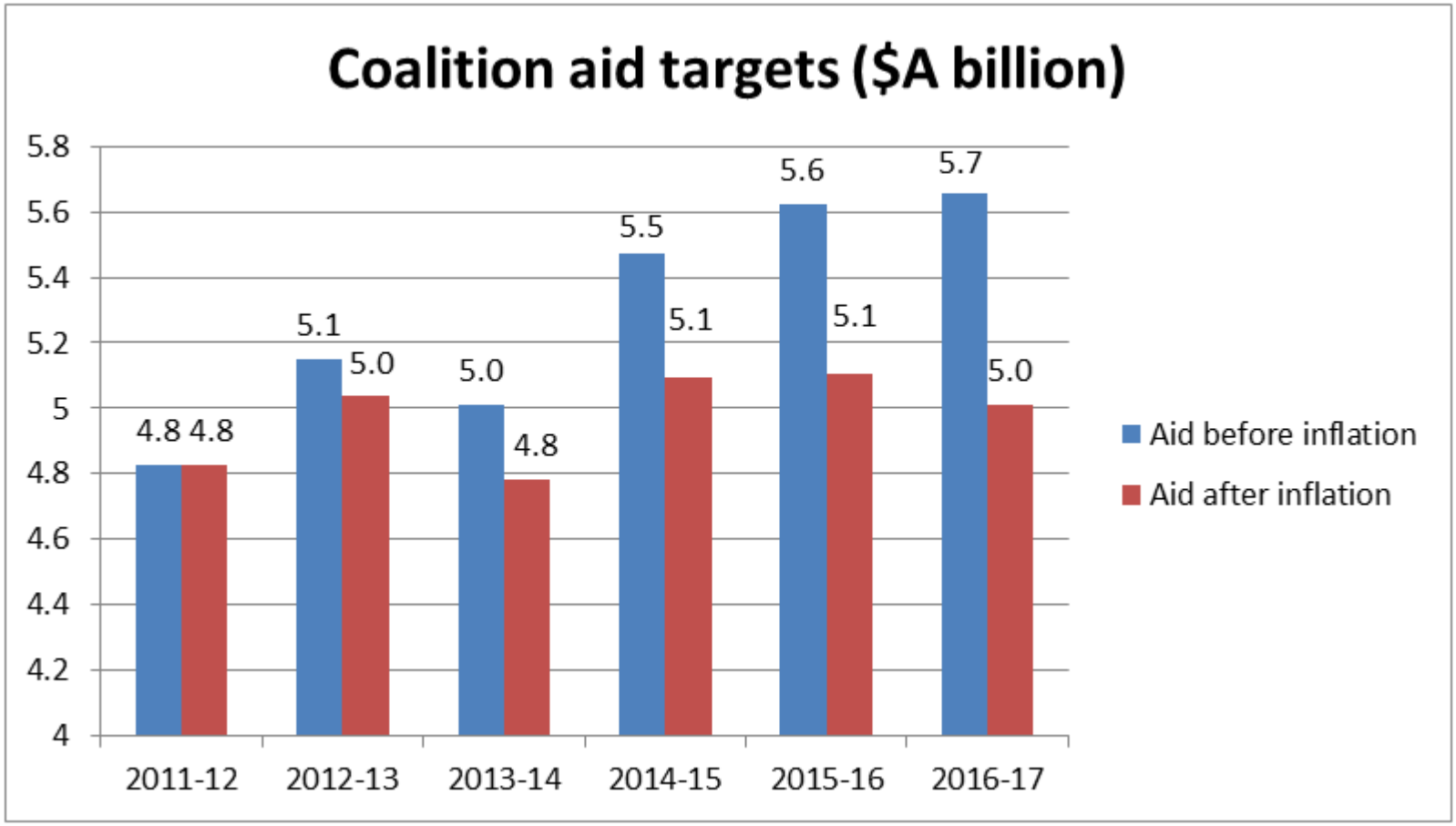
The 2014-15 aid budget: less aid, less transparent

Stephen Howes

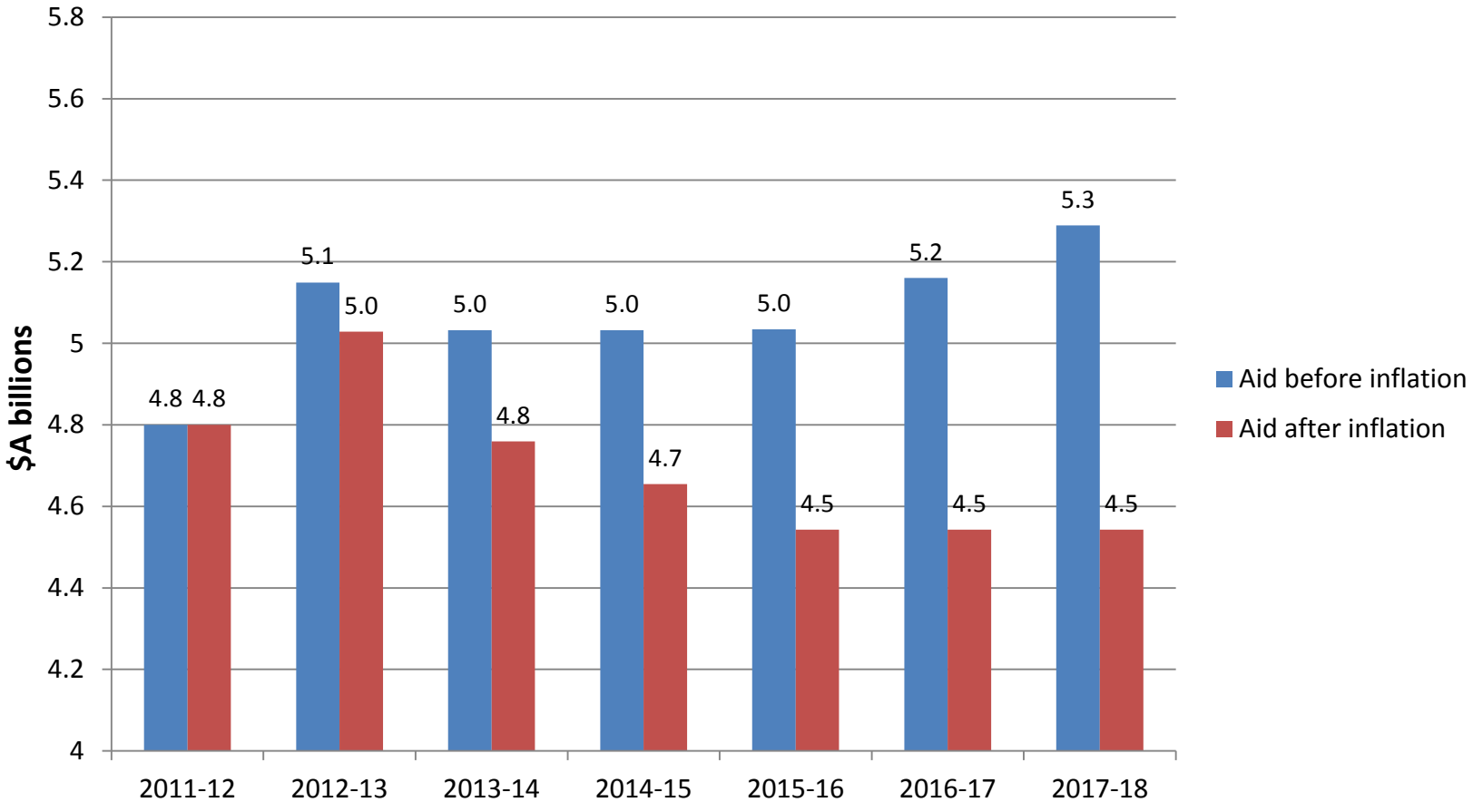
Aid quantities

Election commitments



"Annual increases in nominal funding in the aid budget" in line with CPI

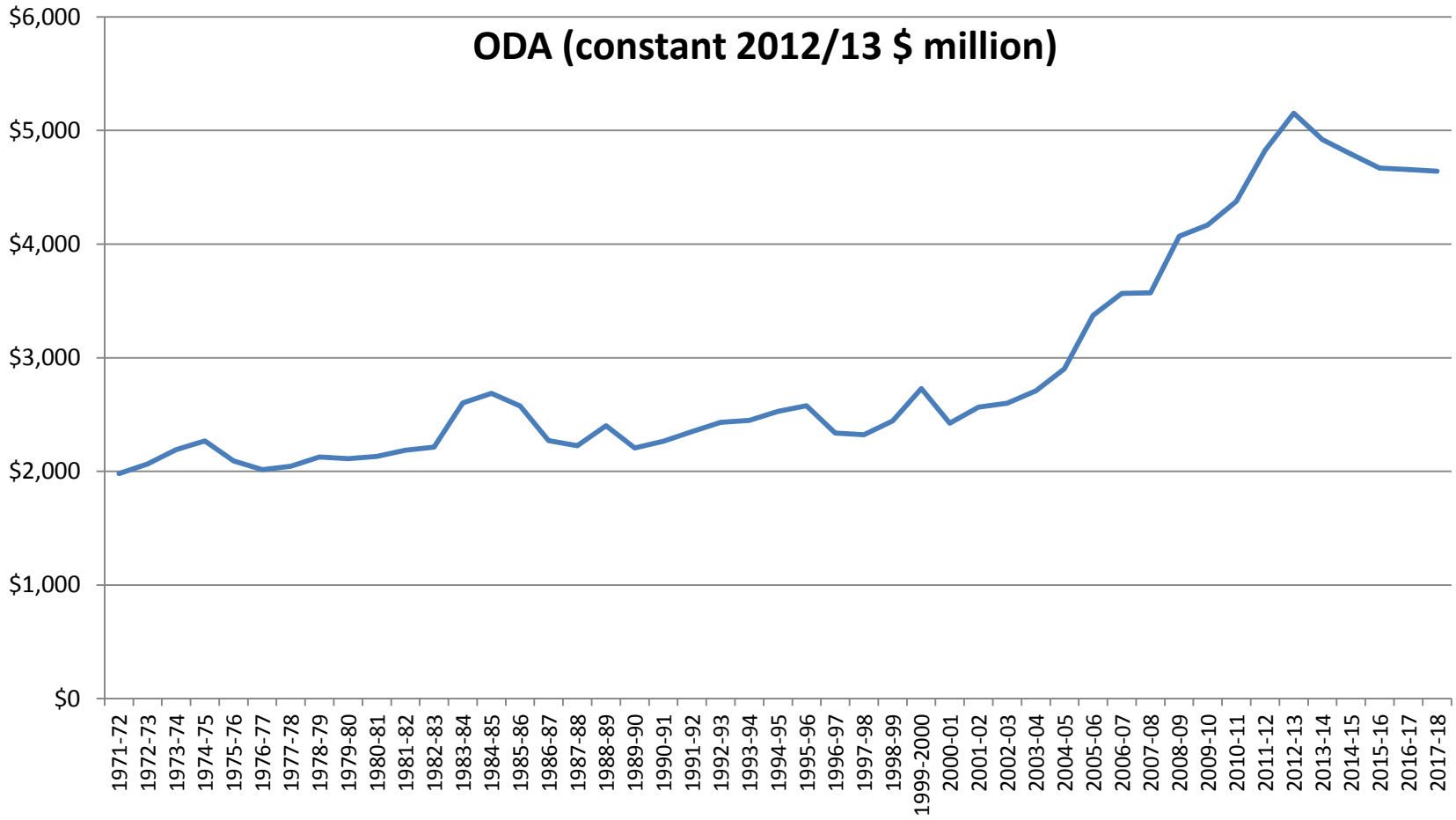
Budget

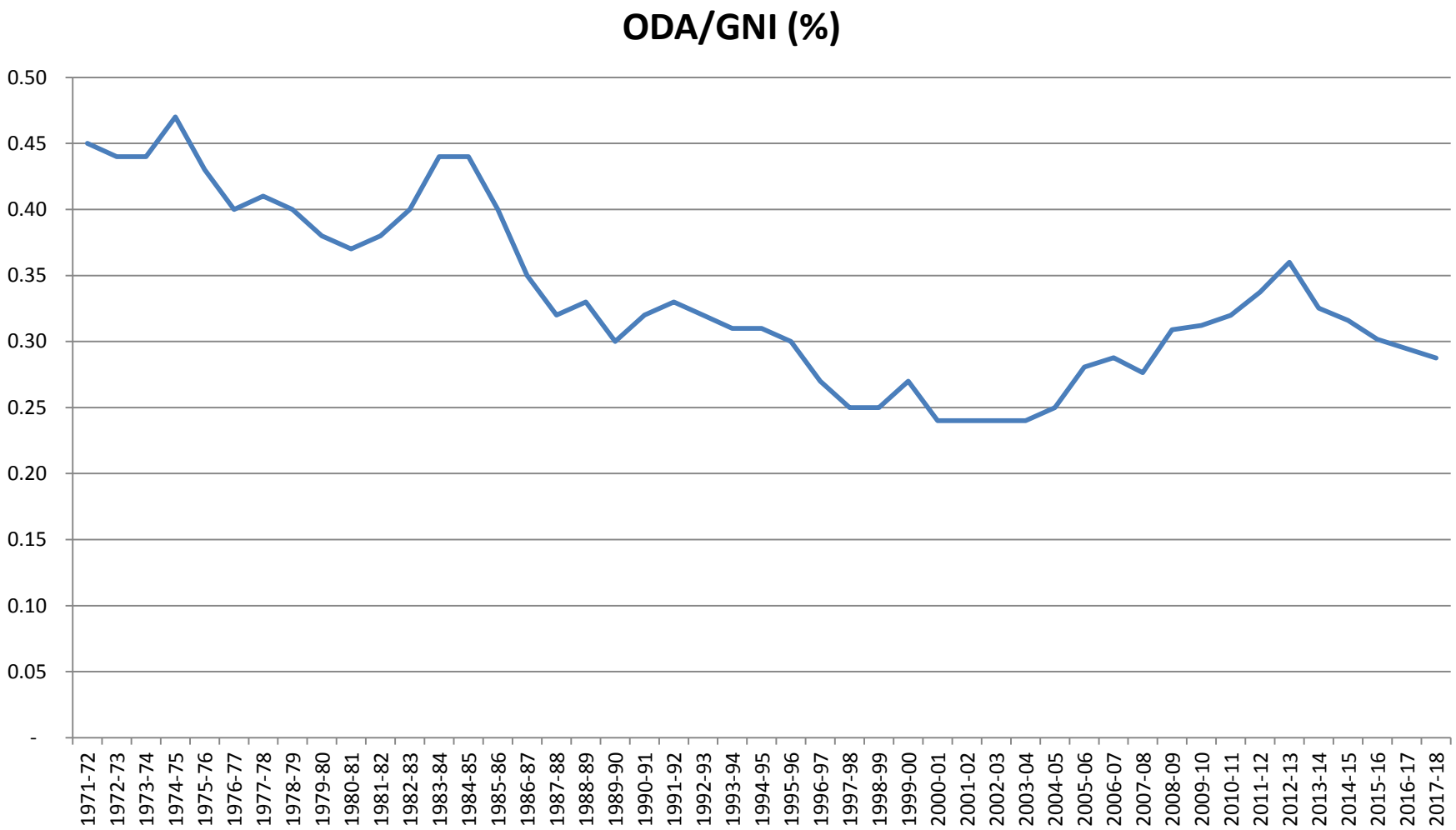

5.8
5.6
5.4
5.2
5
4.8
4.6
4.4
4.2
4
$A billions
4.8 4.8
5.1
5.0
5.0
4.8
5.0
4.7
5.0
4.5
5.2
4.5
5.3
4.5
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
Aid before inflation
Aid after inflation

The 10% cut

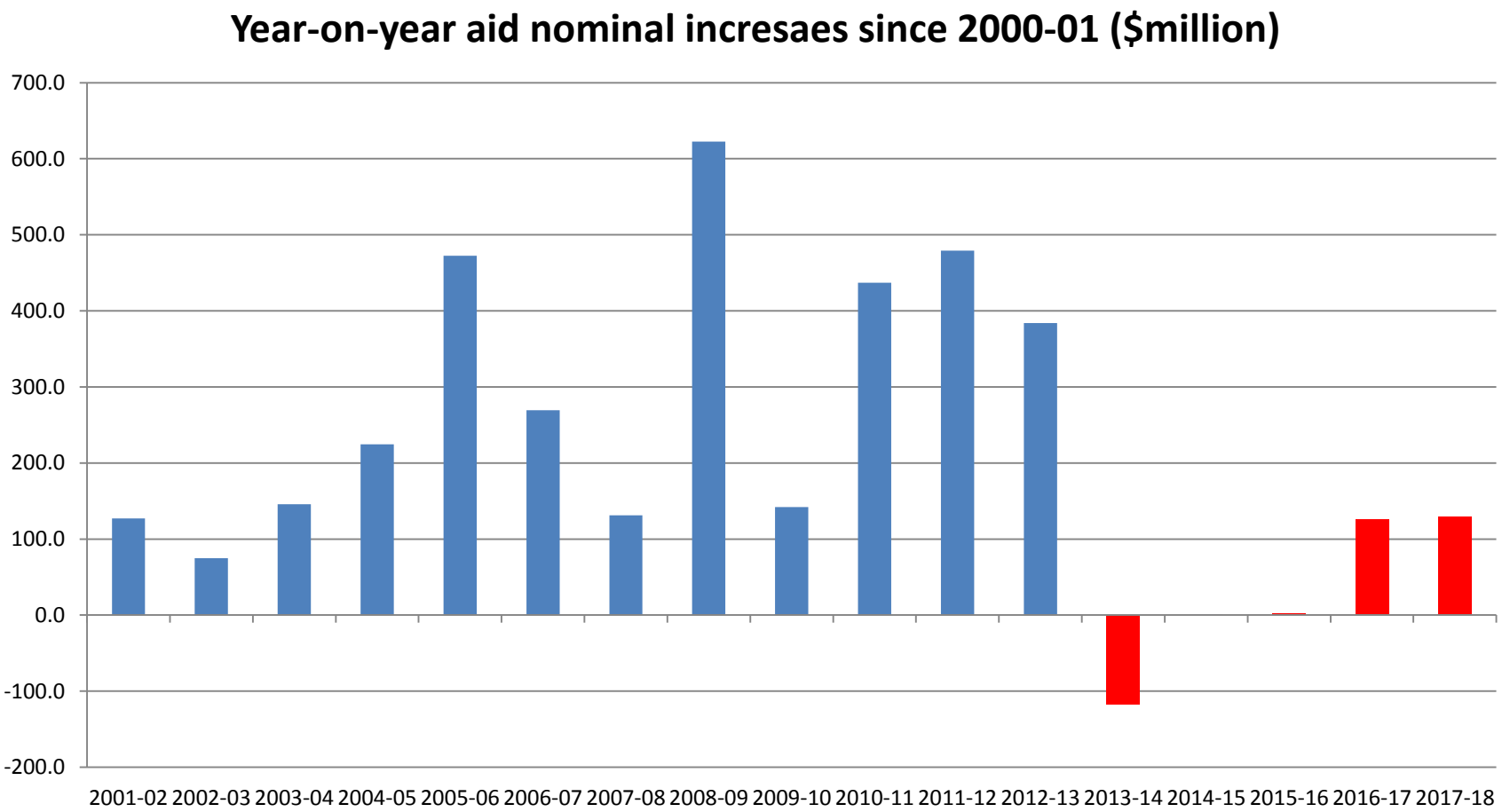
			Annual change			Cumulative change	
	Aid ($m)	CPI (%)	Nominal	Real		Nominal	Real
2012-13	5149						
2013-14	5032	3.25	-2.3%	-5.3%		-2.3%	-5.3%
2014-15	5032	2.25	0.0%	-2.2%		-2.3%	-7.4%
2015-16	5034	2.5	0.0%	-2.4%		-2.3%	-9.7%

The aid scale down




ODA/GNI (%)
0.50
0.45
0.40
0.35
0.30
0.25
0.20
0.15
0.10
0.05
-
1971-72
1972-73
1973-74
1974-75
1975-76
1976-77
1977-78
1978-79
1979-80
1980-81
1981-82
1982-83
1983-84
1984-85
1985-86
1986-87
1987-88
1988-89
1989-90
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18

The end of an era



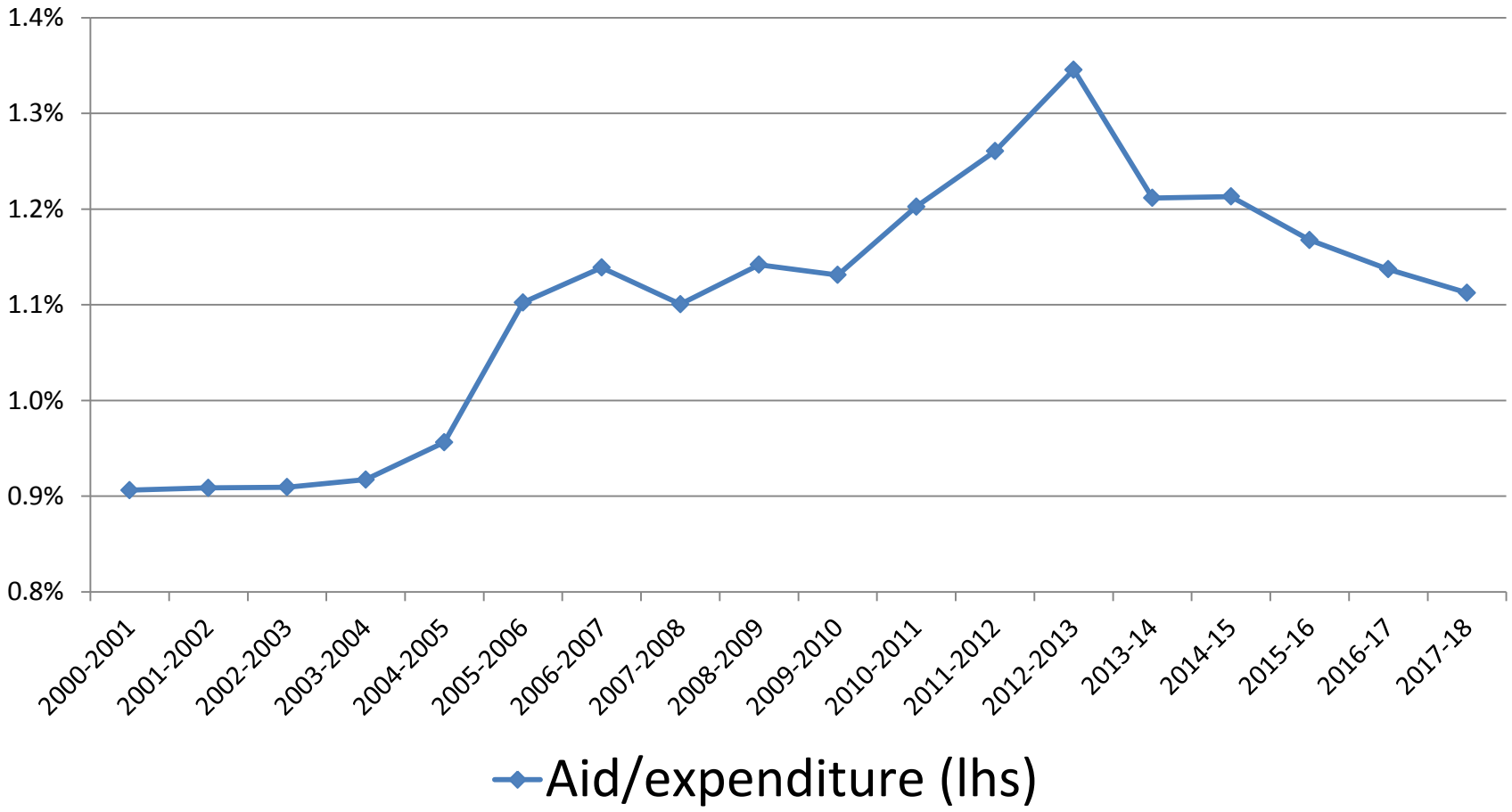
Note: this also puts the $375 million returned from asylum seekers in perspective

The disproportionate burden: aid and the fiscal adjustment

- From 2012-13 to 2017-18
  - aid falls by 9.7%
  - Non-aid increases by 9.3%

	Real spending ($b, 2012-13 prices)			Cumulative change	
	Aid	Non-aid		Aid	Non-aid
2012-13	5.1	377.5			
2013-14	4.9	397.4		-5.3%	5.3%
2014-15	4.8	388.1		-7.4%	2.8%
2015-16	4.7	393.7		-9.7%	4.3%
2016-17	4.7	404.5		-9.7%	7.2%
2017-18	4.7	413.5		-9.7%	9.6%

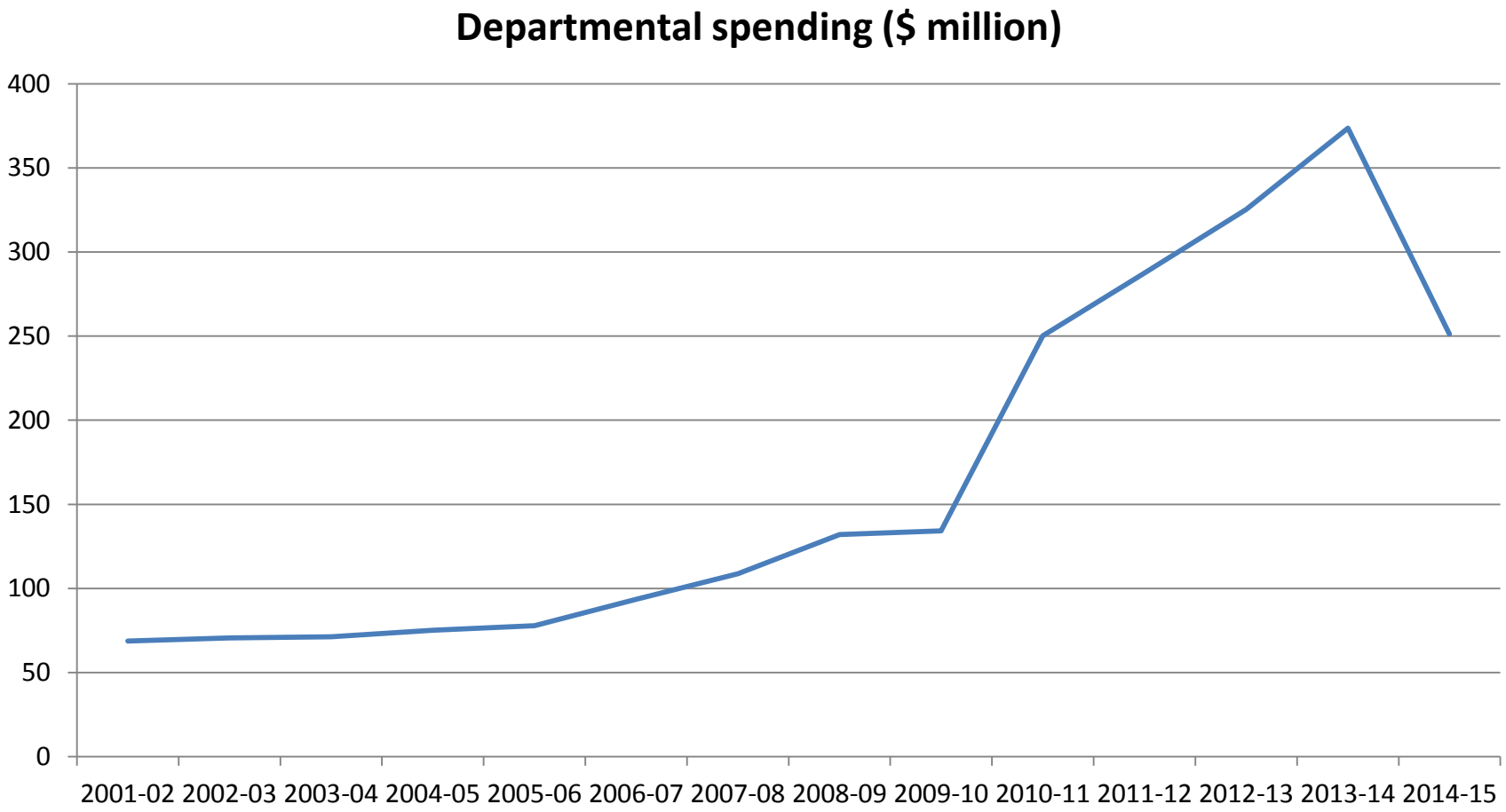
The declining share of aid in total expenditure



Composition and quality

The big picture: 2014-15 losers

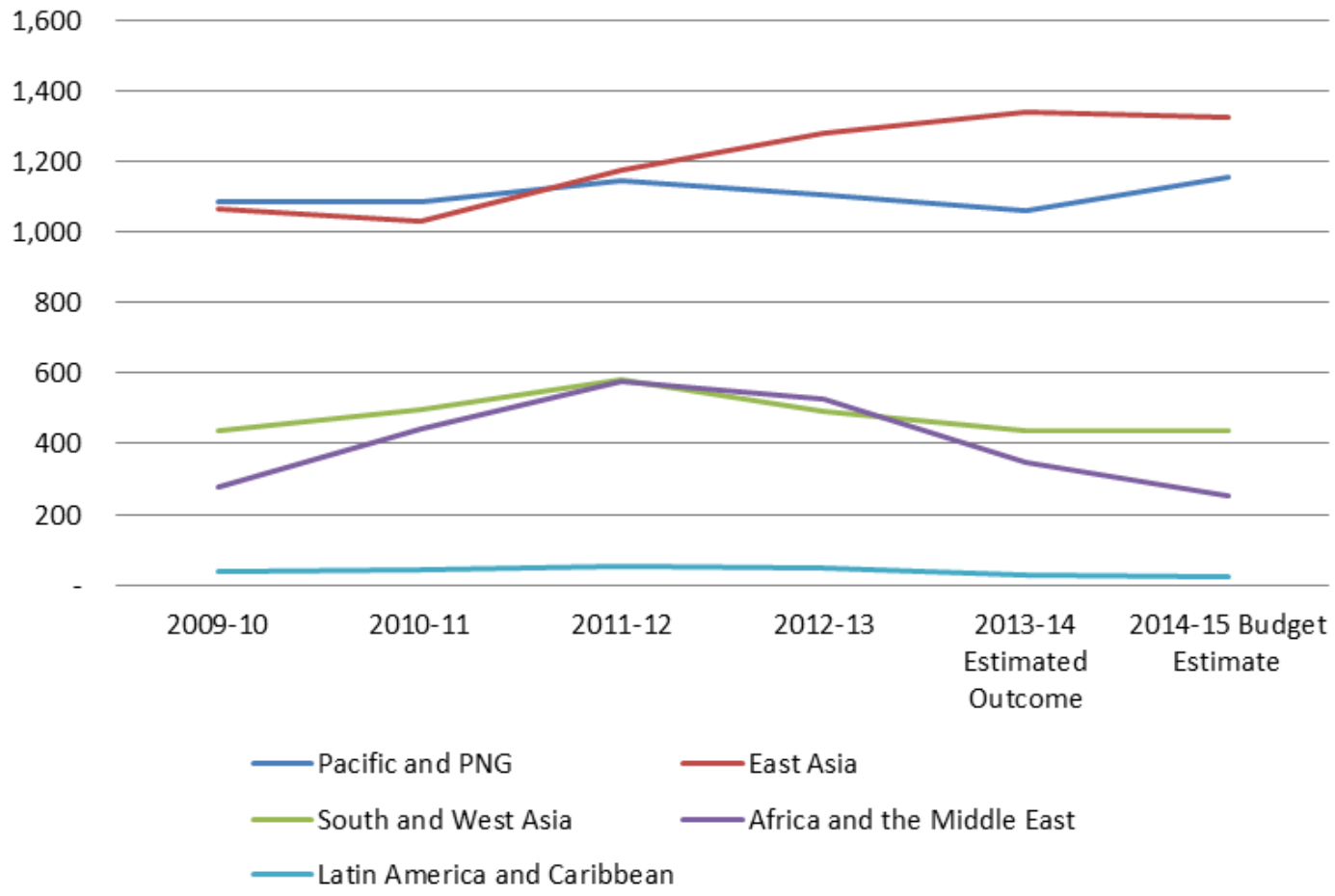
- **$375 million**: return of asylum seeker funding
- **$100 million**: reduction in aid to Africa (MENA as well as sub-Saharan Africa) and Latin America
- **$120 million**: reduction in aid administration
- **TOTAL: $595 million**


Departmental spending ($ million)
400
350
300
250
200
150
100
50
0
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15

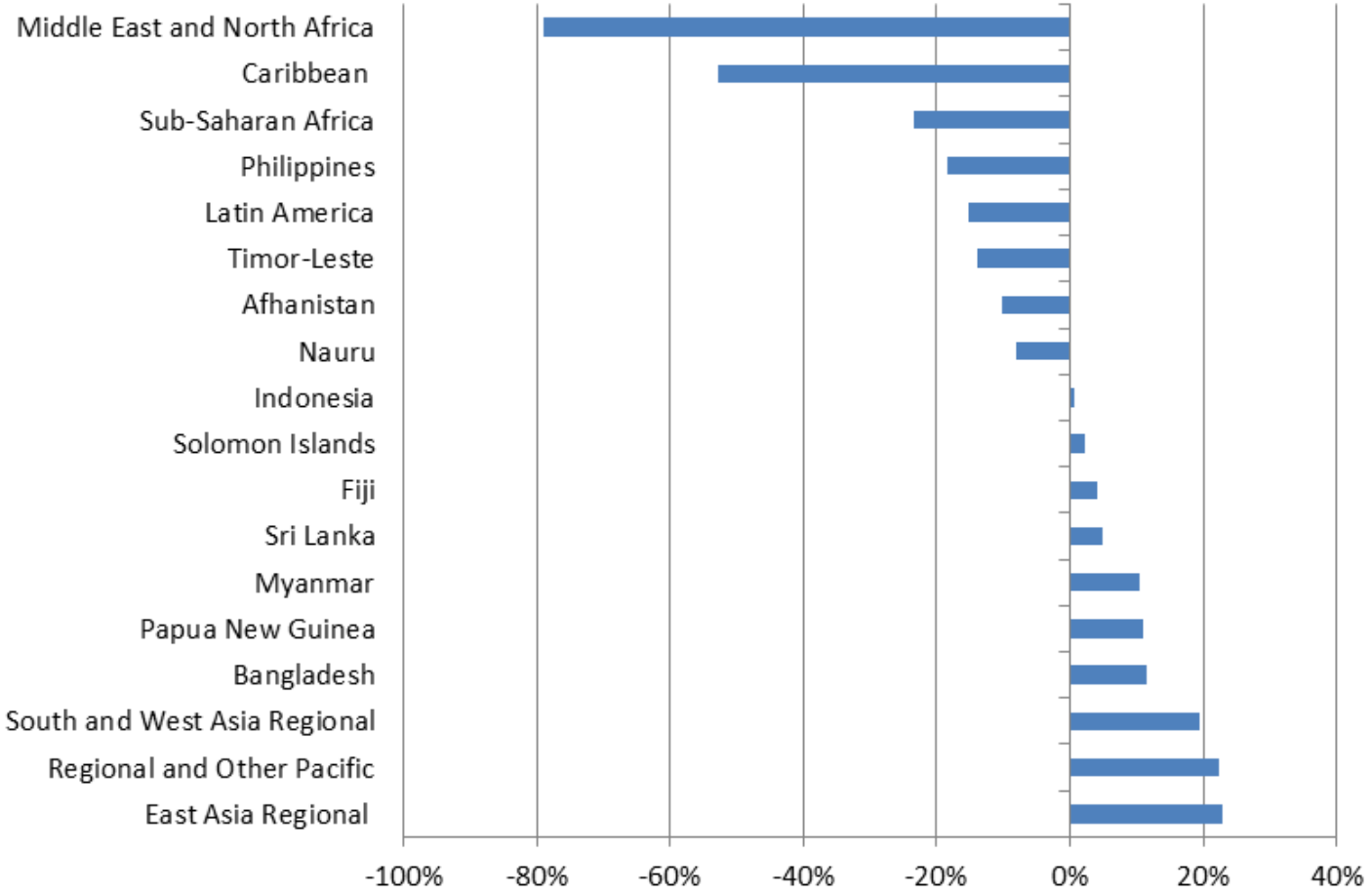
The big picture: 2014-15 winners

- **$60 million**: PNG
- **$55 million**: to regional organizations and initiatives
- **$65 million**: to humanitarian
- **$30 million**: contingency
- **$380 million**: “Cross Regional Programs”
  - Scholarships continue to increase to 4,500 awards, as per 2013-14 target, so full quaraninte from cuts
  - Most held in reserve
- **TOTAL: $590 million**

Increased regional focus



Winners and losers

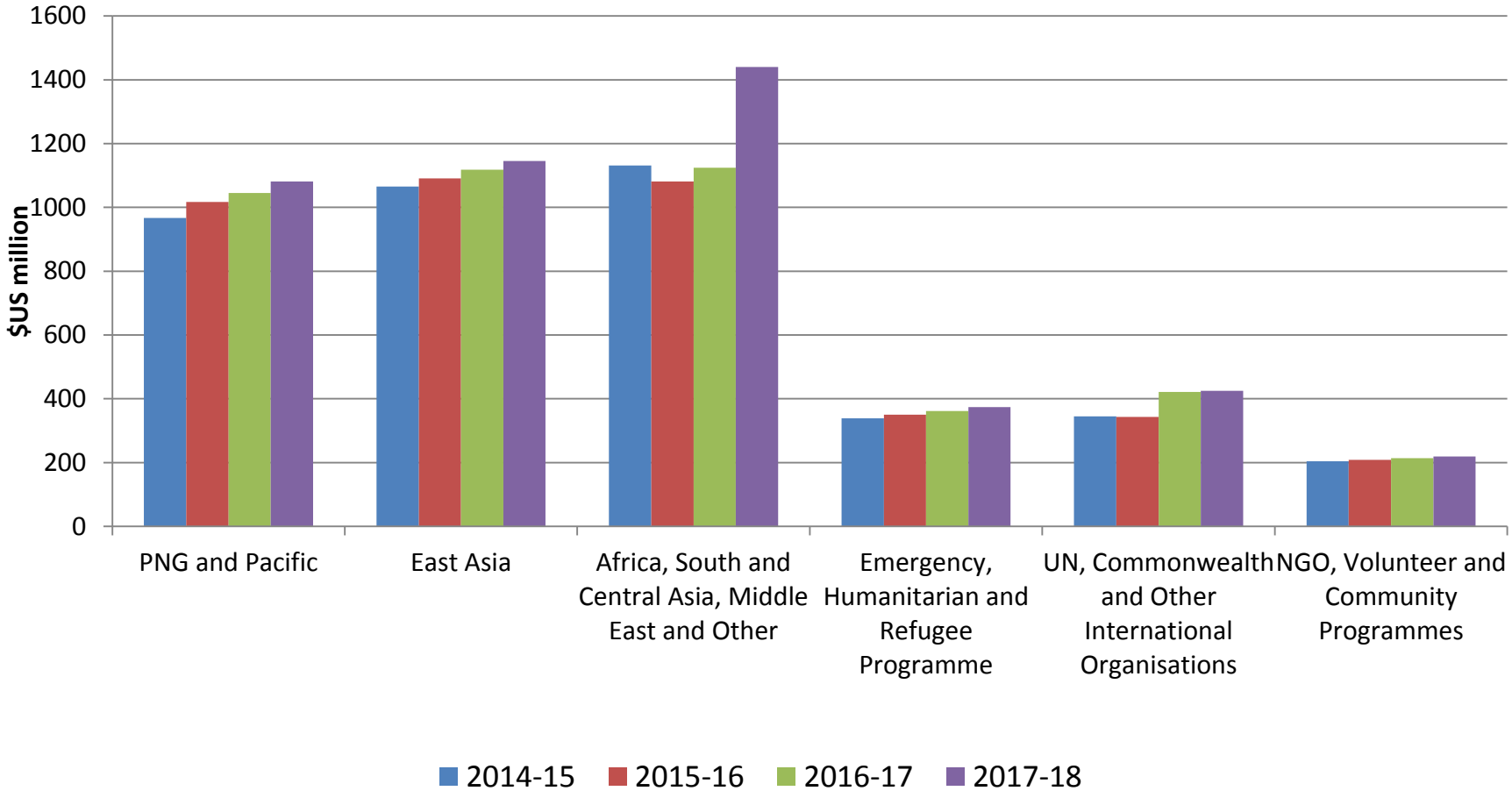


% change 2013-14 to 2014-15

Other changes

- Doubling of DAP ($11 million)
- ANCP tiny increase ($3.3 m. to $134 million)
- ACIAR constant
- AFP down
- Multilateral allocations unchanged from January or undecided

A few surprises in the forward estimates



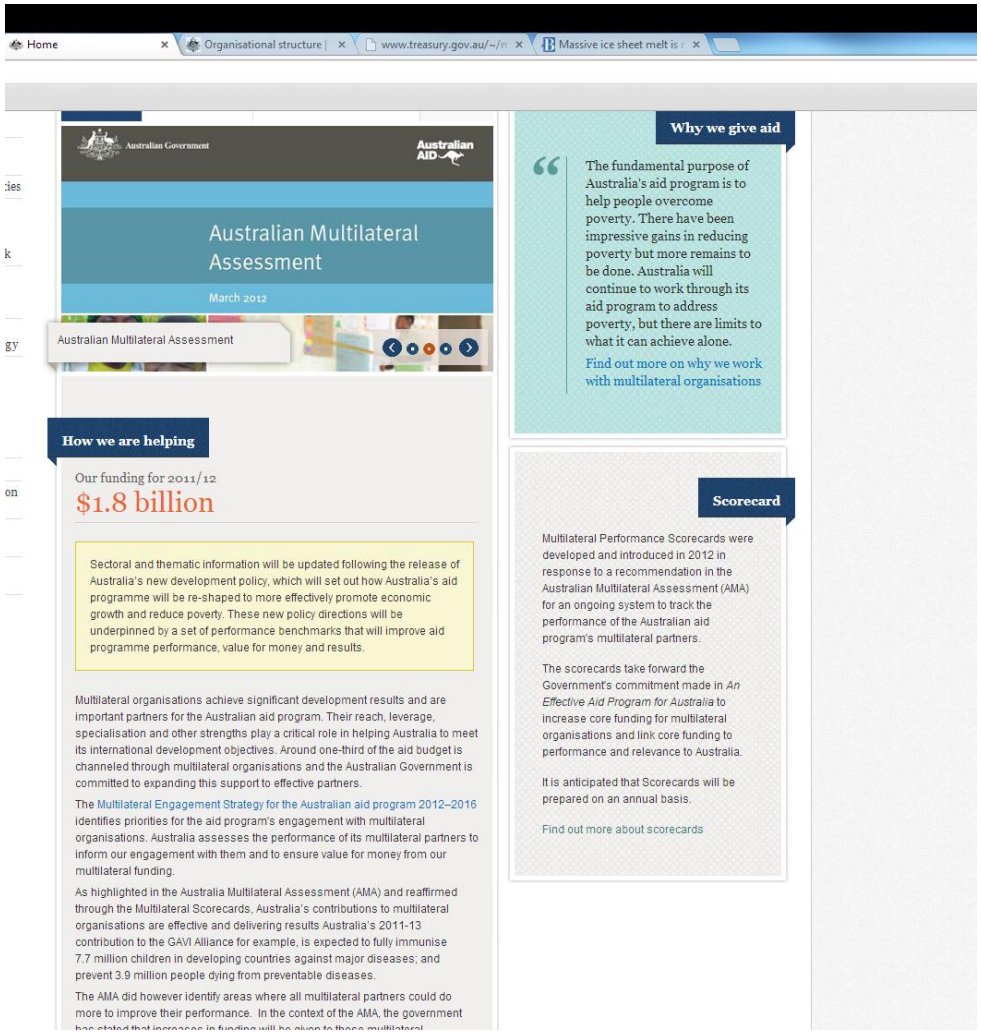
Missing

- Sectoral allocations
- Policy framework
- Benchmarks
- Any new initiatives
- Blue book: since 1999-00 or earlier

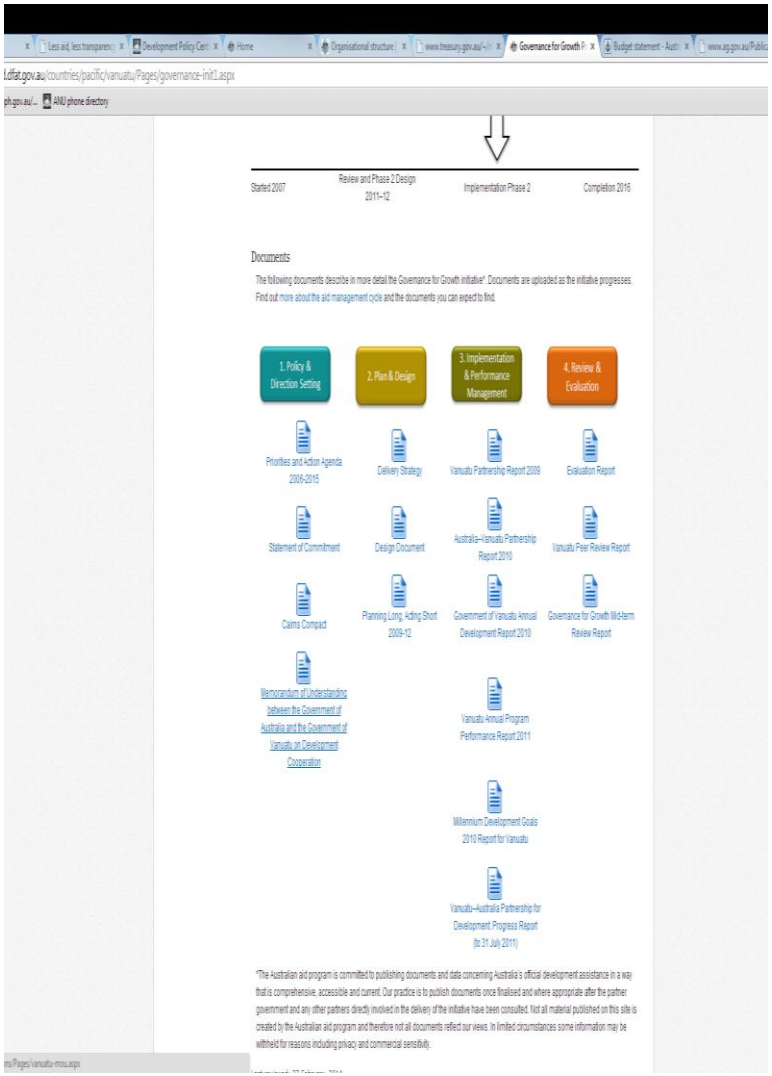
Transparency

- Country information previously in blue book now on web.
- So, greater onus on the web to be up-to-date and consistent, but ….

Web pages out of date



Project web pages now missing



Conclusion

- Less aid: 10% cut over three years.
- Less transparent aid: no blue book, and website not yet an adequate replacement.
- A mixed bag of allocation decisions.
- Opportunities:
  - The new policy and benchmarks.
  - A better outcome is possible in coming years for both quantity and transparency.