

May 2023 aid news

by Development Policy Centre

2 June 2023



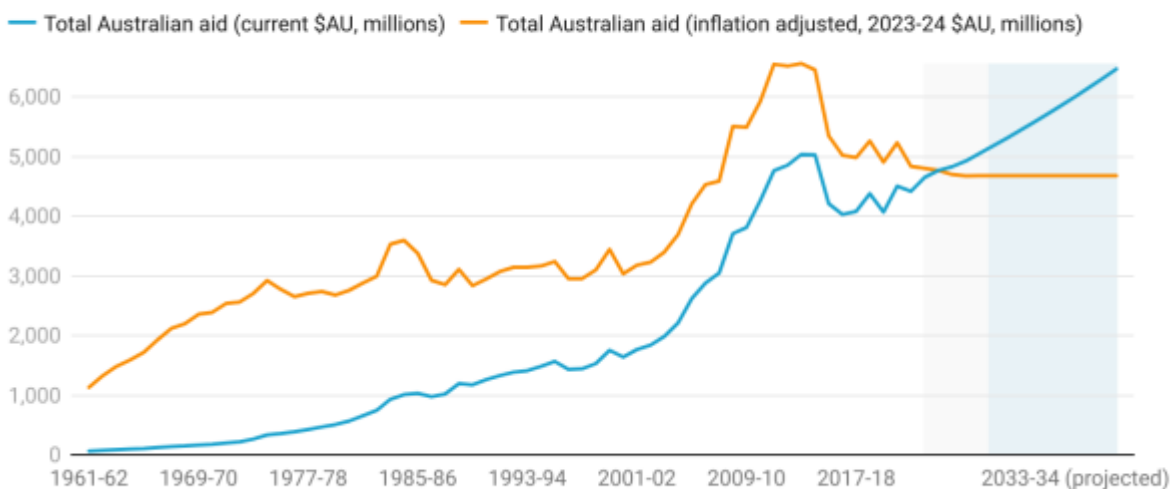
Our monthly update of news and analysis on aid and international development, with a focus on Australian aid.

Australian aid

The May federal budget included a **commitment by the government to stabilise Australia’s aid program** by increasing it annually by 2.5%, the projected rate of inflation in 2026-27, from the last year of the forward estimates, 2026-27, until 2036-2037. Assuming this is the actual rate of inflation over this period the commitment would freeze aid, in real terms, at 2008 levels for the entire period. Aid as a proportion of gross national income is projected to fall to 0.14%. The budget also included new funding to strengthen DFAT’s aid management capability.

Australian aid over time (\$AU, millions)

Australian official development assistance (ODA) between 1961-62 and 2036-37. 2022-23 to 2026-27 are budget estimates based on the 2023-24 budget. 2027-28 to 2036-37 are projected value based on DFAT’s announcement in the budget that it has locked in an annual increase of 2.5%.



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Source: [Development Policy Centre, Australian Aid Tracker – Trends](#)

ACFID **described the budget as “responsible and sustainable”**, but also noted that

Australia will fall further down the donor ladder in the absence of additional funding. Some NGOs and civil society groups criticised the lack of new measures to address the worsening global hunger crisis.

Subsequent to the budget, the government has allocated \$29 million from existing humanitarian funds to assist crisis affected populations in Somalia, Ethiopia and Kenya (\$15 million), Yemen (\$4 million) and Lebanon and Jordan (\$10 million). Earlier in the month, the government announced a \$6 million allocation for Sudan, where more than a million people have been displaced by internal conflict, the collapse of basic services and hunger.

Leaders of the Quad grouping – the US, Japan, India and Australia – announced a new Health Security Partnership, a new infrastructure training program, and more collaboration on undersea cables and telecommunications networks in developing countries. No specific funding commitments were announced, and it is not clear whether any contribution from Australia will be sourced from within the aid budget.

Regional/global aid

At the US-Pacific Islands Forum Leaders Dialogue in Port Moresby, the US reaffirmed its commitment to new funding and programs in the region, subject to Congressional approval. This includes US\$45 million in new programming for PNG and US\$7.1 billion over 20 years to extend assistance under the Compacts of Free Association with the Federated States of Micronesia, the Marshall Islands, and Palau.

At the third Forum for India-Pacific Islands Cooperation Summit, also held in Port Moresby, India's Prime Minister Narendra Modi announced several new development projects including a 100-bed hospital in Fiji, an IT and cyber security training hub in PNG, and a solar project for government buildings.

At the inaugural Korea-Pacific Islands Summit, Seoul pledged to double aid to the region by 2027, albeit from a very low base.

The World Bank's latest Public Expenditure Review of nine Pacific countries finds that six of these countries – Kiribati, Marshall Islands, FSM, Samoa, Tonga and Tuvalu – face high risk of debt distress. This follows warnings about Fiji's level of public debt. The Bank recommends that donors maintain pre-COVID levels of financial support to these countries, provide all financing in the form of grants through government systems, ensure finance is long term and flexible, and work to improve health, education and social protection systems.

According to preliminary data released by ASEAN's humanitarian coordination

agency, the death toll from Cyclone Mocha, which hit Myanmar's Rakhine state in May, stands at 145. An estimated 131 people were injured and 234,147 houses were damaged. The [UN has issued a flash appeal](#) seeking US\$333 million to assist an estimated 1.6 million people affected by the disaster.

The Global Fund, UNAIDS and the US President's Emergency Plan for AIDS Relief have released a [joint statement condemning Uganda's recently enacted Anti-Homosexuality Act](#), arguing that it places the country's progress in fighting HIV/AIDS in "grave jeopardy".

At their leaders' meeting in Japan, [G7 countries committed to working with other countries](#) to mobilise US\$100 billion in climate finance by the end of this year. The original deadline for this goal, 2020, was not met. On health, G7 leaders agreed to strengthen efforts to support universal and primary healthcare and restore essential health services, "to achieve better than pre-pandemic levels by the end of 2025".

On 22-23 June, [France will host the summit for a New Global Financing Pact](#). The French foreign minister has said the summit aims to "build a new contract with the North and the South" and improve access to development finance for vulnerable countries in the face of multiple and ongoing crises.

Former Mastercard boss [Ajay Banga has been selected to lead the World Bank](#) and will begin his five year term on 2 June.

The UK development minister, [Andrew Mitchell, delivered a major speech on aid and development](#), committing to a return to 0.7% "as soon as the fiscal tests are met", outlining changes to improve the "quality and coherence of ODA spend", supporting the reforms to global development finance associated with the Bridgetown Initiative, and making senior officials accountable for improvements in the level of public support for aid.

Books, reports, articles, podcasts, etc.

A [new Devpol report examines the worsening performance](#) of completed Australian aid investments against DFAT's own measures of effectiveness and efficiency, as well as the large and growing disconnect between the assessments of ongoing and completed investments. It recommends an overhaul of DFAT's performance management system, including a review to understand the reasons behind these trends, and the reestablishment of the Office of Development Effectiveness and the Independent Evaluation Committee, both of which were abolished by the Coalition government in 2020.

The Development Intelligence Lab has launched [a new season of their podcast, The](#)

DEVPOLICYBLOG

Readout, featuring Joanne Choe and James Gilling.

In an interview with the Lowy Institute, the World Bank's Vice President for East Asia and the Pacific, Manuela Ferro, notes that the **main challenge for many Pacific countries** isn't the amount of aid, but improving aid effectiveness, addressing aid fragmentation, and maximising the human capital and development benefits that come with expanded labour mobility opportunities.

The **Center for Global Development** hosted the book launch of *Retooling Development in the 21st Century: The Importance of Budget Support*. This volume "explores the need to revisit the role of budget support in the face of an uncertain world and a changing international financial architecture".

Duncan Green looks at what **ten years of research into public engagement with aid** can tell us.

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.

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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.

Link: <https://devpolicy.org/may-2023-aid-news-20230602/>