

The 2018 Aid Budget Breakfast

#aidbudget2018



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Annual report



DEVELOPMENT POLICY CENTRE 2017 Annual Report

2018 Mitchell Oration

Thursday June 28

Richard Feachem, public health leader and development thinker on “**Reengineering the aid industry: a priority for the 21st century**”

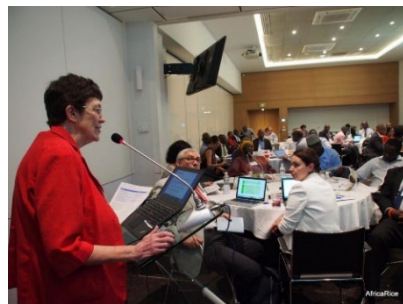


2019 Australasian Aid Conference

- 19-20 February 2019 — save the dates
- Call for papers and panels coming soon!
- Sponsorship opportunities will be available



2019 Aid Profiles and Mitchell Award



devpolicy.org/aidprofiles
Nominations to devpolicy@anu.edu.au

2018 Aid Stakeholder Survey

BENCHMARKING AUSTRALIAN AID

RESULTS FROM
THE 2013
AUSTRALIAN AID
STAKEHOLDER
SURVEY



The 2015 Australian aid stakeholder survey
**AUSTRALIAN AID:
SIGNS OF RISK**

PNG film night



FILM SCREENING

Aliko and Ambai

Tuesday 15 May 6–8pm

Speaker

Theresa Meki

Assistant Producer, *Aliko and Ambai* and
current PhD Candidate, ANU

Location

Weston Theatre

Level 1, JG Crawford Building 132
Lennox Crossing, ANU



Image courtesy of Mark Eby

Aliko and Ambai is a new feature film from Papua New Guinea that takes its audience into the world of two young women navigating the hurdles of poverty, violence, forced marriage and abuse as they

PNG aid evaluation forum

PNG aid evaluation forum: drought, roads and health

Description

CRAWFORD SCHOOL OF PUBLIC POLICY | DEVELOPMENT POLICY CENTRE



PNG is Australia's largest aid recipient, receiving over \$500 million a year in development assistance. In the last few months, a number of evaluations have been published of various, important Australian aid projects in PNG, including: [the response to the drought of 2015](#); [support for the roads sector](#); and [funding for multilateral](#)

Event details

Forum

Register now

Date & time

Wednesday 30 May 2018

10.00AM–1.00PM

Venue

Acton Theatre Level 1 IG

Do you our analysis and events?

Much of our work is funded by grants, but our fast and fearless Australian aid analysis is **independent**.

If you like what we do, and appreciate what our work adds to the often poorly-informed public dialogue on aid and development, please consider supporting us with a one-off or repeat tax-deductible donation.

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Can't remember this URL? More details on how to donate in our upcoming newsletters and on the blog.

The 2018 aid review

Stephen Howes

Structure

Budget context

Aid budget numbers

Countries and sectors

Major initiatives

Aid performance

Labor

And there's more...

NGOs

Contractors

Multilaterals

Major donors

Note on sources: Unless otherwise specified, the source is Australian government budget documents.

Budget context

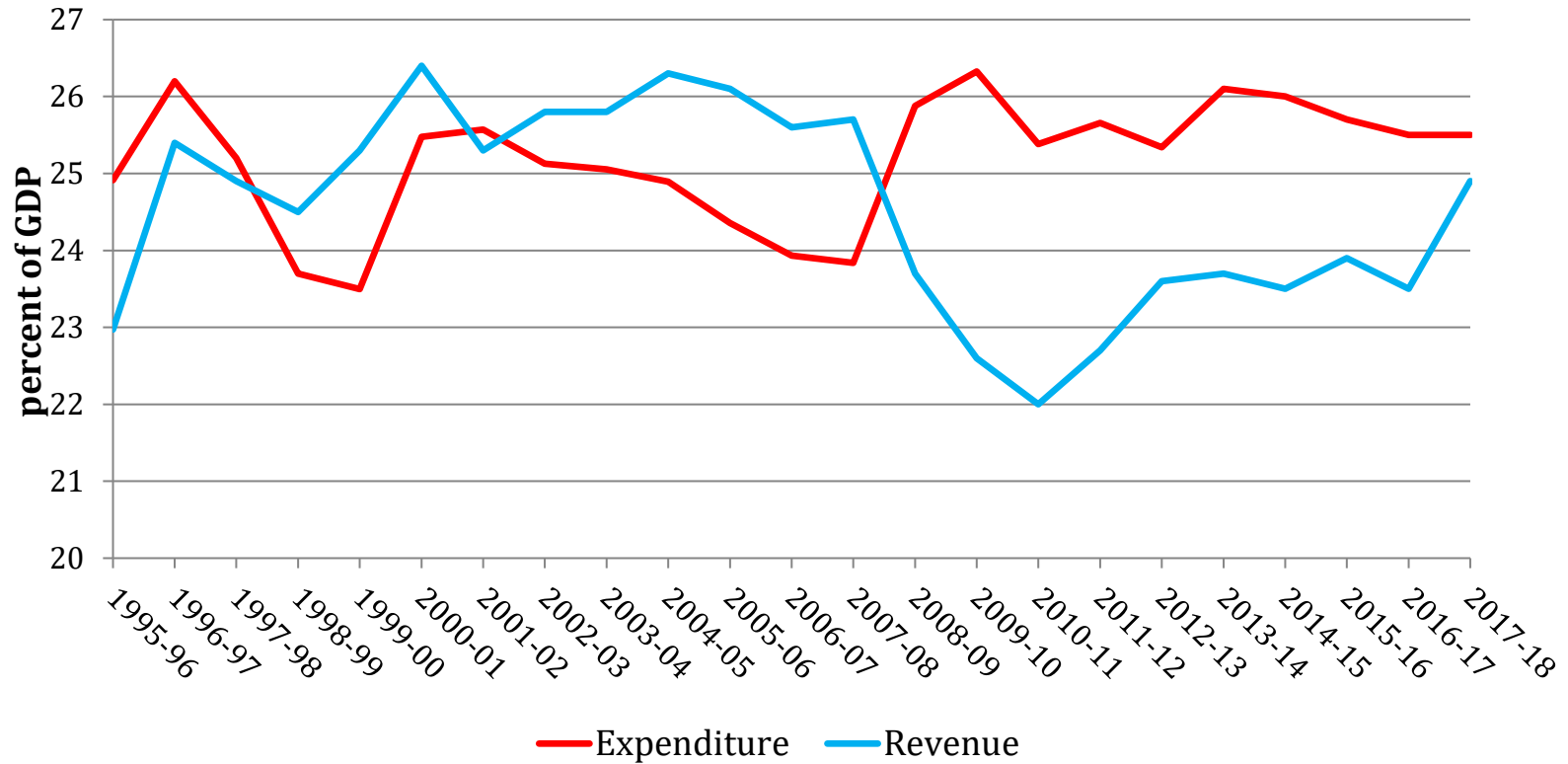


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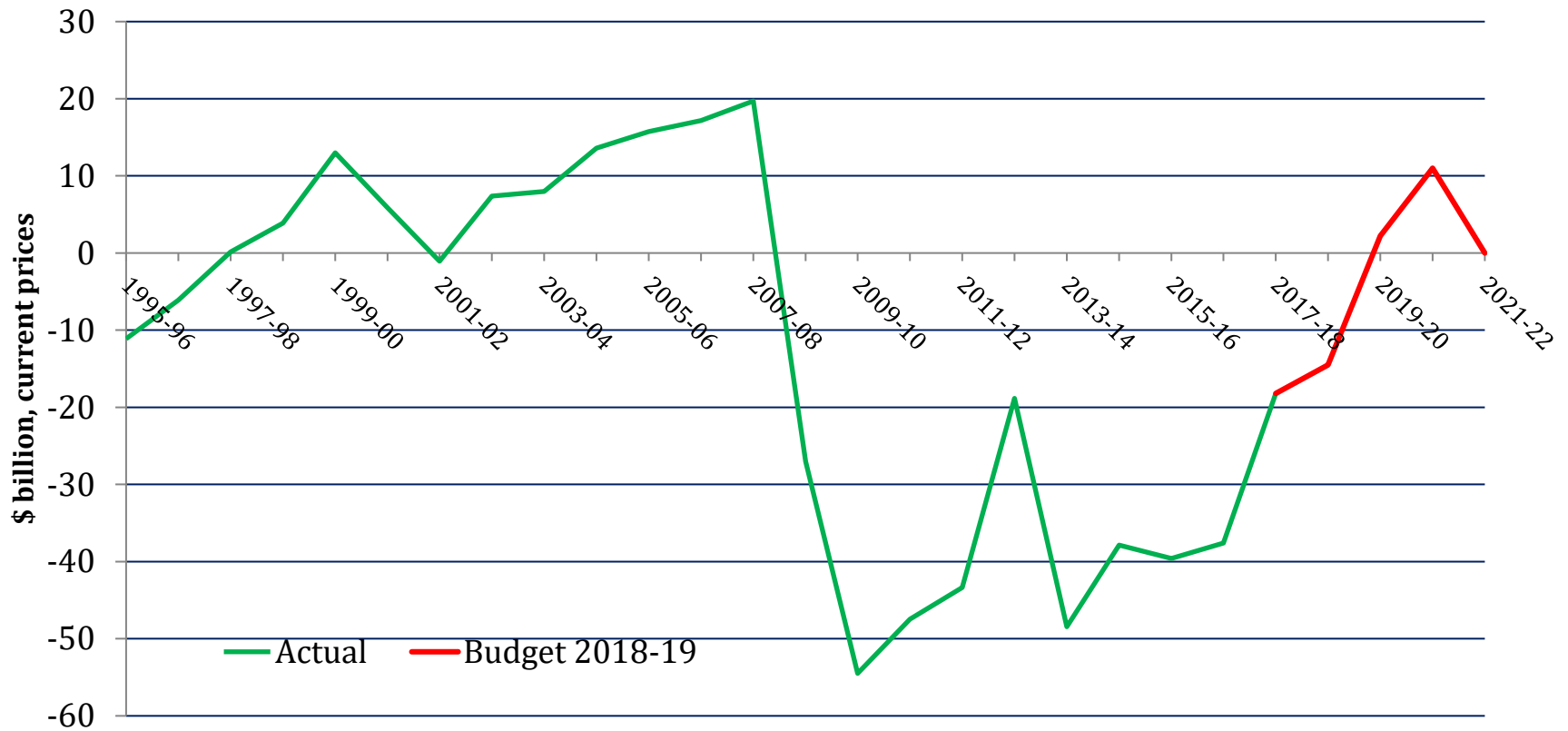
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The deficit problem is shrinking

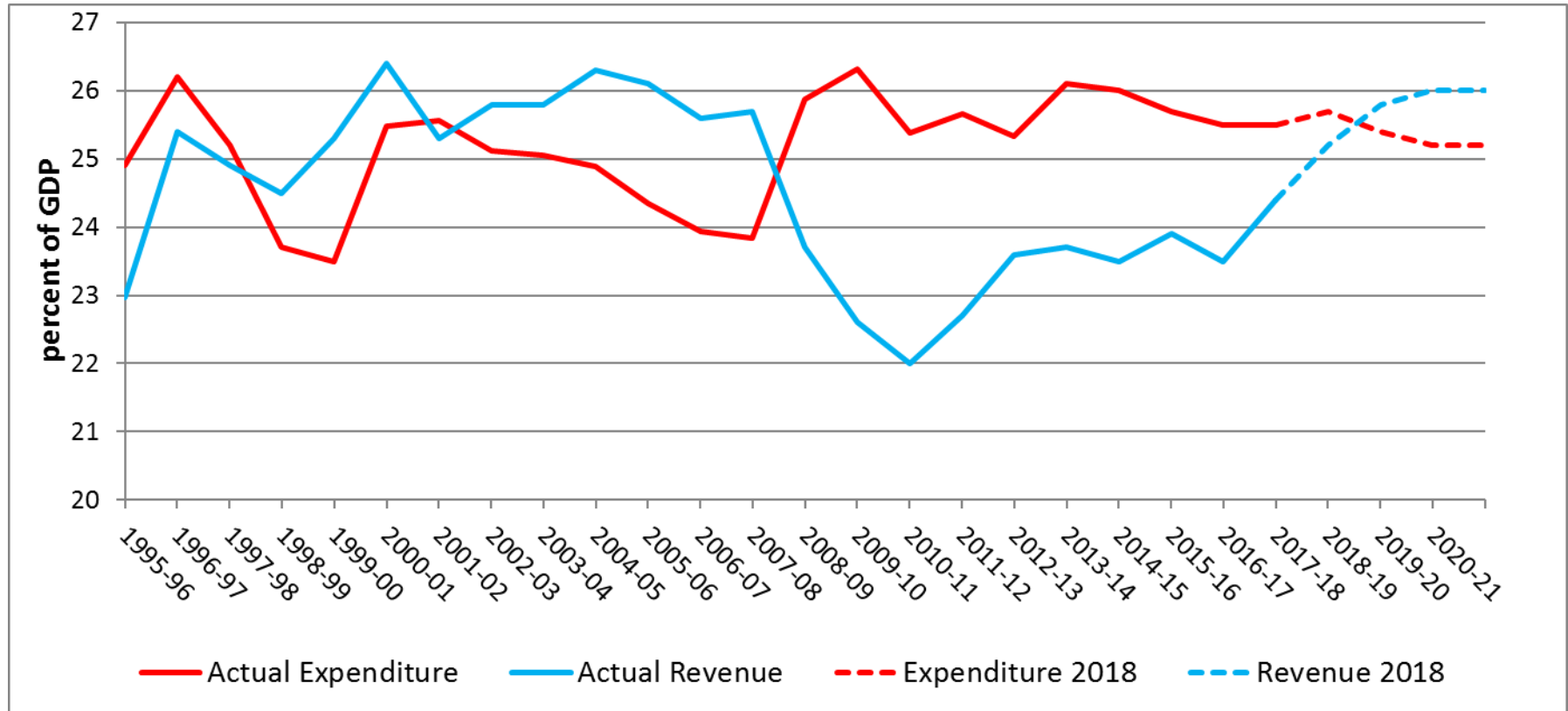


Is reducing

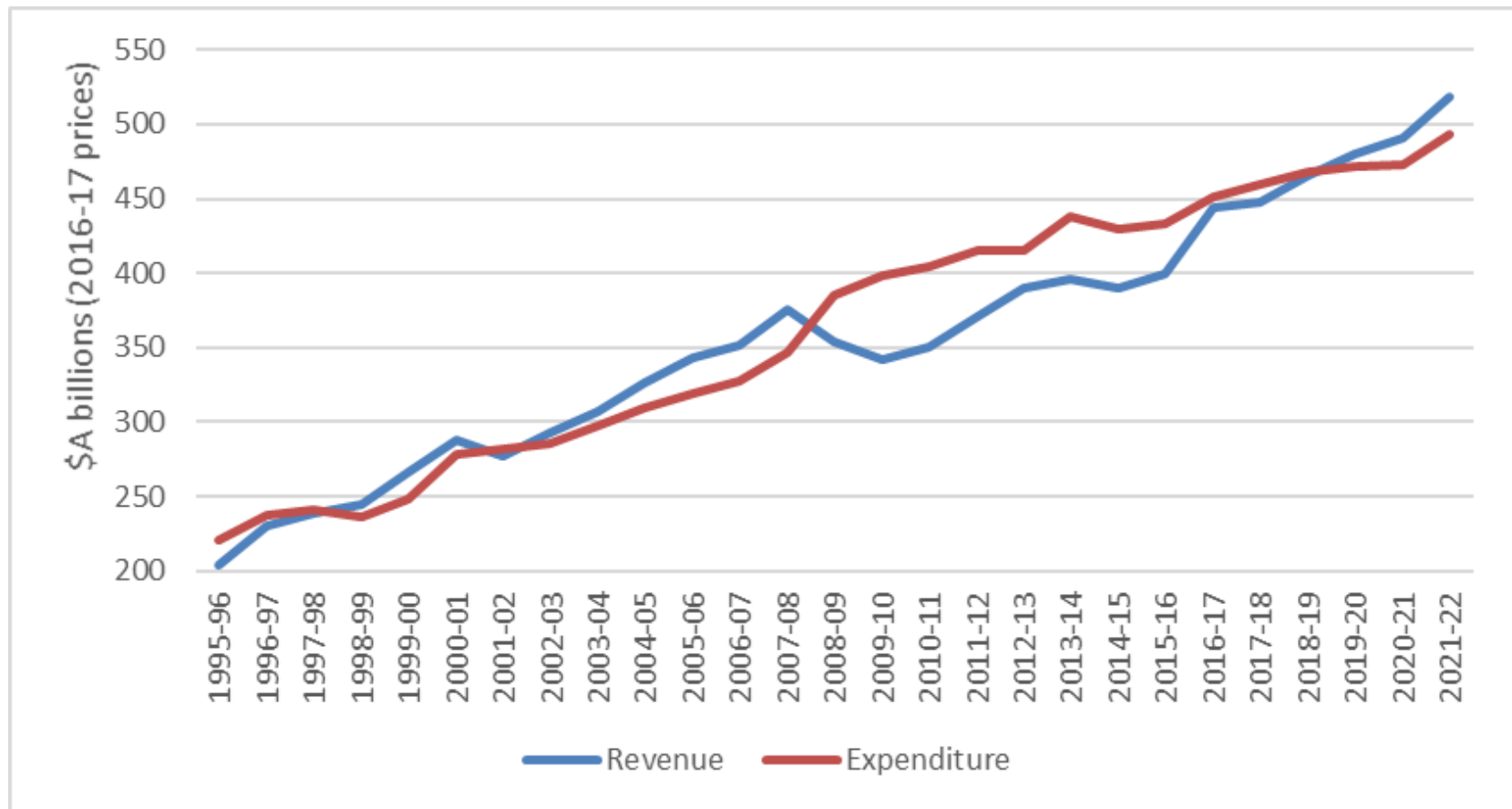
Underlying cash balance



Revenue-driven deficit elimination



But continued strong expenditure growth



Aid quantities

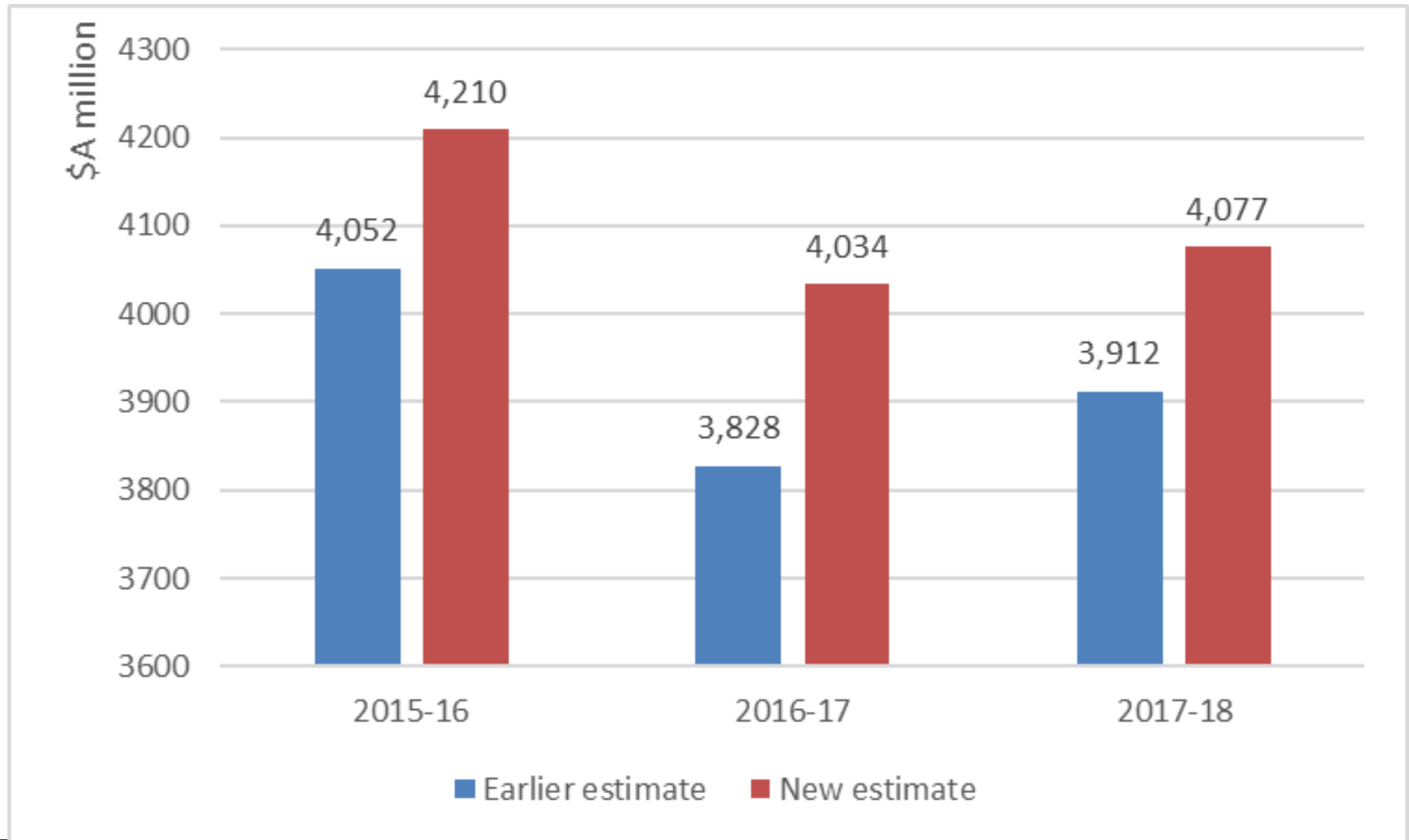


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Retrospective aid increases



AIIB

- \$930 million over five years, commencing in 2016.
- Our public commentary and submission to the contrary was ignored in favour of the official Treasury-DFAT position that “Australia’s paid in capital will not be provided from the aid budget.”
- But now nearly all of it is ODA eligible (85%).
- The good news is that the aid budget is increased to accommodate AIIB spending. Hence the retrospective adjustments, as well as to the budget year and the following (5 years in all).



Pre-budget aid rumours

The Turnbull government is mulling more cuts to overseas aid

By Matt Wade
28 March 2018 – 6:49pm

The Turnbull government is considering a \$400 million a year cut to the overseas aid budget that would reflect the economic growth of some neighbours but still send Australia's overall contribution to an all-time low.

Senator FIERRAVANTI-WELLS: Thank you very, very much. This government has stabilised our overseas development assistance budget; we've actually increased it. We are maintaining our overseas development assistance budget at about \$4 billion over the next two years.

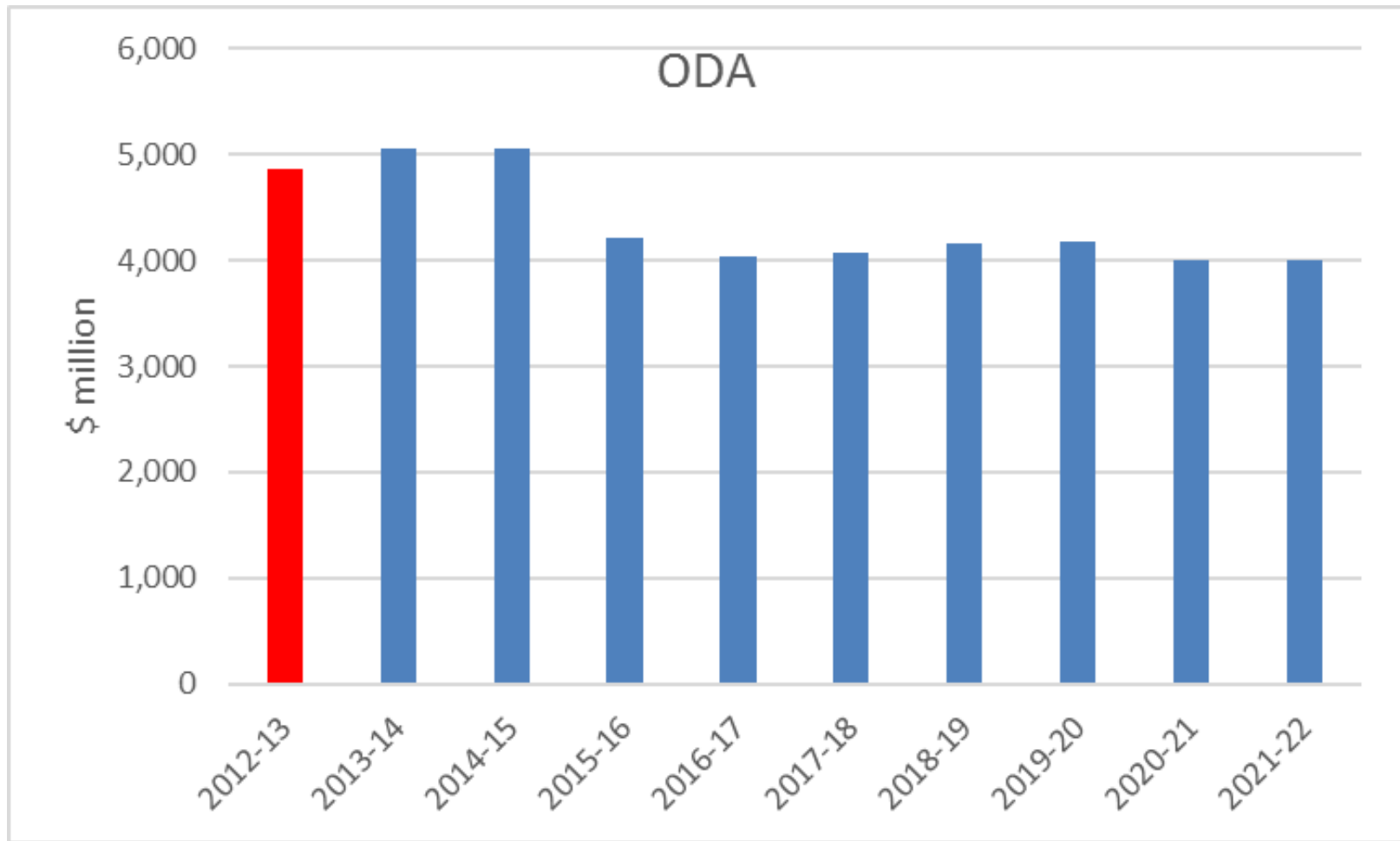
[Hansard](#), Senate, 28 March 2018

What actually happened?

- This year and next increased by \$160-170 each to pay for AIIB.
- This year and the next two otherwise reduced by \$10 million.
- The nominal aid freeze extended to 2021-22 (now to be lifted in 2022-23).



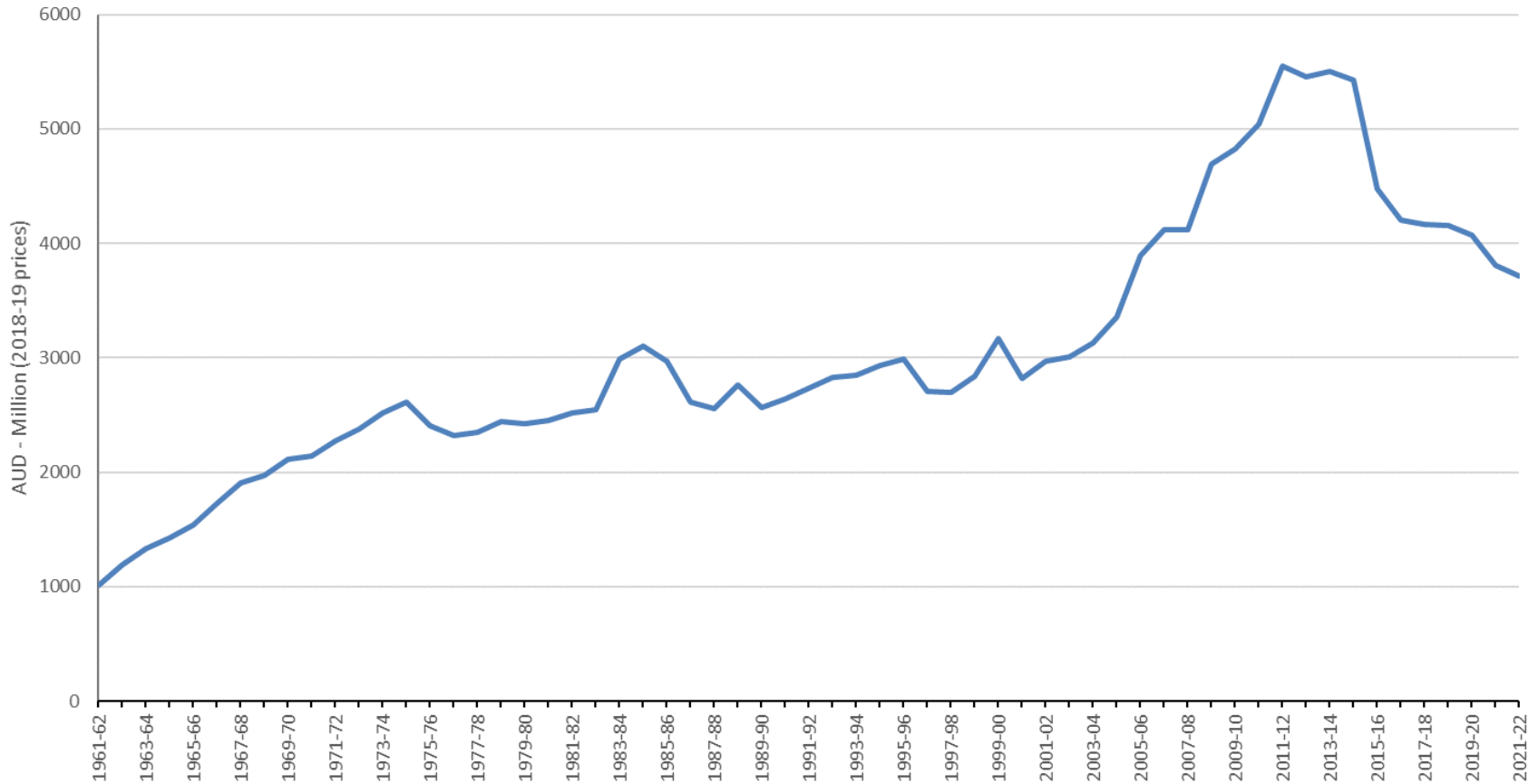
The new Coalition aid trajectory



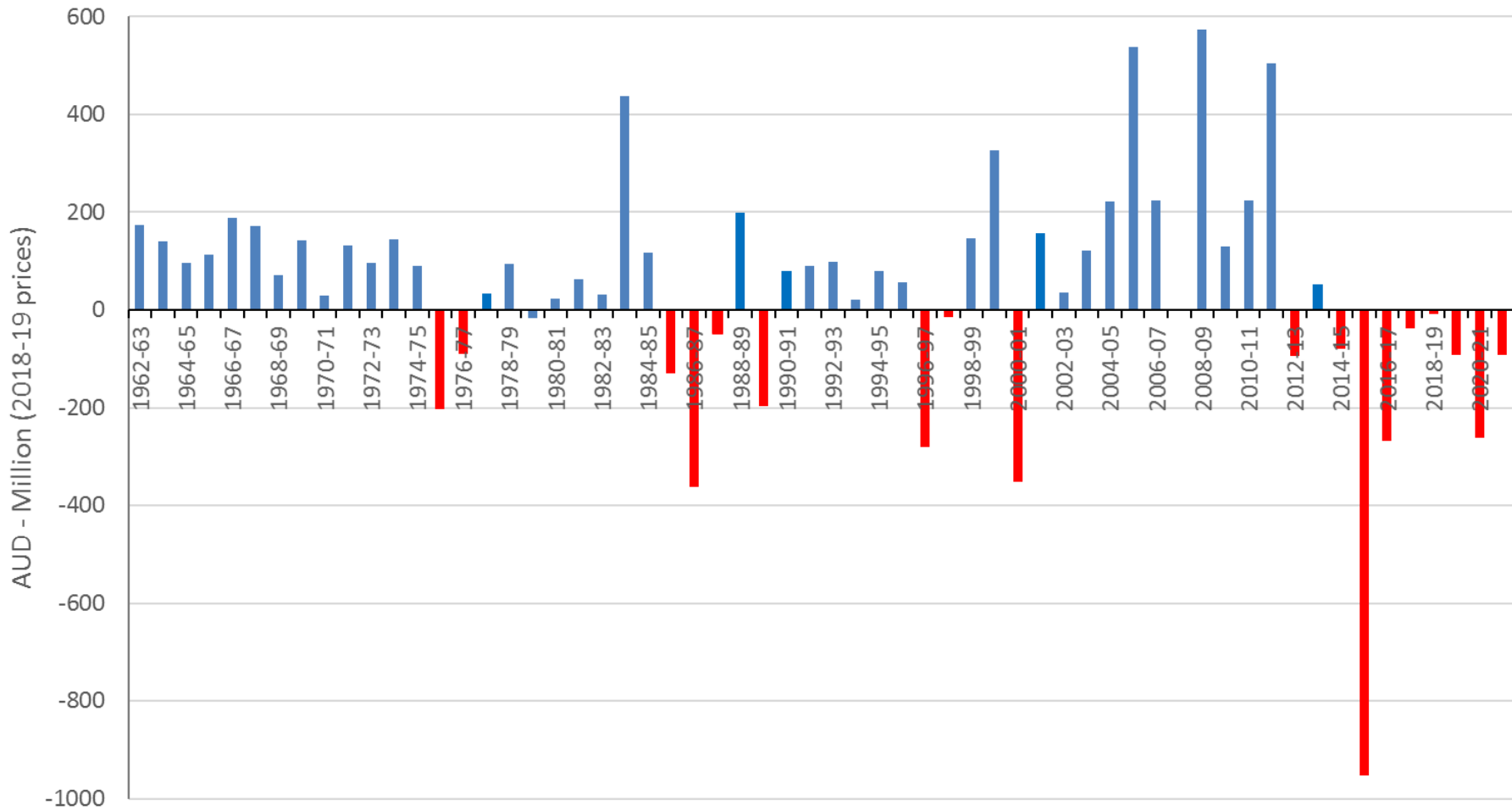
After inflation, eight cuts in a row - some big, some small - this year the fifth - totalling 32%

	Aid (\$m)		Cumulative change (\$)		Cumulative change (%)	
	Current prices	2018-19 prices	Current prices	2018-19 prices	Current prices	2018-19 prices
2012-13	4,856	5,454				
2013-14	5,052	5,507	195	53	4.0%	1.0%
2014-15	5,054	5,428	198	-26	4.1%	-0.5%
2015-16	4,210	4,475	-647	-979	-13.3%	-18.0%
2016-17	4,034	4,207	-823	-1,248	-16.9%	-22.9%
2017-18	4,077	4,169	-779	-1,286	-16.0%	-23.6%
2018-19	4,161	4,161	-695	-1,293	-14.3%	-23.7%
2019-20	4,170	4,068	-686	-1,386	-14.1%	-25.4%
2020-21	4,000	3,807	-856	-1,647	-17.6%	-30.2%
2021-22	4,000	3,714	-856	-1,740	-17.6%	-31.9%

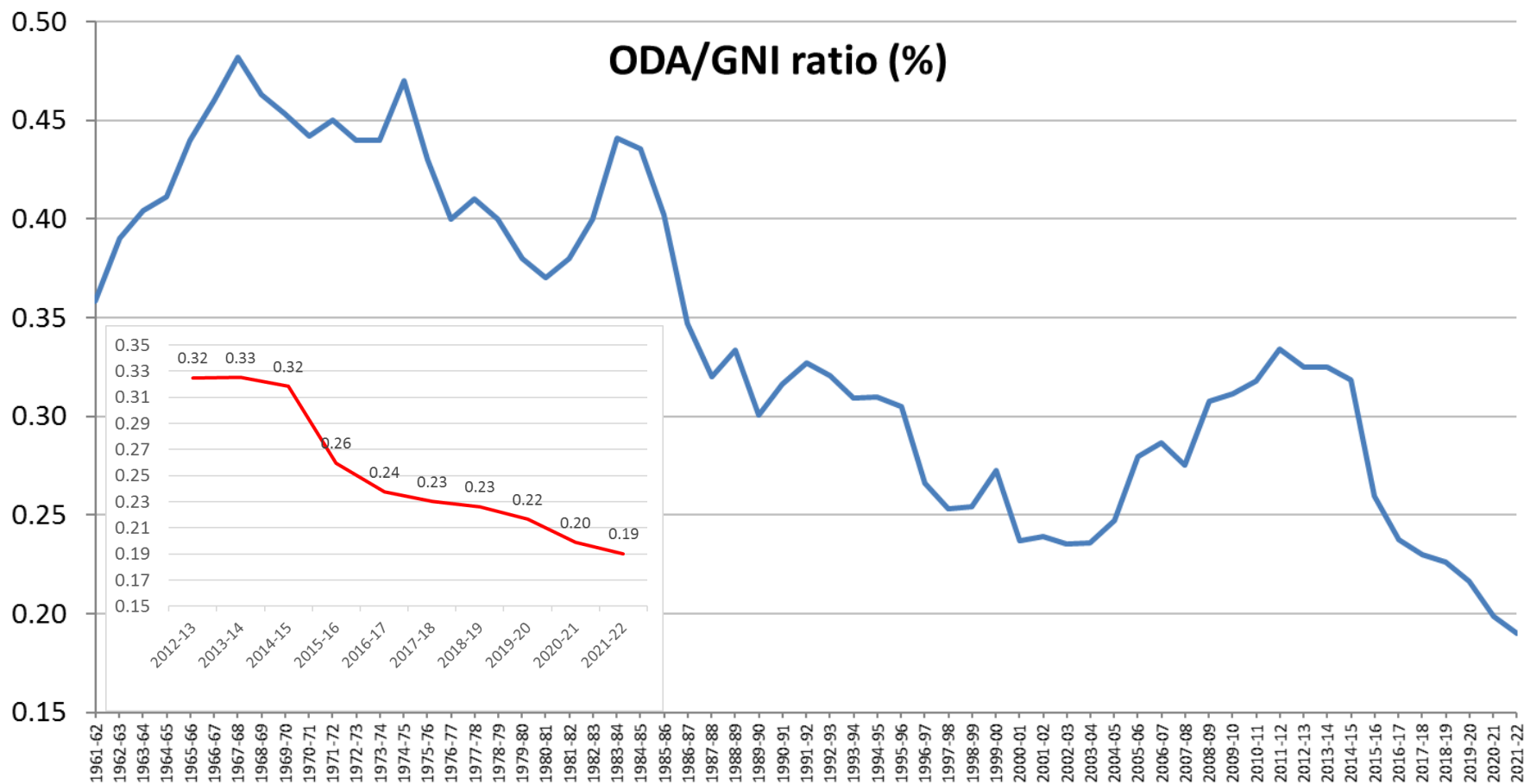
The long view



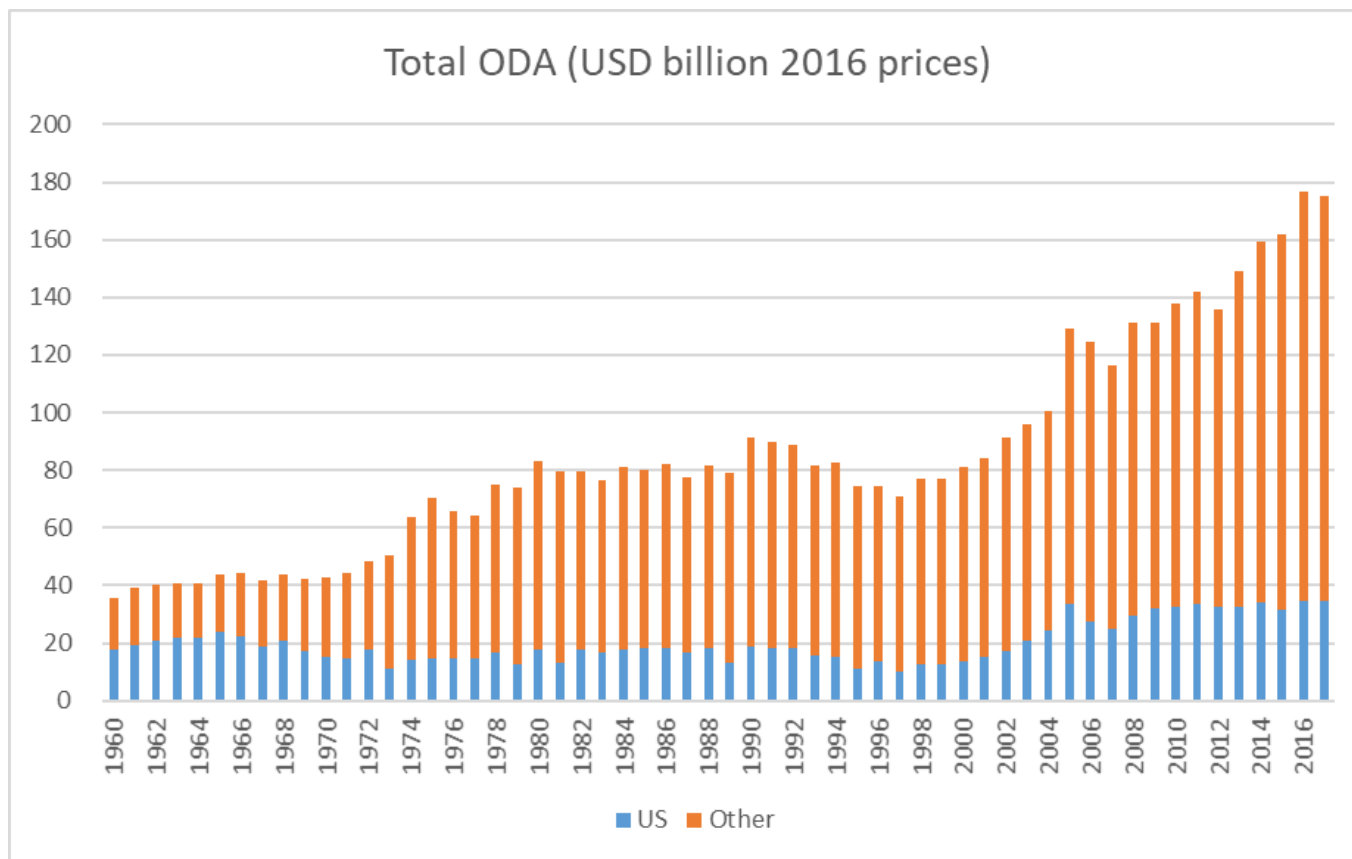
The biggest cuts to aid ever



Our generosity as a nation is at an all time low and falling

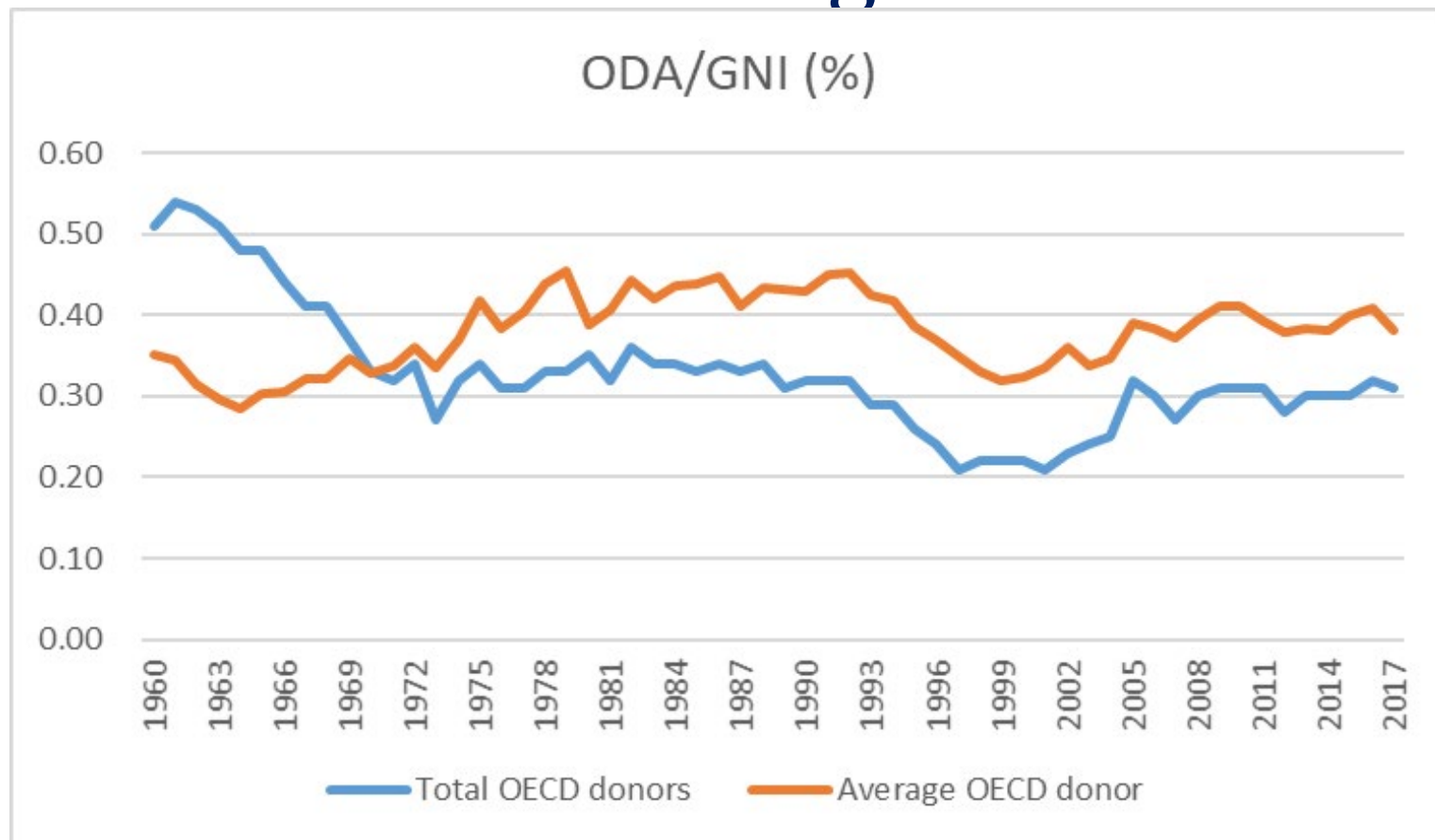


In general, other countries are increasing aid



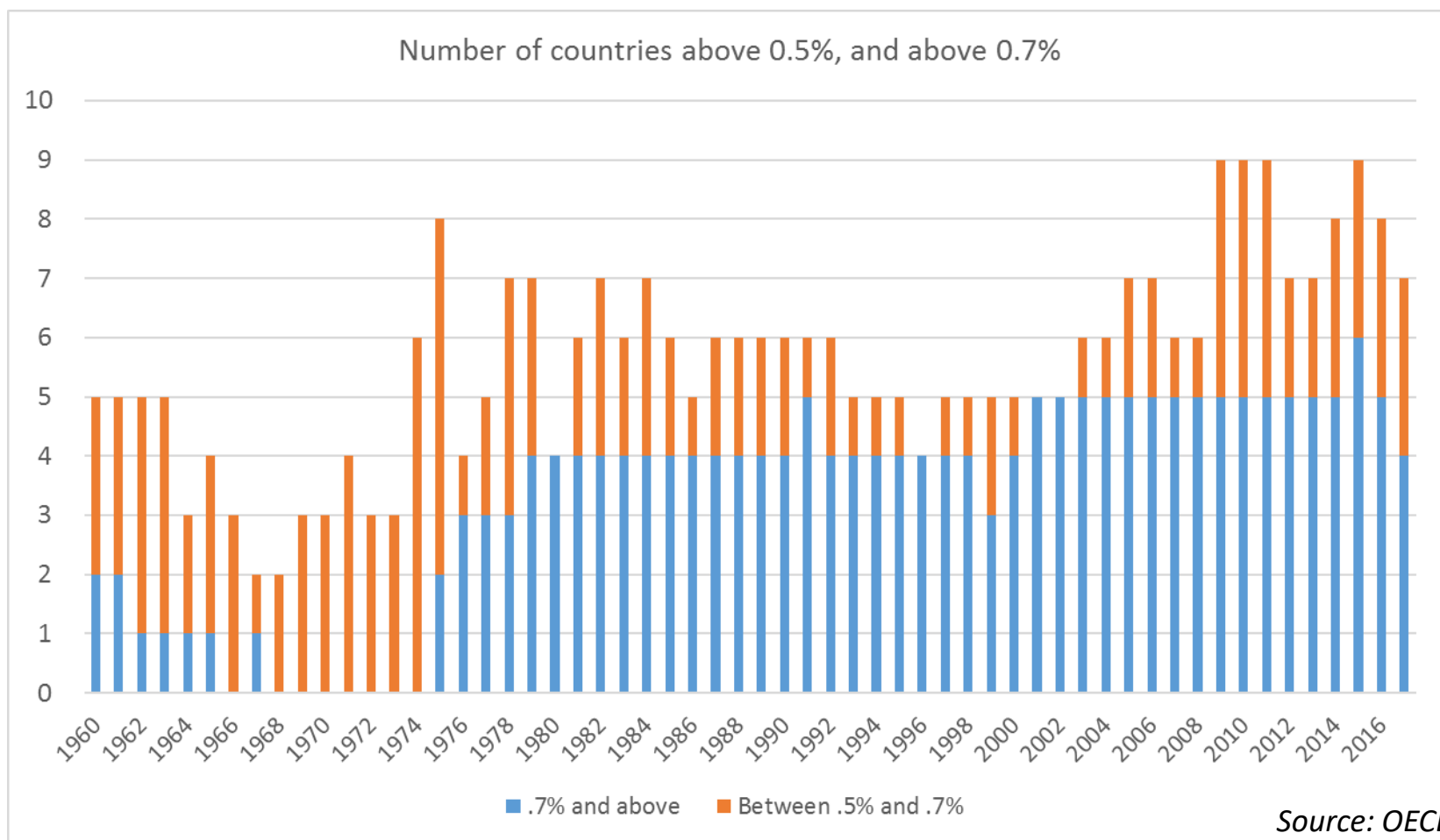
Source: OECD DAC

The global generosity index at a relative high



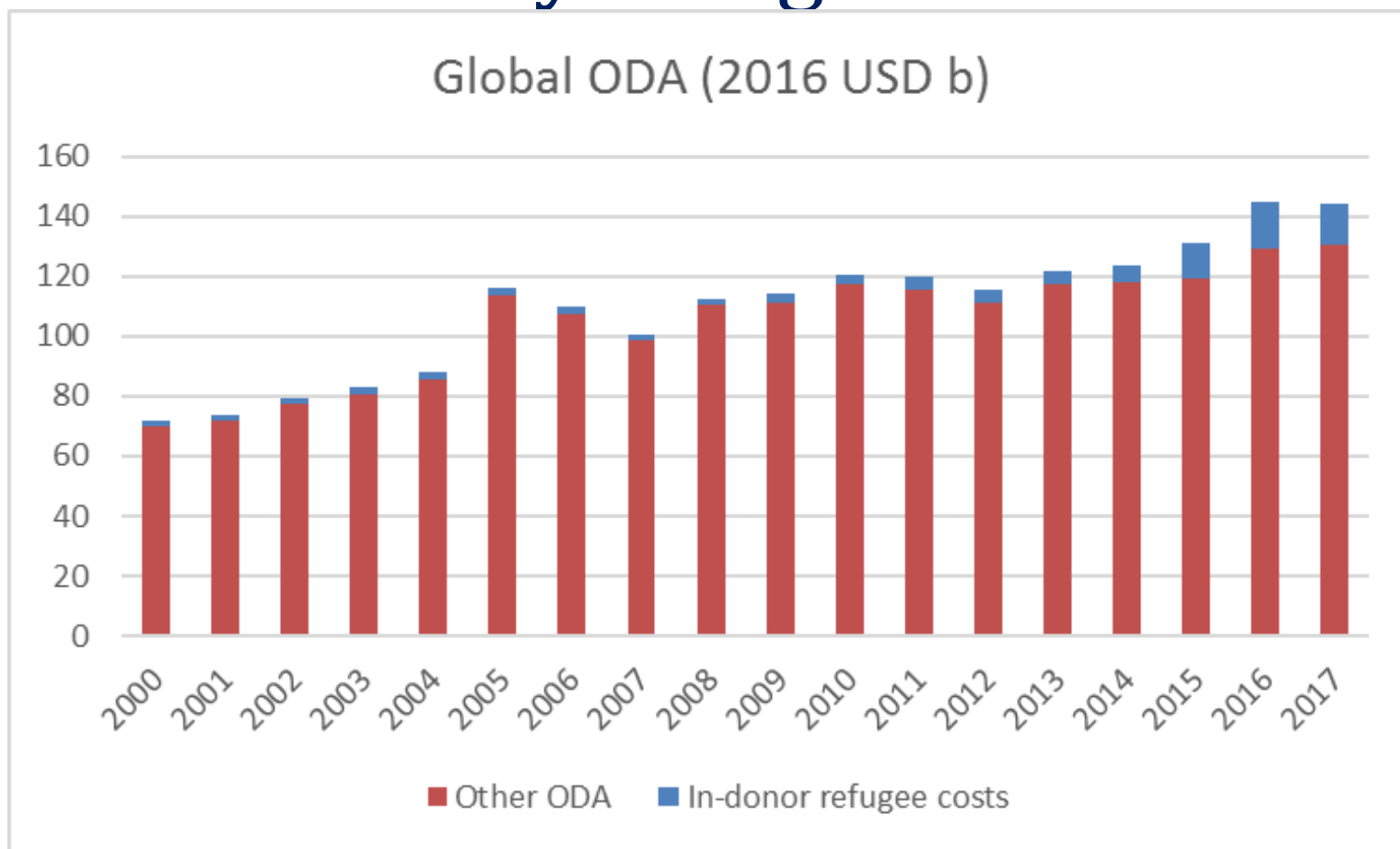
Source: OECD DAC

Record number of countries giving generously



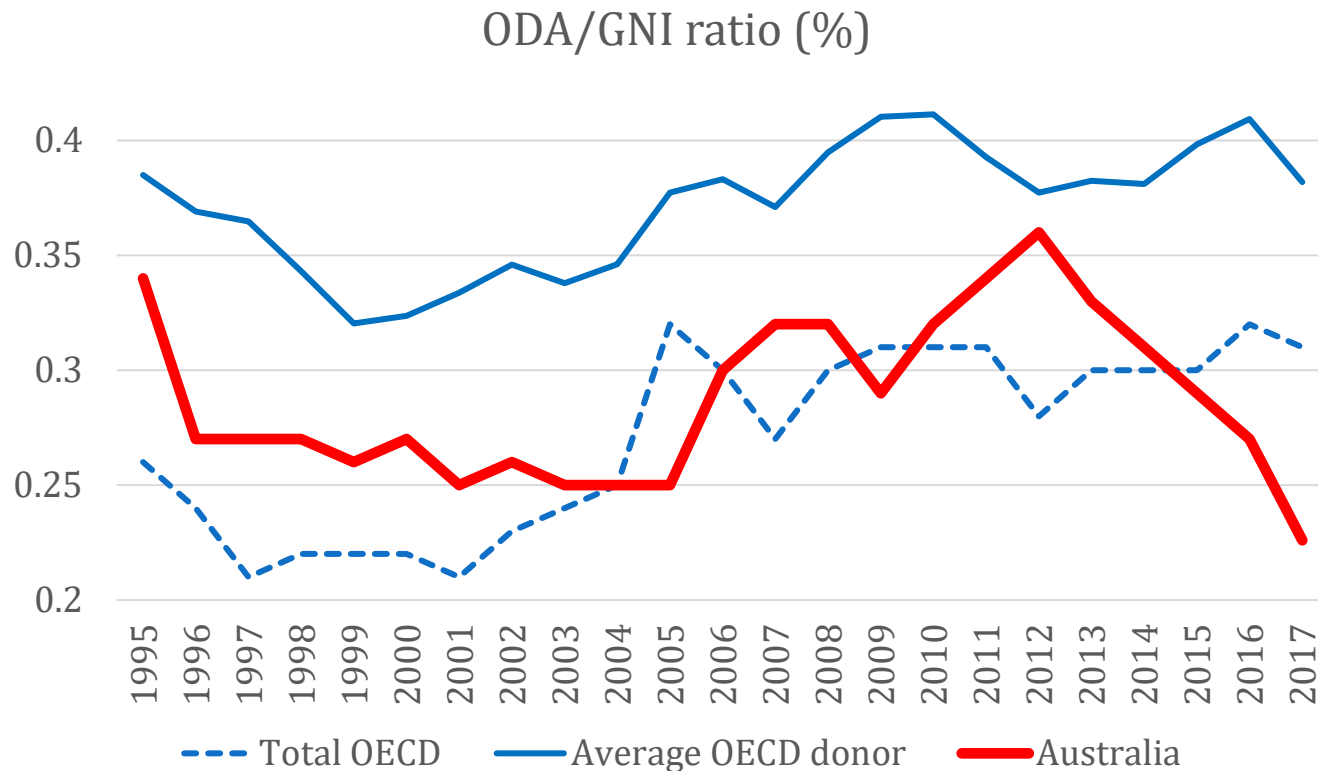
Source: OECD DAC

The recent increase is not just about in-country refugee costs



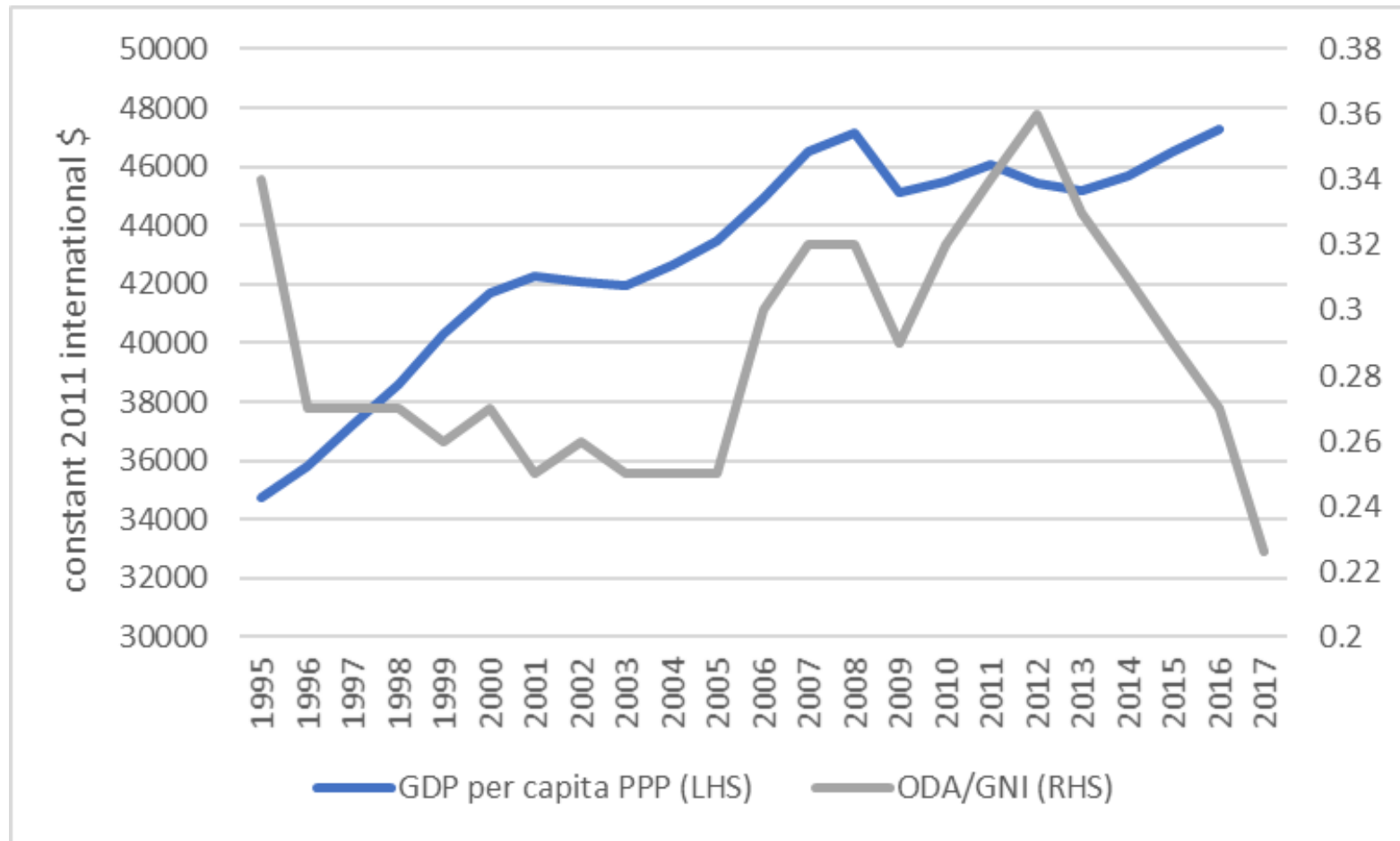
Source: OECD DAC

Australia now below the aid/GNI averages, and falling



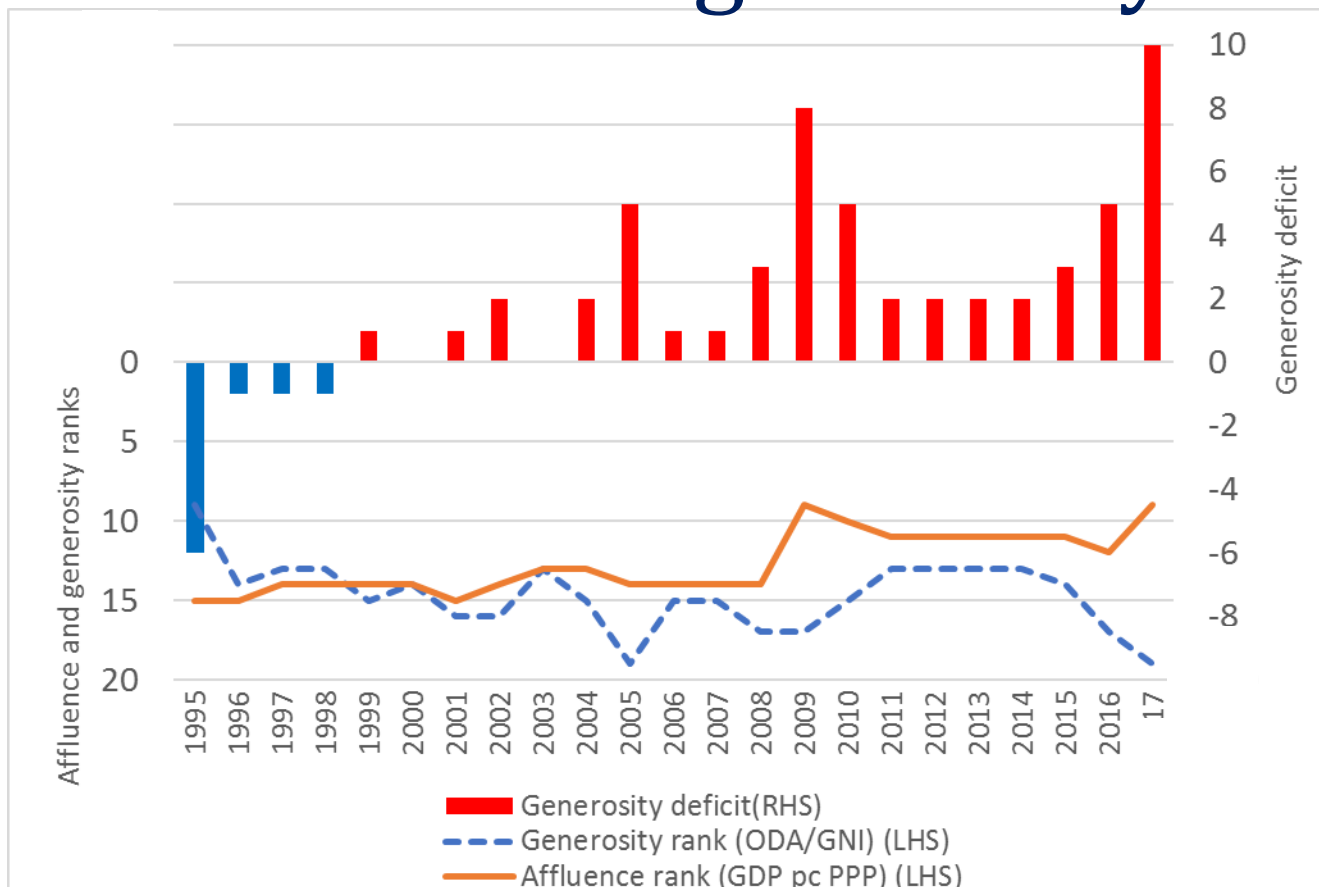
Source: OECD DAC

Australia is getting richer but less generous



Source: OECD DAC

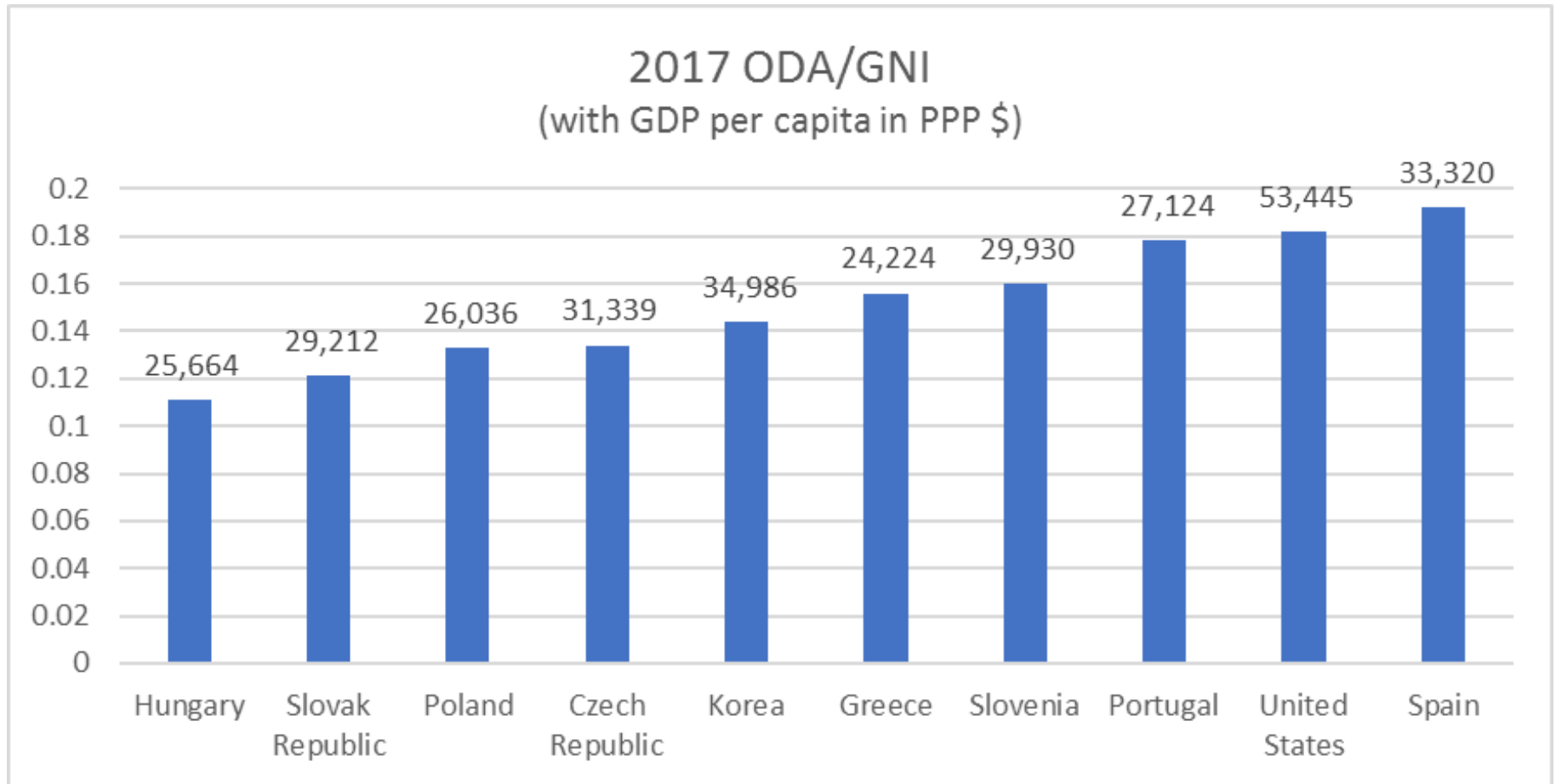
Resulting in a growing gap between our affluence and generosity rank



Out of 29; lower rank is better

Source: OECD DAC

The 0.2% club



Australia will hit 0.2% in 2020-21; GDP per capita is \$44,000

The old rationale for aid cuts

- Used to be debt and deficit
 - “our aid budget is under pressure because we have a massive debt and deficit situation” ([14 Feb 2015](#))
 - “The official rationale for cuts to ODA is the need to control the deficit and improve fiscal discipline to achieve a budget surplus.” (2018 DAC Review, p.53)

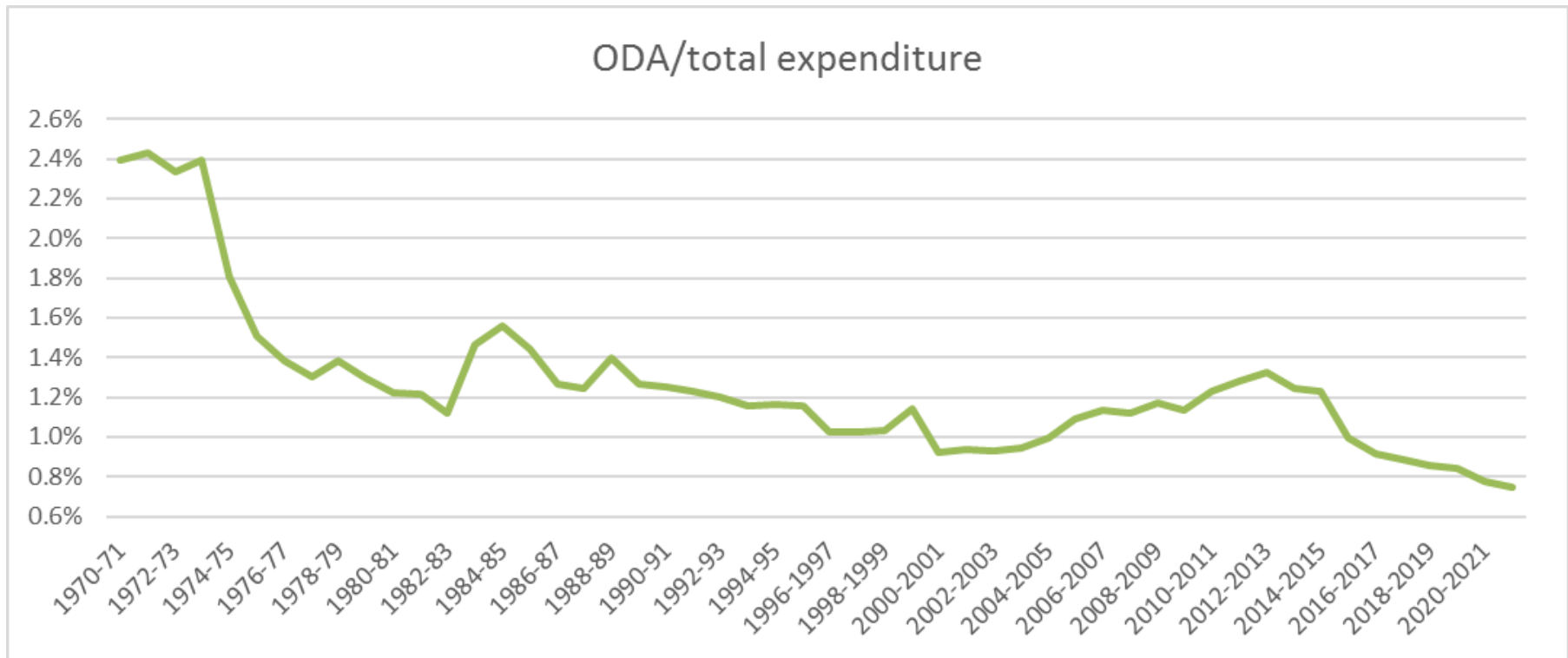


Yet aid is not being cut as a result of fiscal austerity

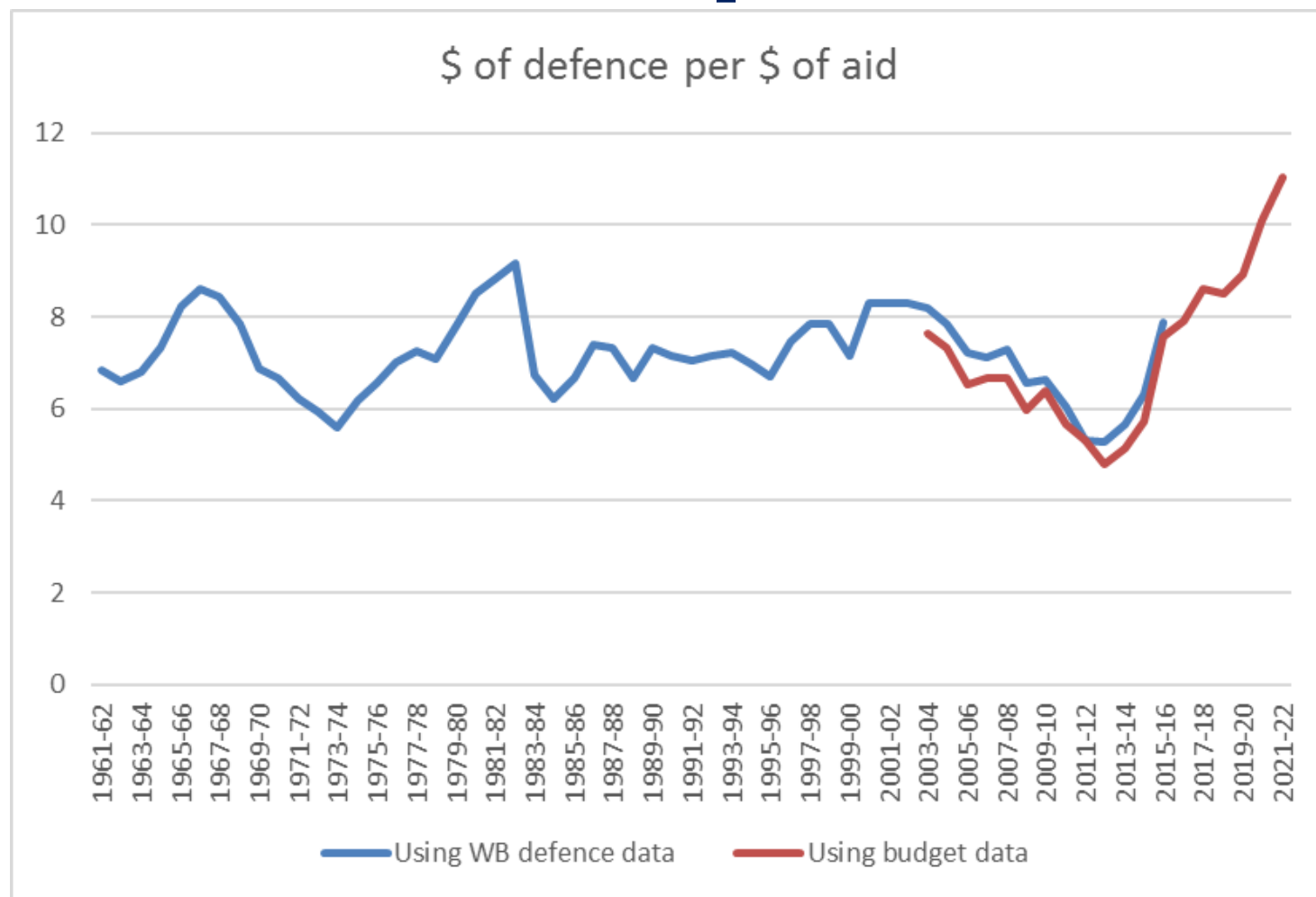
- From 2012-13 to 2021-22 aid falls by **32%**; everything else increases by **31%**

	Aid	Non-aid		Aid	Non-aid
	(\$b, 2018-19 prices)			Cumulative change (%)	
2012-2013	5.45	407			
2013-2014	5.51	401		1.0%	-1.4%
2014-2015	5.43	407		-0.5%	0.0%
2015-2016	4.48	419		-18.0%	3.0%
2016-2017	4.21	435		-22.9%	7.0%
2017-2018	4.17	456		-23.6%	12.0%
2018-2019	4.17	480		-23.5%	18.1%
2019-2020	4.07	493		-25.4%	21.2%
2020-2021	3.81	511		-30.2%	25.4%
2021-2022	3.71	533		-31.9%	31.0%

It is rather much further down the priority list



The Coalition is doubling our defence-to-aid spend

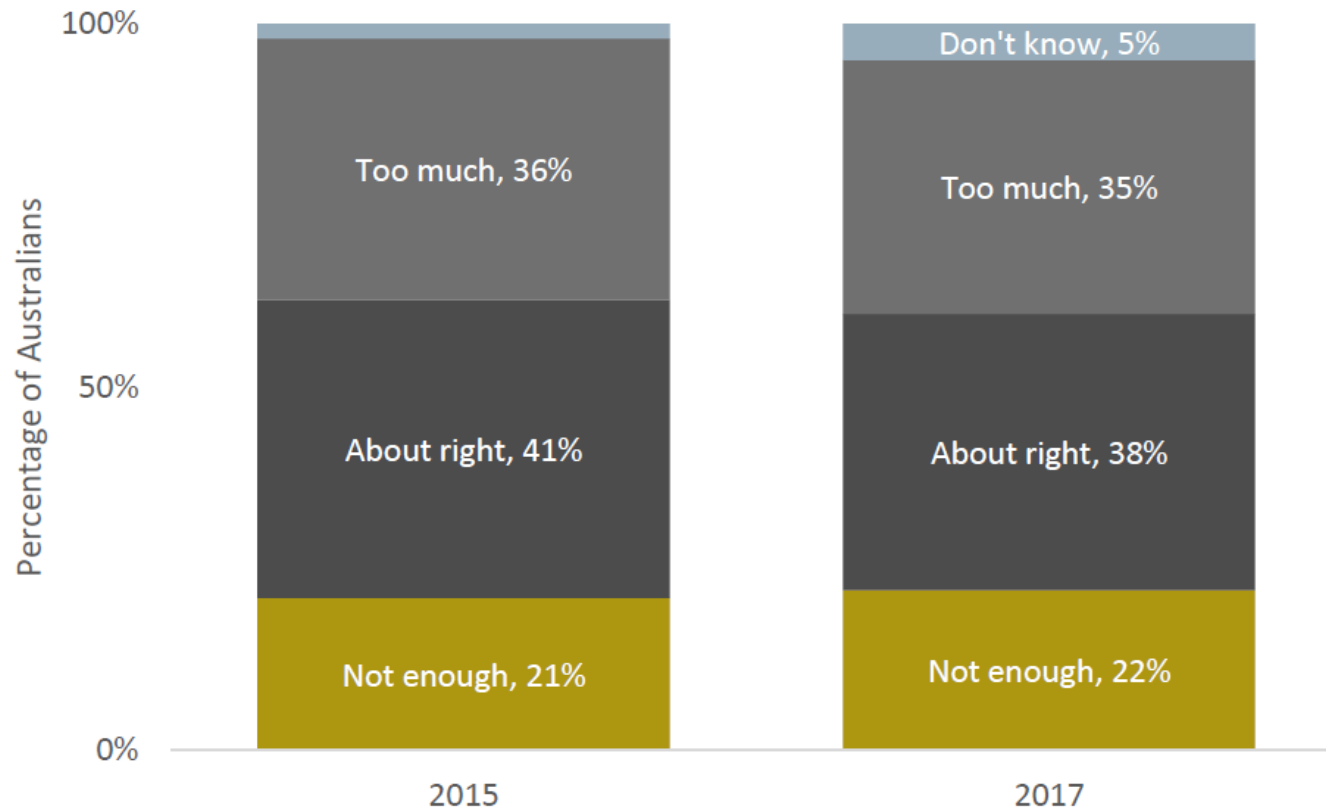


The new rationale: lack of public support



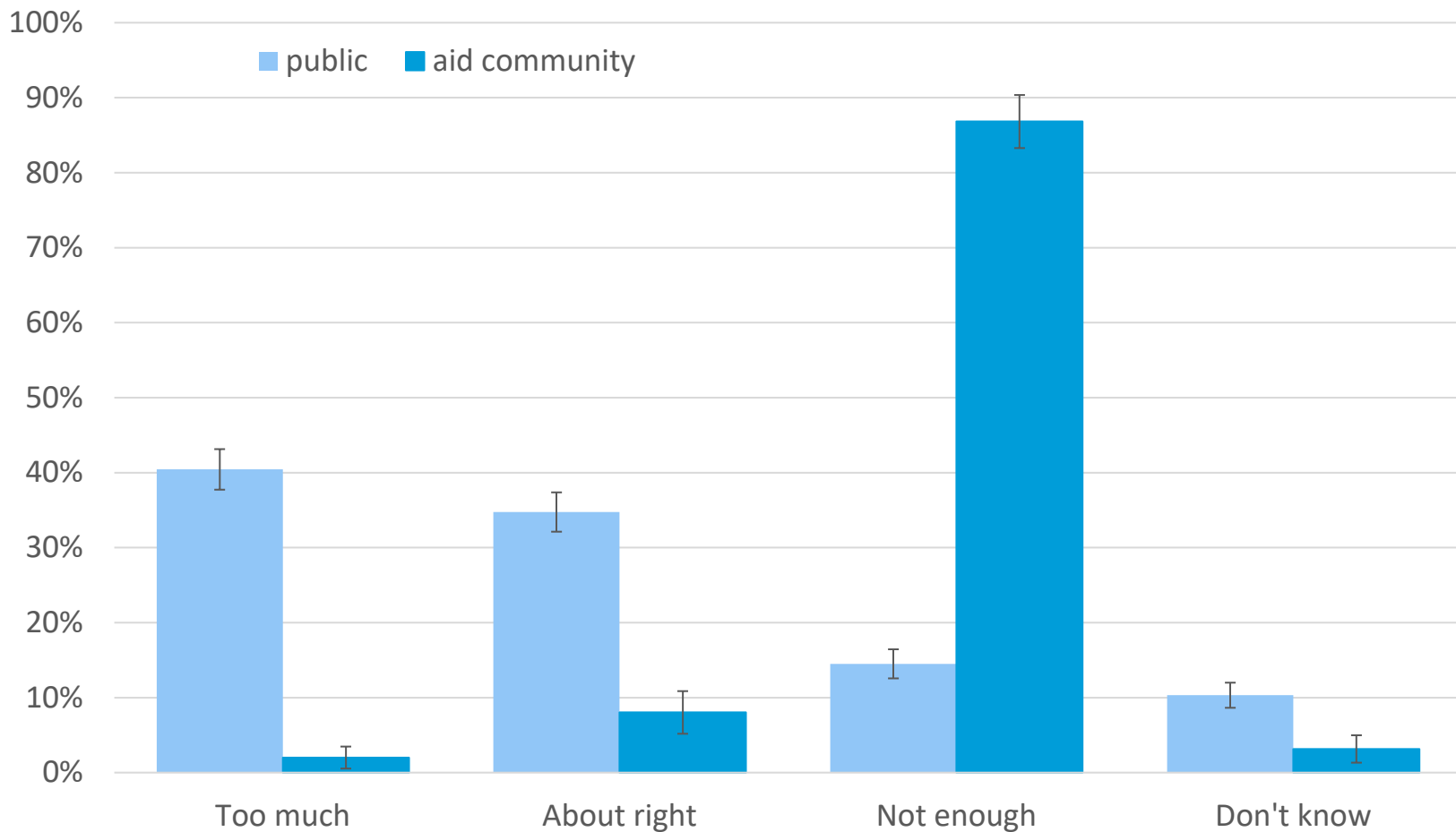
CFW: “80% of Australians think we are spending just enough or too much on ODA”

Public views on Australian aid



Source: Lowy and ACFID 2018 State of the Sector Report

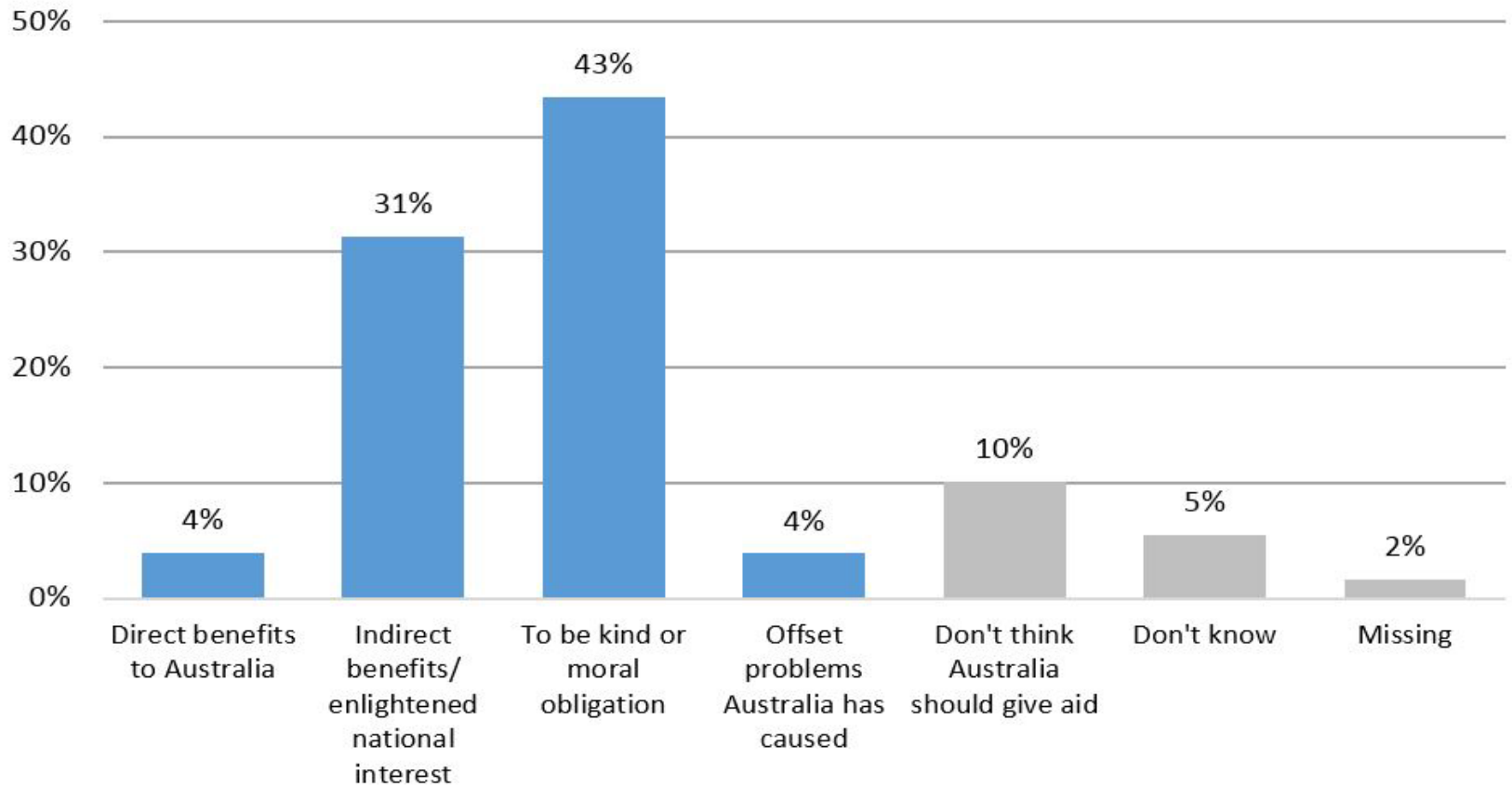
“...80 per cent of the development sector [believe] we should spend more on ODA, but only 10 per cent of regular Australians think the same.” ([ODI speech](#))



[Source](#)

“The only way Australians will have confidence in the aid program is to understand that it will have direct benefit to Australia.” ([ODI speech](#))

Thinking now about why the Australian government should give aid to poorer countries, which one of the following comes closest to describing the main reason you think Australia should give aid? [Source.](#)



Glimmers of hope?

- The China factor
- Loss of international influence/status

Countries and sectors

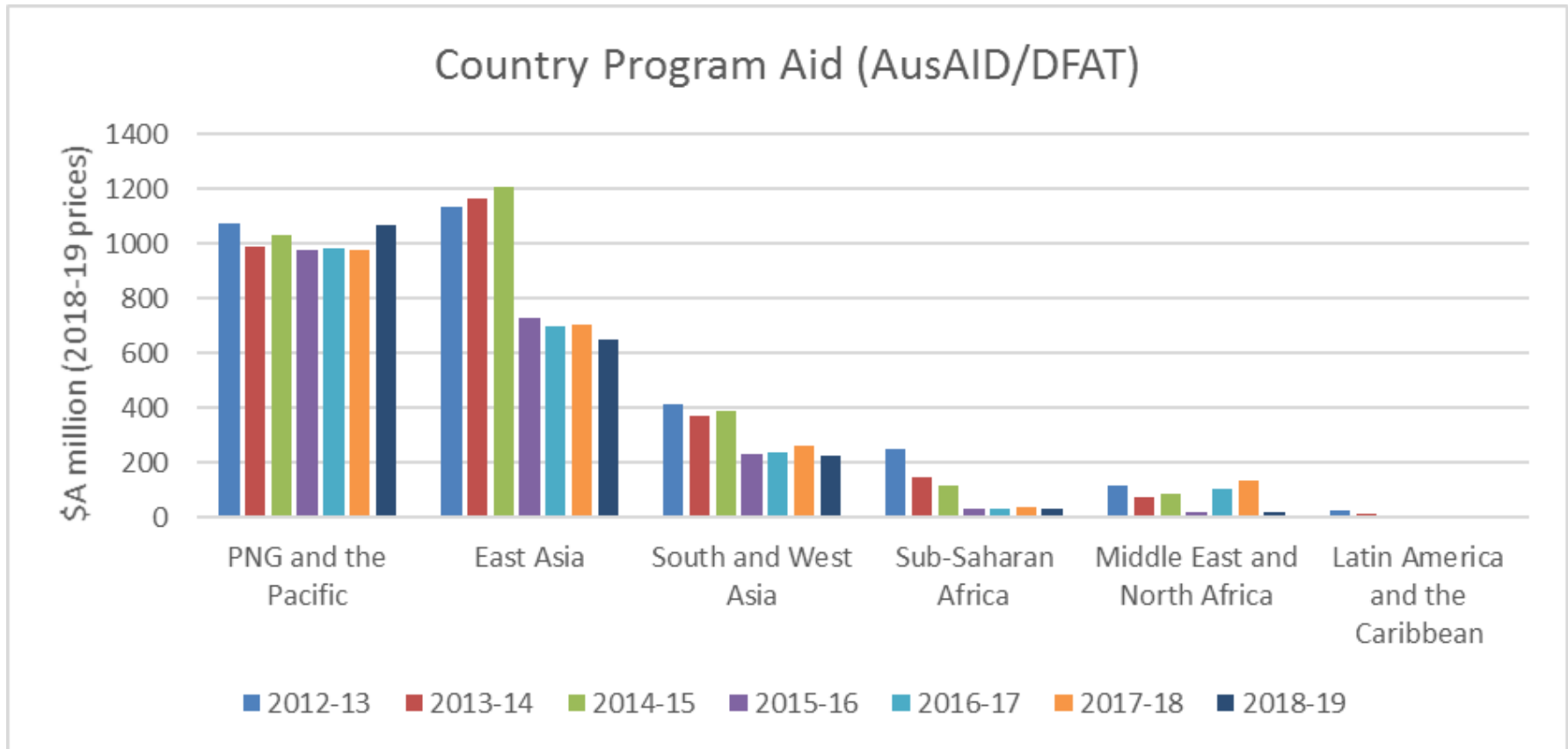


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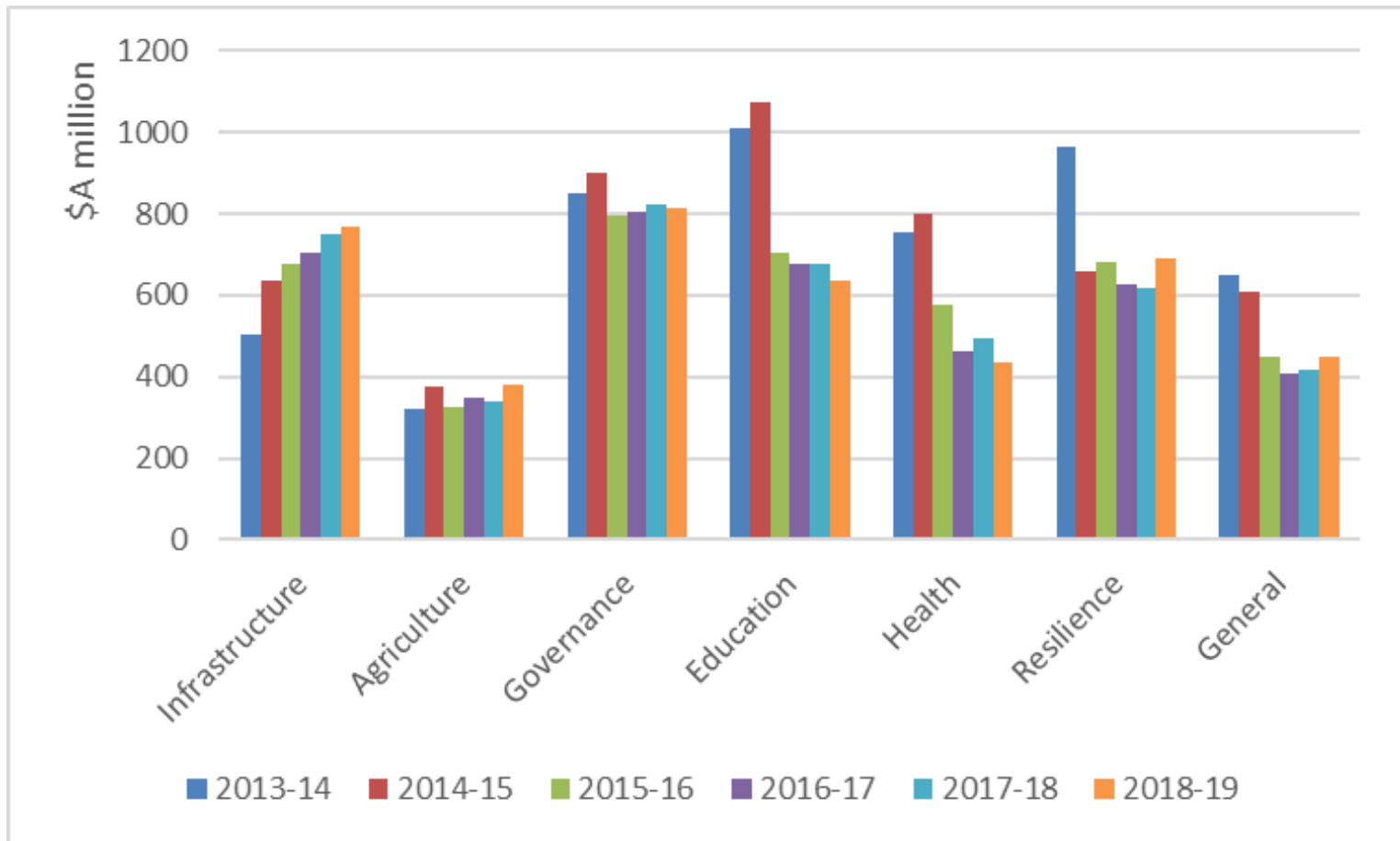
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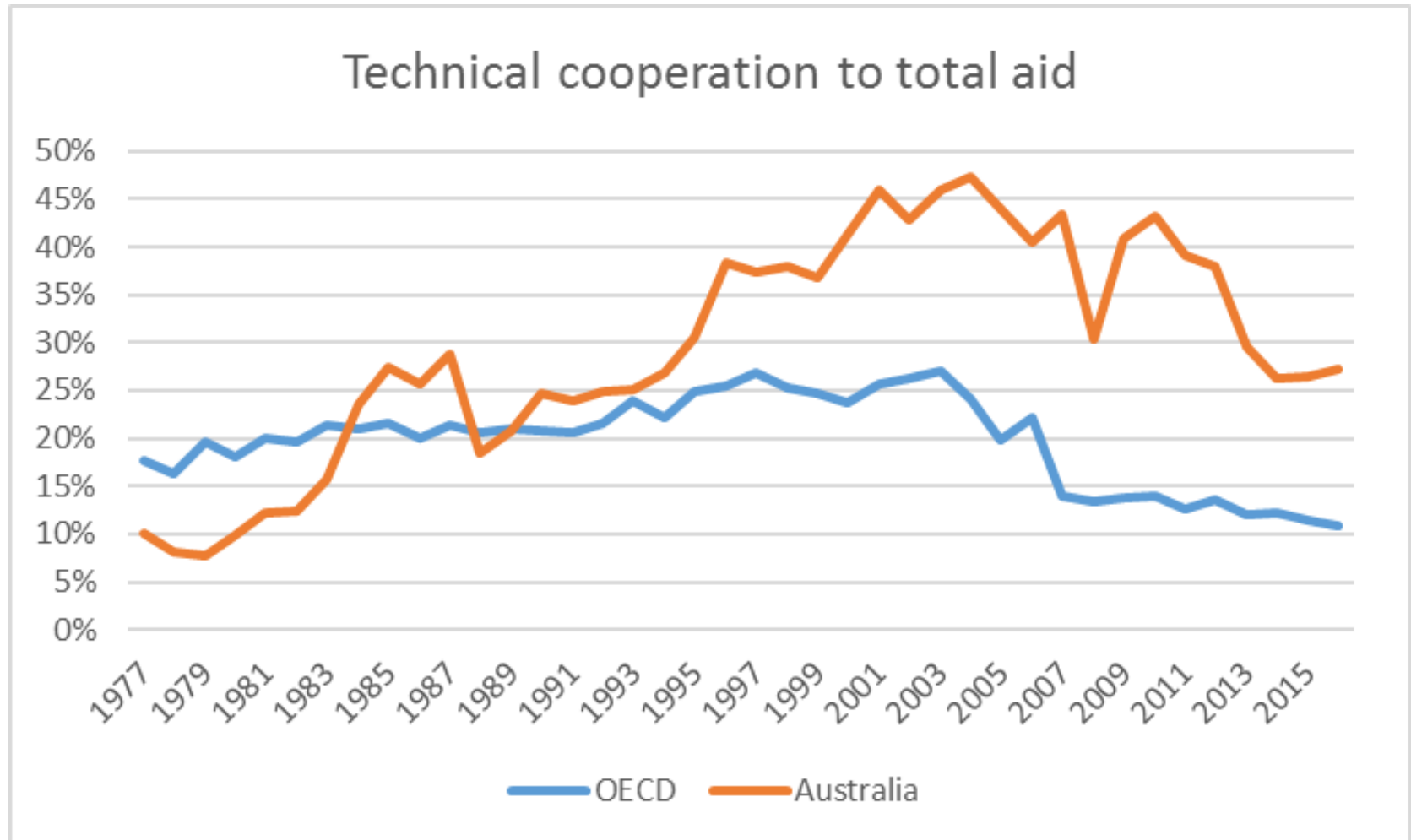
A budget for the Pacific



Health and education cut again



The rise and fall of technical cooperation

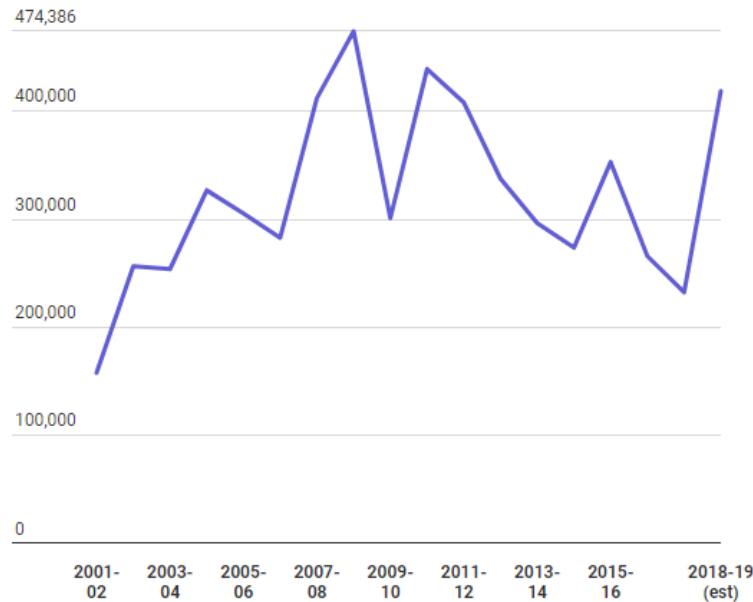


Source: OECD DAC

Humanitarian funding increased?

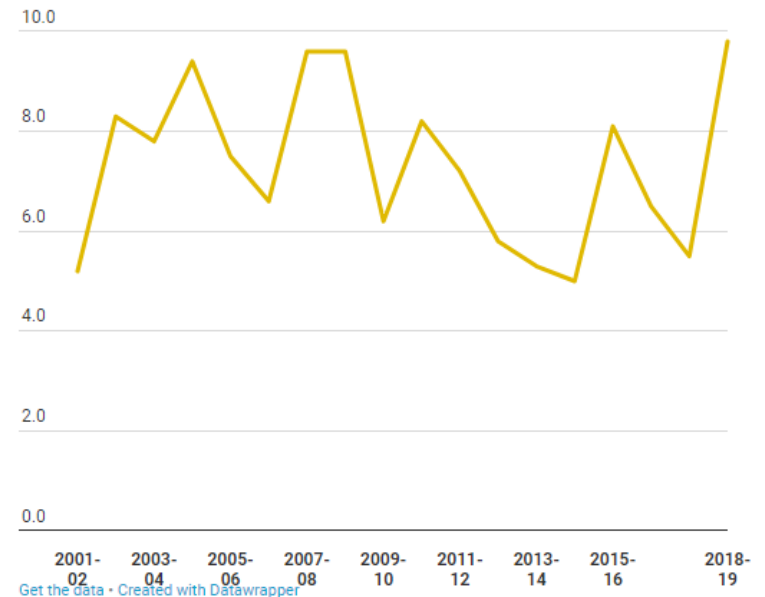
Australian aid humanitarian and emergency allocation

\$AU thousands, inflation-adjusted (2018-19 prices)



Source: Australian Federal Budget documents

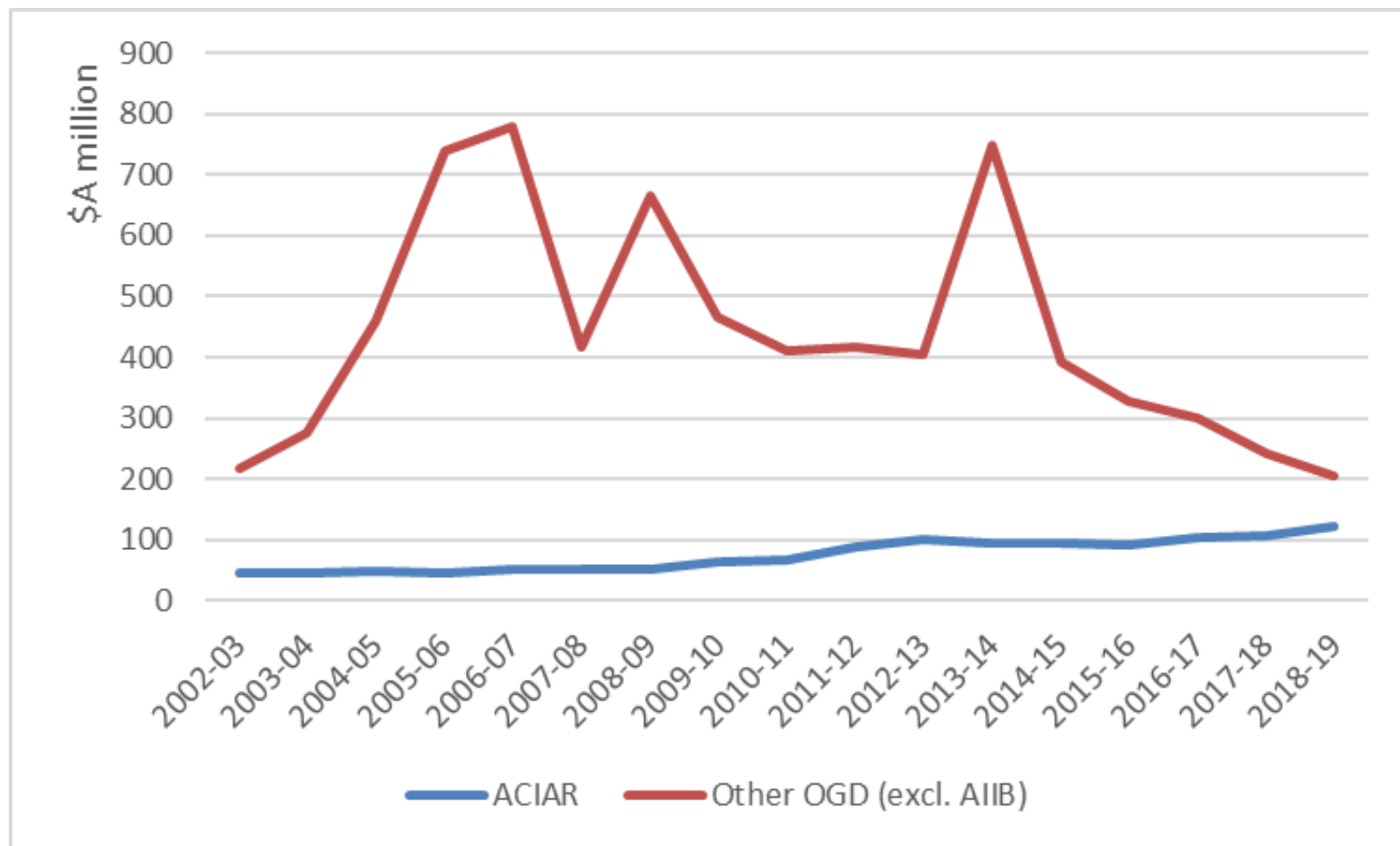
Humanitarian and emergency allocation as a percentage of total Australian ODA per year



Get the data - Created with Datawrapper

According to 2017-18 budget, should have been at 10% in 17-18.

Other government departments exiting development, bar ACIAR



Major initiatives



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1. Underwater cable

- Underwater cable from Australia to PNG and Solomon Islands.
- Said to cost \$200 million.
 - Seems to be an allocation of about \$100 m in 2018-19
- Funded by nominal cuts to Indonesia (and Cambodia to a lesser extent) and real cuts elsewhere in the program.
- Issues going forward
 - Cofinancing
 - Governance arrangements

2. Health Security

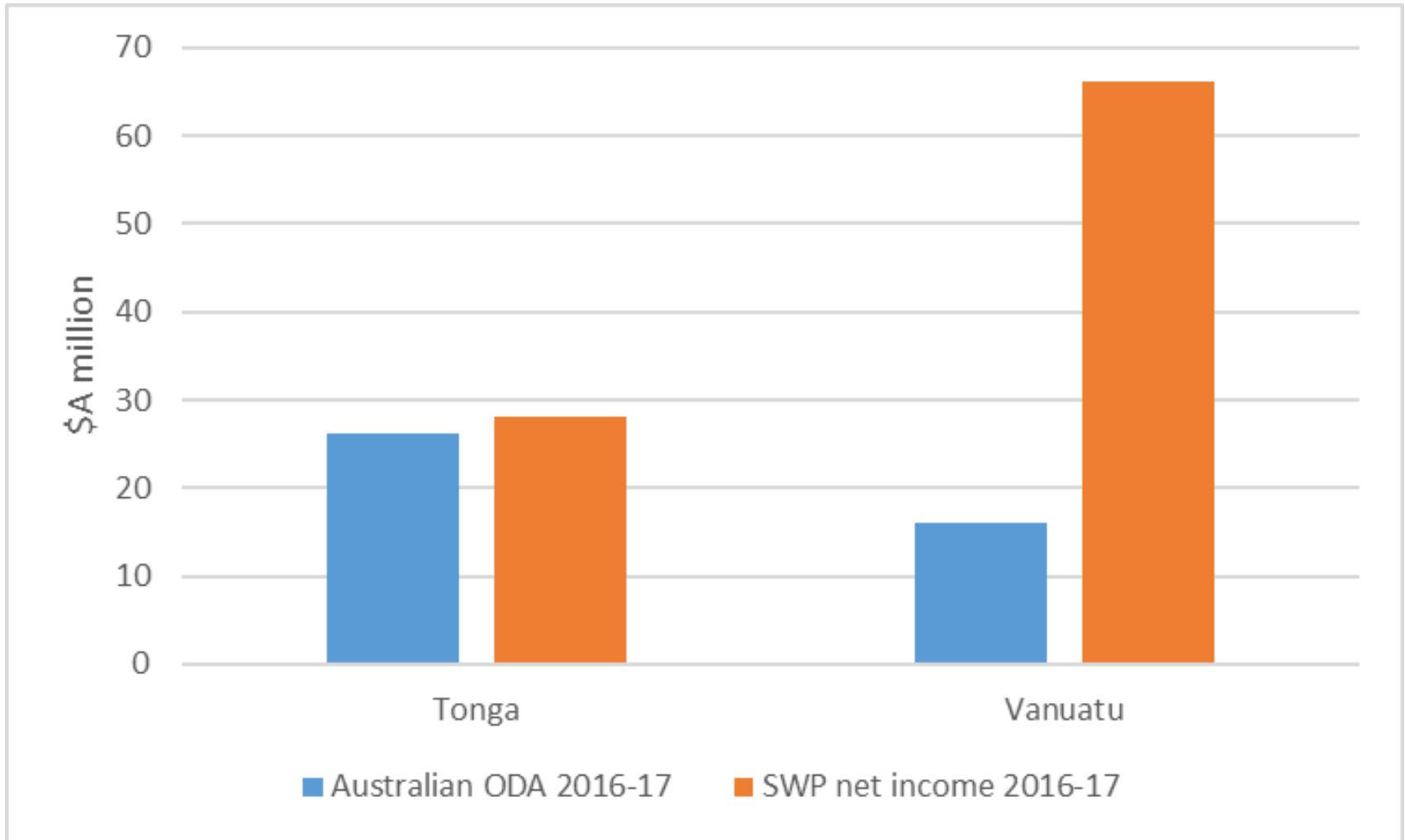
- \$300 m over five years for the Indo-Pacific Centre for Health Security: equal in size to the 8th largest bilateral program
- Has announced PDP funding: \$75 million to 4 PDPs over 5 years
 - Cf \$10 million to 4 PDPs in 2012 and \$30 m to 3 in 2015.
- We continue to make the case for a separate international health research organisation – or an integrated health/agricultural international research body.

3. Labour mobility

- The biggest dividend from DFAT-AusAID integration.
- Highlighted in the White Paper
- Pacific Labour Scheme supported by Pacific Labour Facility and APTC
- New, third phase of APTC has a “renewed emphasis on labour mobility”
- Delivering serious money to the Pacific – bypassing governments and other intermediaries.



SWP net income v Australian aid



Aid performance



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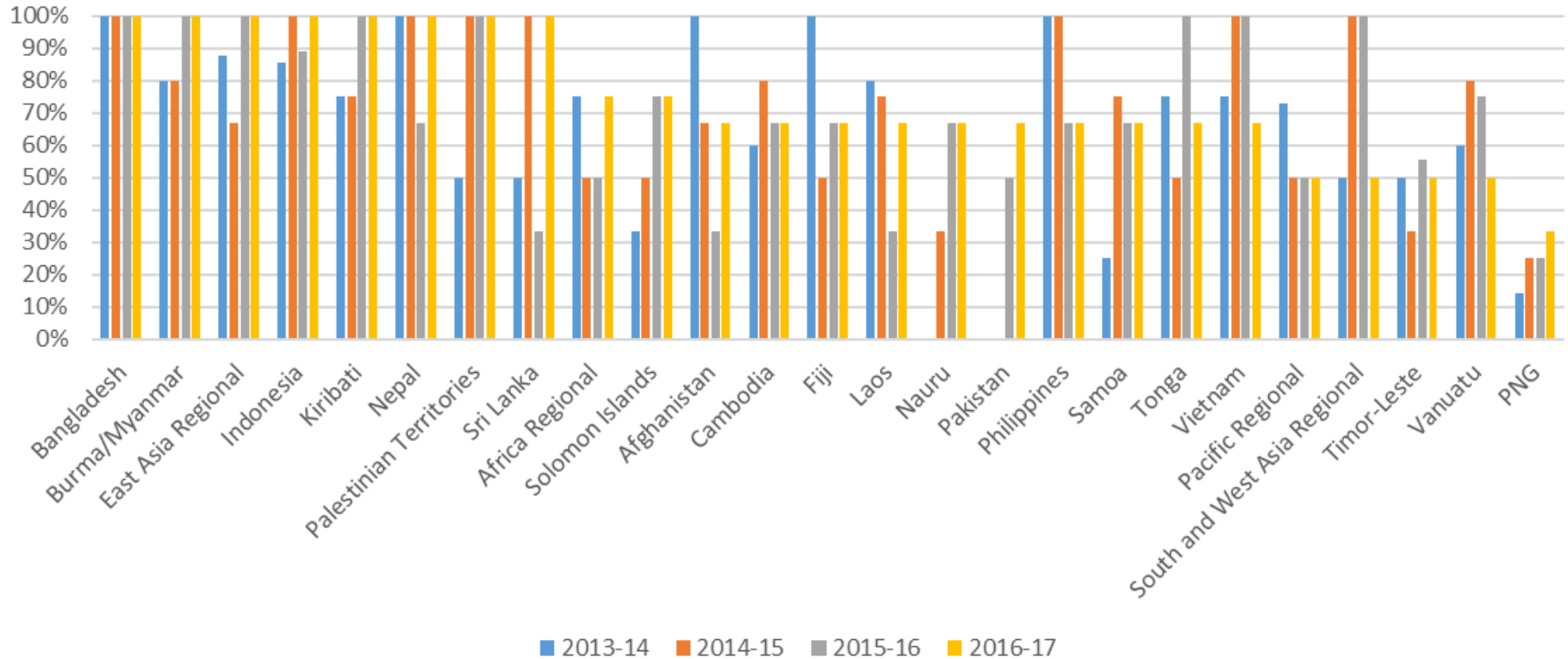
Australian Government
Department of Foreign Affairs and Trade



PERFORMANCE OF AUSTRALIAN AID 2016-17

PNG stands out

Percentage of program objectives on track



Transparency

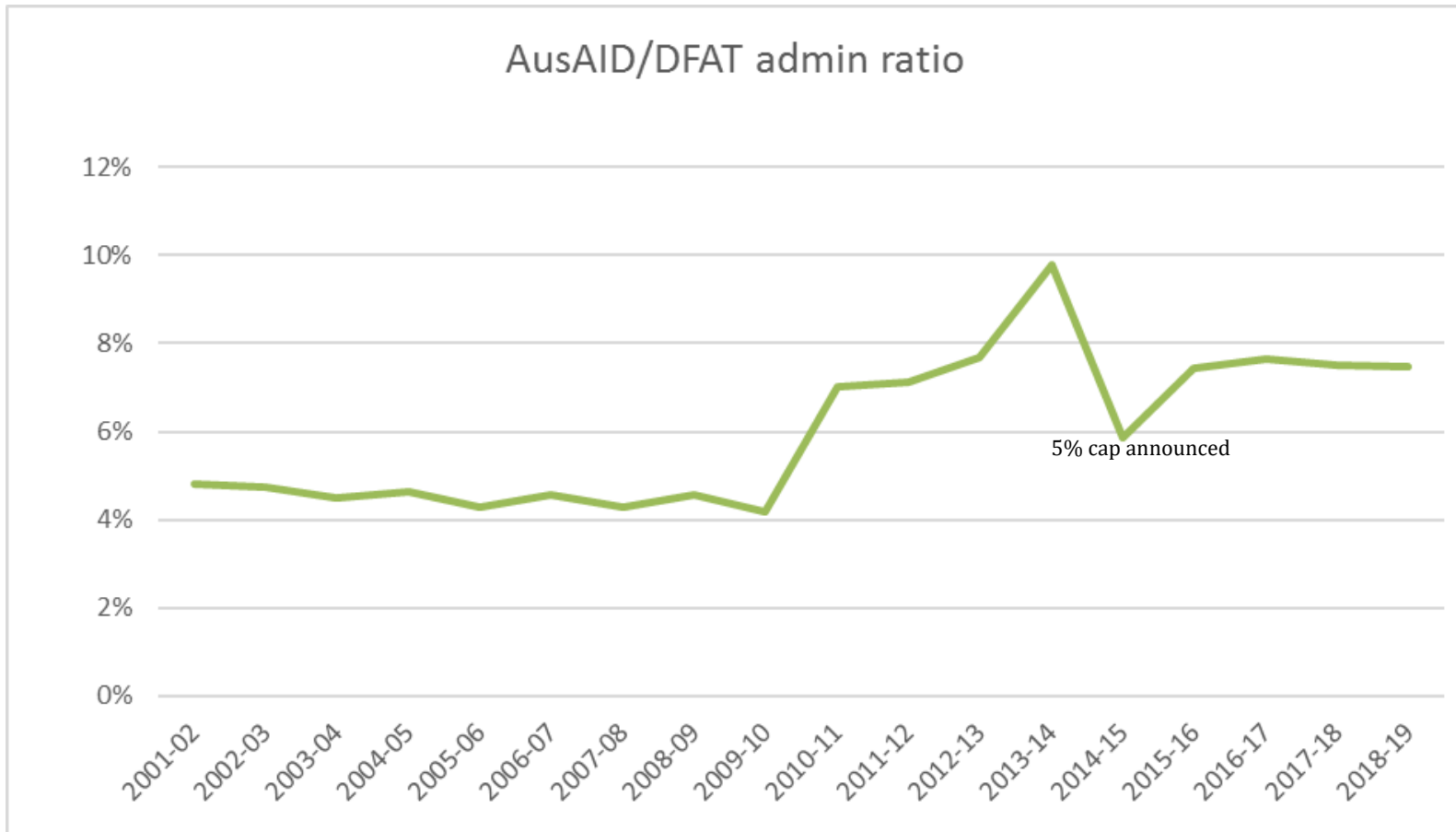
	Project doc'n availability index	Project information index	Stakeholder rating (out of 1)
2013	41.9	79.3	.61
2016	35.3	54.5	.34

- DAC review recommendations:

Recommendation:

1. DFAT should improve its transparency in relation to the timely and accessible publication of activity-level information.

DFAT's historically high aid admin ratio



Source: AusAID/DFAT departmental costs relative to AusAID/DFAT ODA (excluding departmental costs)

What about Labor?

Labor's position

- Prior to last election, Labor committed an additional \$800 million over the forward estimates, or \$200 million a year.
- This time, so far: “a Shorten Labor Government will contribute more to international development assistance than the current Government.” And “We will, to the fullest extent that financial circumstances allow, rebuild and grow the Australian aid program...”

Labor's position (cont.)

- Abolish the innovationXchange
 - “Unconvinced”, operating in “relative isolation”
- Reform the Health Security Initiative
 - “looks bureaucratic and disconnected”
- DFAT reforms
 - “structural inadequacies, management failings, ...growing dependence on managing contractors, ... expertise and skills in decline”



Delivery partners

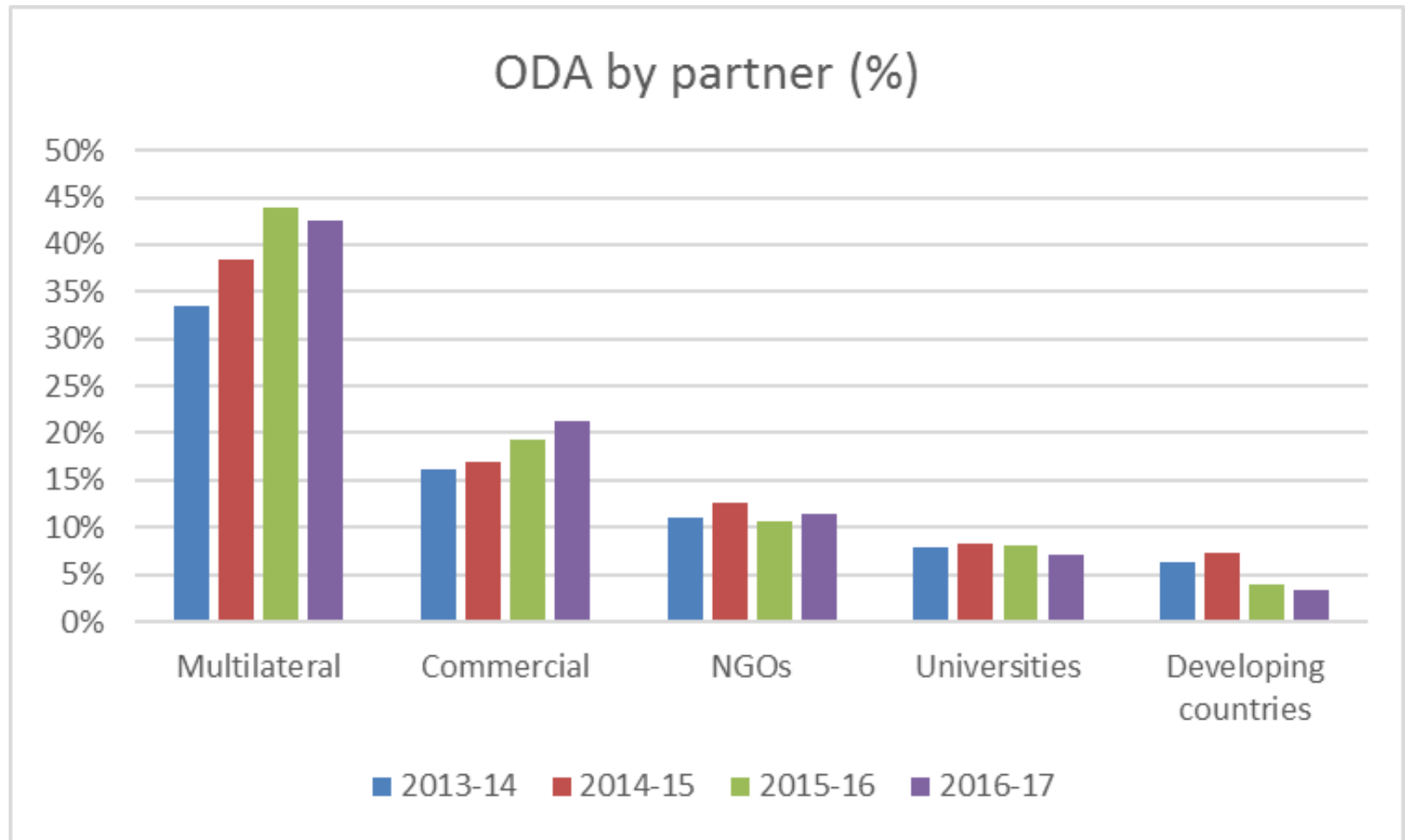


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Delivery partner changes



NGOs

Inaugural ACFID State of the Sector Report



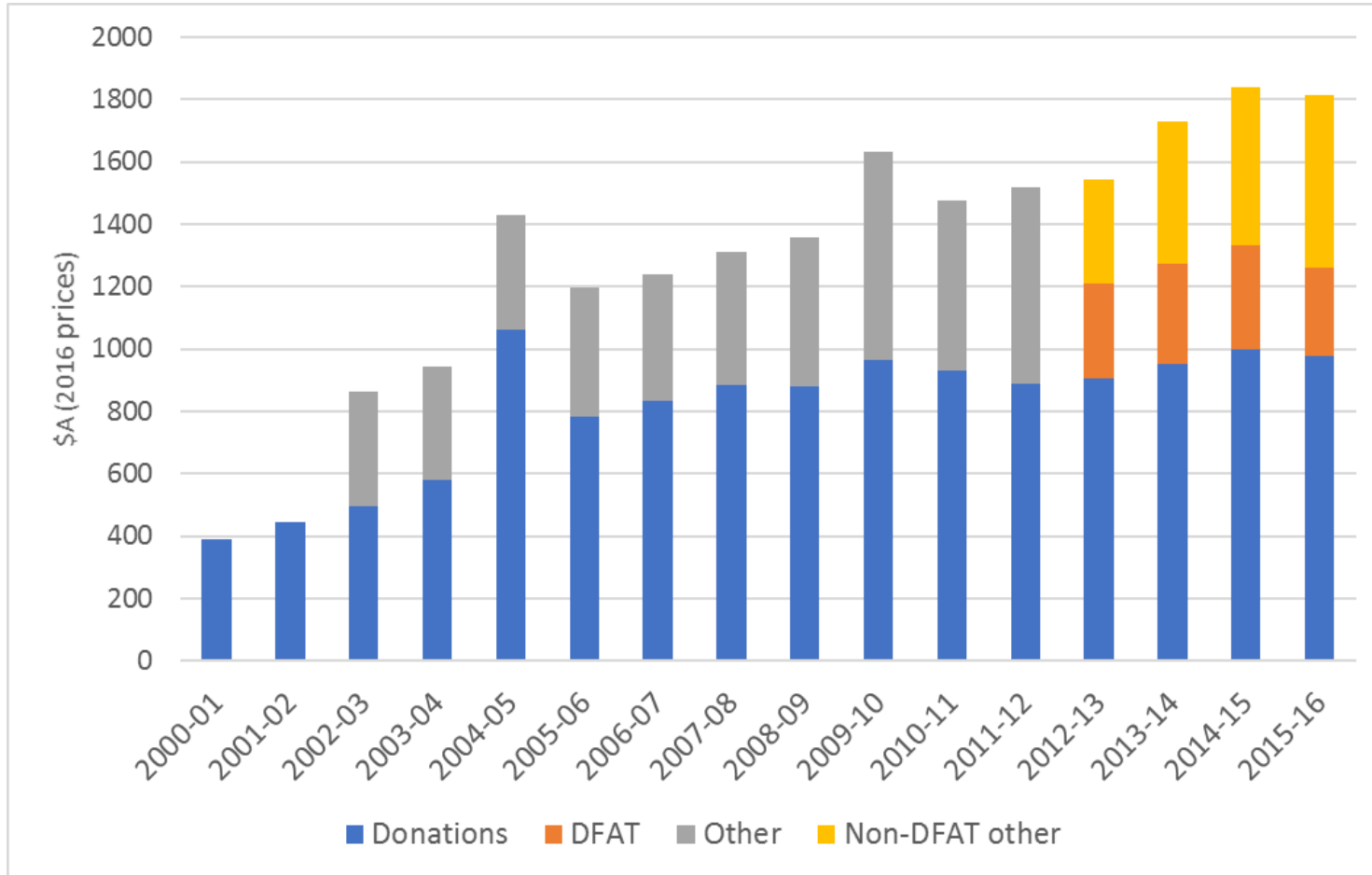
AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

ACFID
State of the Sector Report

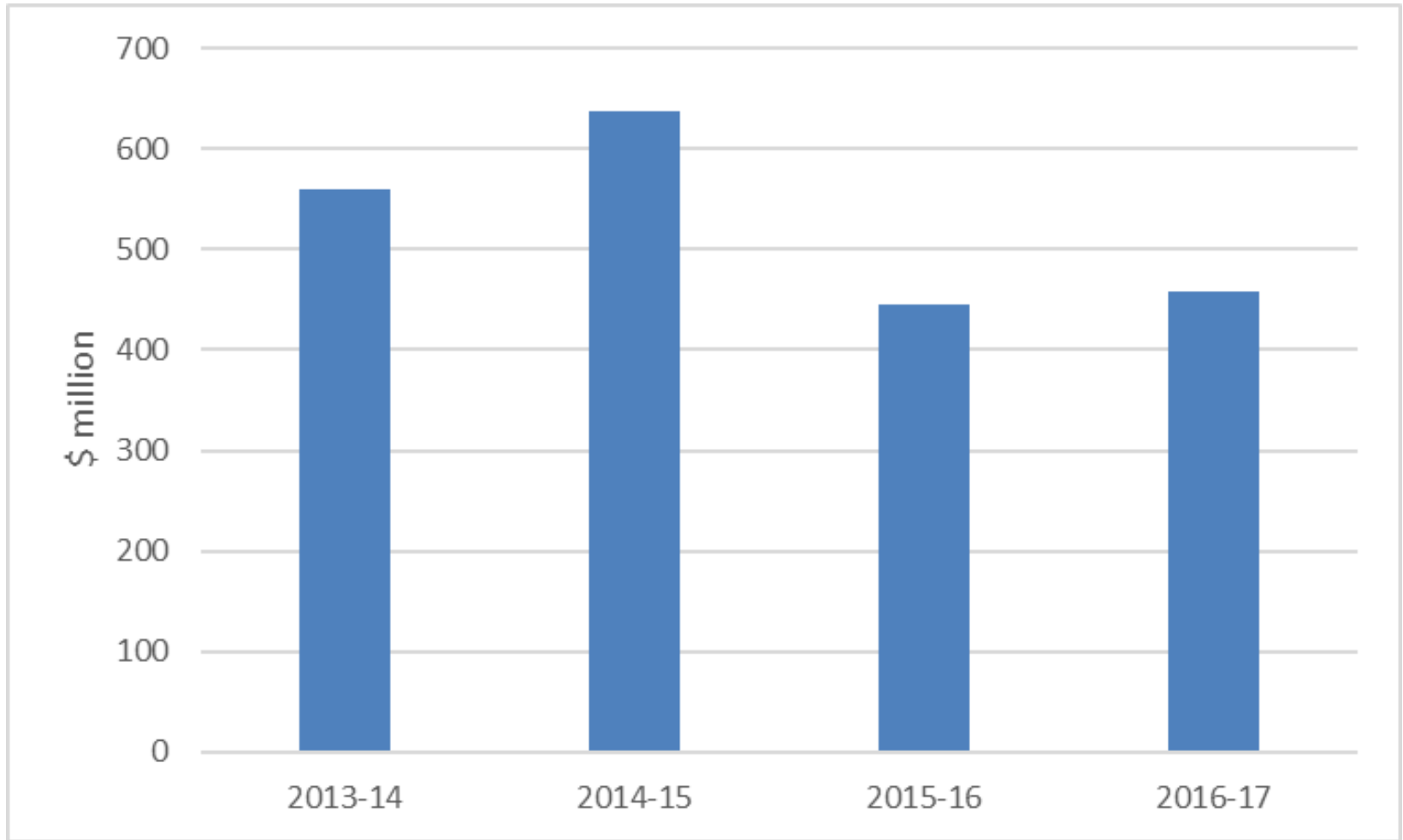
2018



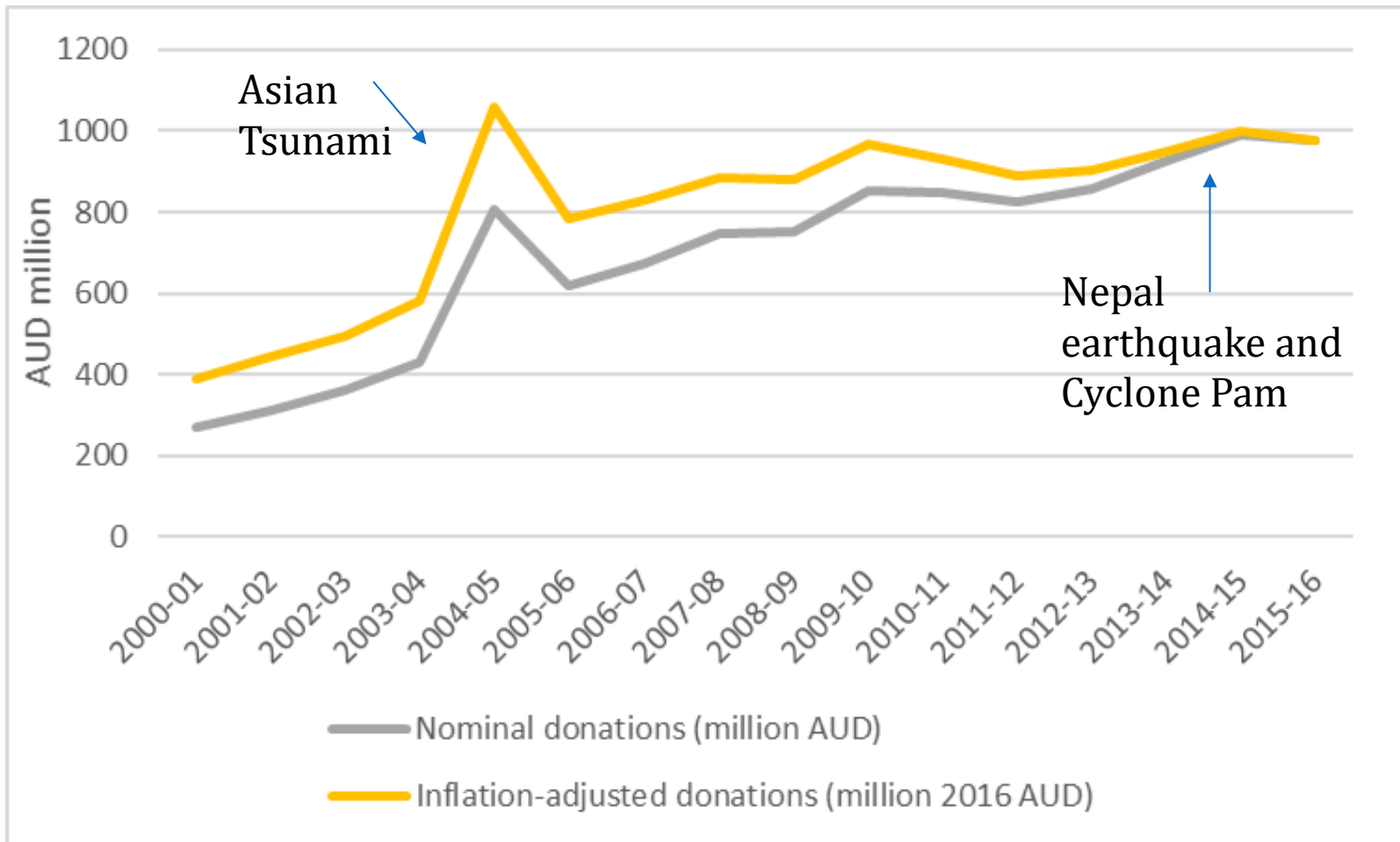
NGO funding



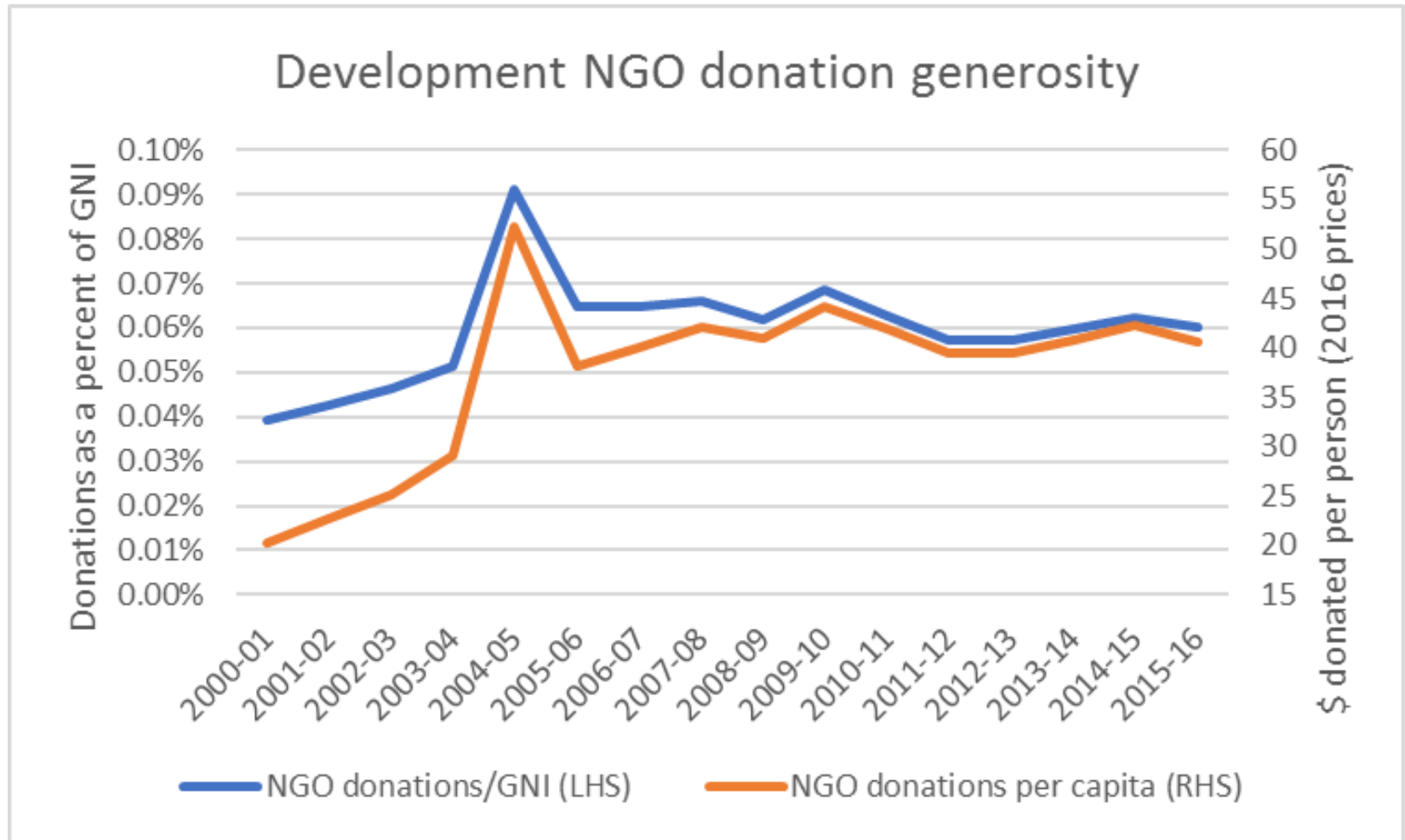
DFAT funding of NGOs



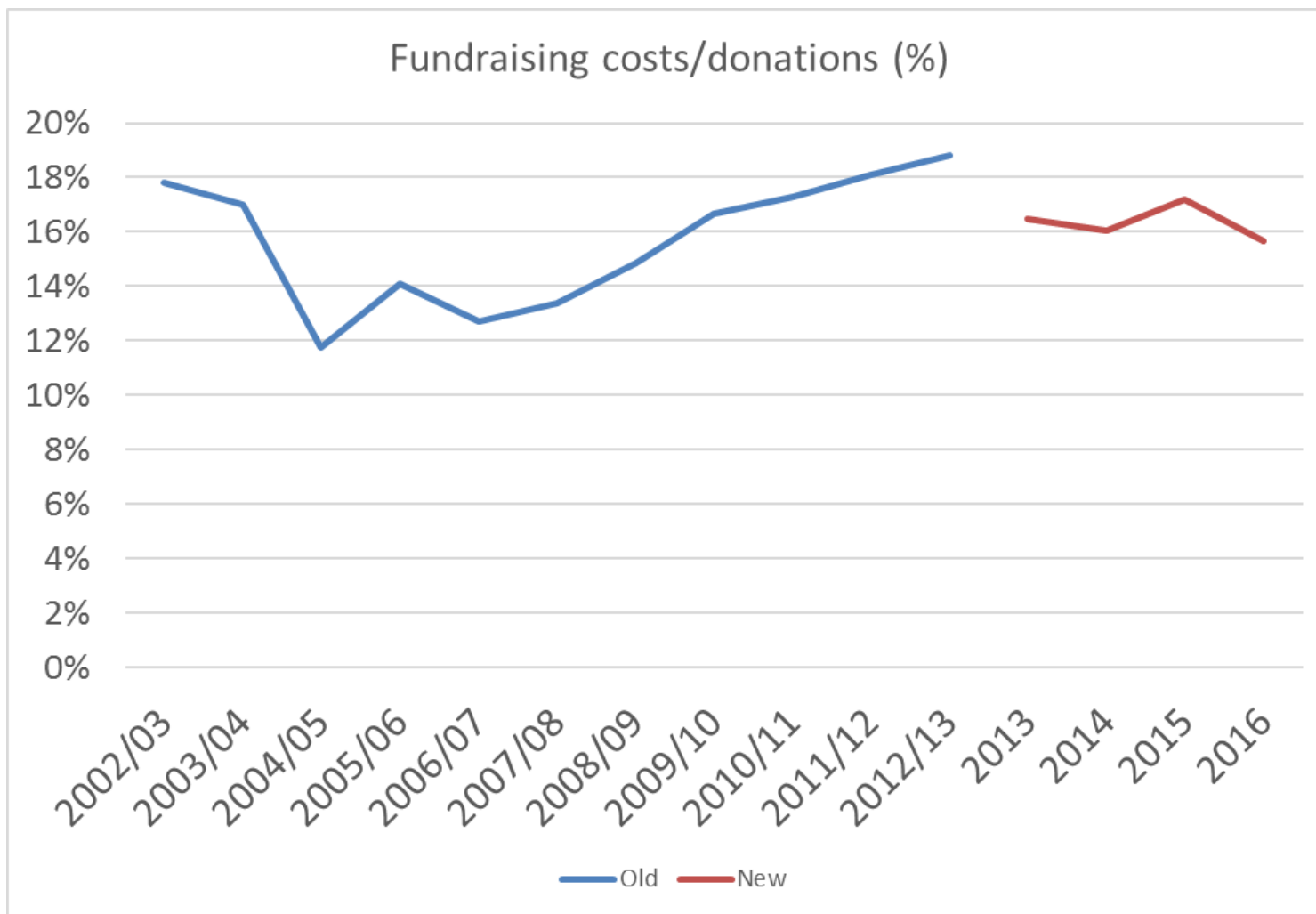
Public donations



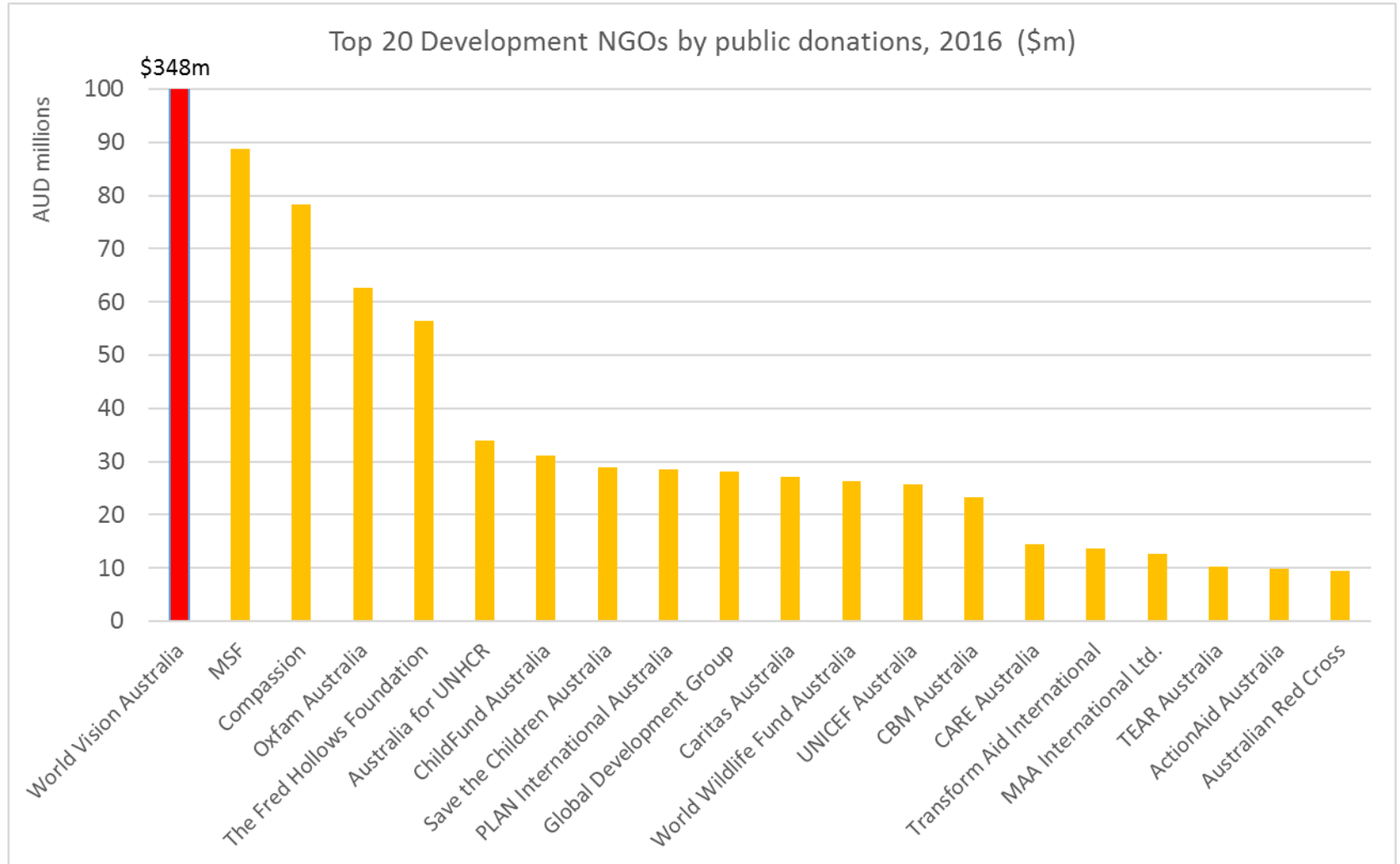
Public generosity steady



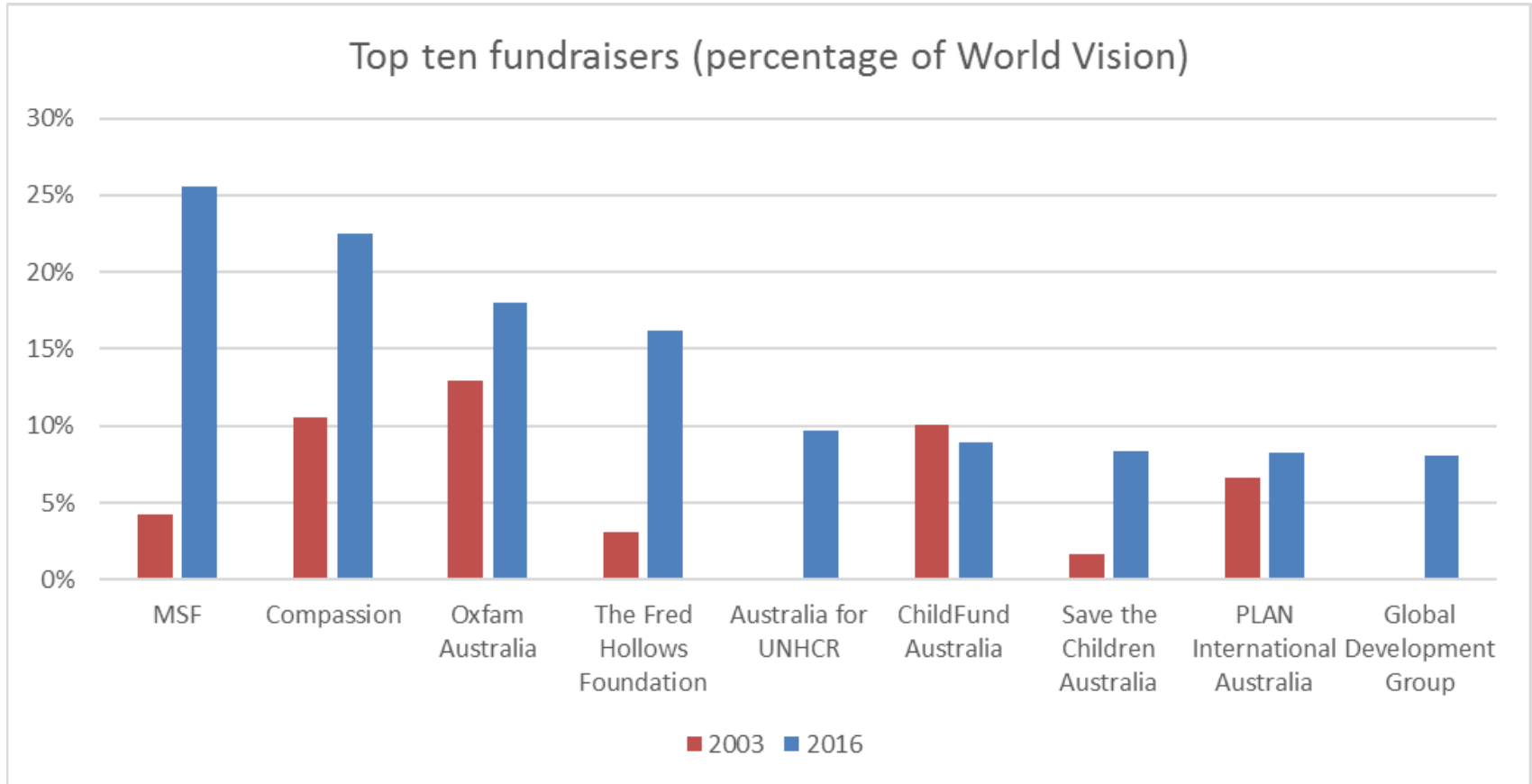
Fundraising ratios have stabilized



Top 20 NGOs



NGO churn



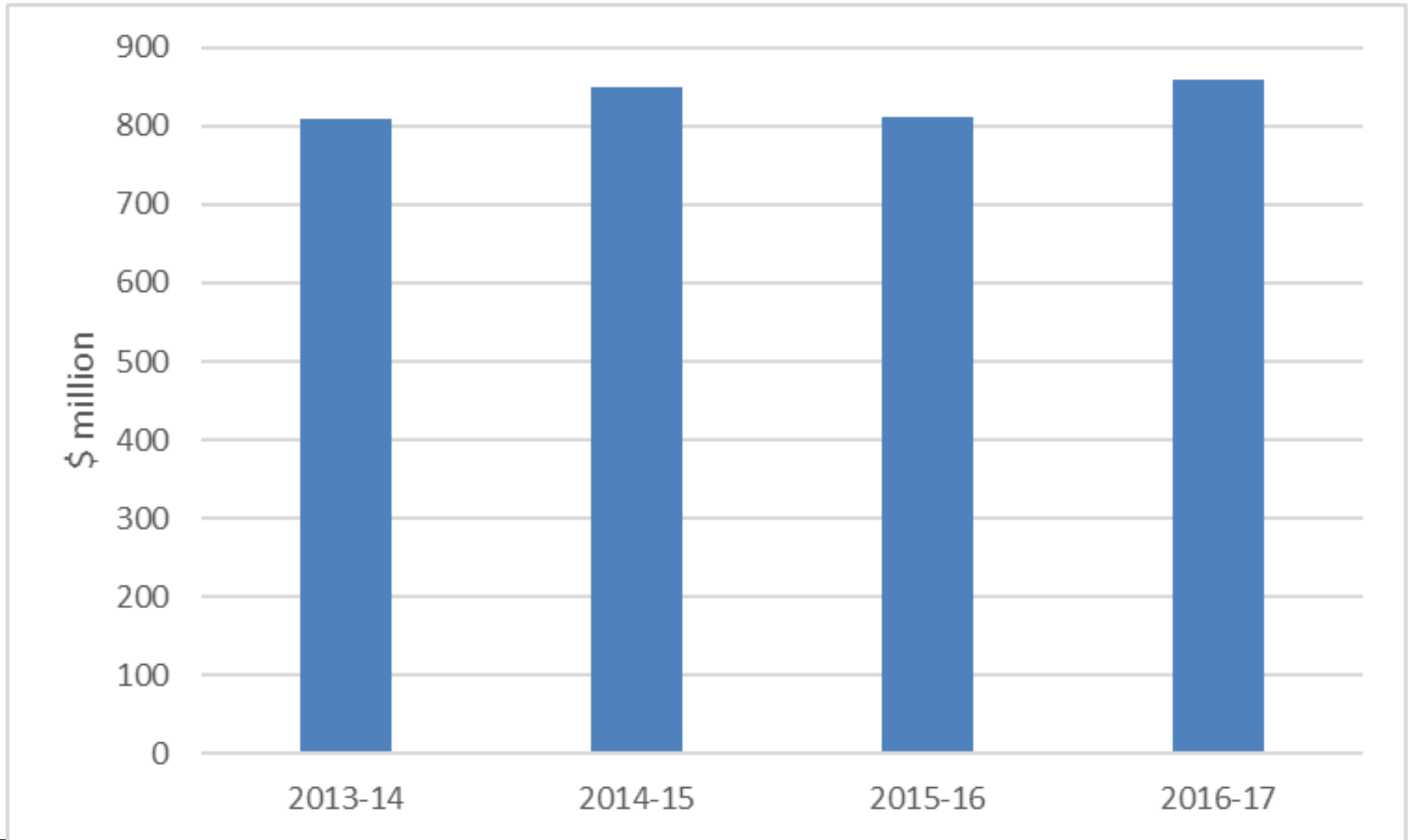
Joint appeals?

- Push by government to institute joint fundraising mechanism
- Motivation to reduce donor fragmentation/flooding in humanitarian responses.
- Cf IDEC (1973-1993).
- More on Devpolicy AAC podcast.

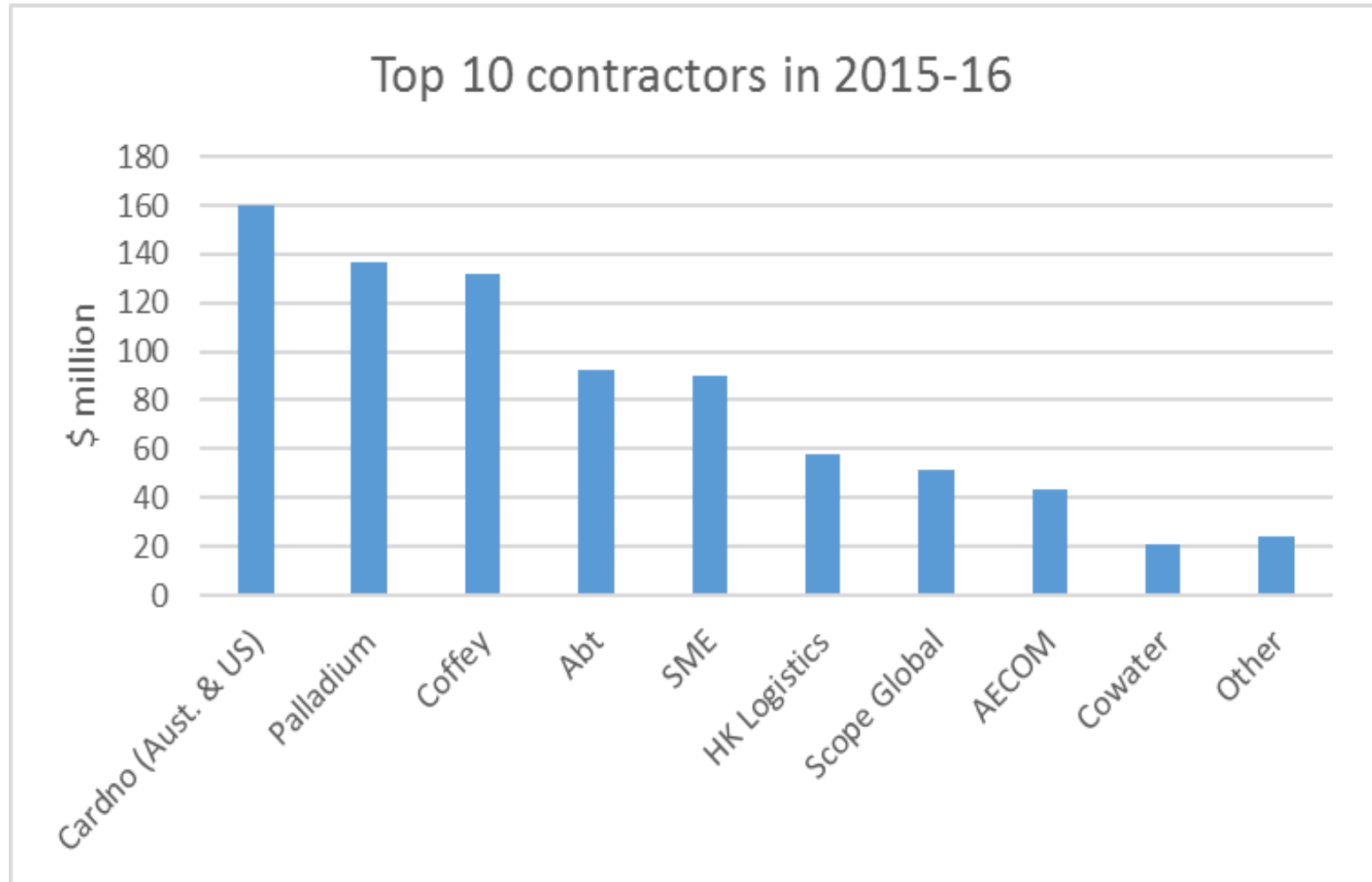


Contractors

DFAT funding of contractors

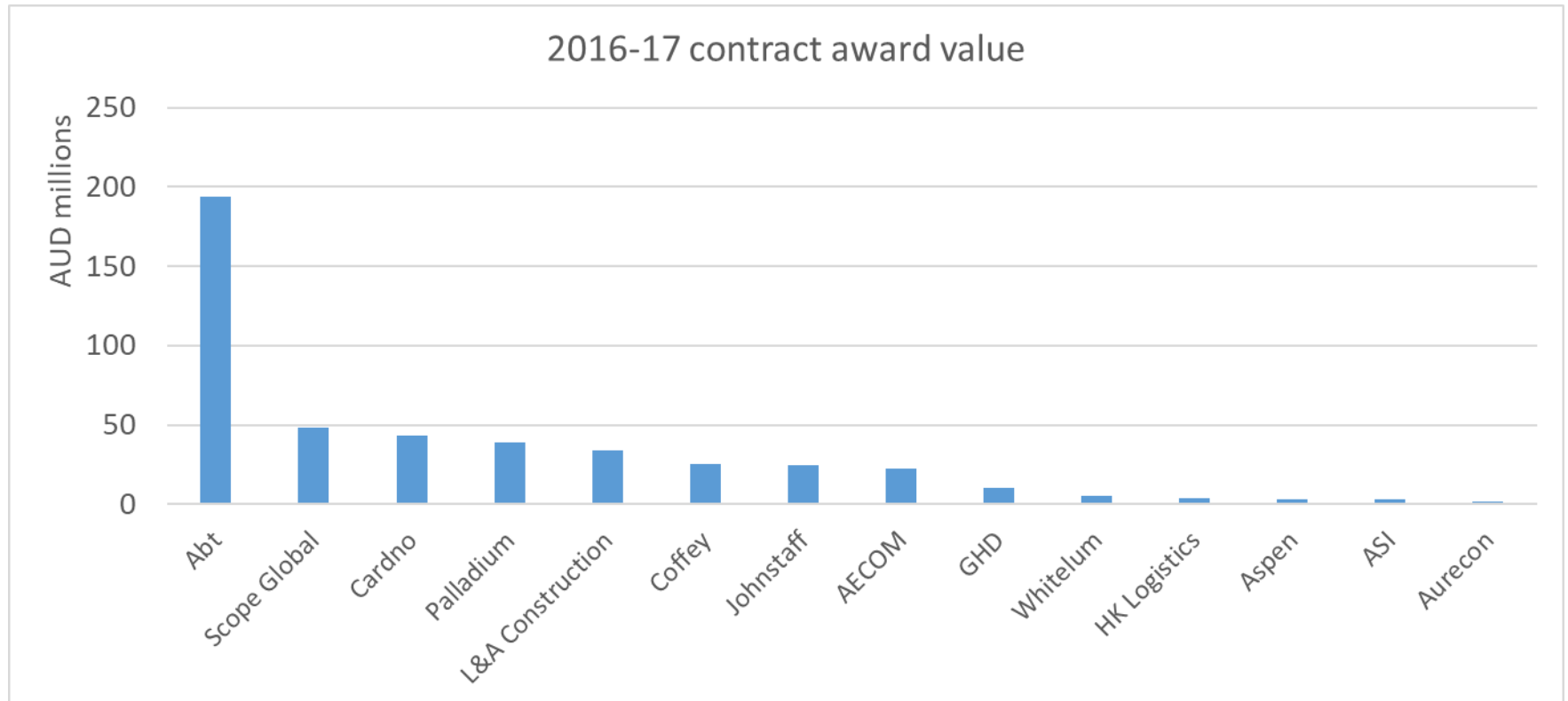


A concentrated market



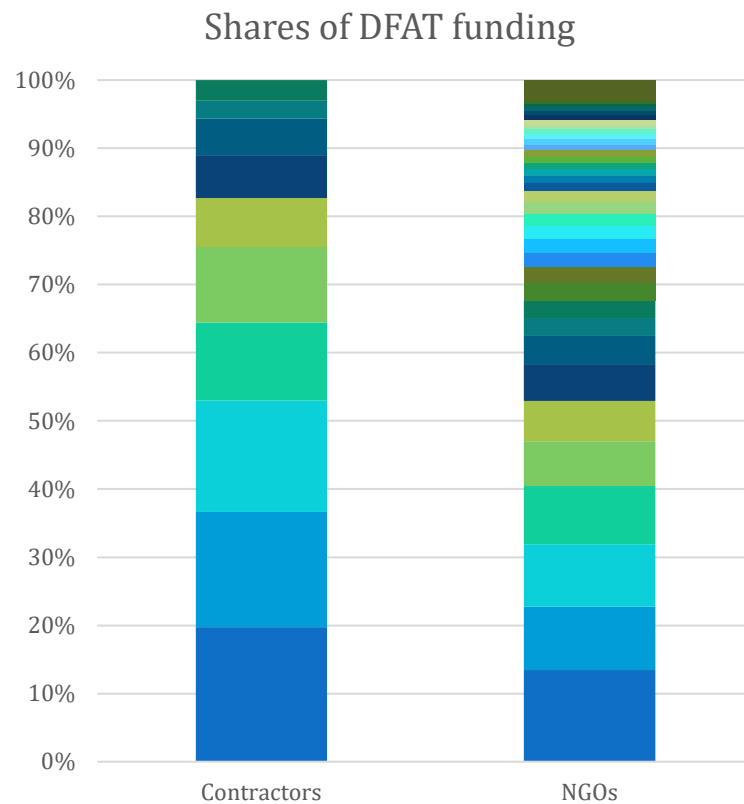
Source: Senate Estimates Answer

Which has just been disrupted



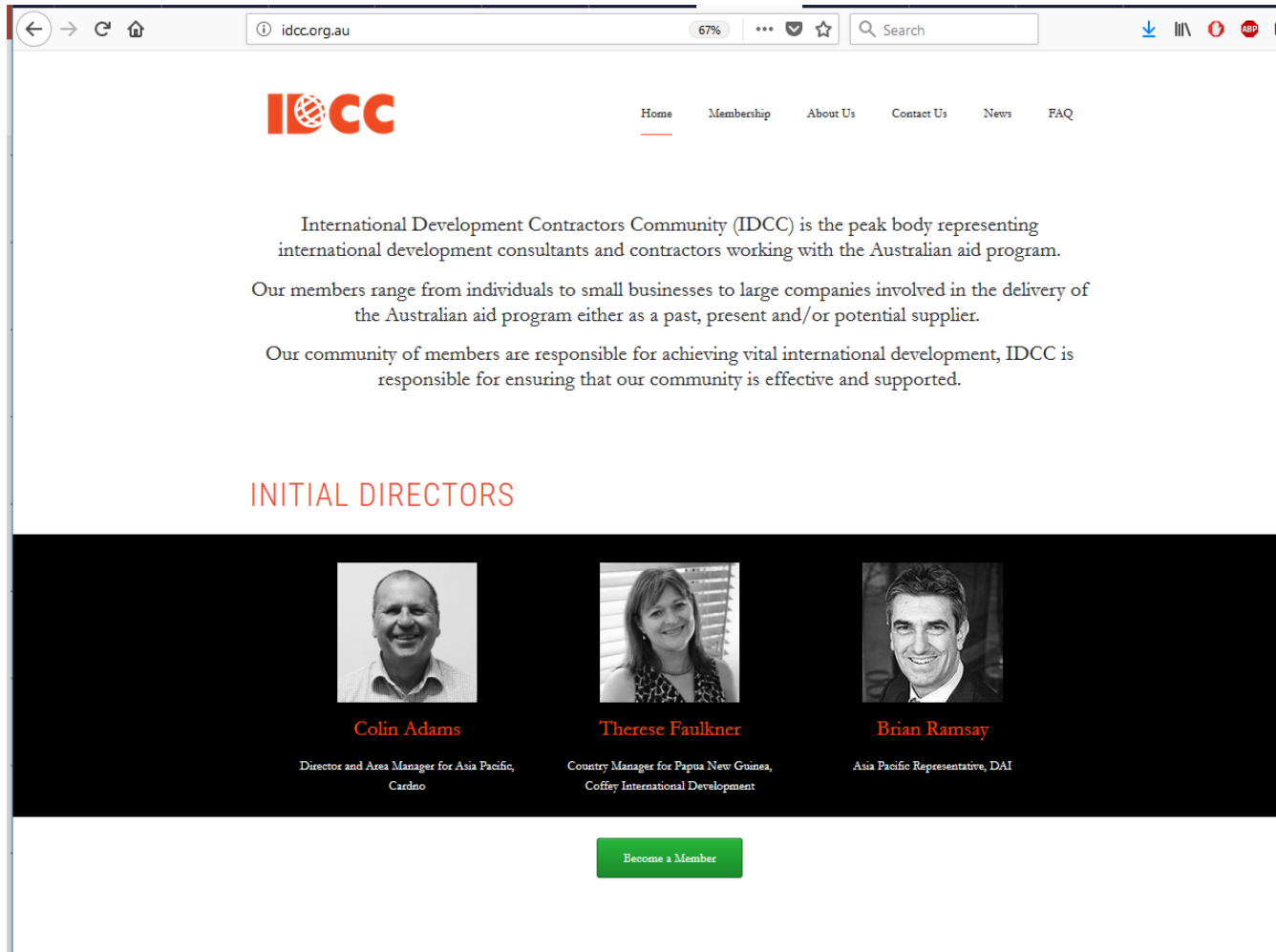
Contractor value from <https://lovemetender.com.au>

Contractor v NGO concentration



Source: For contractors, 2015-16 data from Senate Estimates answer; For Australian development NGOs, AFCID 2018 State of the Sector Report; bottom 3% aggregated into “other”

IDC to IDCC



The screenshot shows the homepage of the International Development Contractors Community (IDCC). The browser address bar displays 'idcc.org.au'. The navigation menu includes 'Home', 'Membership', 'About Us', 'Contact Us', 'News', and 'FAQ'. The main content area features the IDCC logo and a description of the organization as the peak body representing international development consultants and contractors working with the Australian aid program. It lists three initial directors: Colin Adams, Therese Faulkner, and Brian Ramsay, each with a portrait photo and their respective roles. A green 'Become a Member' button is located at the bottom of the page.

idcc.org.au 67% Search




IDCC Home Membership About Us Contact Us News FAQ

International Development Contractors Community (IDCC) is the peak body representing international development consultants and contractors working with the Australian aid program.

Our members range from individuals to small businesses to large companies involved in the delivery of the Australian aid program either as a past, present and/or potential supplier.

Our community of members are responsible for achieving vital international development, IDCC is responsible for ensuring that our community is effective and supported.

INITIAL DIRECTORS

 <p>Colin Adams Director and Area Manager for Asia Pacific, Cardno</p>	 <p>Therese Faulkner Country Manager for Papua New Guinea, Coffey International Development</p>	 <p>Brian Ramsay Asia Pacific Representative, DAI</p>
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[Become a Member](#)

Multilaterals

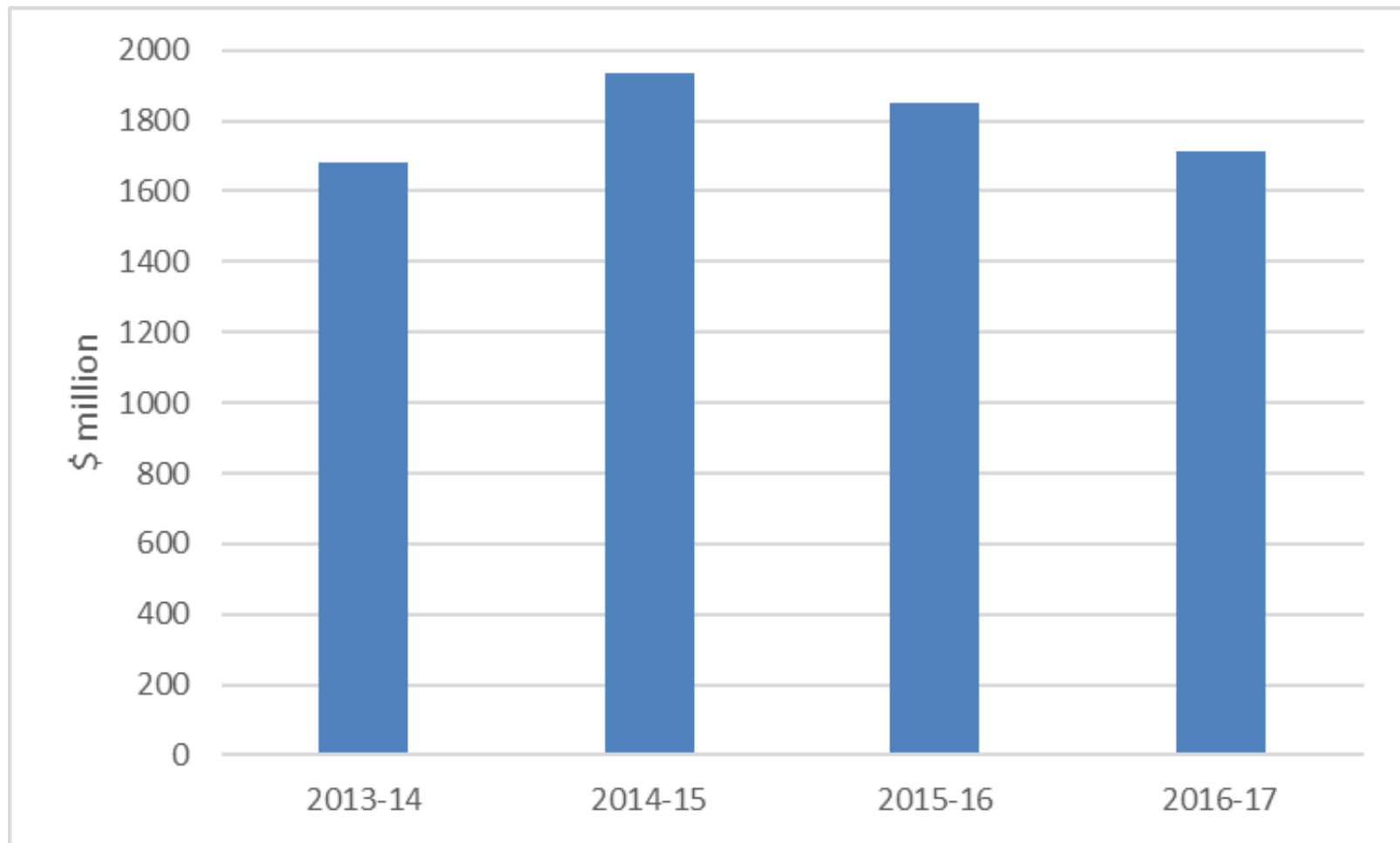


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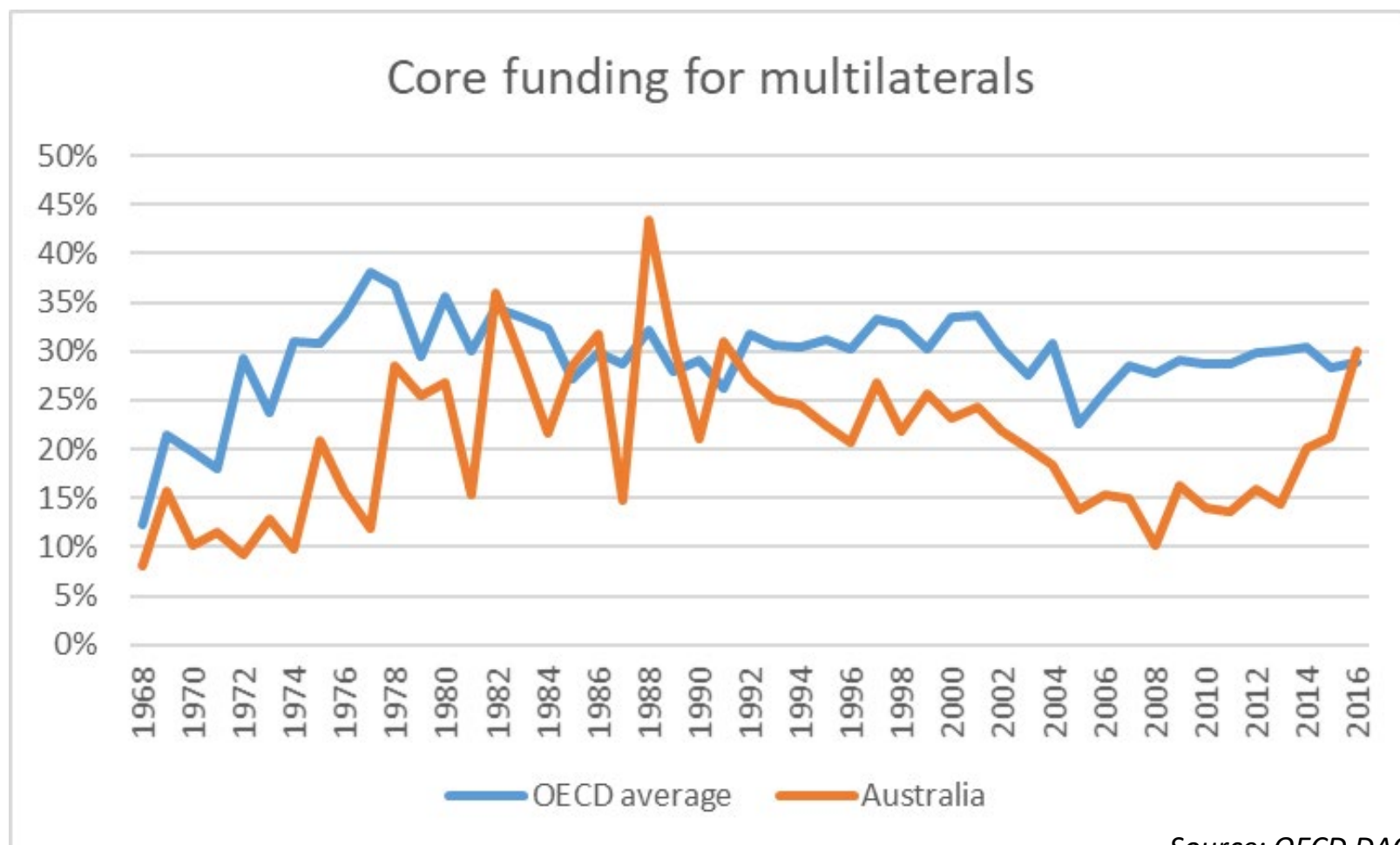
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Aid program funding of multilaterals

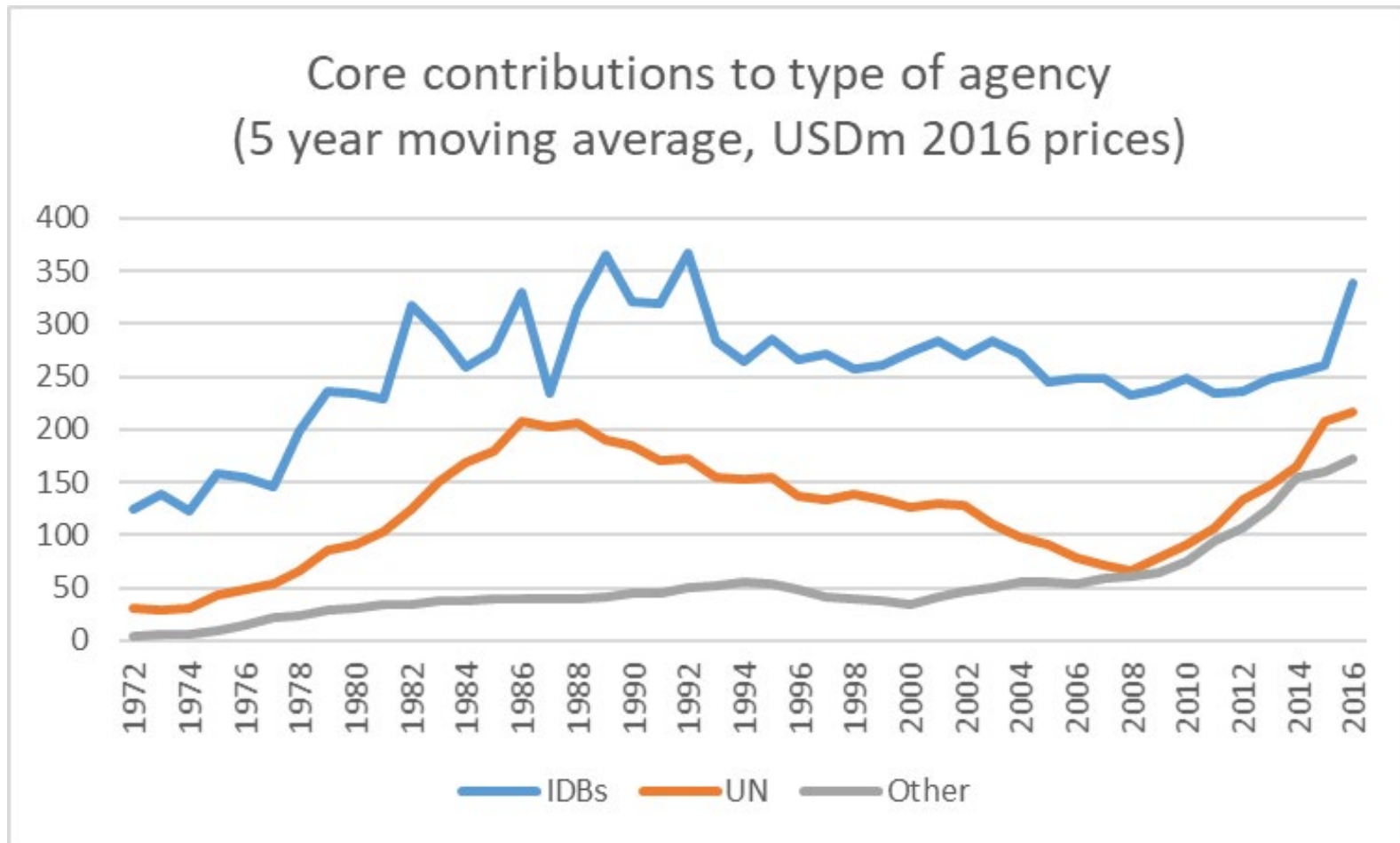


Core funding to multilaterals on the rise



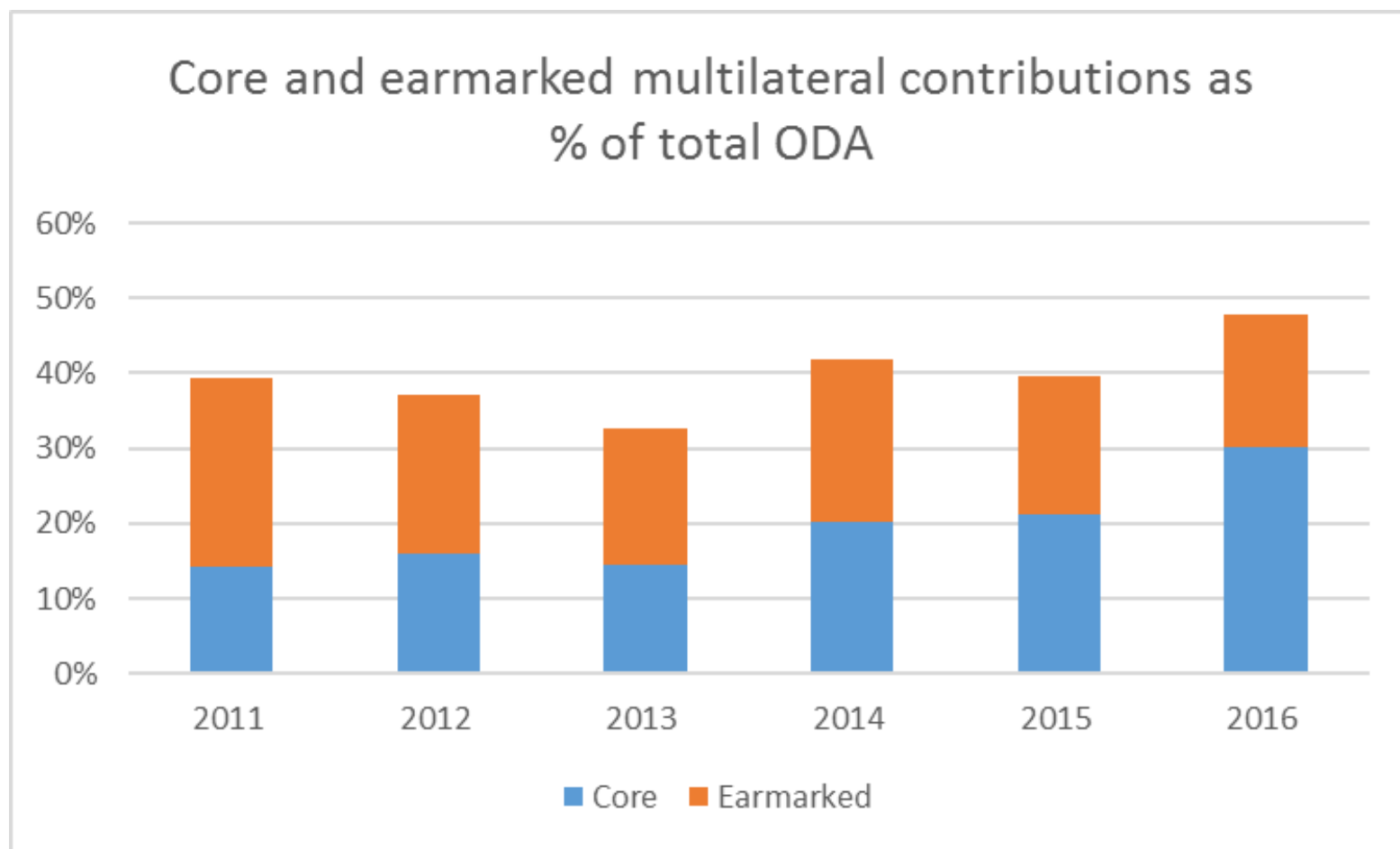
Source: OECD DAC

Core funding by type of multilateral



Source: OECD DAC

Core funding to multilateral now dominates earmarked contributions



Source: OECD DAC

Other donors

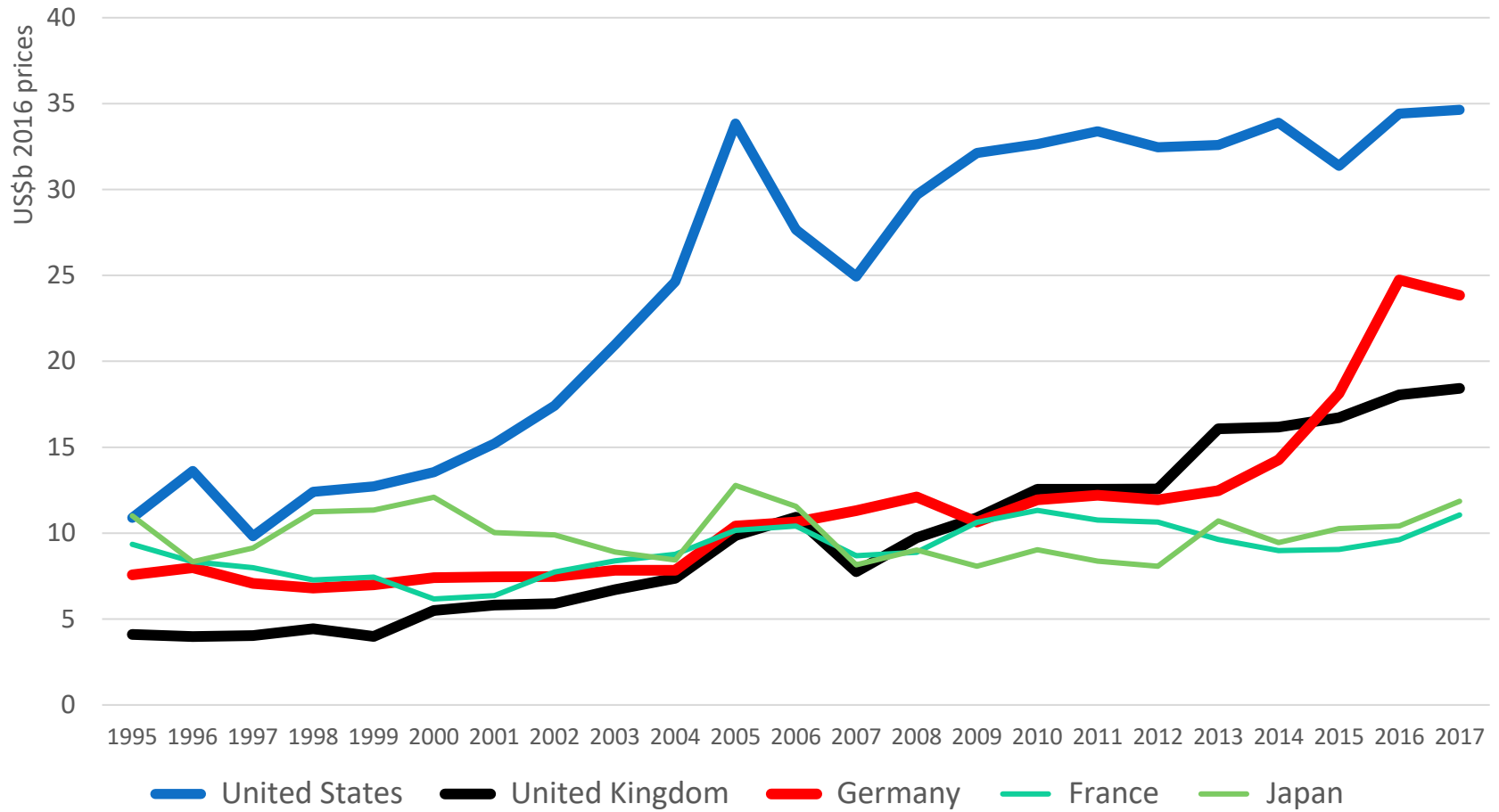


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The big 3

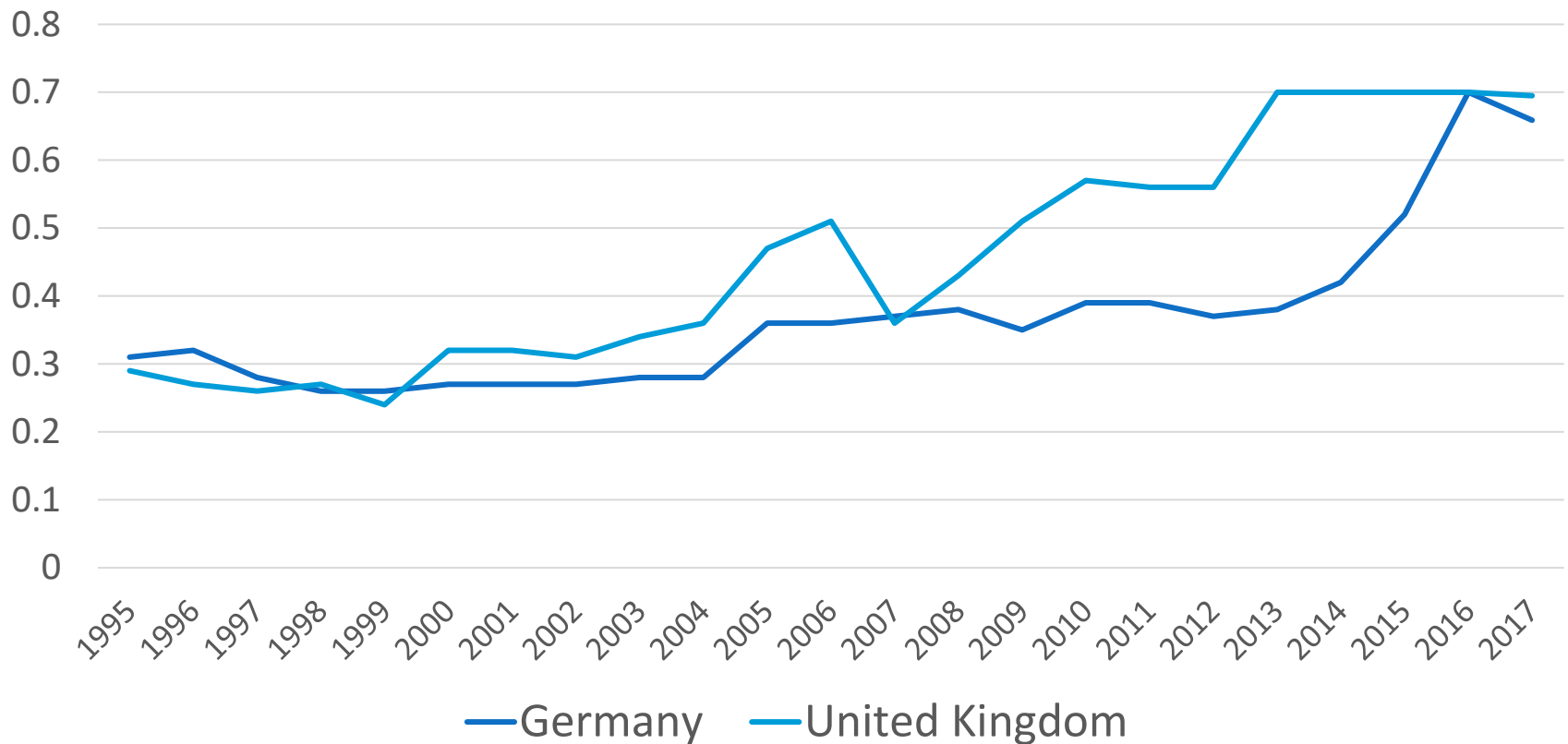


US

- Global gag rule
- Trump administration proposed cuts of about one-third in both FY2018 and FY2019.
- But Congress passed FY2018 budget unchanged from FY2017, and FY2019 likely to be the same.
- “Journeys to self-reliance” – outcome one; metrics.
- New Development Finance Institution (strengthened OPIC) now proposed by Trump
- Also support for World Bank capital replenishment

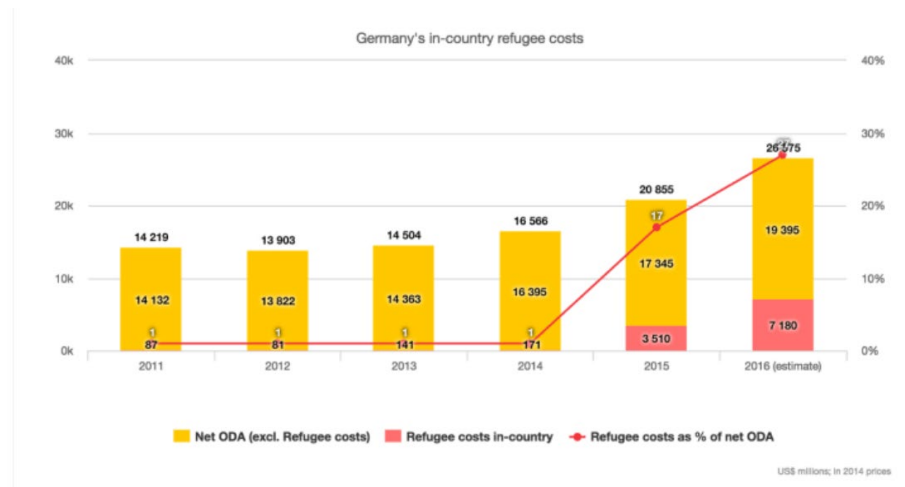
UK and Germany

ODA/GNI (%)



Germany

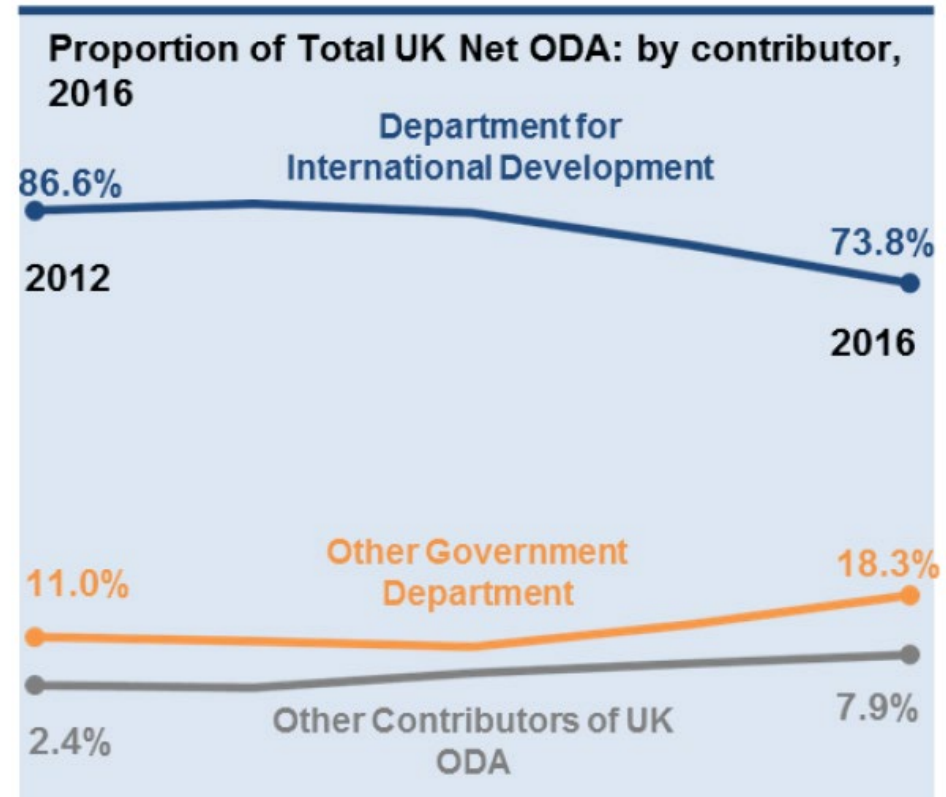
- In-country refugee costs
 - Germany 2016 \$6.2 billion: one-quarter of its budget



[Source](#)

- Marshall Plan with Africa (Compact for Africa); push for [aid in G20](#)

UK: be careful what you wish for



Source: DFID

New Zealand

- Increase of \$NZ 180 million per year for the next four years for aid spending targeting the Pacific, multilaterals, climate change and humanitarian.
- Aid to go from 0.23 now to 0.28 next year and 0.35 by 2024.

Thank you

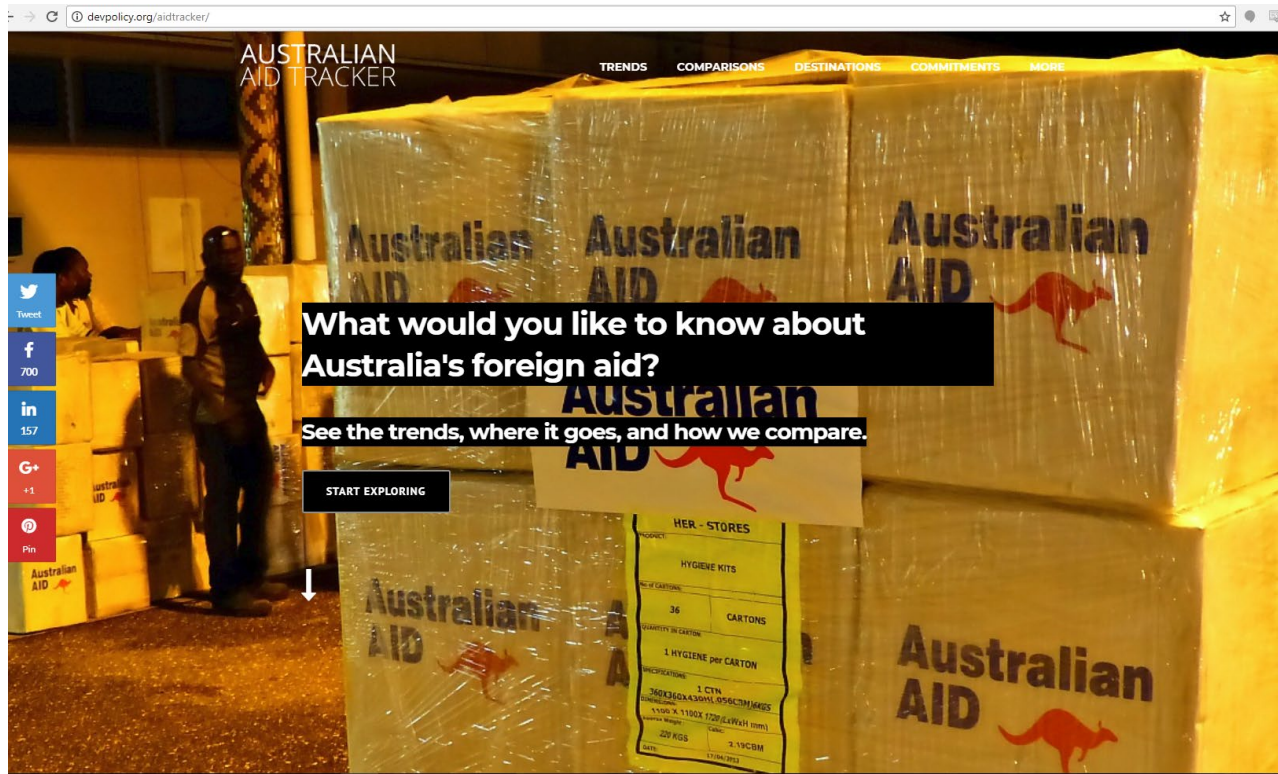


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Aid Tracker



www.devpolicy.org/aidtracker

Thank you to

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