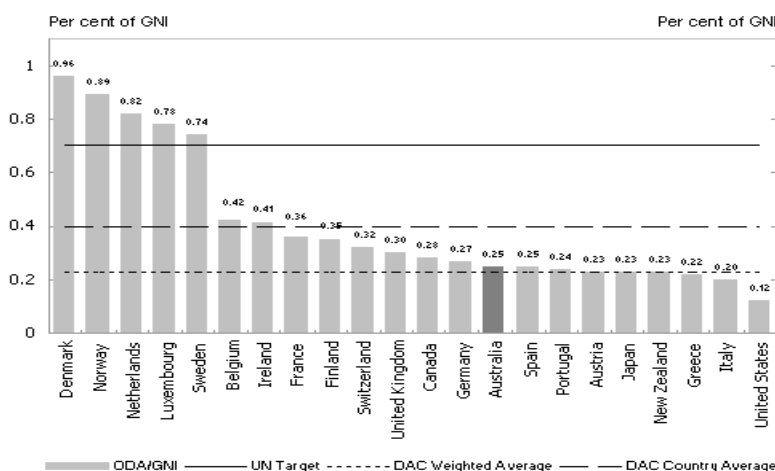


Australian aid objectives:

Australian aid is delivered through the Australian Agency for International Development (AusAID). The main objective of AusAID is to 'advance Australia's National Interest through the alleviation of poverty and the promotion of sustainable development'. This is problematic as what is in the interests of Australia may not necessarily equate to poverty alleviation for the majority of the world's people. Such a focus can create an environment where Australia's commercial or security concerns are put at the forefront of considerations of poverty alleviation.

How generous is Australia?¹



Australia ranks 15th of the 22 OECD donor countries in the generosity of our aid program and far below the 0.7% of GNI:ODA* that our government has agreed to reach in order to attain the Millennium Development Goals.

Despite increased wealth in Australia over the last 8 years there has been no increase in ODA:GNI. It has remained stagnant around the 0.26% figure.

* GNI: ODA is the international standard for measuring how much aid a country gives. Gross National Income: Official Development Assistance

Quantity or Quality?

While how much aid we give is important, how effective it is in alleviating poverty should be the primary concern. Currently, Australian aid is primarily delivered by Australian companies: this is known as Tied Aid. There is great concern – even by sources such as the World Bank – about the inefficiencies of Tied Aid. It is thought that Tied Aid is 20-25% more expensive to deliver than untied aid. Another concerning factor is that Tied Aid often delivers programs and projects that the donor country and aid contractor can deliver well, but may not necessarily be what is needed in the recipient country. Thus the answers provided by our aid may not be suitable to the questions that really need solving.

Top 10 recipients of AusAID contracts 2002/03²

Contractor	No. of Contracts	Value
Acil	29	323.8 m
Sagric	22	290.8 m
GRM	19	197.5 m
Hassall and Associates	19	155 m
Melb University Private	10	131.6 m
URS Australia	9	96 m
Int. Development Support Svces	5	90 m
Overseas Project Corporation of Vic.	11	75.6 m
Australian Wheat Board	7	69.6 m
SMEC	8	61.6 m
Total contracts of top 10	148	\$1.5 Billion
Total AusAID contracts	968	\$2.88 Billion

These top 10 companies control over 50% of the total value of all aid contracts yet are involved in less than 20% of the total number of contracts. Less than 5% of the total value of these contracts are delivered by NGO's.

AusAID supports a small number of private businesses to deliver poverty alleviation in our aid program. A lot of this so called 'aid' money will not end up in the country it was destined for but in the profits of these companies and with their consultants.

¹ From AusAID budget papers 2004/05, Diagram 15

² figures collated from AusAID documents to Senate. Australian aid contracts in 2002/03 in excess of A\$100 000

AusAID in PNG

Australia has given more than \$14 Billion in real terms in aid to PNG since 1975³ Despite this PNG has not fared well in its Human Development Indicators. These figures, amongst the worst in the Pacific, belie the fact that PNG is a very wealthy country.

Where is all the money going?

Main AusAID contractors in PNG 2002/03⁴

In PNG the evidence is stark. Just 8 companies control 1/3 of the total ongoing contracts but these contracts have a value of over 65% of the total AusAID funds in PNG.

NGOs are getting just 6.3% of the total contracts.

Again the question begs, how much of this money actually remains in PNG?

Contractor	No. of contracts	Value (\$Aust.)
Acil	9	146.4 m
Sagric	8	110.3 m
Barclay Mowlem	2	55.6 m
GRM	3	44.5 m
SMEC	4	37.1 m
IDP Education Australia	2	35.4 m
URS	2	28.3 m
Cardno & Davies	4	23.1 m
Total contracts + value of top 8	34	\$480.7 m
Total AusAID contracts in PNG	137	\$728.4 m

What is going wrong?

Such figures suggest that a small number of companies are profiting from the aid program. Private companies wouldn't be involved if there wasn't a dollar to be made. In turn the aid contracting process favours these large companies as smaller companies and NGOs get squeezed out..

Do Australian people know Kerry Packer is involved in \$200 million worth of Australian aid contracts via his company GRM? How does giving this money to Australia's richest man equate to 'poverty alleviation' to which the AusAID allegedly aspires? These are some of the questions that need to be answered

Some may argue that there is no problem with Australian companies delivering aid for profit and the aid program supporting Australian business. The fact remains that as PNG proves, our aid money has at best had very little impact. At worst it may be doing harm. AusAID has never published any research supporting the hypothesis that delivering aid for profit is actually working.

AID/WATCH is calling for an independent inquiry into how Australian aid is delivered and how it can be delivered to 'alleviate poverty and promote sustainable development' as the Downer commissioned report, The Simons review advocates.

Contact us and find out how you can get involved in ensuring the Australian aid program is something we can all be proud of.

About AID/WATCH - AID/WATCH is an independent NGO that monitors, researches and campaigns on the environmental and social impacts of Australian overseas aid and trade policies and programs in the Asia Pacific region. We receive no government or corporate funding so we can remain completely independent.

AID/WATCH does not deliver aid projects but works closely with grass-roots organisations in Australia and the majority world, campaigning for environmental and social justice. Our campaigns support and work in solidarity with local communities, while utilising the leverage points available in Australia. Through a combination of public education events, media work, advocacy, research, networking and taking our message to the streets, AID/WATCH has been instrumental in creating greater awareness amongst the Australian and international community of the impacts of the Australian aid and trade programs and policies.

For more information: <http://www.aidwatch.org.au> or email: aidwatch@aidwatch.org.au

³ AusAID. (2003) *No. 34 June 2003 Contribution of Australian Aid to Papua New Guinea's Development 1975-2000 - Provisional Conclusions from a Rapid Assessment. Evaluation and Quality Assurance Reports.*

⁴ all figures from AusAID document to the Senate: Australian aid contracts in 2002/03 in excess of A\$100 000