The 2021 Aid Budget

#aidbudget2021
Structure

Three tests for the aid budget
Budget context
Aid updates
Aid and COVID-19
Australia’s aid in a global context
Three tests for the aid budget
1. Estimates of ODA provided for 2020-21 & 2021-22?

- Total Australian aid
- Total Australian ODA temporary measures
2. Any further increases in aid next year?

2021-22 aid budget

<table>
<thead>
<tr>
<th>$A millions</th>
<th>As per 2020-21 budget and announcements</th>
<th>As per 2021-22 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,500</td>
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<tr>
<td>4,450</td>
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<td>4,400</td>
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<td>4,350</td>
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<tr>
<td>4,300</td>
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<tr>
<td>4,250</td>
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<tr>
<td>4,480</td>
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<td>4,335</td>
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</table>
3. Aid increases sustained?

<table>
<thead>
<tr>
<th>Year</th>
<th>$A millions</th>
</tr>
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<tbody>
<tr>
<td>2020-21</td>
<td>4,480</td>
</tr>
<tr>
<td>2021-22</td>
<td>4,335</td>
</tr>
<tr>
<td>2022-23</td>
<td>4,189</td>
</tr>
<tr>
<td>2023-24</td>
<td>4,282</td>
</tr>
<tr>
<td>2024-25</td>
<td>4,308</td>
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</tbody>
</table>

devpolicy.org/support-devpolicy/
The aid trajectory under the Coalition
The long view

AUD - Million (2021 prices)
ODA/GNI: declining once more

ODA/GNI ratio (%)
Budget context
Underlying fiscal position not as bad as feared

Underlying cash balance

$ billion, current prices

Budget 2020-21
Actual
Government not in a hurry to bring expenditure right back down
Aid a low priority

ODA/total expenditure
Aid/defence

Federal Budget spending

- Defence (7.39%)
- Foreign aid (0.74%)
- Other (domestic spending) (92.97%)

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The Pacific Step-Up continues

The share of the aid program going to the Pacific and Timor-Leste
Regional funding trends

![Bar chart showing regional funding trends in billions (2021 constant prices) from 2012-13 to 2021-22. The chart compares funding trends for Pacific and TL, East Asia, Rest of world, and Global regions.](devpolicy.org/support-devpolicy/)

- Pacific and TL
- East Asia
- Rest of world
- Global


- Y-axis: $A billions (2021 constant prices)
How the Pacific Step-up has been funded

Increase (2012-13 to 2021-22) due to rising Pacific aid share financed by cuts to...

- 100 200 300 400 500 600 700 800
$A million (2021 prices)

SS Africa  South Asia  Middle East  Other
Sectorally, health, education and resilience have borne the brunt

(a) Aid cuts from 2013/14 to 2018/19
But last year, health cuts mostly reversed

(b) Aid cuts in 2019/20
So now cuts focused on education and resilience

(c) Aid cuts 2013/14 to 2019/20
Humanitarian aid has slipped below $500 million White Paper target

Note: COVID Response Fund excluded from humanitarian aid.
Multilats and contractors deliver 2/3 of aid program; up from 50% in 2013.
Public donations to NGOs on sustained decline (pre-COVID)
Public donations to NGOs likely fell further in 2019-20

Percentage fall in donations for 7 major development NGOs for which 2019-20 annual reports available. Total donations about $300 million; average fall 12%
Australian aid and COVID-19
Major initiatives

- Economic support Pacific and TL - $300 m ODA over 2 years
- Vaccine access for Pacific and SE Asia - $523 million over 3 years; all ODA
- India response: $37 m over 2 years.
- Enhanced partnerships SE Asia: $500 million over 4 years; not all ODA
Other initiatives

- Support for ASEAN Centre for Public Health Emergencies and Emerging Diseases: $21 million over 2 years
- Partnerships for Social Protection $16 m for the Pacific over 4 years
- Quad Vaccine Partnership: $100 m over 2 years
- Australian manufactured vaccines (not costed)
Fall in spending in second half of last year

- Aid went up in 2020-21 compared to 2019-20 by 10.1%
- Aid went down in 2020 compared to 2019 by 9.3%.
- “[D]ue to slowed spending as a result of the pandemic” - OECD
Global COVID-19 funding (ACT-A)

Australia has contributed 0.6% out of a total of $12.3 billion from governments for global COVID-19 response (less than BMGF)
Australian aid in global context
The difference of a decade

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid generosity (aid/income)</td>
<td>0.34%</td>
<td>0.19%</td>
</tr>
<tr>
<td>Our generosity relative to the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>average OECD donor</td>
<td>110%</td>
<td>59%</td>
</tr>
<tr>
<td>No. traditional OECD donors</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Our share of the global aid</td>
<td>3.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>effort</td>
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NB: this and next few graphs use OECD data (incl. Australian reported data.)
Australian aid the mirror image of OECD aid
Of all the DAC donors, Australia’s aid shows the biggest absolute decline over this period.

NB: Donors with a change less than +/-0.1 US billion excluded.
Of all DAC donors with aid >US$1 billion, Australia has cut aid the most.
Only the European crisis countries have cut aid like Australia over the last decade.
Conclusion
Conclusion

• Last budget and subsequent announcements were steps forward, despite transparency concerns.
• But now we are going backwards again.
• Hope for further announcements in the course of the year.
Thank you
Aid Tracker

www.devpolicy.org/aidtracker