

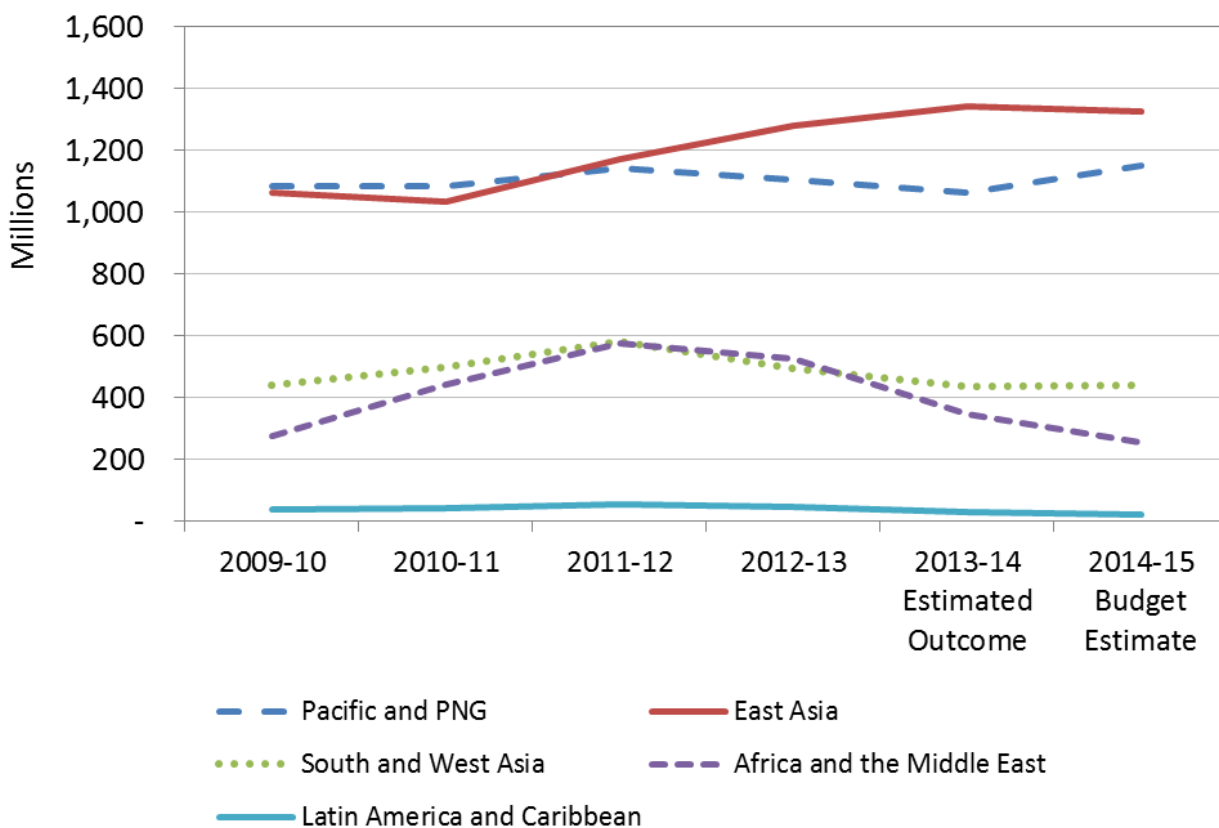
Winners and losers in the 2014-15 aid budget

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Date : May 14, 2014

Changes to country and regional allocations were expected to be minimal in Australia's first static [aid budget](#) since 2000-01. That is true for the most part, although there are a few surprises. Papua New Guinea and regional programs stand out as the beneficiaries from this year's budget. The other notable mention involves cross-regional programmes, funding for which doubles from \$309 to \$687 million (this budget line is likely to be used in future funding announcements by the Government). Official development assistance (ODA) to Latin America, Africa, and the Middle East, not surprisingly, declines significantly.

Figure 1 - Official Development Assistance, 2009-10 to 2014-15 (\$ million)



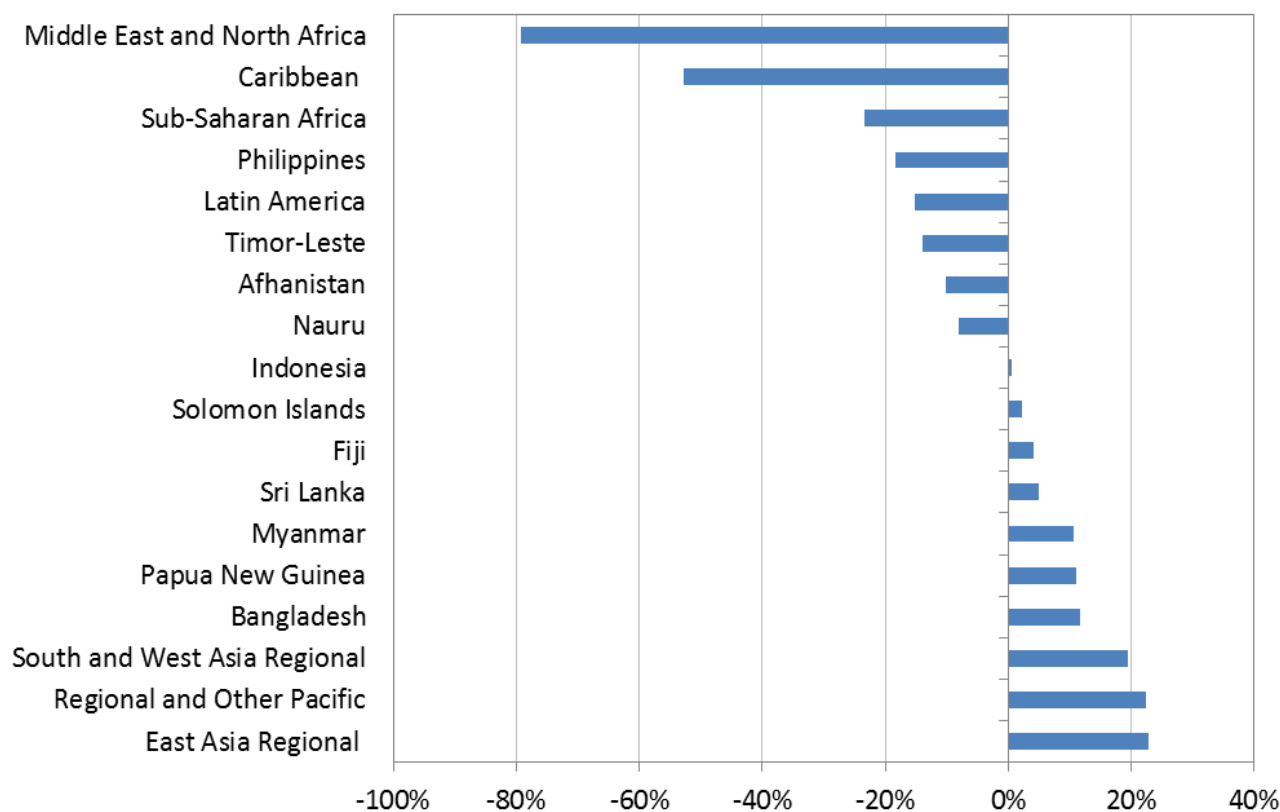
Note: Underlying data for the graphs, along with country allocations attained from DFAT, can be found [here](#) (.xlsx).

Total ODA remains almost unchanged in nominal term, at \$5.03 billion, although in real terms (when accounting for inflation) it declines by 2.25 percent. The aid budget is significantly lower than the \$5.67 billion that had been budgeted for in 2013-14, prior to the election of the Coalition Government. One offsetting factor that is not immediately visible in the figures is the announcement that the allocation of ODA funds to onshore processing of refugees will end (since there will be no more onshore asylum seekers). This frees up \$375 million for other purposes.

The Pacific and Papua New Guinea are insulated from any belt-tightening, with ODA set to increase by 8 percent in nominal terms. PNG receives the biggest increase in ODA funding of any country, with aid rising from \$519 to \$577 million. Aid to other Pacific island countries is fairly static, with the only minor increase of

note being to Solomon Islands.

Figure 2 - Official Development Assistance, Changes (%), 2013/14 - 2014/15



ODA to other regions is not protected to the same extent. ODA to East Asia declines by \$14 million in nominal terms, which is a minor fall given total aid to that region. Australian ODA falls by \$16 million in Timor Leste and \$32 million in the Philippines, while increasing by \$8.6 million in Burma. ODA to South and West Asia remains static, increasing by less than 1 percent in nominal terms (and falling in real terms). There is a decline in the case of Afghanistan (\$149 to \$134 million) but an increase in Bangladesh (\$84 to \$94 million).

Interestingly, ODA allocations to regional programs increase by approximately 20 percent in East Asia (to \$100 million), South Asia (to \$33 million) and the Pacific (to \$129 million). Disaggregated data that would allow us to analyse what various organisation are set to receive is not provided, but these increases largely reverse cuts that were made to the 2013-14 budget.

It was expected that aid to Latin America and Africa would be cut, given the abandonment of efforts to achieve the 0.5% GNI target. This has certainly occurred, although perhaps not to the extent some had expected. ODA delivered by DFAT to Latin America and the Caribbean has completely ceased. However, total ODA (which includes ODA provided by other government departments) continues, albeit at a lower level (falling 30 percent, from \$30 million to \$21 million). ODA to Sub-Saharan Africa and the Middle East falls from \$345 to \$252 (-27%), with the greatest decline affecting the Middle East and North Africa, where ODA declines by 79 percent, to \$9 million.

In sum, ODA to countries and regions remains largely static in regions where Australia has traditionally provided the majority of its aid. It rises in PNG and the Pacific, and falls slightly in East Asia. There are few surprises for countries that receive Australian ODA: aid to PNG and Myanmar increases, and falls in the case of the Philippines, Timor Leste, and Afghanistan. The declines in assistance to Latin America, Africa and the Middle East are much more significant; however, they are not unexpected. The substantial increase

in ODA to regional programs, in the Pacific, East Asia, and South and West Asia, are interesting. However, as noted, these simply reverse cuts that were made to the 2013-14 budget.

The verdict: a status quo budget, with few surprises, and which is lacking in detail.

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