The 2017-18 aid budget (and more)

Stephen Howes
Aid quantities
More, albeit smaller cuts

A$ million
2017-18 constant

-1200 -1000 -800 -600 -400 -200 0 200 400 600 800


2017-18 constant
After a two-year pause, the fifth and sixth in a series of real cuts totalling 33%

<table>
<thead>
<tr>
<th>Year</th>
<th>Aid ($m)</th>
<th>Nominal</th>
<th>Real</th>
<th>Nominal</th>
<th>Real</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>5053</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>5049</td>
<td>-5</td>
<td>-167.7</td>
<td>-0.1%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>5028</td>
<td>-21</td>
<td>-102.2</td>
<td>-0.5%</td>
<td>-4.9%</td>
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<tr>
<td>2015-16</td>
<td>4052</td>
<td>-976</td>
<td>-1067.6</td>
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<td>-24.1%</td>
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<tr>
<td>2016-17</td>
<td>3828</td>
<td>-224</td>
<td>-311.1</td>
<td>-24.3%</td>
<td>-29.7%</td>
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<tr>
<td>2017-18</td>
<td>3912</td>
<td>84</td>
<td>7.4</td>
<td>-22.6%</td>
<td>-29.6%</td>
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<tr>
<td>2018-19</td>
<td>4010</td>
<td>98</td>
<td>9.8</td>
<td>-20.6%</td>
<td>-29.4%</td>
</tr>
<tr>
<td>2019-20</td>
<td>4010</td>
<td>0</td>
<td>-95.7</td>
<td>-20.6%</td>
<td>-31.1%</td>
</tr>
<tr>
<td>2020-21</td>
<td>4010</td>
<td>0</td>
<td>-93.3</td>
<td>-20.6%</td>
<td>-32.8%</td>
</tr>
</tbody>
</table>

Note: 2017-18 prices
Pushing our generosity as a nation to another record low – below 0.2%
Other countries are *not* cutting aid.

Source: OECD Official Development Assistance 2016

ODA - USD billion (2015 prices & exchange rates)

2016 DAC total: USD 143.3b
(12b more than 2015)
We are now below the aid/GNI average, and falling

ODA/GNI ratio

Source: Aid Tracker
Aid is not being cut as a result of fiscal austerity

• From 2012-13 to 2020-21
  – Aid falls by 33%
  – Everything else increases by 16%

<table>
<thead>
<tr>
<th></th>
<th>($b, 2017-18 prices)</th>
<th>Cumulative change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aid</td>
<td>Non-aid</td>
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<tr>
<td>2012-13</td>
<td>5.05</td>
<td>414.9</td>
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<td>2013-14</td>
<td>5.05</td>
<td>436.0</td>
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<td>5.03</td>
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<td>4.05</td>
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<td>2016-17</td>
<td>3.83</td>
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<tr>
<td>2017-18</td>
<td>3.91</td>
<td>460.9</td>
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<tr>
<td>2018-19</td>
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<td>4.01</td>
<td>476.3</td>
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<tr>
<td>2020-21</td>
<td>4.01</td>
<td>483.0</td>
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</table>
It is just much further down the priority list
Composition
Overall

• Country allocations largely kept constant in nominal terms
• 2017-18 increase of $80 million used to
  – Increase humanitarian funding
  – Pay for deferred multilateral and regional commitments.
Regional allocations steady

Total ODA

Index (2012=1)


PNG and the Pacific
East Asia
South & West Asia
Africa & the Middle East
Latin America and the Caribbean
Sectoral changes minimal/consistent

[Bar chart showing spending across sectors: Health, Education, Governance, Agriculture, Infrastructure, General, Resilience. Each sector has multiple bars representing years 2013-14 to 2017-18, with figures in millions of 2016-17 prices.]
Humanitarian funding restored

Australian aid humanitarian and emergency allocation

$AU thousands, inflation-adjusted (2017-18 prices)

Humanitarian and emergency allocation as a percentage of total Australian ODA per year

Source: Australian Federal Budget documents

Get the data

Created with Datavapper
Global programs protected except for UN; non-DFAT ODA greatly reduced
Beyond the budget
Country performance
Wide variation in share of aid objectives “on track” across countries (2015-16)
No improvement in performance due to greater weight for the Pacific

% of objectives on track

Unweighted

Weighted

2013-14  2014-15  2015-16
Differential performance trends, or convergence bar PNG.
The new evaluation policy and plan

DFAT AID EVALUATION POLICY

INTRODUCTION
The Department of Foreign Affairs and Trade (DFAT) delivers Australia’s aid program. The aim of the aid program is to promote Australia’s national interests by contributing to sustainable economic growth and poverty reduction. Robust evaluations play a vital role in ensuring we deliver a high quality aid program. They assist us by:

- Providing evidence and lessons to underpin our aid spend
- Supporting an organisational culture focused on innovation and continuous learning
- Reinforcing public confidence in government by credibly demonstrating the achievements of the aid program
- Strengthening our program management as well as the knowledge and skills of our staff, and
- Assisting us to meet our accountability obligations under the Public Governance, Performance and Accountability Act 2013, which requires DFAT to assess and report on its financial and non-financial performance.

WHAT IS EVALUATION?
We define evaluation as the systematic and objective assessment of an ongoing or completed investment, program or policy. It is an in-depth process which takes place on a periodic basis. Evaluation aims to provide credible evidence which can inform major program management and policy decisions and highlight important development lessons.

Evaluation is distinct from, but related to, monitoring. Monitoring is a continuous process which examines whether an investment, policy or program is on track to achieve its intended results. In DFAT, monitoring is characterised by activities such as dialogue with partners, monitoring visits to field sites, and the collection of data on key deliverables. Such activities feed into self-assessment processes such as Aid Quality Checks and Aid Program Reports. Evaluation will generally use data gathered through monitoring as one source of evidence.

TWO LEVELS OF EVALUATION
We have two broad types of evaluation in DFAT:

- Strategic evaluations are independently initiated and managed by the Office of Development Effectiveness (ODE). They are broad assessments of Australian aid that focus on policy directions or specific development themes. They typically examine a number of investments, often across multiple countries, regions or sectors. When determining evaluation topics, ODE is guided by the following principles:
  √ Policy relevance: assessing progress on implementation of the Australian Government’s policy priorities
  √ Potential learning benefits: focusing on areas where there is a strong demand for insight, information or guidance

- Program evaluations. These are undertaken by DFAT’s Independent Evaluation Committee, and approved by the Secretary of DFAT.

2017 ANNUAL AID EVALUATION PLAN

INTRODUCTION
This is the first Annual Aid Evaluation Plan produced by the Department of Foreign Affairs and Trade (DFAT). It outlines the independent evaluations of aid funding which DFAT plans to complete and publish in 2017.

The Annual Aid Evaluation Plan is a key part of DFAT’s new Aid Evaluation Policy, which was introduced in November 2015. The Policy emphasises that evaluations should be commissioned and conducted to maximise the use of evaluation findings and recommendations to improve the effectiveness of the aid program.

This Annual Aid Evaluation Plan has been endorsed by DFAT’s Independent Evaluation Committee and approved by the Secretary of DFAT.

The Annual Aid Evaluation Plan is in two parts. The first part outlines the strategic evaluations which will be undertaken by the Office of Development Effectiveness (ODE). The second part outlines program evaluations which will be commissioned by DFAT’s country, regional and thematic aid programs.

STRATEGIC EVALUATIONS
Strategic evaluations are assessments of Australian aid that focus on key policy directions, specific development themes and sectors, or large programs. These evaluations are independently initiated, managed and conducted by ODE. They typically examine a number of investments, often across multiple countries, regions or sectors.

The following principles guide the selection of strategic evaluation topics:

- Policy relevance: assessing progress on implementation of the Australian Government’s policy priorities
- Potential learning benefits: focusing on areas where there is a strong demand for insight, information or guidance
- Coverage and materiality: over time ODE’s evaluations should provide appropriate coverage of expenditure by sector, theme, country and region
- Risks to aid effectiveness: examination of issues which pose a challenge to the Australian aid program and its reputation.

ODE will complete and publish five strategic evaluations in 2017, as outlined in Table 1. All strategic evaluations will have a management response which will be completed by the relevant DFAT division.
Delivery partner changes: the long view

Proportion of aid expenditure by mode of delivery (AusAID/DFAT only)

Source: various official sources; own calculations and prelim. estimates; excluding admin costs
Losers and non-losers over the last few years

Billions

- Multilateral organisations
- Commercial suppliers
- Non-government organisations
- Universities and academic institutions
- Developing country governments
- Australian public sector organisations
- Other partners

2012-13 2015-16 Reduction
Thank you