



acfid

Analysis: AID BUDGET 2009/10

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Millennium Declaration

United Nations Millennium Declaration

The UN General Assembly adopted the Millennium Development Goals unanimously on 8 September 2000 (GA 55/2)



Image: www.unmillenniumproject.org

AID BUDGET 2009/10

In the weeks leading up to the Federal Budget 2009/10, the Prime Minister and Treasurer described it as one of 'hard choices', one forced to run into a temporary deficit to support employment. The Treasurer also indicated that even though choices are hard, the Federal Budget would be a financially responsible and sustainable one.

This document has been drafted by the ACFID Policy Team to inform our members about the outcomes for Australia's International Development Assistance Program Budget 2009/10 (Aid Budget). We hope this document will assist our members as much as possible, but we advise that members should review the papers released by the Federal Government on the Federal Budget 2009/10 to obtain the most comprehensive understanding, beyond the Aid Budget.

The Executive Summary will provide you with a quick overview of the Aid Budget 2009/10. The following sections provide further analysis of the Aid Budget, in its current context focussing on both our sector's and AusAID's priority areas and regions.

If you have questions or comments, please contact Linda Rademakers, Policy Manager at ACFID on 02 6281 9221 or lrademakers@acfid.asn.au

1. Executive Summary

The total Aid Budget for 2009/10 delivers \$3,818.8 million, an increase from the 2008/09 Aid Budget of \$3,659.9 million. This is a real increase¹ of 5.6%.

The official development assistance program for 2009/10 translates to 0.34% of GNI.

The Aid Budget is titled: A Good International Citizen.

Country and Regional

Support to Papua New Guinea has increased by \$25 million to \$414.3 million (an increase after inflation of 7.7%) and support to other Pacific Island countries has increased by \$66 million to \$676.6 million (an increase after inflation of 12.2%). Total support to PNG and the Pacific comprises 29% of the Aid Budget.

The 2009/10 Aid Budget allocates a total estimated ODA of \$163.9 million to Africa, representing a significant increase of 42.5% (after inflation) compared to the 2008/09 Budget. Although AusAID is currently developing the proposed Strategy for Aid to Africa 2008-2015, the Aid Budget reaffirms the previous commitment to assist Africa to reach MDG targets by focusing on child and maternal health, food security, and water and sanitation.

The large negative percentage change in the Central Asia and Middle East portfolio (see table 1) is due to the completion of the Iraq debt relief schedule, which ended in 2008/09. Pakistan and Afghanistan are the major recipients in that portfolio, a 2009/10 budget initiative will boost Australia's total non-military ODA spending to \$650 million over four years.

¹ Real change refers to % change after inflation

Table 1: Estimated ODA in 2008/09 and 2009/10 per region

Region	Estimated ODA in 2008/09	Estimated ODA in 2009/10	% change after inflation
PNG and the Pacific	999.50 m	1,090.9 m	10.5%
Indonesia and East Asia	1,038.7 m	1,073.5 m	4.6%
Africa	116.4 m	163.9 m	42.5%
South Asia	113.5 m	149.9 m	33.7%
Central Asia and Middle East	497.6 m	224.5 m	-54.3%

Sectoral Focus

Expenditure on Governance programs remains the largest component of the Aid Budget (21%) followed by Education (18%). In the aid program, education is recognised as the “flagship sector”. Australia’s objective for its education program is to assist developing countries with reducing poverty and achieving sustainable development by giving more girls and boys in the Asia and Pacific regions a better education.

Another important sector flagged in the 2009/10 Aid Budget is infrastructure. Spending on infrastructure reflects the Budget’s focus on generating jobs and improving service delivery in developing countries during the global recession. A key component of infrastructure spending will include the Economic Infrastructure Initiative of \$454.2 million over four years.

NGO Funding

In mid-2008, AusAID commenced a reform process for the Australian-NGO Cooperation Program (ANCP), the core NGO funding mechanism. The reforms were designed to enhance the ANCP and coincide with proposed growth in the program and reflect a partnership approach to working with NGOs.

The 2009/10 Aid Budget delivers a total of \$54.5 million for the ANCP (an increase of 25.4% from 2008/09). This includes an increase of \$3 million for core ANCP funding. In addition, and in line with the ANCP Reforms, the Budget also indicates:

- \$0.5 million for an ANCP Innovations Fund to highlight innovative NGO approaches and promote an understanding of NGO good practice and principles;
- \$7.0 million for ANCP Partnership Agreements; and
- \$1.5 million for a Community Call to Action Fund to support community organisations to raise public awareness and support for international development.

Table 2: Funding for community engagement programs 2008/09 and 2009/10

Program and focus	Budget 2008/09	Budget 2009/10	% change after inflation
NGOs, ANCP funding	\$45.8 m	\$56.1 m	24.0%
Volunteer programs, includes AYAD	\$32.5 m	\$35.0 m	9.0%
Development research programs	\$8.9 m	\$8.7 m	-1.1%
Public engagement and development education	\$7.4 m	\$8.8 m	20.4%

Humanitarian, Emergency Programs

Total funding for AusAID's humanitarian, emergency and refugee program fell from \$319.6 million in 2008/09 to \$299.8 million in 2009/10. The real change is -3.4% (see table 3). The Aid Budget documents indicate that expenditure is estimated to come in at approximately 9% of total Australian ODA in 2009/10.

Components of humanitarian funding include:

- 5.6% real increase in humanitarian emergency response funding, equaling \$211.3 million to support global, regional and country level humanitarian activities.²
- 16.2% real decrease from 2008/09 funding for UN Humanitarian Agencies in 2009/10. This includes a \$22.5 million decrease for World Food Programme (WFP) funding, declining from \$57.5 million in 2008/09 to \$35 million in 2009/10. Support remained unchanged for the UN Office for Coordination of Humanitarian Affairs (OCHA), the UN Central Emergency Response Fund (CERF) and UN High Commissioner for Refugees (UNHCR).
- An increased focus on human security and stability including a focus on a civilian deployment capacity and disaster risk reduction (DRR).

Table 3: Estimated funding for humanitarian, emergency and refugee programs 2008/09 and 2009/10

Program and focus	Budget 2008/09	Budget 2009/10	% change after inflation
Humanitarian and Emergency Response	\$202.5 0 m	\$211.3 m	5.6%
International Committee of the Red Cross	\$14. 5 m	\$16.0 m	11.7%
UN Humanitarian Agencies	\$87. 6 m	\$ 72.5m	-16.2%
International Refugee Fund	\$15. 0 m	\$ - m	-100.0%
Total	\$319.6 0 m	\$299.8m	-5.1%

² It is not possible to disaggregate the proportion of NGO funding, as part of the \$211.3 million. AusAID distributes funding for NGO activities in humanitarian relief across country, regional and global programming.

Multilateral Engagement

In line with the ALP National Platform, engagement with the United Nations (UN) remains one of three pillars in Government foreign policy. In 2008/09, the Government committed \$200 million over four years to strengthen its partnership with the UN to ensure clear focus remains on achieving the Millennium Development Goals. Similarly, the Government will continue support for multilateral banks such as the World Bank and Asian Development Bank in a variety of regional and issues-based activities.

In 2009/10, commitments to Multilateral Engagement increased substantially to \$465.7 million. This represents a proportionate change in total ODA expenditure from 9.6% in 2008/09 to 12.2% in 2009/10. The 2009/10 Aid Budget includes \$259.8 million for multilateral replenishments and \$205.9 million for UN, Commonwealth and other international organisational commitments.

In line with initiatives to address the negative impacts of the financial crisis, the Government substantially increased funding for the World Bank (real change of 59%) and the Asian Development Bank (real change of 32.3%). The funding to the UN and international organisations has overall increased with 19% compared to 2008/09 funding levels.

Table 4: Estimates of multilateral funding for specific development activities 2008/09 and 2009/10

Specific Multilaterals	Budget in \$m 2008/09	Budget in \$m 2009/10	% change after inflation
World Bank - IDA	87.50	137.50	59.0%
Asian Development Bank	41.4	54.1	32.3%
UN Development Agencies	55.8	72.3	31.1%
UNICEF alone	14.5	19.6	36.8%
WHO	8.0	13.0	64.5%
Human Rights Fund	4.0	5.8	46.8%
Global Environment Facility	19.6	17.4	-10.1%
Total multilateral engagement	350.1	465.7	
Total aid	3,660	3,819	
% of aid	9.6%	12.2%	
UN, commonwealth and other international organisations	175.1	205.9	19.0%

2. Introduction

The Federal Budget 2009/10 has been framed in the context of the global recession.

The Federal Budget 2008/09 was handed down with a budget surplus of \$21.7 billion, however the 2009/10 Budget comes in with a \$58 billion deficit. Government revenue write-downs are in the order of \$210 billion. The Federal Budget is not expected to return to surplus until FY 2015/16. In this year's Federal Budget, significant budget cuts and significant investments have been announced. The centrepiece of the Federal Budget is a \$22 billion investment in infrastructure.

The 2008/09 Aid Budget had a cautiously optimistic tone and commenced the process of placing the Millennium Development Goals at the centre of its program design and evaluation processes.

The 2009/10 Aid Budget Statement by the Minister for Foreign Affairs highlights the MDGs as the guide for Australia's focus on poverty. On 24 March, the Hon Bob McMullan stated that: "[the Australian Government] committed to increasing spending on international development assistance to 0.5% of Gross National Income (GNI) by 2015. As well we committed to engaging more with the United Nations (UN) and focusing on poverty reduction and the Millennium Development Goals (MDGs)." In addition, the ALP National Platform states that the MDGs should constitute the framework for Australia's international development assistance. The Platform also states that the ALP wants Australia to return to a place of leadership in international development.³

Further, in that same speech on 24 March Mr McMullan reflected on the impact of the Global Financial Crisis on the Australian Aid Budget:

"The World Bank estimates that between 200-400 thousand more children will die each year if the Global Financial Crisis continues; that is, 200-400 thousand more than those who are already dying each year. We need to focus on this.

No Australian would stand by and watch a baby die; how can we stand by and allow conditions to persist which will mean thousands will die? To respond effectively we need to mobilise health resources in developing countries as well as increasing our support.

But: our response is made more difficult because of the challenges that we now face at home with unemployment and other social challenges.

As a government, our primary responsibility is to our citizens. Increasing aid will be challenging in these circumstances but we need to remind ourselves that not [only] is it the right thing to do, it is in our national interest."⁴

3. ODA 2009/10

In last year's Aid Budget, the Government set out a projected increase in ODA spending towards meeting its objective of 0.5% of GNI by 2015. The Government proposed that the 2008/09 Aid Budget was a building block in the scaling up in Australia's ODA.

In addition, in the communiqué that was released after the G20 meeting on 2 April, the leaders of the 20 largest economies (plus Spain and the Netherlands) reiterated their

³ ALP Consultation Draft National Platform - chapter 10, paragraph 87 and 89.

⁴ The Hon Bob McMullan MP, speech to the Australian Institute of International Affairs, 24 March 2009.

commitments to meeting the Millennium Development Goals and to achieving respective ODA pledges.⁵

In 2009/10, the Government remains committed to scaling up to 0.5% of GNI by 2015/16. It set out in last year's Budget that the ODA/GNI ratio would be 0.35% in 2009/10. This year's Budget reveals however that the actual budgeted figure compares to 0.34%.

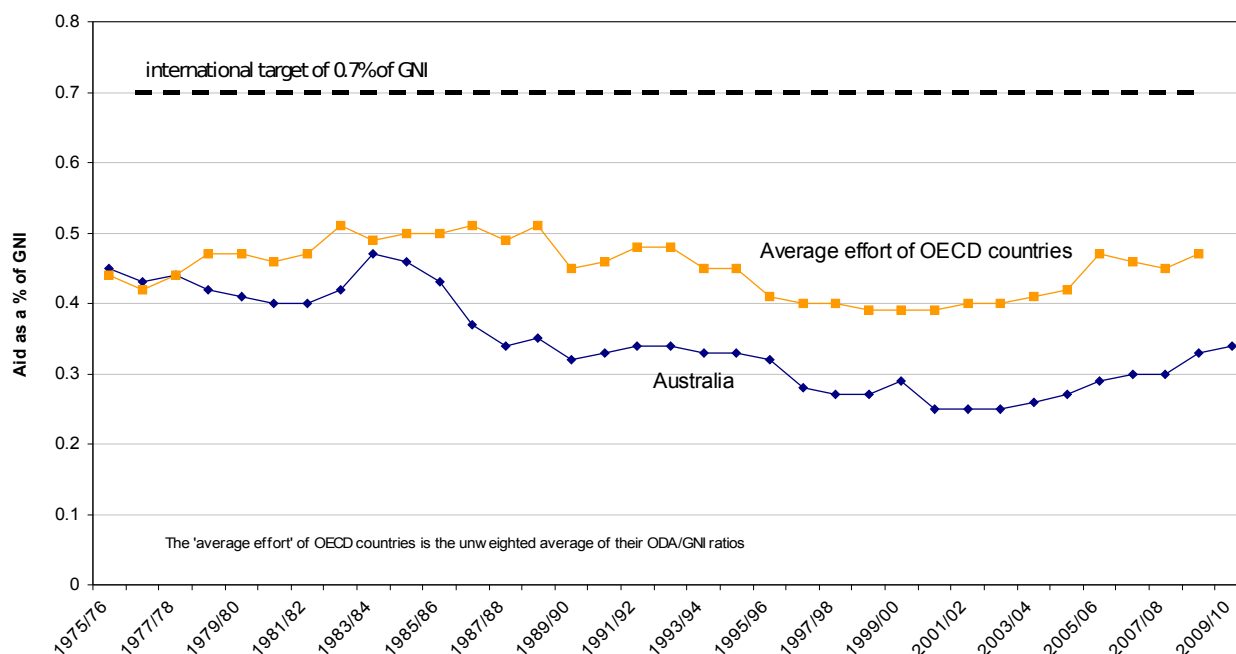
The total Aid Budget for 2009/10 is budgeted at \$3,818.8 million, increased from the 2008/09 Budget, which was \$3,659.9 million. This is a real increase of 5.6%.

The following table compares 2008/09 forward estimates with 2009/10 forward estimates.

Table 5: Australian ODA/GNI ratio

ODA/GNI ratio	2008-09 budget forward estimates	2009-10 budget forward estimates
2008-09	0.32%	0.33%
2009-10	0.35%	0.34%
2010-11	0.37%	0.35%
2011-12	0.38%	0.37%
2012-13		0.40%
2013-14		
2014-15		
2015-16	0.50%	0.50%

Australian aid levels compared with the average effort of OECD countries



Source: DAC Development Cooperation Reports 1982-2008, AusAID budget papers

There remains a need for Australia to increase its ODA volume to reach the commonly accepted target of 0.7% GNI by 2015. In a 1970 United Nations General Assembly

⁵ http://www.g20.org/Documents/g20_communique_020409.pdf

Resolution most industrialised nations committed themselves to spending 0.7% of their national incomes on international aid by 1975.

The Hon Bob McMullan reflected on the commitment to 0.5% ODA/GNI through the following comment on 24 March: “Some people wanted us to go further and adopt a target of 0.7% but my judgment was that 0.5% was as much as we could handle while guaranteeing efficiency and effectiveness.”⁶

The World Bank and IMF encouraged donors in their Global Monitoring Report 2009 to not just deliver on commitments, but to go beyond existing commitments to address the increased needs of poor countries.⁷

Table 6: Composition of Australia’s ODA 2009/10

	Budget 2008/09 in \$m	Budget 2009/10 in \$m	% change after inflation
AusAID Country Programs	2,131.10	2,329.40	10.6%
AusAID Global Programs	768.00	877.90	15.7%
AusAID Departmental	129.7	133.5	4.2%
ACIAR	51.9	60.9	18.8%
Other Government Departments	563.5	322.9	-42.0%
Adjustments	(95.7)	(6.9)	-92.7%
Funds approved but not yet allocated	111.3	101.2	-8.0%
Total ODA	3,659.9	3,818.8	5.6%
Real change over previous year budget	9.0%	5.6%	

Most of Australia’s ODA is delivered through AusAID however some is delivered through other Government agencies. The major five delivering ODA are:

- Attorney General’s Department: \$210.3 million
 - of which \$205.4 million is through the Australian Federal Police;
- Department of Foreign Affairs and Trade: \$29.2 million;
- Department of Health and Ageing: \$11.7 million;
- Department of Immigration and Citizenship: \$10.5 million;
- Department of Agriculture, Fisheries and Forestry: \$10.4 million.

⁶ The Hon Bob McMullan MP, speech to the Australian Institute of International Affairs, 24 March 2009.

⁷ <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTGLOBALMONITOR/EXTGLOMONREP2009/0..menuPK:5924413~pagePK:64168427~piPK:64168435~theSitePK:5924405,00.html>

4. Key issues that frame the Aid Budget

The Global Financial Crisis (GFC) is the major set back in the worldwide struggle to meet the Millennium Development Goals. This became apparent very rapidly. The erupting financial crisis and its global impact largely overshadowed the UN High Level meeting on the Millennium Development Goals held in New York in September 2008.

Effects of the GFC on developing countries

Since the eruption of the crisis, it has become clearer what the effects in general are on developing nations. A report published in March 2009 by the World Bank on the impact of the crisis on developing countries contained five strong messages:

- Developing countries as well as developed are being hard hit by the global economic crisis;
- The financial conditions facing developing countries have deteriorated sharply and they face a financing gap of between US\$270 and US\$700 billion;
- The financial crisis will have long-term implications for developing countries with 46 million more people in extreme poverty in 2009 and up to an additional 2.8 million child deaths by 2015;
- The challenge for developing countries is how they maintain or even expand expenditure in critical services such as social safety nets, education, health and essential infrastructure at a time when their income is contracting; and
- There is a strong need to expand assistance to low-income countries to prevent erosion in progress in poverty reduction.⁸

On numerous occasions prior to Budget Night, Prime Minister Rudd stated the need to concern ourselves with developing countries in this financial crisis.⁹ AusAID too expressed concern about the impact of the downturn on poorer countries, the human tragedy the crisis causes.¹⁰

In the 2009/10 Aid Budget the Government has outlined three ways in which it responds to the effects of the GFC:

- Generating employment and restoring growth for example by investing in labour-intensive programs;
- Supporting service delivery, for example through maintaining and increasing aid spending in education and health;
- Helping the vulnerable, through social protection programs.

The Government indicates it will work closely with other donors, in particular the World Bank and the Asian Development Bank. The Government committed to additional ODA payments over ten years to the ADB (as of 2010/11) of US\$197.6 million.

Australian Aid Strategy

The White Paper (2006) on the Australian Government's overseas aid program was written and published by the previous Government.

The Minister released a policy statement as part of the 2009/10 Aid Budget, building on the aid program's objective to *assist developing countries to reduce poverty and achieve sustainable development in line with Australia's national interest*.

⁸ World Bank, "Swimming against the Tide, How Developing Countries are Coping with the Global Crisis", March 2009.

⁹ For example, see: http://www.pm.gov.au/media/Interview/2009/interview_0883.cfm

¹⁰ See: <http://www.ausaid.gov.au/makediff/gec.cfm> (24 April 2009).

The policy statement highlights the following issues and thoughts:

- Poverty is one of the greatest challenges of our time;
- The aid program is guided by the Millennium Development Goals;
- Committed to increase ODA to 0.5% of GNI by 2015/16;
- Economic growth is the most powerful long-term solution to poverty but will not by itself deliver fair and stable societies;
- It is in Australia's national interest to support stability and economic development in our region through assistance;
- A commitment to improve effectiveness;
- An emphasis on the power of education;
- A strong emphasis on Asia and the Pacific, while also increasing efforts in Africa and South Asia.

In addition to those core principles, the Minister outlines the following as key themes of the aid program:

- A renewed commitment to food security and rural development;
- Health;
- Governance;
- Fair development accessible to all.
 - As part of this principle, the Government explicitly recognizes the importance of human rights to development.
- Environmental sustainability;
- A focus on multilateral engagement;
- Humanitarian assistance and disaster risk reduction.
- Closer cooperation with Australian NGOs

AusAID has identified the need to develop a Civil Society Framework that provides a coherent basis for engaging with civil society across the aid program. That Framework will articulate the Government's approach to engaging civil society on policy and programming issues in Australia and overseas. It will articulate how domestic and overseas NGO programs link with broader aid objectives; and ensure NGOs are more consistently included in key policy discussions including development and review of Country Strategies. AusAID has indicated that ACFID, accredited NGOs, and other civil society stakeholders will be engaged as partners in consultations around the development of the new Framework. It is anticipated that the Framework will be completed by the end of 2009.

Effectiveness and measurement

As highlighted in the Minister's Policy Statement, there will be more of a focus on effectiveness. The Prime Minister has expressed an interest in measurement in particular: "[m]easurement can be a very uncomfortable thing for us all over time, but it is the best way to hold us all accountable as to whether the measures that we are embracing have effect." The Prime Minister further highlights that he wants to ensure that Australia makes a difference to the measures attached to the Millennium Development Goals.¹¹

Such issues are addressed through the Government's commitment to continue to release the Annual Review of Development Effectiveness (ARDE). Public reporting is seen as a way to build understanding of the aid program within the Australian community and strengthen evidence-based policy and decision-making.

¹¹ The Hon Kevin Rudd MP, transcript of interview with Sir Michael Somare, 28 April 2009

The first ARDE (2007) was tabled in Parliament – please note that the 2008 ARDE is due to be tabled soon. In addition, the participation of Mr McMullan at the Third High Level Meeting on Aid Effectiveness in Accra early September 2008 highlights the Government’s interest in working on effectiveness.

From the next Annual Review, ARDE 2009, the NGO contribution will be included – a mechanism for measuring our sector’s contribution is currently under development. Also, in 2009/10 the Office of Development Effectiveness will commence evaluative work on the aid program’s engagement with civil society.

AusAID Departmental Funding

AusAID has previously detailed its continued approach to the devolution of responsibilities between Canberra and in-country offices.¹² This process aims to establish a clear distinction between the role of Canberra-based staff in setting the strategic direction of the aid program and supporting overseas staff to design, implement, and manage programs in country.¹³ AusAID has also expressed a commitment to increased internal technical and thematic specialist capacity and increased capability in country to deal with greater responsibilities.

The 2009/10 Aid Budget announces \$133.5 million in AusAID Departmental funding, a small increase of 4.5% from the 2008/09 Budget. This represents a clear departure from greater increases in previous Budgets and may limit AusAID’s ability to maintain the current emphasis on the devolution of increased responsibilities to, and enhanced staff capacity at, country offices.

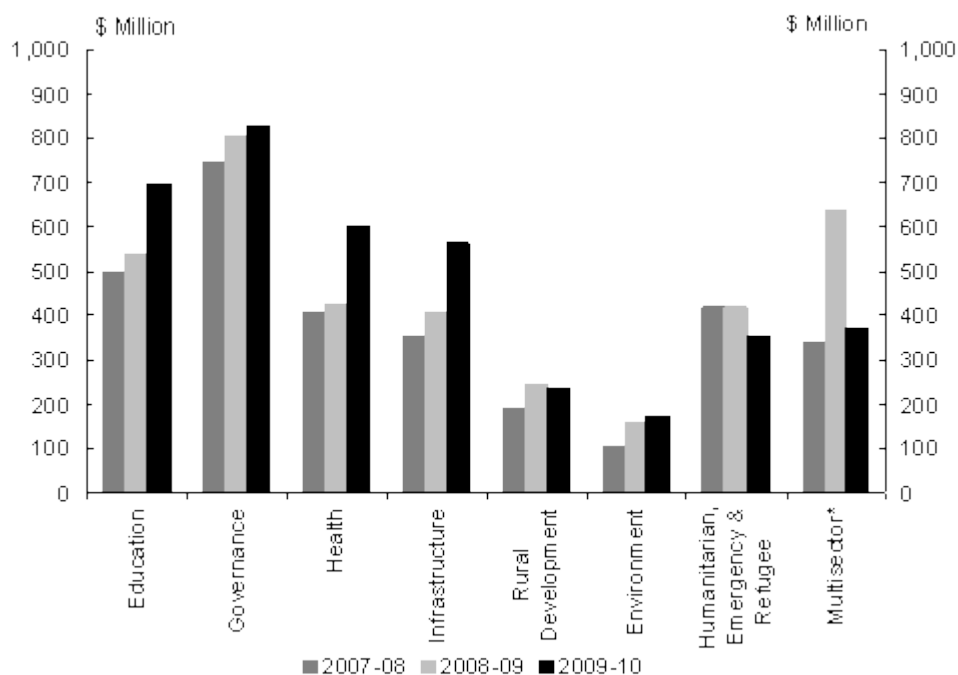
¹² AusAID, Building on the 2010 Blueprint: A Reform Agenda for 2015, 2009.

¹³ AusAID, AusAID 2010: Director General’s Blueprint, 2007.

5. Major Themes in the Aid Budget

ACFID has highlighted a number of themes below, based on the priorities for our sector and the priorities identified in the 2009/10 Aid Budget.

Estimated breakdown of Australian ODA by sector as identified in the 2009/10 Aid Budget



5.1 Changes to funding arrangements with Australian NGOs

In mid-2008, AusAID commenced a reform process for the ANCP that was designed to enhance the program and coincide with proposed growth. The reforms also aimed to reflect a partnership approach to working with NGOs. The Minister for Foreign Affairs recently approved a range of ANCP reforms, including:

- Greater funding flexibility (including multi-year funding) and changed reporting to address inefficiencies associated with the current annual planning and reporting cycle;
- Simplification of the ANCP accreditation and administration process;
- Increased focus on monitoring development effectiveness outcomes of ANCP;
- Up to 10% of ANCP funding to be eligible for use on building domestic development awareness raising activities;
- Support for small and emerging non government organisations to help improve their systems and processes prior to applying for accreditation;
- Establishing opportunities for ANCP Partnership Agreements for eligible NGOs;
- Establishment of the ANCP Innovations Fund for niche, small and medium sized NGOs.

In line with these specific ANCP reforms, AusAID has also introduced new interim guidelines for engaging NGOs in country strategies.

The OECD DAC Peer Review of Australia's aid program released in February 2009 urged the Australian Government to continue increasing the amount of aid channeled through civil society organizations, highlighting that the percentage of total ODA allocated through NGOs remained stable at 5% between 2004 and 2006. The DAC also encouraged AusAID to set up a new framework to engage with NGOs in a more collaborative way and emphasised the need to work with NGOs to raise public awareness and widen public and political support for the aid program. This was acknowledged in the Minister's Policy Statement (see page 11).

In the 2008/09 Aid Budget, the ANCP (the core NGO funding mechanism) reached \$44.0 million and represented an increase of 19.6 per cent on 2007/08.

The 2009/10 Aid Budget allocates \$54.5 million for ANCP funds, representing an increase of 25.4% in real terms from 2008/09 or \$10.5 million. In line with the ANCP reforms, the Aid Budget reveals:

- \$3 million additional core ANCP funding;
- \$0.5 million for an ANCP Innovations Fund to highlight innovative NGO approaches and promote an understanding of NGO good practice and principles;
- \$7.0 million for ANCP Partnership Agreements; and
- \$1.5 million for a Community Call to Action Fund to support community organisations to raise public awareness and support for international development.

ACFID understands that under the ANCP Partnership Agreement criteria there are seven (7) eligible NGOs able to negotiate individual partnership agreements with AusAID.

5.2 Education investment¹⁴

Education has been identified as the "flagship sector" of the Aid Program and the 2009/10 Aid Budget increased education funding to \$700 million (18% of total ODA). This is an increase, after inflation, of 36%.

Australia's objective for education is to assist developing countries to reduce poverty and to achieve sustainable development by giving more girls and boys in the Asia and Pacific regions a better education. The aim by 2010 is to help developing countries increase the number of children attending school by 10 million and to improve the quality of education for an additional 50 million children. The Government's approach is outlined in its policy framework, *Better Education: A Policy for Australian Development Assistance in Education*, produced in May 2007¹⁵. In addition, the aid program continues support for tertiary scholarships through the Australian Development Scholarships program; support for the Australia-Pacific Technical College; Australian Leadership Awards program and a 2009/10 Budget initiative called the Prime Minister's Pacific-Australia Awards (\$3 million over four years) to supplement existing scholarships for high achieving postgraduate students in the Pacific region, including PNG and East Timor, and including short-term work placement within the Australian workforce.

Australia works in partnership with developing country governments to assist basic education. For instance, almost all Pacific Partnerships for Development identify basic and technical and vocational education as initial partnership priorities. Education is already supported in the Aid Program through the Australia-Indonesia Partnership (AIP), \$355 million for a 3-year Basic Education Program (BEP) that commenced in 2006; a \$41 million development assistance grant over four years (2007-2011) through a World Bank trust fund

¹⁴ Please note: ACFID has prepared this section based on the Federal Government's documents on the Aid Budget only.

¹⁵ http://www.ausaid.gov.au/publications/pubout.cfm?id=7331_3301_1176_5126_9027

in support of the Government of the Philippines' basic education reforms¹⁶; and \$13 million (announced in October 2008) to improve access to better quality primary school education for Muslim and Indigenous girls and boys in the Philippines¹⁷.

Given that education is the driver of economic and social progress, particularly for girls, ACFID welcomes the increased commitment to education in the 2009/10 Budget, noting that the largest proportion is for basic and secondary education (39% of education sector) and that support targets the disadvantaged and marginalised, including through more equitable quality education for girls and boys with disabilities. We welcome in particular the 46% real increase in funds for Basic Education.

5.3 Food Crisis

The 2009/10 Aid Budget has renewed a commitment to food security and rural development as a key theme of the aid program.

The World Food Programme's statistics on Global Hunger are frightening. Almost a billion people are undernourished. 25,000 people die every day from hunger and related causes and every six seconds a child dies because of hunger and related causes.

In April 2009 the World Bank announced that more than US\$900 million in projects has been approved in 31 countries under the Global Food Crisis Response Program (GFRP), with nearly half of the funds supporting projects in Africa. Although prices have declined from their peaks in 2008, major food grain prices are still higher than average, and high volatility in food prices, combined with the impact of the financial crisis, threatens to further increase food insecurity and exacerbate the hardships faced by the poorest, who already spend more than half their incomes on food. The World Bank is expanding its food crisis facility to US\$2 billion to provide immediate relief to countries hit hard by food prices.¹⁸

Accordingly, we welcome the Government's commitment to addressing the food crisis through a comprehensive response. This response includes Australia utilising its considerable expertise through organisations such as the Australian Centre for International Agricultural Research (ACIAR) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

The 2009/10 Aid Budget makes a new multi-year commitment of \$464.2 million (over four years) to improve food security and build community resilience through rural development. In 2009/10, programs promoting food security through rural development will be expanded in East Asia, South Asia and the Pacific (including a Pacific Regional Agricultural Marketing Access Program). As well, \$454.2 million has been allocated to support high priority infrastructure needs. Australia's funding will also assist partner governments sequence and implement key reforms through performance-linked aid (\$336.1 million over four years). This represents an increased commitment to food security and rural development, after inflation, of 37%.

The increased focus on food security through rural development is an important response to the food crisis. We welcome its focus on rural livelihoods, support for functioning markets, creating job opportunities and addressing community resilience by supporting social protection mechanisms.

¹⁶ AusAID Media Release, 9 April 2008

¹⁷ http://www.foreignminister.gov.au/speeches/2008/081009_manila.html

¹⁸ World Bank MR, 29 April 2009,

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22150918~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>

5.4 Climate change¹⁹

Climate change, food security and water resources are inextricably linked and accordingly, harmonisation of approaches to water, agriculture and climate should be central to the aid program.

In the 2008/09 Budget, the Government announced a \$150 million commitment over 3 years through the International Climate Change Adaptation Initiative to meet high priority climate adaptation needs in vulnerable countries in our region. Already announced (March 2009) as part of this \$150 million commitment, is a \$20 million Pacific Climate Change Science Program to help the Pacific and East Timor better understand how climate change will impact on them.²⁰

We note that recognition is given in the Aid Budget documentation to the importance of addressing environmental and climate change challenges that are central to poverty reduction. However, we are disappointed that expenditure on environment and climate change programs in 2009/10 is estimated to be \$170 million, which is only 5% of total Australian ODA. Climate change responses alone (without other environmental issues) we believe warrant more than this allocation.

5.5 Humanitarian action²¹

DAC figures indicate that Australian bilateral humanitarian aid in 2005/06 amounted to US\$191 million, accounting for 9% of total Australian ODA. Funding for humanitarian action has shown an upward trend over the past five years and has been projected to increase further. The increase in 2009/10 however, is rather insignificant. Although the Government intends to honour existing commitments, there is no indication that emerging policies in humanitarian assistance will receive funding in the 2009/10 Aid Budget.

In 2009 AusAID is restructuring its approach to humanitarian programming. It is anticipated that an integrated, whole-of-government approach will be developed in the forward *Humanitarian Action Policy*. Coinciding with this strategy is a review of partner funding agreements in humanitarian response.

An integrated agenda to humanitarian action will collate the Government's humanitarian aid, political and national security objectives into a single approach. Although this approach presents significant challenges to humanitarian actors in terms of the perceived or real impartiality of agencies and their activities in-country, it can also serve as a platform for delivering a human security agenda. The Aid Budget highlights the Government's intention to focus on human security and stability through highlighting forward humanitarian policy initiatives (noted below).

Trends in humanitarian response: The total funding for humanitarian emergency and refugee program decreased to \$299.8 million from \$319.6 million in 2008/09. However, given the prediction that figures will deflate in 2009/10, this decrease is relatively insignificant for existing programs. Of this, funding is divided into funding for overall humanitarian emergency response (\$211.3 million representing, a 5.6% real increase), ICRC (\$16 million, representing an 11.7% real increase) and UN agencies (\$72.5 million representing a 16.2% real decrease). Interestingly, no funding has been allocated in 2009/10 to the International Refugee Fund (IRF).

¹⁹ Please note: ACFID has not taken the Department of Climate Change's Budget Papers into account.

²⁰ Hon. Bob McMullan, AusAID Media Release, 23 March 2009

²¹ Please note: ACFID has prepared this section based on the Federal Government's documents on the Aid Budget only.

UN humanitarian agency funding: The Aid Budget allocation for UN humanitarian agencies decreased by \$15.1 million in 2009/10. The World Food Programme funding decreased by \$22.5 million to \$35 million in 2009/10. The total funding for UNHCR, UNOCHA and UN CERF remained at 2008/09 levels (\$14.3 million, \$6 million and \$12 million respectively). An additional \$1 million in funding for UN Relief and Works Agency for Palestine Refugees (UNWRA) activities in Palestine increases assistance in 2009/10 to \$5.2 million.

Human Security and Stability

The Government has announced a series of policies to ensure human security and stability is considered within humanitarian programming.

- *Civilian Deployment Capacity:* Through an initiative developed at the Australian 2020 Summit in 2008, the AusAID will coordinate a national deployable civilian capacity. This initiative will build on the Australian experiences in the Solomon Islands and Timor Leste. Although planning is currently underway, there are no costings yet, therefore there is no funding allocation in the 2009/10 Aid Budget.
- *Civil-military cooperation:* AusAID and Defence entered into a formal strategic partnership in April 2009. The partnership will advance the Government's policies of promoting security and development, good governance and stability. This initiative coincides with the opening of the Asia Pacific Civil Military Centre of Excellence in November 2008. The Centre is funded through the Defence Department and has been allocated an annual budget of \$51 million for 3 years (2007 to 2010). Currently, no funding has been allocated in the 2009/10 Aid Budget.
- *Responsibility to Protect (R2P):* The Government has provided \$2 million for assistance to develop research capacity in R2P. It is intended that the research will contribute to making R2P a reliable factor in international crisis handling.²²
- *Disaster Risk Reduction (DRR):* The Aid Budget notes an intended focus on Disaster Risk Reduction (DRR). In 2008/09 AusAID developed a cross cutting aid policy for DRR, which sought to broaden the application of DRR preparedness across all programs in the aid portfolio. ACFID regrettably notes that the 2009/10 Aid Budget does not include a dedicated funding to address disaster preparedness across the aid program.
- In response to Climate Change preparedness initiatives in the Pacific region, the Government has announced the Australia-Indonesia Facility for Disaster Reduction will be launched in Jakarta in July 2009. The Facility is valued at \$67 million over five years.²³ The Facility intends to utilise the technical expertise of Geo-Science Australia to inform emergency preparedness.
- *Refugee assistance:* In April 2009, Australia provided \$3.2 million in humanitarian aid to the Rohingya people living in Burma's northern Rakhine State. The assistance aims to improve living conditions and provide better economic opportunities.²⁴ Funding for UN humanitarian agencies such as the UNHCR and UNWRA provided by AusAID will also be used to assist stateless people such as the Rohingyas.

²² AusAID (28 September 2008): Supporting the Responsibility to Protect (R2P) Principle

²³ There is no breakdown for funding in 2009/10.

²⁴ AusAID (15 April 2009): Assistance for Rohingya People Living in Burma

5.6 Investment in Disability

In line with the Government's disability strategy²⁵, in which it commits to ensuring that people with disability are comprehensively included and supported in all aspects of the aid program, significant commitments were announced prior to the 2009/10 Budget. These include:

- **Land Mines:** a commitment of \$2.4 million for prosthetics and the rehabilitation of Iraqi landmine survivors and other victims of conflict through the United Nations Development Programme. This brings the Government's assistance for mine action in 2008-09 to over \$17 million, including for projects in Afghanistan, Cambodia, Iraq, Laos, Lebanon and Vietnam. Australia's mine action program includes a \$75 million commitment to action on mines from 2005 to 2010. Australia is on track to meet this target.²⁶
- **Avoidable Blindness:** in 2008/09 Australia committed \$45 million (over three years) to address avoidable blindness as part of its commitment to disability in the aid program. \$20 million has already been allocated in 2008/09 to avoidable blindness in the Asia and Pacific Regions, specifically including \$9.8 million to strengthen training institutions and capacity of Pacific eye health workers; \$5.2 million over 5 years for preventing childhood blindness and diabetes-related blindness in Pakistan; \$3 million to support the Government of Vietnam's National Plan of Blindness Prevention; and \$2.1 million to expand vision and eye care activities in the region through support to Australian not-for-profit organisations and local partners in Cambodia, PNG, Solomon Islands and Vanuatu.²⁷

Whilst there are no additional financial allocations to disability and development in the 2009/10 Budget, we believe that activities being undertaken through the Strategy and utilising existing financial resources, are keeping implementation of the Strategy well on track. These activities include:

- Building capacity of disabled people's organisations in the Pacific;
- Education for children with disability in Samoa;
- Making infrastructure more accessible to people with disability;
- Ensuring that flexible support mechanisms (NGO agreements, research, leaderships awards, sports and small grants) are accessible to people with disability;
- Strategic partnerships and information systems drawing on the lived experience of people with disability

ACFID, as part of the Australian Disability and Development Consortium (ADDC) which brings together domestic disability organisations and development agencies, supports the consultative and inclusive approach adopted in the Aid Program's strategy *Development for All: Towards a disability-inclusive aid program 2009-2014*. This is ensuring that Australia is taking a lead in the field of Disability and Development.

5.7 Investment in Health²⁸

The 2009/10 Aid Budget has significantly increased support to health. With a commitment of \$595 million, bringing it to 16% of total ODA, it is an increase (after inflation) of 38%.

- **Maternal and Child Health**

²⁵ *Development for All: Towards a disability-inclusive aid program 2009-2014*, launched by the Hon. Bob McMullan in November 2008.

²⁶ AusAID Media Release, 4 April 2009

²⁷ AusAID Media Release, 28 April 2009

²⁸ Please note: ACFID has prepared this section based on the Federal Government's documents on the Aid Budget.

Each year more than 500,000 women die in pregnancy and childbirth, and for every death another 20 suffer illness or injury and more than 9.2 million children under the age of five die, from mostly preventable causes. More than a third of these deaths occur in the Asia and Pacific regions.

The global financial crisis is putting the health of women and children in the Asia and Pacific regions at greater risk and the MDGs to reduce child mortality and improve maternal health, will not be met unless there is an increase in funding and development of national strategies to ensure effective allocation of resources.²⁹

In 2008 Australia committed to spending at least \$250 million (over the next four years) to improve women's and children's health in the Asia and Pacific regions. Australia will provide \$93.6 million (over the next four years) to support UNICEF's efforts to reduce child mortality and improve maternal health by investing in vaccines, improved nutrition, adequate health services and water and sanitation.³⁰ Strengthening national health systems is also a priority e.g. Australia is providing \$49 million over four years to support the Australia Indonesia Partnership for Maternal and Neonatal Health (training 1,000 health workers and managers).³¹ Australia is also part of the Taskforce on Innovative Financing for Health Systems – established to help save 10 million mothers and newborns by 2015 and was instrumental in the formation of the Maternal Newborn and Child Health Network for Asia and the Pacific.³²

We welcome the increased funding to Maternal and Child Health which is almost a 50% increase on previous funding commitments.

- **HIV, TB and Malaria**

Australia is providing up to \$25 million (over four years) to the Clinton Foundation for HIV activities in Papua New Guinea, Indonesia, Vietnam and China. An estimated \$7 million was provided in 2007/08.

Australia has adopted a new strategy to tackle HIV in our region³³ in which its major commitments include support for Sanap Wantaim (PNG's response to HIV); Indonesia's HIV Cooperation Program, abovementioned Clinton Foundation HIV/AIDS Initiative; and HIV/AIDS Asia Regional Program in Burma, Vietnam, Cambodia, Laos, the Philippines and Southern China.

Nine Australian NGOs are currently involved in the HIV Consortium for Partnerships in Asia and the Pacific and work with local partners to address the epidemic. They also support a strong research sector to ensure a regionally developed and owned evidence base to guide national responses.

Australia has committed \$210 million to The Global Fund to fight AIDS, Tuberculosis and Malaria and is working with Solomon Islands and Vanuatu to eliminate malaria. These two countries have amongst the highest incidence of malaria outside Africa.

²⁹ Hon. Bob McMullan while co-launching a report "Investing in Maternal, Newborn and Child Health, the Case for Asia and the Pacific, ADB Annual Meeting in Bali, 3 May 2009. AusAID Media Release, 9 May 2009.

³⁰ Hon. Bob McMullan, AusAID Media Release, 9 May 2009

³¹ Hon. Bob McMullan, AusAID Media Release, 9 May 2009

³² AusAID Media Release, 3 May 2009

³³ *Intensifying the response: Halting the spread of HIV – Australia's international development strategy for HIV* launched by the Hon. Stephen Smith. See AusAID Media Release, 7 April 2009.

Australia also supports malaria programs in Papua New Guinea and the Philippines.³⁴

- **Debt-to-Health Swap with the Government of Indonesia**

A 2009/10 health budget initiative is the Debt-to-Health Swap with the Government of Indonesia. This is a commitment made during the Federal Election in 2007. Over a period of 6 years, the Government will cancel up to \$75 million in debt owed by the Government of Indonesia to Australia while at the same time the Indonesian Government invests \$37.5 million in The Global Fund to Fight AIDS, Tuberculosis and Malaria for approved tuberculosis programs. Indonesia has the third highest incidence of tuberculosis in the world, with over 90,000 deaths each year and over 550,000 tuberculosis cases reported.

We welcome the significant increase to health within the 2009/10 Aid Budget.

5.8 Water and Sanitation

As early as 2002, the Australian Government identified water and sanitation as a priority focus of the aid program.³⁵ In the 2008/09 Aid Budget, the Government announced \$300 million over three years (to 2011/12) through the Water and Sanitation Initiative (WSI) to improve access to clean water and effective sanitation, predominantly in the Asia and Pacific regions. In line with this commitment, and to provide a framework for the WSI, AusAID is currently developing its overarching Water, Sanitation and Hygiene (WASH) Strategy to be finalised by mid-2009. Since the 2008/09 Budget, WASH has also emerged as a key sectoral focus of the Government's development approach to Africa, which has been confirmed in the draft AusAID WASH Strategy released in December 2008 and a recent AusAID media release.³⁶ The Government's response to WASH also represents AusAID's previous commitment to assisting countries in the region achieve MDG 7 (target 10), to halve the proportion of people without sustainable access to safe drinking water and sanitation by 2015.

The 2009/10 Budget reaffirms the Government's previous \$300 million commitment to WASH and allocates \$165 million in 2009/10 to water and sanitation initiatives under infrastructure investment. By placing water and sanitation as a component of economic infrastructure spending, it is recognised as an important part of a key priority area of the Aid Budget. However, the Aid Budget does not provide any indication of AusAID commitments in the post-2011 period.

5.9 Infrastructure

Infrastructure represents a key component of the 2009/10 Aid Budget. Spending on infrastructure reflects the Budget's focus on generating jobs and improving service delivery in developing countries during the global recession. A key component of infrastructure spending will include the Economic Infrastructure Initiative of \$454.2 million over four years. The initiative will focus on a range of high priority basic infrastructure projects in East Asia and also include the previously announced (2008/09) Pacific Regional Infrastructure Facility under the Pacific Partnership for Development program.

³⁴ AusAID Media Release, 9 February 2009

³⁵ AusAID, Australian Aid: Investing in Growth, Stability and Prosperity, 2002.

³⁶ AusAID, Media Release 22 March 2009.

Direct spending on infrastructure will total \$560 million in 2009/10 and consist of key sectors including transport, water and sanitation (see page 20), and energy. Although this would appear to be a significant commitment of the Budget (and represents 15% of total Australian ODA), it is unclear how much of this initiative consists of multi-year funding initiatives already announced in previous budgets.

5.10 Human Rights

The Human Rights Fund has been allocated a budget of \$5.8 million for 2009/10. This Fund is to support the human rights small grants scheme, the UN Office of the High Commissioner for Human Rights (OHCHR), the Asia Pacific Forum of National Human Rights Institutions and emerging human rights issues.

The Human Right Fund's budget increased from \$4.0 million in 2008/09. A significant part of this increase appears to be allocated to the OHCHR (increased to \$1.9 million) to promote and protect human rights in the Asia and Pacific regions. This reflects the Government's commitment to engaging in and with the United Nations and to the advancement of human rights. Australia's contribution will be used to support the Office's initiatives on regional co-operation on human rights, including engagement with ASEAN, the Pacific Islands Forum and SAARC, the South Asian Association for Regional Cooperation. It includes \$500,000 to promoting and protecting human rights in the Asia-Pacific region, including by strengthening regional cooperation.³⁷

In addition to funds allocated to human rights initiatives, the Aid Budget also acknowledges the importance of promoting and protecting human rights as a general principle. Furthermore, the importance of 'fair development' is emphasized to ensure the promotion of equity and well-being of all people. The Aid Budget commits to advancing "human rights at all levels – through positive multilateral engagement, genuine bilateral partnerships, regional initiatives and support to civil society."

5.11 Gender Equality

The 2009/10 Aid Budget commitment to Gender Equality is targeted through support for the United Nations Development Fund for Women (UNIFEM).

This support comprises:

\$16.1 million over the next three years for work in over 100 countries to reduce women's poverty and exclusion, end violence against women, reverse the spread of HIV among women and girls and support women's leadership in governance and post-conflict reconstruction.

\$6.2 million over five years (in partnership with UNIFEM Pacific) to train women at a local level for leadership and governance roles in the Pacific.

Gender inequalities are most visible in women's access to education, to health services, to economic opportunities and political participation and women are more likely than men to be the victims of violence. In South Asia, 85 girls for every 100 boys are enrolled in secondary school and women and girls remain at a distinct disadvantage in attending school and acquiring literacy skills. East Timor has one of the highest rates of maternal mortality in the world and the Pacific has the lowest rate of female membership of parliaments in the world.

³⁷ AusAID Media Release, 23 February 2009.

The Australian Government's response to gender equality is also informed by the report on *Violence Against Women in Melanesia and East Timor: Building on Global and Regional Promising Approaches*³⁸.

6. Countries and regions

	Budget 2008/09 (\$m)	Budget 2009/10 (\$m)	2009/10 (\$m) in today's dollars	% change after inflation
Total Aid Budget	3,659.9	3,818.8	3865.1	5.6%
PNG	389.4	414.3	419.3	7.7%
Pacific				
Fiji	26.9	35.4	35.8	33.2%
Vanuatu	51.8	56.3	57.0	10.0%
Solomon Islands	236.4	246.2	249.2	5.4%
Western Samoa	28.3	32.4	32.8	15.9%
Tonga	19.3	21.3	21.6	11.7%
Kiribati	18.4	17.7	17.9	-2.6%
Nauru	26.6	23.4	23.7	-11.0%
Tuvalu	6.3	7.5	7.6	20.5%
Other island nations	14.3	13.9	14.1	-1.6%
Regional & Other Pacific	181.9	222.5	225.2	23.8%
Total Pacific	610.1	676.6	684.8	12.2%
East Asia				
Indonesia	462.0	452.5	458.0	-0.9%
East Timor	96.3	117.0	118.4	23.0%
Vietnam	93.1	105.9	107.2	15.1%
Philippines	109.3	123.0	124.5	13.9%
China	34.8	37.0	37.4	7.6%
Cambodia	55.0	61.4	62.1	13.0%
Thailand	4.3	4.5	4.6	5.9%
Laos	27.8	36.0	36.4	31.1%
Burma	16.1	29.1	29.5	82.9%
Mongolia	5.2	6.4	6.5	24.6%
Regional	134.8	100.6	101.8	-24.5%
Total East Asia	1,038.7	1,073.5	1086.5	4.6%
South Asia				
Bangladesh	52.6	61.2	61.9	17.8%
India	5.4	13.7	13.9	156.8%
Sri Lanka	27.0	35.6	36.0	33.5%
Nepal	8.2	15.8	16.0	95.0%
Maldives	4.6	3.7	3.7	-18.6%
Bhutan	3.2	4.8	4.9	51.8%

³⁸ AusAID Office of Development Effectiveness (2008)

Regional	12.5	15.1	15.3	22.3%
Total South Asia	113.5	149.9	151.7	33.7%
Central Asia and Middle East				
Pakistan	30.5	58.8	59.5	95.1%
Afghanistan	122.4	88.7	89.8	-26.7%
Iraq	313.4	44.7	45.2	-85.6%
Palestine and other Middle East	31.3	32.3	32.7	4.4%
Total Central Asia and Middle East	497.6	224.5	227.2	-54.3%
Africa				
Africa	116.4	163.9	165.9	42.5%
Core contributions to multilateral organisations, other ODA expenditure				
	878.6	1,022.0	1034.4	17.7%
reconciliation of expenses to cash	(95.7)	(6.9)	-7.0	-92.7%
funds approved but not yet allocated	111.3	101.2	102.4	-8.0%

6.1 Investment in Asia

The Australian Labor Party states that its foreign affairs and national security policy is based on three fundamental pillars of which comprehensive engagement with Asia is one.³⁹

Active engagement with Asia is seen as fundamental to Australia's national security as well as to furthering Australia's national interest.

This is highlighted through the Prime Minister's vision of an Asia Pacific Community, spanning the entire Asia-Pacific region including the United States, Japan, China, India, Indonesia and other states of the region – and which is able to focus on the full spectrum of issues including economic and political matters as well as security.⁴⁰

Pakistan

The unfolding crisis in Pakistan's north will be an important issue the coming months.

That is reflected in the 2009/10 Aid Budget through a real increase of 95.1% to a total ODA expenditure of \$58.8 million. The Australian Government has indicated it will deliver \$120 million in development assistance to Pakistan over the next two years.

Australian assistance will focus on the provision of health (including maternal and child health) and support for basic education as well as governance.⁴¹ It will continue humanitarian relief and reconstruction following the 2005 earthquake. Also, AusAID will support agriculture and rural development to improve opportunities for communities.

Support will be directed to the UN and the ICRC for relief operations targeting internally displaced people in the border regions with Afghanistan. Australia will contribute \$5.2 million over 5 years to support a new phase in the Fred Hollows

³⁹ Labor Party, Consultation Draft National Platform, paragraph 10.9 (2009)

⁴⁰ Labor Party, Consultation Draft National Platform, paragraph 10.43 (2009)

⁴¹ AusAID Media Release, 17 April 2009.

Pakistan-Australia Sub-Specialty Eye Care Project. Funding for civil society institutions working to improve governance at national and provincial levels will be increased and coordinated with other development efforts.

Defence cooperation between Australia and Pakistan has increased in recent years. This year, Australia will increase four-fold to more than 40 training programs offered to Pakistani security and defence personnel. Further, the Australian Government will focus on improving rural livelihoods and strengthening standards of democratic governance and the protection of internationally recognised human rights standards.⁴²

Assistance will be delivered in conjunction with the Government of Pakistan and international partners.

Afghanistan

Since 2001 Australia has committed \$600 million for aid, capacity building and reconstruction, which includes a pledge by the Government in June 2008 of \$250 million for development and reconstruction assistance to Afghanistan over the next three years. The number of AusAID officers will be increased, who will work with other donors to support reconstruction, capacity-building and development efforts.

The 2009/10 Aid Budget allocates a total ODA budget of \$88.7 million. This spending will focus on building on reconstruction activities through the Australian Defence Force in Oruzgan Province and Police Training activities undertaken by the Australian Federal Police.

Australia will provide \$21 million to support the Afghan Government to deliver national programs in health, education, rural development and micro finance. The funding will be provided through the World Bank's Afghanistan Reconstruction Trust Fund.⁴³ Australia's bilateral program will focus on delivering basic training in areas such as: health, education, agriculture, irrigation and livestock, rural construction and development.

Also, Australia will provide \$3 million in support to the United Nations Development Programme to help establish an independent Electoral Complaints Commission.⁴⁴ As well, in order to support a successful outcome to the Afghan elections due in August, Australia proposed providing a small team of civilian monitors to oversee the technical aspect of polling in Oruzgan.⁴⁵

Sri Lanka

The Minister for Foreign Affairs has repeatedly expressed his concern over the situation in Sri Lanka. ACFID has been closely engaged with the Government on this topic. The Australian Government calls for a diplomatic solution to the conflict, while providing additional humanitarian assistance.

The total ODA budget for Sri Lanka in 2009/10 is \$35.6 million, the country program only accounts for \$11.3 million of that. Since December 2008, the Australian Government committed a total of \$23.5 million in humanitarian assistance for civilians

⁴² The Hon Stephen Smith, Statement made on 17 April 2009.

⁴³ AusAID Media Release, 1 April 2009.

⁴⁴ AusAID Media Release, 15 March 2009.

⁴⁵ Prime Minister, Speech 29 April 2009.

caught up in the conflict in northern Sri Lanka (medical supplies, shelter, water and sanitation).⁴⁶

Assistance to Gaza

In March 2009 Australia provided \$20 million to assist the Palestinian Territories and the recovery and reconstruction of Gaza. This is in addition to \$10 million provided in January 2009 for emergency and humanitarian relief through United Nations agencies and international and Australian NGOs. Australia's total development and humanitarian assistance to the Palestinian Territories now stands at \$75 million since December 2007.⁴⁷

6.2 Investment in Pacific Partnerships

The 2009/10 Budget continues to focus on Papua New Guinea and other Pacific Island countries pursued through Pacific Partnerships for Development. These Partnerships embody mutual respect and mutual responsibility and each has a different focus based on in-depth consultation to address each country's specific needs. Partnerships have already been agreed and signed between the Australian Government and the Governments of Samoa, Kiribati, Solomon Islands and Papua New Guinea. Currently under discussion are Partnerships with Vanuatu, Tonga, Nauru and Tuvalu and support is provided in the Budget for those countries as well as for the Federated States of Micronesia, Marshall Islands, Palau, Cook Islands, Niue and Tokelau.

Significant support is also channelled through Pacific regional programs for health systems strengthening, addressing HIV and other sexually transmitted infections, combating malaria, tackling non-communicable diseases, improving education (including the Australia-Pacific Technical College), climate change, building public sector capacity and enhancing engagement with and support for Pacific regional organisations.

Support to Papua New Guinea has increased by \$25 million to \$414.3 million (an increase after inflation of 7.7%) and support to other Pacific Island Countries increased by \$66 million to \$676.6 million (an increase after inflation of 12.2%). Total support to PNG and the Pacific comprises 29% of the aid budget.

Papua New Guinea

Recent discussions between Prime Minister Rudd and Papua New Guinea's Prime Minister, Sir Michael Somare indicated that future aid to PNG would have less of a consultancy delivery focus and more assistance delivered to essential assistance in teaching, in infrastructure, in health services on the ground in the villages across PNG.⁴⁸ This emphasis has been reflected in the Budget with the \$414.3 million support aimed at promoting faster progress towards universal basic education, improving health outcomes, providing better access to markets through improved transport infrastructure, strengthening the public service and improving statistical data. As would be expected, support also continues towards a strengthened, coordinated response to the HIV crisis.

Solomon Islands

Under the Solomon Islands Partnership, support of \$246.2 million will focus on improving service delivery, improving economic livelihoods, improving economic infrastructure and to addressing economic and fiscal challenges. Also included within this amount is assistance through RAMSI to contribute to safety and security, better

⁴⁶ AusAID Media Release, 29 April 2009. Minister Smith, Media Release, 8 May 2009.

⁴⁷ The Hon Stephen Smith, Media Release, 1 March 2009.

⁴⁸ Transcript of interview with the Hon. Kevin Rudd and Sir Michael Somare, 28 April 2009.

functioning government and improved standards of living. RAMSI's commitment will extend for a further four years, with a total commitment for that period of \$679 million.

Vanuatu

Under the Vanuatu Partnership, support of \$56.3 million provides for education, basic health services, improved infrastructure, governance reforms and law and justice.

Fiji

Ahead of progress towards a return to democratic governance, assistance to Fiji is \$35.4 million (an increase on the 2008/09 Budget figure of \$26.9 million, or 33.2% increase after inflation). The focus is on social protection and financial inclusion measures, support for health and education systems, partnerships with civil society and regional organisations to promote an enabling environment for improved governance and accountability, as well as providing support to promote political dialogue, civic education and elections.

We welcome this commitment, especially at this time when the impact due to loss of tourism and other economic ventures associated both with the global financial crisis and the current political crisis, are likely to be felt most by the poorer sectors of Fijian society.

6.3 Investment in Africa

Although the Asia and Pacific regions remain the focus of Australia's aid program, AusAID has developed plans since the 2008/09 Budget to increase its role in bilateral aid to Africa through a targeted engagement approach.

The previous 2008/09 Aid Budget estimated a total ODA to Africa of \$116.4 million, including a \$60 million regional program to support Africa achieving its MDG targets; providing humanitarian assistance; and continuing specific support to Zimbabwe. In line with this commitment, 2008/09 saw a range of projects funded in the Africa region, including:

- water, sanitation and hygiene in Zimbabwe;
- agriculture, humanitarian food assistance and child and maternal health in Ethiopia; and
- humanitarian assistance in Kenya.

AusAID's Africa Cooperation Agreement from 2004-2010 (the Australian Partnerships with African Communities [APAC] Programme) targeted key development sectors including HIV/AIDS and food security in partnership with NGOs and their local partners.

The 2009/10 Aid Budget allocates a total estimated ODA of \$163.9 million to Africa, representing a significant increase of 42.5% after inflation from the 2008/09 Budget. Although AusAID is currently developing the proposed Strategy for Aid to Africa 2008-2015, the Aid Budget reaffirms the previous commitment to assist Africa to reach MDG targets by focusing on child and maternal health, food security, and water and sanitation. It also reaffirms the focus on humanitarian assistance and continued support to Zimbabwe. The Government has indicated further that although Africa remains a comparatively small component of the aid program, it is expected to grow in future years.

The Budget reveals that AusAID's program in Africa will result in closer cooperation with multi-nationals and existing bilateral donors in Africa as well as NGOs. ACFID envisages that NGO engagement with AusAID in Africa will be clarified through the development and finalisation of the Africa Strategy in the coming months.

6.4 Multilaterals

The Foreign Minister argued in a speech in March, “engagement with the United Nations is vital because of its role in setting global standards on a wide range of issues, from human rights to the use of force in settling international disputes. The United Nations has a key role in maintaining peace and security, from the United Nations Security Council, to conflict prevention, to peace-keeping operations, to arms control negotiations.”⁴⁹

In 2009/10, the Government reaffirmed its commitment to multilateral partnerships with the announcement of total funding equal to \$465.7 million. This compares to 2008/09 funding of \$350.1 million, which represents a significant 2.6% increase in funding as a proportion of ODA. The 2009/10 Aid Budget includes \$259.8 million for multilateral replenishments and \$205.9 million for UN, Commonwealth and other International organisational commitments.

Multilateral Replenishments

The Aid Budget strengthened support for multilateral initiatives equalled \$259.8 million in 2009/10, a substantial increase from 2008/09 funding of \$175 million. Of interest:

- The World Bank captured most of the funding with a \$50.3 million enlargement in funding allocation, totalling \$137.5 million to support its program through the International Development Association (IDA). The World Bank was also allocated an additional \$25 million to contribute to the Clean Technology Fund.
- A \$12.7 million increase in funding to the Asian Development Bank equalling total funding of \$54.1 million.
- There was a decrease in funding for the Global Environment Facility from \$19.6 million to \$17.4 million.

UN, Commonwealth and other International organisations

In 2009/10, the Government increased support for UN Commonwealth and other international organisations to \$205.9 from \$175.1 million in 2008/09.⁵⁰ Measures include:

- Total increase in UN agency program in 2009/10 by 31.1% from \$55.8 million in 2008/09 to \$72.3 million in 2009/10.
- An increase in UNICEF funding by 36.8% from 2008/09 funding and World Health Organisation (WHO) funding increased by 64.5%.
- Introductory funding to support International Education programs equalling \$22.5 million.

⁴⁹ The Hon Stephen Smith MP, Minister for Foreign Affairs, 11 March 2009

⁵⁰ It is important to note that the International Monetary Fund is not included in the Aid Budget as such funding is not considered part of ODA.