

May blog digest: A billion more for aid in each of the next four budgets? | World Bank wrong on the Pacific? | Blog listing



by Stephen Howes

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A billion more for aid in each of the next four budgets?

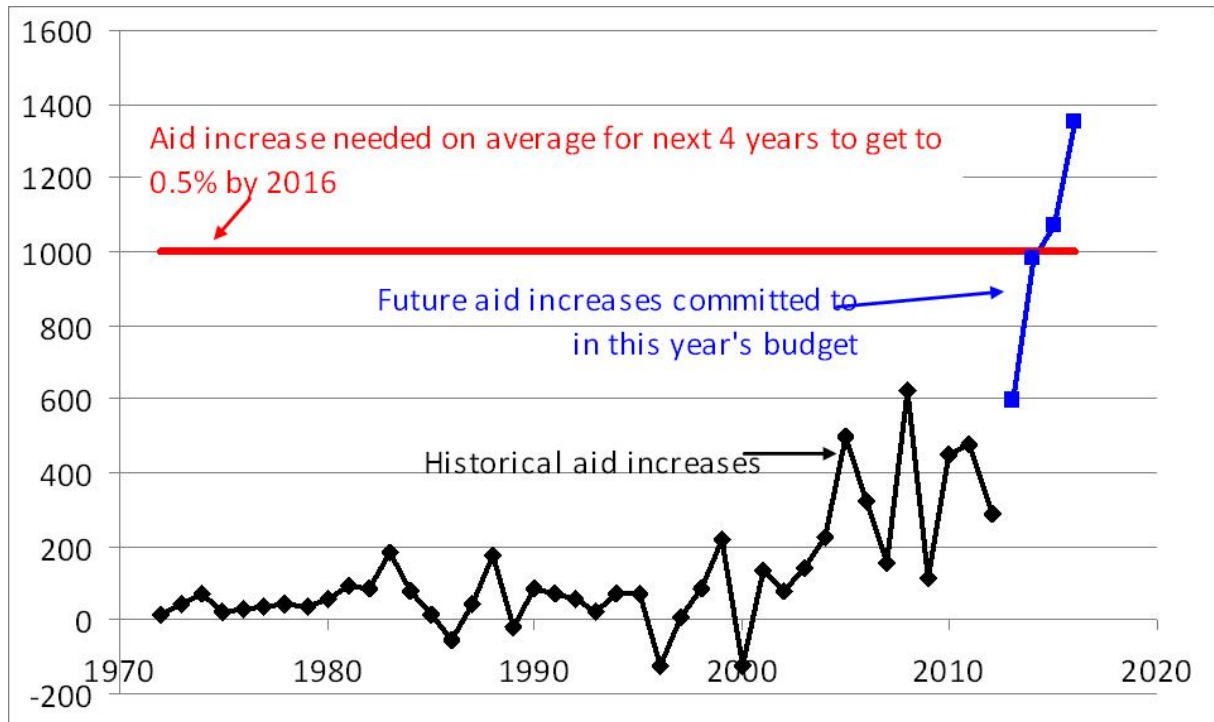
Inevitably, with May being Australia's budget month, our analysis over the month focused on aid, and in particular aid numbers (see [here](#), [here](#) and [here](#)).

An aid increase of \$300 million, which is what we saw this year in the budget, sounds pretty good, but not when you are meant to be doubling aid by 2015. In this context, it's a relatively small increase, and one which forced Labor to push back their 0.5% of GNI target by a year, from 2015 to 2016. There are two related problems with that.

The first is that the Coalition also [walked away](#) from its 0.5% 2015 commitment. What the Coalition's new policy will be is unclear. Given that public opinion polls predict a change of government next year, that's pretty significant. (To find out more, come to Shadow Foreign Affairs Minister Julie Bishop's Devpolicy [talk](#) now scheduled for June 20 at 5:30).

The second problem is that, as I show [here](#), it is going to be a huge task to get to 0.5% by 2016, if that commitment is retained. As the graph below shows (making some reasonable assumptions about future GNI growth) it is going to take on average one billion a year in extra aid for the next four years.

Annual Australian aid increases, past and required (\$A million)



My suggestion to all those campaigners and NGOs who continue to support the 0.5 target is to campaign for one billion extra in aid every year for the next four years, starting next year. A backloaded scaling-up strategy simply isn't credible any more.

We also provided some broader context to the Australian aid scale-up debate with comparative analyses on [Canada](#) and [NZ](#) (both freezing aid) and the [UK](#).

Overall, it's not a pretty picture. The [policy brief](#) which Kathryn Zealand and I prepared looked across OECD budgets to try to quantify the impact of austerity on total aid. The 15 aid budgets we considered together forecast 2012 aid spending at \$3.4 billion less than in 2011. Adjusting for inflation, the real value of this year's aid budgets for the top 15 donors is 4.9% less than in 2011. Only Australia, Belgium, Denmark, Switzerland, and the UK are expected to increase aid in 2012 by more than inflation.

Against this backdrop it's not surprising that the UK gets a lot of positive attention for its continued commitment to scale-up aid despite recession. But, as Jonathan Pryke [shows](#), to hit the UK target of 0.7% of GNI by 2013 will require an increase of £3 billion in next April's budget to take aid from £9 to £12 billion. Talk about back-end loading.

All this talk of numbers inevitably and unfortunately overshadowed the important effectiveness reforms in the Australian aid budget, though we provided some initial thoughts [here](#) and [here](#)

Is the World Bank wrong on the Pacific?

Two posts in the last month have disputed the heterodox arguments put forward by the World Bank in its recent Pacific Futures [report](#) emphasizing aid management and migration. Richard Curtain [argues](#) that reliance on aid is a dead-end, as it will simply lead to an aid curse. Steve Pollard, in the latest installment of his series of Pacific reflections, [contends](#) that the World Bank's approach lets Pacific leaders off the hook, and that the focus should be on conventional development.

It's good to have this debate. The one thing I like about the World Bank approach is that it is addressed to Australia and New Zealand. Too many policy prescriptions about the Pacific are addressed solely to Pacific governments, but the smaller a country the more important the actions of its neighbours. What can we do to promote a better future for the Pacific? Can we relax restrictions on labour mobility? Can we improve our aid management? Why do we make so little use of budget support, even in a well-governed country like Samoa? I don't see these as distractions, but vital questions for the future of the Pacific island region.

Other posts

There is plenty more to read in our May posts. Our most commented on post for the month was "[Should aid workers lead comfortable lives?](#)" by our star blogger, Terence Wood. See in particular the comments by Seini on Terence's blog in relation to the psychological impacts of pay disparities between advisors and national staff.

A complete listing of May posts follows below, starting with the most recent.

[Thomas Webster on visas, Porgera, PNG elections and the resource boom.](#)

This year we have a 10B kina budget. Last year we had about an 8B kina budget. The previous year about 7B. We spent all that money. But many people say, what was it spent on? We still haven't got drugs in the hospitals. Our schools are falling apart. We have roads and infrastructure that are falling apart.

[Australia and Burma: Opportunities for change](#) by Janelle Saffin, MP.

So how do you dance with dictators, albeit in transition? You soft

step, sometimes lead, sometimes are led, and sometimes sidestep.

[Want a strong economy? Electing females can help](#) by Dinuk Jayasuriya and Paul J. Burke.

...[T]here is growing evidence that there are economic and other dividends to be gained from removing the barriers for females to enter politics.

[The best story in development: child mortality, innovation, and lessons for TB](#) by Joel Negin.

As AusAID ponders how to increase spending in health research as agreed in the response to the Independent Review, it would make sense to apply the lessons of malaria innovation to tuberculosis.

[Should aid workers lead comfortable lives?](#) By Terence Wood.

Nowadays, I'm back on the bus, with all the additional tiredness that this brings to my life, but I was reminded of my jeep driving days when reading of the recent furore associated with Oxfam closing the pool in its guesthouse in Nairobi.

[Australia's Pacific Worker Pilot Scheme: working against the odds](#) by Cynthia Halloran.

It's true the Pilot has not been well promoted, but it is questionable whether this is a government responsibility. The scheme was introduced by government in response to a campaign by the horticulture industry over many years that millions of dollars of produce was left to rot and industry expansion was prevented due to the lack of available labour. However, when the pilot scheme was implemented, surprisingly it received little industry support.

Approaches to development: a framework for the Pacific by Steve Pollard.

Pacific islands, however small and remote, can develop successfully provided a conventional approach to development is adopted. And I fear that any discussion of alternative, non-conventional, approaches, such as recently put forward by the World Bank ... will excuse the region's leadership from taking the tough decisions on governance, rules and regulations and the environment for growth.

UK aid: will it hit 0.7% next year? By Jonathan Pryke.

The bottom line: expect further increases in aid in the UK, but don't hold your breath for 0.7 next year – unless UK's politicians hold their commitments to the world's poor to a higher standard than our own.

In Afghanistan, expectations without obligations? By Denis Dragovic.

Unless more attention is paid to the intangible and difficult to measure concept of a social contract by empowering the people

to counterbalance an already empowered government that we enthroned then we're unlikely to see an Afghanistan worthy of the tens of thousands of lives lost in the name of democracy for many decades or even generations to come.

[Political economy, culture, and reform in the Pacific](#) by Tobias Haque.

...I hope we can at least start to agree that 'culture', by itself, is not a useful explanation for poor development outcomes in the Pacific.

[Results, value for money and the aid budget](#) by Chris Roche.

...[I]t is important to also explore how citizens in both 'developing' and the 'developed' world might be better informed and better linked as part of a quality agenda.

[The need for more rigor in AusAID's project evaluations](#) by Dinuk Jayasuriya.

Without at least some mixed method evaluations incorporating experimental designs, it is difficult to argue causal impact at a high level of credibility.

[Meanwhile in Canada: what future for aid?](#) By Fraser Reilly-King and Brian Tomlinson.

Canadian aid is set to decline or stagnate for the foreseeable future...

The effects of aid dependence and the recommendations of the World Bank draft Discussion Note 'Pacific Futures' by Richard Curtain.

[T]he draft Discussion Note does not acknowledge the insidious effects on Pacific Island countries of a long-term dependence on aid.

Fiji's floods, and what can be done about them by Satish Chand

Families flooded are as much the victims of policy failure as they are of a natural disaster.

Weak on quantity, strong on quality: the 2012 Australian aid budget by Stephen Howes

I come away from the budget not that convinced that we will get to 0.5%, but reassured that aid effectiveness should improve. Perhaps lifting effectiveness will help generate more support for more aid. I live in hope.

Effectiveness reforms in the 2012 aid budget by Dinuk Jayasuriya.

While most attention will be focused on its numbers, the 2012 aid budget was also important for a number of important aid reforms.

Regional winners from the 2012 aid budget: Fiji, Burma, Afghanistan and Africa by Matthew Dornan.

...through the new Comprehensive Aid Policy Framework released with the budget, AusAID has for the first time provided regional aid projections four years ahead. These show much bigger changes.

[What to look for in the budget: a guide for aid boffs](#) by Stephen Howes.

It's hard to believe that the Government will follow through on such an ambitious commitment at a time of fiscal restraint.

[The big issues in aid and development: the Devpolicy brainstorming](#) by Jonathan Pryke.

What do you think are the big issues facing aid and development policy in Australia and the region? What should we be researching?

[End of the aid boom? The impact of austerity on aid budgets, and implications for Australia](#) by Kathryn Zealand and Stephen Howes.

Our analysis of 2012 budget documents ... suggests that more cuts are on their way, and that this is indeed the end of the aid boom.

[Beyond the headlines: how poor is the Western Province?](#) By David Freedman.

Notwithstanding questions about the best methodology, the real

issue ought to be the availability of good quality recent data.

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