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Tsunami aid slow to reach Aceh

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LESS than 2 per cent of the \$1 billion pledged by Australia for tsunami relief and development projects in Indonesia has been spent.

More than eight months after the disaster wiped out whole communities and killed more than 250,000 people in the province of Aceh, just \$7 million of the \$1 billion promised under the Australia Indonesia Partnership for Reconstruction and Development has been paid out.

A total of \$40 million of Australian funds has been spent, including \$33 million on emergency aid to Aceh and North Sumatra.

Treasurer Peter Costello will travel to the disaster zone next week to examine the progress. He will also announce several new projects valued at tens of millions of dollars and meet Indonesian ministers and officials in Jakarta before flying to Aceh.

A spokesman for Mr Costello said he wanted to look at what Australia's aid effort was achieving.

"It is a lot of money and we need to ensure it is wisely spent," the spokesman said.

The slow progress in Aceh is due in part to the strict anti-corruption safeguards imposed by the Government when Prime Minister John Howard announced the \$1 billion program in Jakarta in January.

As well as the \$40 million, another \$190 million in projects has been approved, but many of those are long-term.

Aid has focused on medical services, essential supplies, water and sanitation, schools and infrastructure.

Hospital water supplies and waste systems have been repaired, nursing academies have been refurbished and more than 80 tonnes of school equipment has been delivered.

Australian funds are also being used to repair Banda Aceh's main port and to re-build village halls.

The \$1 billion AIPRD – a \$500 million grant and \$500 million in cheap loans – runs for five years and is the biggest aid package in Australian history.

Meanwhile, Australia has been ranked fourth out of 21 aid donor countries for the second year in a row in terms of development policies.

Foreign Affairs Minister Alexander Downer said the Centre for Global Development/Foreign Policy Commitment to Development Index stressed that reducing poverty was about far more than giving money. Australia was ranked equal first on security and second on trade.

"I was also pleased to note that the CGD acknowledges the Australian people for their generosity in making private charitable donations – a finding which is no surprise when we consider the extraordinary outpouring of support and assistance from Australians in the aftermath of the Indian Ocean tsunami," Mr Downer said.

Denmark was ranked first, followed by the Netherlands and Sweden. New Zealand and Norway tied for fifth place, and Finland, Austria and Germany tied for seventh. Britain was ranked 10th, tied with Canada.

Denmark was the best overall in a ranking based on policies on aid, trade, investment, migration, environment, security and technology.

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