

# January 2023 aid news

by Development Policy Centre

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*Our monthly update of news and analysis on aid and international development, with a focus on Australian aid.*

## Australian aid

The Department of Foreign Affairs and Trade has published the [submissions on the government's new international development policy](#). It has also announced the [membership of the Expert Advisory Group](#) that will support the formulation of the new policy.

In evidence to the Senate, DFAT has confirmed that the completion of its review of development finance, announced by Labor during the 2022 election, has been [delayed from November 2022 to "early 2023"](#). The government has not committed to publishing the review.

DFAT has published its [Country and Regional Development Program progress reports](#) for 2021-22. As in 2020-21, the latest [annual report](#) reveals a wide gap between the performance of DFAT's ongoing projects (85% rated as satisfactory for both effectiveness and efficiency) and the performance of its completed projects (just 62% rated as satisfactory against both criteria).

## Regional/global aid

The US has signed MOUs to advance its [negotiations on its Compacts of Free Association](#) with the Marshall Islands and Palau. Negotiations with FSM are also continuing. Reports suggest that [funding for the Marshall Islands will be increased significantly](#).

Fiji's new Prime Minister, Sitiveni Rabuka, has suggested that [Fiji might be less inclined](#) to seek policing and other forms of assistance from China in the future. Separately, the Lowy Institute reports that [China's aid to the Pacific has decreased significantly](#) over the last several years, but that its bilateral aid to Solomon Islands and Kiribati has increased.

International donors and aid agencies in Afghanistan are **grappling with the Taliban's December edict** that bans women from working for national and international NGOs. Western donors and aid agencies, including Australia, have **strongly condemned the decision** and called for it to be reversed. Several major NGOs suspended their operations in response to the ban, although **some have partially resumed services**. The **UN estimates** that about 28 million people – about two-thirds of the country – are in need and that around 20 million people are facing an acute food crisis.

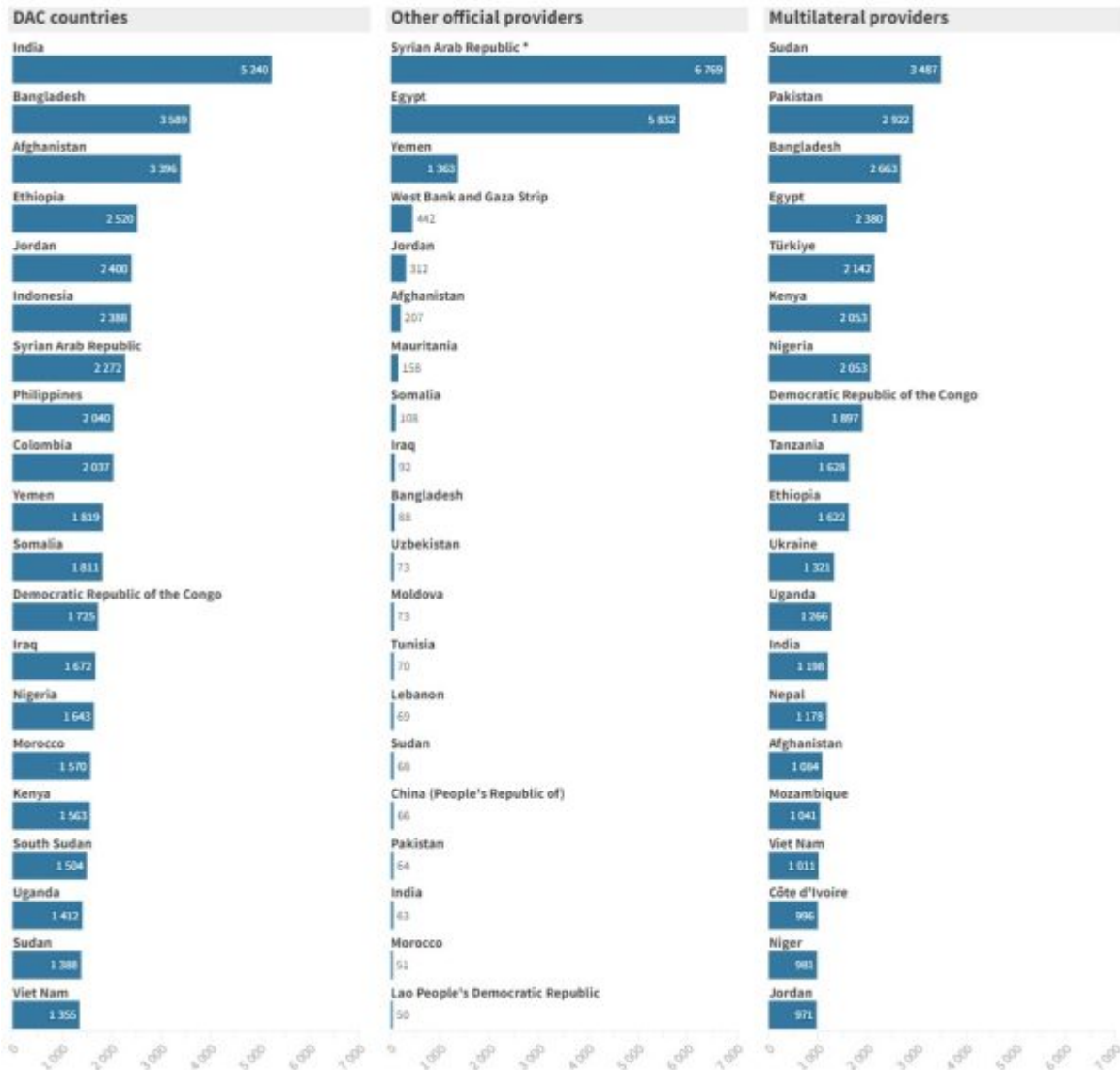
**Pakistan is facing a looming debt crisis** with its foreign reserves falling to US\$5 billion, less than one month's worth of imports, and it has been unable to agree the terms of an IMF package. India has committed to supporting a **debt restructuring deal for Sri Lanka** as the crisis-affected country seeks a US\$2.9 billion IMF loan package. The package will also require China's support as a major creditor.

"Debt diplomacy" has also been prominent in Africa, with US Treasury Secretary **Janet Yellen calling on China** to support restructuring deals for countries like Zambia, which defaulted on its sovereign bond payments in 2020.

In response to escalating calls for major reform from shareholders, clients, experts and advocates, the **World Bank has released its "evolution roadmap"**. The roadmap includes proposals for changing the Bank's mission, operations and financing in order to better deal with global threats such as climate change, conflict and pandemics. **Some analysts**, as well as the Bank's **largest shareholder**, have expressed concern regarding the plan's lack of ambition and the slow timeframe for finalising any actions.

The OECD Development Assistance Committee (**DAC**) **released its final reporting for 2021 aid flows** in December. In 2021, ODA increased by 8.5% in real terms to reach US\$186 billion (current prices), its highest level ever. At US\$48 billion, the US provided over a quarter of DAC aid and reached 0.2% in terms of aid-to-GNI in 2021, its highest level in a decade and just below Australia (0.22%). India, Bangladesh and Afghanistan were the three largest recipients of DAC donor aid.

**Top 20 recipient countries, categories of development cooperation providers, 2021 (US\$ millions)**



Source: OECD's [final ODA release](#). Data source: [ODA disbursements to countries and regions \(DAC2a\)](#)

Publish What You Fund has released its inaugural Development Finance Institution (DFI) [Transparency Index](#). The International Finance Corporation and the Asian Development Bank top the non-sovereign and sovereign categories, while the Islamic Corporation for the Development of the Private Sector and the Islamic Development Bank score lowest in their respective categories.

The [Global Partnership on Development Effectiveness closed its 2022 Summit](#) in Geneva in December, declaring that the “quality, impact, and effectiveness of development co-operation are critical in addressing crises”. Writing on his blog, [Jonathan Glennie has proposed](#) a major rethink of the global aid effectiveness architecture, arguing that its objectives should be explicitly geared toward the empowerment of the recipients of aid and its governance and directions set by these recipients. This was the sentiment underscoring the inaugural [Global South Summit](#), hosted by India (virtually) in January, which focused on global health, energy and education. India will host this year’s G20 meetings.

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The [European Union](#) has launched its new global health strategy, [as has Japan](#), which will host this year's G7 meetings.

## **Papers, books, reports, podcasts, etc.**

Tributes to the pioneering Australian development economist Martin Ravallion have been published by the [World Bank](#), the [Guardian](#) and [Devpolicy Blog](#).

The outgoing chair of the OECD DAC, [Susanna Moorehead](#), [discusses](#) the dilemmas associated with counting, categorising and comparing donor countries' aid.

A new [paper by the IMF](#) identifies lack of poor country access, not vaccine hesitancy, as the key reason for continuing COVID-19 vaccine inequality. And an [article in the BMJ](#) takes an early look the World Bank's new Pandemic Fund.

Looking to the year ahead, the World Economic Forum published its [2023 Global Risks Report](#) at this year's Davos meeting, and the International Crisis Group has published its annual list of [ten conflicts to watch](#). ODI discusses the [outlook for global development in 2023](#) on its podcast, "Think Change". The Asia Foundation forecasts the [year ahead in the region](#), and Tess Newton Cain looks at what's happening [in the Pacific in 2023](#).

## **Disclosures:**

*Material for this update has been collected by Devpol staff; editorial responsibility lies with Cameron Hill. Devpol's work on Australian aid is supported by the Bill & Melinda Gates Foundation. The views represent those of Centre staff only.*

## **Author/s:**

### **Development Policy Centre**

The Development Policy Centre is part of the Crawford School of Public Policy under the College of Law, Governance and Policy at The Australian National University.

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