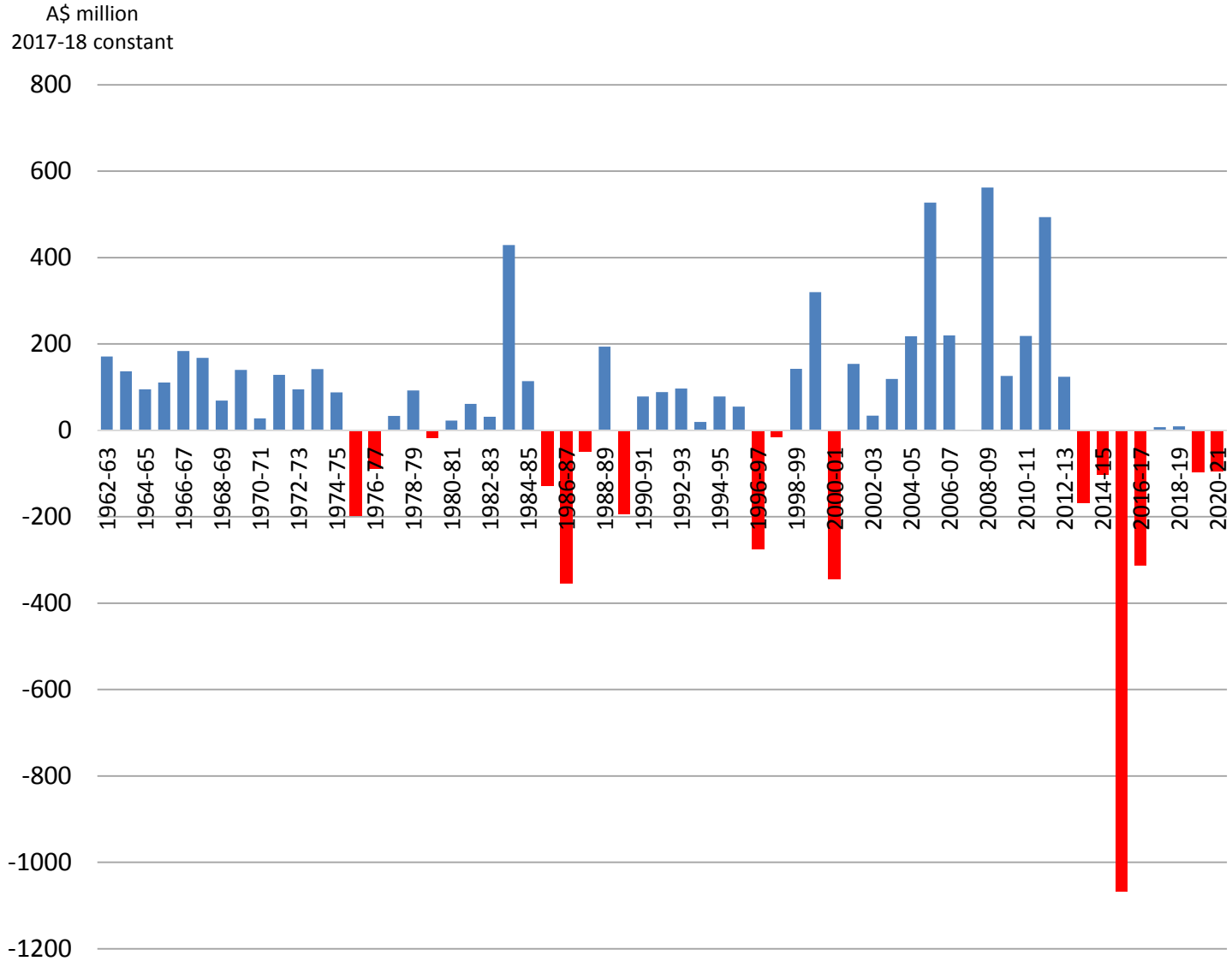


# The 2017-18 aid budget (and more)

Stephen Howes

# Aid quantities

# More, albeit smaller cuts

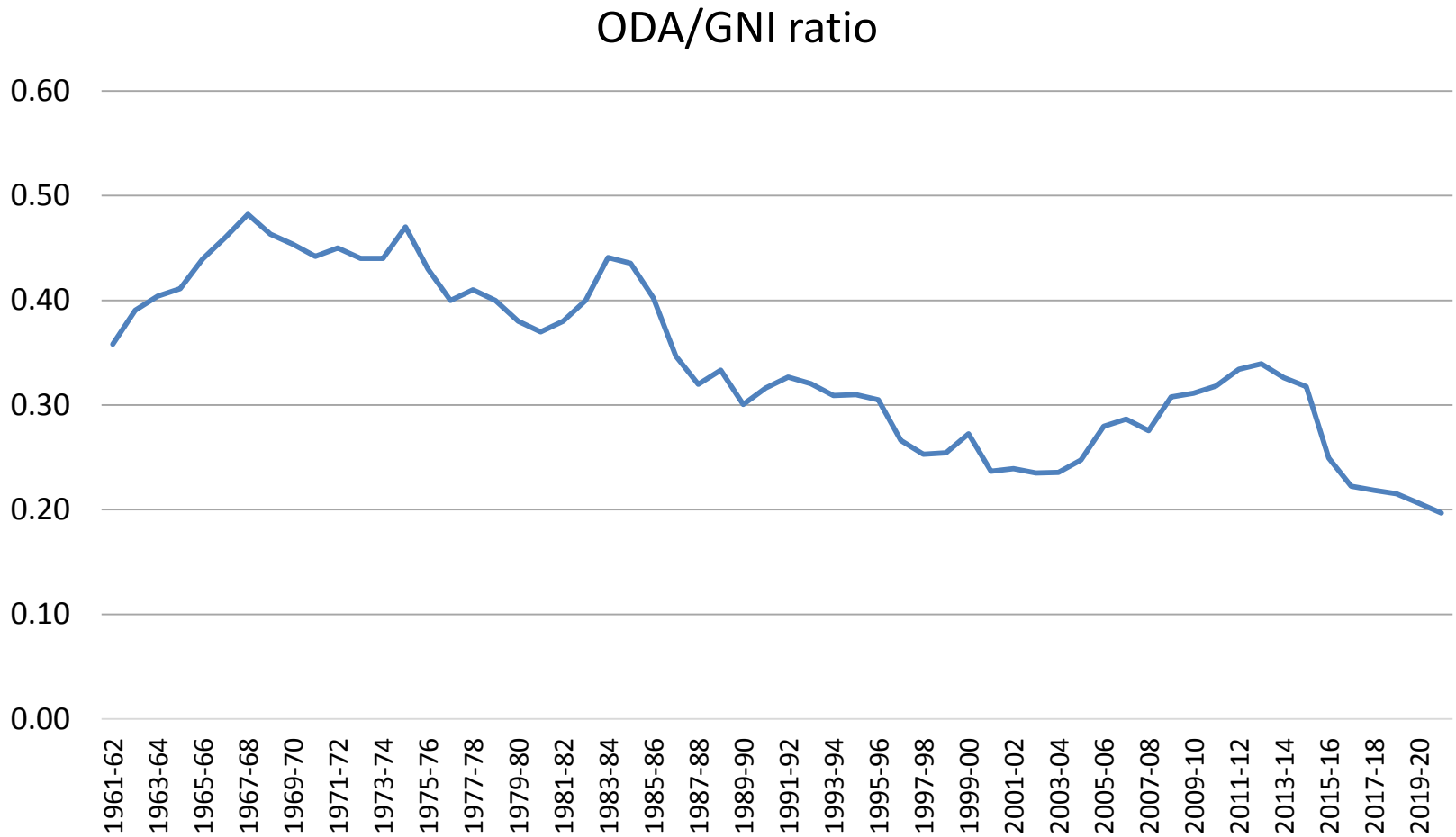


# After a two-year pause, the fifth and sixth in a series of real cuts totalling 33%

	Aid (\$m)	Annual change		Cumulative change	
		Nominal	Real	Nominal	Real
2012-13	5053				
2013-14	5049	-5	-167.7	-0.1%	-3.0%
2014-15	5028	-21	-102.2	-0.5%	-4.9%
2015-16	4052	-976	-1067.6	-19.8%	-24.1%
2016-17	3828	-224	-311.1	-24.3%	-29.7%
2017-18	3912	84	7.4	-22.6%	-29.6%
2018-19	4010	98	9.8	-20.6%	-29.4%
2019-20	4010	0	-95.7	-20.6%	-31.1%
2020-21	4010	0	-93.3	-20.6%	-32.8%

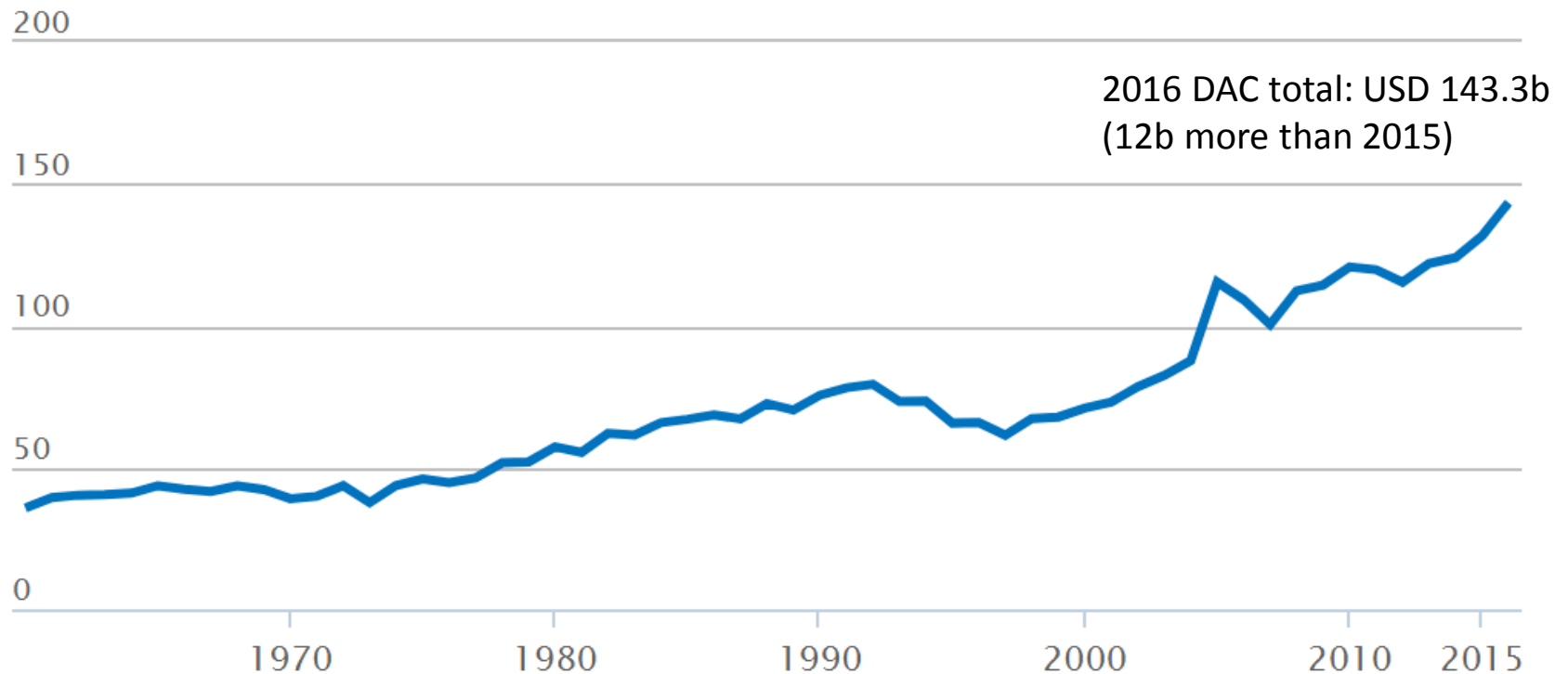
Note: 2017-18 prices

# Pushing our generosity as a nation to another record low – below 0.2%

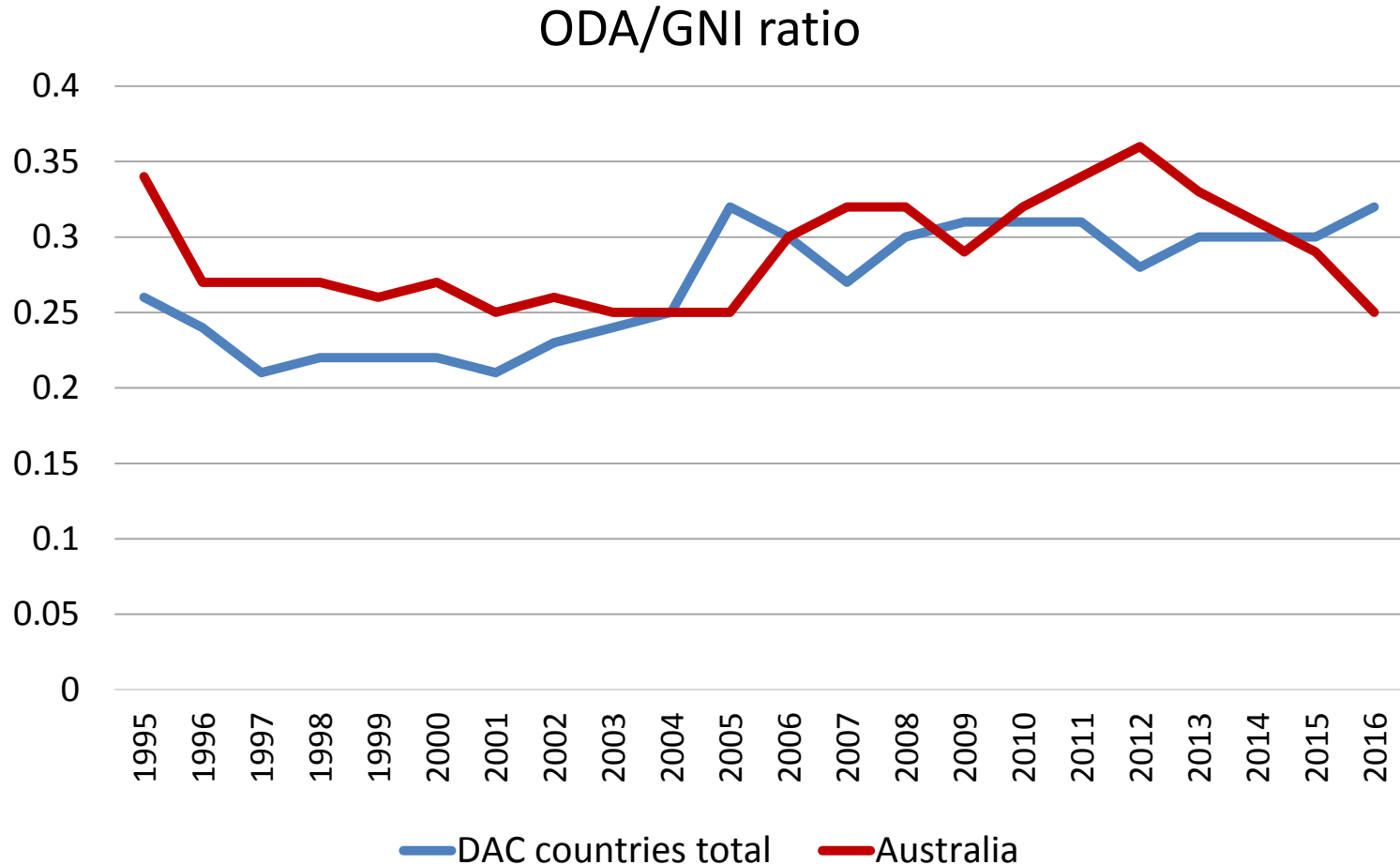


# Other countries are *not* cutting aid

ODA - USD billion (2015 prices & exchange rates)



# We are now below the aid/GNI average, and falling



# Aid is not being cut as a result of fiscal austerity

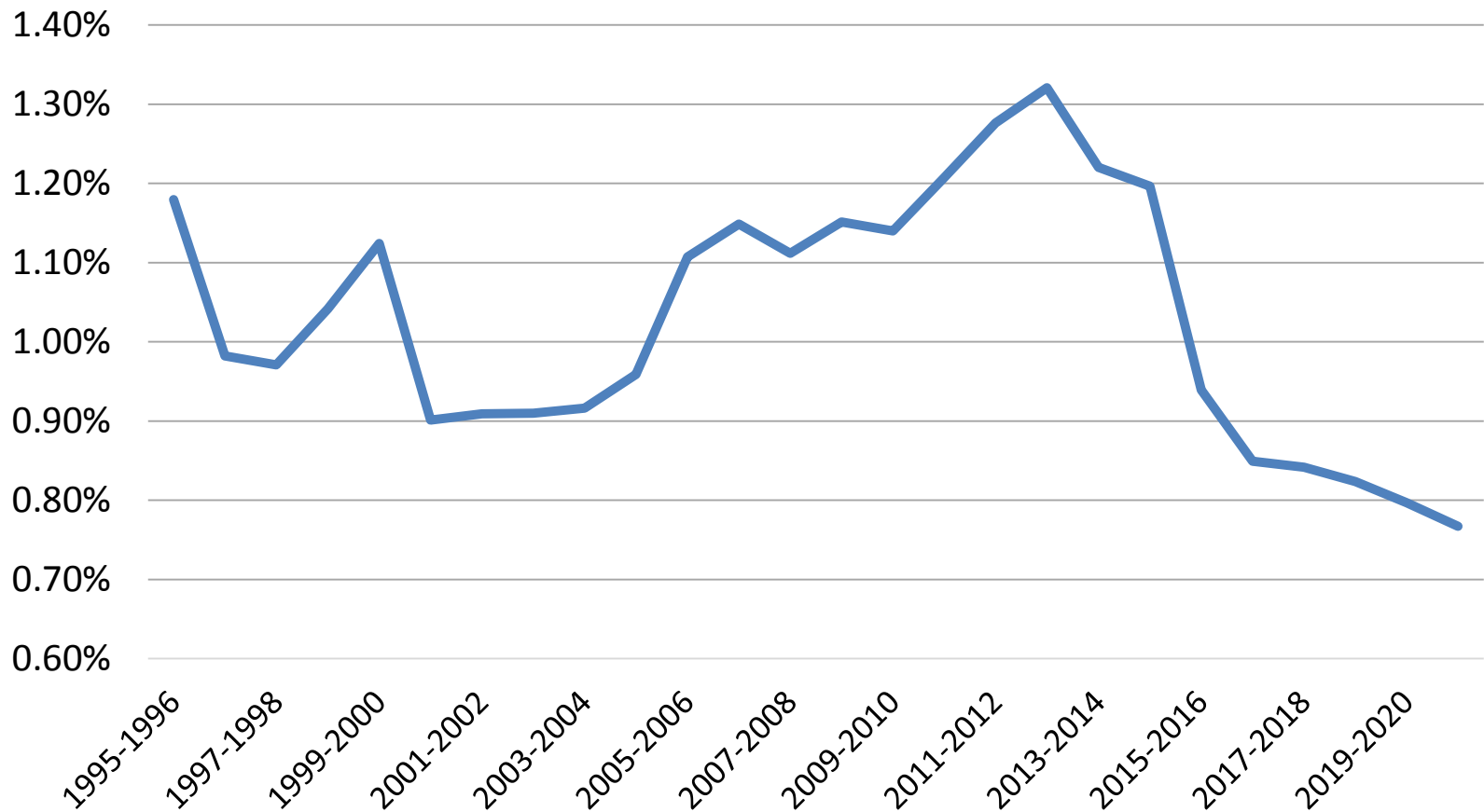
- From 2012-13 to 2020-21
  - Aid falls by 33%
  - Everything else increases by 16%

	(\$b, 2017-18 prices)		Cumulative change	
	Aid	Non-aid	Aid	Non-aid
2012-13	5.05	414.9		
2013-14	5.05	436.0	-3.0%	5.1%
2014-15	5.03	436.4	-4.9%	5.2%
2015-16	4.05	444.7	-24.1%	7.2%
2016-17	3.83	455.9	-29.7%	9.9%
2017-18	3.91	460.9	-29.6%	11.1%
2018-19	4.01	472.2	-29.4%	13.8%
2019-20	4.01	476.3	-31.1%	14.8%
2020-21	4.01	483.0	-32.8%	16.4%



# It is just much further down the priority list

ODA/Total expenditure

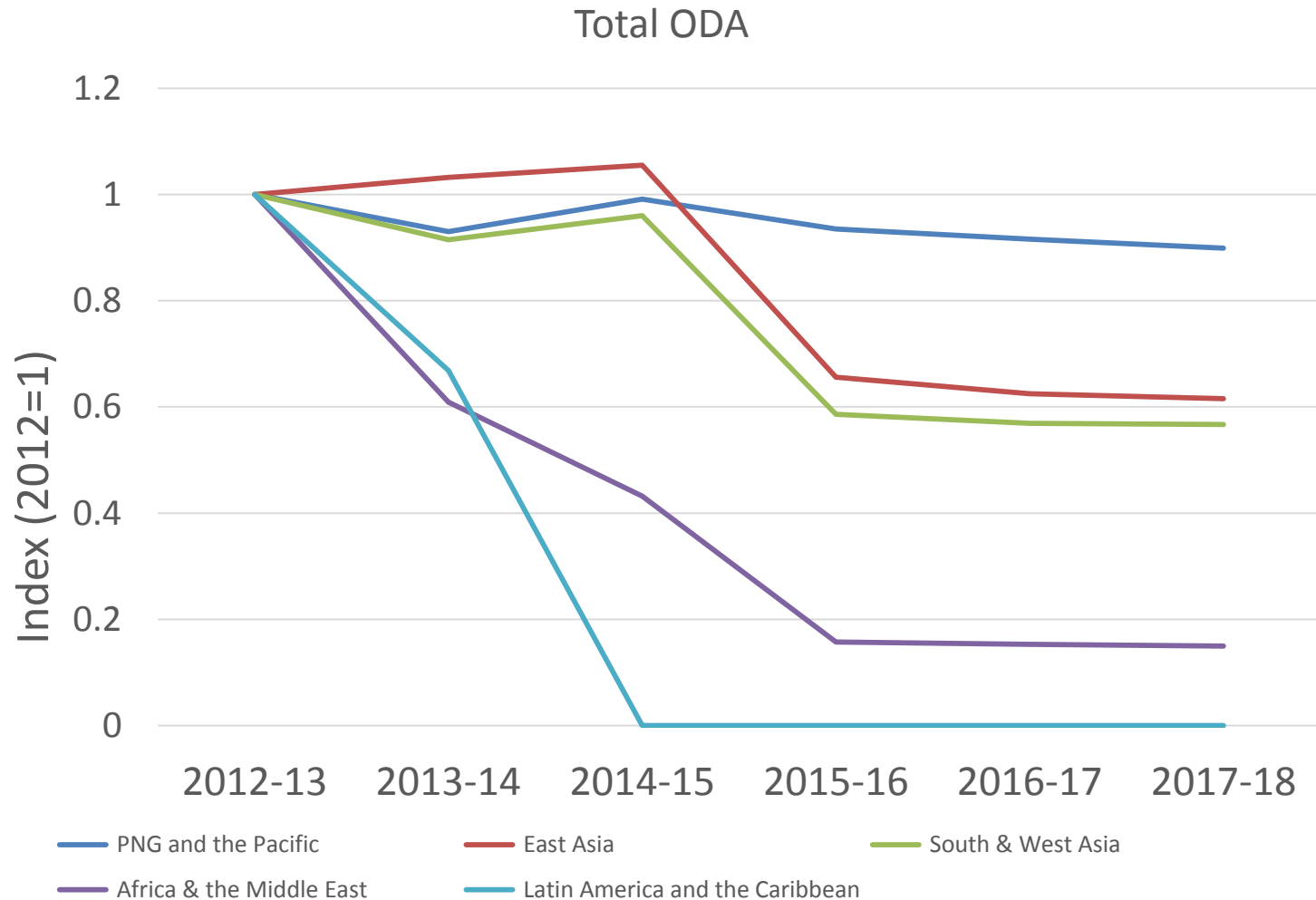


# Composition

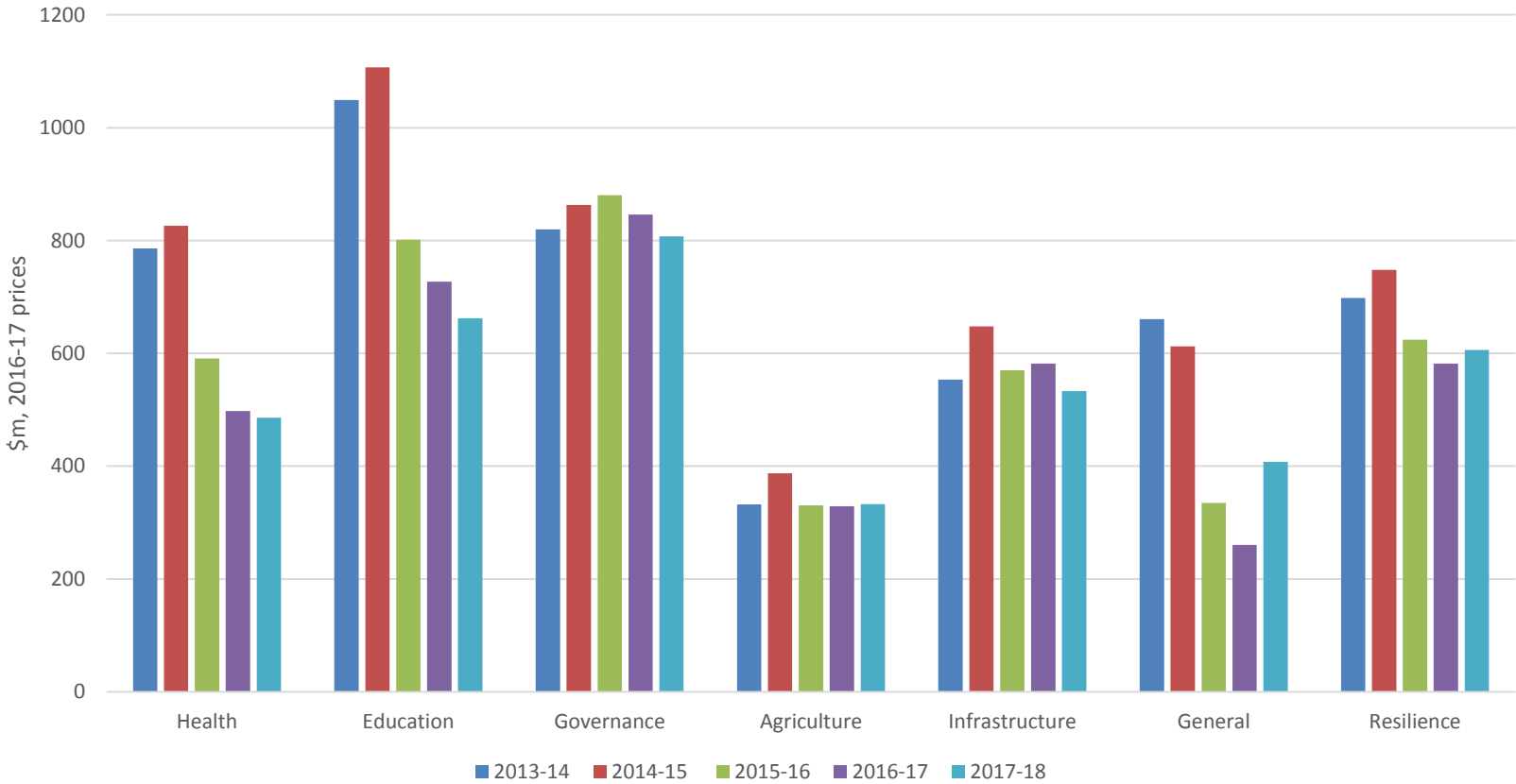
# Overall

- 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



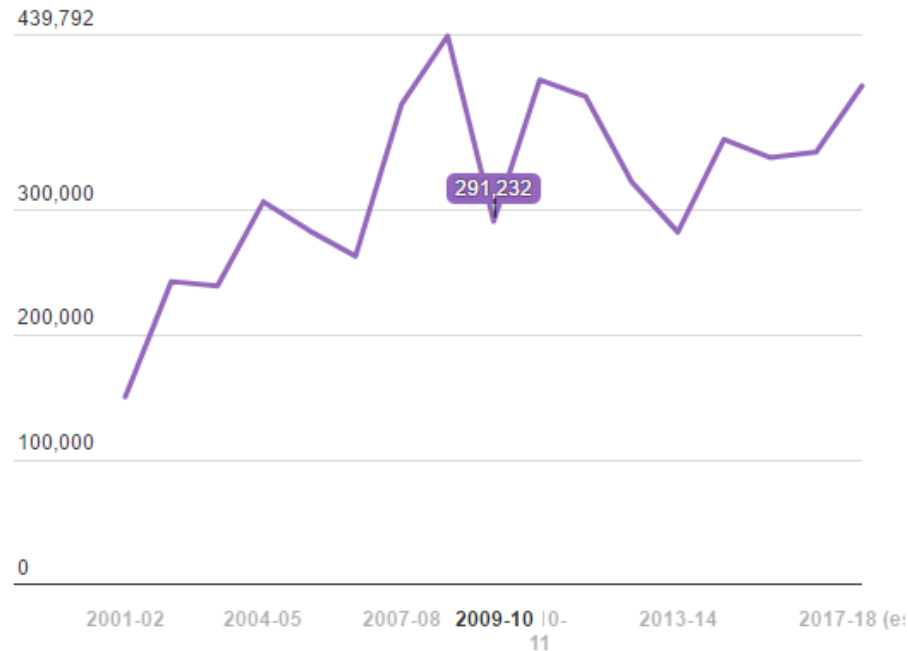
# Sectoral changes minimal/consistent



# Humanitarian funding restored

## Australian aid humanitarian and emergency allocation

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

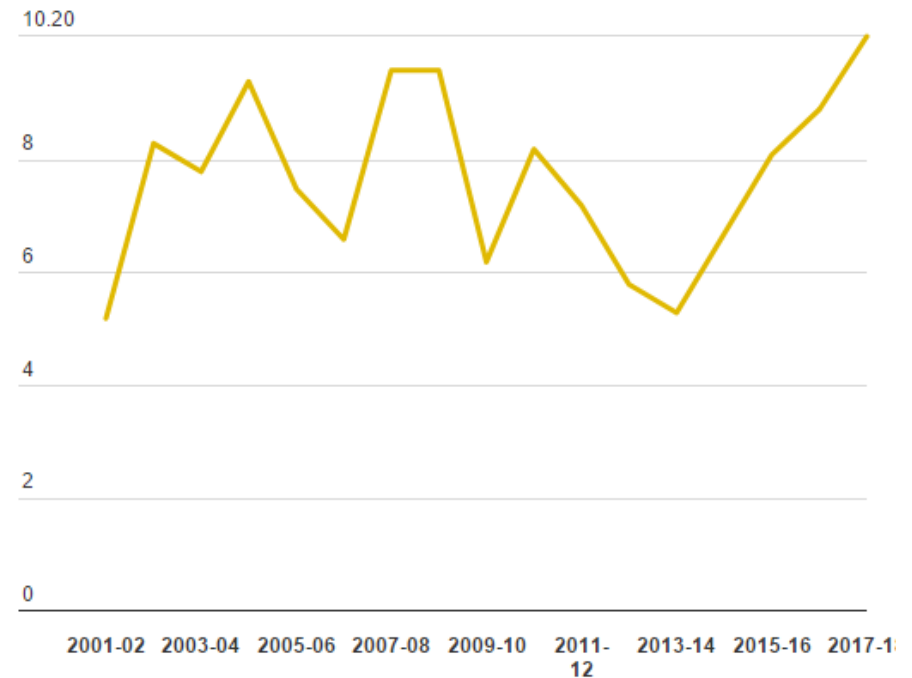


Source: Australian Federal Budget documents

[Get the data](#)

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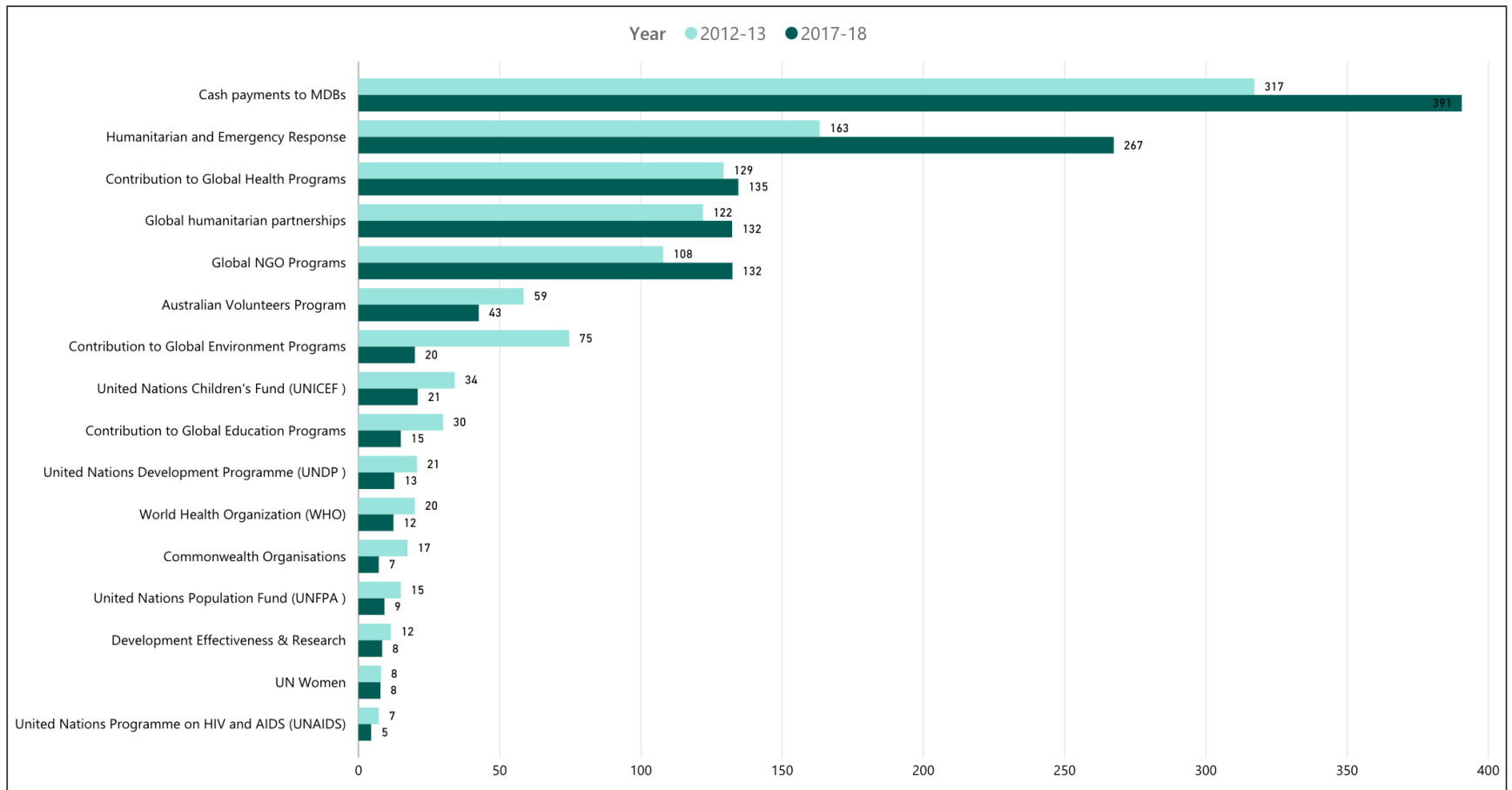
## Humanitarian and emergency allocation as a percentage of total Australian ODA per year



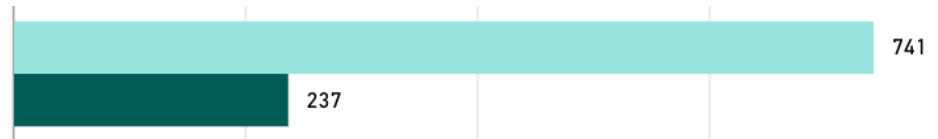
[Get the data](#)

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# Global programs protected except for UN; non-DFAT ODA greatly reduced



Aid administered by government departments other than DFAT



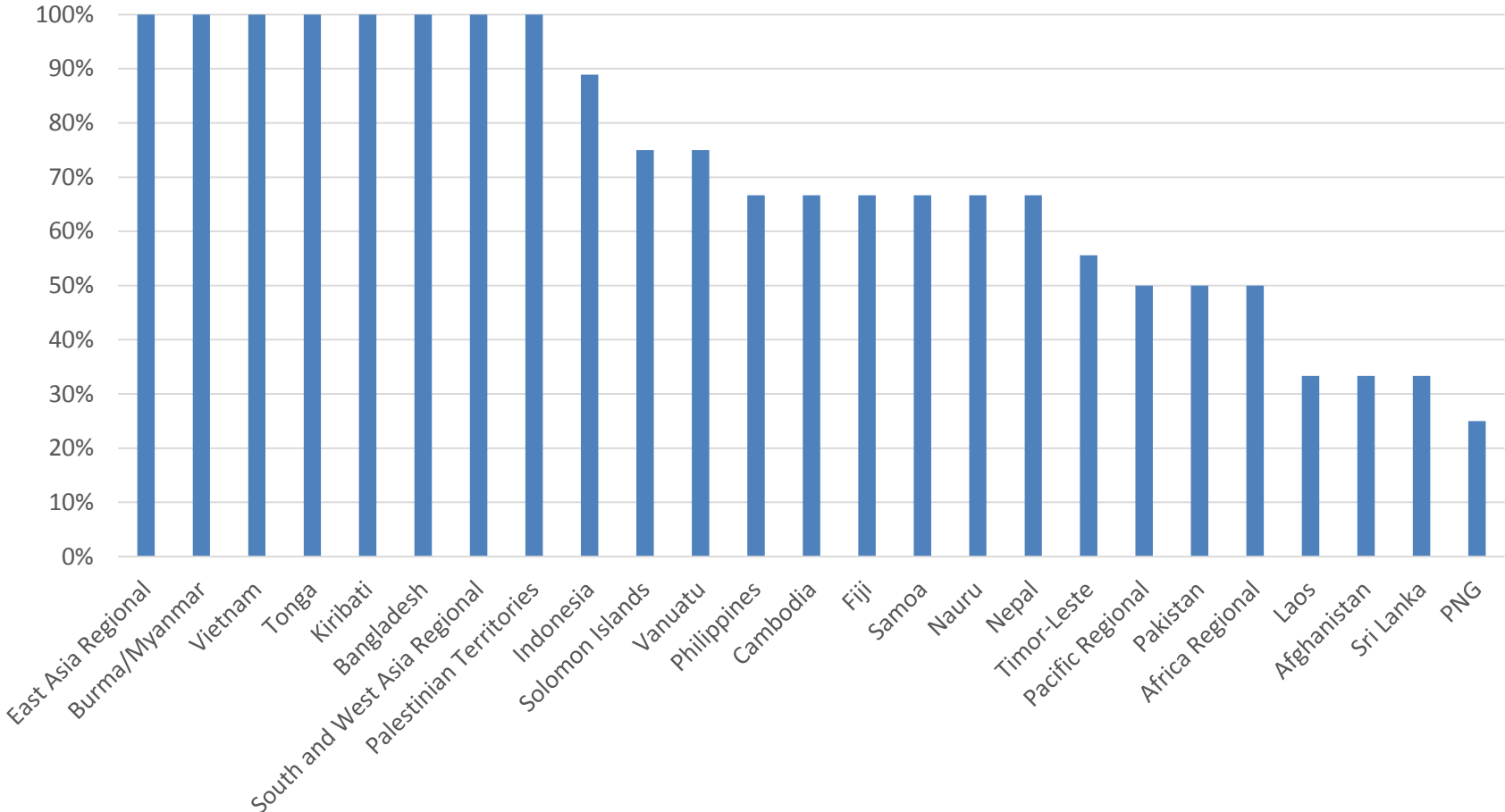
# Beyond the budget



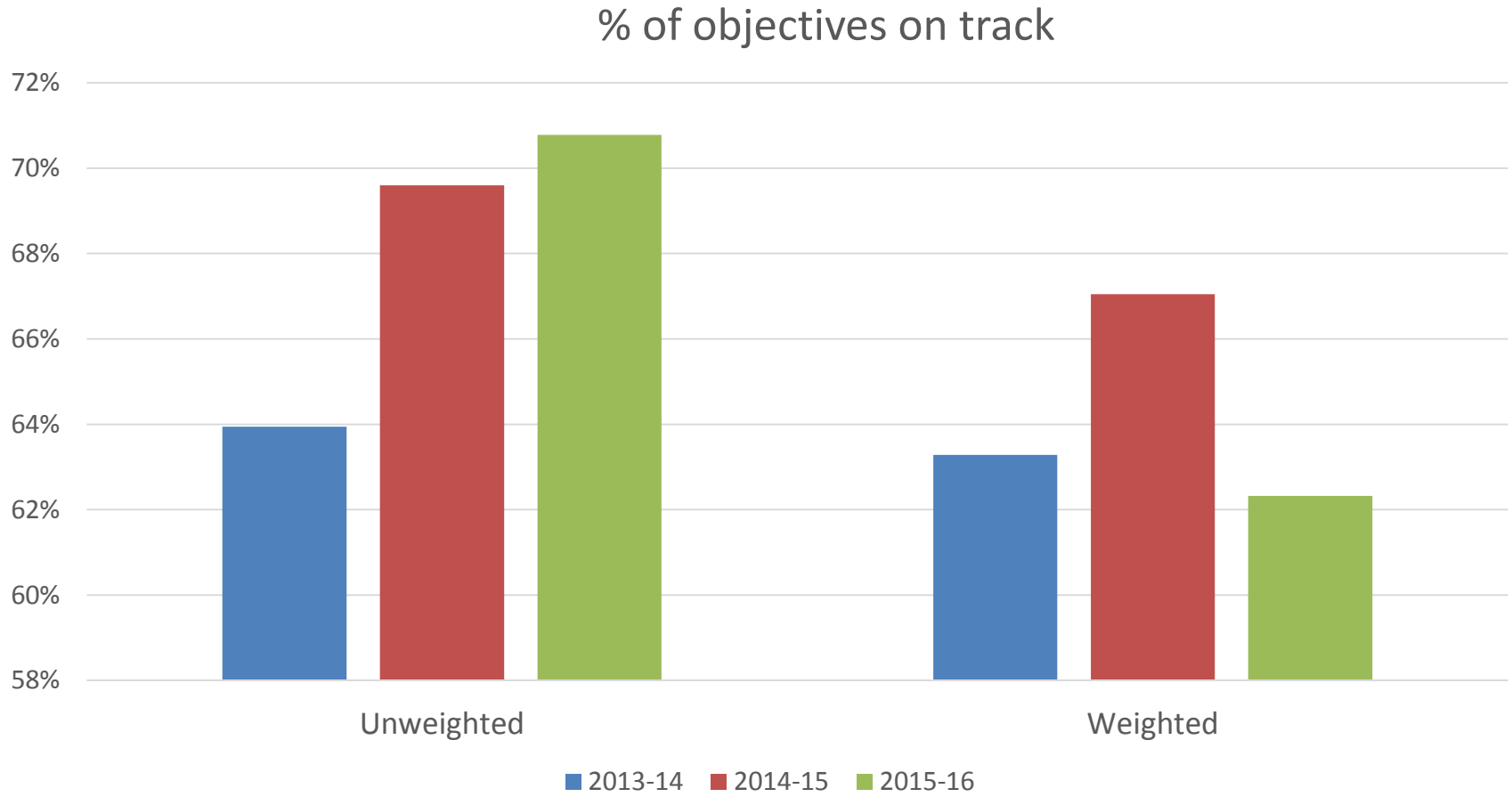
# Country performance



# Wide variation in share of aid objectives “on track” across countries (2015-16)

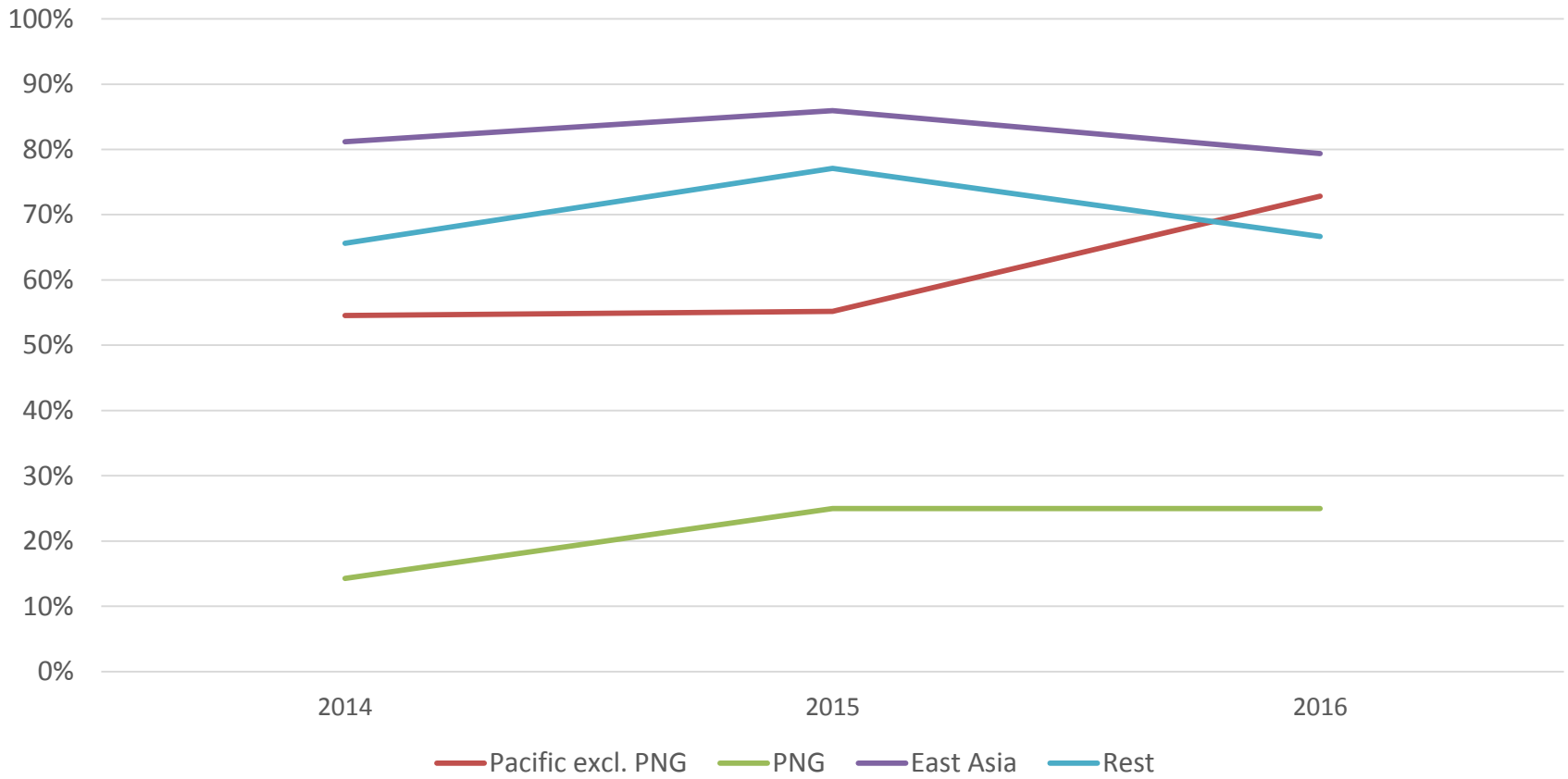


# No improvement in performance due to greater weight for the Pacific



# Differential performance trends, or convergence bar PNG.

Share of performance objectives on track by region



# The new evaluation policy and plan

FEBRUARY 2017

 Australian Government  
Department of Foreign Affairs and Trade

 Australian Aid

## 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.<sup>1</sup> 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 Performance 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 where there is a strong demand for insight, information or guidance

<sup>1</sup> This definition is adapted from the OECD's Glossary of Key Terms in Evaluation and Results Based Management.



FEBRUARY 2017

 Australian Government  
Department of Foreign Affairs and Trade

## 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 2016. 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:

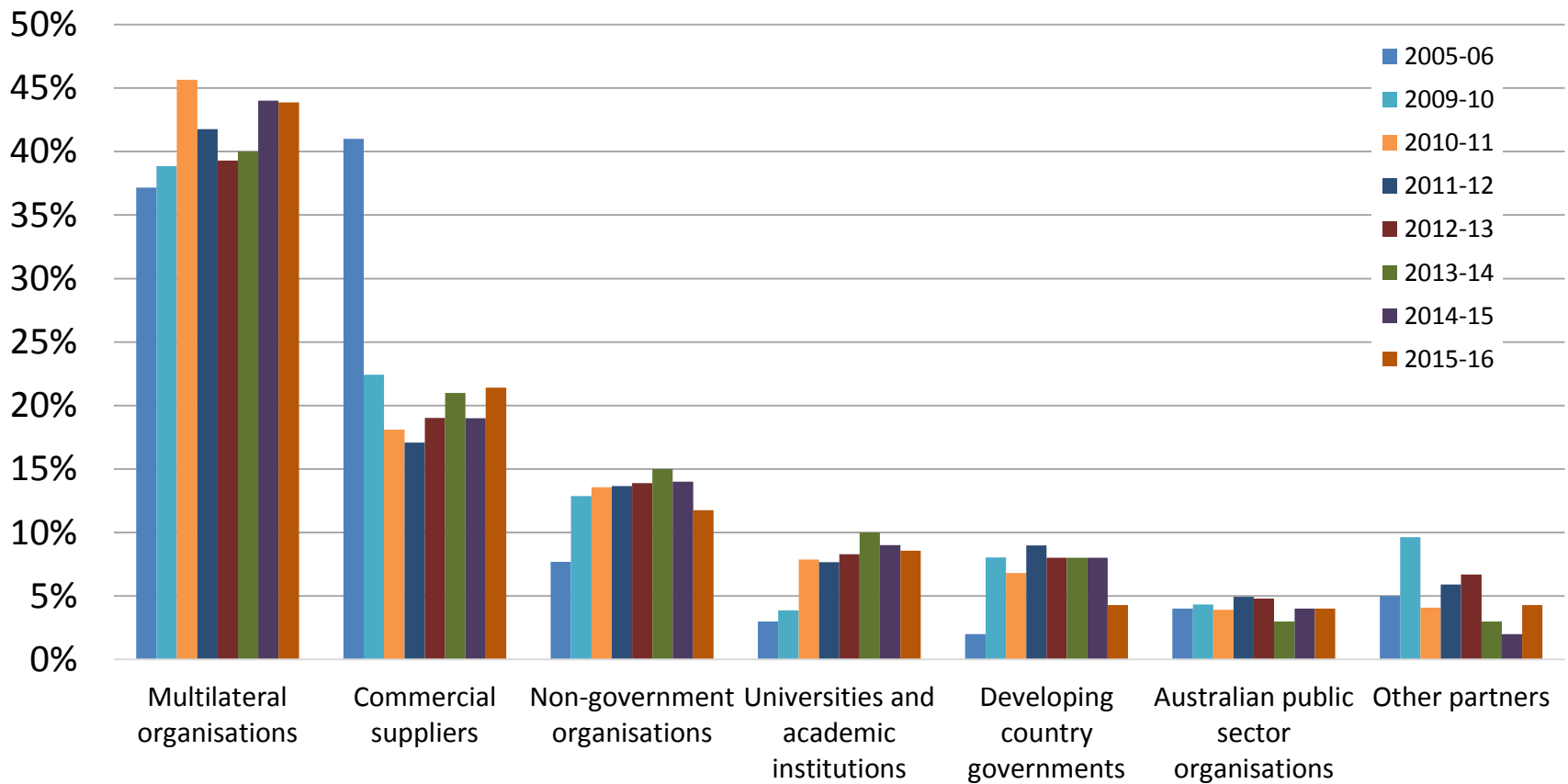
- » Policy relevance: assessing progress on implementation of the Australian Government's policy priorities
- » Potential learning benefits: focusing on areas where there is a strong demand for insight, information or guidance
- » Coverage and materiality: over time ODE's evaluations should provide appropriate 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.



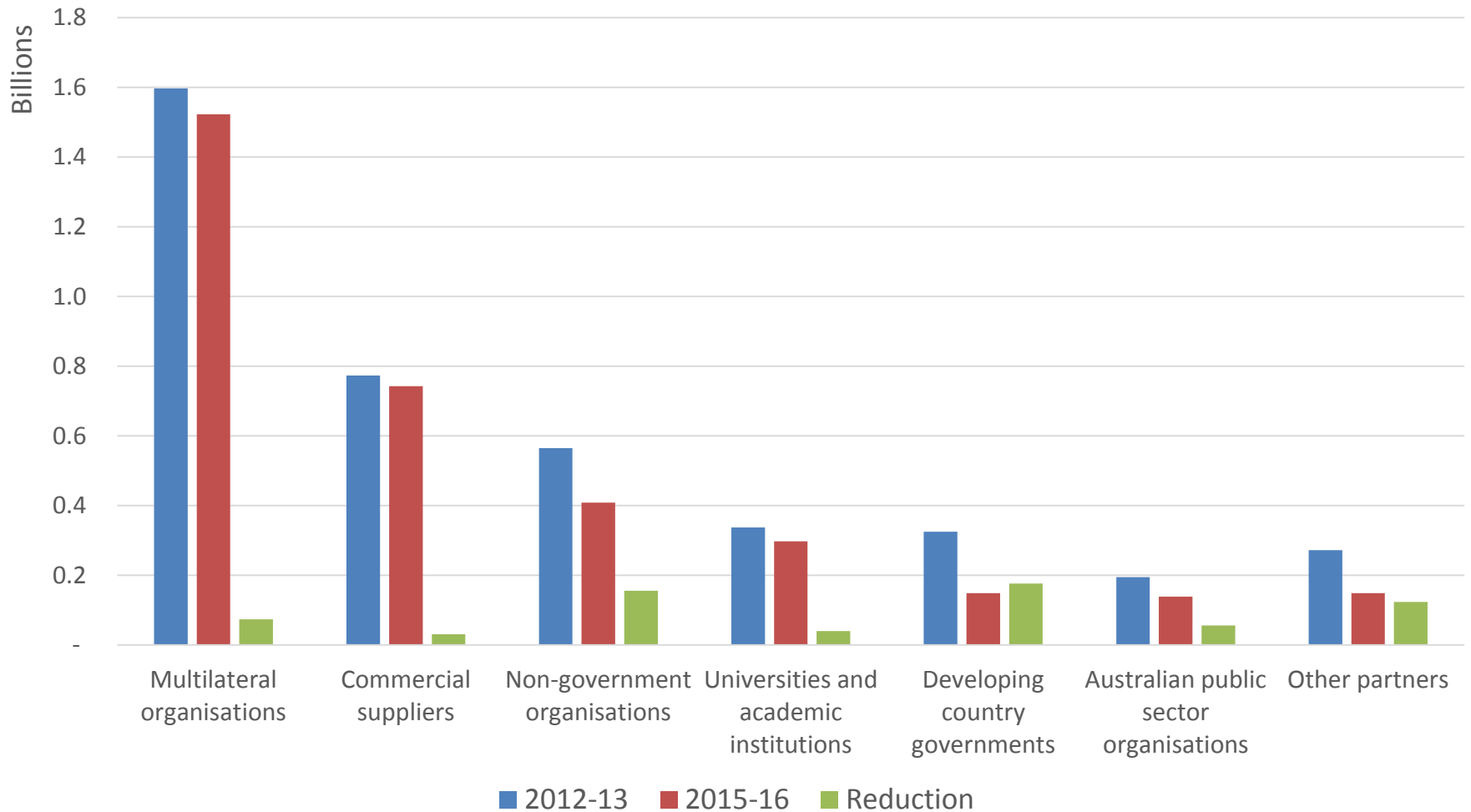
# Delivery partner changes: the long view

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



Thank you