ageing 1950-2050 Report (2002 revision) by the UN. <http://www.un.org/0B34E39D-B31D-4AE6-9F51-7C77B5117768/FinalDownload/DownloadId-575565F97F39A171817551789B11C160/0B34E39D-B31D-4AE6-9F51-7C77B5117768/esa/population/publications/longrange2/WorldPop2300final.pdf>

Population Growth (%): A population's growth rate is the increase (or decrease) in the number of persons in the population during a certain period of time, expressed as a percentage of the population at the beginning of the time period. The average annual growth rates for all ages as well as for particular age groups are calculated on the assumption that growth is continuous.

Estimated Population (2050): This projection is taken from the UN database, in turn based on assumptions about demographic indicators by country and projection constructed for successive five-year periods. The details on the methodology applied by the UN to conduct the projections can be consulted at: <http://www.un.org/0B34E39D-B31D-4AE6-9F51-7C77B5117768/FinalDownload/DownloadId-575565F97F39A171817551789B11C160/0B34E39D-B31D-4AE6-9F51-7C77B5117768/esa/population/publications/longrange2/WorldPop2300final.pdf>

GDP Per Capita (PPP): These estimates were sourced from the IMF online World Economic Outlook database, last updated in April 2012. <http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/index.aspx> and the corresponding definition of the indicator is: "Gross domestic product based on purchasing-power-parity (PPP) valuation of country GDP (Current international dollar)" These data form the basis for the country weights used to generate the World Economic Outlook country group composites for the domestic economy. The IMF is not a primary source for purchasing power parity (PPP) data. WEO weights have been created from primary sources and are used solely for purposes of generating country group composites. For primary source information, please refer to one of the following sources: the Organization for Economic Cooperation and Development, the World Bank, or the Penn World Tables. For further information see Box A2 in the April 2004 World Economic Outlook, Box 1.2 in the September 2003 World Economic Outlook for a discussion on the measurement of global growth and Box A.1 in the May 2000 World Economic Outlook for a summary of the revised PPP-based weights, and Annex IV of the May 1993 World Economic Outlook. See also Anne Marie Gulde and Marianne Schulze-Ghattas, Purchasing Power Parity Based Weights for the World Economic Outlook, in Staff Studies for the World Economic Outlook (Washington: IMF, December 1993), pp. 106-23.

Poverty <\$1.25/day

Population below \$1.25 a day is the percentage of the population living on less than \$1.25 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in earlier editions. Source: World Bank Development Indicators 2011.

Poverty <\$2.00/day

Population below \$2 a day is the percentage of the population living on less than \$2.00 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in earlier editions. Source: World Bank Development Indicators 2011.

Pacific

⁴ Note that this excludes expenditure by other Australian Government departments of aid flows appropriated via AusAID.

⁵ UNAIDS, *Global Report: UNAIDS Report of the Global AIDS Epidemic 2010*, 2010, viewed 5 March 2012, <http://www.unaids.org/documents/20101123_globalreport_em.pdf>, p. 58.

⁶ UNDP, *Human Development Report 2011*, Palgrave Macmillan, New York, 2011, viewed 2 March 2012, <<http://hdr.undp.org/en/reports/global/hdr2011/>>, p. 129.

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Latin America and the Caribbean

¹⁵⁵ AusAID defines Latin America as the following countries to which Australia provides aid: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela.

¹⁵⁶ AusAID defines the Caribbean as the following countries to which Australia provides aid: Antigua and Barbuda, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and Grenadines, Suriname.

¹⁵⁷ Based on World Bank and United Nations data.

Global Programs

¹⁵⁸ 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 ADF are the concessional arms of the World Bank and Asian Development Bank respectively. They are mainly financed through contributions made by governments of the richer member countries. Donors meet every three or four years to replenish the funds and review fund policies.

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Table 5: AusAID country programs

This table includes AusAID country and regional program expenses for all partner countries and regions, and also includes AIRPD. The column 'Estimated Outcome 2011-12' shows expenditure estimates for 2011-12 as at May 2012.

- a) 'Solomon Islands' includes an ODA eligible AusAID estimate of \$ 46 million for *RAMSI*.
- 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 2010-11 and 2011-12 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 AIRPD.
- f) The 'Cross Regional Programs' include multi-regional programs such as Education and Scholarships, Health, Economic Growth, Governance, Climate Change & Environment, Equitable Development and Government Partnerships.
- g) 'AusAID Country Programs' includes country and regional programs, as well as AIRPD. It is also shown as a line item in Table 1.

Table 6: AusAID global programs

The column labelled 'Estimated Outcome 2011-12' shows expenditure estimates for 2011-12 as at May 2012.

- a) 'Multilateral Replenishments' includes expenses for new commitments to the multilateral development banks and other multilateral funds. In 2012-13, new commitments are budgeted for at the tenth replenishment of the Asian Development Fund (ADF – the concessional lending arm of the Asian Development Bank) of \$629.3 million. See Section 3.2 for multilateral program details, including a breakdown of the \$313.2 million estimated cash by multilateral institution in 2012-13 (items for IDA, ADF, HIPC, GEF, MDRI 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, and 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, and the Global Polio Eradication Initiative.
- 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. This is the same \$629.3 million total of expenses for new commitments to 'Multilateral Replenishments' in this same table, details of which are noted at (a) above.
- 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
AEC	Australian Electoral Commission
AFP	Australian Federal Police
AFSI	African Food Security Initiative
AIFSC	Australian International Food Security Centre
AIPRD	Australia-Indonesia Partnership for Reconstruction and Development
AMA	Australian Multilateral Assessment
ANCP	AusAID-NGO Cooperation Program
APEC	Asia-Pacific Economic Cooperation
ARDE	Australian Review of Development Effectiveness
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
AVID	Australian Volunteers for International Development
CAPF	Comprehensive Aid Policy Framework
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Centre
CBM	Christian Blind Mission
CGIAR	Consultative Group on International Agricultural Research
CIA	Central Intelligence Agency
CIF	Climate Investment Funds
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAC	Development Assistance Committee
DAFF	Department of Agriculture, Fisheries and Forestry
DAP	Direct Aid Program
DCP	Defence Cooperation Program
DEEWR	Department of Education, Employment and Workplace Relations
DESC	Development Effectiveness Steering Committee

DFAT	Department of Foreign Affairs and Trade
DIAC	Department of Immigration and Citizenship
DPRK	Democratic People's Republic of Korea
ECF	Enterprise Challenge Fund
EITI	Extractive Industries Transparency Initiative
FSM	Federated States of Micronesia
GAFSP	Global Agriculture and Food Security Program
GAVI	Global Alliance for Vaccines and Immunisation
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
GPE	Global Partnership for Education
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
ICRC	International Committee of the Red Cross
IDA	International Development Assistance
IDB	Inter-American Development Bank
IFFIm	International Finance Facility for Immunisation
ILO	International Labour Organization
IMF	International Monetary Fund
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MOU	Memorandum of Understanding
MFMP	Multilateral Fund for the Implementation of the Montreal Protocol
NGO	Non-Government Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PBC	United Nations Peacebuilding Commission
PBF	Peacebuilding Fund
PBSO	Peacebuilding Support Office
PFM	Public Financial Management
PIF	Pacific Islands Forum
PLA	Performance-linked Aid

PNG	Papua New Guinea
PRT	Provincial Reconstruction Team
RAMSI	Regional Assistance Mission to Solomon Islands
REDD	Reduced Emissions from Deforestation and Forest Degradation
RMI	Republic of Marshall Islands
TEAR	Transformation, Empowerment, Advocacy, Relief
TVET	Technical and Vocational Education and Training
UK	United Kingdom
UN	United Nations
UNCERF	United Nations Central Emergency Response Fund
UNDEF	United Nations Democracy Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNISDR	United Nations International Strategy for Disaster Reduction
UNMAS	United Nations Mine Action Service
UNMIT	United Nations Integrated Mission in Timor-Leste
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNODC	United Nations Office of Drugs and Crime
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
US	United States of America
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization