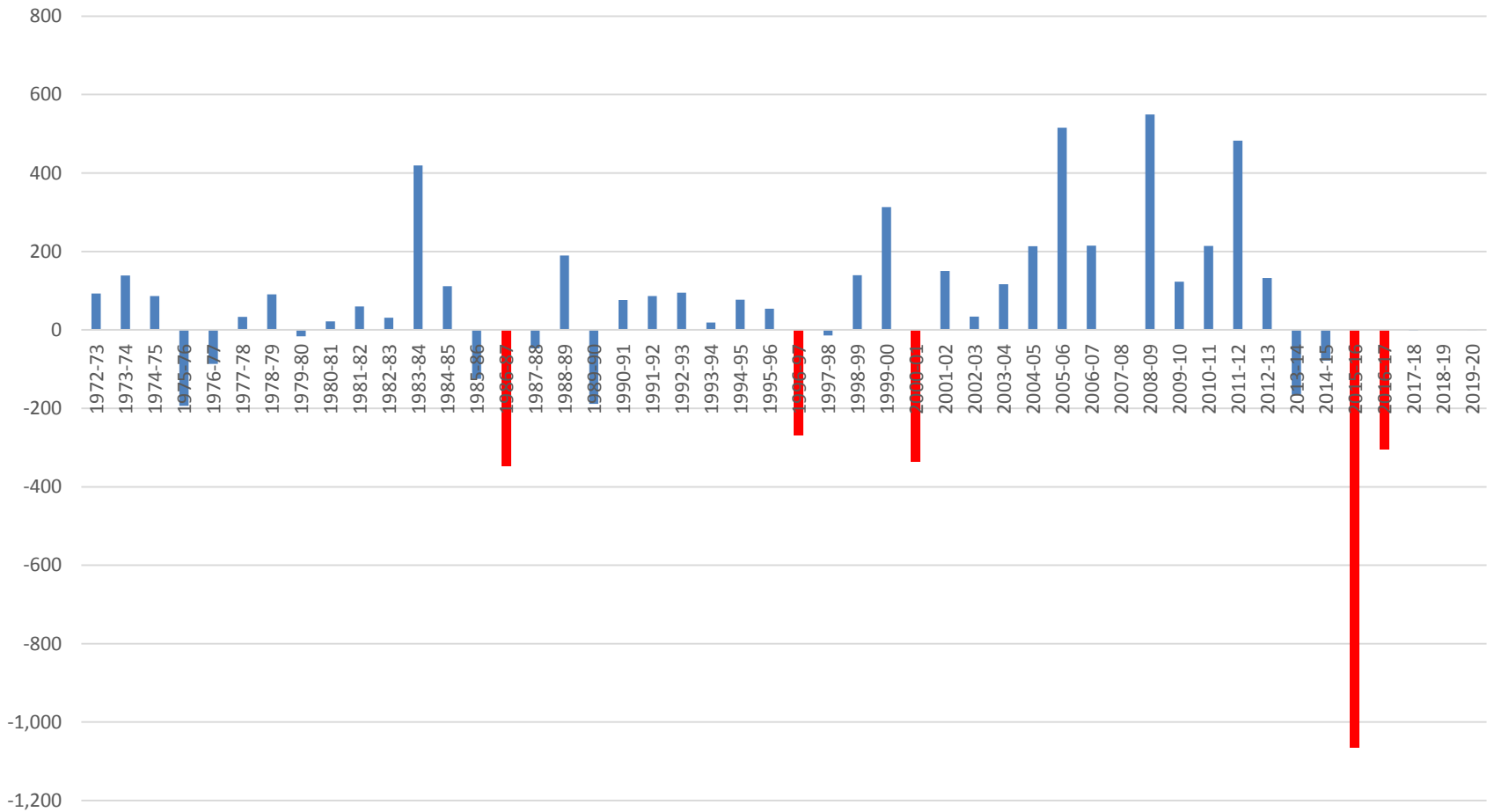


The 2016-17 aid budget

Stephen Howes

Aid quantities

One of the largest cuts to aid ever



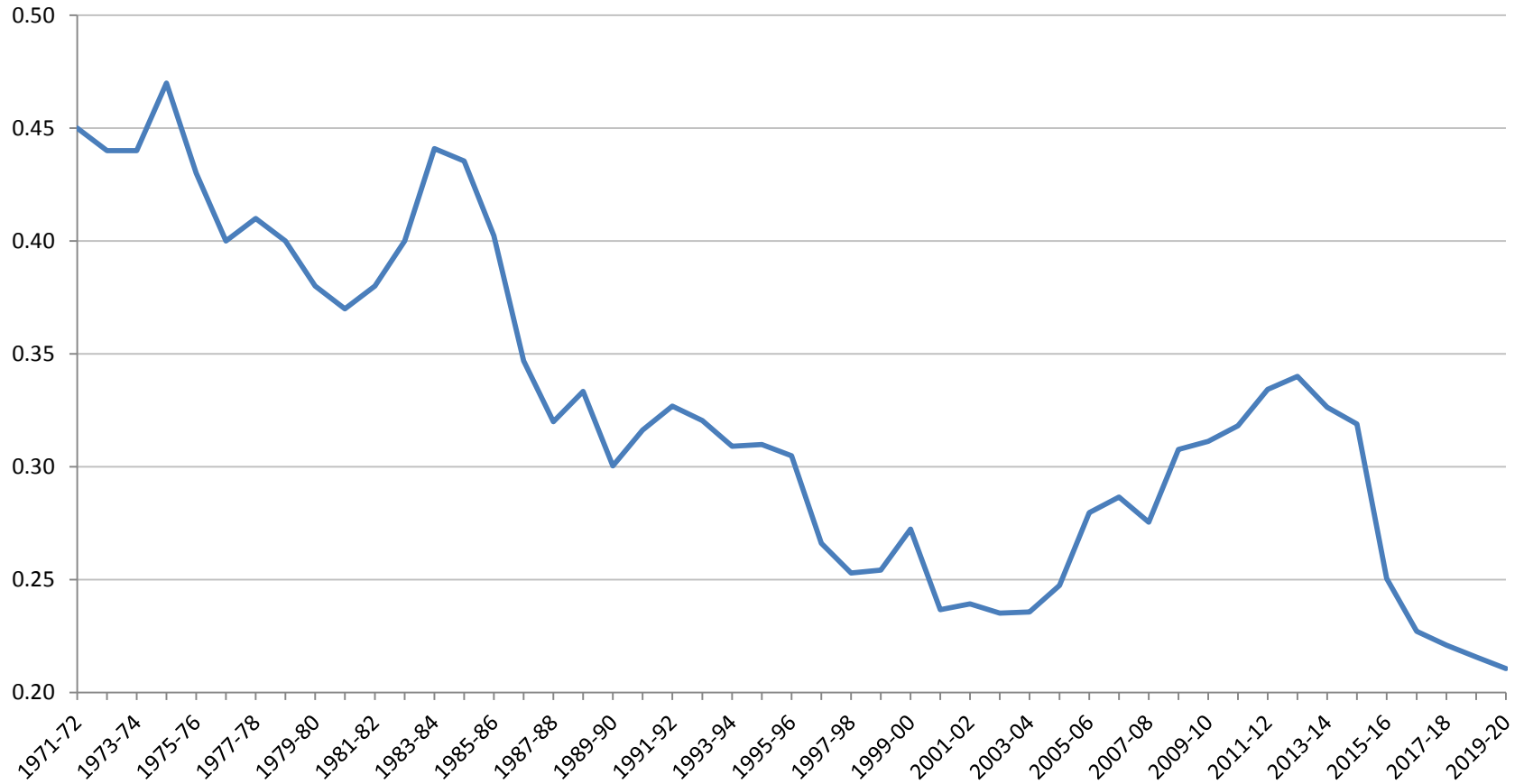
The fourth in a series of cuts which have reduced our aid budget by 30%

	Aid (\$m)	Annual change		Cumulative change	
		Nominal	Real	Nominal	Real
2012-13	5,053				
2013-14	5,032	0%	-3%	-0.4%	-3.0%
2014-15	5,032	0%	-1%	-0.4%	-4.5%
2015-16	4,052	-19%	-20%	-19.8%	-24.0%
2016-17	3,828	-6%	-7%	-24.3%	-29.6%
2017-18	3,912	2%	0%	-22.6%	-29.7%
2018-19	4,010	3%	0%	-20.6%	-29.7%
2019-20	4,110	2%	0%	-18.7%	-29.7%

Note: 2016-17 prices

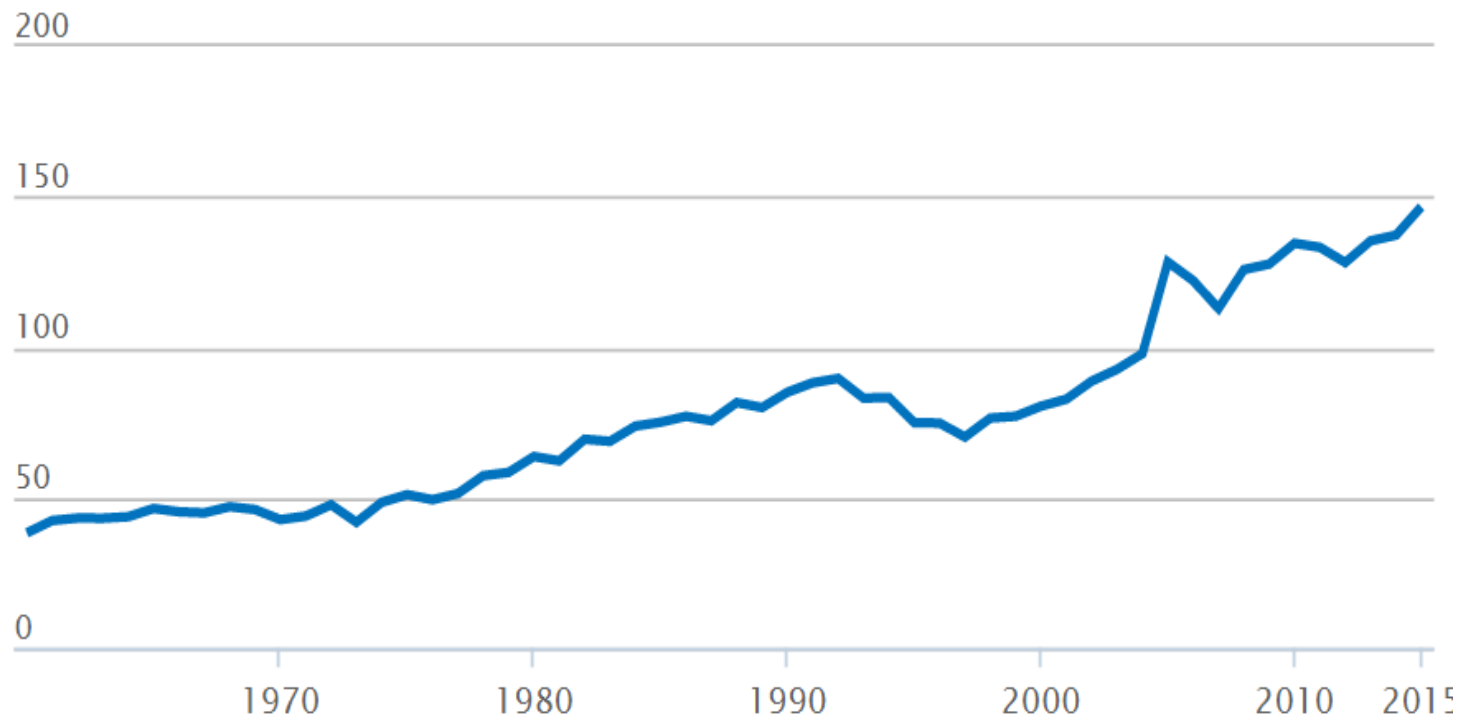
Pushing our generosity as a nation to another record low

ODA/GNI ratio

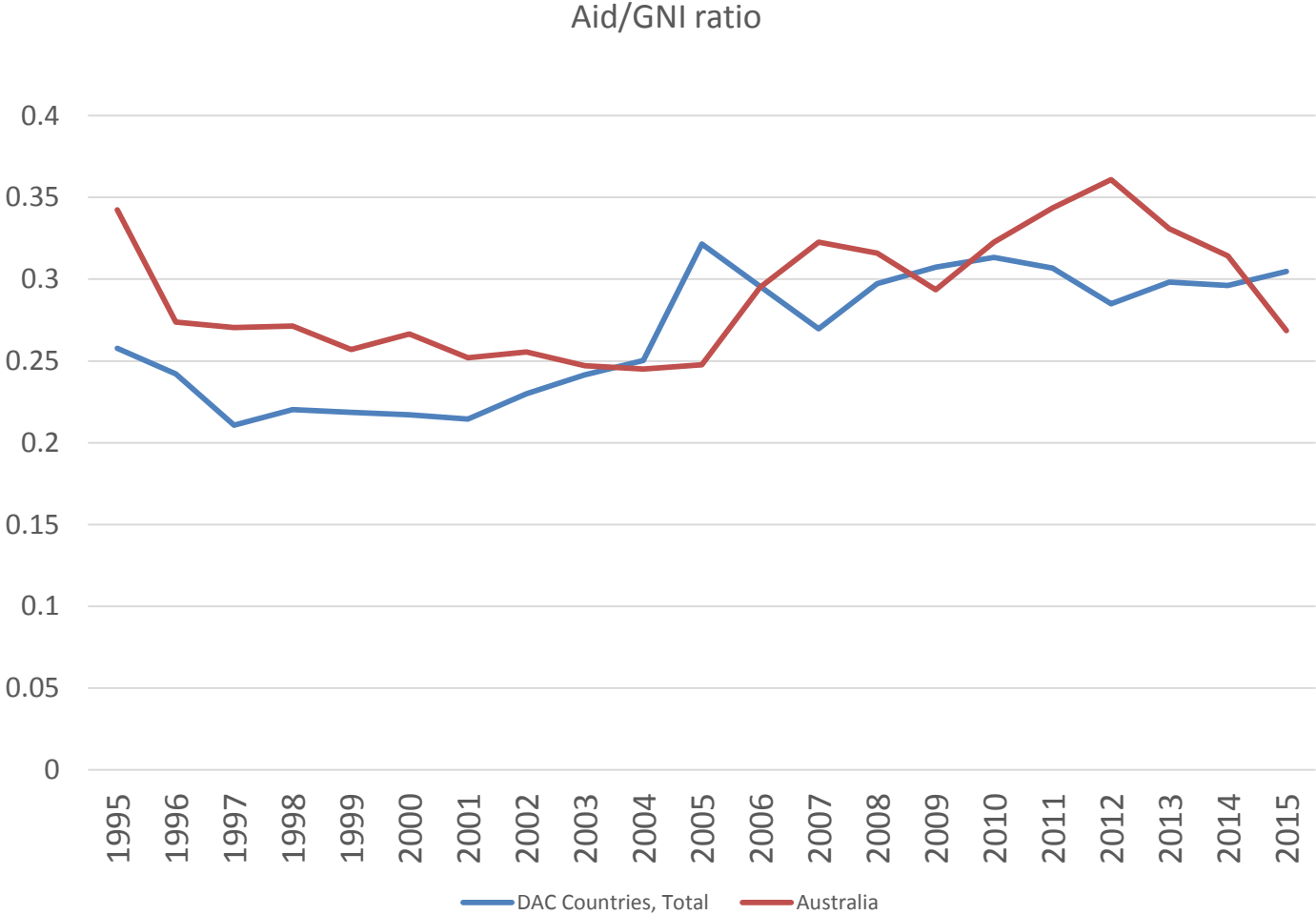


Other countries are *not* cutting aid

ODA - USD billion (2014 prices & exchange rates)



We are now below the aid/GNI average – something we tried to avoid before

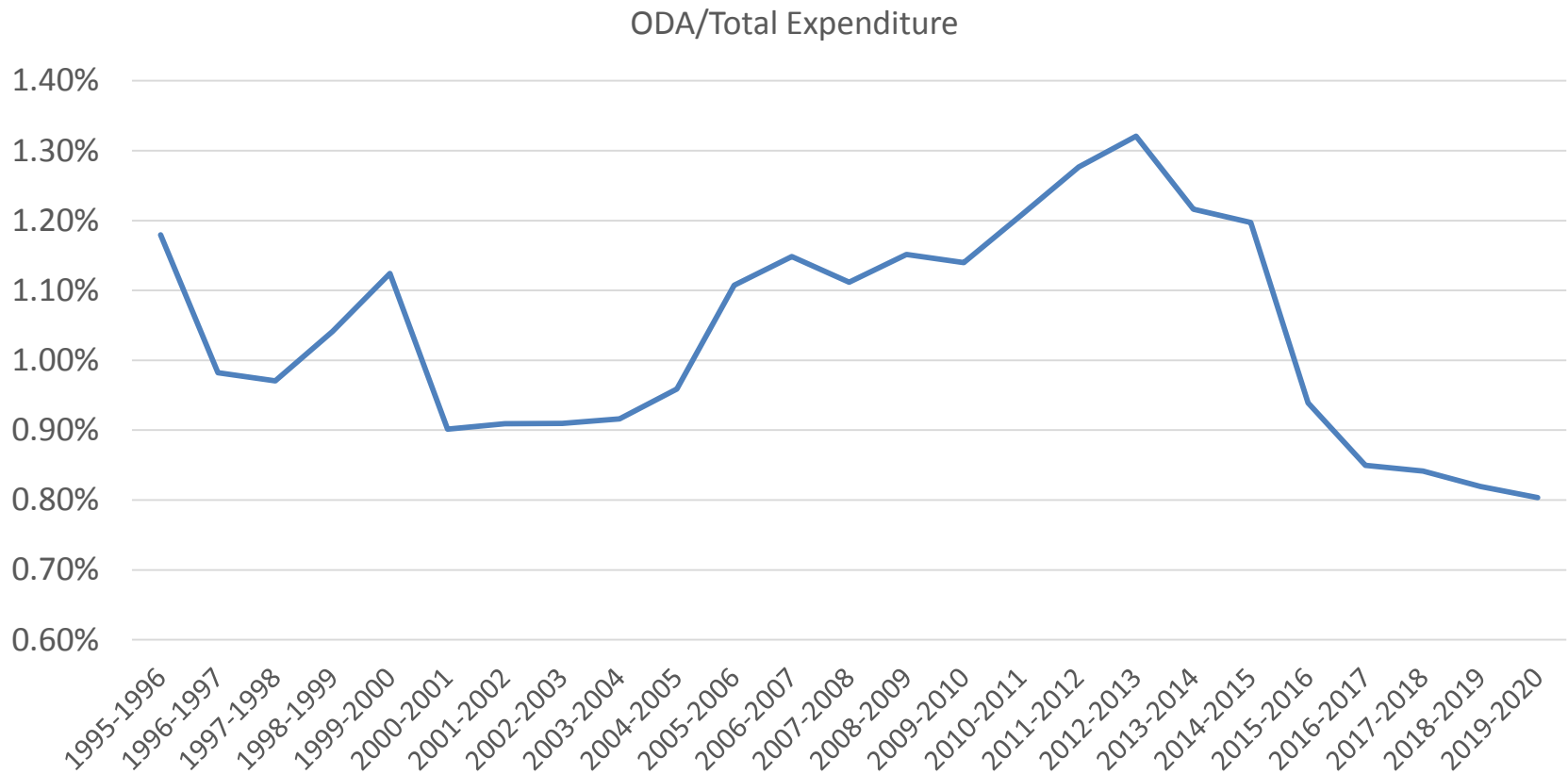


Aide is not being cut as a result of fiscal austerity

- From 2012-13 to 2019-20
 - Aid falls by 30%
 - Everything else increases by 16%

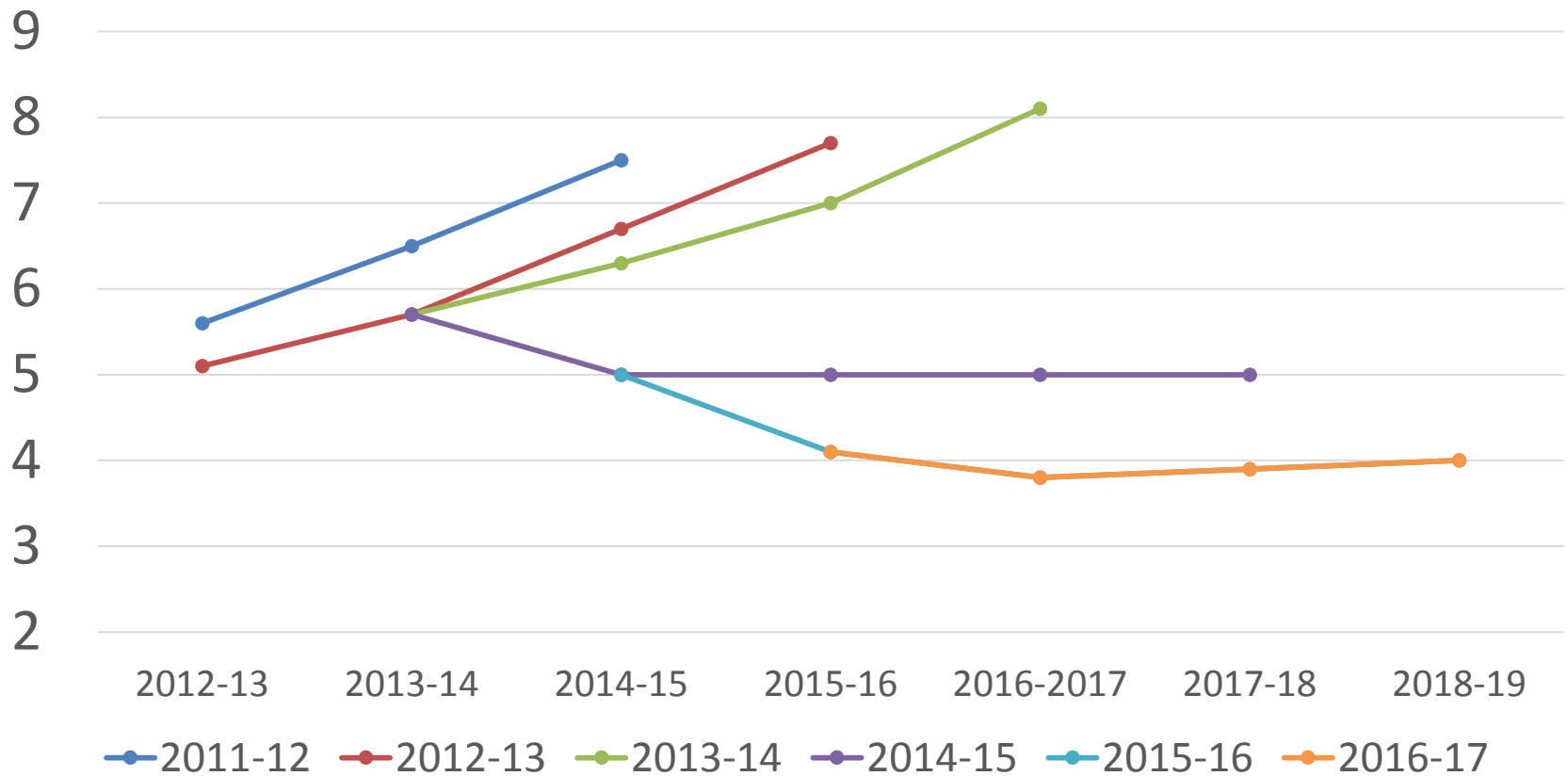
	(\$b, 2016-17 prices)		Cumulative change	
	Aid	Non-aid	Aid	Non-aid
2012-13	5.4	406.4		
2013-14	5.3	428.5	-3.0%	5.4%
2014-15	5.2	428.9	-4.5%	5.5%
2015-16	4.1	436.0	-24.0%	7.3%
2016-17	3.8	446.8	-29.6%	9.9%
2017-18	3.8	450.7	-29.7%	10.9%
2018-19	3.8	463.0	-29.7%	13.9%
2019-20	3.8	472.4	-29.7%	16.2%

It is just much further down the priority list

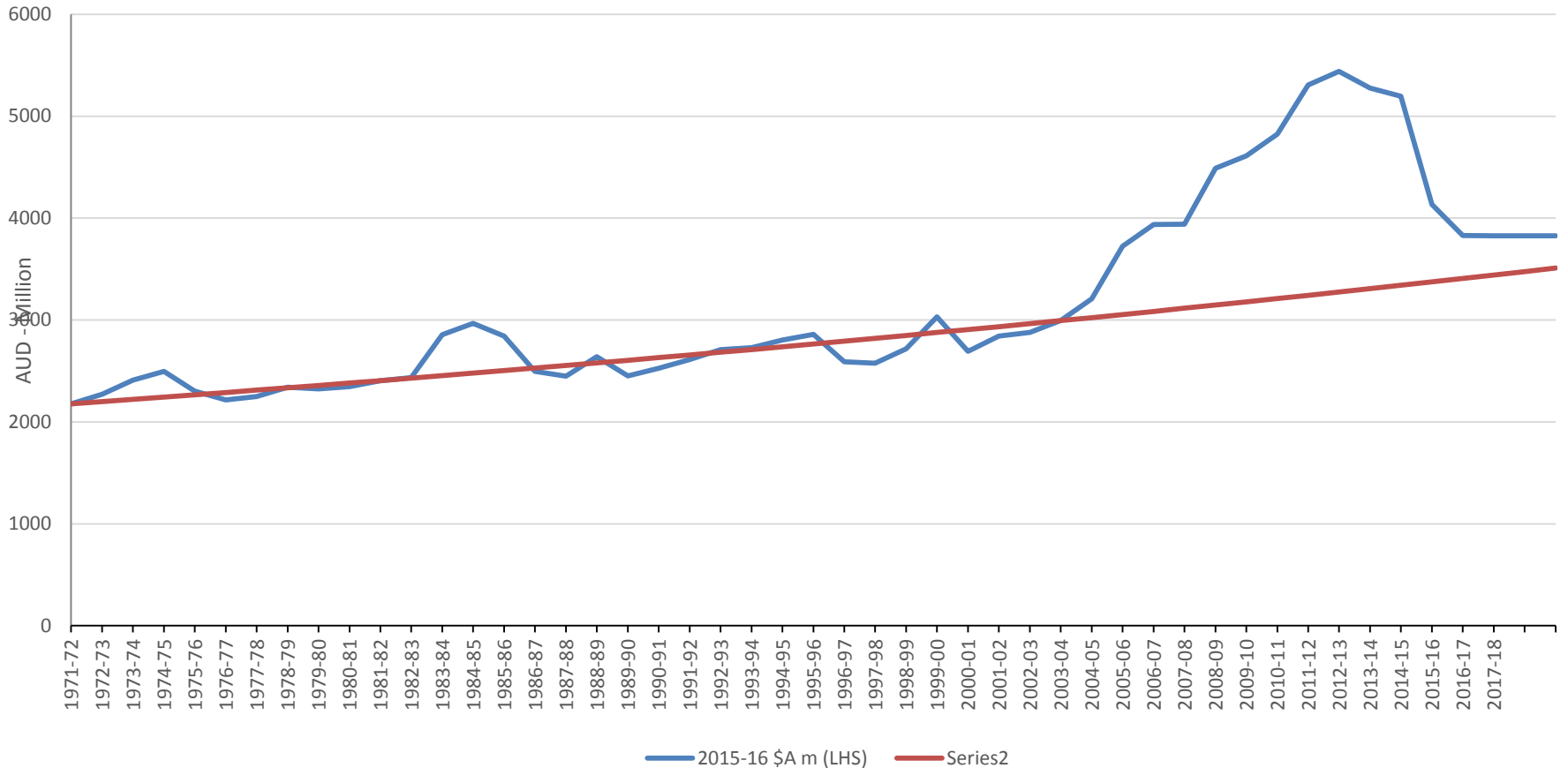


The silver lining: the last of the big cuts?

Aid (\$A billion)



Australian aid: the way we were



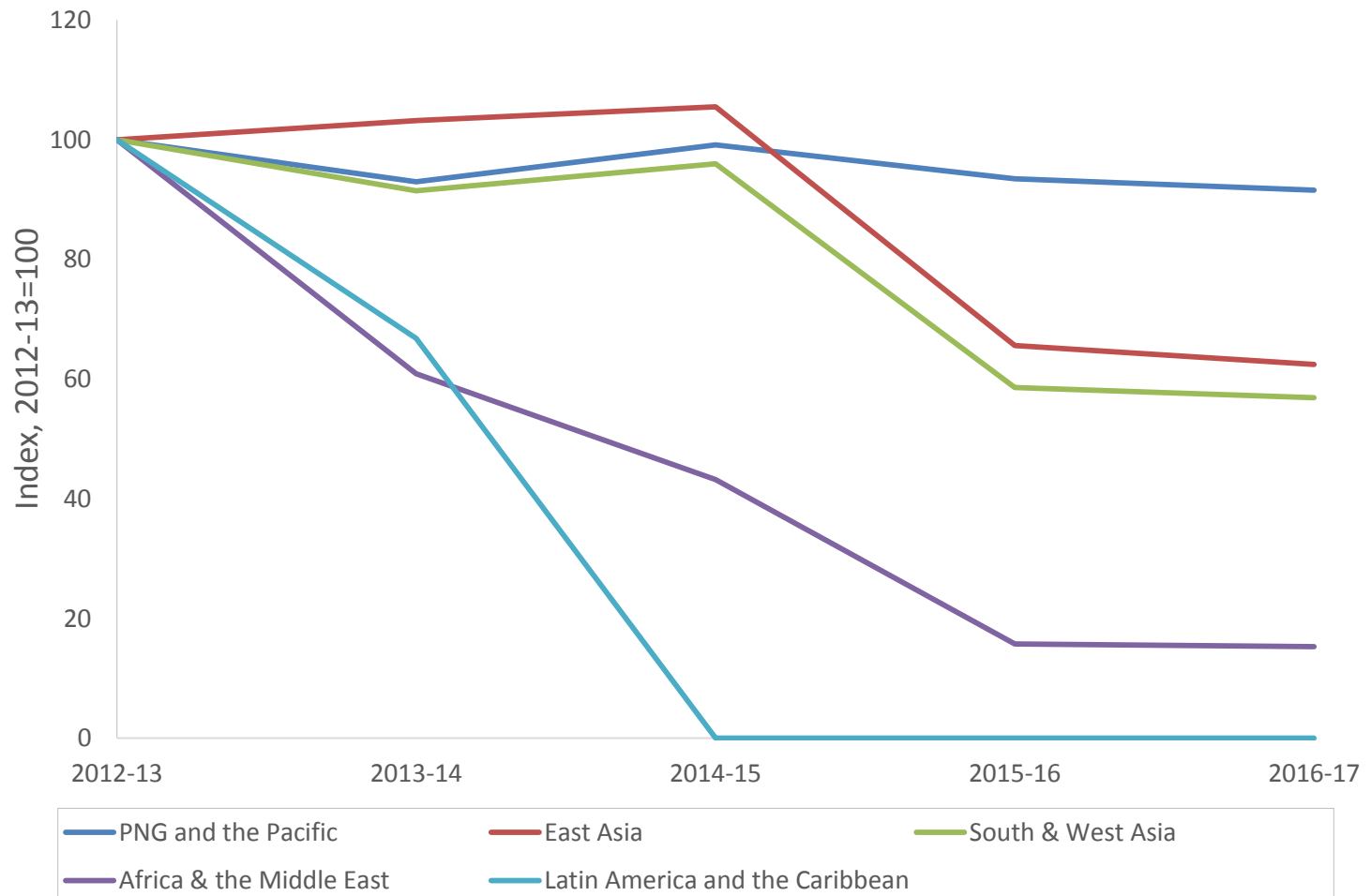
Composition and quality

Overall strategy

- Country allocations all kept constant in nominal terms except for
 - Fiji: increased by 46% nominal
- Many other allocations (NGOs, volunteers) kept constant as well.
- Multi-year organizational commitments reprofiled to allow the cut this year.
 - Global programs down 12%.
 - Effectively cutting from country allocations in future years.

No further changes to regional allocation

DFAT country and regional program aid



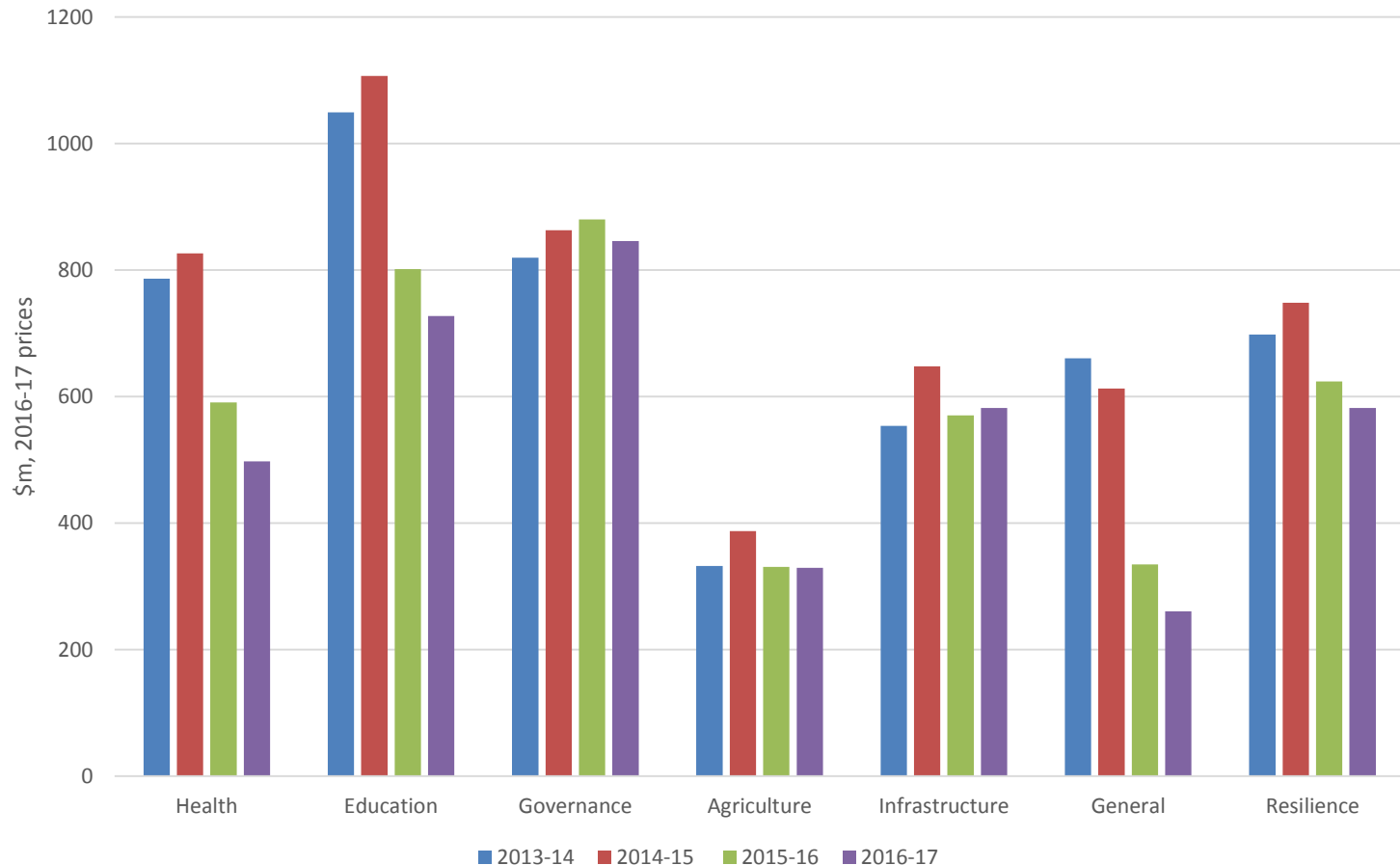
What happened to performance?

- “We will use performance benchmarks at the level of individual programs to assess the relative effectiveness of our portfolio of investments, and these assessments will determine how the aid level [sic] are allocated.”
 - Foreign Minister, 2014 Aid Conference
- But something to be said for predictability

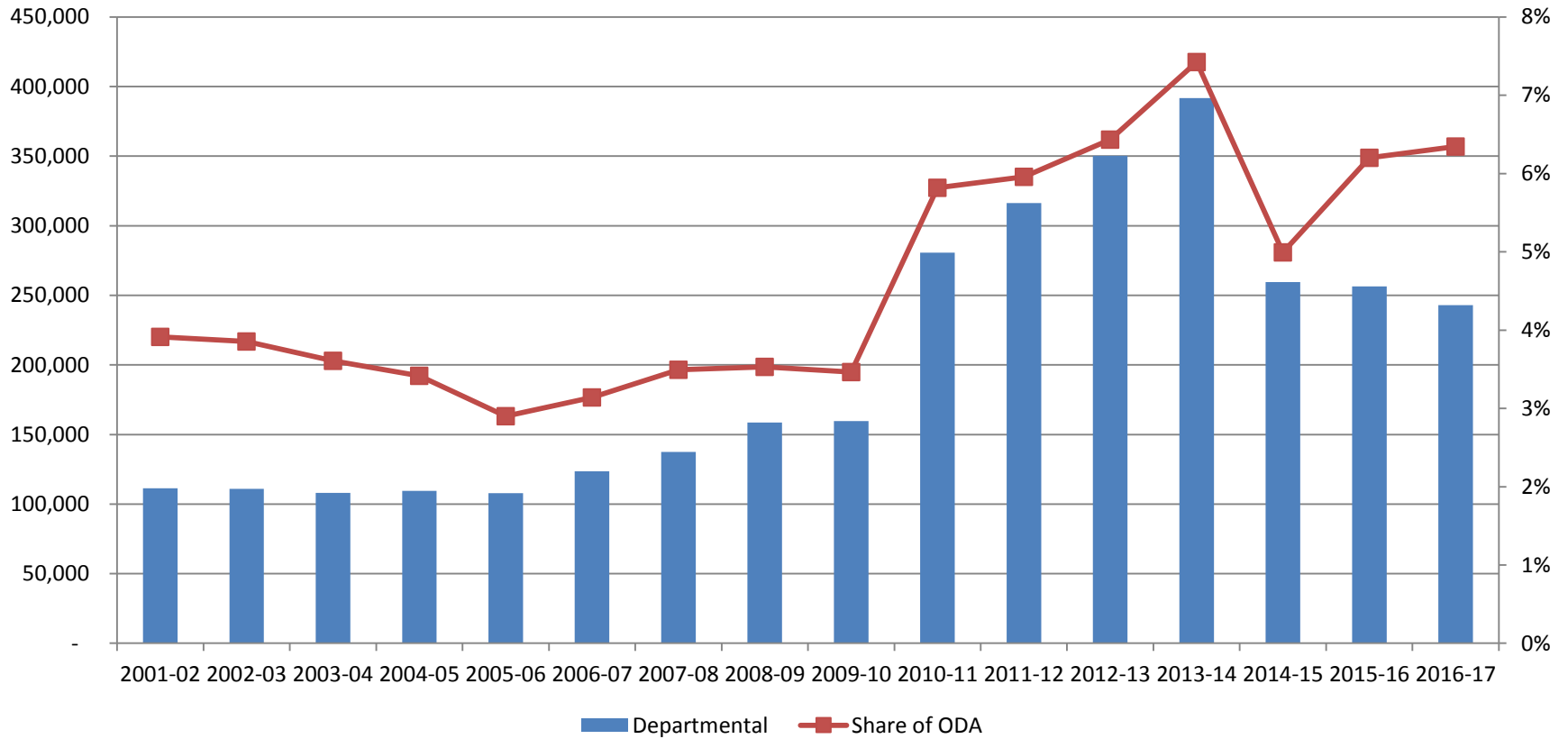
The big shifts are sectoral

- Health cut by 16% and education by 9%.
 - Some of this due to the reprofiling of multilateral commitments
 - But in line with earlier cuts as well. After inflation, health is down by 37% and education 31% compared to 2013-14.
 - Scholarships down from 4,000 in 2014 (2012-13 budget) to 3,000 in 2016-17 (this budget)

Sectoral adjustments in 2016-17 in line with patterns of last few years



Departmental expenses



Transparency: Orange is the new blue

