

DEVELOPMENT
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Change and continuity in Australian aid: What the aid flows show

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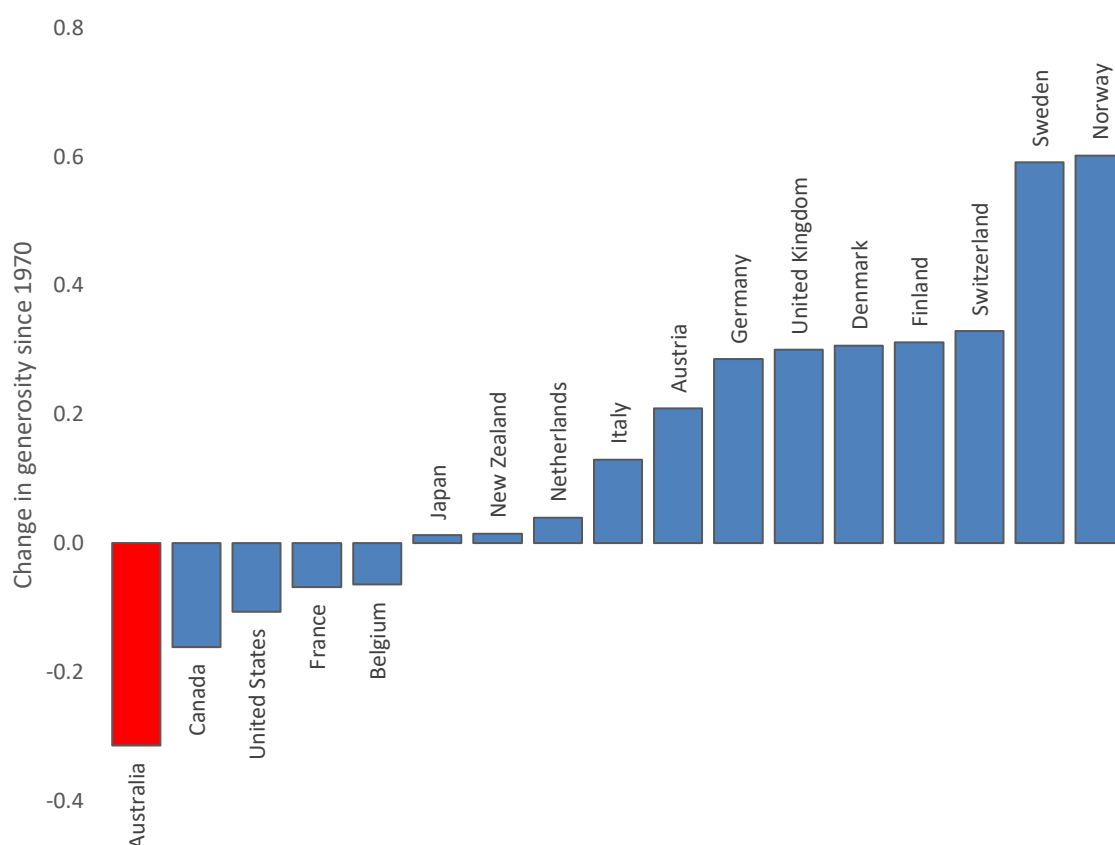
Executive summary

In this report we trace changes in Australian government aid making use of publicly available aid data. We also compare Australia with other similar donors from the OECD.

The most striking and concerning of our findings are to do with aid volume: Australia is less generous than the typical member of the OECD's Development Assistance Committee (DAC). **When Australia's affluence is taken into account, it is one of the least generous donors in the OECD DAC.**

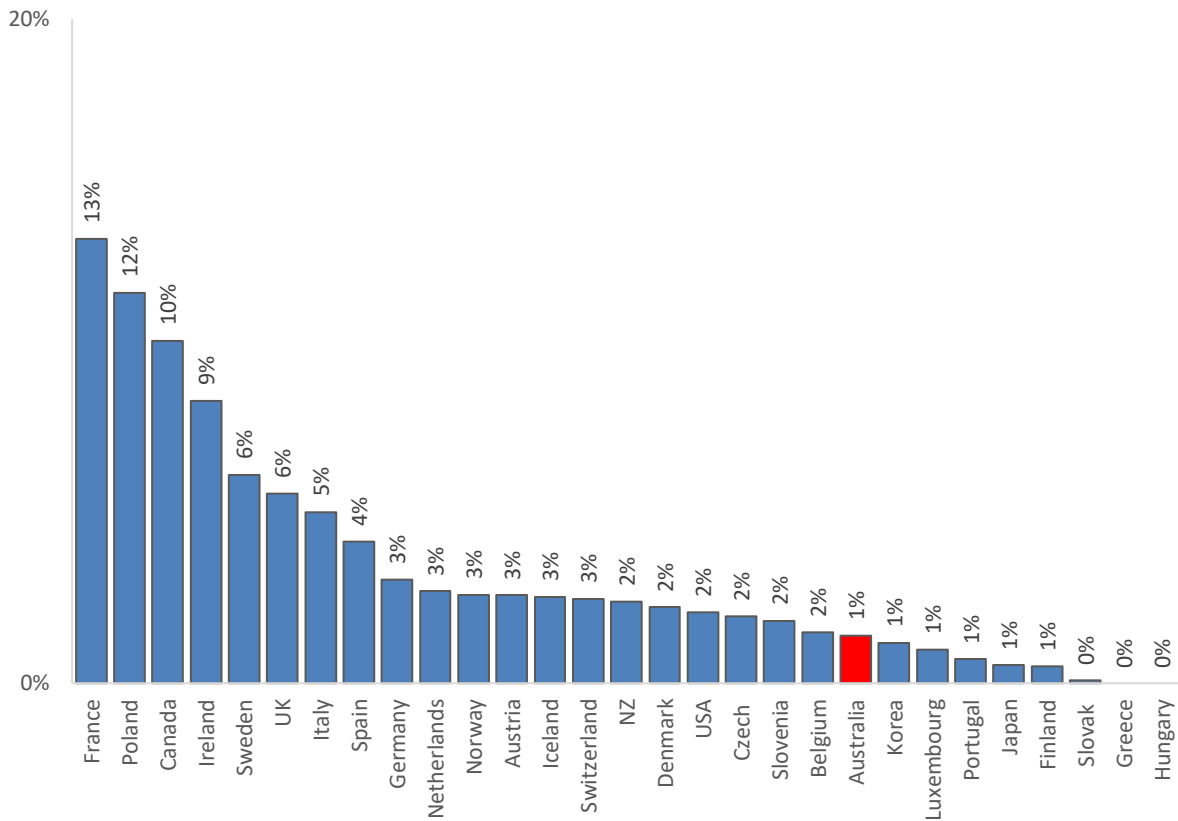
Australian generosity has fallen over a period in which most donors have become more generous.

Change in donor generosity since 1970



Our report also identifies concerns associated with aid quality: **despite giving most of its aid to the Pacific, Australia focuses very little bilateral and earmarked multilateral aid on climate change adaptation. Australia ranks poorly in this area compared to other donors.**

Australian global aid principally focused on climate change adaptation (2016–18)

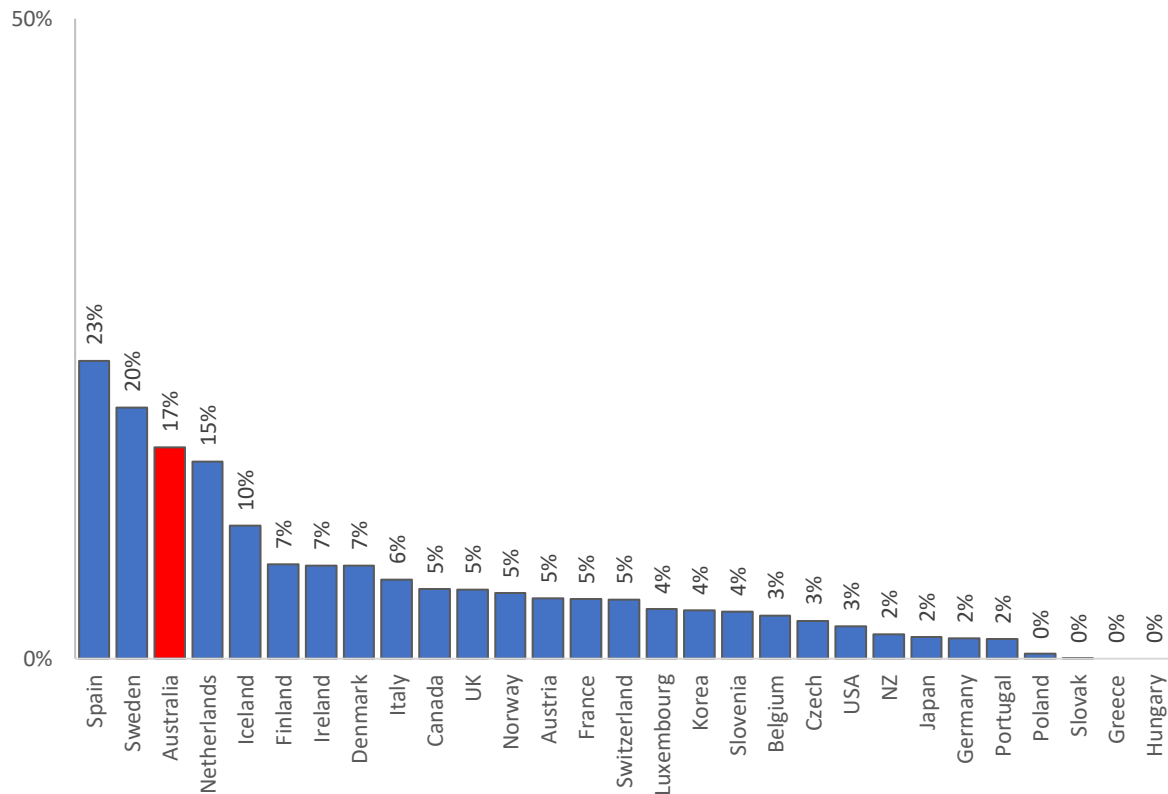


Australia also gives a greater share of its aid as scholarships to study in Australia than the typical donor does. This is concerning, as the development value of scholarships is questionable. **There is clear evidence, however, that Australia’s scholarship focus has fallen over time.**

Most positively, Australia has increased the share of its aid with a primary focus on women’s empowerment. Australia is now one of the DAC’s best donors in this area.

Australia is a fairly typical donor in terms of the types of aid work it funds (its sectoral focus) and generally has a balanced sectoral spread in its aid giving. **Yet, in our view, recent falls in aid to health and education are concerning, although in the case of health this fall appears to be in the process of being reversed.**

Share of aid principally focused on gender and women’s empowerment (2018)

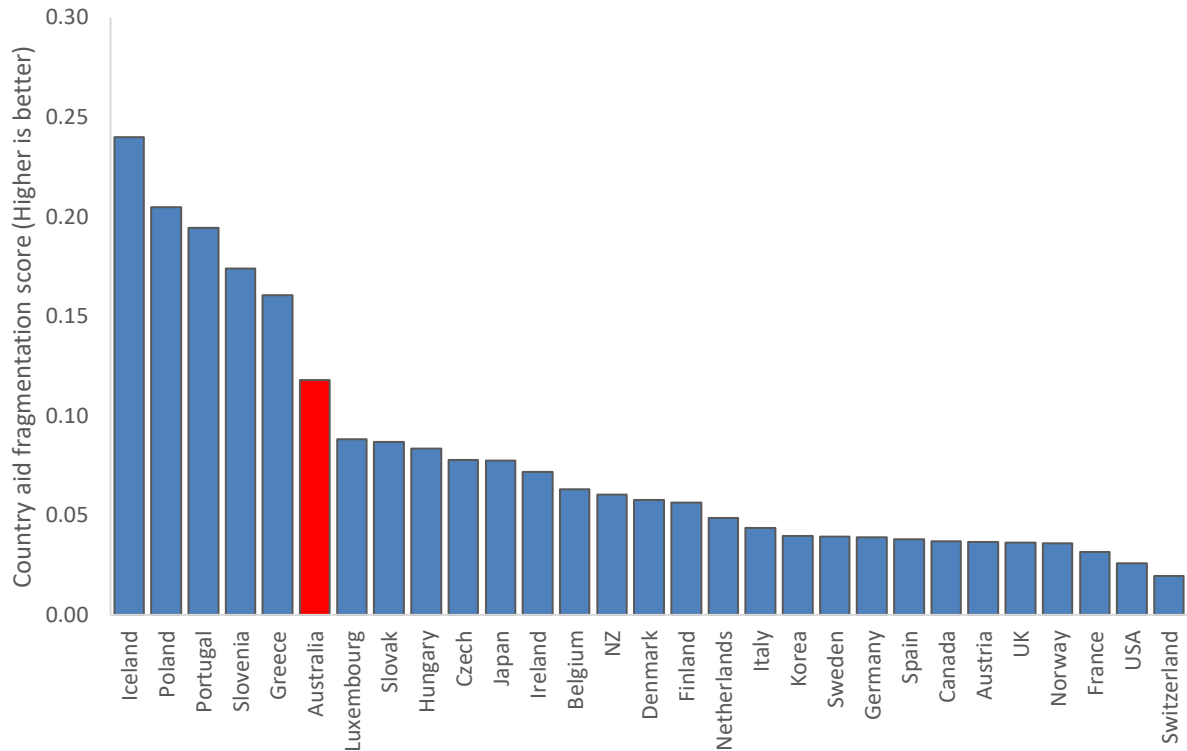


Australia fragments its aid across projects more than the typical donor. This is a worry as project fragmentation likely leads to inefficiency.

Although it fragments its aid across projects, Australia performs better in terms of aid fragmentation across countries. Country fragmentation has improved and, **compared to other donors, Australia tends to focus the bulk of its aid on a small number of recipients. This is good practice**, which should allow Australia the opportunity to develop key country contextual expertise and reduce transaction costs.

Positive practice can also be found in the stability of Australian aid flows to major partner countries. Despite the major changes to aid in recent decades, Australian aid flows to its median large recipient remain less volatile than aid from most donors.

Country aid fragmentation scores (2018)



Although Australian aid has strengths, there is scope for improvement. **In the final section of the report, we detail five key recommendations that emerge from our analysis and which Australia should follow to improve aid performance.**