Will things only get better for UK aid under Labour?

When Prime Minister Rishi Sunak stood in the pouring rain outside No. 10 Downing Street on 22 May, he announced an election date of 4 July — a mere six weeks away — prompting shock and speculation from the British press and commentators. He did so with the 1993 hit song “Things can only get better” blasting in the background, thanks to a noisy protester who was using the song in support of the UK Labour Party, repurposing their 1997 victory anthem.

This election announcement came after months of government instability, including rotating ministers, changes in leadership, and surprise appointments. In the weeks since, political parties have raced to release their manifestos, detailing their policy platforms if elected to office. Both the Labour and Tory manifestos propose restoring Britain’s once formidable international development program, including by increasing humanitarian and reconstruction assistance to Gaza, which has emerged as a British ballot-box issue.

This bipartisan focus on restoring international development is welcome. For those unfamiliar with the shifts in the last few years, it has been a sorry tale. Under Prime Minister Boris Johnson, Britain lost significant credibility on the global stage. Legislated commitments were walked back, such as the commitment to abide by the United Nations target of investing 0.7% of Gross National Income (GNI) as Official Development Assistance (ODA). The Department for International Development (DFID) was merged into the Foreign and Commonwealth Office, which became the Foreign, Commonwealth and Development Office (FCDO). The merger’s difficulties were greatly increased by the subsequent reduction in the aid budget from 0.7% to 0.5% of GNI. This resulted in a cut of 4.6 billion pounds (about $8.9 billion) — double Australia’s
entire annual aid spend. Furthermore, in 2022 significant British ODA was spent on in-country refugee and asylum seeker processing costs, with over a third of the ODA budget spent domestically. Experts and representative bodies said that, although this support is urgently needed, it should not come from the ODA budget at the expense of assistance to the millions facing conflict, climate impacts, and poverty globally. It’s fair to say that there was much to restore.

The 2024 Conservative Party manifesto boasts a surprisingly strong international development platform, promising a return to the 0.7% ODA/GNI ratio and building on their 2023 White Paper. It has been welcomed by civil society. This represents a dramatic turnaround under Prime Minister Rishi Sunak, alongside Foreign Secretary David Cameron and Development Minister Andrew Mitchell. However, the widely-predicted Labour win means that this long overdue turnaround amounts to nice but largely inconsequential signaling. To quote author, diplomat, and former International Development Secretary Rory Stewart last week, “the Conservative manifesto is almost a historical document now, because they’re not going to win the election … they’re not going to do any of it.”

So, what can we expect from a Labour Government led by Sir Keir Starmer? Likely a vast improvement on the status quo. First, the Conservatives have raised the baseline so that Labour can feel politically safe in going further – not least with bipartisan support for the 0.7% ODA/GNI spending target again. Second, Labour’s manifesto proposes much-needed change. They commit to restoring Britain’s development reputation by doubling down on efforts to combat instability and climate change, leading on multilateral action, and revitalising the FCDO’s development expertise. They commit to “bringing in robust measures of development effectiveness, transparency, and scrutiny”, working with the UK’s Independent Commission for Aid Impact, a mechanism which has no equivalent in Australia. It all sounds pretty good.
It’s not all roses though. With the tax burden set to reach its highest level since 1949, Labour’s manifesto promises mightily expensive domestic commitments – cutting NHS wait times, improving health and education systems, and expanding rehabilitative prison programs – all without raising taxes. International development could easily take a (distant) backseat to the domestic agenda when it’s time for costed programming decisions. Furthermore, their manifesto doesn’t address the domestic refugee and asylum spends from ODA. Labour promises to abolish the government’s Rwanda scheme (sending UK asylum seekers to Rwanda for processing) and proposes several border security measures, but is silent on whether ODA will still be used to meet domestic costs in this area. The manifesto also contains serious caveats – restoring 0.7% “as soon as fiscal circumstances allow” being one example. Bond’s Policy Director Gideon Rabinowitz stated “concrete details and realistic timelines are essential to make this commitment meaningful”, insisting “they should commit to urgently increasing the UK aid budget” while strengthening FCDO’s development expertise. Bond requests a permanent Cabinet-level Development Minister to help translate these promises into implementation. All things that resonate with our views on Australia’s development program in 2024.

At a more granular, programmatic level, FCDO policies currently underway could be infused with more ambition under a Labour Government. A locally-led development strategy is being developed (as in Australia). The strategy’s ambition could now increase, with Labour’s manifesto emphasising local development leadership. The FCDO will need to review the state of British humanitarian programs (which have arguably fallen out of step with global need) and reconcile these with Labour’s Gaza reconstruction commitments and their pledge to tackle global insecurity. And, as above, Labour is yet to take a position on domestic refuge and asylum seeker processing costs being counted as ODA. Some of these issues (locally-led development and the adequacy of humanitarian funding in
particular) are also live in Australia, as we too approach elections within a year.

Irrespective of political standoffs, the UK scene has generated something that has long since disappeared from Australian politics: a materially bipartisan approach to international development. The British conservative political spectrum has embraced the idea that, at the very least, the UK aid program projects soft power in an environment of geopolitical contestation. Australia has seen some green shoots of bipartisanship, including the 2022 Pacific tour undertaken by Senator Simon Birmingham and Shadow Minister Michael McCormack with ministers Penny Wong and Pat Conroy. But the Liberal Party’s platform and the parliamentary tactics of the Coalition suggest this is far from being enshrined in policy.

Britain’s Development Minister Andrew Mitchell has been unwavering in building explicit cross-party support for aid. In July 2023, Mitchell told media that “the White Paper will be a parliamentary command paper by the government, but it does not work unless you have agreement across the political parties … After all, international development and British leadership on this is not a Labour or Tory thing. It’s a British thing.”

An election loss this year could mean a swing to the right for Britain’s Conservative Party, which would be disappointing for bipartisanship on aid. But as we approach the 2024 election, that bipartisanship currently holds, and is underpinned by domestic sentiment on the critical importance of humanitarian assistance for Gaza. Australia has a lot to consider as we confront an election season of our own. Most importantly, the Australian conservative political spectrum could embrace the perspective of Minister Andrew Mitchell and Secretary David Cameron: international assistance is more vital, if more difficult, than ever before. If we want to combat malign interests around the world, providing humanitarian and
development assistance is a **cost-effective strategy**. They can borrow from the UK Conservatives’ proposed Soft Power Strategy or apply a strict “national interest” test, if they must.

While one wouldn’t go quite so far as the song and say that “things can only get better”, it’s fair to say that in the UK this is now likelier to be true than it was before.

---

**Is Labor rebuilding the aid program?**

I was struck on budget night last month by the contrast between, on the one hand, the Foreign Minister Penny Wong’s 2023 claim that Labor was rebuilding the aid program and the fact that, adjusting for inflation, the aid program is budgeted to flatline for the foreseeable future.

Since then, we’ve had time to take a deeper look. It is certainly the case that Labor has stopped the cuts. The Coalition cut the aid program savagely between 2013 and 2016 from, in 2021-22 prices, about $6 billion to just $4.5 billion per year. The aid program was then more or less stabilized at its lower level, but it was projected to fall again post-COVID to as low as $4 billion.

That is a fate from which Labor has saved aid, with its three budgets since coming to power all promising to stabilise aid at between $4.2 and $4.4 billion.

Avoiding cuts, while commendable, is not the same as rebuilding. Aid was (again in 2021-22 prices) between $4.5 and $5 billion each year between 2015-16 and 2020-21. It is now stuck at $4.4 billion.
There is some hope for the optimists. Each Labor budget has been slightly better for aid, with successive endpoints of $4.2, $4.3 and $4.4 billion (again, in 2021-22 prices). This is despite higher inflation: 2022-23 to 2025-26 cumulative inflation was projected at 11.5% in the Coalition’s last budget, then at 15.0% in Labor’s first budget, 15.3% in the second, and 15.8% in the third. Moreover, some would argue that Labor’s new aid policy and commitments to aid effectiveness should be counted as rebuilding.

However, looking at the above graph, for Labor to be said to be rebuilding aid, we’d need to see the total volume get up above $4.5 billion heading in the direction of $5 billion in 2021-22 prices. That would require an aid budget (in current prices) of some $6 billion by 2027-28 rather than the $5.4 billion currently indicated in the forward estimates for that year.

Rebuilding would require that the share of the total Commonwealth budget allocated to aid increases or at least that its decline is stopped. The Coalition cut aid in the context of an expanding government budget. The share of total government spending on aid almost halved from 1.3% in 2012-13 to just 0.7 in 2021-22. That 2023-24 budget set a new record minimum for the share of the budget spent on aid: 0.68%. According to the forward estimates, that share will continue to fall, reaching 0.65% in 2027-28.

In reality, Labor has many higher priorities than foreign aid, with massive expenditure pressures in health, defence, and disability and aged care. It also faces a mounting interest bill.

One would have to say it is good news for the aid budget that Labor is in government. Aid would almost certainly be lower if the Coalition had remained in office. However, while Labor has stopped the cuts, it is yet to rebuild the aid program. The “trajectory of trajectories” from Labor’s first three budgets
gives some hope that it will in the future, but against that has to be set the fact that the priority given to aid continues to decline. Under Labor, rebuilding the aid program remains at best an aspiration rather than a reality.

Aid budget 2024: New Zealand set to join Australia at the bottom

In the lead-up to the New Zealand government budget on 30 May, there was genuine uncertainty about what would happen to aid. On the one hand, the country’s centre-right government was slashing spending across the board to pay for tax cuts. On the other hand, there was New Zealand’s Foreign Minister Winston Peters.

Peters, as Australian readers will recall, leads a party called New Zealand First, and if you listened to his rhetoric on the campaign trail you would assume he hates the outside world. Yet as foreign ministers in previous governments go he’s actually been quite good for aid, using the leverage that comes with being a necessary partner in a coalition to get spending increased.

Until budget day it was completely unclear whether across-the-board cuts would include aid, or whether Peters would stand firm and protect the budget.

New Zealand’s aid transparency has improved recently. But the improvements are all to do with project details. For reasons that completely evade me, unlike Australia, New Zealand does not simply come out on budget day and say what aid spending
will be.

As a result, every year I devote about five hours to carefully navigating sprawling Treasury spreadsheets and labyrinthine budget estimates files, with the aim of divining very basic information on aid spending. (Anything more detailed such as country or sector allocations is hidden from the prying eyes of taxpayers like me.)

What did I find this year? The simple story is that Winston Peters lost: the 2024 budget was a bad one for New Zealand aid. By the end of 2026-27 our annual aid spend will have fallen below NZD1 billion. And our aid to Gross National Income (GNI) ratio will be a pitiful 0.2%.

Before I get into the grim details, I need to make a few data-related points.

The first is that New Zealand aid is budgeted for in three-year tranches – so called triennia. This is good aid practice, and in theory I could reflect this by reporting on triennial totals. But in reality aid budgets can, and indeed are, changed within triennia. Also, within government, aid spending is still monitored on an annual basis, and it’s also possible, as an outside observer, to track annual spending. What’s more, the aid-to-GNI ratio – the standard international metric of aid generosity – is calculated annually. For these reasons, all of my reporting is annualised. I have marked the end of triennial periods on my charts below with shaded sections.

Also, in another triumph for transparency, New Zealand’s aid figures include aid to Cook Islands even though it is no longer ODA-eligible. I cannot extract spending on the Cooks from my numbers here, so all numbers include it, although, fortunately, the material impact of this is very minor.

Finally, although overheads are part of the overall aid budget, I have had to estimate them for 2025-26 and 2026-27, and include these estimates in my calculated total aid values.
for these years. Why? Because I couldn’t find information on anticipated overheads for these years (presumably it’s a state secret). So I’ve assumed that overheads will continue as 9% of non-overheads spending, which is what they are budgeted to be in 2024-25. Luckily, this is a pretty safe assumption.

With all that out of the way, here are the trends:

By 2026-27, our aid generosity as measured by the aid-to-GNI ratio will probably be worse than that of much poorer countries like Lithuania and Slovenia, and worse even than that of notorious aid tight-fists the United States. New Zealand’s aid generosity will only be slightly better than Australia’s.

How will the decline play out in practice?

The first and least materially important component of the cuts will be cuts to overheads as the rest of the aid budget falls.

The second is that the government plans to make – significant but not gigantic – aid cuts outside of the Southeast Asia and the Pacific (see page 48 here). Quite what this means, and whether the cuts will fall upon New Zealand’s multilateral contributions or bilateral programmes is impossible to discern from existing information. Like Australia, New Zealand already underfunds multilaterals and further cuts in this area would only add to the impression that we are a global free rider. But it might also be hard to find sufficient savings in already small bilateral budgets elsewhere.

The third change is that much of the substantial increase in climate aid that occurred under the previous government will be reversed.

This third change is the most significant, and also the most complex. Long-term projections produced by the previous government hadn’t included sustaining the climate aid increase either, although it’s a reasonably safe bet that it would have
been sustained, particularly if the government had been a coalition involving the Green Party.

It’s also possible that the planned cuts to climate aid will not occur even under the current National-led coalition. It would be embarrassing for the Prime Minister to front up to the next UNFCCC Conference of the Parties meeting and say, “Um, gosh, yes, we’re being pretty hopeless on our domestic emissions, and we’re cutting climate finance too.” So it’s possible that an announcement will be made at a future COP meeting and that our climate aid, along with overall aid, will rise again.

Or not. There are alternatives (like closing other aid projects and using the savings to fund new climate projects, or creative accounting), but perhaps the New Zealand aid picture won’t look so bad in a couple of years’ time. We’ll see.

For now though, going by the numbers that have been put in the public domain, the shameful story is that – despite an abundance of need globally, and despite New Zealand’s increasing wealth – its aid is set to fall.

Download the data.

---

**May 2024 aid news**

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

**Australian aid**

Australia has offered an initial humanitarian allocation of $2.5 million and defence logistics support to assist relief
and recovery efforts following a devastating landslide in PNG’s Enga province on 24 May. Australia’s Disaster Assistance Response Team landed on 28 May. Estimates of those killed by the disaster range between 100 and 2,000, with thousands more likely displaced. CARE Australia and CARITAS Australia have launched emergency appeals to assist affected communities.

The May federal budget included a slight real increase in aid for 2024-25 and revealed that Australia’s development program is expected to reach just over $5 billion (in nominal terms) in 2025-26, a year ahead of schedule. The ODA/GNI ratio is expected to remain at 0.19% in 2024-25 before falling in the outyears.

Devpol’s analysis questioned the government’s claim of an aid “rebuild” and assessed geographic and sectoral funding allocations, as well as wider aid effectiveness trends. In addition to the blog, you can download the aid budget breakfast presentation. The Australian Aid Tracker has been updated with the new figures, as well as a new climate and gender spending tracker.

While acknowledging additional funding to meet global and regional climate finance commitments, ACFID concluded that “it’s hard to see how the ambition set out in the International Development Policy launched in August last year has gained any fiscal traction in shaping core development programming”. The development contractors’ peak body was more positive.

Analysts from the Lowy Institute noted that the joint ministerial press release didn’t specifically mention the small increase to aid and highlighted the government’s continued emphasis on off-budget (and less transparent) financing vehicles such as Export Finance Australia.

As part of the budget and the new bilateral treaty, Australia’s aid to Tuvalu will more than quadruple, from $17
million in 2023-24 to almost $87 million in 2024-25. This increase will make Tuvalu Australia’s fourth largest aid recipient in the Pacific – behind PNG ($637 million), Solomon Islands ($171 million) and Fiji ($123 million) and ahead of Vanuatu ($83 million), Samoa ($52 million) and Tonga ($45 million).

At the replenishment of the ADB’s Asian Development Fund (ADF), Australia promised $492 million in grant finance for the 2025-28 period. This will likely maintain Australia’s position as the ADF’s second largest contributor, after Japan. The government has said that it is continuing to work with ADB on procurement reform in light of concerns about contractor quality.

Vanuatu’s climate change minister, Ralph Regenvanu, has echoed calls from Pacific and Australian civil society groups for the Albanese government to support a specific funding target for loss and damage in upcoming negotiations on a new global climate finance goal, to meet its fair share of international climate finance, and for Australia to provide a “significant, additional contribution” to the recently established Loss and Damage Fund.

Assistant Minister for Competition, Charities and Treasury, Dr Andrew Leigh, has urged the not-for-profit sector to do more to ensure its fundraising practices protect vulnerable people and to safeguard donor data from digital theft. ACFID has joined other community organisations to ask for more government assistance to help the sector protect against cyber-crime.

**Regional/global aid**

PNG has joined the Asian Infrastructure Investment Bank, along with Kenya, bringing the bank’s total membership to 86. As well as Australia and New Zealand, the other Pacific members are Cook Islands, Fiji, Samoa, Tonga, and Vanuatu.
Vietnam has reportedly forfeited at least US$2.5 billion in aid over the last three years and may lose another US$1 billion because of the government’s “protracted approvals process” according to a letter sent by the UN, the World Bank and Western donors which was obtained by the media. Foreign officials have attributed the delays to the Communist Party of Vietnam’s “blazing furnace” anti-corruption campaign.

Ahead of the Korea-Africa Summit in June, Seoul has pledged to double its aid to Africa by 2030. Korea will also host the replenishment of the World Bank’s concessional financing arm, the International Development Association, in December.

Dutch NGOs have protested a dramatic proposal by the Netherlands’ incoming far-right coalition government to cut aid by €3.3 billion over the next three years and by €2.4 billion annually from 2027.

The UN estimates that the Gaza war has thrown an extra 1.7 million people into poverty and projects that, because of the conflict, “Gaza will be rendered fully dependent on external assistance on a scale not seen since 1948, as it will be left without a functional economy, or any means of production, self-sustainment, employment, or capacity for trade”. Current estimates of reconstruction costs for Gaza are between US$30-40 billion.

G7 nations are reportedly closer to a consensus around proposals to use the interest earned on US$300 billion in frozen Russian overseas assets to help finance Ukraine’s war and reconstruction needs.

The OECD has reported that the US$100 billion global finance goal set in 2009 was reached in 2022, two years after the target date but one earlier than recent projections. While adaptation finance has grown over the last several years, mitigation accounted for the majority of the US$115 billion in climate spending reported by donors in 2022, representing 60%
of the total.

Development finance experts have welcomed a move by the IMF’s Executive Board to support the re-channelling of members’ special drawing rights (SDRs) through the multilateral development banks to support greater lending and investment.

Devex reports on what the UK’s upcoming election and a Labour victory might mean for aid, highlighting unresolved questions around the party’s position on re-establishing separate aid agency, the 0.7% ODA/GNI spending target, prioritising high poverty countries, debt reform, and the use of aid as a tool of geopolitics.

Books, articles, reports, blogs, podcasts etc.

Devpol’s Robyn Alders discusses the risks posed by the current bird flu outbreak and why addressing the root cause of these outbreaks requires a fundamental shift in how we approach food systems.

DevIntel Lab’s Heather Murphy unpacks how Australia can navigate the competing purposes of its development assistance, arguing for greater clarity, contestability and evidence use when it comes to deciding what aid can and can’t do.

AidData chief Brad Parks has testified to Congress on how the US and its partners can best compete with China’s “BRI 2.0” by making their development finance offerings more targeted, responsive, and transparent.

A new report published by the Lowy Institute highlights the limits of Western sanctions on Myanmar’s military junta and current humanitarian efforts given the level of suffering three years into the country’s current civil war. It recommends that donors such as Australia provide greater support to resistance and community-based efforts to build viable sub-national governance and service delivery systems.
Australia’s multilateral aid: crunch time?

This month’s federal budget continued the seemingly inexorable concentration of Australia’s aid spending on its immediate neighbours, particularly in the Pacific and, to a lesser extent, Southeast Asia. In the context of an overall funding envelope that is projected to flatline in real terms over the next decade, this concentration will continue to mean less money for other purposes, including global and multilateral aid.

Multilateral aid helps supply important global public goods in areas like international health and climate change, and advance shared goals like eradicating extreme poverty, advancing gender equality, or alleviating humanitarian suffering. The comparative advantage of multilateral development institutions stems from their ability to pool funds from a range of public and private sources and leverage this in support of greater impact than would be the case if donors went it alone.

According to the most recent data, in proportional terms Australia is one of the smallest contributors of core funding to multilateral development institutions among the OECD’s official donors (Figure 1). Measured as a share of total Official Development Assistance (ODA), the proportion of Australia’s aid provided in the form of “multilateral grants and subscriptions” (that is, non-earmarked or core funding) in 2022 was less than 15%, much lower than the donor average of 33%. Only the US and Japan provided a smaller share – though the sheer size of these two donors means that, in volume terms, their multilateral contributions dwarf Australia’s.
Taken as an average over six years (2016-2022), the proportion is higher – 20% (Figure 2). The volatility reflects that the fact the payment schedules to these organisations vary from year to year. But the overall trend does seem to be one of decline.

And there are external pressures looming. The first is what has been labelled a “traffic jam” of multilateral replenishments over the next couple of years (Figure 3). This includes funding rounds for the concessional financing arms of the big multilateral development banks (MDBs) like the Asian Development Bank’s Asian Development Fund (ADF, which has just finished) and the World Bank’s International Development Association (IDA), as well as replenishments for major global health funds like the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, and Gavi, the Vaccine Alliance.

**Figure 3: Replenishment pledging conferences and upcoming elections**

Adapted from: J Keller, C Landers and N Martinez, *The 2024-2025 replenishment traffic jam: are we headed for a pileup?*, Center for Global Development, 8 February 2024.

Second, as shown, these funding calls overlap with elections in some of the world’s biggest multilateral players. The US is of particular interest given its role as the largest contributor, in dollar terms, to many of these institutions. A Trump victory in November could see a major US retrenchment on
multilateral aid, particularly in areas such as climate change, gender equality, and sexual and reproductive health. This would create pressure on other donors, including Australia, to do more.

Finally, there is the growth in the number of global development funds and institutions themselves. This proliferation reflects the emergence of new development issues and interests, as well as the growing complexity of contemporary global cooperation. In addition to those organisations identified in Figure 3, there is a new climate change Loss and Damage Fund, a new Pandemic Fund, a much-enlarged Coalition for Epidemic Preparedness Innovations, alongside existing specialised UN agencies, funds and programmes like the World Food Programme, World Bank-managed financial intermediary funds like the Global Agriculture and Food Security Program, and dozens more. It is rare that a new multilateral fund replaces an existing one, deepening fragmentation.

Through its Australian Aid Tracker, the Development Policy Centre continues to collect data on Australia’s multilateral commitments, focusing on the MDBs and global health funds. Analysis of this data shows the shifts in Australia’s country contributor rankings over the last two decades across the four bodies mentioned previously – the ADF, IDA, the Global Fund and Gavi.

The results are mixed. In the case of the ADF, Australia has increased and maintained its ranking as a key contributor, moving from the third biggest donor at the 2009-12 replenishment to the second biggest (after Japan) from the 2013-16 replenishment onwards. At the ADF’s 2025-28 replenishment earlier this month Australia cemented this position, increasing its pledge by 16% (to $492 million) on its 2021-24 commitment. Notwithstanding Australia’s growing concern about too many ADB contracts in the Pacific being awarded to Chinese firms, the ADF has the obvious advantage to
Canberra of being regionally focused.

The story is very different for IDA, which has a global poverty reduction mandate. Australia has tumbled from being the 11th biggest IDA donor less than a decade ago (2015-17) to 18th in the last two recent replenishments (2021-23 and 2023-25). This has occurred despite increasing poverty in many IDA-eligible countries in the wake of COVID-19 and a growth in the level of IDA resources going to the Pacific.

Australia has also fallen in the donor rankings for the two big global health funds over the last decade, albeit not as dramatically. In the last replenishment (2023-25) for the Global Fund, Australia maintained its position from the previous 2020-22 replenishment as the 11th biggest country donor in terms of pledges. But this is down from its position as the 10th biggest country donor during the three prior replenishments that took place in the 2010s. In the case of Gavi, Australia has fallen from 6th in 2011-15 to 9th in the last two replenishment periods (2016-20 and 2021-25). Australia is, however, one of a small group of donors that has committed funding to Gavi’s pre-commitment financing facility for vaccine purchases.

With these and other agencies seeking new funding, the next two years will be challenging for Australia’s small and stretched multilateral aid allocation. Global health will be a particular pressure point given the big reduction to this sector in the latest budget. Australia’s global health ambassador has recently noted donors’ desire to “move on” after the pandemic — notwithstanding the threat posed by new pathogens — and acknowledged that “aid budgets are stretched from every direction.” A weaker currency could also negatively affect Australia’s multilateral rankings, with contributions to these organisations usually reported in US dollars.

There will be a federal election at some point in the next year. Regardless of what happens in the US, neither major
party is likely to go into the campaign promising more funding for multilateral aid. A commitment to a more general, sustained real increase in aid over time would, however, free up more resources for this important (and neglected) part of the budget. To get the best value for its scarce global aid dollar, Australia should also be more transparent about how it allocates this aid, and what impacts are achieved, by publishing its multilateral performance assessments, as it has done previously. Finally, the government should consider a contingency for the aid budget where adverse currency fluctuations undermine Australia’s ability to finance key multilateral commitments in a manner consistent with its size and its development objectives.

Updated data on Australia’s contributions to and rankings for ADF, IDA, the Global Fund can be found on the Commitments section of the Australian Aid Tracker.

Listen to the multilateral aid update on the 2024 aid budget analysis episode of our Devpolicy Talks podcast.

2024 Australian aid spending and effectiveness update

Foreign aid was increased by 4% over what had been projected last year to bring the 2024-25 aid budget to $4.961 billion, virtually unchanged from the (inflation-adjusted) 2023-24 level of $4.900 billion.

The small increase this year is sustained into the future. In fact, after this year, aid is projected to stay almost exactly unchanged for the next decade and beyond. Over the forward estimates and beyond, the aid/GNI ratio is projected to
continue to fall, from the current 0.19% to as low as 0.14% by 2035-36. It is very hard to see in these figures the aid “rebuild” that Labor claims to have embarked on.

Most country allocations are unchanged, but there are a few winners. The share of aid to the Pacific continues its inexorable rise, reaching 44% in this budget, up from 42% in 2023-24 and just 23% a decade earlier. Tuvalu’s aid allocation increases from $17 million in 2023-24 to $87 million in 2024-25 to support implementation of the Australia-Tuvalu treaty. ($87 million is also the amount of Australian aid budgeted for the whole of sub-Saharan Africa in 2023-24.) Fiji gets an additional $35 million for budget support and a port expansion. Indonesia gets an extra $27 million for a climate and energy initiative. There is also $65 million in new funding to support recent commitments to the Green Climate Fund and the Pacific Resilience Facility.

The biggest surprise is in sectoral allocations. Almost a quarter of the aid program went to health during the pandemic, and just below 20% in the last two years. But health spending is slashed in this budget to just 13% of total aid. That’s the second lowest it has been in the last decade, and not what you would expect from a Labor government, especially not one coming out of a pandemic. However, this government has made clear its commitment to governance and infrastructure, and the shares of both increase in this budget. Education and humanitarian spending are somehow protected, leaving health vulnerable, as it was under the Coalition prior to the pandemic.

While there is little else to report from the 2024-25 aid budget, there have been major changes over the last year in the way in which Australian aid effectiveness is conceived of and measured.

Australia’s new international development policy was released
in August last year. It promised new country strategies, as well as new strategies on gender, disability and humanitarian aid. About nine months on, none of these has been published. But the first annual report on the “Performance of Australian Development Cooperation 2022-23” has been.

Up until 2020, the Australian aid program measured aid effectiveness by looking at the proportion of investments that were rated as satisfactory every year. Managers rated their own programs, and increasingly thought they were doing well. This indicator kept on improving, reaching 90% or more.

In 2020, a sensible decision was made: to judge aid effectiveness only by reference to the assessment of completed investments, assessments still made by DFAT, but at least not by the implementing manager. These assessments, being more independent, were more reliable, but they also gave much less impressive results, and ones that worsened over time.

In 2023, in the new policy, DFAT decided to hedge its bets and say that it would report both results. The problem with this approach is that it lays bare the large disconnect between ongoing and completed assessments that we highlighted in our report last year. For DFAT itself, this is not a bug but a feature: the completed investments are, it says, judged by a higher standard. The problem with this argument is that the disconnect only starts in 2019 – precisely when these completed investment ratings were taken out of the hands of project managers.

Although the disconnect appears to go down in 2022-23, in fact analysis shows that this is mainly due to the fact that the investments that came to an end last year were generally of above-average quality. The actual gap between the last rating an investment is given by its manager and the rating it is given by external consultants on closing has only fallen slightly.
The table below shows the problem at the individual investment level. These are the 13 investments rated in 2022-23 as unsatisfactory at completion. Only three of them were rated unsatisfactory when they had their last managerial or ongoing assessment. Two of them didn’t have such an assessment, and for eight of them, a verdict of satisfactory while ongoing was, on completion, downgraded to one of unsatisfactory.

Table 1: Unsatisfactory aid investments, 2022-23 evaluation period

<table>
<thead>
<tr>
<th>Country</th>
<th>Project name</th>
<th>Amount (AUD)</th>
<th>Period</th>
<th>Eff'ness</th>
<th>Eff'ncy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Afghanistan</td>
<td>Afghanistan Ending Violence Against Women Phase 2</td>
<td>22,376,866</td>
<td>2018-23</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2 Cambodia</td>
<td>Knowledge Sector</td>
<td>14,107,895</td>
<td>2019-27</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3 Pacific Regional</td>
<td>Pacific Connect</td>
<td>4,157,739</td>
<td>2019-23</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4 Pakistan</td>
<td>Khyber Pakhtunkhwa Education Sector Program</td>
<td>57,451,127</td>
<td>2012-21</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>5 Samoa</td>
<td>Health Program (Samoa)</td>
<td>7,765,870</td>
<td>2014-23</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6 Samoa</td>
<td>Women in leadership in Samoa</td>
<td>3,004,112</td>
<td>2018-23</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>7 Solomon Islands</td>
<td>Solomon Islands Governance Program 2017-2021</td>
<td>62,938,024</td>
<td>2017-23</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>8 Timor Leste</td>
<td>Timor-Leste Police Development Program</td>
<td>26,931,000</td>
<td>2019-23</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>9 Thematic</td>
<td>Private Sector Development Partnerships</td>
<td>5,958,570</td>
<td>2014-23</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>10 Thematic</td>
<td>Other Extractive Governance Assistance</td>
<td>9,978,543</td>
<td>2013-23</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>11 Thematic</td>
<td>Global Extractives Transparency and Governance</td>
<td>14,806,628</td>
<td>2015-24</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>12 Thematic</td>
<td>Developmental Leadership Program Phase 3</td>
<td>3,600,000</td>
<td>2018-23</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>13 Thematic</td>
<td>World Bank Disaster Reduction and Recovery (GFDRR)</td>
<td>12,300,000</td>
<td>2017-23</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Note: **Bold** indicates the investment went from satisfactory in its last ongoing rating to unsatisfactory in its final rating. Plain indicates no change in status from satisfactory to unsatisfactory or vice versa. *Italics* means no rating in the previous year. The effectiveness and efficiency scores are out of 5 (with 3 or less unsatisfactory). Source: DFAT performance data.

DFAT clearly needs to get an earlier handle on which investments aren’t working well, so that it faces fewer surprises when investments are closed, by which time it is too late to correct non-performance. Until the disconnect is reduced, performance should be judged with reference to completed, not ongoing, investments.

Locally-led development is a major priority for the new aid policy, so it is no surprise that the recently released performance report also has a section on it, with five indicators. Unfortunately, there is no mention of budget support, which is the most obvious and important way in which the Australian aid program supports locally-led development. Budget support is 2022-23 was 9.3% of the total aid budget,
the highest it has been for at least a decade.

There is instead a strong focus on the hiring of national staff by managing contractors, who, we are told, hired 3,842 local staff and contractors in 2022-23, an increase of 15%. The benefits of hiring national staff are obvious. (As Lead Economist for the World Bank in India, I benefited from heading a terrific team of Indian economists.) But it’s not locally-led development. Indeed, in fragile states and small countries, hiring national staff can be a form of de-localisation, sucking talent out of local government, non-government organisations and private companies to work for donors at much higher salaries. As these two academics put it, donors can “subvert administrative capacity” when their “presence is large and skilled labour is extremely scarce.”

Data presented in the performance report imply that the average salary for a national staff member is $37,740, which is nine times the PNG minimum wage. Does the Australian aid program have a salary policy to ensure that, where it is a large donor, it is not distorting local labour markets, and thereby undermining localisation?

Other localisation indicators presented are more useful. Managing contractors pass on about 20% of the funding they receive to local organisations. Australian NGOs pass on very little of the development funding they receive, but 36% of their DFAT Australian Humanitarian Partnership funding. Adding these amounts together gives about $290 million, only two-thirds of the value of budget support in 2022-23.

A greater focus on funding local organisations – including governments – and a lesser one on hiring national staff is needed to push the localisation agenda forward.

Devpol’s Australian Aid Tracker has been updated with the new budget numbers.

Listen to the 2024 aid budget analysis episode on our
Stumbling giant: Germany cuts aid

As far as foreign aid goes, Germany stands as one of the world’s giants. In 2022, Germany was the OECD’s second largest donor by volume, after the US, and was the EU’s largest bilateral provider. In terms of aid as proportion of gross national income (GNI), it is by far the most generous country in the G7 cohort of large, advanced economies (see Figure 1). According to the OECD’s latest figures, in 2022 Germany’s official development assistance (ODA) spending totalled almost €33 billion (US$35.6 billion), or 0.85% of GNI.

For this reason, a recent decision by Germany’s progressive coalition government to make large cuts to aid as part of an austerity drive is a significant story, albeit one that is unlikely to receive any attention beyond the European media.

The cuts come in the wake of slowing economic growth and a ruling by the country’s constitutional court last November that the government could not go ahead with a plan to use unspent COVID-19 emergency funds to cover new climate change spending, creating a €17 billion deficit. Germany’s constitution limits net government borrowing to 0.35% of the country’s annual national income.

In response, the German government has decided to cut spending across most portfolios – apart from defence – in 2024, and has singled out aid for some of the largest cuts. According to Deutsche Welle, international development spending in 2024 will be reduced by almost €2 billion compared to 2023. This is
the equivalent of over two-thirds of Australia’s entire aid budget (A$4.77 billion) for 2023-24.

While sizeable, the cuts are unlikely to have a major impact on Germany’s ODA/GNI ratio or its favourable generosity ranking, particularly in an environment of weaker growth. However, given Germany’s overall size as an aid donor and the quantum of the individual cuts involved, they will be felt in some key sectors and by some of Germany’s biggest aid partners.

According to reporting by the UK-based One Campaign, the cuts include an 8% (-€940 million) nominal cut in funding for development programs run by Germany’s federal ministry for cooperation and development (BMZ), and cuts to funding for the World Food Programme (-26%; -€20 million), peace and stability programs (-18%; -€478 million), and multilateral aid (-5%; -€117 million).

Unsurprisingly, these cuts have been criticised by German aid advocates who have argued that they undermine Germany’s claim to be a “stable and reliable partner”, will have a negative “signalling effect” on other donors and put at risk the governing coalition’s agreement to maintaining Germany’s ODA/GNI ratio above 0.7%. They have highlighted the large reductions in overall humanitarian assistance as being of particular concern given surging climate disasters and protracted crises. According to one set of analysts, the cuts represent “a major setback in the international ODA system” that will “prevent vital emergency relief systems from reaching people in crisis and jeopardise funding for long-term projects improving community resilience and quality of life.”

But Germany is not alone. Other major European donors like the UK have made big cuts to aid in the last several years, with devastating consequences in sectors like sexual and reproductive health. Development budgets have even come under pressure in traditional aid stalwarts like Norway and Sweden.
with the continued rise of populist, right-wing and anti-immigration political parties. In Germany itself, the far-right Alternative for Germany (AfD) party, which is advancing in opinion polls, has reiterated its aim to reduce federal spending “in the areas of migration, climate and development policy.”

Bilateral and multilateral aid has also come under pressure from the sharp increases in European and other official donors’ spending on accommodating the surge in refugee arrivals resulting from Russia’s 2022 invasion of Ukraine. According to the OECD’s final figures, these costs totalled $US32 billion in 2022, up from US$13 billion in 2021. The EU has recently re-allocated over €2 billion in development, climate and humanitarian funding to pay for a new “migration and asylum pact” focused on curbing the entry of people fleeing worsening conflicts and disasters in Africa and the Middle East.

Germany’s aid cuts won’t have any direct consequences for Australia’s neighbours. Notwithstanding Berlin’s increased focus on this part of the world, Germany is not a big Pacific donor. But, coupled with the uncertainty around US aid in the face of a dysfunctional legislature and ahead of the November presidential election, the cuts suggest a tough year ahead for global aid, particularly that directed toward financing “global public goods” – like humanitarian assistance, health and climate change – and the world’s poorest countries.

Australia routinely professes its support for the global “rules-based order” and for the institutions that support this order. As the world’s aid giants stumble, in 2024 there is likely to be even less certainty as to how it will be paid for.
Did Labor inflate future aid by over $3 billion?

In a word, no. But that’s what the Shadow Foreign Minister Simon Birmingham claimed during a hearing of the Senate Committee on Foreign Affairs, Defence and Trade on 26 October.

The claim was elaborated in a Coalition media backgrounder released the same day which said:

[T]he Government’s claimed $8.6 billion increase over 10 years to Official Development Assistance (ODA) from 2027-28 is seriously overestimated because of undisclosed cuts in Labor’s first Budget.

... Labor’s claimed $8.6 billion boost from 2027-28 is overstated by more than $3.2 billion, compared to the Coalition’s last foreign aid Budget, projected over the same period.

He based this claim on analysis the Coalition commissioned from the Parliamentary Budget Office (PBO), which he released along with the media backgrounder – all indicating quite a bit of forethought and confidence.

The claim was thoroughly unanticipated and confusing from the perspective of the assembled senior departmental officers. The Department of Foreign Affairs and Trade’s Secretary Jan Adams could only say that there had been no government decision to make aid cuts in Labor’s first budget in October 2022. It was dramatic enough to warrant a mention in that evening’s ABC Radio National news bulletin.

How did the Coalition arrive at this startling “rubbery figures” conclusion?

The Labor government announced in the 2023-24 budget that from
2027-28, the year beyond the current forward estimates period, Australia’s ODA would grow at the rate of 2.5% per annum for ten years, at a total cost to the budget of $8.6 billion (Budget Paper No. 2, page 115). This growth is relative to a fixed baseline, the 2026-27 aid volume level of $4.87 billion, whose real value will of course decline over the decade. This was an unusual and rather low-impact announcement, but never mind.

From the data table provided to the PBO by DFAT, we see that Labor’s $8.6 billion costing was arrived at straightforwardly by taking the planned 2026-27 ODA budget, $4.87 billion, as the base figure and then applying the 2.5% growth factor for the following decade. The cumulative cost of increased spending above the base is $8.6 billion; that’s all.

Earlier, in its final ODA budget in March 2022-23, the Coalition had announced the resumption of ODA indexation – with the Consumer Price Index (CPI) acting as the growth factor – after holding aid flat at $4 billion per annum for three years. They didn’t say anything about how long this indexation would last; the default assumption had to be that it would apply for the relevant forward estimates period.

Enter Birmingham, normally a level-headed actor, who with three questionable moves felt that he had checkmated his opponent, Foreign Minister Penny Wong.

First, he chose to interpret Labor’s ten-year budget pledge as a pledge to increase ODA by $8.6 billion above some concept of business as usual – whereas, as above, that number was merely given as the cost of applying the 2.5% growth factor to a $4.87 billion base for a decade.

Second, he defined business as usual in terms of the Coalition’s 2022-23 budget outlook, which included indexation – despite the fact that de-election renders a government’s policy promises null and void. Moreover, he assumed indexation
would have continued until at least 2036-37, taking in the whole ten-year period covered by Labor’s pledge.

Third, and most confusingly, he asserted that Labor had sneakily switched off the Coalition’s indexation in its October 2022 budget and then switched it back on again in the March 2023 budget so that it could use the October 2022 budget outlook as a lower base for its ten-year pledge and thus inflate the value of that pledge. This mirrors a statement in the PBO brief, which asserted that at the 2022-23 October budget Labor had “cancelled” indexation for ODA projections for all years beyond 2026-27.

And where does the $3.2 billion discrepancy come from? This was not calculated or mentioned in the PBO brief. Looking carefully at the numbers, it would seem the Coalition has applied Labor’s 2.5% growth factor over the relevant ten-year period (perhaps reasonably, though they had actually pledged index to inflation which might run higher), and then worked out how much of Labor’s increased spend might have happened anyway under the Coalition. The difference, actually $3.1 billion, is the purple shaded area in the chart below.

Figure 1: Labor vs Coalition ODA volume commitments, 2022-23 to 2036-37
In short, if one takes the Coalition’s aid budget projections from March 2022 and extends them out to 2036-37 using a 2.5% growth factor, and accepts this as a baseline for Labor’s projections, then the amount of additional ODA that Labor would need to provide in order to deliver the aid volumes it has foreshadowed for the 2027-28 to 2036-37 period would actually be $5.5 billion, not $8.6 billion. That’s the Coalition’s logic.

But Labor clearly didn’t claim it was going to spend $8.6 billion more than the Coalition would have spent over the decade in question. Nobody has any idea what the Coalition would have spent, though it’s a safe bet that CPI indexation would have been immediately abandoned in a Coalition 2023-24 budget, given that inflation hit 6.59% in 2022. Labor said simply that the cost of applying a growth factor to the 2026-27 base ODA volume would be $8.6 billion. Governments can hardly be expected to take former governments’ long-term, soft policy commitments as baselines for their own.

Further, nobody decided or needed to decide to switch off the Coalition’s aid indexation policy in October 2022. Again:
governments don’t toss out former governments’ policies; electorates do. The lights went out on that policy when the Coalition lost office.

In sum, the claim that Labor inflated estimates of future aid was a misfire. The PBO bears a little of the blame, but mostly it’s a case of straining for controversy. At least it got Australian aid a rare mention in the news outside the realm of emergency response.

Unlike Australia, New Zealand aid is set to rocket upwards, sort of

I try not to indulge in trans-Tasman gloating, but New Zealand released its budget on 18 May and the comparison in the chart below left me more than slightly tempted.

As Australian aid shambles along under 0.2% of GNI, New Zealand aid is – on paper at least – set to rocket up to something in the vicinity of 0.34%. (I say “something in the vicinity of” because New Zealand only publishes data including aid to Cook Islands, even though Cook Islands is no longer ODA eligible. In the chart above I have had to estimate aid to the Cooks and remove it from recent years for New Zealand to enable a fair comparison with Australia.)

Compared to the sorry state of Australian aid spending, 0.34% really seems like something. Indeed, compared to the state of New Zealand aid spending, 0.34% really seems like something. The last time New Zealand’s aid to GNI ratio was this high was in the 1970s.
It seems impressive, but the reality is more complicated. To understand why, you need to look at the next chart.

This chart shows New Zealand aid flows (in NZD, and including Cook Islands, which doesn’t change matters much). Also marked on the chart in vertical blue lines are the ends of the three year periods over which New Zealand aid is sort of budgeted (more on “sort of” in a second).

Taking inflation into account, New Zealand aid is set to increase by about 33% in the coming year. That’s a big lurch upward. So big it begs the question: why? What’s happened in New Zealand? China panic? A sudden outbreak of effective altruism?

The actual answer is more mundane: as you can see from the blue lines on the chart, the coming year will be the final year of the current three year aid budget period. The aid program needs to spend a lot if it wants to spend the current three year allocation while it has it.

This, of course, raises another question: how did the aid program end up so far behind schedule on spending? Part of the reason is that the current three year allocation increased a lot last budget thanks to the government’s new climate finance initiative. (Recall my “sort of” comment above about three year budget allocations. Governments can, and do, change allocations midway through.) New Zealand’s increased climate aid spend is great, but it has left the Ministry of Foreign Affairs and Trade (MFAT) a bigger job when it comes to getting aid money out the door. It has also meant MFAT has had to start worrying a lot more about delivering climate finance, something it doesn’t necessarily know much about. And that is likely another reason why spending has been delayed to-date: MFAT is probably struggling to get climate projects off the ground.

All of which leads to one more question: can MFAT
realistically spend the increased aid next year? Perhaps. It might have a bunch of big climate infrastructure projects about to launch, for example. Or if it wanted, it could increase its multilateral contributions with a large, one-off boost. (Upping multilateral contributions for this end was once derided on Devpolicy by MFAT’s chief aid economist as “washing up”, but it’s not a bad approach – there are plenty of good multilaterals that don’t have to spend in a hurry, and which could use the money well.)

There’s one other option though. The aid program might simply fail to spend its full three year allocation. What happens then? There are precedents. At points in the past, the remaining allocation has simply been rolled into the next three years. This is possible, but not guaranteed. It would require political approval, which might not be granted (particularly if the government changes later this year).

So 0.34% looks remarkable on paper, but it’s more complicated in reality. Had spending been more evenly distributed, New Zealand’s ODA/GNI ratio would have been closer to 0.3, perhaps 0.31. That’s still a lot better than Australia. I’d be tempted to gloat, except that for now I’m busy worrying how this year’s increase is going to be spent.

---

**Labor promises not to cut aid**

Labor delivered a modest increase in foreign aid in October last year. In this budget, as with the last, aid falls over the forward estimates, after adjusting for inflation, this time from $4.8 billion in 2023-24 to $4.7 billion in 2025-26.

There is a welcome commitment to give DFAT an additional $36.8 million over four years to improve aid effectiveness and
transparency. There is also increased funding of $1.9 billion (most of it not classified as aid) for Defence, the Australian Federal Police and other agencies to work across the Pacific. And there are a number of additional expenditure commitments on Pacific labour mobility: more staff to look after workers, and access to Medicare for some.

But the big story of this aid budget is the return to indexation. Normally, governments give aid and other expenditure projections only for three years after the budget year, the so-called forward estimates. However, this year the government has decided to project aid out for a full decade to 2036-37, that is, for a decade starting the year after the forward estimates end.

In the government’s own words, it has “locked in” annual increases of 2.5%, the projected rate of inflation in 2026-27, all the way from 2026-27, the last year of the forward estimates, to more than a decade later, 2036-37.

Assuming that inflation stays at the projected 2025-26 level of 2.5%, this means that aid will stabilise, in today’s prices, at $4.7 billion. In some ways, this is a victory: it is, in today’s prices, about $600 million more than the Coalition was promising for 2025-26. But, then again, even that former Coalition government had promised a return to indexation over the forward estimates. Did anyone really think that Labor would keep cutting aid in real terms over the next five or ten years?

In any case, the government has gone further, portraying the decade-long indexation commitment not as a stabilisation but as a “long-term rebuild of Australia’s international development program”.

It is hard to see the rationale behind this framing. Indexation will, by definition, prevent further aid cuts, but hardly constitutes a “rebuild”. A rebuild would mean a return
towards an aid budget of a size when Labor last left office, not $4.7 but $6.5 billion. Rebuilding would also mean that we would lift our aid/GNI ratio. This was in excess of 0.3% when Labor was last in power. It has now fallen to 0.19%, and with indexation and economic growth continuing at its projected 2025-26 level (2.75%), Australia’s ODA/GNI ratio will fall to below 0.14% over the next decade.

This means that Australia is consigned to remain an aid minnow. As our Aid Tracker shows, Australia’s aid importance has declined sharply over the last decade. Since 1995, Australia has contributed, on average, 2.3% of global Official Development Assistance. Australia’s share exceeded 4% in 2012, the last year of aid scale-up, but is now at a new twenty-seven year low of 1.5%. Our ranking among OEDC donors has fallen from ninth highest in 1995 to 13th in 2013 to 27th (or fourth lowest) in 2022.

Australia’s global share and ranking have fallen so sharply because, whereas we have been cutting aid, most countries have been increasing it. Adjusting for inflation, Australia’s aid is about back where it was in 2008, more than a decade ago. Global aid is significantly up on that, by 85%, or almost double. Even if we take out the recent massive increases in aid for Ukraine and for in-country refugees, global aid is up by 48% or almost one half. In this environment, simply promising not to cut aid any more will do nothing to improve Australia’s global aid standing. Indeed, the budget projections put us on track to replace Greece as the OECD’s least generous donor. None of this is consistent with a global context in which the reduction of extreme poverty has virtually come to a halt for the first time in decades and “polycrises” loom.

Why Labor has decided to be so unambitious in relation to foreign aid is a question only it can answer. Many thought that, while it was starting slowly, it would become more adventurous, especially if it were to win a second term.
Perhaps it will. But indexation is as much an undertaking not to increase aid beyond inflation as it is a promise not to cut. The Labor government could not have more clearly signalled its timidity on foreign aid than it did through yesterday’s budget.

Devpol’s [Australian Aid Tracker](https://www.devpol.org.au) has been updated with the new budget numbers.

This blog was corrected on 23 May 2023 to replace 2037-38 by 2036-37 as the last year of the ten-year indexation period beginning after the forward estimates.