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2024 aid budget breakfast

15 May 2024

#2024aidbudget





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2024 Events

- **PNG Update**
21-22 August, UPNG Port Moresby
- **Pacific Migration Workshop**
3 September, Canberra
- **Australasian AID conference**
3-5 December, Canberra

Aid and the budget

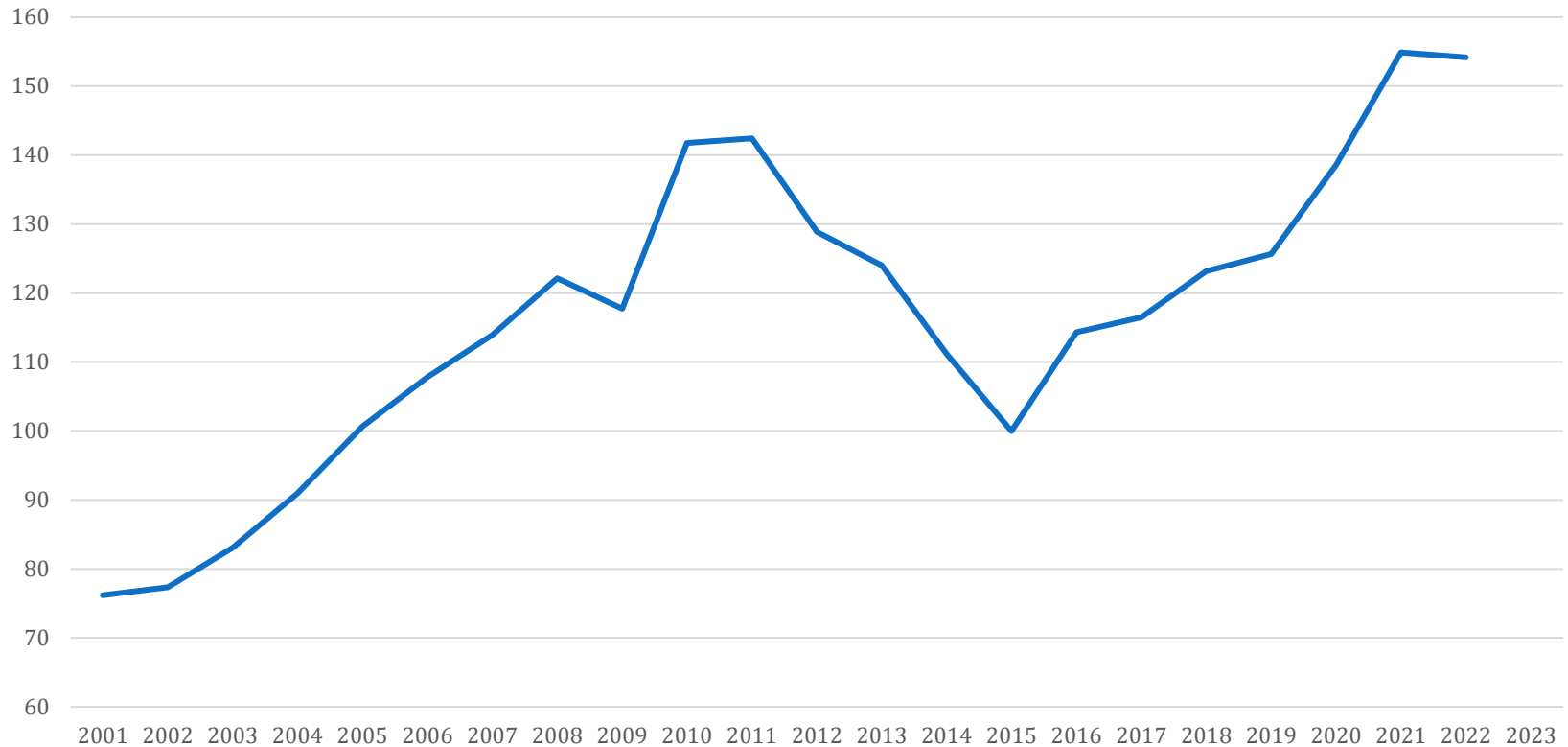


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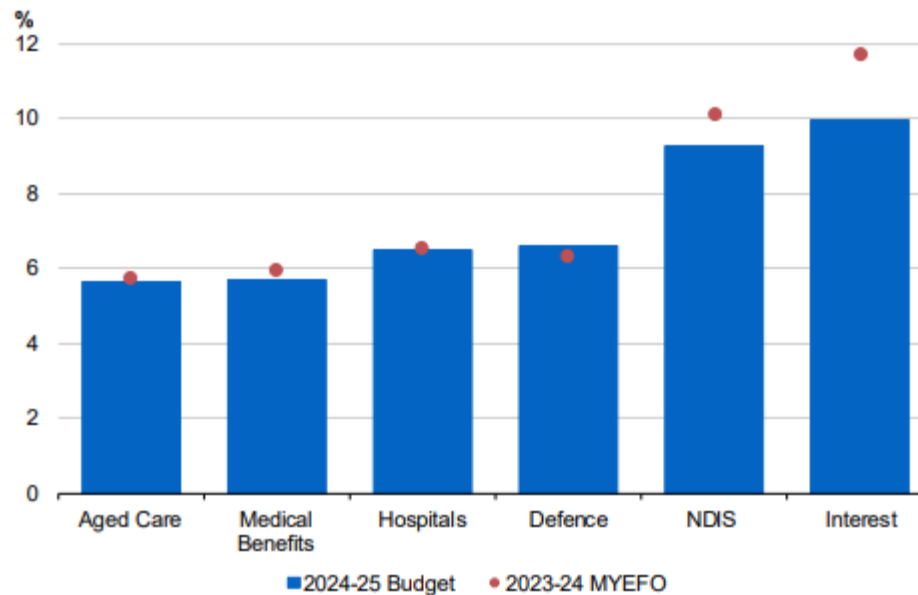
Budget context: the second boom

Terms of trade (2015=100)



Budget pressures

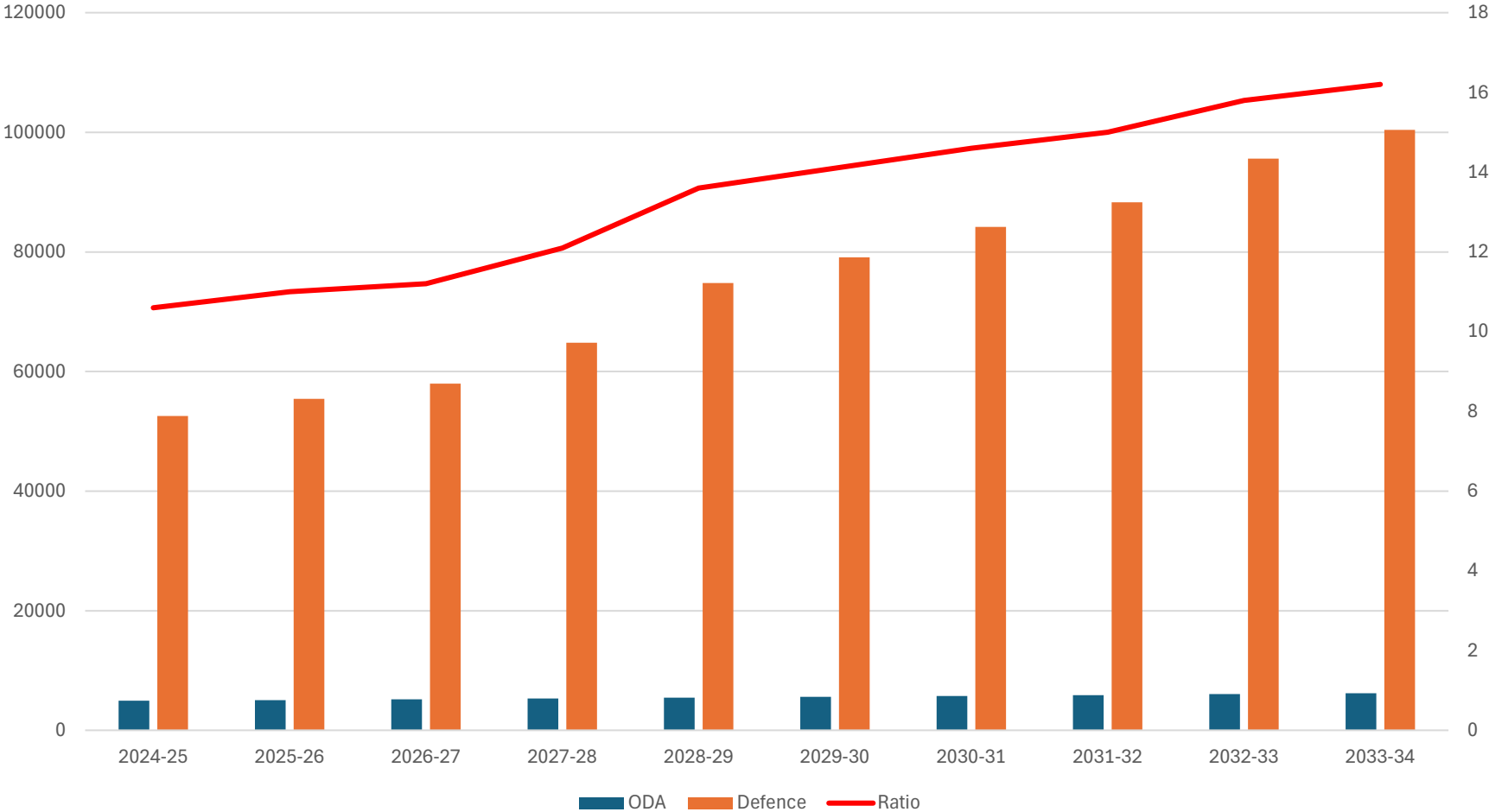
Chart 3.8: Average annual growth in major payments 2024–25 to 2034–35



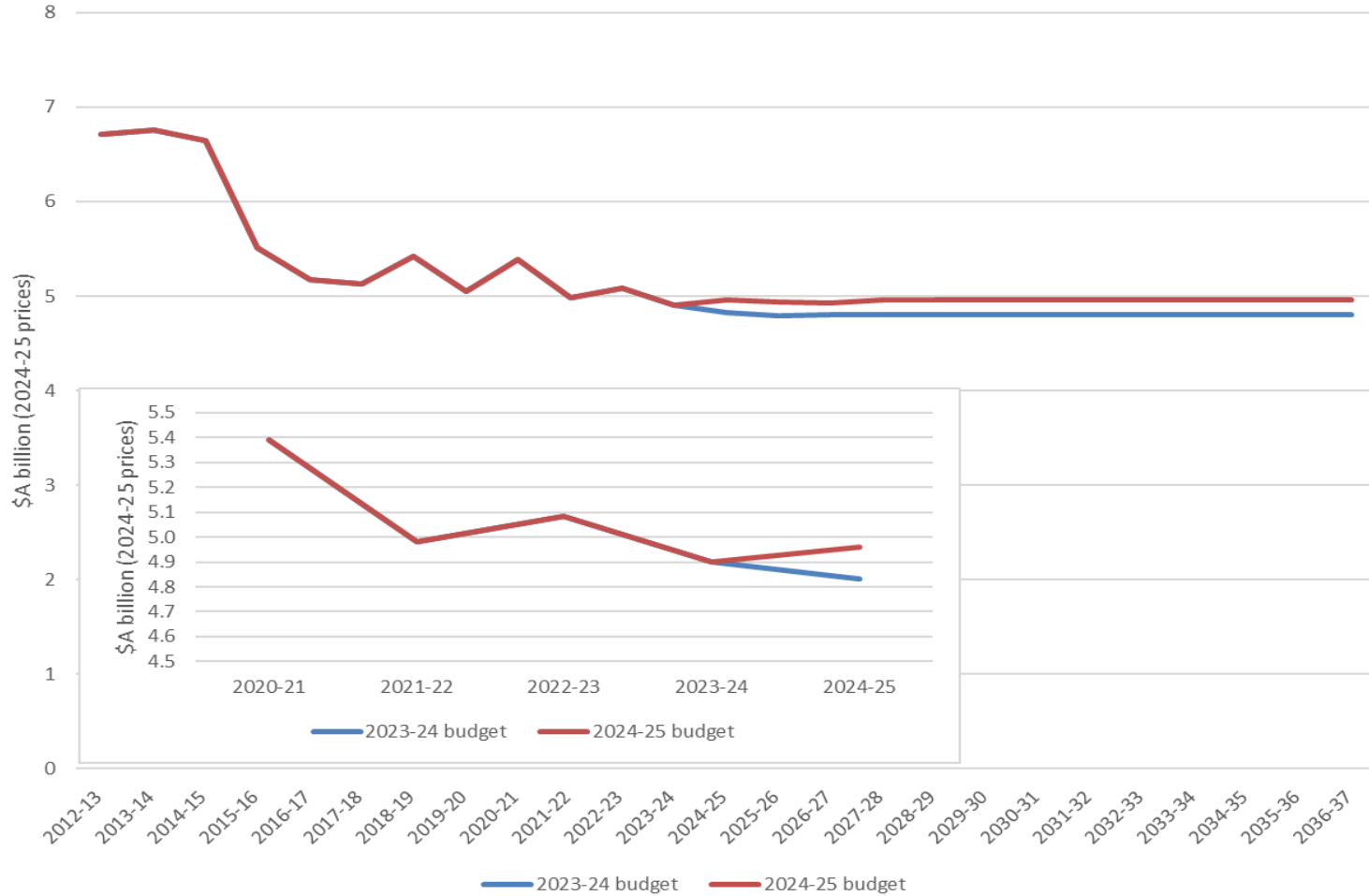
ODA is 2.5%.



Aid and defence



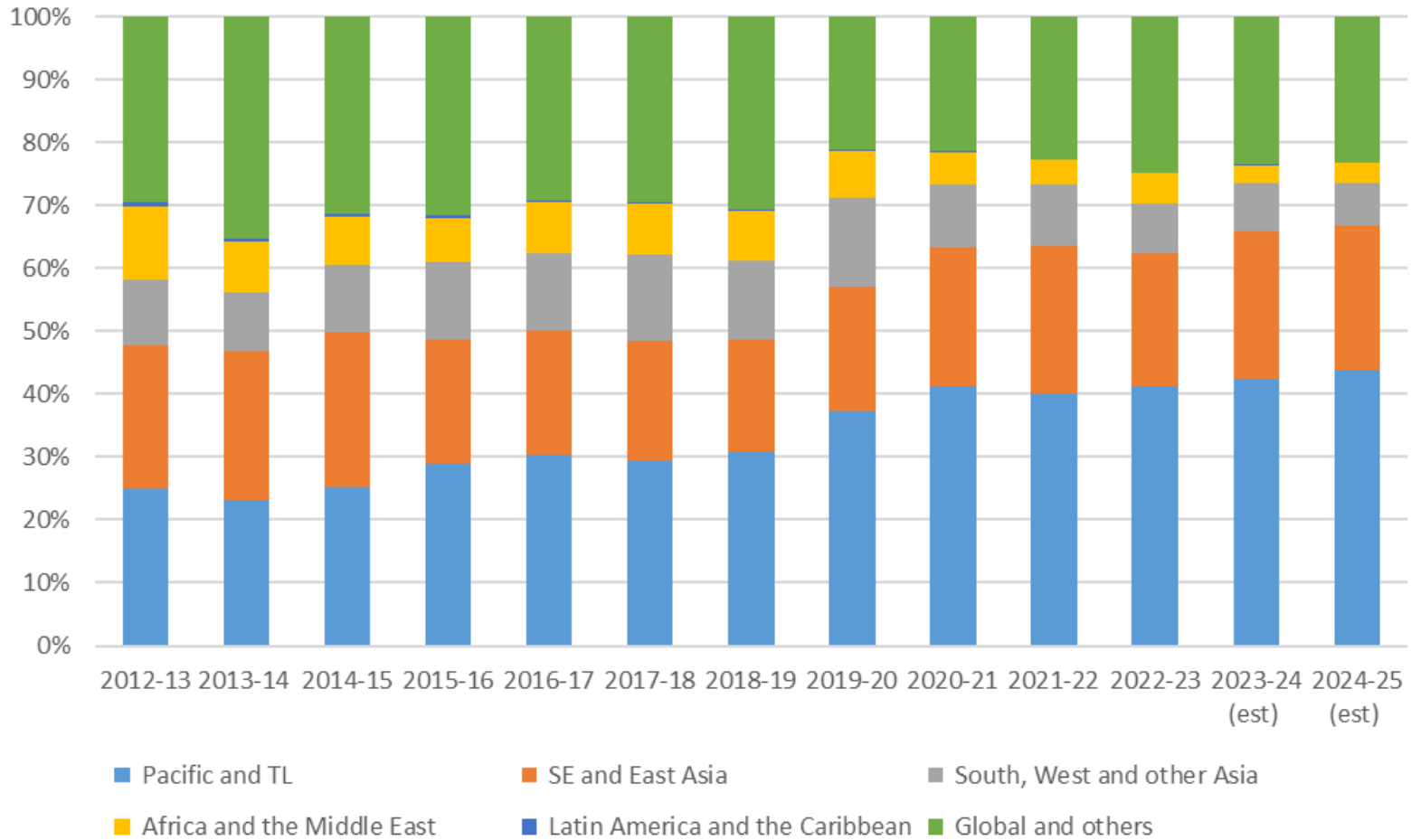
Australian aid in the 2024-25 budget (1)



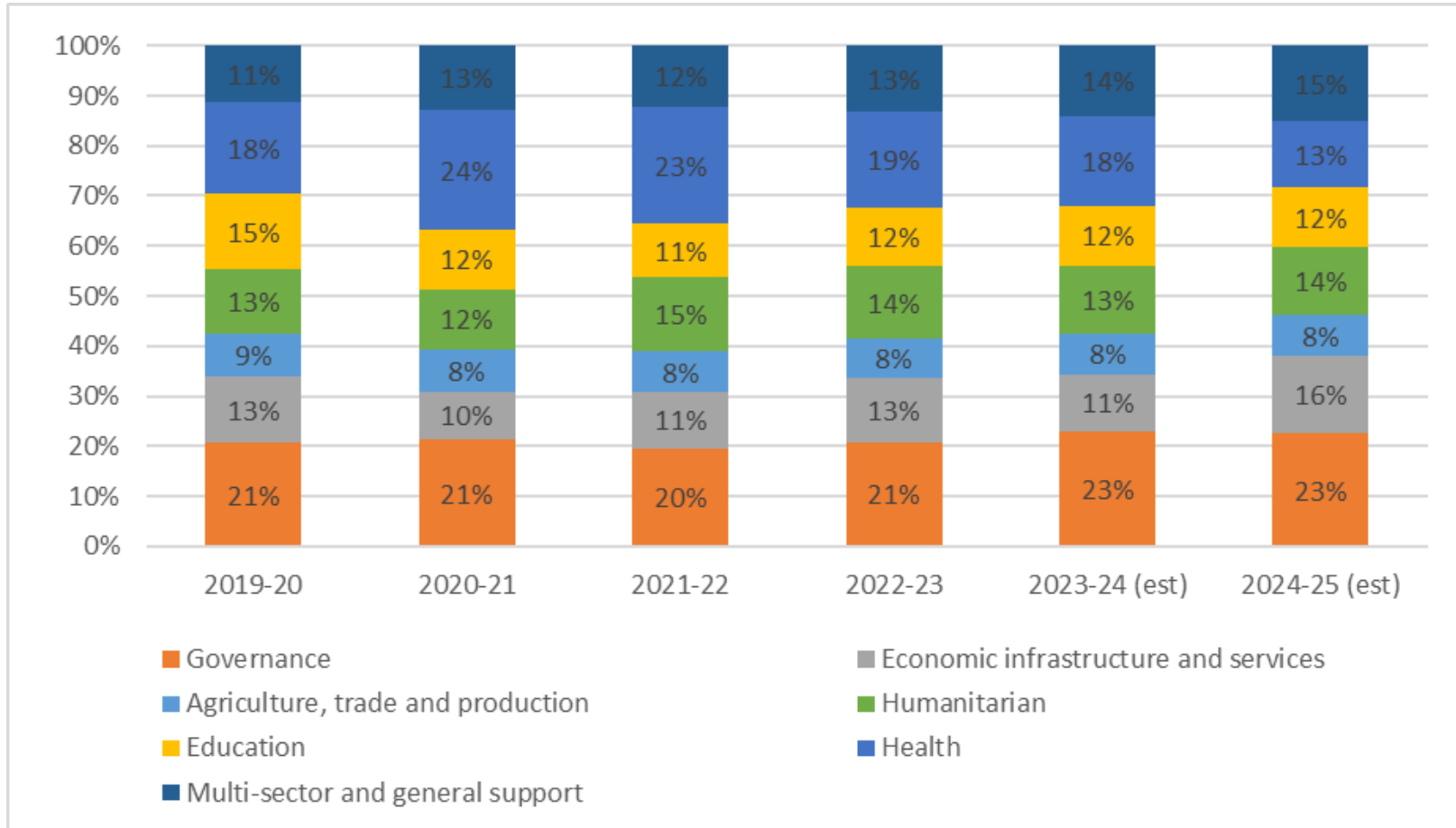
Australian aid in the 2024-25 budget (2)



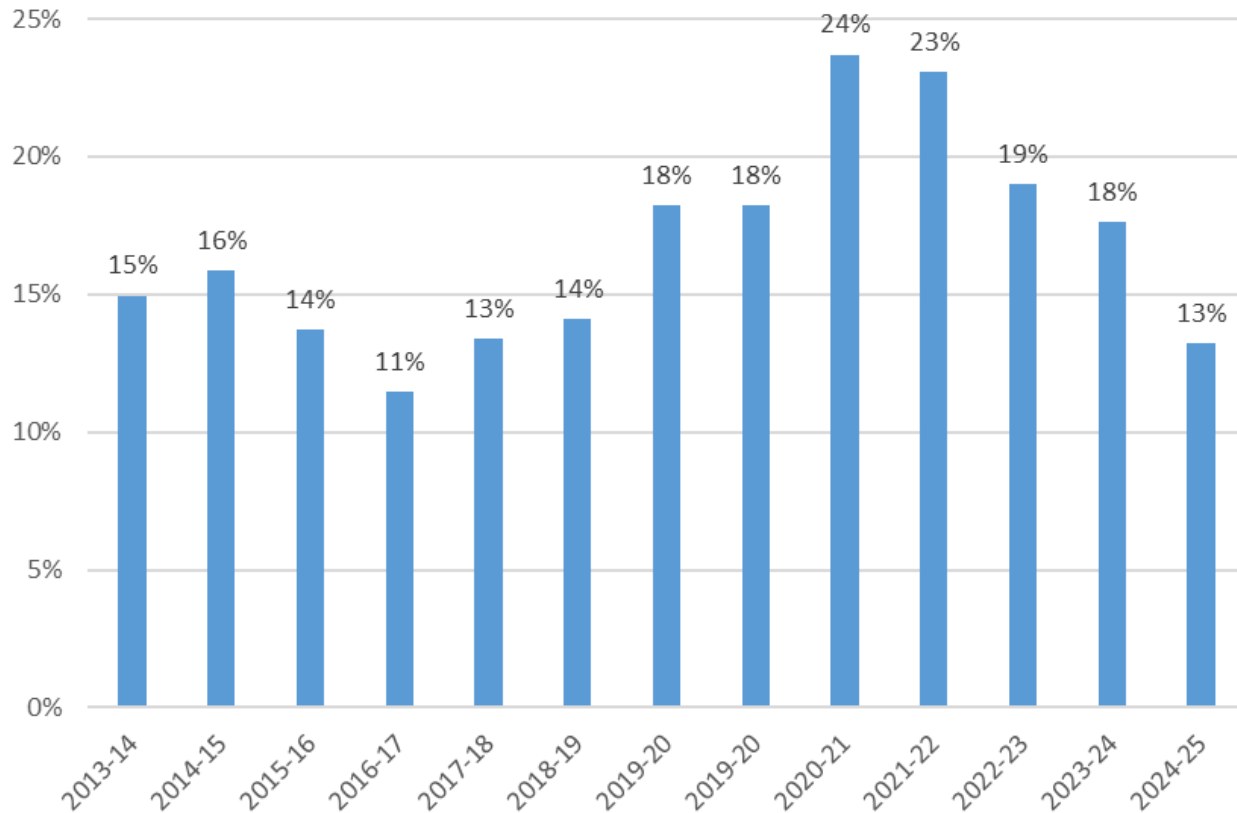
Regional funding



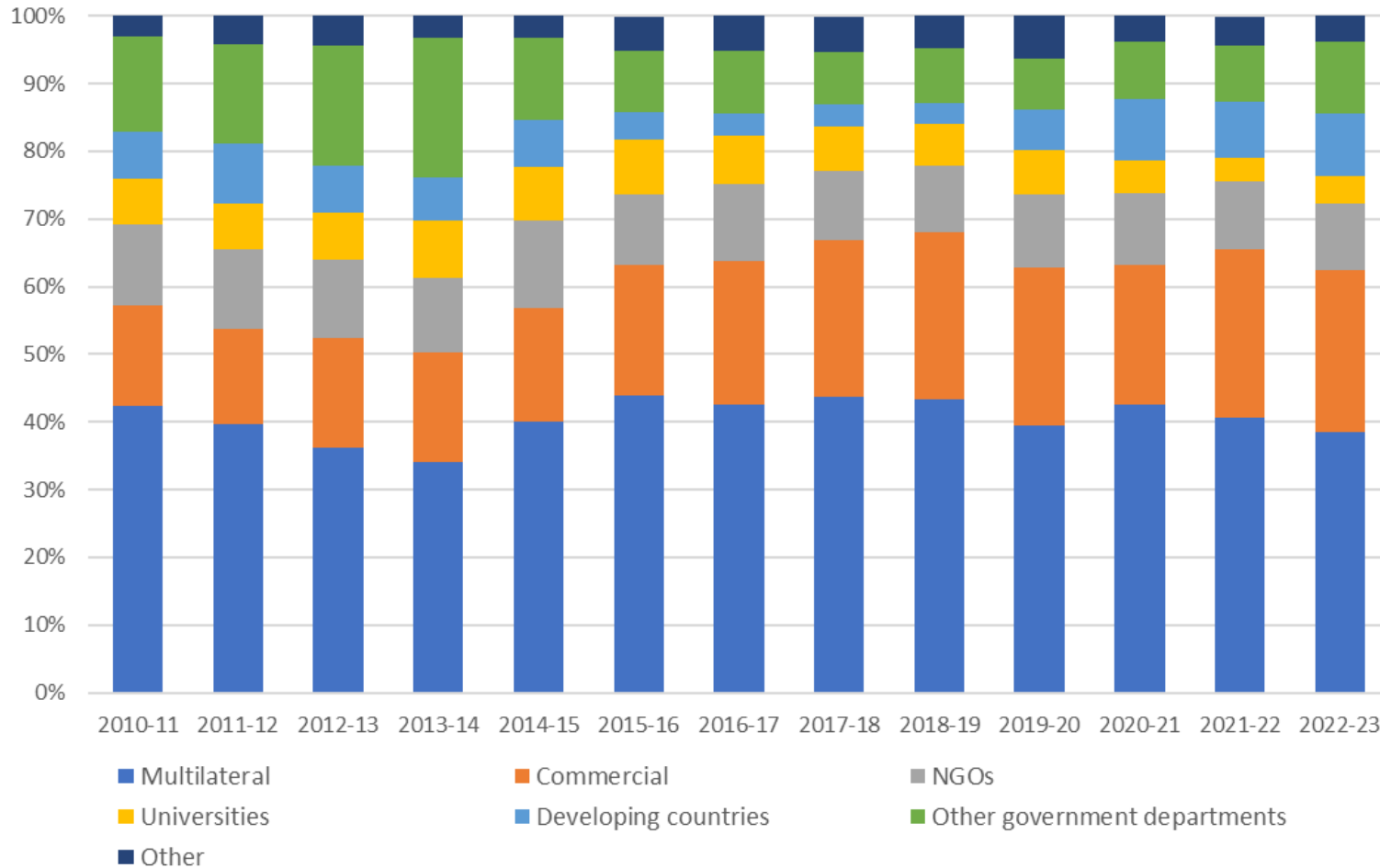
Sectoral funding



Health funding squeezed



Delivery partners



Major budget initiatives

- Tuvalu: \$17 m 23-24 to \$87 m 24-25 ODA
 - Cf \$102 m ODA for SSA
- Fiji's: \$88 m 23-24 to \$123 m 24-25 ODA
 - Budget support and grant-funded port expansion
- Indonesia: \$326 to \$354 m
 - Flagship climate and energy initiative.
- Green Climate Fund and Pacific Resilience Facility commitments (\$65 million combined)
- Budgeting for grant-equivalent of AIFFP.



Aid effectiveness

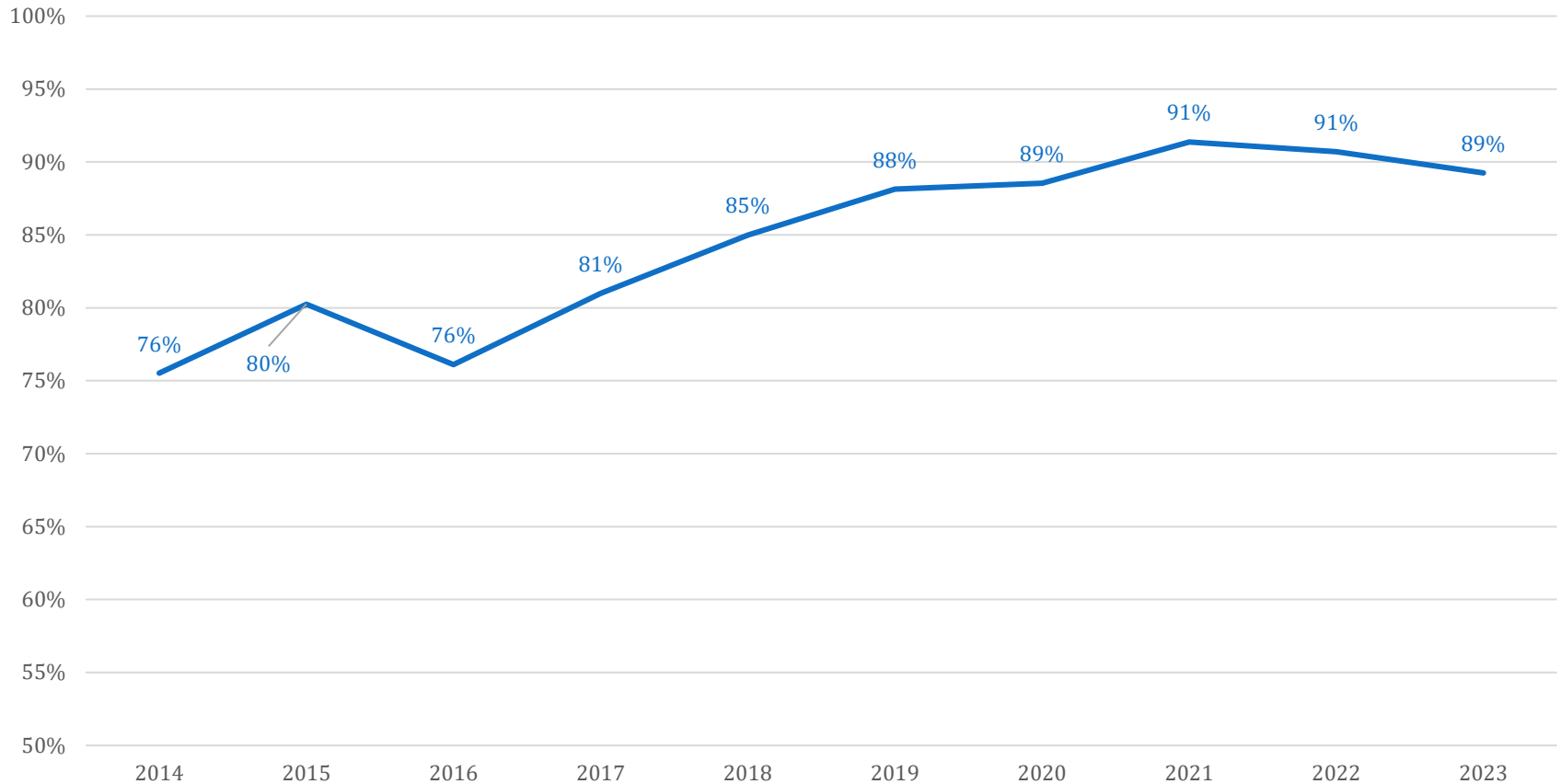


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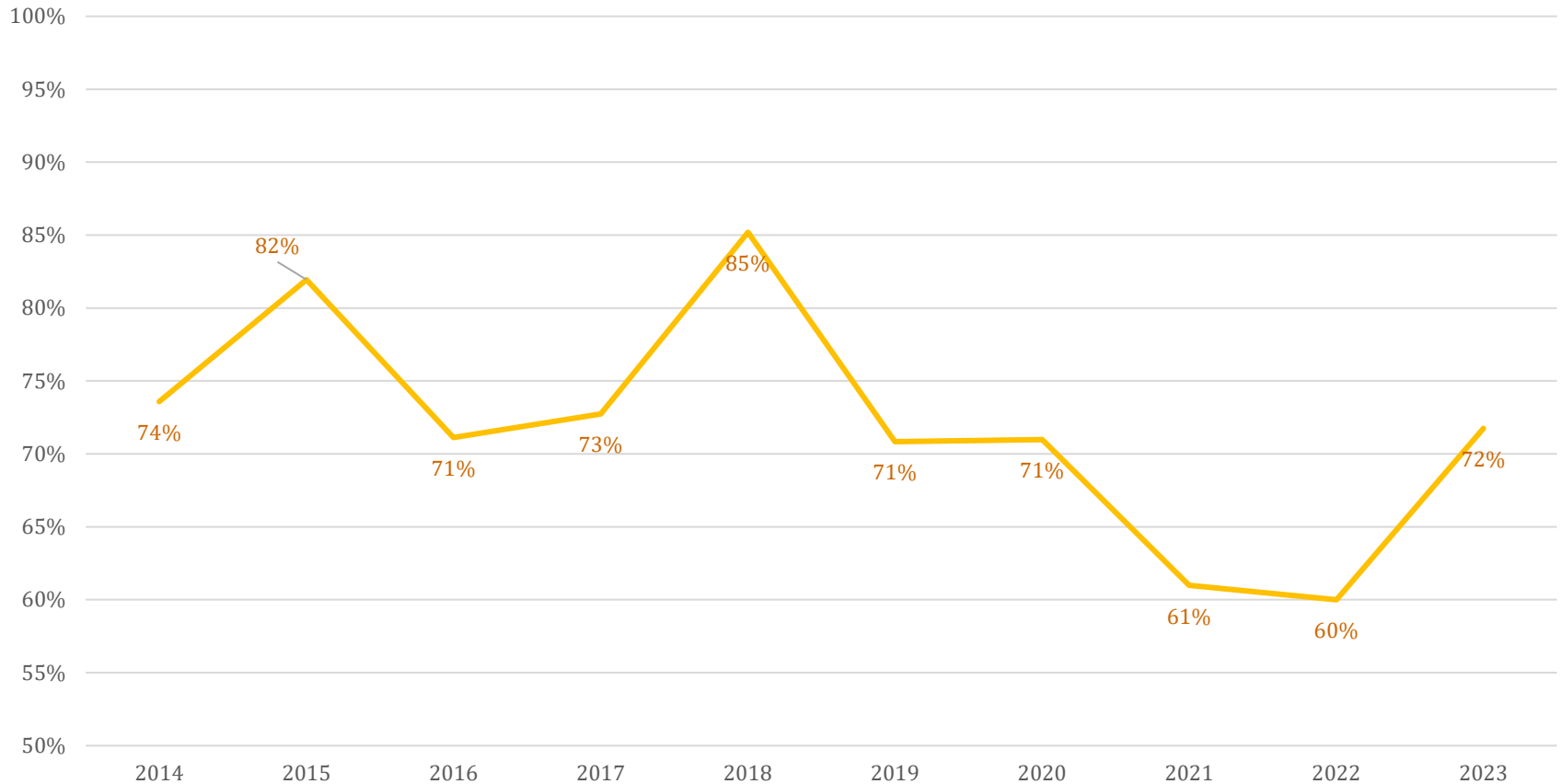
Pre-2020 measure of aid performance

Percentage of ongoing investments rated satisfactory



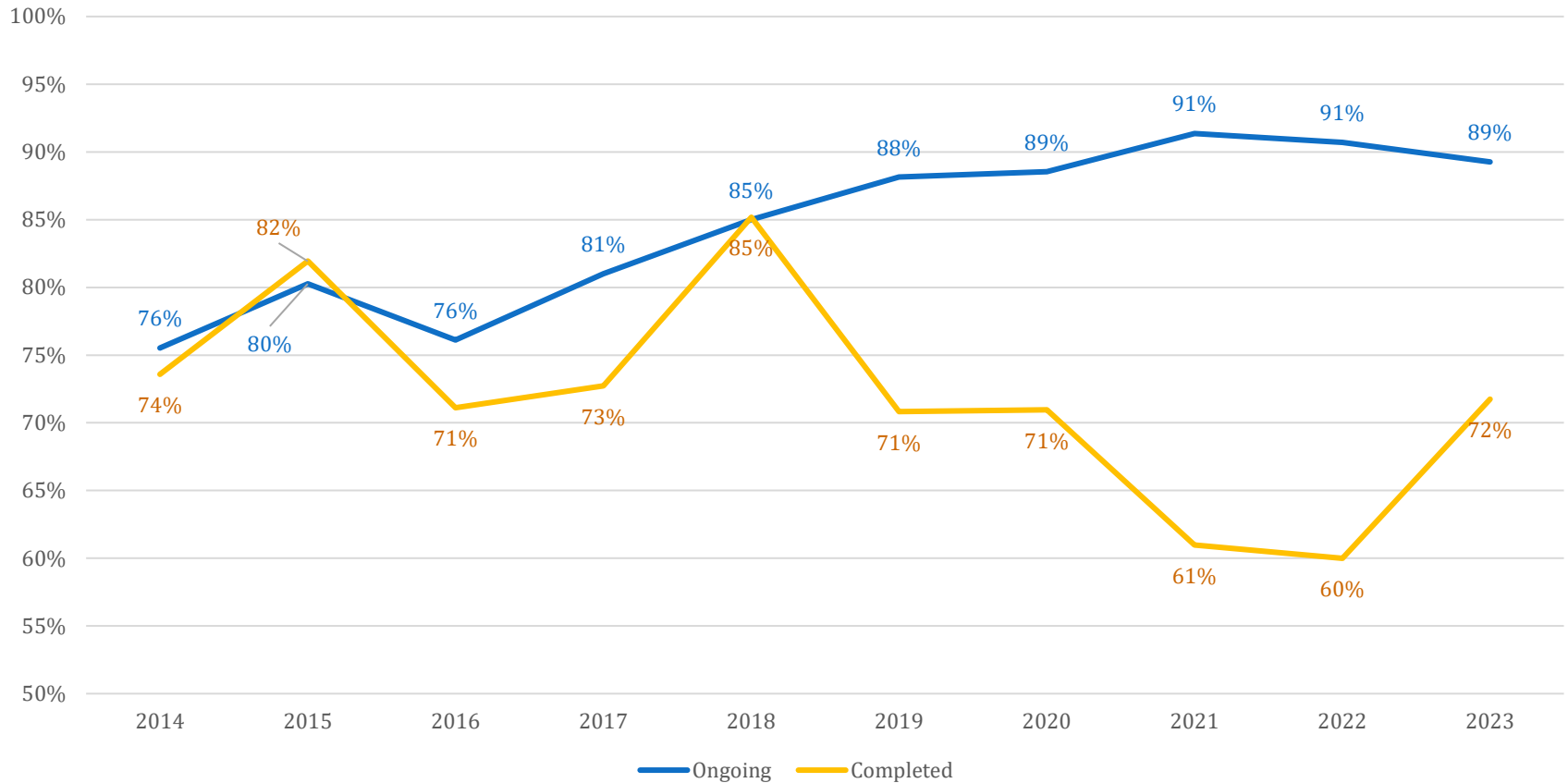
2020 to 2022 measure of aid performance

Percentage of completed investments rated satisfactory



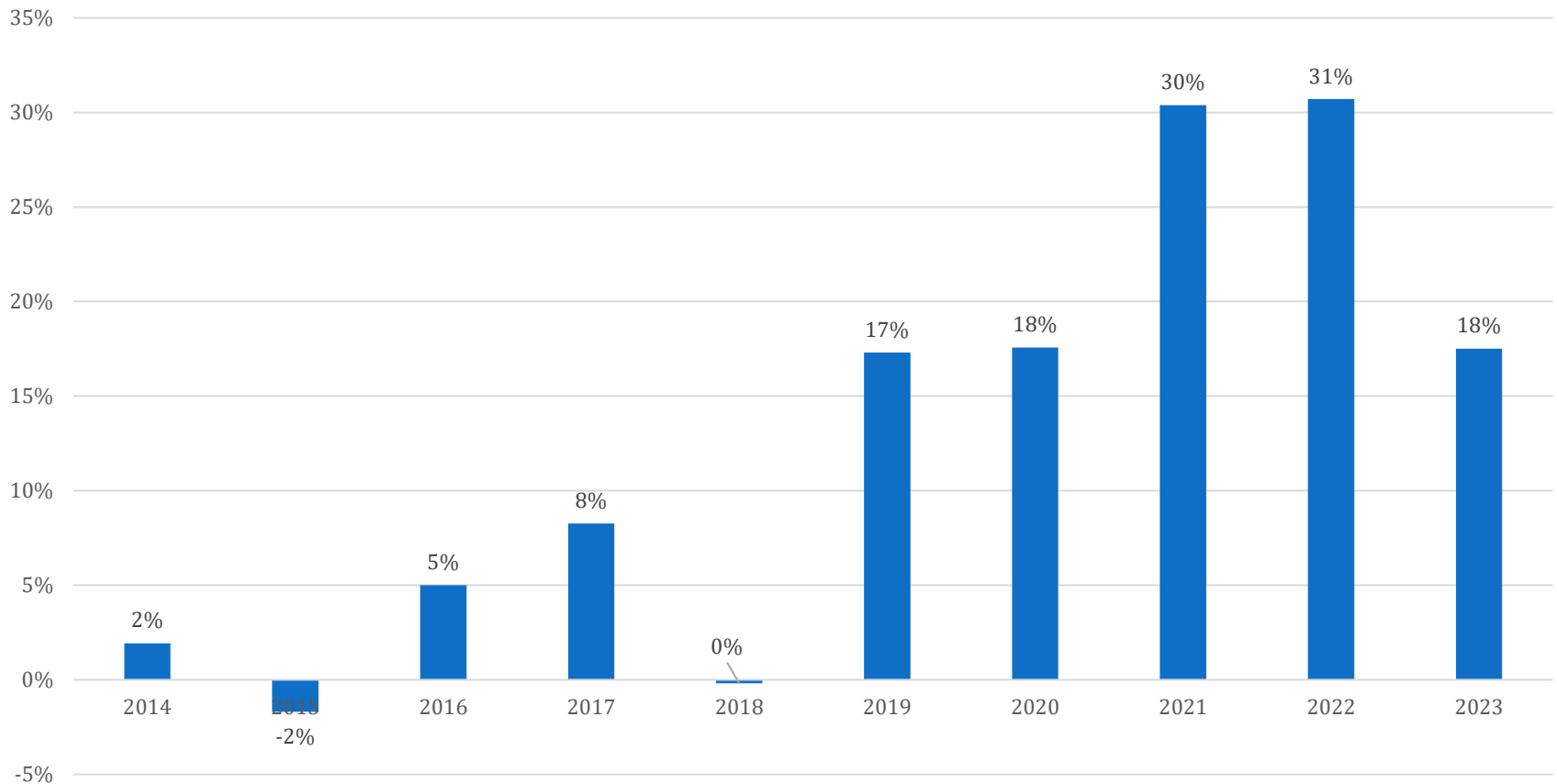
2023 onwards: hedging your bets

Percentage of ongoing and completed investments rated satisfactory



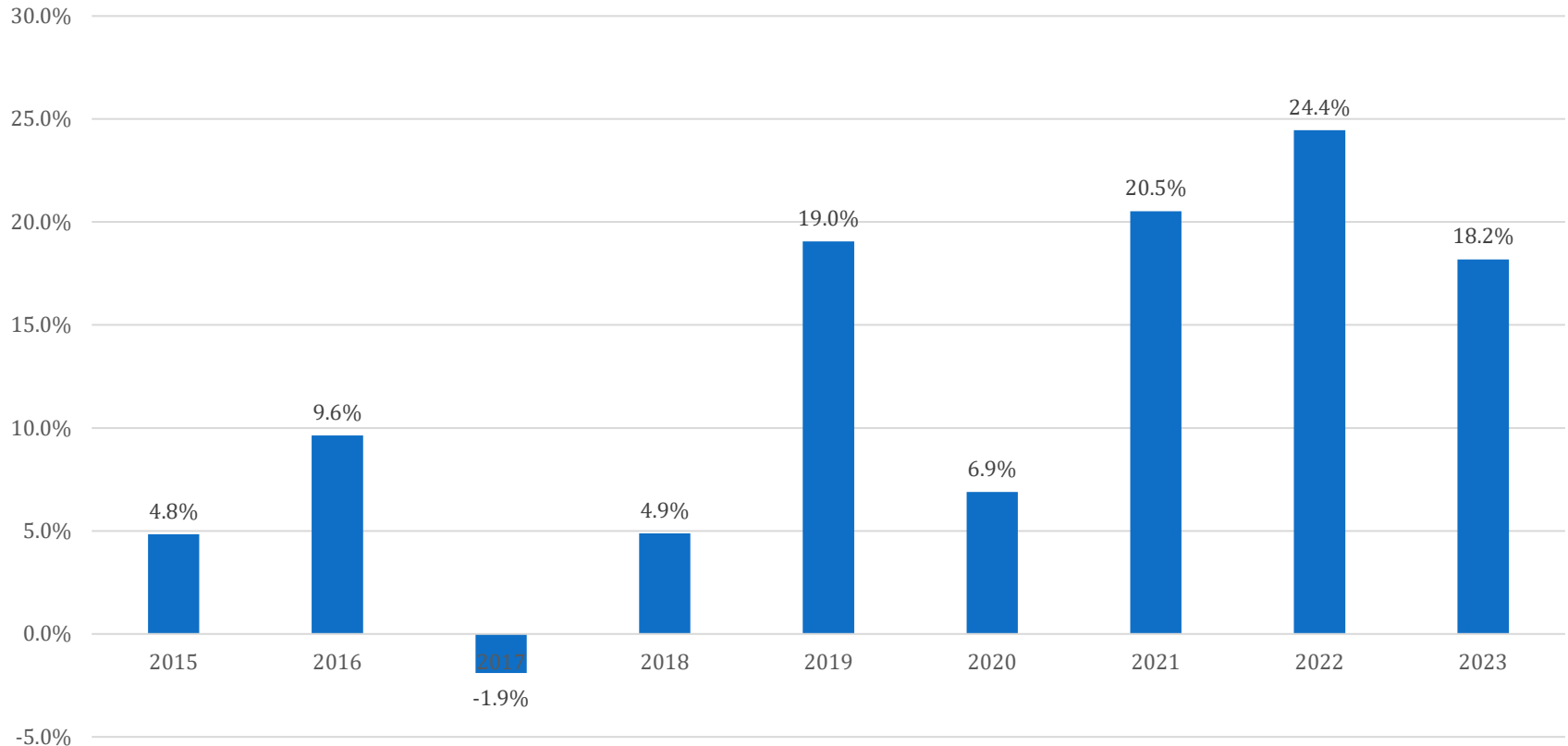
Isn't the disconnect a problem?

Difference between ongoing and completed "satisfactory rates"



The pure disconnect (“ratings effect”)

Comparing the satisfactory rates of completed projects with the same projects the year before

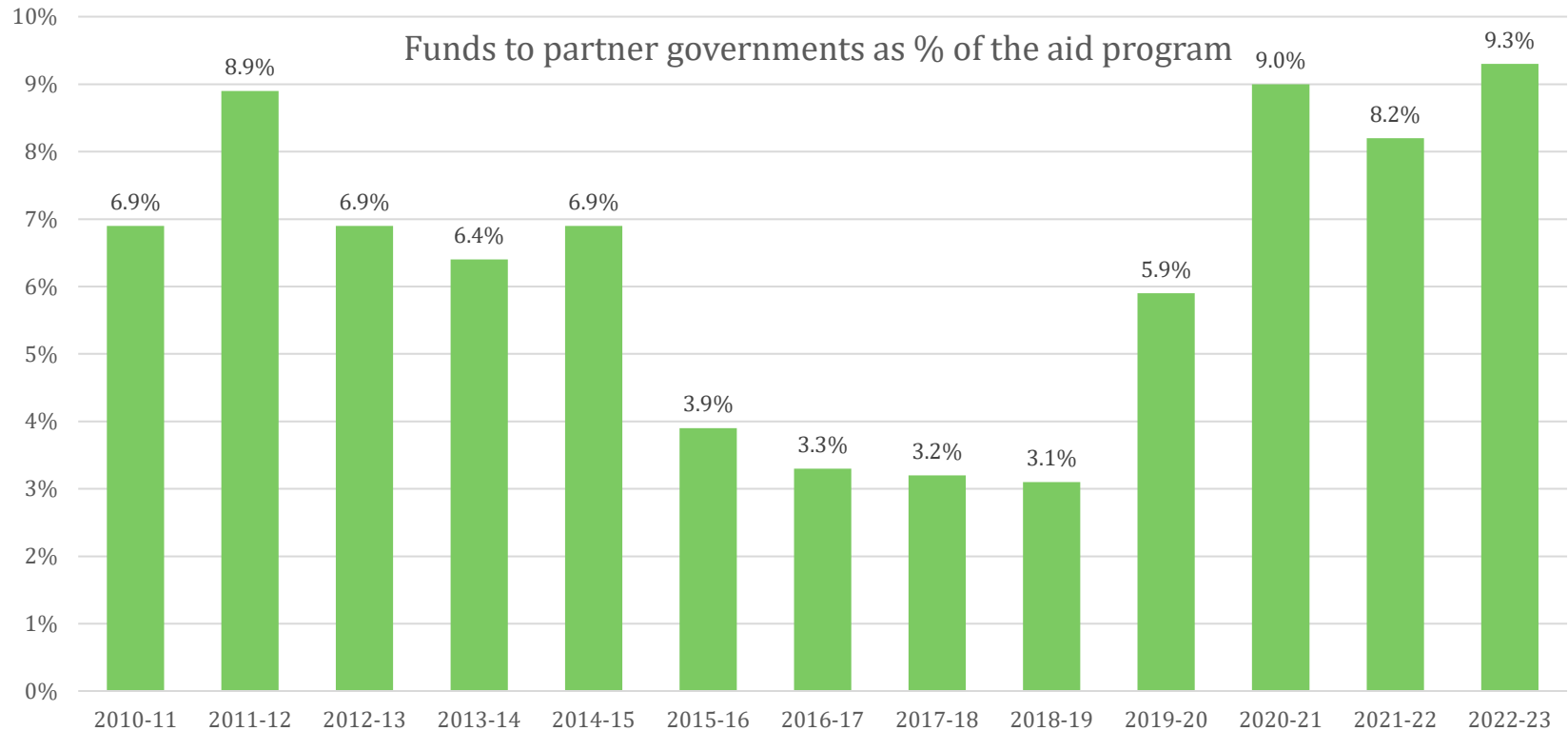


2022-23 unsatisfactory investments

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

- For 6 investments, M&E weaknesses cited as main explanation for failure; and for another 4, it was one of the reasons.

Localisation: Budget support is increasing



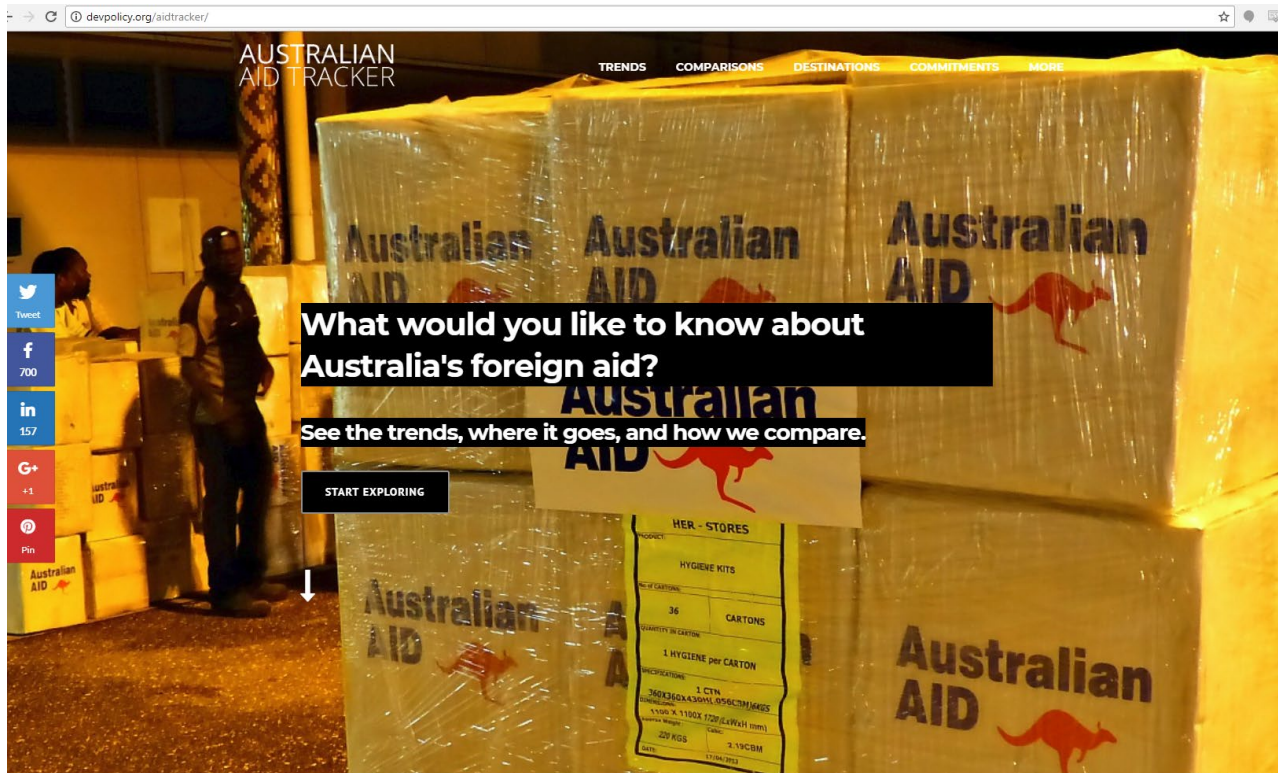
Managing contractors hiring local staff

- 3,842 local staff and subcontractors in 2022-23, an increase of 15%.
- Impact in fragile and small states
 - Is this localisation or de-localisation?
 - Donors “subvert administrative capacity” when “donors’ presence is large and skilled labour is extremely scarce” ([Knack and Rahman, JDE 2007](#))
- Implied average salary of \$37,740
 - 9 times PNG minimum wage
 - Does the aid program have a salary policy?

Funding passed on to local organisations

- 20% of managing contractor funding
- Virtually no Australian NGO development funding but 36% of Australian humanitarian NGO funding (HPA)
- All this adds up to about \$290 million, only two-thirds of budget support.

Australian aid tracker



www.devpolicy.org/aidtracker



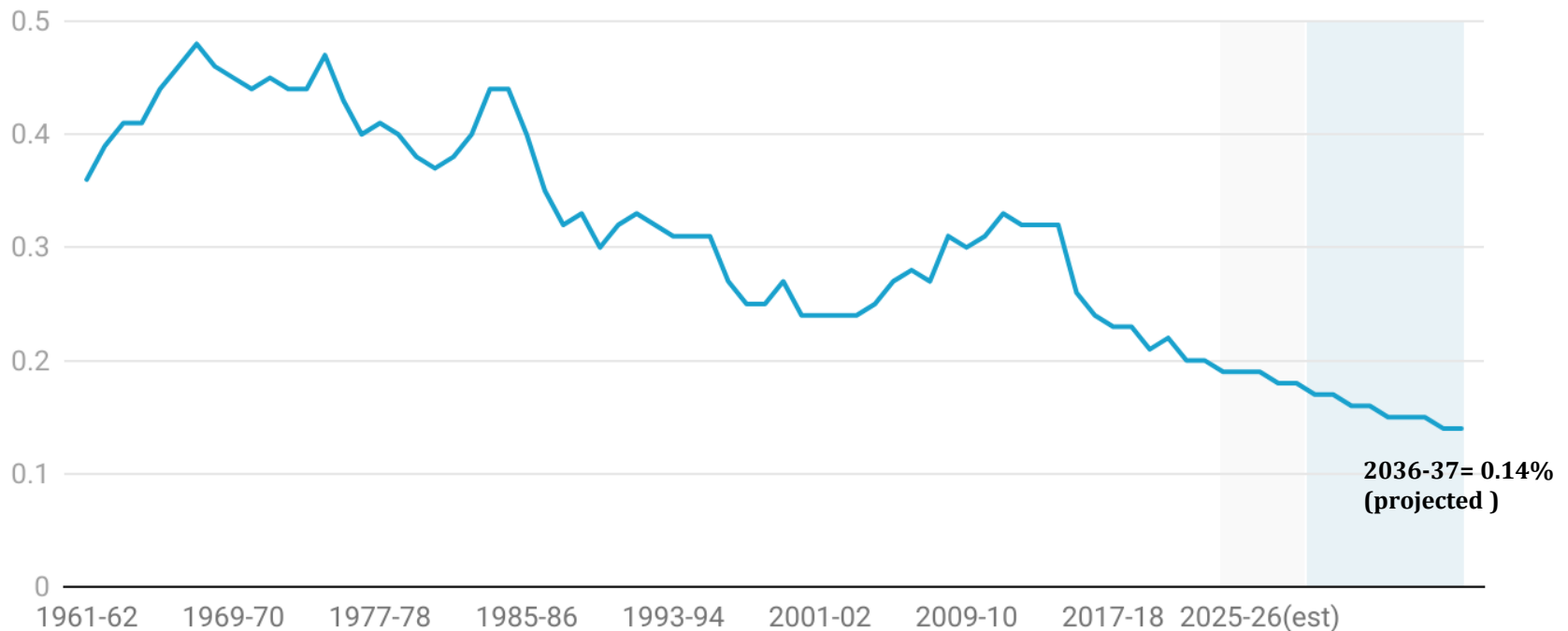
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Trends: projecting Australia's aid generosity

Generosity: Australian aid as a percentage of GNI

Official development assistance (ODA) in current \$AU as a percentage of gross national income (GNI)

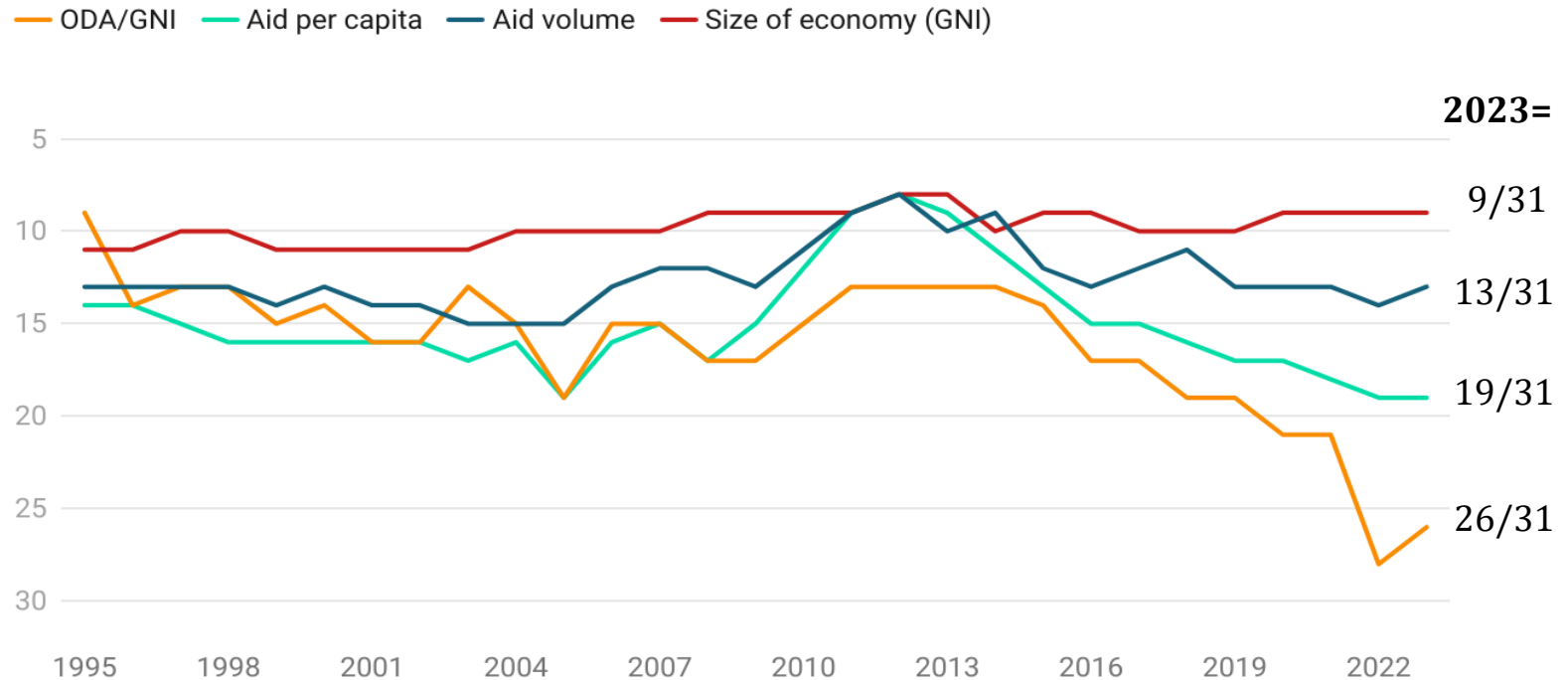


Source: ODA from DFAT statistical summaries and budget documents, actual GNI from ABS, and forward estimates of GNI based on nominal GDP growth forecasts from Treasury budget documents • Created with Datawrapper



Comparisons: multiple measures

Australia's ranking among OECD DAC countries



All rankings are calculated using current prices.

Source: OECD Data Explorer • Created with Datawrapper

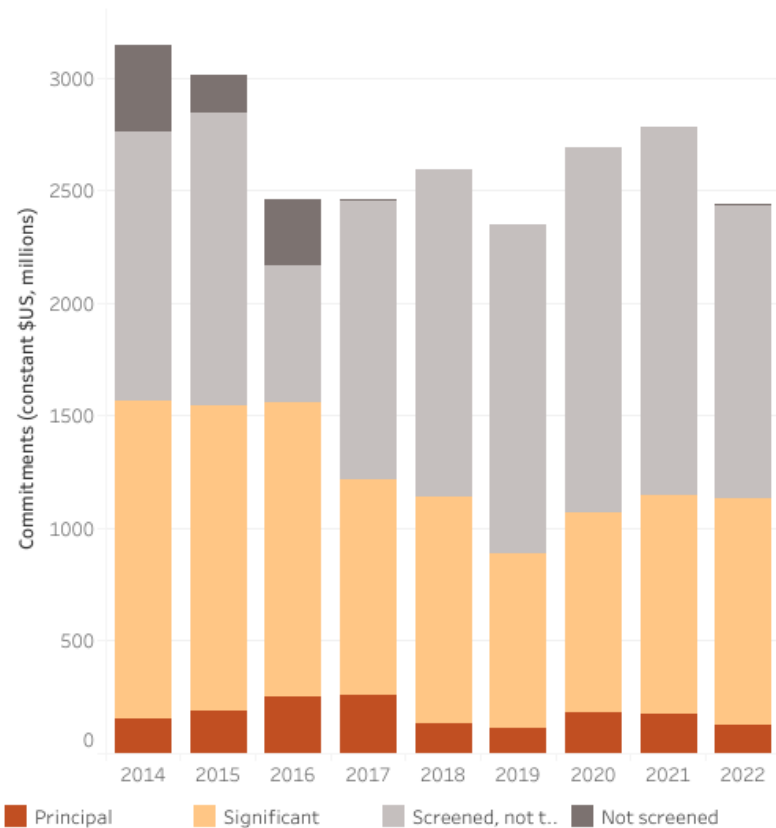


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Sectors: focusing on gender and climate

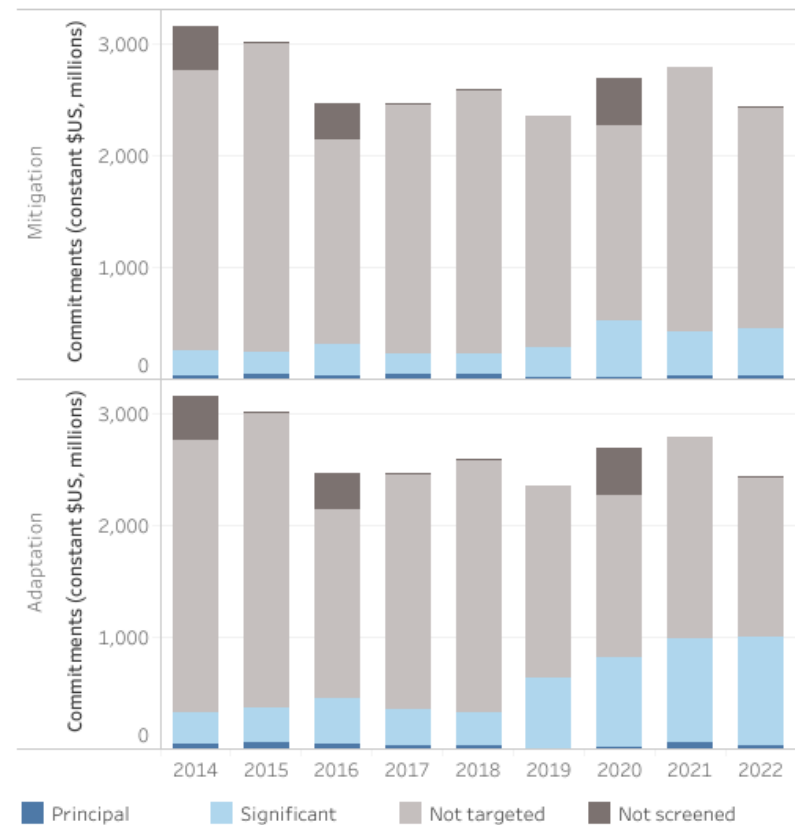
Australian aid targetting gender equality



Data are sourced from OECD Data Explorer. Only bilateral allocable aid is included. Constant prices are based on 2021 USD.

According to OECD, "Principal" means gender equality is an explicit objective of the activity and fundamental to its design; "Significant" means gender equality is an important, but secondary, objective of the activity; and "Not targeted" means an activity is not found to target gender quality.

Australian aid targetting climate change



Data are sourced from OECD Data Explorer. Only bilateral allocable aid is included. Constant prices are based on 2021 USD.

Score definitions are similar to that of gender equity, but for climate change objectives. Mitigation refers to efforts to reduce or limit greenhouse gas emissions or to enhance sequestration, while adaptation refers to efforts to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change. Individual projects can be reported to the OECD DAC as having both mitigation and adaptation objectives.

Global and multilateral aid

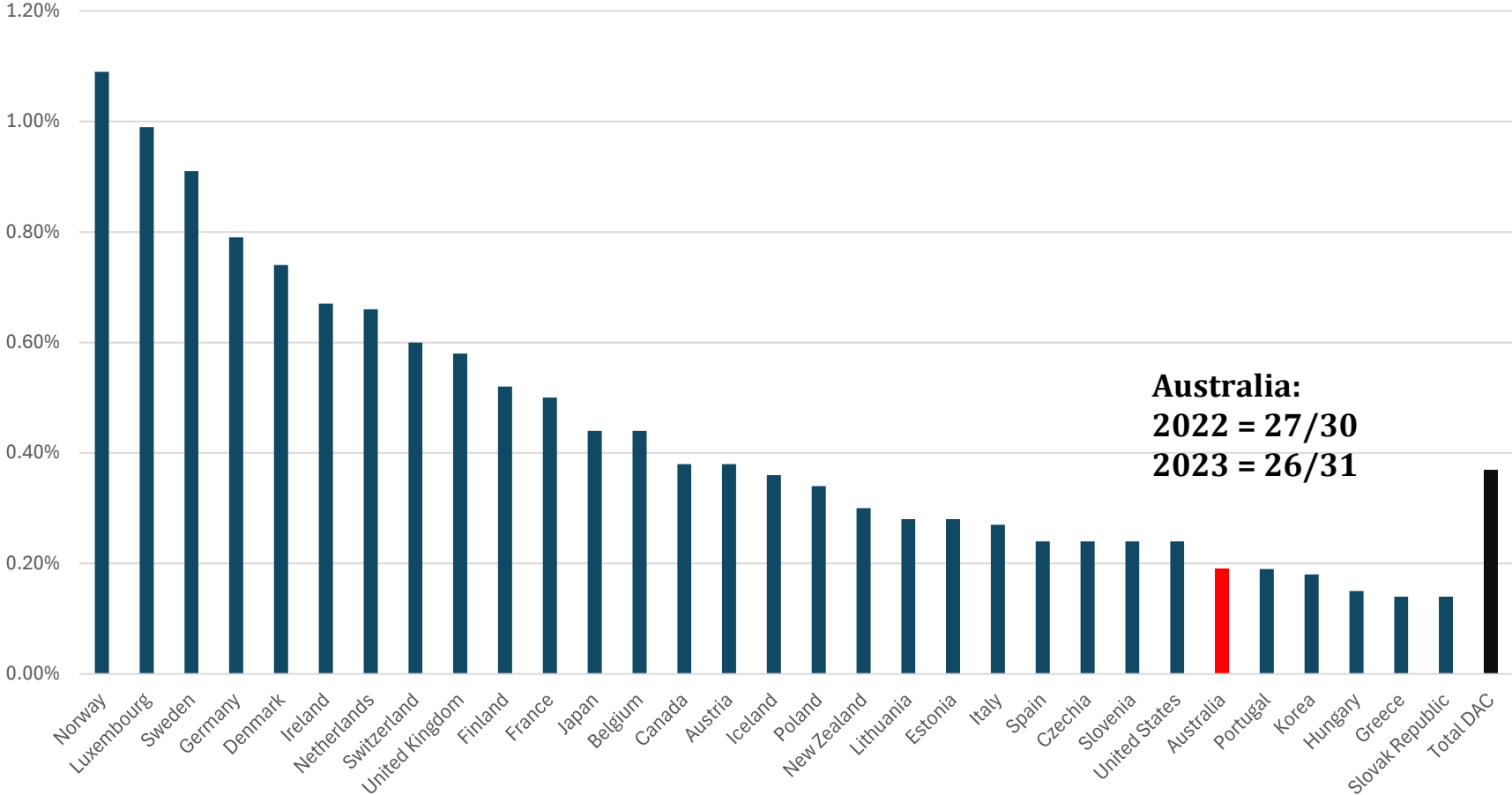


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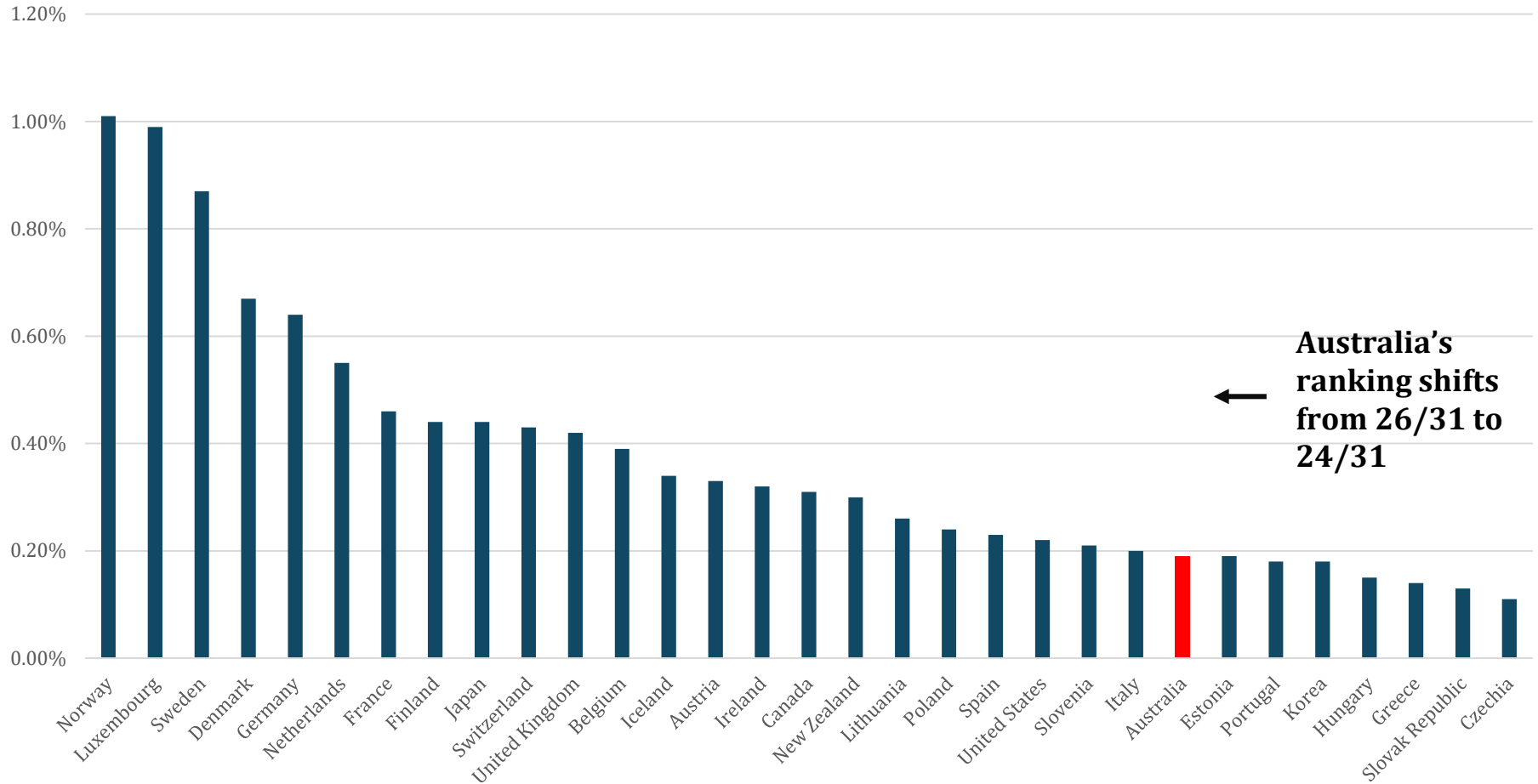
Global aid, 2023: generosity ranking

ODA as % of GNI for DAC countries, 2023



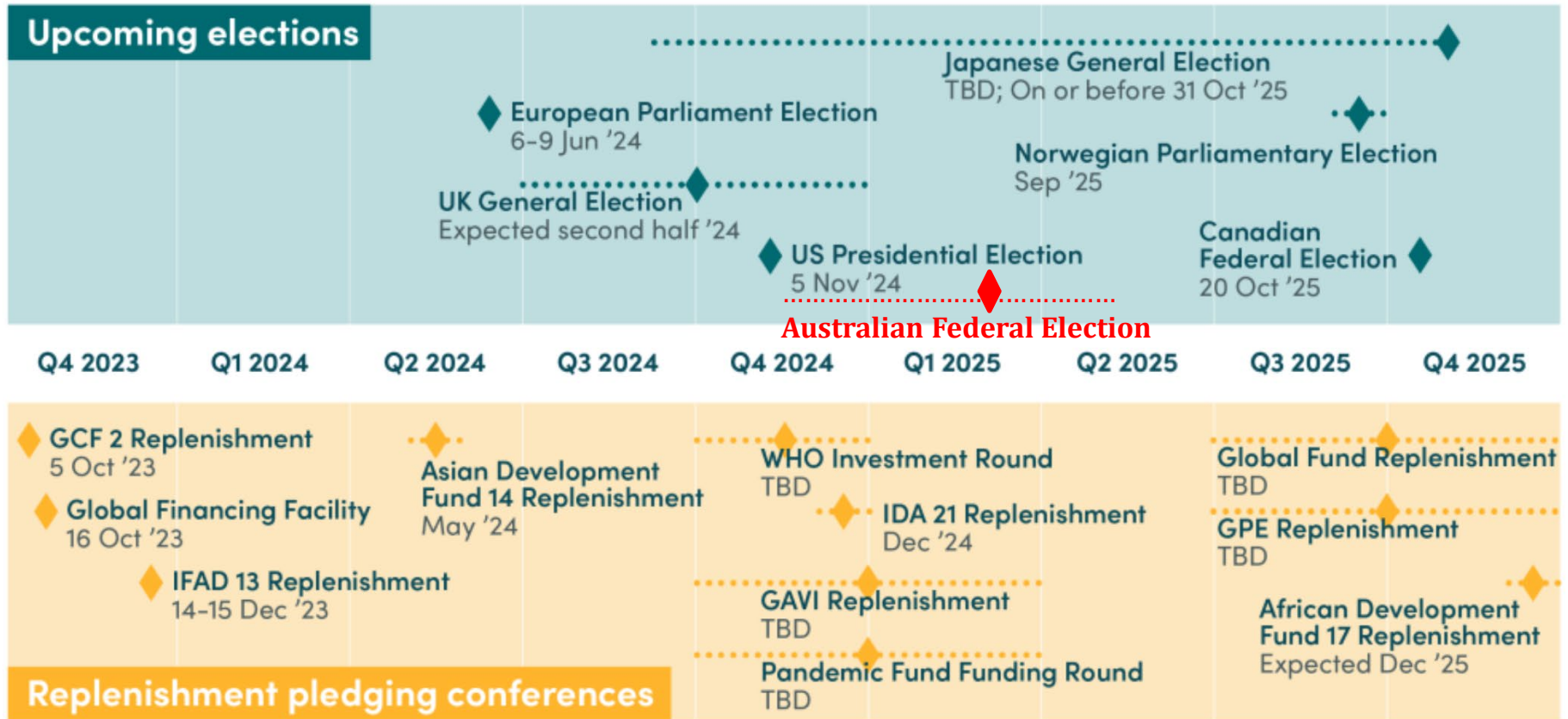
Minus in-donor refugee costs

ODA adjusted for in-donor refugee costs as % of GNI for DAC countries, 2023



← Australia's ranking shifts from 26/31 to 24/31

Australia's multilateral aid: crunch time?

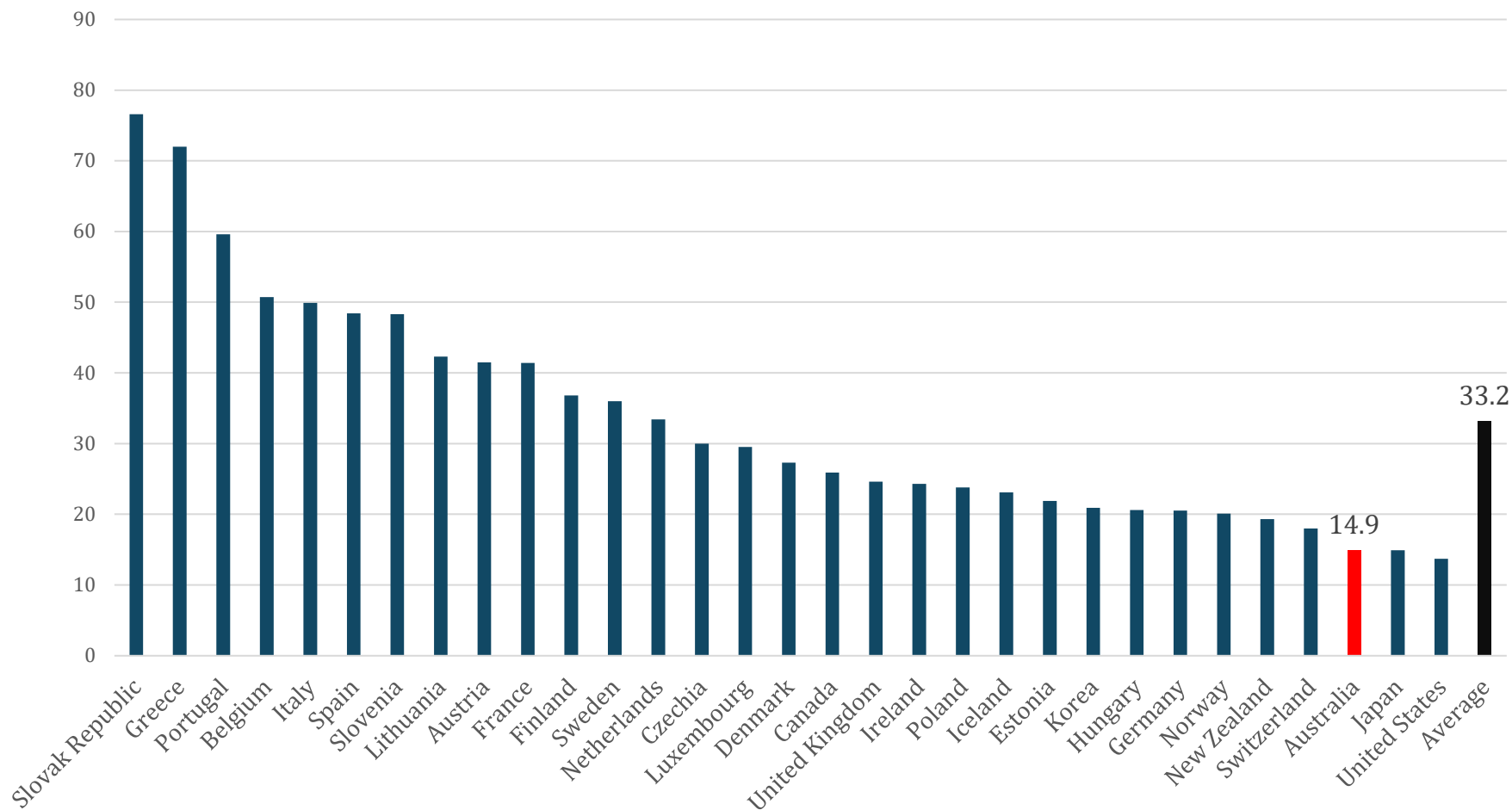


Non-exhaustive

Source: Janeen Madan Keller, Clemence Landers and Nico Martinez, [The 2024-2025 replenishment traffic jam: are we headed for a pileup?](#), Center for Global Development, 8 February 2024.

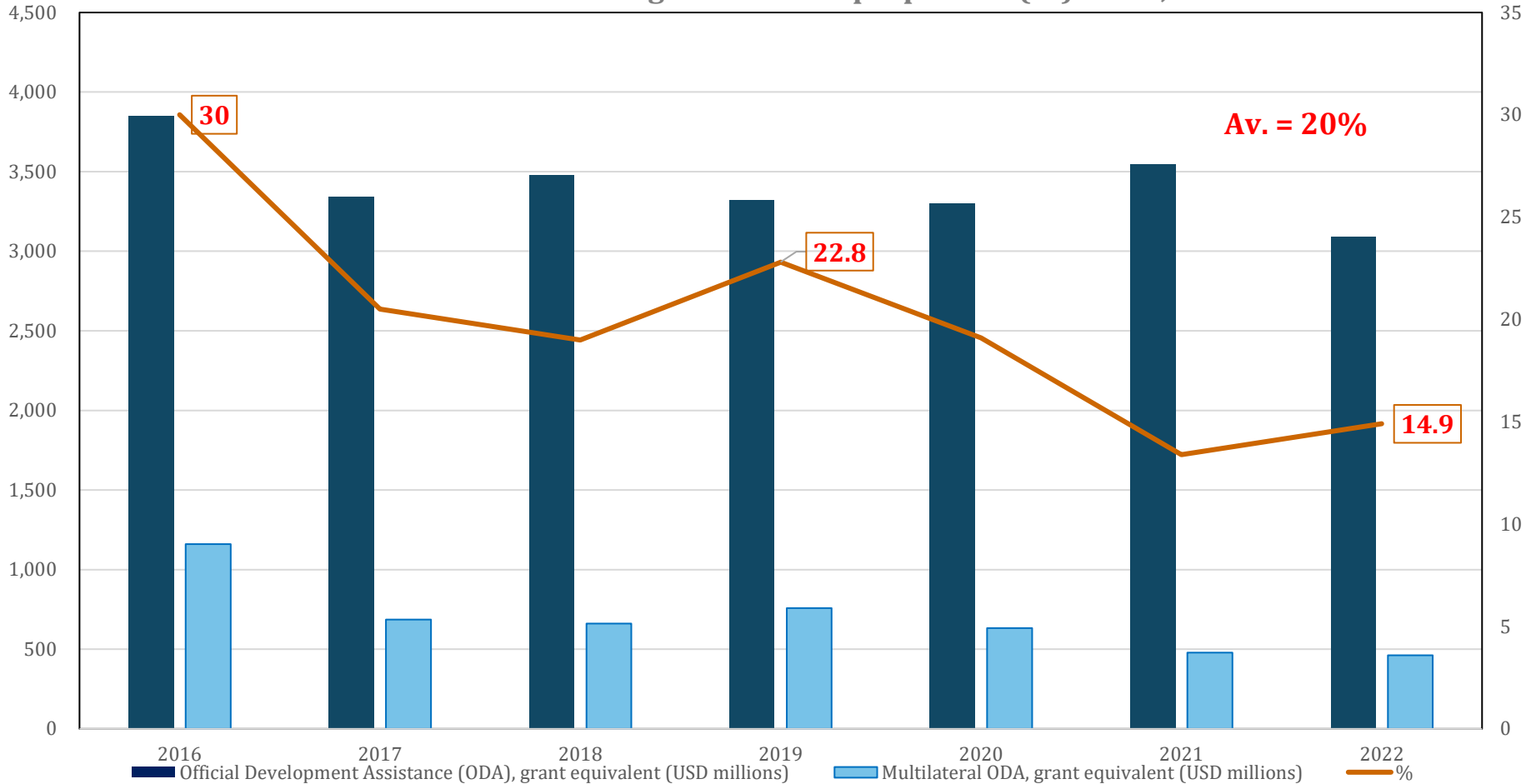
Australia: not a big multilateral core funder

Multilateral grants and subscriptions as a proportion (%) of total ODA, 2022

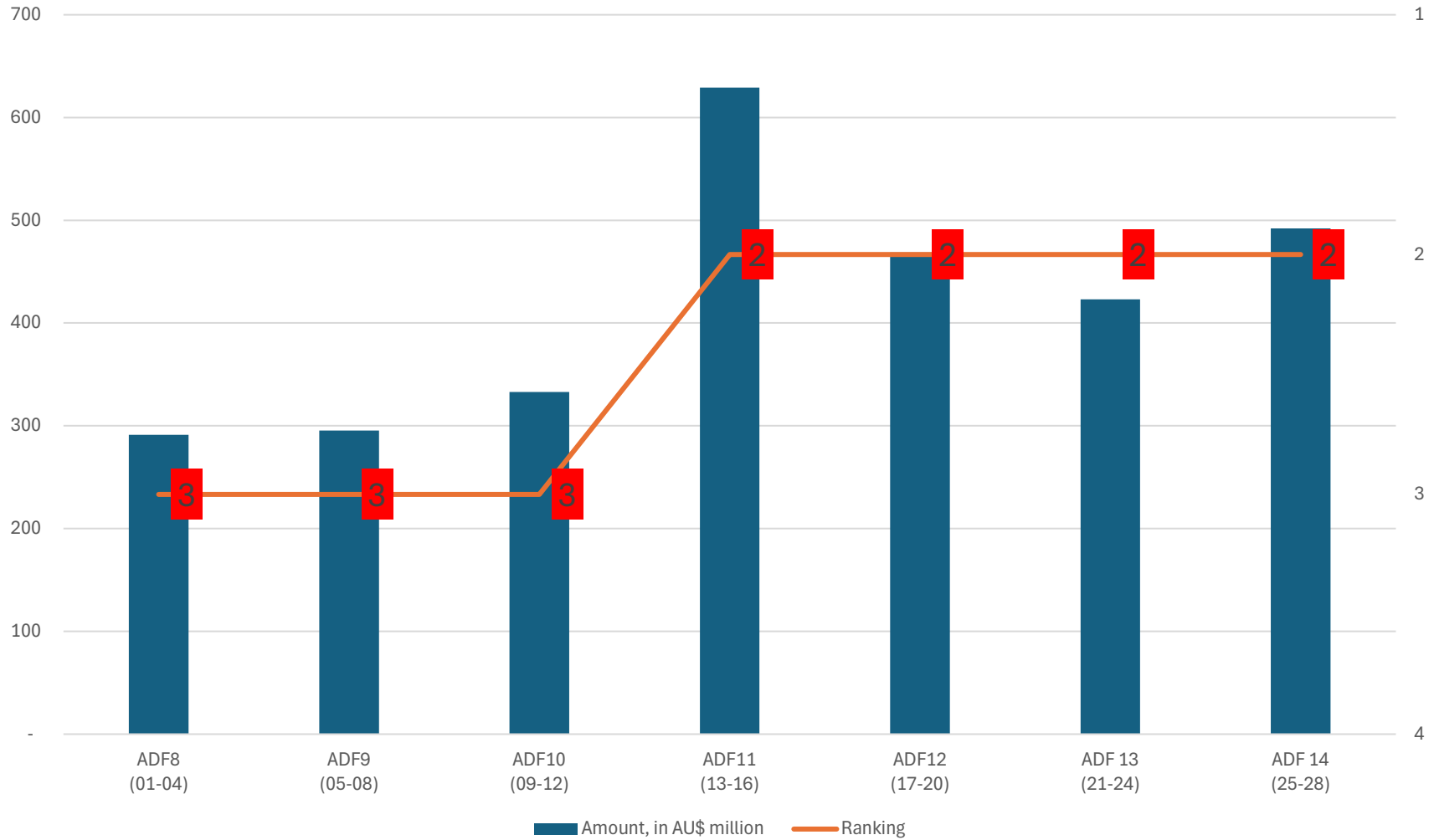


Australia: multilateral core funding over time

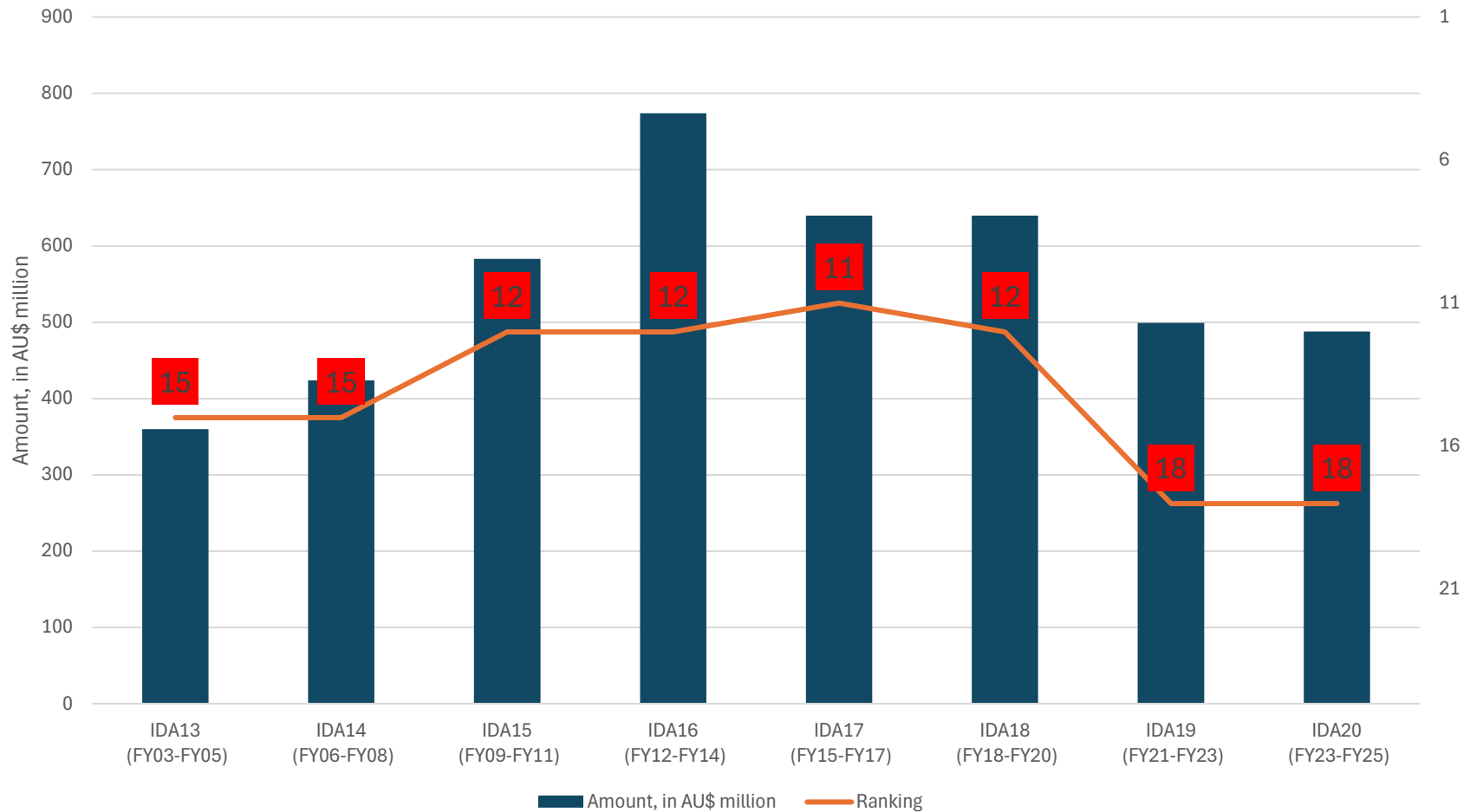
Australia's multilateral core funding: volume and proportion (%) of aid, 2016-2022



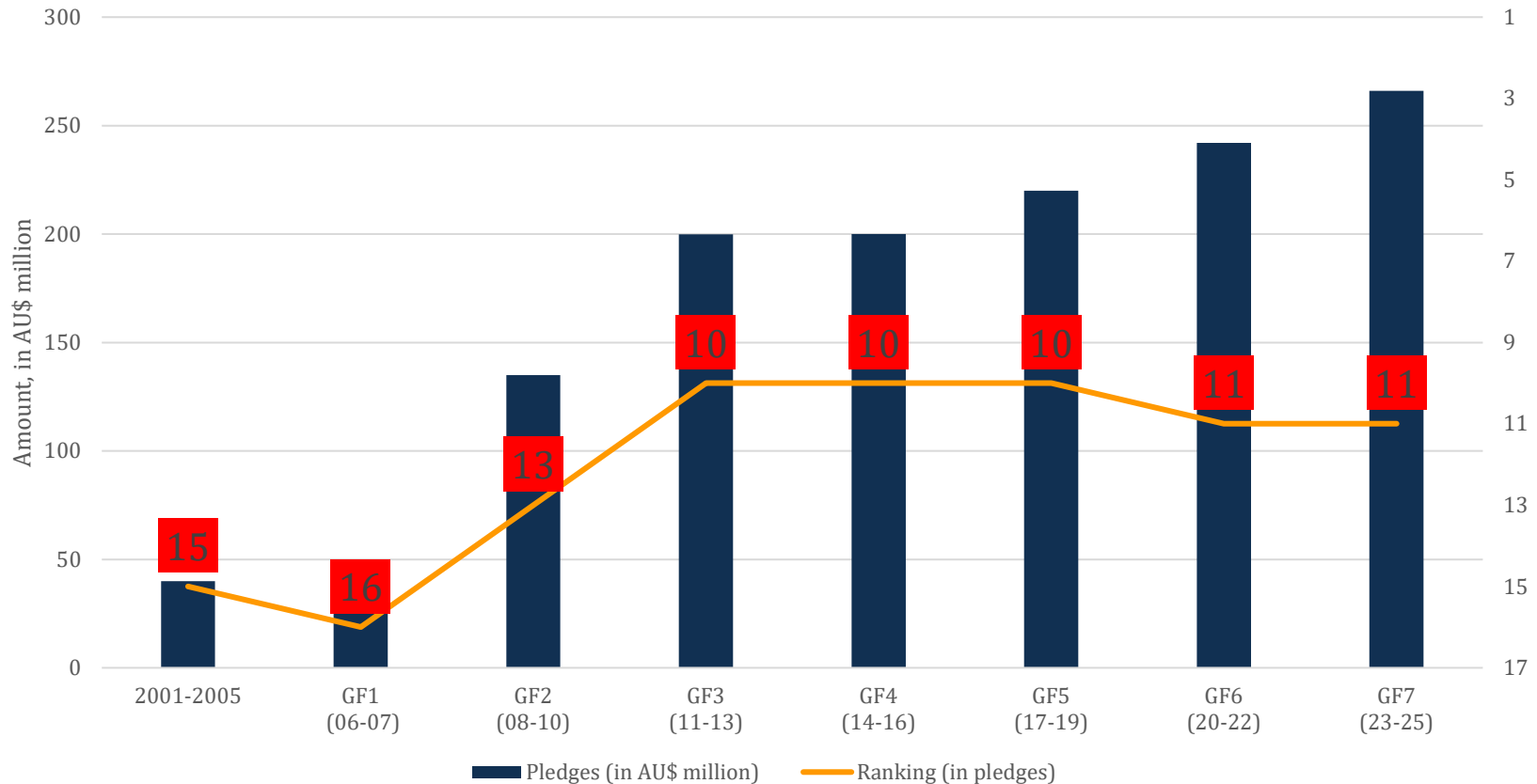
ADB Asian Development Fund



World Bank International Development Association



Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria



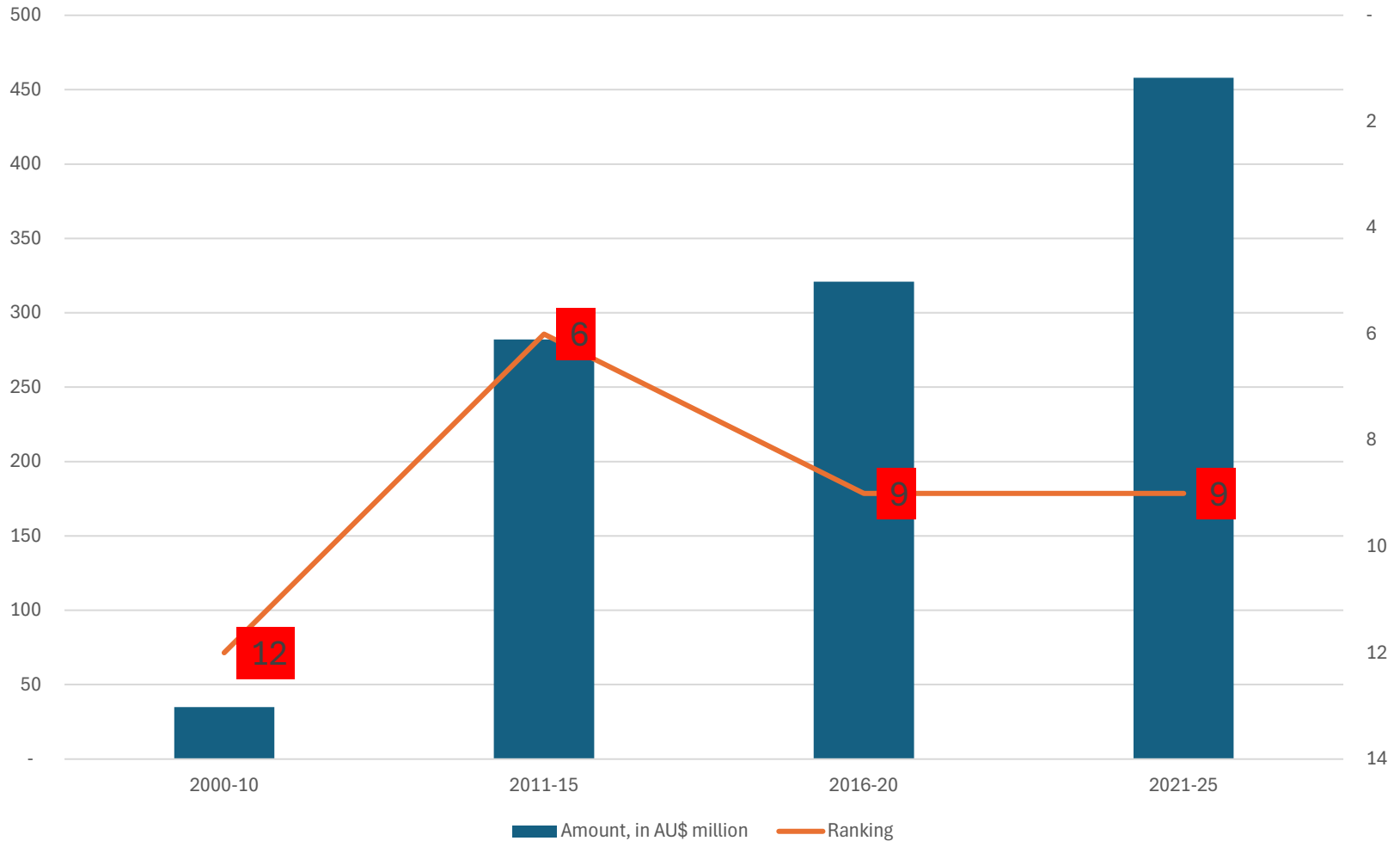
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Source: Global Fund.

**Note: the rankings on this chart were corrected on 21 May due to an error in those originally presented on 15 May.*

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Gavi, the Vaccine Alliance



Others

- WHO Investment Round (2024)
- Global Partnership for Education (2025-26)
- *UN Fund for Responding to Climate Change Loss and Damage?*
- *International Fund for Agricultural Development?*
- *New “Collective Quantified Goal on Climate Finance” 2025 - ? (bilateral/regional & multilateral; ODA + official + private)*





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