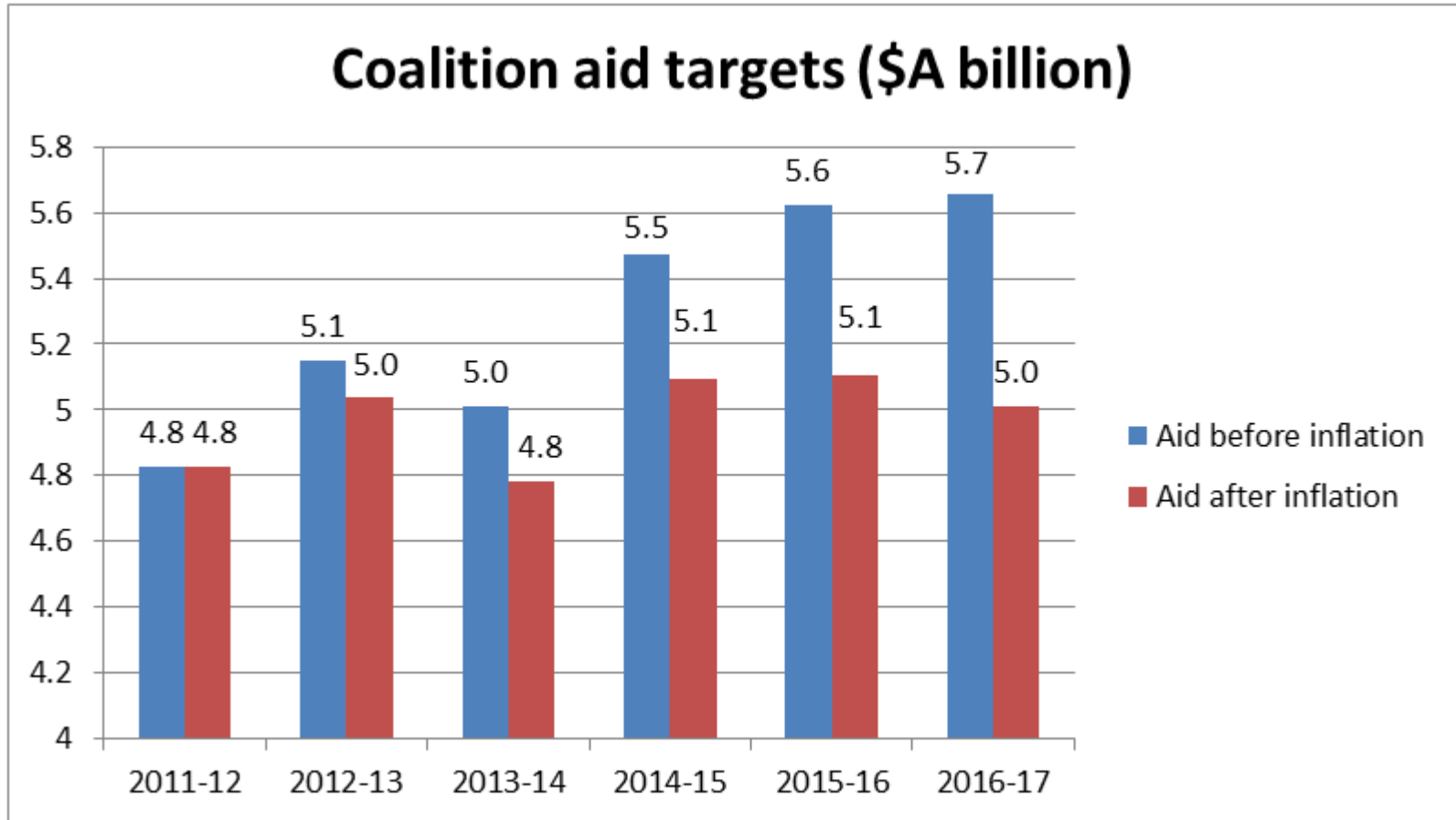


The 2014-15 aid budget: less aid, less transparent

Stephen Howes

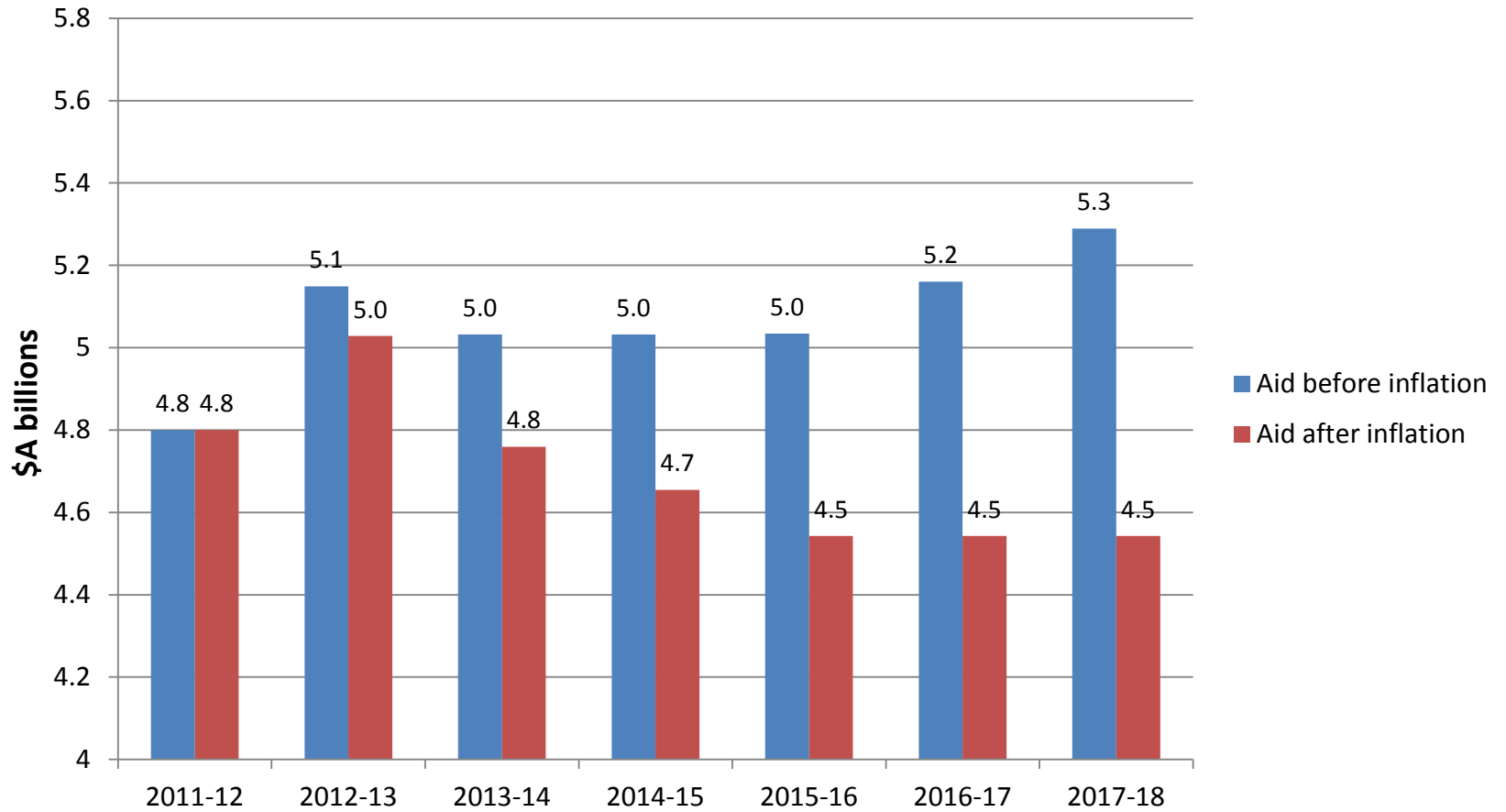
Aid quantities

Election commitments



“Annual increases in nominal funding in the aid budget” in line with CPI

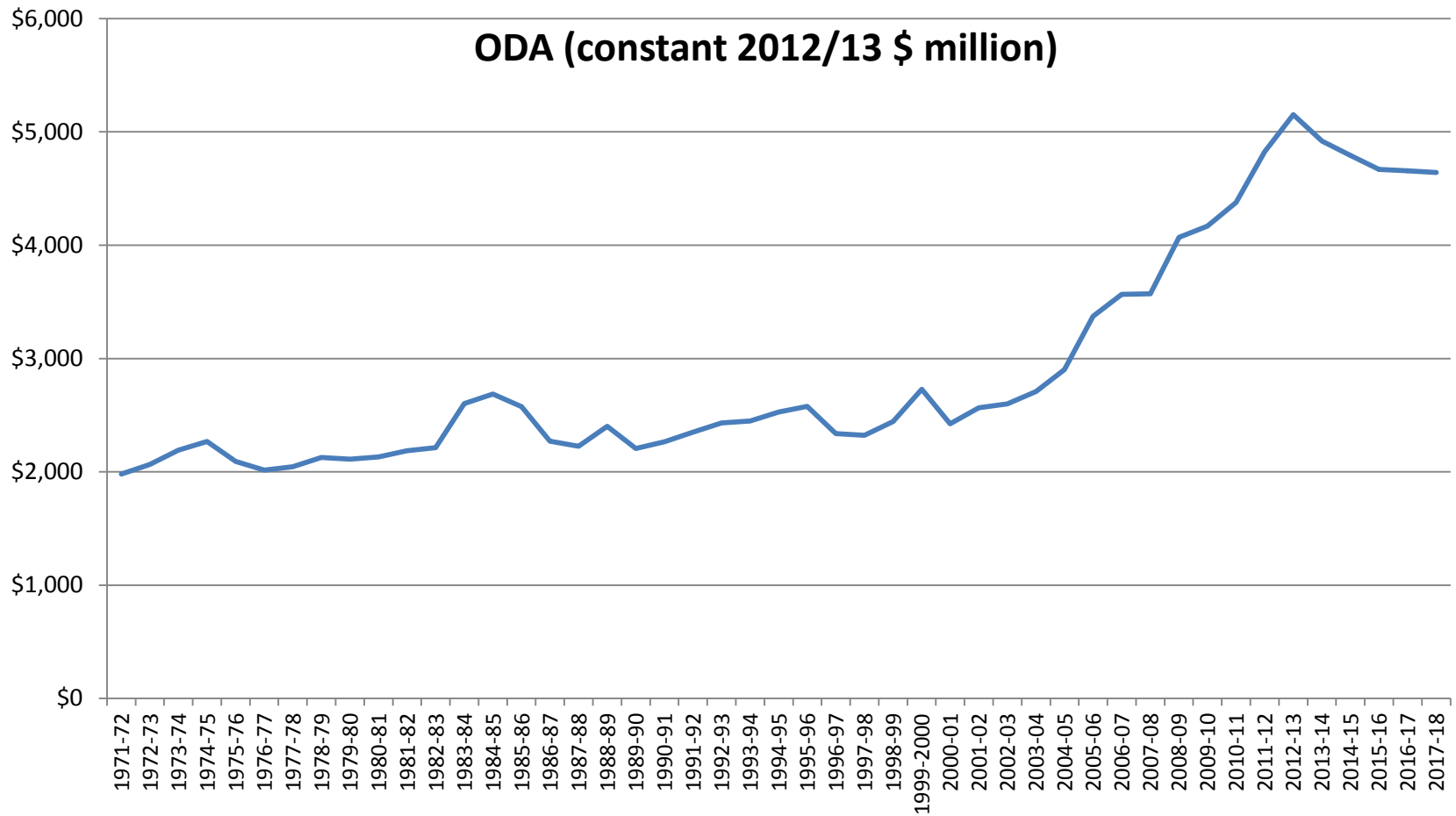
Budget

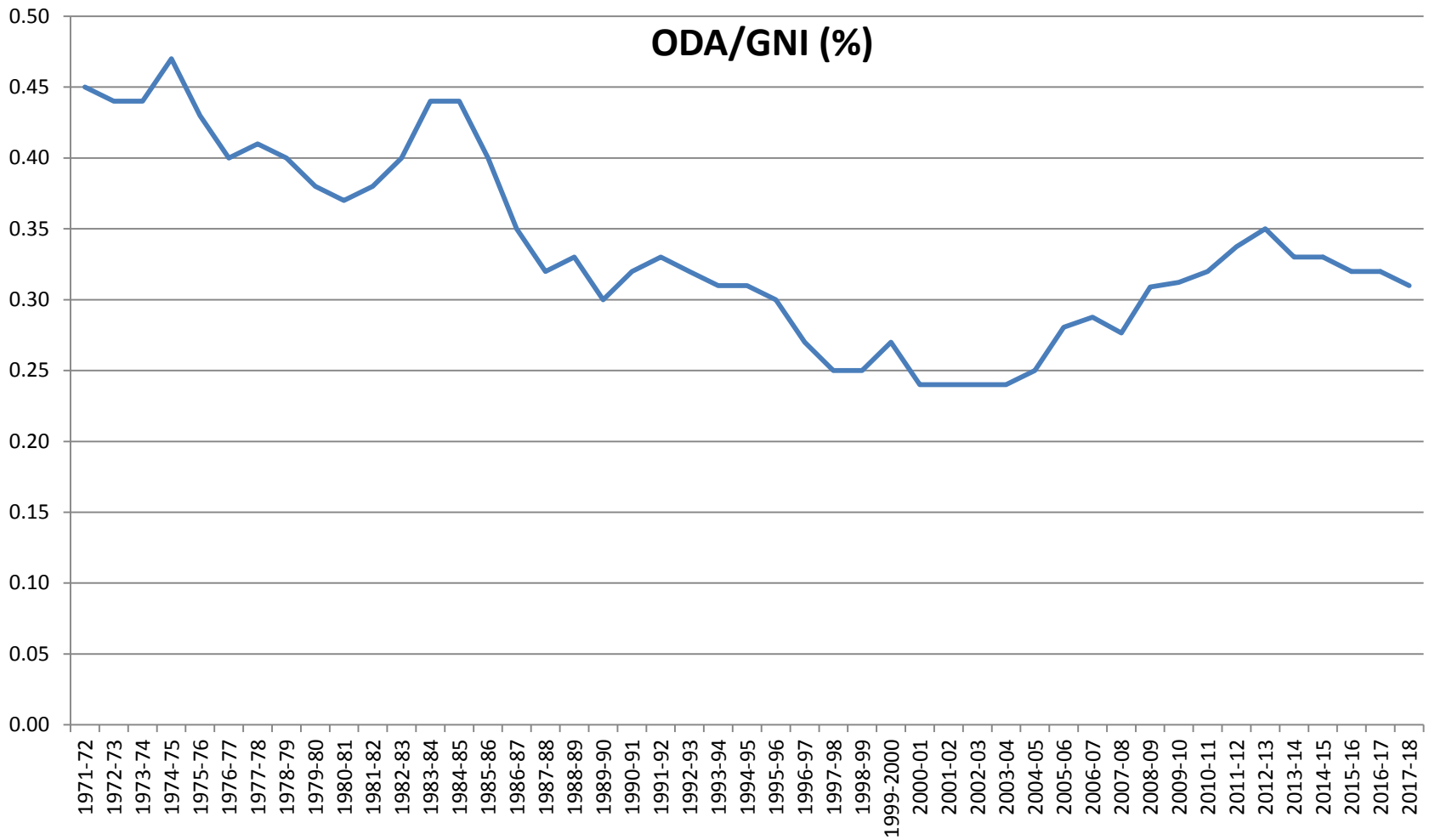


The 10% cut

	Aid (\$m)	CPI (%)	Annual change		Cumulative change	
			Nominal	Real	Nominal	Real
2012-13	5149					
2013-14	5032	3.25	-2.3%	-5.3%	-2.3%	-5.3%
2014-15	5032	2.25	0.0%	-2.2%	-2.3%	-7.4%
2015-16	5034	2.5	0.0%	-2.4%	-2.3%	-9.7%

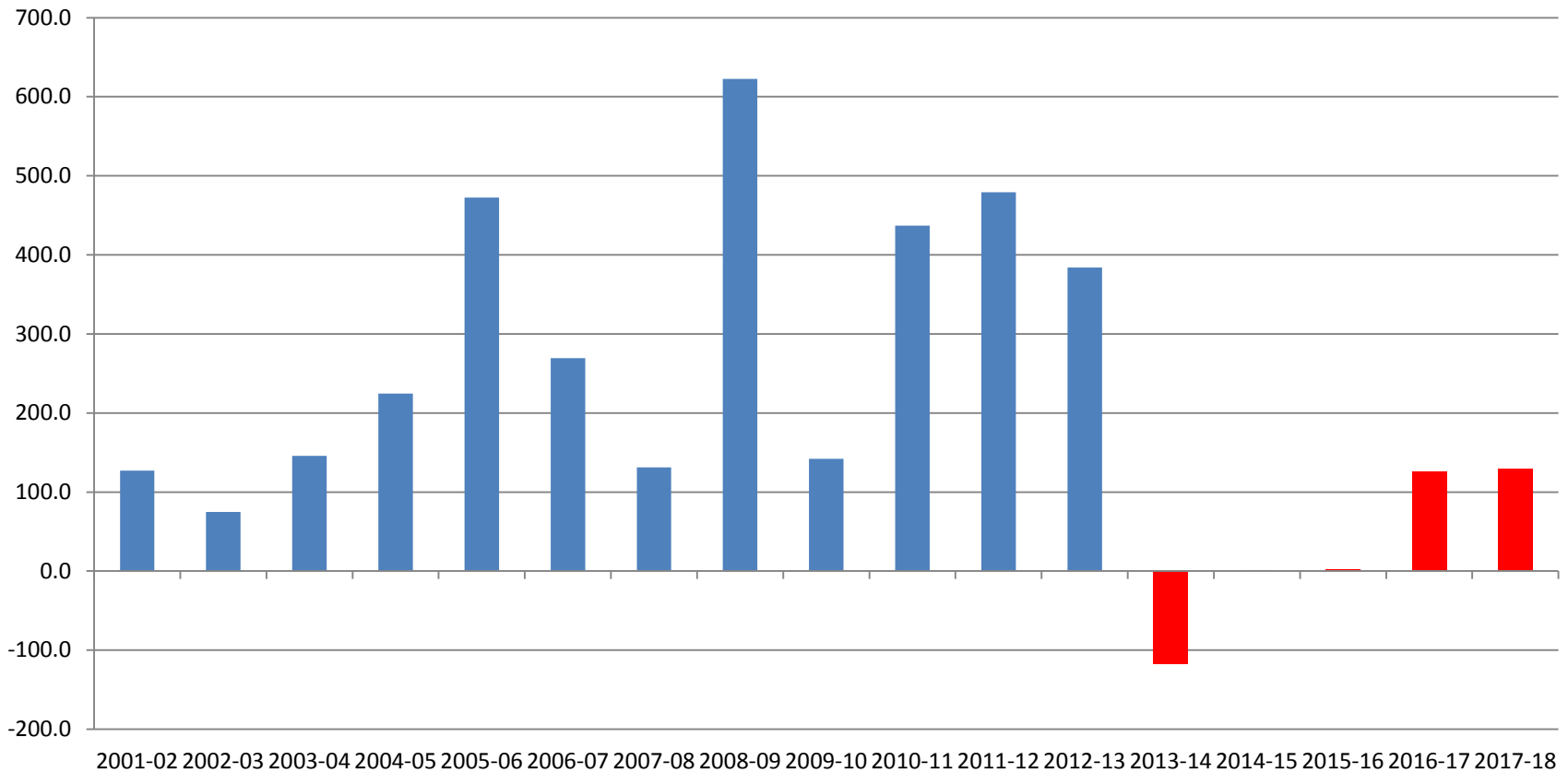
The aid scale down





The end of an era

Year-on-year aid nominal increases since 2000-01 (\$million)



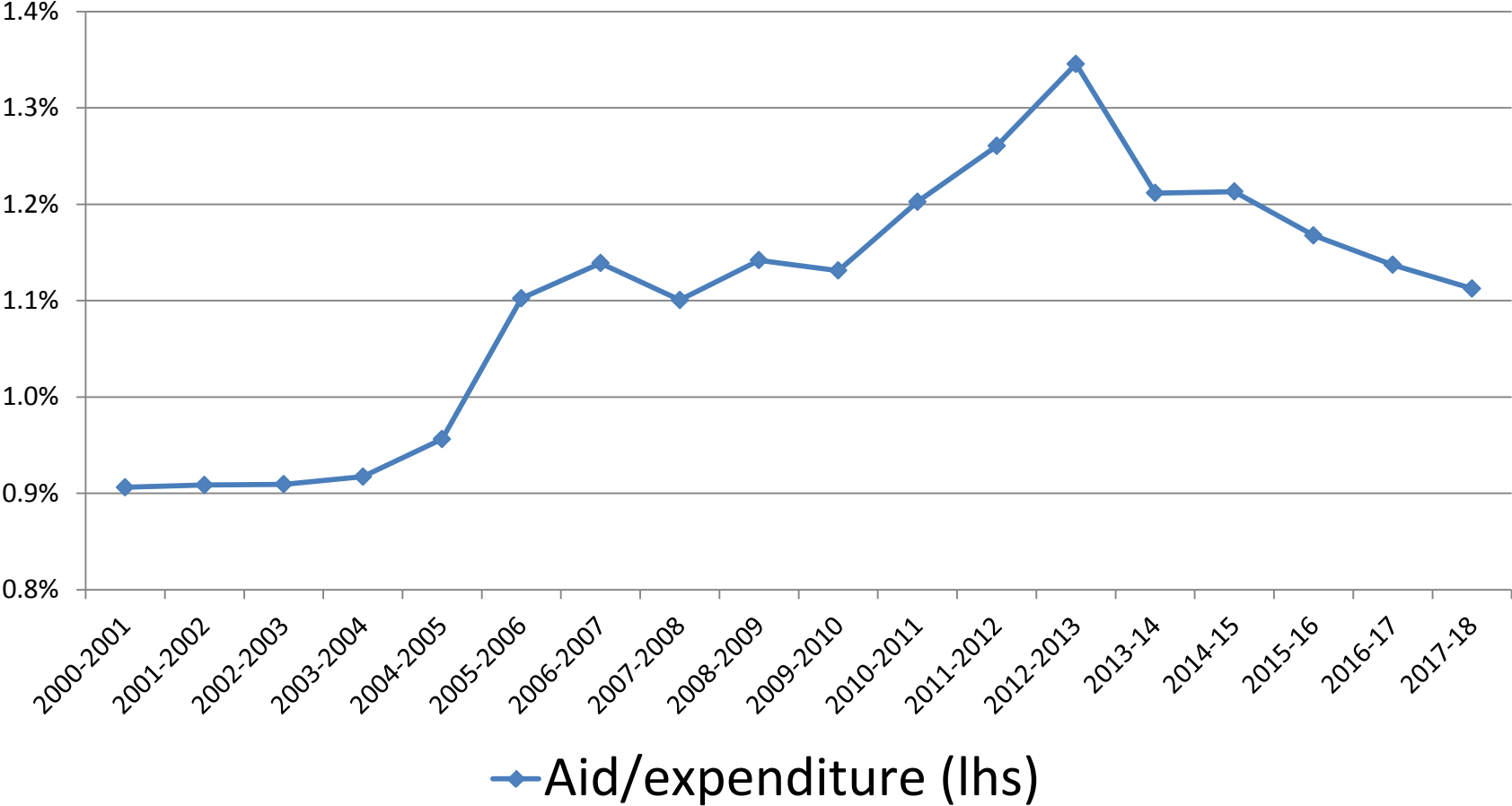
Note: this also puts the \$375 million returned from asylum seekers in perspective 8

The disproportionate burden: aid and the fiscal adjustment

- From 2012-13 to 2017-18
 - aid falls by 9.7%
 - Non-aid increases by 9.3%

	Real spending (\$b, 2012-13 prices)		Cumulative change	
	Aid	Non-aid	Aid	Non-aid
2012-13	5.1	382.6		
2013-14	4.9	402.2	-5.3%	5.1%
2014-15	4.8	392.9	-7.4%	2.7%
2015-16	4.7	398.4	-9.7%	4.1%
2016-17	4.7	409.1	-9.7%	6.9%
2017-18	4.7	418.2	-9.7%	9.3%

The declining share of aid in total expenditure

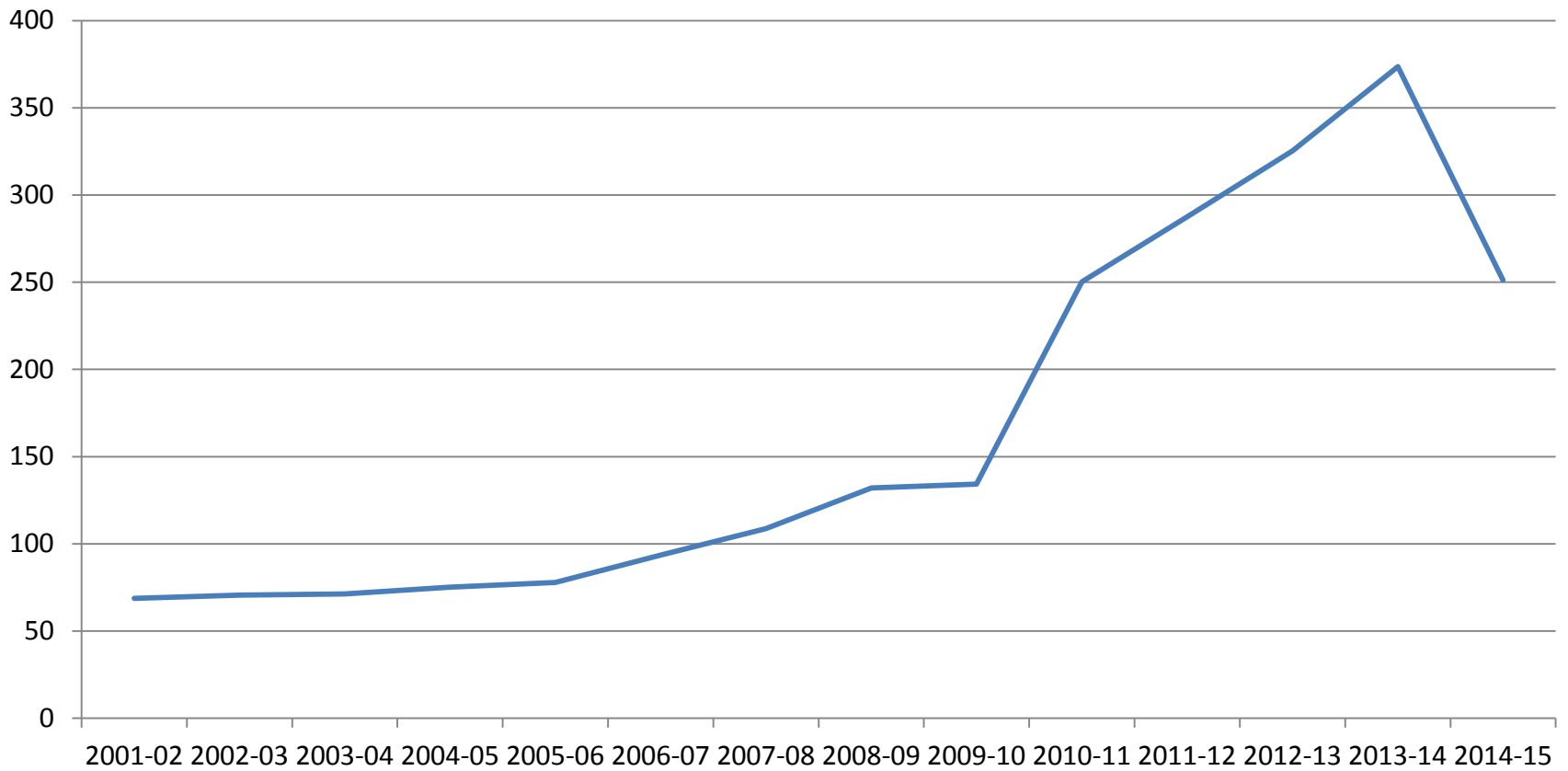


Composition and quality

The big picture: 2014-15 losers

- **\$375 million:** return of asylum seeker funding
- **\$100 million:** reduction in aid to Africa (MENA as well as sub-Saharan Africa) and Latin America
- **\$120 million:** reduction in aid administration
- **TOTAL: \$595 million**

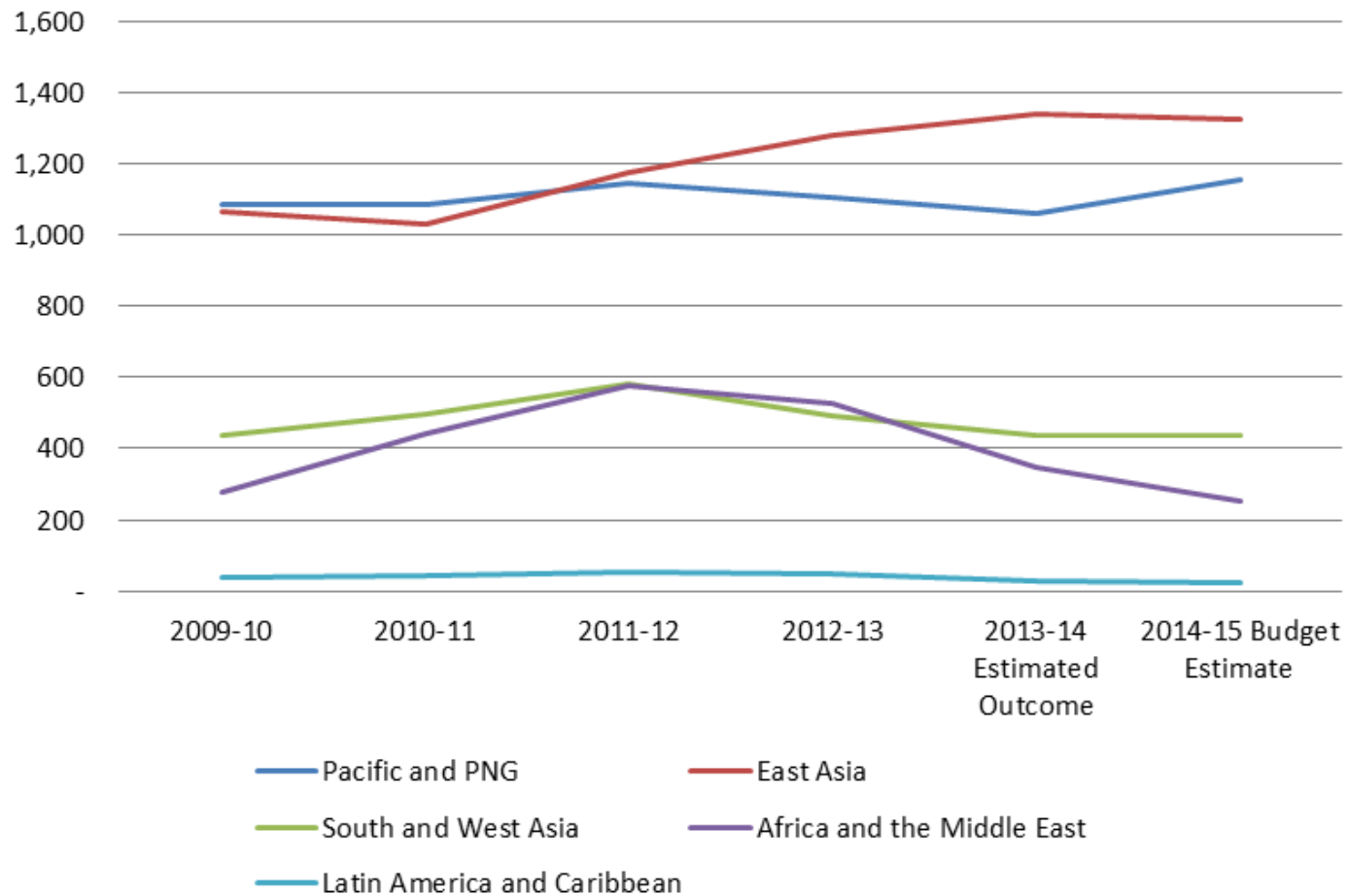
Departmental spending (\$ million)



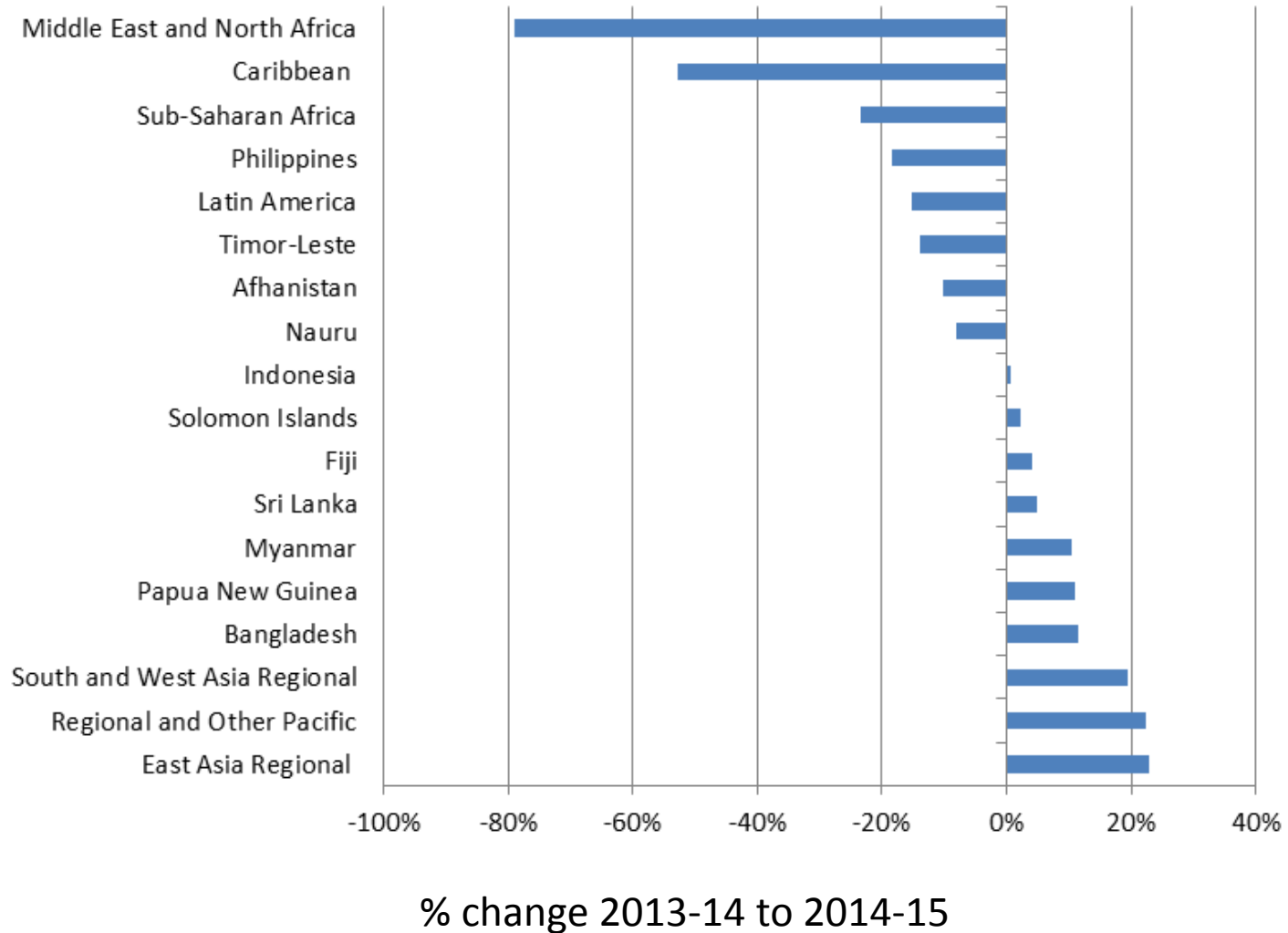
The big picture: 2014-15 winners

- **\$60 million:** PNG
- **\$55 million:** to regional organizations and initiatives
- **\$65 million:** to humanitarian
- **\$30 million:** contingency
- **\$380 million:** “Cross Regional Programs”
 - Scholarships continue to increase to 4,500 awards, as per 2013-14 target, so full quarantine from cuts
 - Most held in reserve
- **TOTAL: \$590 million**

Increased regional focus



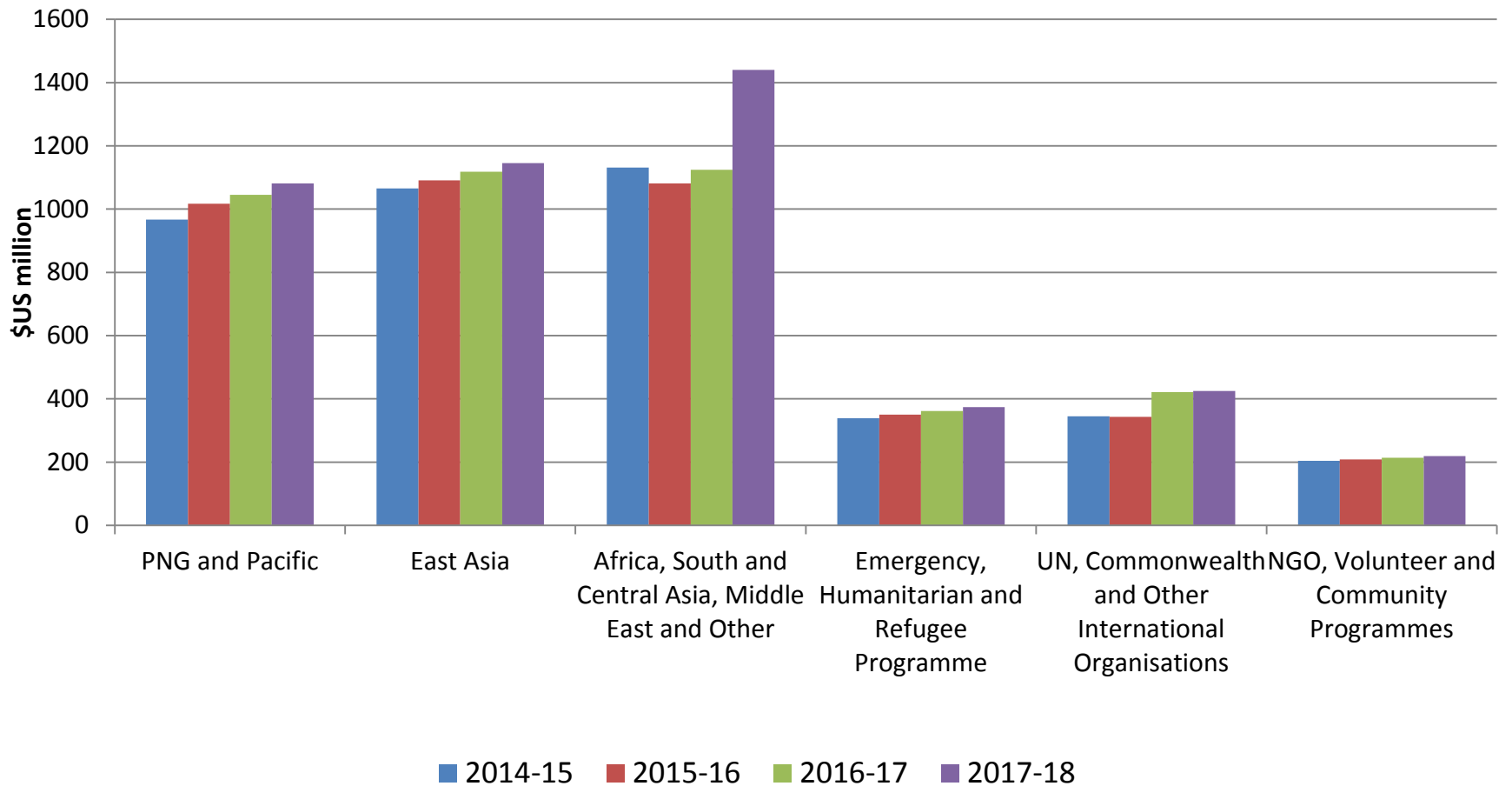
Winners and losers



Other changes

- Doubling of DAP (\$11 million)
- ANCP tiny increase (\$3.3 m. to \$134 million)
- ACIAR constant
- AFP down
- Multilateral allocations unchanged from January or undecided

A few surprises in the forward estimates



Missing

- Sectoral allocations
- Policy framework
- Benchmarks
- Any new initiatives
- Blue book: since 1999-00 or earlier

Transparency

- Country information previously in blue book now on web.
- So, greater onus on the web to be up-to-date and consistent, but

Web pages out of date

Home | Organisational structure | www.treasury.gov.au/~/11 | Massive ice sheet melt is

Australian Government Australian AID

Australian Multilateral Assessment

March 2012

Australian Multilateral Assessment

Why we give aid

“ The fundamental purpose of Australia's aid program is to help people overcome poverty. There have been impressive gains in reducing poverty but more remains to be done. Australia will continue to work through its aid program to address poverty, but there are limits to what it can achieve alone. [Find out more on why we work with multilateral organisations](#) ”

How we are helping

Our funding for 2011/12

\$1.8 billion

Sectoral and thematic information will be updated following the release of Australia's new development policy, which will set out how Australia's aid programme will be re-shaped to more effectively promote economic growth and reduce poverty. These new policy directions will be underpinned by a set of performance benchmarks that will improve aid programme performance, value for money and results.

Multilateral organisations achieve significant development results and are important partners for the Australian aid program. Their reach, leverage, specialisation and other strengths play a critical role in helping Australia to meet its international development objectives. Around one-third of the aid budget is channeled through multilateral organisations and the Australian Government is committed to expanding this support to effective partners.

The *Multilateral Engagement Strategy for the Australian aid program 2012–2016* identifies priorities for the aid program's engagement with multilateral organisations. Australia assesses the performance of its multilateral partners to inform our engagement with them and to ensure value for money from our multilateral funding.

As highlighted in the *Australia Multilateral Assessment (AMA)* and reaffirmed through the *Multilateral Scorecards*, Australia's contributions to multilateral organisations are effective and delivering results. Australia's 2011-13 contribution to the GAVI Alliance for example, is expected to fully immunise 7.7 million children in developing countries against major diseases; and prevent 3.9 million people dying from preventable diseases.

The AMA did however identify areas where all multilateral partners could do more to improve their performance. In the context of the AMA, the government has stated that increases in funding will be given to those multilateral

Scorecard

Multilateral Performance Scorecards were developed and introduced in 2012 in response to a recommendation in the *Australian Multilateral Assessment (AMA)* for an ongoing system to track the performance of the Australian aid program's multilateral partners.

The scorecards take forward the Government's commitment made in *An Effective Aid Program for Australia* to increase core funding for multilateral organisations and link core funding to performance and relevance to Australia.

It is anticipated that Scorecards will be prepared on an annual basis.

[Find out more about scorecards](#)

Project web pages now missing

The screenshot shows a web page for the Governance for Growth Initiative. At the top, there are browser tabs for 'Development Policy Centre', 'Organisation Structure', 'www.developmentpolicycentre.org.au', 'Governance for Growth', and 'Judith Clement - Author'. The URL in the address bar is 'idat.gov.au/countries/pacific/australia/Pages/governance-init.aspx'. Below the URL, there is a navigation menu with 'Home' and 'All pages show directory'. A white arrow points to a horizontal timeline with four stages: 'Starter 2007', 'Review and Phase 2 Design 2011-12', 'Implementation Phase 2', and 'Completion 2016'. Below the timeline, the text reads: 'Documents The following documents describe in more detail the Governance for Growth Initiative. Documents are uploaded as the initiative progresses. Find out more about the management tools and the documents you can expect to find.' There are four colored buttons representing the stages: '1. Policy & Direction Setting' (blue), '2. Plan & Design' (yellow), '3. Implementation & Performance Management' (green), and '4. Review & Evaluation' (orange). Below these buttons is a grid of document icons with titles: 'Priorities and Action Agenda 2008-2012', 'Delivery Strategy', 'Vanuatu Partnership Report 2008', 'Evaluation Report', 'Statement of Commitment', 'Design Document', 'Australia-Vanuatu Partnership Report 2010', 'Vanuatu Peer Review Report', 'Cairns Compact', 'Flowing Long Acting Sheet 2009-12', 'Government of Vanuatu Annual Development Report 2011', 'Governance for Growth Mid-term Review Report', 'Memorandum of Understanding between the Government of Australia and the Government of Vanuatu on Development Cooperation', 'Vanuatu Annual Program Performance Report 2011', 'Millennium Development Goals 2010 Report for Vanuatu', and 'Vanuatu-Australia Partnership for Development Progress Report (21 Jan 2011)'. At the bottom, there is a disclaimer: 'The Australian aid program is committed to publishing documents and data concerning Australia's official development assistance in a way that is comprehensive, accessible and timely. Our practice is to publish documents once finalised and where appropriate after the partner government and any other partners directly involved in the delivery of the initiative have been consulted. Not all material published on this site is created by the Australian aid program and therefore not all documents reflect our views. In limited circumstances some information may be withheld for reasons including privacy and commercial sensitivity.'

Conclusion

- Less aid: 10% cut over three years.
- Less transparent aid: no blue book, and website not yet an adequate replacement.
- A mixed bag of allocation decisions.
- Opportunities:
 - The new policy and benchmarks.
 - A better outcome is possible in coming years for both quantity and transparency.