# Australian International Aid

TO 30 JUNE 1967

DEPARTMENT OF EXTERNAL AFFAIRS,
CANBERRA. October 1967



# AUSTRALIAN INTERNATIONAL AID 1967

It is estimated that in 1967-68 every Australian will contribute approximately $A12 towards international aid. This will represent a total expenditure of about $A148,000,000. Expenditure in 1967-68, by way of illustrating growing interest in aid, will be more than twice the amount spent six years ago.

Since 1945 the Australian Government has provided approximately $A1,013,000,000 in international aid. Part of this money has been spent on bilateral efforts involving in each case Australia and one other country. The rest has been spent on multilateral efforts, in which we contribute to schemes involving groups of countries.

The Government's international aid policies have these simple objectives:

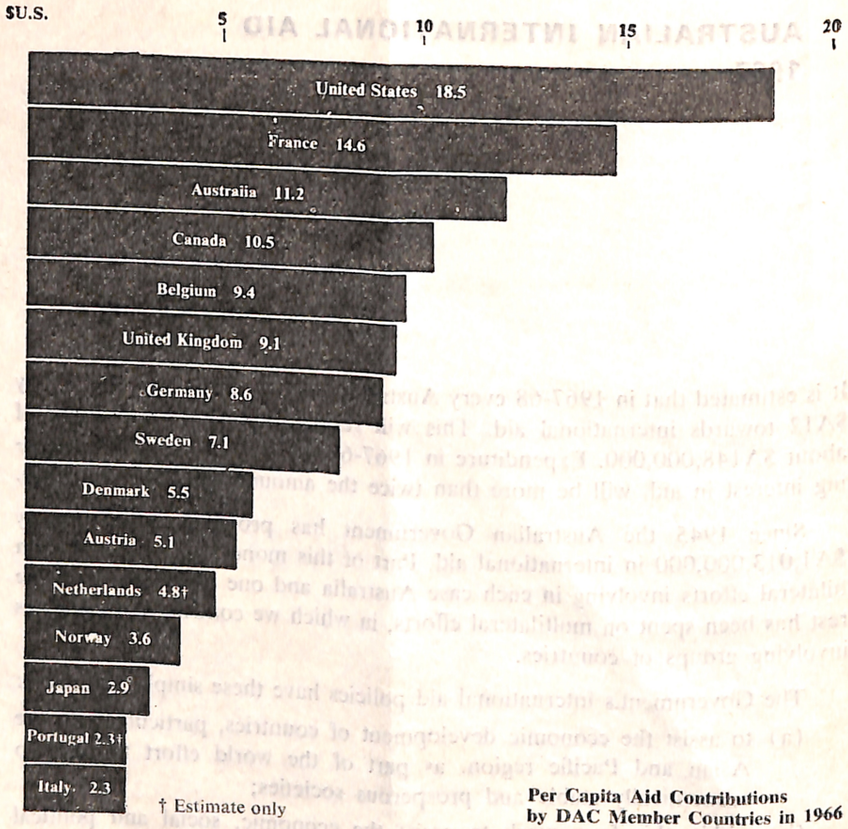
(a) to assist the economic development of countries, particularly in the Asian and Pacific region, as part of the world effort to develop economically stable and prosperous societies;

(b) within this framework to assist the economic, social and political development of Papua and New Guinea as a territory in which Australia has special obligations and interests.

Whereas other donors provide a substantial proportion of their international aid as loans which must be repaid—often with interest—all of Australia's aid is given as gifts. There are no repayment and debt servicing problems involved in Australian aid.

Australia has many strong links with international aid giving and aid reviewing organisations. Amongst the latter Australia attaches great importance to its membership of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). The general aim of the DAC is to keep under constant review the overall flow of resources from major developed countries to the less developed countries in order to identify world trends and problems and provide material on which donor countries can form their individual aid policies.

There are no wholly satisfactory ways of comparing aid performance. The following chart uses one form of measurement, viz. the contribution of official aid per capita:




**Per Capita Aid Contributions by DAC Member Countries in 1966**

All countries can produce good arguments to defend their level of giving. For example Australia, unlike most aid donors, is a net importer of capital, depending itself on overseas finance to help with economic development. Australia spent 0.69 per cent of its national income on official aid to other countries during 1966. As shown below, only one other country appears to have devoted a larger percentage of national income to official economic aid:*

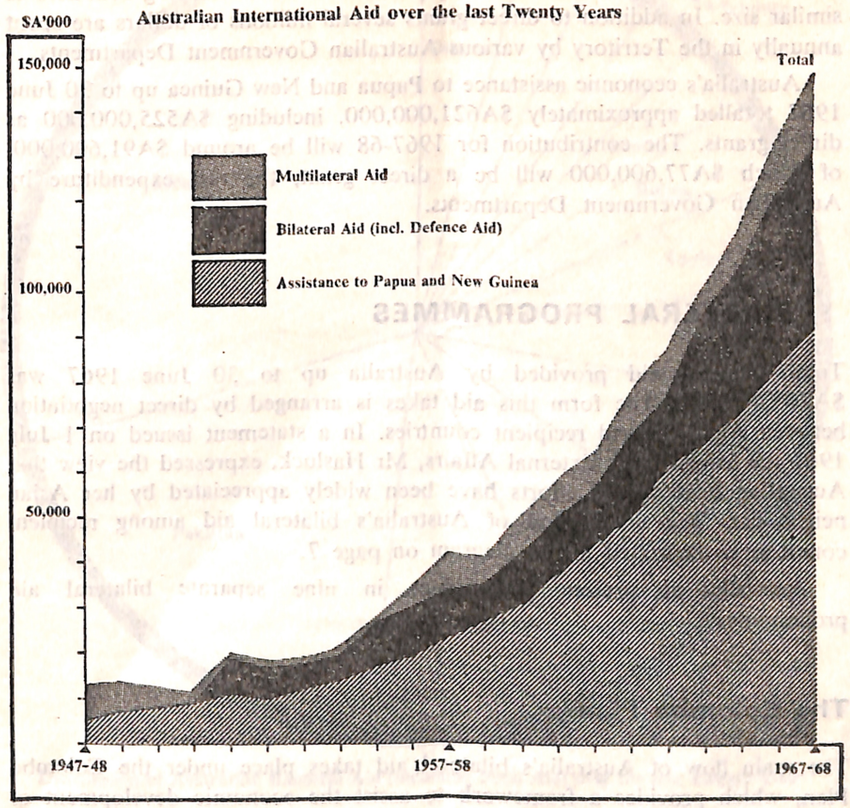
| | | | |
|---|---|---|---|
| France | 0.90% | Portugal | 0.42%‡ |
| Australia | 0.69% | Japan | 0.34% |
| Belgium | 0.59% | Netherlands | 0.33%‡ |
| United States | 0.56% | Sweden | 0.33% |
| United Kingdom | 0.51% | Norway | 0.25% |
| Canada | 0.50% | Denmark | 0.24% |
| Germany | 0.47% | Italy | 0.07% |
| Austria | 0.43% | | |

‡ Estimate only

**Sources*: DAC—'Development Assistance Efforts and Policies—1967 Review'
IMF—'International Financial Statistics'



The following graph illustrates the rise in Australian international aid over the last twenty years:




The major share of Australia's bilateral aid is directed towards the Asian and Pacific regions, with a relatively small programme of technical assistance extended to a number of African countries. Through contributions to various multilateral aid programmes Australia provides indirect assistance to areas more remote.

Australian aid activity is concentrated in these ways:

## PAPUA AND NEW GUINEA

The economic development of the Territory of Papua and New Guinea requires a rate of government spending and investment which the Territory's economy at present cannot provide. As the administering power for the Territory, Australia has the prime responsibility for supplying it with economic assistance. As a result disbursements to Papua and New Guinea form the largest component of Australia's aid programmes.

Direct grants by Australia in recent years have comprised over half of the Territory's budget revenue. The amount of aid received per head is one of the highest in the world compared with other developing countries of similar size. In addition to direct grants several millions of dollars are spent annually in the Territory by various Australian Government Departments.

Australia's economic assistance to Papua and New Guinea up to 30 June 1967 totalled approximately $A621,000,000, including $A525,000,000 as direct grants. The contribution for 1967-68 will be around $A91,600,000, of which $A77,600,000 will be a direct grant, the rest expenditure by Australian Government Departments.

## BILATERAL PROGRAMMES

Total bilateral aid provided by Australia up to 30 June 1967 was $A205,000,000. The form this aid takes is arranged by direct negotiation between Australia and recipient countries. In a statement issued on 1 July 1967 the Minister for External Affairs, Mr Hasluck, expressed the view that Australian bilateral aid efforts have been widely appreciated by her Asian neighbours. The distribution of Australia's bilateral aid among recipient countries is illustrated in the diagram on page 7.

Australia at present participates in nine separate bilateral aid programmes:

### The Colombo Plan

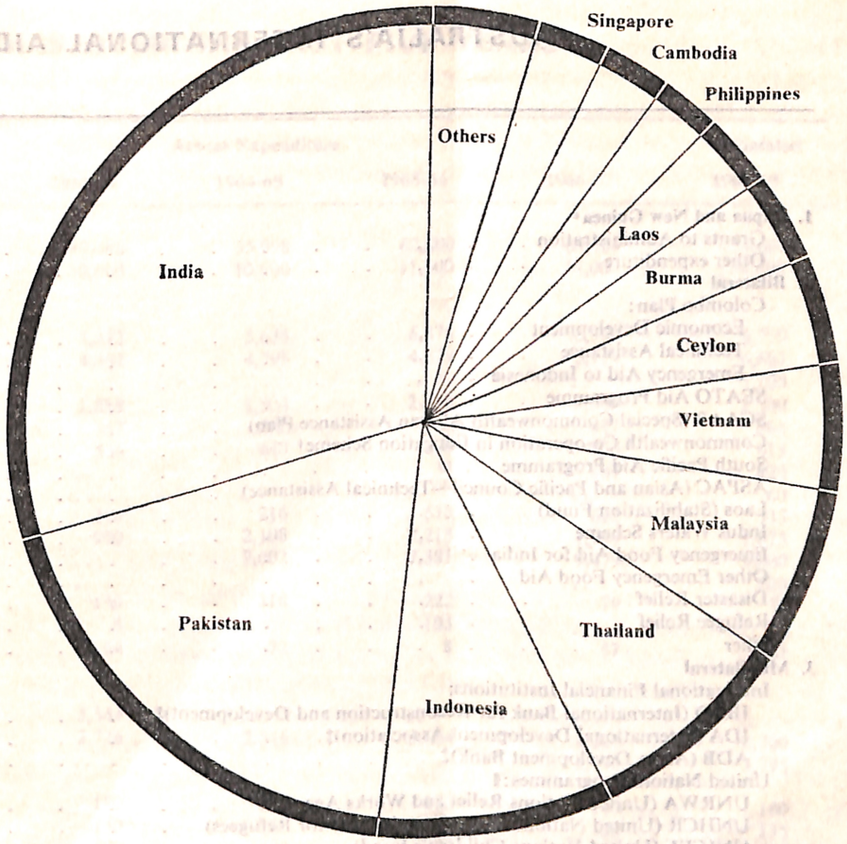
The main flow of Australia's bilateral aid takes place under the Colombo Plan, which provides a framework to assist the economic development of the Asian region through a network of bilateral programmes agreed upon between member countries.

The Colombo Plan began in 1950 for a five-year period. It has been periodically extended since, and in 1964 members agreed that it should continue until at least 1971. Progress is reviewed annually at a Consultative Meeting held at Ministerial level. The present member countries of the Consultative Committee are: Afghanistan, Australia, Bhutan, Britain, Burma, Cambodia, Canada, Ceylon, India, Indonesia, Iran, Japan, Korea, Laos, Malaysia, Maldive Islands, Nepal, New Zealand, Pakistan, Philippines, Singapore, Thailand, United States and Viet-Nam.

Up to 30 June 1967 Australia's aid under the Colombo Plan totalled $A141,751,000. It is estimated that expenditure on Colombo Plan projects by Australia in 1967-68 will be $A18,637,000.

Of the total expenditure under the Colombo Plan $A96,405,000 has been spent on economic development projects. This includes provision of






**Distribution of Australian Bilateral Aid (including Food Aid) over the last Twenty Years**

machinery and equipment to help in the establishment of secondary industries, irrigation schemes, roads, communications facilities, etc., as well as supply of commodities such as wheat and wool.

Expenditure on technical assistance activities to 30 June 1967 has been $A45,346,000. This includes provision of scholarships for foreign students to study in Australia, the services of various Australian experts and advisers working in less developed countries, and provision of technical equipment. There has been an increasing emphasis on technical assistance in the Colombo Plan in recent years.

Overseas students (including those paying their own way) amount to some 10 per cent of all full-time enrolments at Australian universities. Since 1950 over 8,400 students and trainees have undertaken education or training in Australia under Australian Government aid schemes, including 7,307 under the Colombo Plan. Students who have received Australian Colombo Plan

# AUSTRALIA'S INTERNATIONAL AID PROGRAMMES OVER THE LAST FIVE YEARS
## ($A'000)

| | Actual Expenditure | | | | | Estimated |
|---|---|---|---|---|---|---|
| | 1962-63 | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 |
| **1. Papua and New Guinea*** | | | | | | |
| Grants to Administration | 40,000 | 50,498 | 55,998 | 62,000 | 69,784 | 77,600 |
| Other expenditure | 9,782 | 10,600 | 10,600 | 11,600 | 14,000 | 14,000 |
| **2. Bilateral** | | | | | | |
| Colombo Plan: | | | | | | |
| Economic Development | 5,528 | 5,372 | 5,638 | 6,876 | 6,939 | 6,750 |
| Technical Assistance | 4,116 | 4,592 | 4,796 | 4,879 | 5,774 | 6,687 |
| Emergency Aid to Indonesia | .. | .. | .. | .. | .. | 5,200 |
| SEATO Aid Programme | 2,496 | 1,888 | 2,504 | 2,258 | 2,309 | 2,500 |
| SCAAP (Special Commonwealth African Assistance Plan) | 152 | 362 | 328 | 420 | 427 | 464 |
| Commonwealth Co-operation in Education Scheme† | 480 | 536 | 648 | 660 | 700 | 815 |
| South Pacific Aid Programme | .. | .. | .. | 34 | 167 | 420 |
| ASPAC (Asian and Pacific Council—Technical Assistance) | .. | .. | .. | .. | .. | 60 |
| Laos (Stabilization Fund) | .. | 216 | 216 | 673 | 612 | 535 |
| Indus Waters Scheme | 1,936 | 970 | 2,108 | 2,218 | 1,749 | 1,875 |
| Emergency Food Aid for India | .. | .. | 7,602 | 7,381 | 9,479 | 9,000 |
| Other Emergency Food Aid | .. | .. | .. | .. | .. | 500 |
| Disaster Relief | 132 | 130 | 318 | 222 | 79 | 50 |
| Refugee Relief | 144 | 4 | .. | 103 | .. | .. |
| Other | 112 | 64 | 72 | 8 | 47 | 50 |
| **3. Multilateral** | | | | | | |
| International Financial Institutions: | | | | | | |
| IBRD (International Bank for Reconstruction and Development)‡ | 5,344 | 5,344 | .. | .. | .. | .. |
| IDA (International Development Association)‡ | 2,692 | 2,726 | 2,546 | 5,684 | 6,005 | 8,300 |
| ADB (Asian Development Bank)‡ | .. | .. | .. | .. | 3,795 | 3,795 |
| United Nations Programmes:§ | | | | | | |
| UNRWA (United Nations Relief and Works Agency) | 180 | 180 | 180 | 180 | 180 | 180 |
| UNHCR (United Nations High Commissioner for Refugees) | 100 | 150 | 100 | 100 | 135 | 135 |
| UNICEF (United Nations Children's Fund) | 480 | 480 | 480 | 480 | 480 | 480 |
| UNDP (United Nations Development Programme) | n.a. | n.a. | n.a. | n.a. | 1,170 | 1,302 |
| UNEPTA (United Nations Expanded Programme for Technical Assistance) | 558 | 670 | 670 | 670 | n.a. | n.a. |
| Special Fund | .. | 750 | 500 | 500 | n.a. | n.a. |
| World Food Programme | 404 | 162 | 460 | 161 | 492 | 750 |
| Other: | | | | | | |
| International Red Cross Committee | 16 | 16 | 15 | 15 | 15 | 15 |
| International Refugee Year 1966 | .. | .. | .. | .. | 50 | .. |
| TOTAL ECONOMIC AID | 74,652 | 85,710 | 95,779 | 107,122 | 124,388 | 141,463 |
| **4. Defence Aid** | | | | | | |
| Malaysia and Singapore | .. | 144 | 3,376 | 5,034 | 8,036 | 6,286 |
| India | 2,892 | 1,284 | 60 | 17 | .. | .. |
| TOTAL INTERNATIONAL AID | 77,544 | 87,138 | 99,215 | 112,173 | 132,424 | 147,749 |

* the economic development of Papua and New Guinea is principally the responsibility of the Department of Territories;

† administered principally by the Department of Education and Science;

‡ the Department of the Treasury has the principal responsibility for the management of Australia's participation in these organisations.

$ A portion of Australia's contributions to the United Nations, and to some other UN Specialised Agencies such as WHO, FAO, ILO and UNESCO, is considered by the Development Assistance Committee as official aid, but due to difficulties in precise computation these amounts have not been included in this table.

awards include 1,610 Malaysians, 1,167 Indonesians, 827 Indians, 580 Thais, 523 Pakistanis, 518 Filipinos, 469 Burmese, 452 Singaporeans, 390 Ceylonese and 293 Vietnamese. The main fields of study have been engineering, education, public administration, nursing, medicine and health, agriculture and the social services. Another 4,265 awards enabling students to receive training by correspondence with educational institutions in Australia have been made under the Colombo Plan up to 30 June 1967.

Australia has sent 1,083 advisers and experts on various assignments to Colombo Plan countries. Technical equipment valued at $A8,930,000 has also been provided.

### SEATO Aid Programme

Australia is the only member of SEATO which has established a civil economic development programme as one of its SEATO obligations. The programme stems from Article III of the Manila Treaty under which the signatories agree to co-operate with one another in developing technical and other assistance to promote economic progress and social well-being.

Australia has provided a total of $A16,504,000 under its SEATO aid programme. An additional $A2,500,000 has been appropriated for SEATO aid projects in 1967-68. Recipients of aid under this programme in the period to 30 June 1967 have been Pakistan $A3,727,000; Thailand $A4,701,000; Philippines $A1,672,000; and Viet-Nam (a Protocol State under the Treaty) $A5,940,000. In addition there have been Australian contributions to special SEATO projects such as the Graduate School of Engineering in Bangkok, the Cholera Research Laboratory in Dacca and the Hill Tribes Research Centre at Chiengmai in north-western Thailand.

### Other Programmes

Australia has contributed $A12,233,000 to the Indus Basin Development Fund, set up in 1960 to develop the resources of the Indus River network for the mutual benefit of India and Pakistan. It has also contributed $A1,717,000 to the Foreign Exchange Operations Fund in Laos, established in 1963-64 to help stabilise the Laotian economy. Under both of these programmes a number of countries have combined in contributing, although contributions are made on a bilateral basis.

Australia has responded to requests for aid to meet emergencies or special situations. It has extended to India in recent years four separate gifts of emergency food aid as follows: $A7,600,000 worth of wheat in 1965; wheat, flour and milk powder in 1966 valued at $A8,000,000 and $A9,000,000; and wheat worth $A8,800,000 in 1967. Pakistan received an emergency gift of wheat in 1967 valued at $A1,380,000. Special grants have also been made to meet other types of emergencies elsewhere. To 30 June



1967 Australia has provided $A1,600,000 for flood or disaster relief in a number of countries, and $A1,132,000 for refugee and other relief activities.

Other regular bilateral aid programmes of a technical assistance nature include the Commonwealth Co-operation in Education Scheme ($A3,873,000 to 30 June 1967), the Special Commonwealth African Assistance Plan ($1,729,000 to 30 June 1967). and the Australian International Awards Scheme ($A457,000 to 30 June 1967). The first two schemes operate within the context of the British Commonwealth whilst the third scheme provides a number of training places for pesons from countries which are not included in the regions covered by other Australian aid programmes. A relatively new programme, the Australian South Pacific Technical Assistance Programme, was begun in 1965-66 with an initial annual expenditure of $A34,000. It has become the fastest growing of our bilateral programmes and it is estimated that expenditure in 1967-68 will total $A420,000. A small initial expenditure will be incurred in 1967-68 as a result of Australia's membership of another regional grouping for compiling a Register of Experts' Services on behalf of the members of the Asian and Pacific Council (ASPAC).

## MULTILATERAL PROGRAMMES

There is no direct link in multilateral aid-giving between Australia and the recipient country. But in contributing to international financial insitutions and various United Nations programmes Australia indirectly provides substantial economic assistance to developing countries in all parts of the world. The main international organisations through which such aid is channelled are:

### International Bank for Reconstruction and Development (IBRD)

Australia has contributed $A47,600,000 to the capital stock of the IBRD, otherwise known as the World Bank. The main function of the Bank is to make loans to member countries for major development projects. The IBRD also provides valuable advisory services in connection with problems relating to economic development.

### International Finance Corporation (IFC)

Australia has subscribed $A1,996,000 to the IFC, whose function is to supplement the activities of the World Bank by investing, without government guarantees, in productive private enterprises. The IFC usually co-operates closely with other private investors, acting to some extent as a stimulus to investment.

### International Development Association (IDA)

Up to 30 June 1967 Australia had made cash payments of $A20,780,000 to the IDA, another affiliate of the World Bank. The IDA was established by the

Bank in 1960 to extend loans to developing countries repayable without interest over 50 years. Australia is now contributing to the replenishment of the IDA's initial capital resources, which will bring the total Australian contribution to $A35,700,000.

### Asian Development Bank (ADB)

Australia has agreed to subscribe $US85,000,000 to the capital stock of the ADB, which recently set up headquarters in Manila. The Asian Development Bank will provide an important source of finance for the economic development of the member countries of ECAFE. Half of the Australian subscription remains subject to call, the balance being paid in equal amounts of foreign exchange and Australian currency in five annual instalments. A second instalment of $A3,795,000, representing the foreign exchange portion of Australia's subscription, will be made in 1967-68.

### United Nations Programmes

Up to 30 June 1967 Australia had provided a total of $A91,765,000 to United Nations programmes for the economic and social advancement of developing countries. The main programmes at present are the United Nations Development Programme (including the previous Special Fund and Expanded Programme for Technical Assistance), the United Nations Relief and Works Agency, the United Nations High Commissioner for Refugees, the United Nations Children's Fund and the World Food Programme.

## DEFENCE AID

Australia has provided to 30 June 1967 defence aid to Malaysia and Singapore totalling $A16,590,000. It is expected that a further $A6,286,000 will be spent in 1967-68. Australia has also supplied defence aid to India amounting to $A4,253,000. Aid of this nature consists of assistance for the defensive capacity of the recipient countries themselves—rather than the contribution of forces by Australia.

## VOLUNTARY AID

The Australian people have contributed substantially to voluntary overseas aid programmes through a large number of local and international voluntary organisations which despatch money, commodities and expert personnel to the developing countries. Voluntary groups are also active in sponsoring overseas students for training in Australia. This voluntary effort, which is costing several million dollars annually, is an indication of the desire of private Australian citizens to help those in need overseas in addition to assistance granted by the Commonwealth Government.

Since 1952 the Government has assisted financially expanding programmes of voluntary service under which 126 Australians are now working in Asia, Africa, the Pacific and Papua and New Guinea. More



recently the Government has assisted the Australian Council for Overseas Aid, a co-ordinating body of voluntary overseas aid organisations, to enable it to promote and co-ordinate more effectively private aid to the developing countries.

The Commonwealth Government appreciates the activities of voluntary aid schemes, which may be regarded as part of the overall flow of Australian aid. Persons or bodies seeking advice about voluntary aid or wishing to be associated with an overseas aid project are advised to contact the Australian Council for Overseas Aid, 241 King Street, Melbourne, Victoria 3000.

## CONCLUSION

Australia is devoting an increasing part of its national resources to international aid at a time when aid from most other major donor countries is either static or declining. There is an awareness that Australia's future is intimately connected with that of neighbouring countries in the Asian and Pacific regions. Our aid policies are therefore directed principally to increasing economic and social well-being in those areas.

Assessing the usefulness of aid is a difficult business for any donor country. Australia's bilateral aid is given in response to specific requests from Governments of recipient countries. These requests reflect the relevant country's assessment of its most urgent needs. We also give priority to direction of aid into those areas of a developing economy recognised as having fundamental importance, such as agriculture.

In examining requests for aid Australia's response is guided to some extent by available resources. Thus, aid is provided only in fields where Australia is competent to do so. Australia must also consider its own developmental requirements in determining what resources it can devote to external economic aid.

Delays sometimes occur in administering aid requests: communication and assessment of requests is often lengthy; equipment requested is not always readily available in Australian factories; there can be difficulties in recruiting experts to meet overseas timetables. Nonetheless much valuable aid is being given and techniques improved.

Australia can therefore point to a number of successful projects. It has been found in many cases that even quite small aid projects can bring considerable benefit to the country concerned. Often a pilot project or supply of a key component of equipment will set off processes of development which result in benefits far greater than those originally envisaged. When an overseas student is trained in a profession, a trade, or in some new techniques in Australia, he not only returns to his own country to use the skills he has acquired but in many cases will pass the same skills on to his fellow-countrymen. In the same way, one Australian expert working in a developing country can impart his skills and knowledge to large groups of people.

But it is well to remember that aid is not a spectacular exercise. Nor is it an end in itself. Economic progress will depend on a number of things, not least the efforts of the developing nations themselves. The Minister for External Affairs, Mr Hasluck, expressed the following view in a statement on Foreign Affairs on 17 August 1967:

*We have to pass beyond general expressions of concern to the realities of international economic relations—the realities of sources of investment, application of technology and managerial skills and, above all, the marketing aspects of economic production. The accomplishment of these practical tasks, and not the wish to do better or the scolding of governments for not doing better, will be what really brings a difference to the economic life of nations and the welfare of peoples in Asia.*

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