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2025 aid budget breakfast

26 March 2025

#2025aidbudget



Devpolicy Blog
devpolicy.org

Charts
devpolicy.org/aidtracker

Event Video
youtube.com/@devpolicy

Podcast
devpolicytalks.simplecast.com



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2025 Events

- **Pacific Update**
3-5 June, USP Suva, Fiji
*Submissions close **this Monday, 31 March***
- **PNG Update**
21-22 August, UPNG Port Moresby
- **Australasian AID Conference**
3-5 December, ANU Canberra



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Aid and the budget

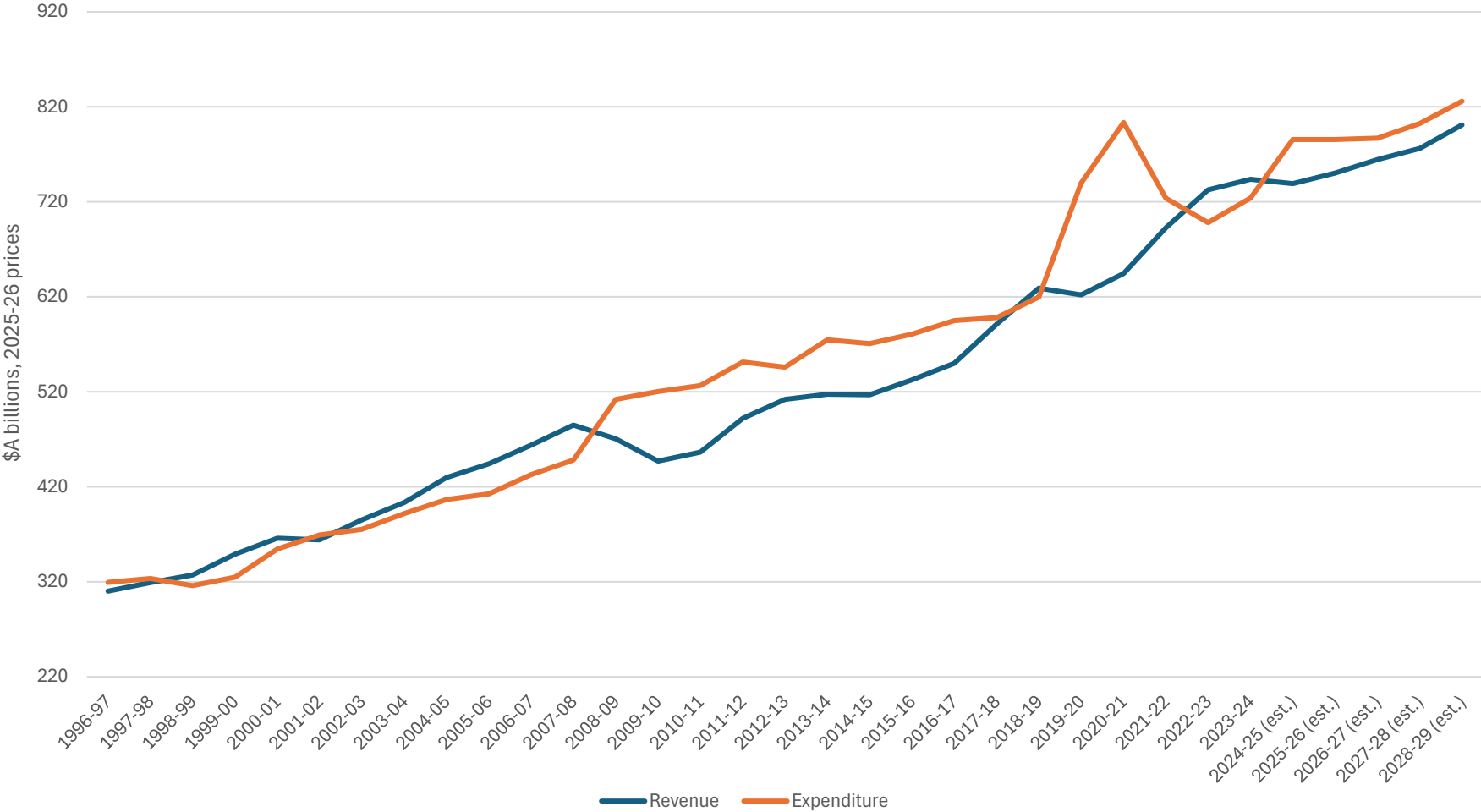


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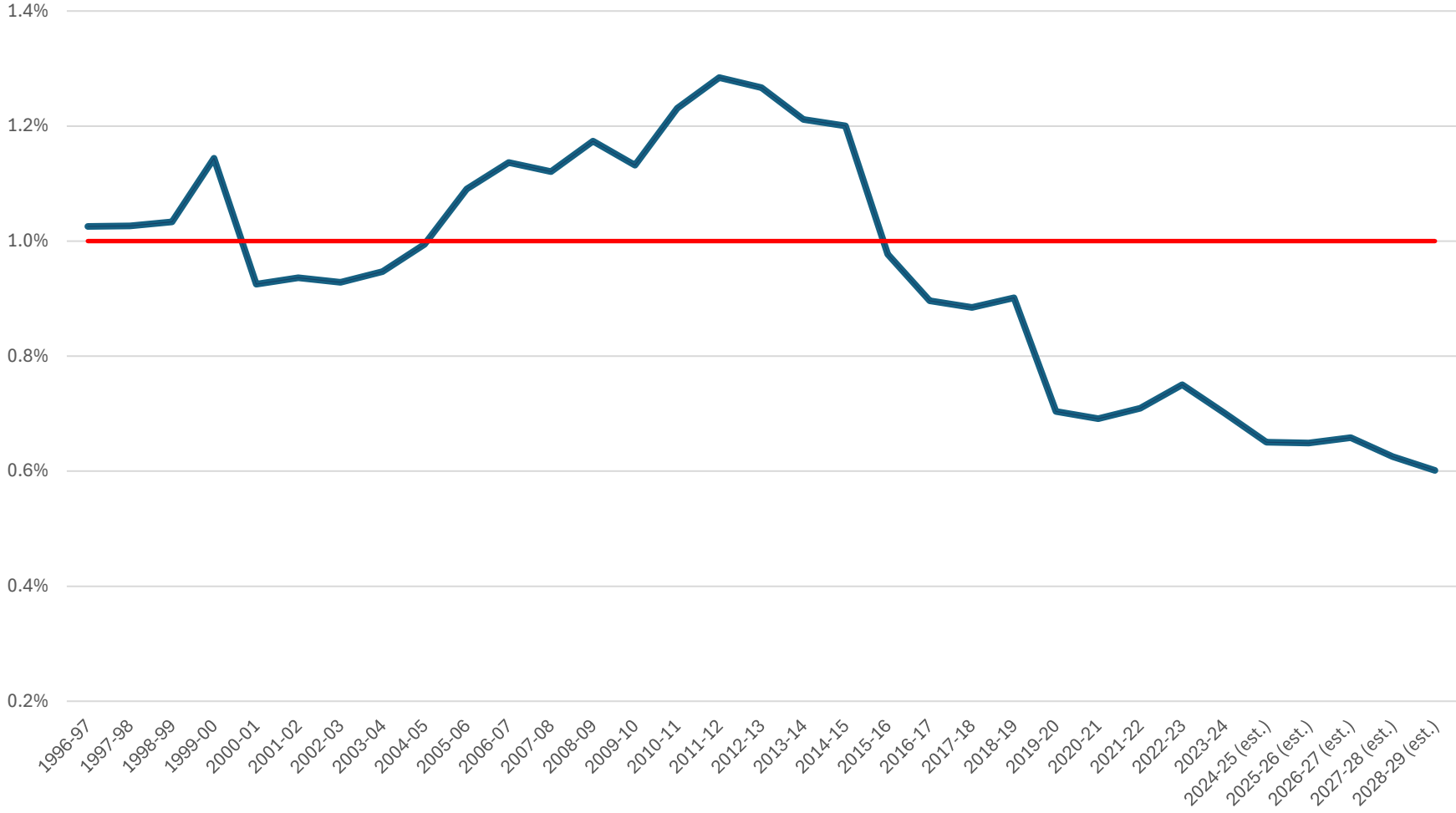
Budget context: revenue/expenditure

Total govt revenue and expenditure: actuals and estimates, 1996-97 to 2028-29



Aid's (falling) share and the "1% call"

ODA as % total govt expenditure, 1996-97 to 2028-29



2025-26 Budget: continuity vs change

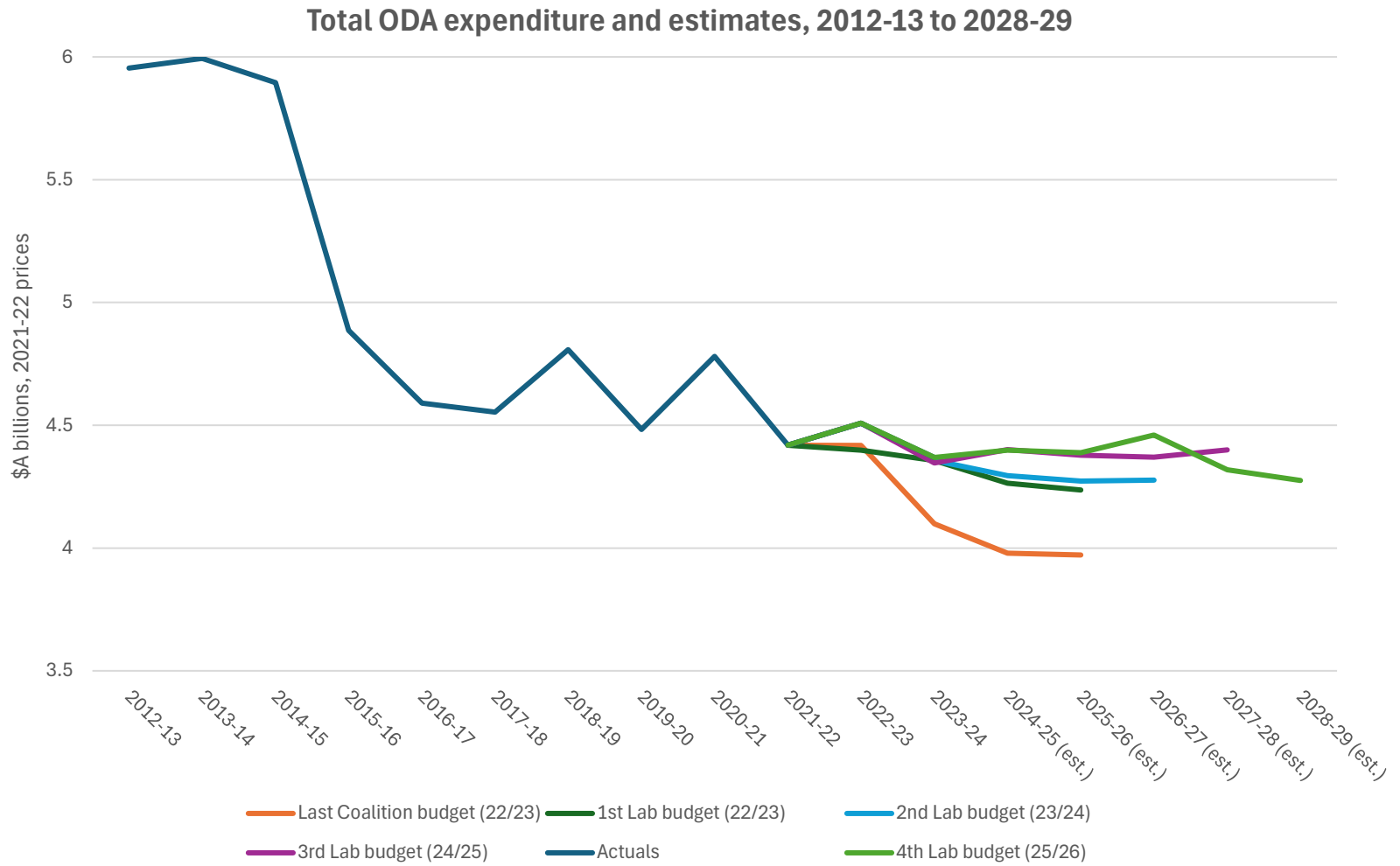
More continuity than change

- “Reprioritisations” = 2.35% (\$119 million) of total aid in 2025-26
- Includes cuts/re-profiling of UN, global health and global education programs

...but a major increase in funding to the World Bank’s International Development Association (IDA)

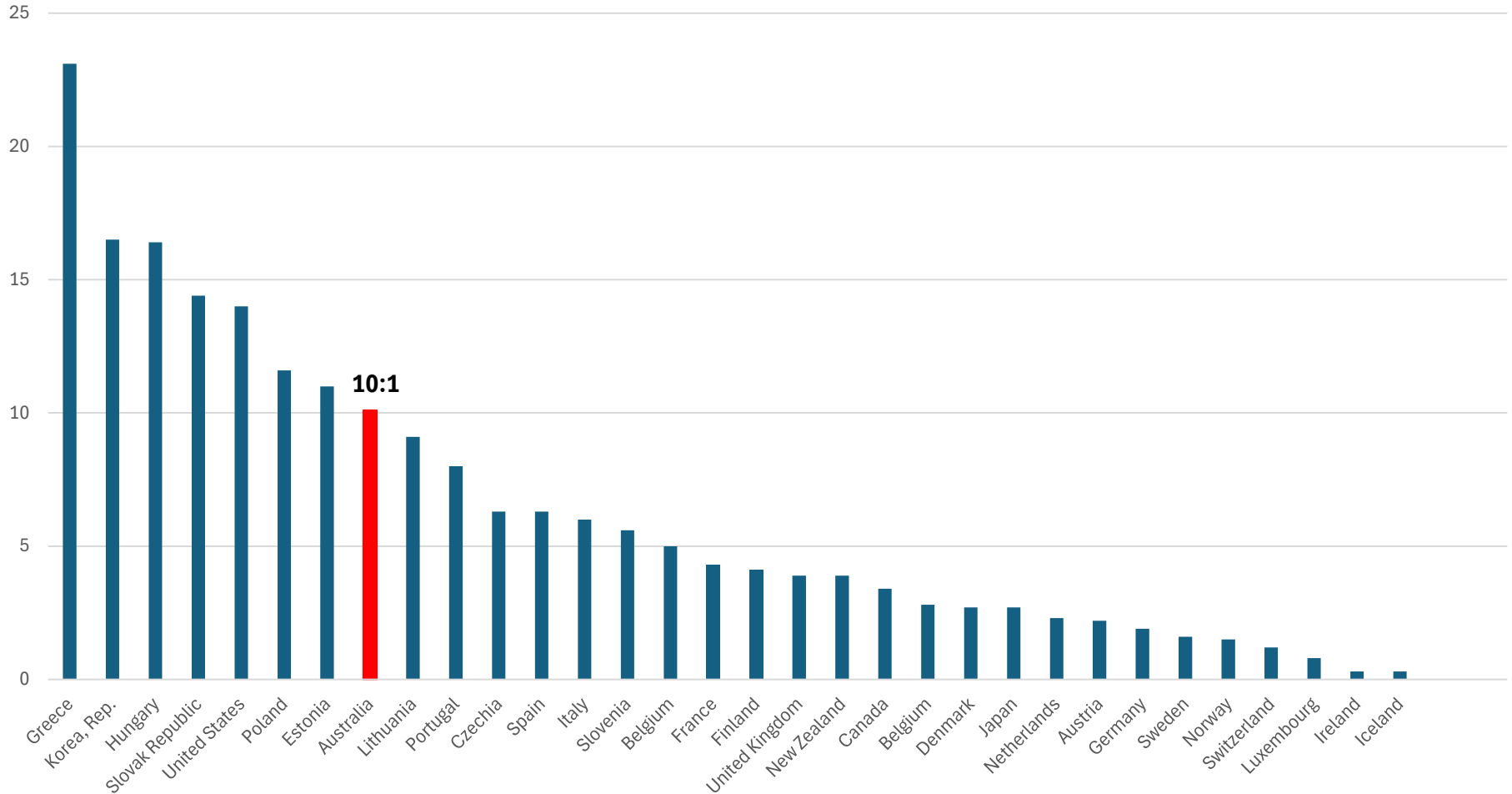
- \$660 million contribution to IDA21 (2026-2028)
- +20% real increase on IDA20 (2023-2025)
- presented as a Pacific investment, not a global program

Labor's four aid budgets



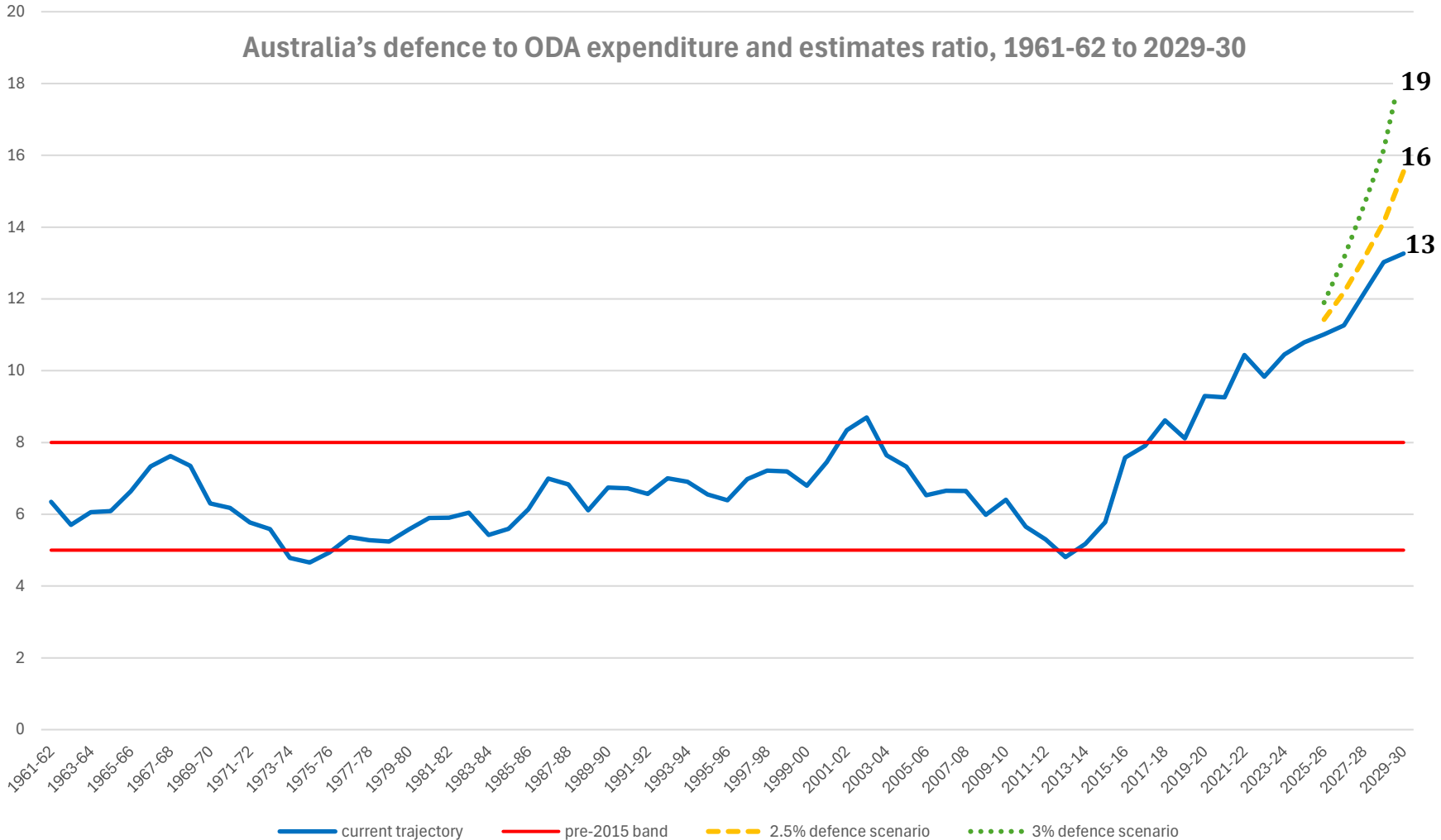
Aid and defence: comparison

Defence vs. ODA spending as a % GDP/GNI: ratios in 2023



Sources: SIPRI, [Yearbook: Armaments, Disarmament and International Security, 2023](#); OECD Development Assistance Committee, [Official development assistance \(ODA\) 2023 final figures](#).

Aid and defence: Cold War 1.0 vs Cold War 2.0



Australian Infrastructure Financing Facility (AIFFP): commitment and expenditure update

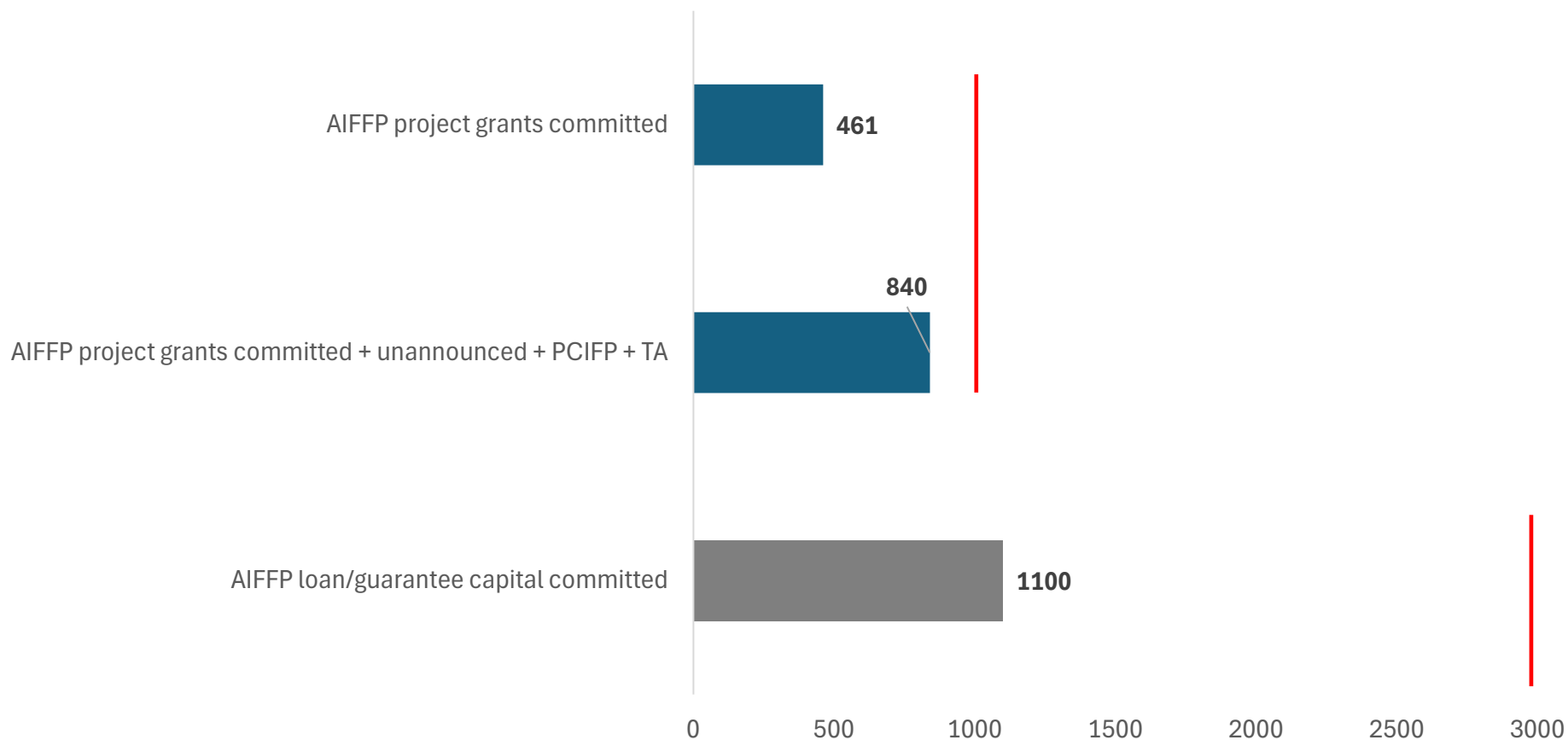


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AIFFP: more concessional in practice than in conception

AIFFP: grant vs loan commitments as at 30 June 2024 (AUD millions)



PCIFP = 'Pacific Climate Infrastructure Financing Partnership' (up to \$350 million)

TA = technical assistance; "includes project preparation and implementation costs such as feasibility studies, monitoring and evaluation expenditure"

Source: DFAT, [Performance of Australian Development Cooperation, 2023-24](#) (p. 62; Annex D).

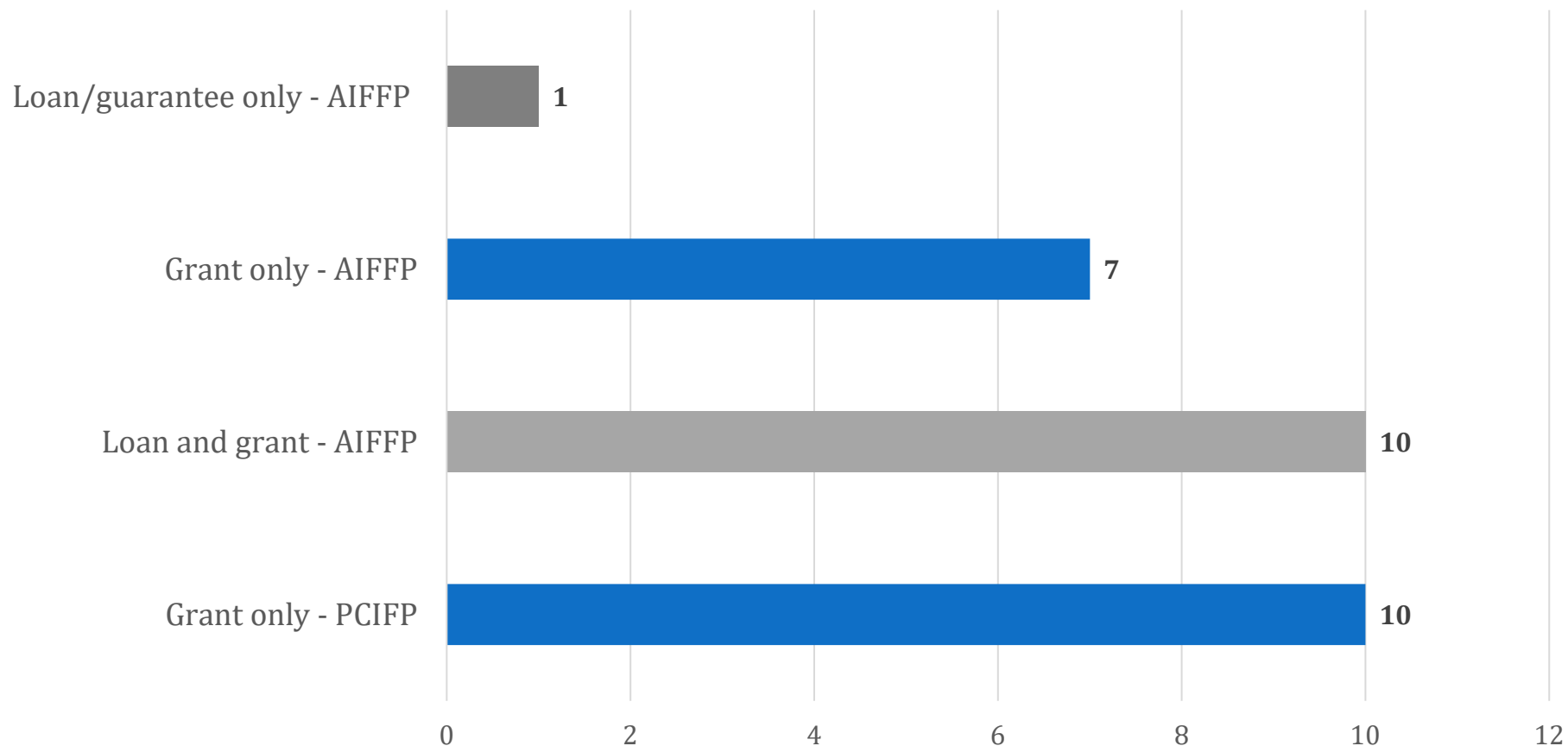
Universe of AIFFP commitments as at 30 June 2024 varies by report

Projects (PADC 2023-24 + AIFFP Annual Update 2023-24)	Loans/ guarantees (PADC) (\$m)	Grants (PADC) (\$m)	AIFFP Update (\$m)
Airports Fiji Ltd	6.5 (loan) 61.9 (guarantee)		Y
East Micronesia Cable		65.0	60
Fiji Transport Infrastructure	57.1	14.8	Y
Nauru Airport Rehabilitation		39.4	30
Nui and Niutao Outer Islands Boat Harbour Upgrade Project		21.4	Y
Palau Independent Power Producer	25.7	5.7	Y
Palau Submarine Cable Branch System Project	12.6	2.1	Y
Papua New Guinea Laitim Hauslain	73.6	18.3	Y
Papua New Guinea Ramu 1 Hydropwer Plant Rehabilitation	171.4	42.9	NI – but mentioned on p.12
Papua New Guinea Ports Infrastructure Investment	521.4	100.0	Y
Connect Papua New Guinea - Roads Repair	61.6	14.7	Y
Solomon Islands Sasape Shipyard	7.0		Y
Solomon Islands Tina River Transmission	15.1	17.3	Y
Timor-Leste Airport Facility Development	57.1	36.4	32.7 (grants)
Tonga Nuku'alofa Port Upgrade		31.3	Y
Tonga Parliament Development		13.0	NI
Tonga Hawaiki Submarine Cable Branch System		35.6	NI
Tuvalu Vaka Cable		3.1	NI
Fiji Nadi Floods		NI (FAS)	5 (grants)
Timor-Leste submarine cable		NI (FAS)	7.2 (grants)
Fiji Lautoka port		NI (FAS)	0.38 (grants)
Tuvalu boat harbours		21.4	
	1070.0	461.0	

NI = not included. FAS = feasibility/advisory study. Doesn't include PCIFP projects.

A (predictably) heavy demand for grants...

AIFFP approved/announced projects – no. of projects by capital source as at 30 June 2024

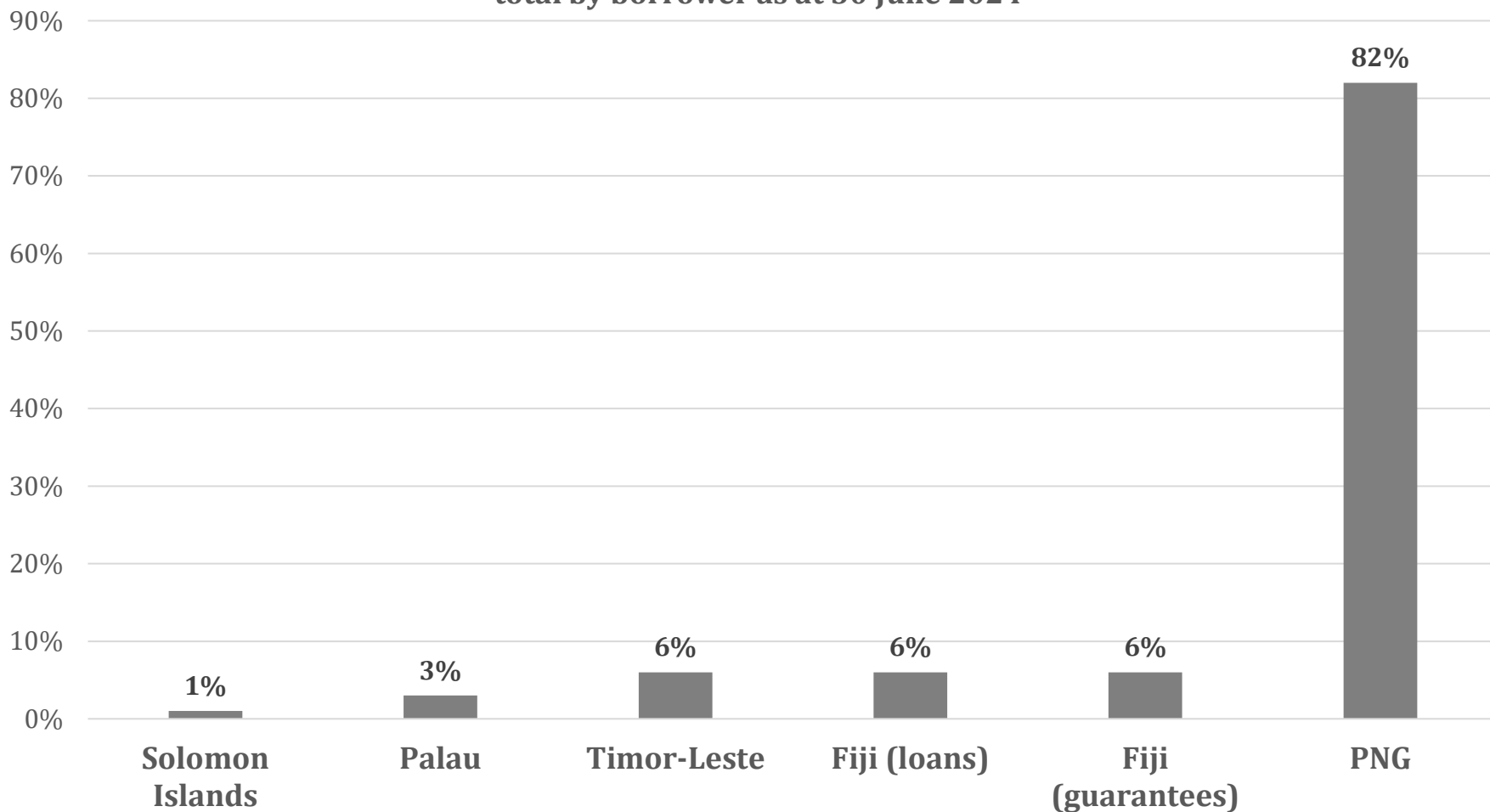


PCIFP = 'Pacific Climate Infrastructure Financing Partnership' (up to \$350 million)

Sources: List of AIFFP projects is from DFAT, [Performance of Australian Development Cooperation, 2023-24](#), (p. 62; Annex D); List of PCIFP projects is from: DFAT/AIFFP, [Annual update: July 2023-June 2024](#).

...and (beyond PNG) a weak demand/capacity for borrowing

AIFFP: loan and guarantee commitments for approved/announced projects : % of total by borrower as at 30 June 2024



Source: DFAT, *Performance of Australian Development Cooperation, 2023-24* (Annex D).

Bias towards grants even stronger when looking at AIFFP disbursements

2023/24 disbursements:

- Grants spent = \$101 million (\$191m-\$90m)
- Loans spent = \$34 million (\$254m-\$220m)

= 3:1 grant/loan spending ratio

More grant funding will be required

AIFFP **establishment** loan/grant ratio = **3:1** (\$3 billion in NC loans; \$1 billion in grants)

AIFFP **commitment** loan/grant ratio w/o unannounced + PCIFP and TA = **3:1.3 (almost 2:1)**

AIFFP **commitment** loan/grant total ratio with unannounced + PCIFP + TA = **3:2.3 (almost 1:1)**

If this commitment ratio persists, AIFFP would need another \$1.3 billion in grant funding to reach its \$3 billion lending cap.

2025 Aid Transparency Audit: preliminary findings



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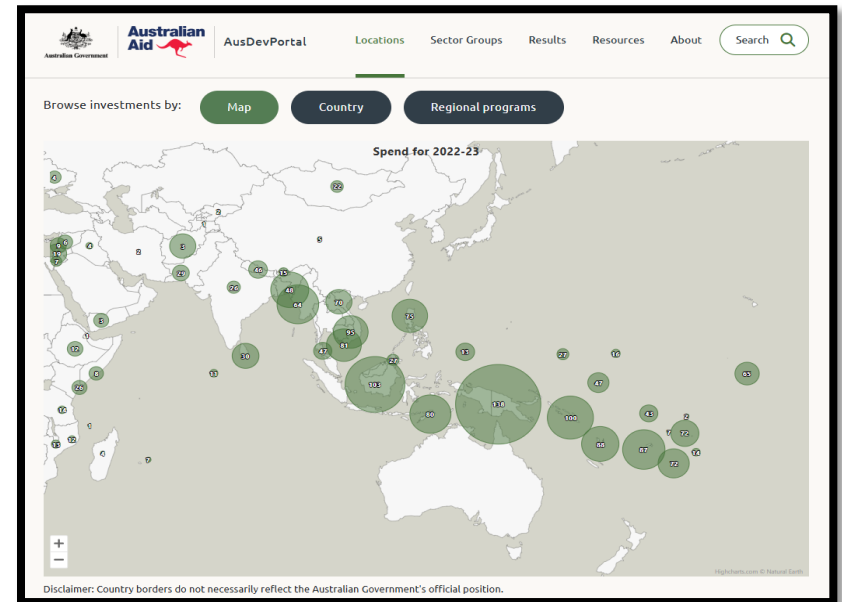
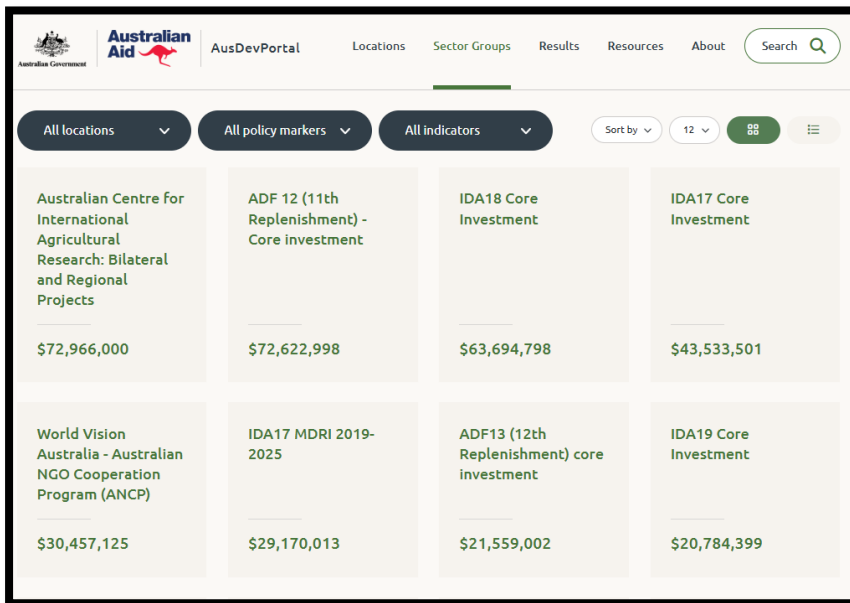
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Context

“Over the last decade, transparency has become worse in all areas, and is now very low throughout all aspects of the aid cycle. From a transparency perspective this is not in any way adequate.”

– 2022 Devpol Aid Transparency Audit

Just in time the AusDevPortal was launched in December 2024!



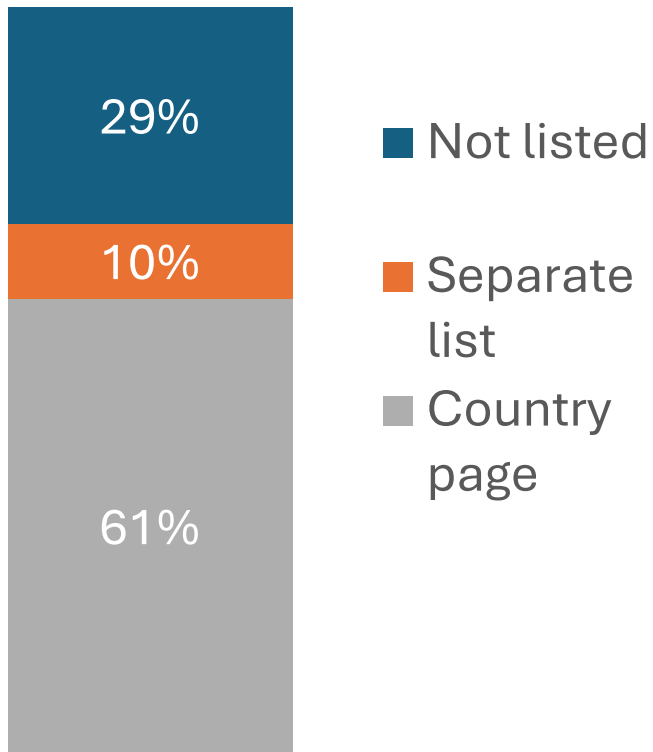
<https://adp.dfat.gov.au/>

2025 aid transparency audit method

- IATI and portal data used for sample frame
- same sample of countries and regions from previous years for comparability
- evaluate availability of basic information on 4 criteria:
 - Project description
 - Planned dates
 - Project budget
 - Previous financial year expenditure
- evaluate availability of various types of documents from various sources (only presenting on 2 types today)

AusDevPortal: before and after

% of investments covered on aid program web pages, 2022

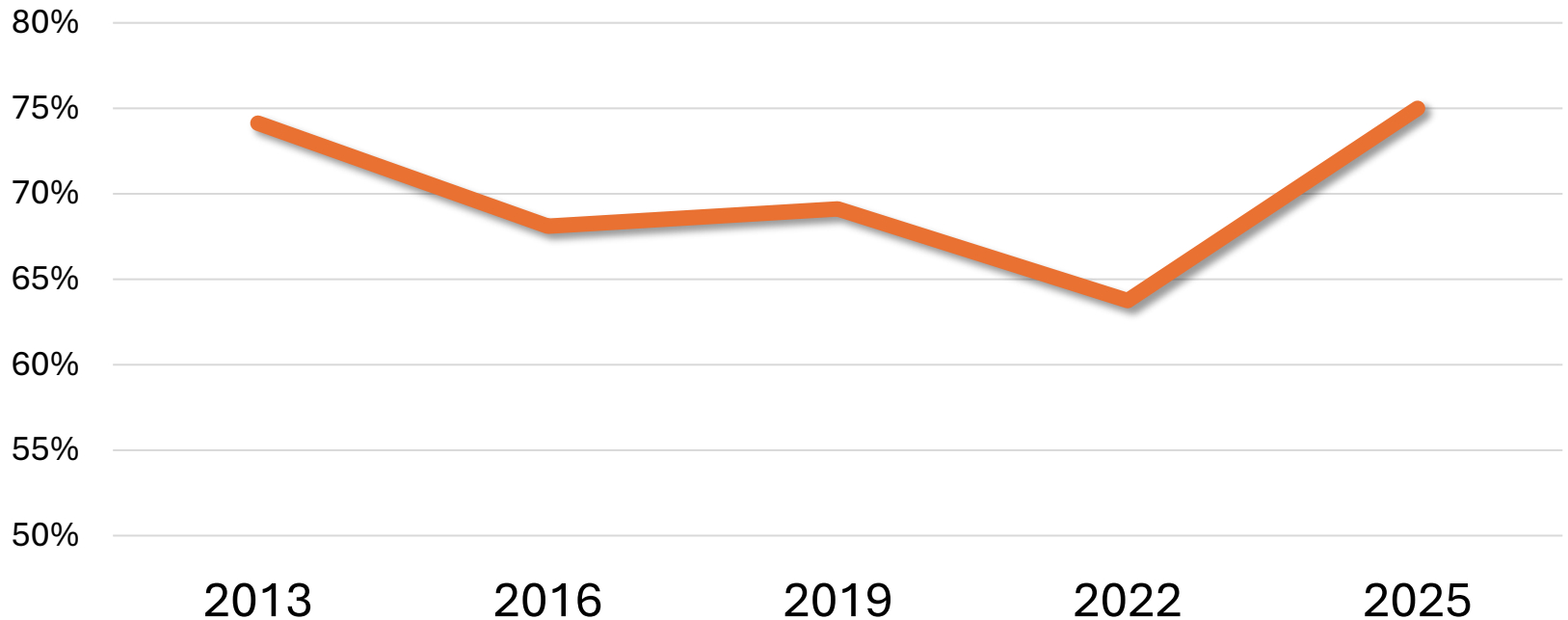


% of investments covered on AusDevPortal, 2025



The availability of basic investment information has improved markedly...

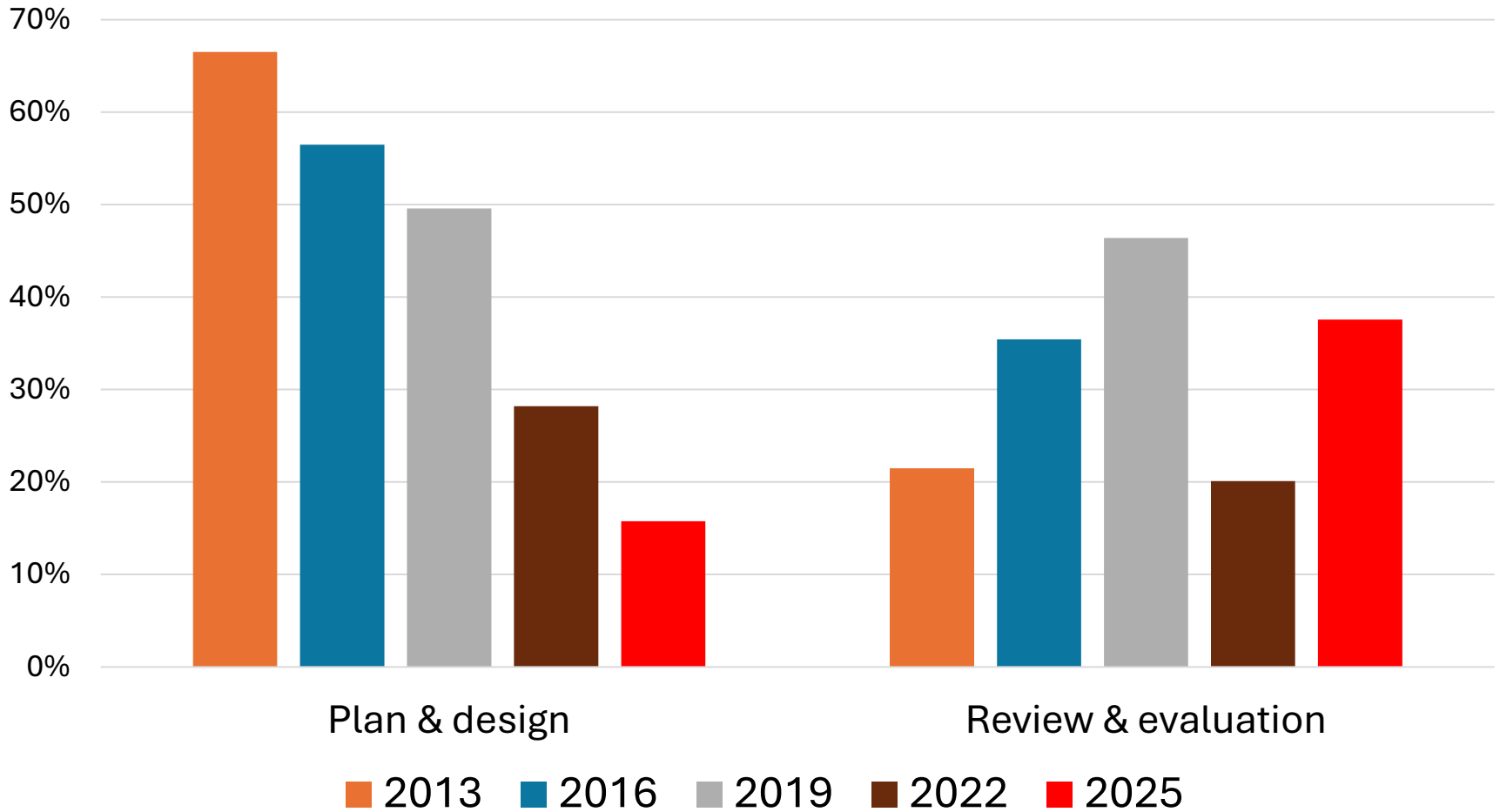
Average investment information availability across all information types



With more years of data on the portal, Australian aid transparency would **score 100% on our historic metric for basic information!**

...but the availability of investment documentation remains variable

Investment document availability on portal and DFAT country pages



Suggested improvements

- Continued commitment to adding more data to the portal
- Improved consistency of investment documentation availability
- More accessible data downloads

Global aid outlook



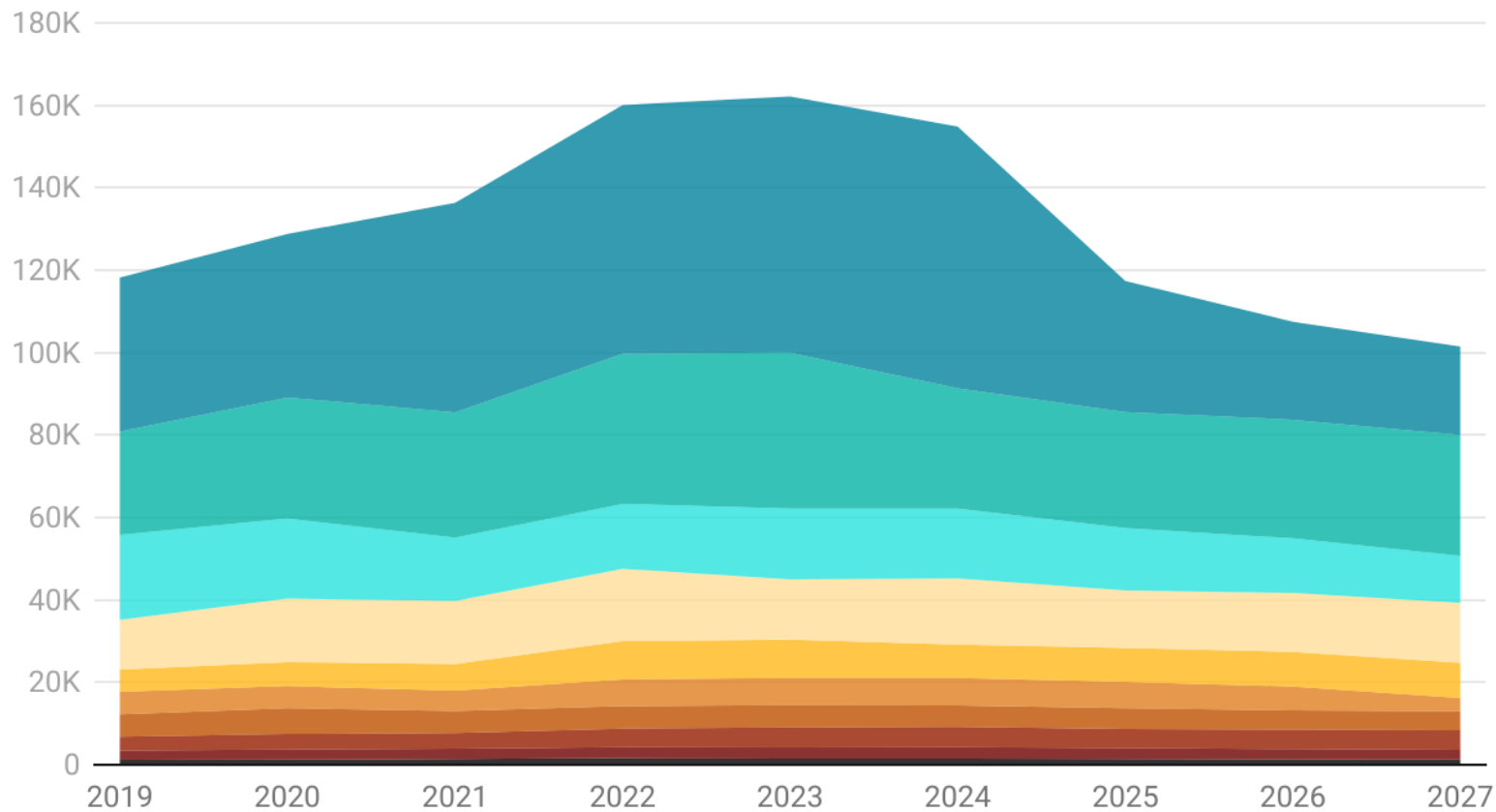
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Figure 1: OECD donors - Cutters

All amounts in constant 2022 USD millions

United States Germany United Kingdom France Canada Netherlands Sweden
Switzerland Belgium Finland

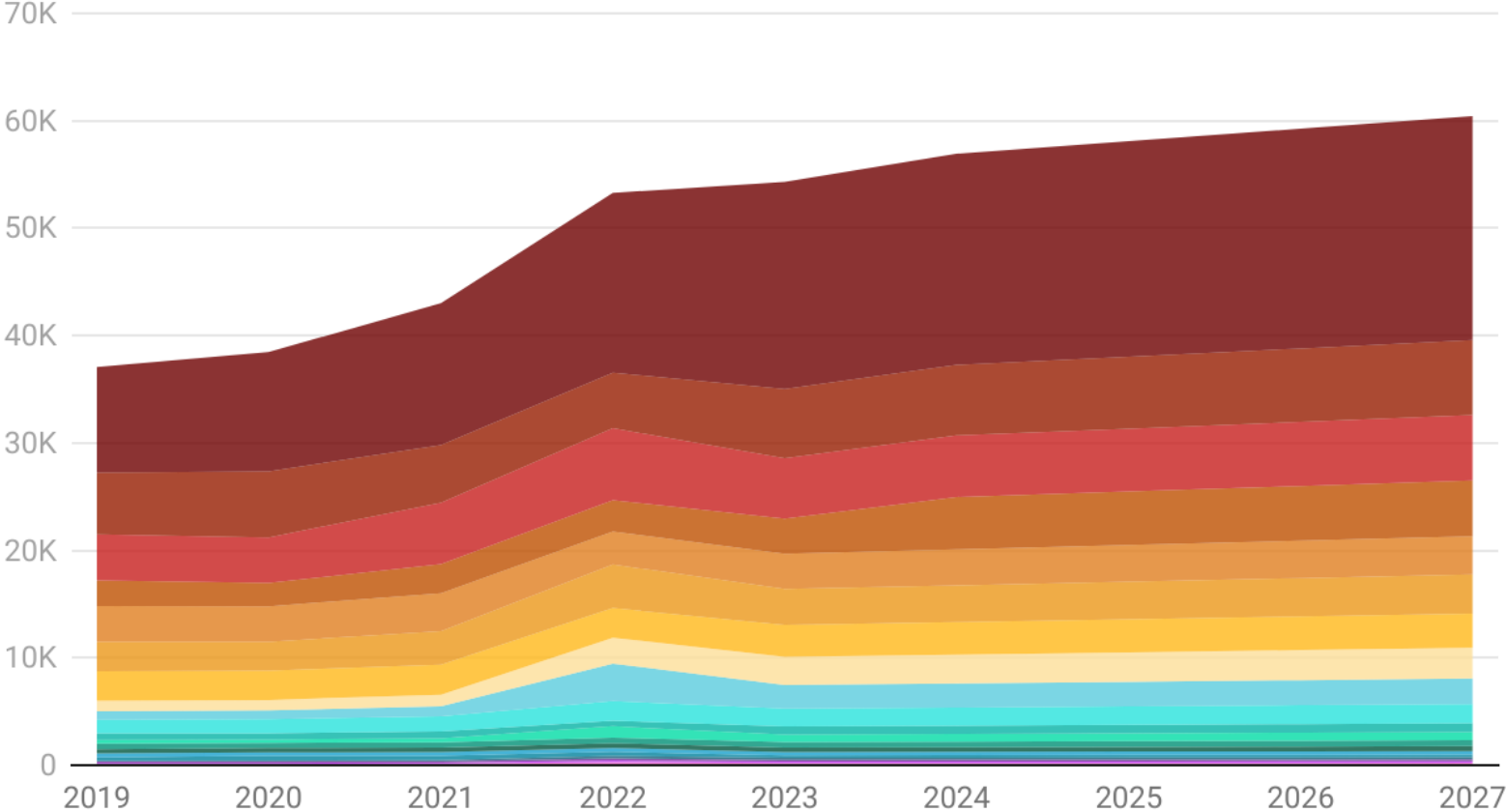


Source: OECD aid statistics and author calculations • Created with Datawrapper

Figure 2: OECD donors - Non-cutters

All amounts in constant 2022 USD millions

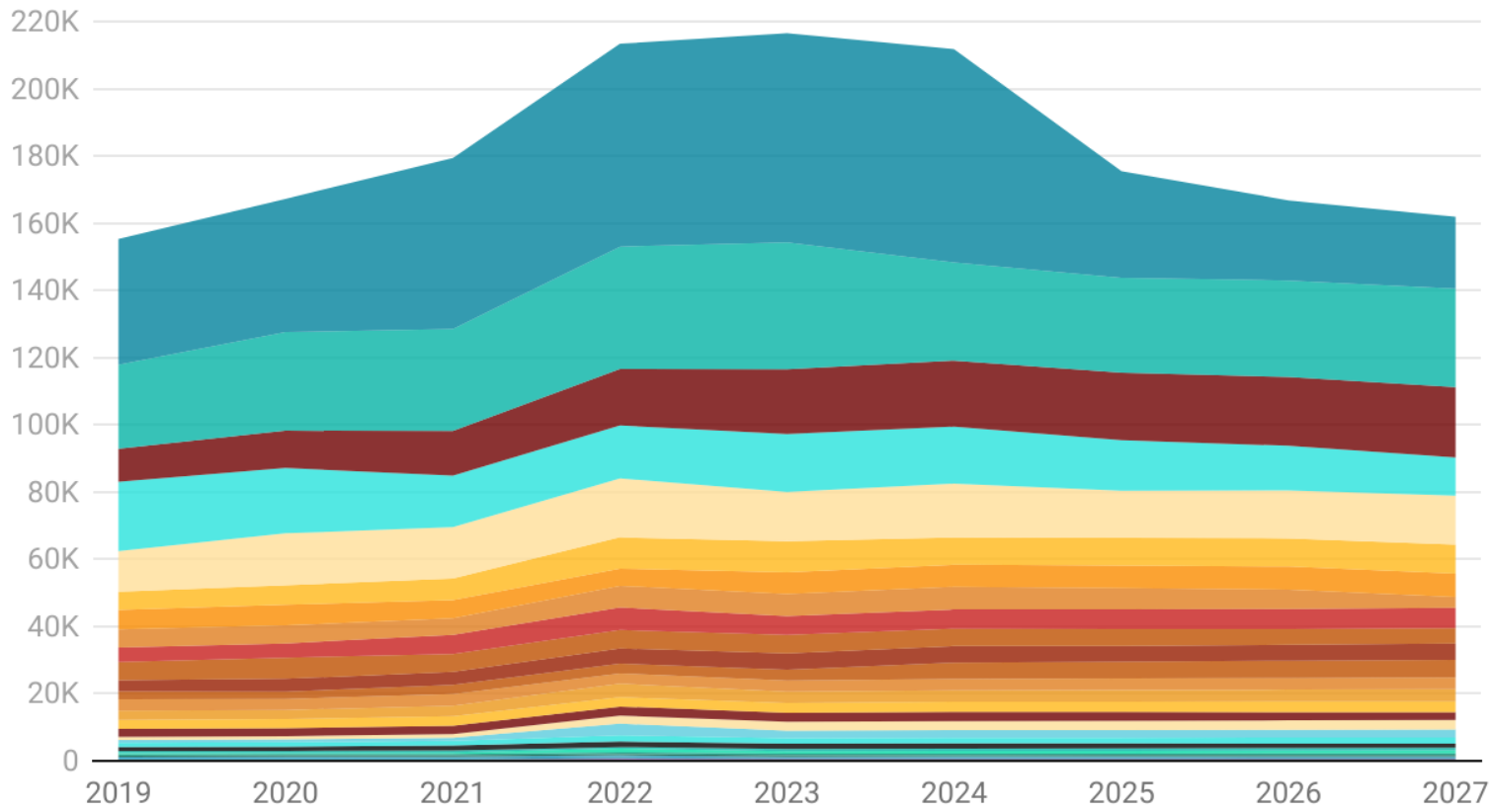
- Japan
- Norway
- Italy
- Korea
- Australia
- Spain
- Denmark
- Ireland
- Poland
- Austria
- New Zealand
- Czechia
- Luxembourg
- Portugal
- Greece
- Hungary
- Lithuania
- Slovak Republic
- Slovenia
- Estonia
- Iceland



Source: OECD aid statistics and author calculations • Created with Datawrapper

Figure 3: OECD donors - All

All amounts in constant 2022 USD millions



Source: OECD aid statistics and author calculations • Created with Datawrapper

Official Development Assistance, 2023 actual vs 2027 projected (constant 2022 USD millions)

	<i>2023 actual</i>	<i>2027 projected</i>	<i>Change</i>
Cutters	162,178	101,474	-37%
<i>Big three</i>	117,183	62,145	-47%
<i>US</i>	62,233	21,424	-66%
<i>UK</i>	17,209	11,400	-34%
<i>Germany</i>	37,740	29,321	-22%
<i>Other cutters</i>	44,994	39,329	-13%
Non-cutters	54,302	60,440	11%
TOTAL	216,480	161,914	-25%



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