



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

ACFID Federal Budget Analysis 2014-2015

13 May 2014



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Full Members:

- 40K Foundation Australia
- ACC International Relief
- Access Aid International
- Act for Peace - NCCA
- ActionAid Australia
- ADRA Australia
- Afghan Australian Development Organisation
- Anglican Aid
- Anglican Board of Mission - Australia Limited
- Anglican Overseas Aid
- Anglican Relief and Development Fund Australia*
- Asia Pacific Journalism Centre
- Asian Aid Organisation
- Assisi Aid Projects
- Australasian Society for HIV Medicine
- Australia for UNHCR
- Australia Hope International Inc.
- Australian Business Volunteers
- Australian Cranio-Maxillo Facial Foundation
- Australian Doctors for Africa
- Australian Doctors International
- Australian Federation of AIDS Organisations
- Australian Foundation for the Peoples of Asia and the Pacific
- Australian Himalayan Foundation
- Australian Injecting and Illicit Drug Users League
- Australian Lutheran World Service
- Australian Marist Solidarity Ltd
- Australian Medical Aid Foundation
- Australian Mercy
- Australian Red Cross
- Australian Respiratory Council
- Australian Volunteers International
- Beyond the Orphanage
- Birthing Kit Foundation (Australia)
- Brien Holden Vision Institute Foundation
- Burnet Institute
- Business for Millennium Development
- CARE Australia
- Caritas Australia
- CBM Australia
- Charities Aid Foundation
- ChildFund Australia
- CLAN (Caring and Living as Neighbours)
- Credit Union Foundation Australia
- Daughters of Our Lady of the Sacred Heart Overseas Aid Fund
- Diaspora Action Australia
- Diplomacy Training Program
- Door of Hope Australia Inc.
- EDO NSW
- Engineers without Borders
- Every Home Global Concern
- Family Planning New South Wales
- Foresight (Overseas Aid and Prevention of Blindness)
- Fred Hollows Foundation, The
- Global Development Group
- Global Mission Partners
- Good Shepherd Australian New Zealand*
- GraceWorks Myanmar
- Grameen Foundation Australia
- Habitat for Humanity Australia
- Hagar Australia
- HealthServe Australia
- Hope Global
- Hunger Project Australia, The
- International Children's Care (Australia)
- International Christian Aid and Relief Enterprises
- International Detention Coalition
- International Needs Australia
- International Nepal Fellowship (Aust) Ltd
- International RiverFoundation
- International Women's Development Agency
- Interplast Australia & New Zealand
- Islamic Relief Australia
- John Fawcett Foundation
- Kyeema Foundation
- Lasallian Foundation
- Leprosy Mission Australia, The
- Live & Learn Environmental Education
- Mahboba's Promise Australia
- Marie Stopes International Australia
- Marsh Foundation
- Mary MacKillop International
- Mercy Works Ltd.
- Mission World Aid Inc.
- Motivation Australia
- MSC Mission Office
- Nusa Tenggara Association Inc.
- Oaktree Foundation
- Openaid 1000 Villages
- Opportunity International Australia
- Oro Community Development Project Inc.
- Oxfam Australia
- Partners in Aid
- Partners Relief and Development Australia
- People with Disability Australia
- PLAN International Australia
- Project Vietnam
- Quaker Service Australia
- RedR Australia
- Reledev Australia
- RESULTS International (Australia)
- Royal Australian and New Zealand College of Ophthalmologists
- Royal Australasian College of Surgeons
- Royal Institute for Deaf and Blind Children
- Salesian Society Incorporated
- Salvation Army (NSW Property Trust)
- Save the Children Australia
- Service Fellowship International Inc.
- Scarlet Alliance: Australian Sex Workers Association
- SeeBeyondBorders
- Sight For All
- SIMaid
- Sport Matters
- Surf Aid International
- Tamils Rehabilitation Organisation Australia*
- TEAR Australia
- Transform Aid International
- Transparency International Australia
- UNICEF Australia
- Union Aid Abroad-APHEDA
- UnitingWorld
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- Australian National University – School of Archaeology and Anthropology, College of Arts and Social Sciences
- Deakin University – Alfred Deakin Research Institute
- La Trobe University – Institute for Human Security Refugee Council of Australia
- Refugee Council of Australia
- RMIT – Global Cities Research Institute**
- University of Melbourne – School of Social and Political Sciences
- University of the Sunshine Coast – International Projects Group
- Vision 2020 (Also a Code Signatory)

* Denotes Interim Full Member

** Denotes Interim Affiliate Member

Contents

Budget Context:	4
Budget Headlines:.....	5
Have we seen a CPI increase?	5
ODA to GNI ratio	6
Overall Federal Budget Savings Measures announced	6
What's in and what's out?.....	7
Returned On-Shore Asylum Costs.....	7
Integration and Departmental Budget	7
Thematic expenditure and Aid Policy Priorities	7
Transparency	8
NGO & Volunteer Programs.....	8
Humanitarian	9
Gender Equality and the Rights of Women and Girls	10
Whole of Government	11
Other spends	11
Research.....	11
Global Programs	12
Cross-regional Programs What's in the budget?.....	13
<i>Geographic Analysis</i>	14
Papua New Guinea (PNG) & the Pacific	14
Indonesia & East Asia.....	15
South & West Asia	16
Africa & the Middle East.....	17
Latin America & the Caribbean	18
Annex 1: Aid Allocation Tables.....	19
Table 1: Total Australian ODA by partner country and region	19
Table 2: DFAT country, regional and global programmes.....	20

Budget Context:

Two days prior to the 2013 election, the Coalition released their [Final Update on Policy Commitments](#). [In the media release](#) by then Shadow Treasurer Hockey and then Shadow Minister for Trade Robb, it was announced that \$4.5 billion of foreign aid funding would be cut from the forward estimates to contribute to an overall savings figure of \$42 billion. The foreign aid budget, therefore, contributed 10.7% of the Coalition's overall pre-election savings announced.

At the same time it was announced that the Coalition would reduce the current in-year budget back to the aid levels of 2012-13 (approximately a \$650 million cut) and that from that point growth in the aid budget (until the Federal budget surplus was met) would be at the rate of Consumer Price Index (CPI).

In the midst of these disappointing announcements the documents also began to spell out some of the Coalition priorities for the aid program, including a focus on the Asia Pacific-Indian Ocean region, while emphasising “quality and rigorous administration” of Australia's aid efforts.

Finally, [the policies stated](#) that “...the Coalition will re-prioritise foreign aid allocations towards Non-Government Organisations that deliver on-the-ground support for those most in need.” The final update included a commitment to 0.5% Gross National Income (GNI) for overseas aid but without a timeline.

On 18 September 2013, immediately after being sworn in, the [Prime Minister announced a series of Machinery of Government changes](#) that included the announcement that the stand-alone aid agency, AusAID, would be integrated into the Department of Foreign Affairs and Trade (DFAT). [AusAID officially ceased as an entity](#) on 31 October 2013 and the full integration of the two departments is expected to be complete by 1 July 2014.

Also at the end of October the Minister for Foreign Affairs, The Hon Julie Bishop, MP, spoke to the ACFID Council Chairs and CEOs dinner, making [her first aid-focused speech](#) since the election. In this speech, the Minister outlined her intention to focus on: benchmarks for results in the aid program; aid-for-trade; economic development in the region, and; financial inclusion, particularly for women. She also spoke of the value of civil society in development.

Since this speech, these ideas have been reiterated, [gaining valuable layers of details with each speaking engagement](#). However, at the end of December, when the Mid-Year Economic and Fiscal Outlook (MYEFO) figures were released, there still remained [no detail](#) on the in-year cuts announced in September.

While the Minister assured her [Pacific colleagues](#) that the reduction of Australia's aid budget in 2013-14 would bring much needed stability and predictability to Australia's partners, she also highlighted that Australia's commitment to an aid program of \$5 billion, increased by CPI each year, was an approach that was [“reasonable” “measured” and something that Australia could deliver](#).

With no further clarity on what the impact of cuts would be to the aid program, ACFID made a Budget Submission to Treasury focused on [Foundations for Sustainable Growth and](#)

Development. In our submission we called on the Government to maintain its pre-election commitments on predictable aid growth indexed to CPI; re-directing resources to effective NGOs on the ground through priority program funds. Our submission also focused on funding for gender equality, humanitarian response, disability inclusion, health, education and WASH with a proposed new multi-stakeholder initiative outlined for tackling development challenges with the private sector.

On 18 January 2014, the Coalition finally made the headline information on in-year cuts publicly available. They included a cut of approximately 8% to 8 of the 10 largest NGO recipients of Australia NGO Cooperation Program (ANCP) funding.

Following this announcement, ACFID released its paper on Benchmarks for Accountable and Effective Aid calling on the Government to outline an aid policy framework, focus on interventions to assist those in the bottom 40% in order to tackle inequality, and to address core challenges around peace and security, environmental sustainability and climate change. We further called on the Government to maintain their promises on predictable and transparent aid while drawing on the strengths of aid partners including civil society.

As the Government has advanced its agenda on outlining benchmarks for performance, ACFID has participated in three consultative fora with Senator Brett Mason and DFAT Officials. While this budget does not illuminate the final aid policy framework or benchmarks for performance, it is expected that the Minister will announce these details within the next few weeks.

Budget Headlines:

Have we seen a CPI increase?

The Government's pre-election commitment was to stabilise the aid program at around \$5 billion and increase by CPI each year until the Federal Budget returned to surplus, at which point increases could be larger on a trajectory to 0.5% of GNI.

However, in the 2014-15 Budget, aid has flat-lined at \$5.032 billion. The Government has said that they will put a pause on aid growth in financial years 2014-15 and 2015-16 and begin to index aid growth to CPI starting from the financial year 2016-17. This amounts to real losses in aid funds of \$1.020 billion over the four year forward estimates. In other words, just in time for the next election, the Coalition will begin to initiate the promises made in 2013.

Finally, we note that while the Government has failed to deliver on its own commitment to lift ODA by CPI each year, the OECD and other donor nations continue to measure the share of their contribution as a ratio of ODA to GNI—with the international target agreed as 0.7% GNI. This target of 0.7% GNI was recently achieved by the UK, a nation with a higher debt-to-GDP ratio than Australia. Australia's peers will evaluate our efforts against that measure and we outline below what the projected trajectory of ODA to GNI will be over the forward estimates.

ODA to GNI ratio

Following the recommendation of the Commission of Audit, the Government will no longer target an increase of ODA to 0.5 per cent of Gross National Income (GNI). However, it was stated that this position may be reconsidered when the budget is “in a stronger position” (Budget Paper 1 – pg. 1-10).

Table 1 below clearly shows Australia is moving further away from reaching the globally recognised measures of aid as 0.7% of GNI. This is more disappointing given that this is Australia’s last full Federal Budget before the global deadline of 2015 to meet the Millennium Development Goals (MDGs).

Table 1: ODA/GNI Ratio Projections to 2017-18

Budget Year	Estimated ODA in A\$ current (million)	Estimated increase in dollars (million)	ODA/GNI ratio
2013-14	5032	0	0.33%
2014-15	5032	0	0.32%
2015-16	5034	2	0.30%
2016-17	5160	126	0.29%
2017-18	5289	129	0.29%

Note: Calculations based on GNI figures from *Budget Overview*

Overall Federal Budget Savings Measures announced

[In the Budget Overview](#), which accompanies the full Federal Budget documents, a list of major savings found in the 2014-15 Budget are outlined. In that overview, the Government highlights that cuts to ODA will contribute \$7.645 billion over five years (including the in-year cuts delivered to the 2013-14 aid budget).

This figure is effectively comprised of the \$4.5 billion which was announced pre-election (see Budget context section), as well as a figure of \$3.5 billion that was anticipated to come online in financial year 2017-18 to get Australia’s ODA to the 0.5% of GNI promised under the former Government. This figure was always outside of the forward estimates and despite backing away from reaching that commitment in 2017-18 before the election, the Government has only now booked the savings.

When you look at the figures in the overview, however, it is noteworthy that ODA is the single largest savings area in all four years of the Budget and accounts for 20% of all savings across the forward estimates.¹

¹Australian Government. Budget Overview P.33 http://budget.gov.au/2014-15/content/overview/download/Budget_Overview.pdf

What's in and what's out?

1. Returned On-Shore Asylum Costs

Of particular note in the 2014-15 budget is that the [\\$375 million of ODA that was diverted from last year's aid budget](#) for the costs associated with onshore costs of asylum seekers, has been almost entirely restored to overseas aid expenditure. Only \$4.6 million will continue to be applied to the domestic asylum seeker costs through July 2014, at which point those will cease. This is pleasing as [ACFID spoke out strongly](#) against the use of ODA for these costs at the time, and the then-Shadow Minister, Julie Bishop, underscored that this was not how the Coalition would use the aid budget.

Presently, however, it is difficult to see where exactly that \$370.4 million will be applied.

2. Integration and Departmental Budget

A major savings measure applied to the aid program will be the capping of the Departmental Budget at equivalent to 5% of ODA. The Government has noted that the savings made through integration of AusAID and DFAT, including through staff losses, combined with the stabilising of ODA at the level of \$5 billion will mean this 5% cap on departmental funds will save \$110 million in 2014-15 and \$287 million over the forward estimates. It comes at the heavy price of 500 job losses within DFAT. While some rationalisation was inevitable, and important through the integration process, the delivery of an effective and efficient aid program requires a cadre of professionals with skills, expertise and experience in overseas development. ACFID will continue to keep an eye on how job losses develop and identify what impacts that will have on aid management. We remain convinced that the effectiveness of Australia's Aid Program will be contingent on retaining development expertise at all levels, including senior ones.

3. Thematic expenditure and Aid Policy Priorities

Finally we note that the information provided in this budget is far less than what we have seen in recent years. The Government has committed to the release of an Aid Policy Framework and accompanying Performance Benchmarks. Until the policy and benchmarks are released, which we anticipate in the coming weeks, there will be no further detail available on sectoral or thematic priorities or expenditure. This is a significant departure from recent years where the Budget was used as the tool for demonstrating funding commitment to Strategic Goals of the aid program and implementing the Policy Framework (See below the section on Transparency).

The Government has re-stated its commitment to: economic growth with a focus on both productivity and participation; education and health; women and girls' empowerment, and; aid for trade, with attention to the continuum of investments from major infrastructure through to linking the poor into the supply chain.

We expect to see confirmation of the priority policy focus areas when the Minister makes the forthcoming announcement on the aid framework and have limited much of our analysis, to country and regional figures available.

Transparency

ACFID is disappointed with the lack of information in the budget with regards to Australia's aid program.

In previous years, Ministerial Statements on the Aid Budget have provided a summary of aid spend at the country, thematic and global level, and across other Government departments and strategic goals. These have been available every year since 2001-02.

This year, aid spending is spread across several items in Budget Paper 2 and the DFAT portfolio statement with some further detail available on the DFAT website. Moreover, there is no detail on aid spending with regards to thematic areas, though we understand this will be made clear when the Minister makes a further announcement in the coming weeks.

Without the previous level of detail we have lost a key transparency tool to evaluate aid spending.

Australia is a signatory to the International Aid Transparency Initiative (IATI), which aims to improve the transparency of aid by enabling citizens, governments and parliamentarians to find out how much money is being provided; when, where and how the money will be spent; and what the funds are expected to achieve.

The National Commission of Audit report recommended that a Ministerial Statement on Aid be retained to ensure transparency of the aid program and ACFID supports that recommendation as an important tool for maximising aid investments through rigorous accountability.

NGO & Volunteer Programs

What's in the budget?

The budget includes a small increase to the Australian NGO Cooperation Program (ANCP) of \$3.3 million taking the total funding to \$134 million in 2014/15.

The budget includes a very small increase for volunteer programs from an estimated \$55.3 million in 2013/14 to \$56.6 million in 2014/15.

DFAT will also continue to support its partnership agreement with ACFID.

ACFID response

ACFID welcomes the Government's ongoing commitment to partner with Australian NGOs through the ANCP and volunteer program.

Prior to the September election, the Government made a commitment to 're-prioritise foreign aid allocations towards non-government organisations that deliver on-the-ground support for those most in need.' However, in January, the Government announced cuts to the ANCP program as part of a \$625 million cut to this year's aid program budget.

The 2014/15 budget is a small step in the right direction in terms of operationalising the Government's commitment to re-prioritise aid towards NGOs. However, with such a small increase, ANCP will remain at only around 2.6% of ODA.

ACFID has been calling on the Government to increase ANCP as a percentage of ODA. An increase would recognise that ANCP enables the Government to support the development activities of ANGOs which complement the Australian aid program and effectively leverage the \$1 billion mobilised by ANGOs annually from public and private donations. ANCP was comprehensively endorsed by the 2011 Independent Review of Aid Effectiveness and was recommended for increased funds.

While funding for volunteer programs has only increased slightly, the Government is investing strongly in other people-to-people links including an increase of \$31.7 million to the Australia Awards programme, taking the total to \$138.9 million, and \$10 million to pilot the new Colombo Plan in Indonesia, Japan, Singapore and Hong Kong in 2014.

ACFID is disappointed such support wasn't further extended to the volunteer program as a means to both deepen people to people links and understanding, and deliver capacity development outcomes in international partner organisations. The value of volunteer programs was recently endorsed by the Office of Development Effectiveness's evaluation of the Australian Volunteers for International Development (AVID) program.

Humanitarian Funding

What's in the budget?

The government has allocated \$338.6 million for humanitarian, emergencies and refugee (HER) expenditure in financial year 2014-15. This represents an increase of \$74.4 million on the amount allocated in FY2013-14 (\$264.2 million). However, in the *DFAT Budget Statements*, estimated actual expenditure for FY2013-14 is only recorded at \$182.6 million². One possible explanation for the \$81.6 million discrepancy between the amount allocated in FY2013-14 HER budget, and the amount reported as actual expenditure, is that any final unallocated funds have simply been rolled into the next financial year humanitarian budget increase.

Also included in the \$338.6 million budget line, is an increase in the emergency fund, otherwise known as mandated flexibility, to a total of \$120 million. This is up from \$90 million in 2013-14³. The overall allocation to UN Humanitarian agencies, funds and programs has increased by \$7.1 million (from \$104.8 million to \$111.9 million) and the ICRC budget has increased by \$4.6 million (from \$22 million to \$26.6 million). The biggest UN recipient of a single budgetary increase is the World Food Programme; up \$4 million from the previous year. UNHCR has also received a budgetary increase of \$2 million (from \$19 million to \$21 million).

² Commonwealth of Australia, Portfolio Budget Statements 2014-15: Budget related paper no. 1.9 - Foreign Affairs and Trade Portfolio, 13 May 2014, p. 30, available online at <http://dfat.gov.au/budget/>, cited 13 May 2014.

³ DFAT, 'Budget Highlights: The 2014-15 Development assistance budget at a glance', 13 May 2014, available online at http://www.dfat.gov.au/dept/budget/2014_2015_highlights/.

ACFID's Response

ACFID welcomes the announcement by DFAT that "Australia will continue to be an effective and principled humanitarian donor and will help build the resilience of countries and communities to disasters, conflict and economic shocks"⁴. Despite the predicted minor increases over the forward estimates, through to FY2017-18, the amounts clearly defined as 'humanitarian' fall far short of the 10% of ODA that [ACFID and its members have called for](#). With these figures, the HER line represents approximately 6.73% of the overall aid budget. Although DFAT has the ability to allocate funding towards humanitarian needs from Country Program budgets, there is no transparency on the amount available, until costs for the financial year has been expended and reported. Since actual expenditure has the potential to fall short of the amount budgeted, as evidenced by the FY2013-14 \$182.6 million HER figure, it is incredibly difficult to hold the government to account on humanitarian commitments, until well after the fact.

Further, although DFAT has made a few welcome references to their commitment towards funding resilience, disaster preparedness and risk reduction programs, there is no clarity on amount to be allocated to these ends, in any given year. This lack of transparency in the aid budget makes it impossible to highlight programming strengths, or identify areas for improvement, as implementing partners working cooperatively with the government.

Finally, while we cannot with certainty understand the discrepancies in reported budget figures, we continue to seek allocation of any unspent humanitarian funds available at the end of 2013-14 to be directed to the most pressing under-funded emergencies.

Gender Equality and the Rights of Women and Girls

What's in the budget?

The DFAT Budget Statement repeatedly notes that gender equality and women's empowerment will be a focus for the aid program. Though, as with many thematic priorities, in the absence of the Government's anticipated policy framework, explicit mention of programs, policies and expenditure related to gender equality and the rights of women and girls is absent from this year's budget.

There are references to stand-alone initiatives coming through the country pages noted on the DFAT website, however, there is little information about how gender is being implemented and integrated across the aid program.

Areas where there is some indication of programming and policy support include:

- Addressing gender inequality across all focal areas of research undertaken by the Australian Centre for International Agricultural Research (ACIAR). Further, it is noted

⁴ Commonwealth of Australia, Portfolio Budget Statements 2014-15: Budget related paper no. 1.9 - Foreign Affairs and Trade Portfolio, 13 May 2014, p. 17, available online at <http://dfat.gov.au/budget/>, cited 13 May 2014.

that ACIAR research will tackle gender inequality in the design, delivery and impacts of all projects;

- Taking a lead role on gender equality and women's empowerment in the aid program and advocacy, including through the Ambassador for Women and Girls.

ACFID's Response

ACFID welcomes the Government's support of the Ambassador for Women and Girls though it remains unclear if this will be a fully resourced position.

The Government continues to emphasise the importance of women's economic empowerment, women's leadership and addressing violence against women and this is welcomed. However, it remains impossible to see whether, and to what extent, this policy commitment is being matched by expenditure and a consistent focus on progressing gender equality through the whole of the aid program. With regards to ACIAR this is out of step with the ACIAR Outcomes in which addressing gender equality is intended to be a key consideration in all project work. Further clarity is needed to understand how this ACIAR commitment will be implemented and demonstrated.

ACFID hopes to have greater visibility of specific programs, policy implementation and expenditure in relation to this key policy priority upon release of the Government's policy framework and performance benchmarks.

Whole of Government ODA Allocations

According to this year's budget other government departments will manage and deliver an estimated \$392.0 million (8%) of Australia's ODA in 2014-15 (including the Australian Federal Police, Department of Immigration and Border Protection, and Attorney-General's Department). However, it remains unclear how much each agency will be spending and on what. The most detail provided regarding whole of government expenditure relates to reprioritised funding of future projections.⁵ The only apparent information about expenditure related to other government departments is the continuation of Timor Leste Police Development Programme through the Australian Federal Police (AFP) which makes up \$29.0million over four years⁶.

Other spends

Research

What's in the budget?

International agricultural research and development saw a decrease in funding from \$131 million in FY13/14 to \$124 million in FY14/15. While there is a projected future increase above the FY13/14 levels, this is not until FY16/17 in line with the Government's delay in

⁵ This refers to the table labelled 'Official Development Assistance – reprioritised funding' on pg. 121 of Budget Paper no. 2.

⁶ Noted on pg. 65 of Budget Paper No. 2.

increasing aid by CPI. There is a discrepancy in the papers across DFAT and ACIAR Portfolio Statements, however, it appears that \$98 million of this funding will be allocated through ACIAR.⁷

As with much of the aid programme, ACIAR will increase its emphasis on the Pacific, particularly PNG, as well as marginally increase funding to East Asia. Consistent with geographical refocusing, ACIAR will phase out funding to the Middle East and North Africa and slightly decrease the proportion of funding going to West and South Asia.

In particular, the budget papers identify that ACIAR will 'explore new and more diverse partnerships, with a greater emphasis on the private sector and non-government organisations' (ACIAR Budget Statements pg. 127). This is a welcome initiative towards supporting research and innovation through the Australian aid program.

Support for International Research through DFAT has decreased from \$10.3 million in 2013-14 to \$10.0 million in 2014-15. There is no detail provided and remains unclear as to what specific research and 'community engagement' programs are being funded within this. Further, it remains unclear if competitive grant programs such as the Australian Development Research Awards Scheme (ADRAS) will continue to be funded.

ACFID's response

ACFID hopes to see further information about how evidence, research and innovation will be implemented, funded, and managed within the aid program upon release of the aid policy framework and performance benchmarks.

Global Programs

What's in the budget?

The Government has made a commitment to continue working with multilaterals and global organisations. DFAT specifically mentions partnerships with: multilateral development banks, such as the World Bank and Asian Development Bank; United Nations development and humanitarian organisations such as UNICEF, UN Women, UNDP and WFP; the International Committee of the Red Cross and; health, education and environmental organisations such as the Global Fund To Fight AIDS, Tuberculosis and Malaria, the Global Partnership for Education and the Global Environment Facility (GEF).

Budget estimates indicate a slight decrease in funding for UN development organisations from \$131.9 to \$131.8 million but an increase for funding for UN humanitarian organisations from \$104.8 to \$111.9 million which is in line with the Government focus on humanitarian assistance. Funding for Global Education Programs has also increased from \$70 to \$100 million.

Funding for Global Health Programs appears to have decreased but figures do not include agreements which are still under consideration, such as the GAVI Alliance Partnership, so the true figure is unknown. The Government will achieve savings of \$2.3 million by reducing its voluntary additional contribution to the World Health Organization. The savings from this measure will be invested by the Government in the *Medical Research Future Fund*.

⁷ This figure has been drawn from the DFAT Portfolio Overview on pg. 7.

The Government will provide \$748.8 million over nine years from 2013-14 as part of the seventeenth replenishment of the World Bank's International Development Association (IDA). \$582.8 million is for Australia's share of international contributions to IDA of which \$483.7 million comprises a loan component. \$166 million in 2014-15 will finance Australia's contribution to the Heavily Indebted Poor Countries Initiative and the Multi Debt Relief Initiative. The Government has made savings by not joining the African Development Bank Group and the International Fund for Agricultural Development.

The Government has announced a one off payment of \$5 million to the Global Green Growth Institute (GGGI), an international organisation which supports emerging and developing countries to develop rigorous green growth economic development strategies, and signalled its intentions of becoming a member.

ACIAR will continue to administer Australia's investment in the Global Agricultural Research Partnership, CGIAR.

ACFID Response

ACFID supports a balanced approach in the allocation of humanitarian aid through an appropriate mix of humanitarian implementing partners and therefore welcomes increases in funding to UN humanitarian agencies and the International Committee of the Red Cross.

Increases to funding for Global Education Program also aligns with ACFID recommendations in the ACFID Submission to the 2014-15 Federal Budget to support aid to basic education.

ACFID is heartened by the announced membership of GGGI and the partnership with the GEF in the hope that there may be a stronger commitment by the Government to addressing global environmental issues. However, it is noted there is no mention of funding to the Global Climate Fund which signals a retreat from the Government's commitments to global climate finance.

Cross-regional Programs

What's in the budget?

As set out in DFAT's Country, Regional and Global Programmes breakdown, the aid budget includes an increase in "Cross Regional Programmes" from \$309.1 million to \$686.9 million.

ACFID's Response

The Government has not provided any specifics as to what accounts for this large increase, nor how the additional \$338 will be allocated. This is a further example of the lack of transparency with the aid program spend.

ACFID is anticipating these funds will support the thematic priorities of the aid program, as outlined in the DFAT Budget Statement (i.e. sustainable economic growth, better health and education outcomes, empowering women and girls, and leveraging private sector involvement) and we expect will to be further articulated in the aid policy framework. It is also expected that multi-lateral replenishments that are either yet-to-be-announced, or still in the process of being negotiated, will be drawn from this line.

We expect this to become clearer with the outline of the aid spending against thematic priorities, but it is one to keep an eye on.

Geographic Analysis

DFAT advises that countries in the Indo-Pacific region will receive an estimated 92 per cent of country and regional programme funding in 2014-15, compared to 86 per cent previously.

Papua New Guinea (PNG) & the Pacific

What's in the budget?

The budget includes an increase in funding to the Pacific with total ODA increasing from \$1.06 billion in 2013/14 to \$1.15 billion in 2014/15. Of this increase, DFAT will administer \$966 million in 2014/15 (up from \$882 million in 2013-14). This highlights that the majority of additional aid spend on the Pacific (\$84 million out of \$90 million) will be administered by DFAT.

PNG accounts for the majority of the increase to the Pacific, with total ODA increasing from \$519.4 million in 2013/14 to \$577.1 million in 2014/15 and DFAT administered aid increasing from \$448.5 million in 2013/14 to \$502.1 million in 2014/15. There is no detail provided in the budget with regards to the breakdown of such funding, however DFAT's PNG webpage outlines that Australia will support:

- private sector-led growth including through aid for trade and a business innovation fund;
- effective governance relating to elections and law and justice agencies;
- access to education and health; and
- women's economic empowerment including access to finance and combating violence against women.

ODA funding to other Pacific countries (Vanuatu, Samoa, Fiji, Tonga, Kiribati, Tuvalu, Cook Islands) remains at similar levels to 2013/14. The Solomon Islands has received a small increase in funding from \$164 million to \$168 million and Nauru has taken a small decrease from \$29.5 million to \$27.1 million.

Pacific Regional funding has increased from \$105 million in 2013/14 to \$129 million in 2014/15. Again no breakdown of this funding is provided, however the DFAT Pacific Regional webpage outlines continued support for current initiatives including:

- Pacific Private Sector Development Initiative (Asian Development Bank);
- Pacific Partnership (International Finance Corporation);
- Pacific Regional Infrastructure Facility (multi-donor coordination mechanism);
- Pacific Women Shaping Pacific Development programme; and
- Skilling Youth in the Pacific Programme.

ACFID's response

ACFID is pleased to see continuing investment in our nearest neighbours in the Pacific, with PNG and the Solomon Islands remaining top recipients of Australia ODA. However, as highlighted above, around two thirds (\$58 million) of increased aid flows to the Pacific are going to PNG.

While ACFID recognises the essential need to alleviate poverty and promote development in PNG, we are concerned that the significant increase in funds is in response to the offshore processing of asylum seekers on Manus Island. ACFID is keen to see a breakdown of the allocation of aid funds to PNG to ensure continued support for key areas such as maternal and child health, in addition to a breakdown of funding across all Pacific countries and at the Pacific regional level.

Going forward, ACFID calls for the Australian aid program to strengthen aid investments across Pacific countries in response to need and where Australia can have the greatest impact. This is particularly crucial with regards to accelerating progress towards the MDGs with the Pacific region making the least progress towards the goals, along with Sub-Saharan Africa.

Indonesia & East Asia

What's in the budget?

Overall ODA for the East Asia region has decreased from \$1.341 billion to \$1.327 billion although DFAT allocations to the East Asia Region have in fact increased from \$1.036 billion to \$1.075 billion. This means \$251.6 million will be spent by other Government Departments in East Asia in 2014-15, such as ACIAR who will fund programs in Myanmar (Burma), Indonesia and Timor Leste.

Within East Asia, the Government has identified Indonesia as a priority partner and it receives the most funding of all East Asian countries. The next largest recipients are the Philippines (\$143 million) and Vietnam (\$141.3 million). The country with the biggest increase in funding is Myanmar (Burma) with overall ODA increasing from \$81.4 to \$90 million.

The budget does not give any details on how this funding will be allocated but according to the DFAT website, economic growth, education, health, disaster response and agriculture are priority areas for East Asia. In Indonesia, the Government will continue to support Indonesia's National Program for Community Empowerment (PNPM) which aims to deliver economic benefits to the poorest 20 per cent.

ACFID's Response

Given that the Government has chosen to focus its aid program on the Indo-Pacific, it is surprising that the total ODA for East Asia has actually fallen. However, ACFID welcomes the increase in ODA for Myanmar (Burma) which is in line with the ACFID federal budget submission which recommended that the aid program work with NGOs to address peacebuilding and women's empowerment in Myanmar, at the community level. ACFID is

also pleased to see that parts of the Aid Program in Indonesia are targeting the bottom 20 per cent of the poor.

South & West Asia

What's in the budget?

The overall ODA budget allocation for the South and West Asia region holds relatively steady, with only the slightest of increases, up \$3.8 million to a total of \$438.8 million in the FY 2014-15. However, there's a noticeable increase in the DFAT Country, Regional and Programme budget allocation, from \$332.8 million in FY 2013-14, up to \$354.9 million in 2014-15, which suggests programming will increase through DFAT whilst simultaneously decreasing ODA in South and West Asia operated through other government departments. Education and health services remain the priority programs in the region, in addition to: tackling economic development issues; addressing food, water and energy security concerns; promoting good governance; improving disaster risk reduction strategies and responding to humanitarian emergencies in the region⁸.

Whilst the DFAT country, regional and global programme budget for Afghanistan is holding steady at \$130.9 million, the biggest change for Afghanistan can be found in the overall ODA allocation which is dropping \$15.1 million from the previous FY, to \$134.2 million in the FY2014-15. The government will continue to support education, human rights through the Afghanistan Independent Human Rights Commission, empowering women and girls, governance, economic empowerment through job creation particularly in agriculture.

The Pakistan budget remains stable with little to no change in either the DFAT country program budget or the ODA figures for the FY 2014-15. The same can also be reported with respect to other country programs of interest to ACFID members, including Nepal and Sri Lanka; the biggest overall change within the region is a \$2 million budget increase in ODA to Sri Lanka.

ACFID's Response

Whilst we welcome the continued focus on education and health service delivery programs in the region, and the articulated commitment to responding to humanitarian emergencies, it remains unclear with whom the Australian Government will partner to advance micro-enterprise development, economic empowerment and job creation initiatives. Further, there is insufficient information concerning the exact nature of disaster risk reduction programming opportunities, and whether the government will seek to engage with NGOs to implement such projects.

⁸ DFAT, South and West Asia, available at <http://aid.dfat.gov.au/countries/southasia/Pages/default.aspx>, accessed 13 May 2014.

Africa & the Middle East

Sub-Saharan Africa

What's in the budget?

It is clear in this year's budget that the Government's stated desire to focus on programs in the Indian Ocean Asia-Pacific region is at the expense of programs further afield. The sub-Saharan Africa program will lose \$56.9 million, dropping from an estimated \$243.8 million this year, to \$186.9 million in 2014-15. In the January cuts, DFAT administered programs were reduced to \$133 million, and it is estimated this will fall slightly again to \$106 million. Budget documents do not make it clear which other departments will be administering the remaining ODA (approx. \$80 million) in sub-Saharan Africa.

ACFID's Response

In the pivot to the Indian Ocean Asia-Pacific region, it is clear the Government wishes to maintain an aid presence in East Africa. However, there is not enough information in this year's budget to identify how the Government will prioritise its work in Africa, overall. There is widespread public support for aid to Africa, with our most recent data indicating that 41% of Australian public contributions to ACFID members are allocated to the African region.⁹ The scale of development needs in Africa remains extremely high, as does the Australian community support and Australia should continue to ensure important investments there.

Middle East

What's in the budget?

This year's budget sees a phasing out of Aid to Iraq - dropping from \$4.1 million this year, to a proposed \$300,000. It is expected this funding will support an ACIAR research project due to be completed in September 2014.

There is a budget line for Middle East and North Africa, which has dropped from \$42.2 million to \$8.8 million (of which \$2.8 million is DFAT administered) however it is unclear where this funding will be directed.

Aid to the Palestinian Territories will increase from \$54.8 million to an estimated \$56.5 million. As part of the Australian Government's increased humanitarian spend, funding to the United Nations Relief and Works Agency (UNRWA) has also slightly increased (to \$20.3 million).

ACFID's Response

With ACFID members having a strong presence in the Palestinian Territories, we are pleased to see the funding to the area hold steady.

ACFID remains concerned however, that the funding for the Middle East seems to have dropped significantly from 2013-14 to 2014-15. This highly volatile region, absorbing the impacts of the Syrian crisis, which has entered its fourth year, arguably has significant needs and such a dramatic cut requires greater explanation.

⁹ ACFID Statistical Survey 2013. Data as published in ACFID's 2013 Annual Report.

Latin America & the Caribbean

What's in the budget?

The government has announced their intention this year to phase out aid programmes to Latin America and the Caribbean. The website states that “there will be a residual aid programme to be managed while we phase out the programmes.” In 2014-15, total ODA to Latin America and the Caribbean will total \$21.1 million.

ACFID's Response

While this decision is not unexpected, there is still a clear need for development assistance in this region and we are disappointed the Government has chosen to completely withdraw aid programs.

Annex 1: Aid Allocation Tables

Table 1: Total Australian ODA by partner country and region

This table shows total Australian ODA from all agencies and programmes attributable to partner countries and regions. This includes DFAT country programme allocations, flows from DFAT regional and global programmes, and Other Government Departments expenditure.

Total Australian ODA by partner country and region	2013-14 Estimated Outcome (\$m)	2014-15 Budget Estimate (\$m)
Papua New Guinea	519.4	577.1
Solomon Islands	164.4	168.1
Vanuatu	60.1	60.4
Samoa	36.4	37.6
Fiji	59.5	61.9
Tonga	29.3	30.3
Nauru	29.5	27.1
Kiribati	26.3	26.9
Tuvalu	10.1	10.4
Cook Islands	3.7	4.0
Niue and Tokelau	5.5	6.3
North Pacific	12.9	13.5
Pacific Regional	105.4	129.1
Pacific Total	1,062.6	1,152.7
Indonesia	601.6	605.3
Vietnam	138.9	141.3
Philippines	175.2	143.0
Timor-Leste	112.3	96.6
Cambodia	77.5	79.0
Burma	81.4	90.0
Laos	56.4	55.6
Mongolia	16.7	16.3
East Asia Regional	81.4	100.0
East Asia Total	1,341.4	1,327.0
Afghanistan	149.3	134.2
Pakistan	78.3	79.0
Bangladesh	84.4	94.2
Sri Lanka	40.8	42.8
Nepal	35.3	33.9
Bhutan	13.9	14.8
Maldives	6.4	7.0

South and West Asia Regional	27.7	33.1
South & West Asia Total	435.9	438.8
Iraq	4.1	0.3
Palestinian Territories	54.8	56.5
Middle East and North Africa	42.2	8.8
Sub-Saharan Africa	243.8	186.9
Sub-Saharan Africa & the Middle East Total	344.8	252.4
Latin America	19.0	16.1
Caribbean	10.6	5.0
Latin America and the Caribbean Total	29.6	21.1
Core contributions to multilateral organisations and other ODA not attributed to particular countries or regions	1,890.5	1,901.6
Adjustments	(73.2)	(61.8)
Total Estimated ODA	5,031.7	5,031.9

Source: DFAT

Table 2: DFAT country, regional and global programmes

This table shows allocations to DFAT country, regional and global programmes.

DFAT country, regional and global programmes	2013-14 Estimated Outcome (\$m)	2014-15 Budget Estimate (\$m)
COUNTRY AND REGIONAL PROGRAMMES		
Papua New Guinea	448.5	502.1
Solomon Islands	90.4	92.7
Vanuatu	40.9	41.9
Samoa	23.1	23.6
Fiji	34.2	35.0
Tonga	17.2	17.6
Nauru	20.7	21.2
Kiribati	19.7	20.2
Tuvalu	6.6	6.8
Cook Islands	1.0	1.0
Niue and Tokelau	2.4	2.5
North Pacific	4.8	5.0
Pacific Regional	172.6	196.9
Pacific Total	882.2	966.6
Indonesia	542.2	542.5
Vietnam	95.0	97.4
Philippines	109.0	111.7

Timor-Leste	70.0	71.6
Cambodia	51.1	52.4
Burma	62.1	70.1
Laos	33.5	34.3
Mongolia	9.6	9.8
East Asia Regional	63.9	85.5
East Asia Total	1,036.4	1,075.4
Afghanistan	130.9	130.9
Pakistan	64.0	65.6
Bangladesh	61.6	70.1
Sri Lanka	32.4	33.2
Nepal	15.2	15.6
Bhutan	3.5	3.5
Maldives	3.0	3.0
South and West Asia Regional	22.4	32.9
South & West Asia Total	332.8	354.9
Iraq	3.7	-
Palestinian Territories	33.4	34.2
Middle East and North Africa	32.2	2.8
Sub-Saharan Africa	133.0	106.0
Africa & the Middle East Total	202.3	143.0
Latin America	7.1	-
Caribbean	8.0	-
Latin America and the Caribbean Total	15.1	-
Cross Regional Programmes	309.1	686.9
DFAT ODA - Country & Regional Programmes	2,777.9	3,226.8
GLOBAL PROGRAMMES		
Humanitarian and Emergency Response	137.4	200.1
International Committee of the Red Cross	22.0	26.6
UN-Humanitarian	104.8	111.9
<i>United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)</i>	9.0	9.3
<i>World Food Programme (WFP)</i>	46.0	50.0
<i>United Nations Central Emergency Response Fund (UNCERF)</i>	11.0	11.3
<i>United Nations High Commissioner for Refugees (UNHCR)</i>	19.0	21.0
<i>United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)</i>	19.8	20.3

Humanitarian, Emergencies and Refugees Total	264.2	338.6
Montreal Protocol Multilateral Fund (MPMF) ¹	-	nfp
Asian Development Bank (ADF)	-	-
International Development Association (IDA)	582.8	-
Heavily Indebted Poor Countries Initiative (HIPC)	57.0	-
G8 Multilateral Debt Relief Initiative (MDRI)	109.0	-
Global Environment Facility (GEF) ¹	-	nfp
Multilateral Replenishments Total²	748.8	-
UN-Development	131.9	131.8
<i>United Nations Development Programme (UNDP)</i>	20.7	21.2
<i>United Nations Children's Fund (UNICEF)</i>	34.1	35.0
<i>United Nations Population Fund (UNFPA)</i>	15.0	15.4
<i>United Nations Programme on HIV and AIDS (UNAIDS)</i>	7.2	7.5
<i>World Health Organization (WHO)</i>	20.0	20.6
<i>UN Women</i>	8.0	8.2
<i>Other UN including ODA eligible assessed contributions</i>	26.9	23.9
Commonwealth Organisations	12.0	12.0
Contribution to Global Health Programmes ³	181.4	74.0
Contribution to Global Education Programmes	70.0	100.0
UN, Commonwealth & Other International Organisations Total	395.3	317.9
Global NGO Programmes	133.9	137.2
Australian Volunteers Programme	55.3	56.6
Community Engagement and International Research	10.3	10.0
NGO, Volunteer and Community Programmes Total	199.4	203.9
Less Multilateral Replenishments	(748.8)	-
Add Cash payments to Multilaterals	345.8	363.2
DFAT ODA - Global Programmes	1,204.8	1,223.6
DFAT ODA - Departmental	373.6	251.3
Other Government Departments	748.5	392.0
Adjustments	(73.2)	(61.8)
Total Australian ODA	5,031.7	5,031.9

¹ Negotiations are currently under way for this replenishment. Following the finalisation of the negotiations the amounts pledged will be publically available.

² These figures reflect the value of new commitments to the multilateral development banks and other multilateral funds which will be paid over 3 to 9 years. These commitments usually occur every two to three years.

³ Funding to Global Health Programmes for 2014-15 will include further commitments to be agreed during the year, e.g. the GAVI replenishment which is under consideration.

Source: DFAT