



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

Federal Budget Analysis 2013-2014

Australian Aid: Investing in the Future

14 May 2013



Young Australians from every Federal Electorate across the nation show their support for eradicating extreme poverty internationally at the launch of the Movement to End Poverty Petition, 14 March 2013, Parliament House Canberra.

ACFID MEMBERS as at May 2013

Full Members (* Denotes Provisional Full Member):

1. 40K Foundation Australia
2. ACC International Relief
3. Act for Peace - NCCA
4. ActionAid Australia
5. ADRA Australia
6. Afghan Australian Development Organisation
7. Anglican Board of Mission - Australia Limited
8. Anglican Overseas Aid
9. Archbishop of Sydney's Overseas Relief and Aid Fund
10. Asian Aid Organisation*
11. Assisi Aid Projects
12. Australasian Society for HIV Medicine
13. Australian Cranio-Maxillo Facial Foundation
14. Australia for UNHCR
15. Access Aid International
16. Australian Business Volunteers
17. Australian Conservation Foundation
18. Australian Doctors International
19. Australian Doctors for Africa
20. Australian Federation of AIDS Organisations
21. Australian Foundation for the Peoples of Asia and the Pacific
22. Australian Himalayan Foundation
23. Australian Hope International Inc.
24. Australian Injecting and Illicit Drug Users League*
25. Australian Lutheran World Service
26. Australian Marist Solidarity Ltd
27. Australian Medical Aid Foundation
28. Australian Red Cross*
29. Australian Relief and Mercy Services*
30. Australian Respiratory Council
31. Australian Volunteers International
32. Baptist World Aid Australia
33. Beyond the Orphanage*
34. Brien Holden Vision Institute Foundation
35. Burnet Institute
36. Business for Millennium Development
37. CARE Australia
38. Caritas Australia
39. CBM Australia
40. Charities Aid Foundation
41. ChildFund Australia
42. CLAN (Caring and Living as Neighbours)
43. Credit Union Foundation Australia
44. Daughters of Our Lady of the Sacred Heart Overseas Aid Fund*
45. Diplomacy Training Program*
46. Door of Hope Australia Inc.
47. Emergency Architects Australia
48. Engineers without Borders
49. Every Home Global Concern*
50. Family Planning New South Wales
51. FreeSchools World Literacy*
52. Foresight (Overseas Aid and Prevention of Blindness)
53. Fred Hollows Foundation, The
54. Global Development Group
55. Global Mission Partners*
56. GraceWorks Myanmar
57. Habitat for Humanity Australia
58. Hagar Australia*
59. HealthServe Australia
60. Hope Global*
61. Hunger Project Australia, The
62. International Detention Coalition*
63. International Needs Australia
64. International Nepal Fellowship (Aust) Ltd
65. International RiverFoundation *
66. International Women's Development Agency
67. Interplast Australia & New Zealand
68. Islamic Relief Australia
69. John Fawcett Foundation
70. Kyeema Foundation
71. Lasallian Foundation
72. Leprosy Mission Australia, The
73. Lifestyle Solutions (Aust) Ltd
74. Live & Learn Environmental Education
75. Mahboba's Promise Australia
76. Marie Stopes International Australia
77. Marsh Foundation*
78. Mercy Works Ltd.
79. Mission World Aid Inc.
80. Motivation Australia
81. Nusa Tenggara Association Inc.
82. Opportunity International Australia
83. Oro Community Development Project Inc.
84. Oxfam Australia
85. Partners in Aid
86. PLAN International Australia
87. Project Vietnam
88. Quaker Service Australia
89. RedR Australia
90. Reledev Australia*
91. RESULTS International (Australia)
92. Royal Australian and New Zealand College of Ophthalmologists*
93. Salesian Society Incorporated
94. Salvation Army (NSW Property Trust)
95. Save the Children Australia
96. SeeBeyondBorders
97. SIMaid
98. Surf Aid International*
99. TEAR Australia
100. Transparency International Australia
101. Union Aid Abroad- APHEDA
102. UnitingWorld
103. University of Cape Town Australian Trust
104. WaterAid Australia
105. World Education Australia
106. World Vision Australia
107. WWF-Australia

Affiliate Members:

1. Refugee Council of Australia (not a Code Signatory)
2. Vision 2020

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Budget Overview and Highlights

Overview:

The Government reports that the total Overseas Development Assistance (ODA) budget for Financial Year 2013-14 (FY1314) is \$5.7 billion dollars.¹ AusAID will administer \$4.94 billion of total ODA and Other Government Departments (OGDs) will administer \$801 million.

With 21 years of uninterrupted growth, annual growth of around 2.75%² and a general government deficit of 4.6%—less than half of other developed countries such as the USA or UK³—Australia has the economic foundation on which to play a leadership role in aid and development and reach its promised aid commitments. This was exactly the advice that the Organisation of Economic Cooperation and Development (OECD) had for Australia last week when it released the [2013 Peer Review of Australia's development cooperation](#), saying “Reaching the target is feasible...Australia’s aid system is set up to deliver the current and growing aid programme effectively.”⁴

In this context of strong financial and economic standing compared to our peers, the [Aid Budget for Financial Year 2013-14](#) is disappointing. While the Government has claimed to increase the aid budget in real dollar terms by \$517.8 million, in FY1314 this calculation rests on the deduction of this year and last year’s diverted amounts of \$375 million to domestic asylum seeker costs. The Government has also delayed by an additional year the scale-up to 0.5% GNI—[pushing that commitment out yet again](#), this time to FY 2017-18. The reality is that the delay in reaching 0.5% rips \$1.9 billion out of the forward estimates. Added to the [\\$2.9 billion in savings which were found through the aid program last year](#) when the Government [deferred the commitment to reach 0.5% GNI by one year](#), a total of \$4.8 billion has been taken from the aid program across the forward estimates.

Additionally, the Government has proposed a cap on the costs it can take out of the ODA budget to pay for costs associated with onshore asylum seekers. This cap now stands at \$375 million per year, which is the amount that was taken out of the aid budget in December 2012 and which will again be taken out in FY 1314. This cap will have the overall effect of stabilising the predictability of allocations for AusAID and its partners; however, over the forward estimates this will amount to another \$1 billion coming out of the aid budget.

Given the diversions in December 2012 and the \$375 million dollars also diverted in this budget, it is difficult to see how the Government can claim such a \$500 million real-dollar

¹ All dollar figures are Australian Dollars unless otherwise stated. Australian Government. “Effective Aid: Helping the World’s Poor: Budget 2013-14” p. 145 (henceforth AusAID Blue Book 2013-14).

² Australian Government. Statement 1: Budget Overview. http://budget.gov.au/2013-14/content/bp1/html/bp1_bst1-02.htm

³ Organisation of Economic Cooperation and Development. “Peer Review: Australia 2013” <http://www.oecd.org/development/peer-reviews/OECD%20Australia%20Final2%207%20May.pdf> p. 13. Last accessed 14 May 2013

⁴ Organisation of Economic Cooperation and Development. “Peer Review: Australia 2013” <http://www.oecd.org/development/peer-reviews/OECD%20Australia%20Final2%207%20May.pdf> p. 13. Last accessed 14 May 2013. P. 18-19.

increase. However, the Government has calculated the \$517.8 million increase to the aid budget by taking the total aid volume in 2012-13 (\$5,148.6 billion) and for 2013-14 (\$5,666.4 billion) and subtracted \$375 million from both of these totals. This brings them to \$4.7 billion and \$5.2 billion, respectively.⁵ The difference between these two figures stands at \$517.8 million which accounts for the Government's statement.

While the Government references technical rules of the OECD Development Assistance Committee (DAC), which governs what expenses can be classed as aid, we believe that [Australia remaining the 3rd largest recipient of its own Overseas Development Assistance \(ODA\) funds](#) by country, is simply a deceit.

Further, the Government claims that despite this delay in reaching 0.5% GNI they have in this Budget reached the promised target of 0.37% GNI. This, however, is more like moving the goal posts and claiming victory rather than a real win for the world's poorest.

When the Government reaches 0.37% of GNI for overseas aid they are effectively saying that 37 cents in every \$100 goes to the aid program. In the FY1314 Budget the Government is claiming to have reached 0.37% GNI but only 34 cents in every \$100 are going overseas with the additional 0.03 cents effectively being pocketed for domestic use.

Delays to reaching 0.5% GNI are a break from [Labor's Election Platform of 2010](#). The Government now outlines the trajectory of the scale-up of Australia's aid budget to be:

- 0.37% GNI in 2013-14
- 0.39% GNI in 2014-15
- 0.41% GNI in 2015-16
- 0.45% GNI in 2016-17
- 0.5% GNI in 2017-18

Despite the Government's wavering in their action to reach the world's poorest, [Julie Bishop MP](#) stated yesterday that the Coalition "will not be using the foreign aid budget to prop up the detention network budget."⁶ We look forward to seeing the Coalition match their commitment to scaling up the aid program with the announcement of a clear timetable for achieving 0.5% GNI to development assistance. We note that both major parties remain committed to this goal and call for 2013 to be the final year in which delays are announced.

Budget Highlights:

Though these delays and diversions are deeply disappointing, overall, the FY1314 Aid

⁵ Organisation of Economic Cooperation and Development. "Peer Review: Australia 2013" <http://www.oecd.org/development/peer-reviews/OECD%20Australia%20Final2%207%20May.pdf> p. 13. Last accessed 14 May 2013

⁶ Julie Bishop in interview with David Lipson, SkyNews Australia. 13 May 2013. <http://www.juliebishop.com.au/transcripts/1281-sky-news-on-the-hour-12-noon.html>

Budget is not without positives. Even with these setbacks, there has been an increase in the ODA budget this year. Notable amongst the further positives are:

1. A four year initiative focused on accelerating progress towards Millennium Development Goals (MDGs) 1, 2 and 5 in the Asia Pacific region totalling \$390.9 million over four years;⁷
2. A recognition of the demonstrated effectiveness of the not-for-profit sector with a 33% growth in available Australian NGO Cooperation Program (ANCP) funds in this financial year-- \$141 million up from \$106 million;⁸ This is a 33% nominal increase and a 30% real increase.
3. A small increase for the Australian Volunteers for International Development program—to reach \$65.3 million in FY1314,⁹
4. An increase of assistance to Myanmar to reach \$82.2 million¹⁰ taking a strong coordination role, in country, and;
5. A commitment to expanding the Transparency Initiative to all relevant government departments delivering ODA—with details of that expenditure on the AusAID website by June 2013.¹¹
6. An allocation of \$26 million in FY1314 to the United Nations Development Program (UNDP) – an increase of \$6 million on last year's allocation. This funding will go towards developing country government capacity development and strengthening of democratic institutions.

The format of the Blue Book, is also a notable improvement over last year's. Many sections make clear the intended results that Australia's aid will achieve with the money allocated. Additional improvements in transparency could be achieved if each country program allocation had a breakdown of expenditure by strategic goal.

The general thrust of the budget remains focused on our own region—Asia and the Pacific, which we believe is the appropriate focus. Indonesia is the largest recipient of Australian aid in FY1314 at \$646.8 million with Papua New Guinea the second largest recipient at \$507.2 million. Aid to Afghanistan is down slightly, however, and aid to Pakistan will increase marginally. Commitments to increase funding for Myanmar and Fiji have both been met. Spending in the Middle East and North Africa is down this year, as is spending in Sub-Saharan Africa.

Australia will join the African Development Bank this financial year and meet commitments to other [high performing multilateral partners](#).

⁷ AusAID Blue Book 2013-14. P. 5.

⁸ AusAID Blue Book 2013-14. P. 101

⁹ AusAID Blue Book 2013-14. P. 105.

¹⁰ AusAID Blue Book 2013-14. P. 51

¹¹ AusAID Blue Book 2013-14. P.142

Tables

Table 1: Australian Aid levels compared with OECD DAC Average

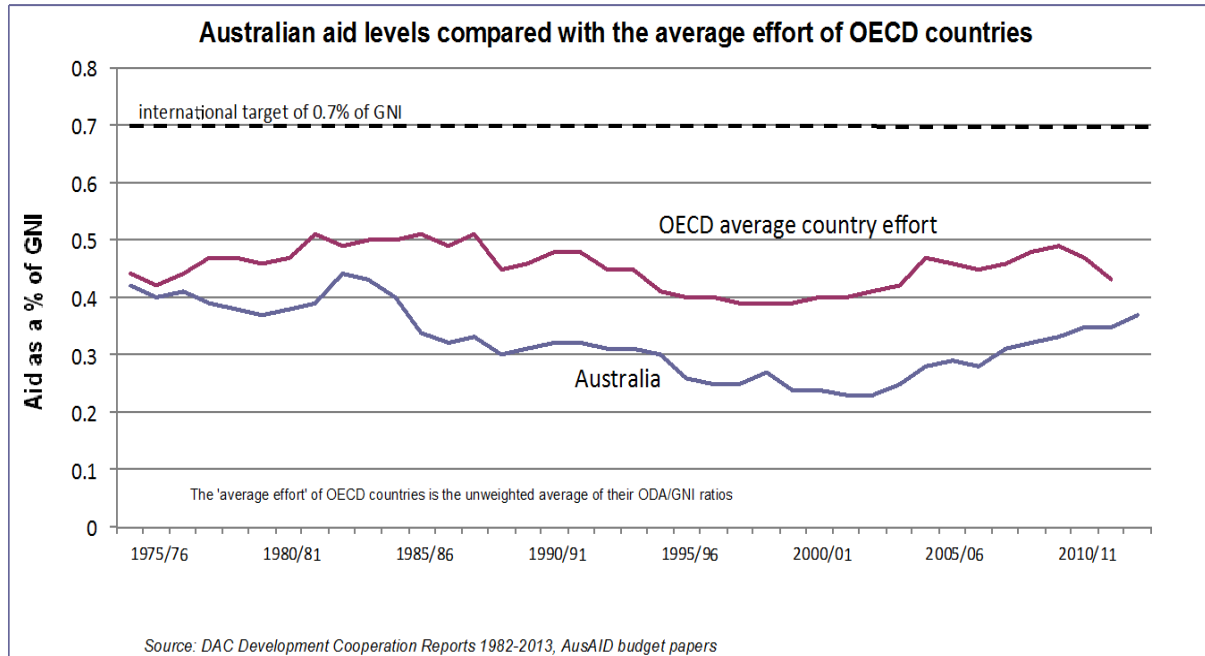


Table 2: ODA/GNI Ratio Projections to 2017-18

Budget year	ODA/GNI ratio	Estimated ODA in A\$ current (million)	Nominal GNI increase	Estimated increase in dollars (m)
2012-13	0.35%	5153	3.25%	
2013-14	0.37%	5666	5.00%	513
2014-15	0.39%	6300	5.00%	634
2015-16	0.41%	6971	5.25%	671
2016-17	0.45%	8053	5.25%	1082
2017-18	0.50%	9418	5.25%	1365
<i>Note: Nominal GNI growth projections from Budget Overview</i>				

Table 3: Funding for community engagement programs 2012/13 and 2013/14*

Program and focus	Budget 2012/13 (million)	Budget 2013/14 (million)
ANCP funding	\$110.0	\$ 141.0
Volunteer programs, includes AYAD	\$63.0	\$ 65.3
Community engagement and development research programs	\$18.1	\$ 13.2
ACFID	\$0.9	\$ 0.9
NGO policy and development effectiveness	\$1.1	\$ 2.0
Other	\$0.4	
Total	\$193.5	\$222.4

*Note- these comparisons are with budget year on year

Table 4: Funding by Geographic Region**

Region	Estimated ODA in 2012/13 (million)	Estimated ODA in 2013/14 (million)	Share of aid in 2012/13	Share of aid in 2013/14
PNG and the Pacific	\$1,170.9	\$1,125.9	33.2%	31.5%
Indonesia and East Asia	\$1,321.2	\$1,431.4	37.4%	40.1%
South & West Asia	\$525.3	\$512.7	14.9%	14.4%
Africa & Middle East	\$465.0	\$462.6	13.2%	13.0%
Latin America and Caribbean	\$47.7	\$38.1	1.4%	1.1%
Total of geographically allocated aid	\$3,530.1	\$3,570.7		

**Note- these comparisons are with budget year on year

Table 5: Estimated ODA in 2012/13 and 2013/14 per Strategic Goal

Strategic Goal	estimated share 2012-13	estimated share 2013-14	estimated amount 2012-13 (m)	estimated amount 2013-14 (m)
Saving lives	16%	19%	800	1042
<i>Health funding</i>		14%		763
<i>WASH (water, sanitation & hygiene) funding</i>		5%		279
Promoting opportunities for all	19%	22%	938	1158
Sustainable economic development	22%	19%	1077	1031
Effective governance	18%	16%	877	869
Humanitarian and disaster response	17%	17%	845	929
General development support	7%	7%	334	375

Thematic Analysis

NGO & Volunteer Programs

Context:

In line with the recommendation of the 2011 Independent Review of Aid Effectiveness, the Government committed to increasing the funding made available to Australian aid and development non-government organisations (NGOs) through the Australian NGO Cooperation Program (ANCP) to at least \$150 million by 2014-15. This commitment was in recognition of the experience and strengths of Australian NGOs in working with the world's poor.

In the last Federal Budget the Government committed to expanding volunteer programs, supporting an additional 1000 volunteer assignments by the end of FY1213. This area was, however, affected by the December 2012 aid cuts and diversions, with a \$4.3 million deferral of funding for not-for-profit aid organisations, as well as a \$5.5 million deferral of funding for the Australian Volunteers for International Development (AVID) program.

In the 2013-14 Budget:

This Budget includes an increase of \$34.6 million in funding through the ANCP, lifting the allocation from \$106.4 million in FY1213 to \$141.0 million in FY1314. The Australian Volunteers for International Development (AVID) program has also seen a small increase, with an allocation of \$65.3 million in 2013-14 up from \$63 million in the previous budget. The Government has also allocated an additional \$0.9 million this year to the NGO policy and

effectiveness budget line item, in order to develop an agency-wide Due Diligence Framework and Effectiveness Assessment Methodology.

ACFID Response:

The allocation of \$141.0 million to the ANCP puts the Government well on the way to achieving their commitment to allocate \$150 million annually to this program by 2014-15. This is a welcome move that acknowledges the integral role played by NGOs in delivering aid. The AusAID Blue Book notes that NGOs *are often the first to trial innovative solutions for delivering aid and foster networks within and across countries. This enables them to reach the poorest and most marginalised communities.* ACFID commends this budget allocation. Australian NGOs have proven impact on-the-ground and decades of experience working with the most marginalised members of communities.

We are also pleased that the Government has increased funding to the AVID program. However, we note that the increase of \$2.3 million on last year's allocation does not make up for the full \$5.5 million diverted from this program in December 2012. The stated Government commitment to again this year support 1000 new Australian volunteers is also welcome.

In other areas of engagement, the budget notes a number of AusAID-convened roundtables in developing countries with the business communities. Interestingly, there is no Budget allocation for these activities.

Rights of Women and Girls

Context:

The Government estimated that over half of AusAID administered ODA expenditure in 2011-12, or \$2.2 billion, was spent on activities with objectives that supported gender equality or women's empowerment. ACFID has continued to advocate for the centrality of women's equality to sustainable development. Last year ACFID prioritised investments in training and deploying female health workers and funding to sexual and reproductive health services in our [Federal Budget Submission](#). Further thematic priorities for ACFID's advocacy have included a consistent focus on addressing violence against women and women's political and economic empowerment.

From the December 2012 diversion of funds from the aid program, ACFID estimates that \$229.8 million had a principle or significant impact on women – representing just over 61% of the cuts or diverted funds.¹²

¹²ACFID Fact Sheet: The Impact of Aid Cuts: Affecting Real People and Programs.
<http://www.acfid.asn.au/resources-publications/files/the-impact-of-aid-cuts-real-people-and-programs>

In the 2013-14 Budget:

Similar to the 2012-13 Budget, the Government has continued its focus on maternal health. In 2013-14 this is a part of an increased commitment of \$390.9 million over 4 years to MDGs 1 (poverty and hunger), 2 (universal education) and 5 (maternal health) in the Asia-Pacific in a new initiative entitled 'Enhancing Australia's commitment to development in the Asia-Pacific region'.¹³

In 2013-14, the Australian aid program will continue to invest in women's leadership, women's economic empowerment, and ending violence against women.

Some key commitments stated clearly in the 2013-14 Budget include:

- A further 900,000 women per year will have access to improved maternal and child health services (amounting to \$80 million over four years¹⁴ to be funded from the \$390.9 million initiative to accelerate MDG progress in the Asia-Pacific)
- Continued and strengthened support to UN Women with \$48.5 million in core funding over four years from 2012-13. This represents an additional \$40.5 million over the next 3 years¹⁵
- \$60 million over 4 years to support the first phase of an 8 year women's empowerment partnership with the Government of Indonesia focusing on access to jobs and social protection, improving conditions for overseas labour migration and strengthening leadership in maternal health and ending violence against women.
- A commitment of \$17.7 million in Afghanistan for reducing violence against women was committed in 2012. A new program will commence in FY1314 to assist with provision of services for women affected by violence.
- The focus on women's political and economic empowerment will continue to be addressed via the *Pacific Women Shaping Pacific Development* initiative which will receive \$320 million over 10 years.¹⁶

ACFID Response:

ACFID welcome the Government's increased focus on maternal health and MDG 5 as well as continued support of women's empowerment programs particularly in Indonesia. Further, we welcome the Government's continued commitment of core funding to UN Women.

Throughout the 2013-14 Budget, regional issues facing gender equality are acknowledged. However, while issues are well documented, this year's budget lacks clear connections between responses and expenditures. Further it remains unclear *if* or *how* funding that was previously diverted from the December reallocation of funding will be restored.

While there are many references throughout the Blue Book to violence against women and women's economic empowerment within country programs, there is a noticeable lack of

¹³ AusAID Blue Book 2013-14. P.87

¹⁴ This figure was verbally identified at the AusAID Budget Lock Up on 14 May 2013.

¹⁵ The 2012-2013 AusAID Blue Book identified \$8 million in new funding to UN Women.

¹⁶ Funding for the Pacific Women Shaping Pacific Development was announced in August 2012 and therefore is not a new announcement of funding. 'New partnership to empower Pacific women', 30 August 2012, available at <http://www.ausaid.gov.au/HotTopics/Pages/Display.aspx?QID=791>

attention to women's political leadership with the exception of the continued funding to the *Pacific Women Shaping Pacific Development* program.

Further, it remains difficult to identify what expenditure will accompany activities focused on gender –which remains a cross-cutting priority for the whole aid program. We remain concerned that despite the regular focus on gender equality in country program priorities, much discussion about other development priorities remains 'gender blind'.

Lastly, increased coherence and consistency in how gender is made visible in, and advanced through, other expenditure areas of the aid budget, could be significantly improved through the provision of gender disaggregated data.

Health Funding

Context:

In 2010 the Government committed to allocating \$1.6 billion on measures to improve maternal and child health by 2015. ACFID has recommended that the Government provide further funding to train health workers, particularly in maternal health, and further support sexual and reproductive health in a range of key countries. ACFID has also advocated for increases in funding to combatting avoidable blindness in the Pacific and East Asia.

The December diversion of aid funding affected health programming significantly, with a \$108.6 reduction in country and global health initiatives. This included a \$10.12 million cut in Australia's funding to the Global Fund to Fight AIDS, Tuberculosis and Malaria, \$3 million from the World Health Organisation and \$1.8 million from the Joint United Nations Program on HIV/AIDS (UNAIDS). Further, this resulted in health programs being deferred in a range of countries including Cambodia, the Philippines, Timor Leste and Pakistan.

In the 2013-14 Budget:

In FY1314 the Government expects to spend around \$763 million on health programs, excluding water, sanitation and hygiene programs. This is an increase of 24.5%, or just over \$150 million, on the final estimated expenditure (after the diversion) for health in the aid program in FY1213, which was \$612.4 million. Health expenditure is expected to account for 14% of total ODA in FY1314.

Within this total allocation to health funding, the Government has allocated \$23.4 million to the World Health Organisation, \$18.2 million to the United Nations Population Fund, and 9.2 million to UNAIDS in 2013-14 to address issues including child and maternal health and combatting disease.

The Government has also announced a new health-focused initiative in the FY1314, 'Enhancing Australia's commitment to development in the Asia-Pacific region'. This initiative focuses on a range of areas aimed at achieving Millennium Development Goals (MDGs) 1, 2 and 5 on poverty and hunger, universal education and maternal health. The specific health-focused targets for this funding include providing:

- *Over 1 million people with access to nutrient supplements and supplementary feeding programs*
- *100,000 vision screenings and 10,000 sight restoring surgeries to help lift some of the region's most disadvantaged people out of poverty*
- *900,000 women per year access to improved maternal and child health services.*

ACFID Response:

The Government's focus on maternal health is in line with ACFID budget recommendations and is very welcome. Further analysis on this issue can be found in the *Women's and Girl's Rights* section of this document. Furthermore, it is heartening to see that spending on health has increased and the Budget Blue Book acknowledges the 2010 Government commitment to allocate \$1.6 billion on maternal and child health by 2015.

The Government's priorities for health spending appear to be right, with a focus on improving nutrition, restoring eye sight, combatting transmittable diseases, improving access to family planning, as well as improving child and maternal health. The Government's new initiative focused on MDGs 1, 2 and 5 in Asia and the Pacific appears to have taken on some of the recommendations of ACFID and our members, and has the potential to make a significant impact as we move towards the 2015 MDG finish date.

ACFID notes however that it is difficult to determine from the Budget papers how much is being allocated to the both the Global Fund to Fight AIDS, Tuberculosis and Malaria and the GAVI Alliance this financial year. The Budget notes that both organisations are being provided with \$200 million in funding between 2011 and 2013, but does not make clear the exact allocations for FY1314. We recommend this be clarified in the future.

Education Funding

Context:

Education is the flagship of the Australian aid program as announced in Australia's Comprehensive Aid Policy Framework (CAPF). This flagship area is recognized under the strategic goal "Promoting Opportunities for All".¹⁷ In FY1213 the Government committed 13% of total ODA to the education sector with AusAID expected to be one of the largest bilateral donors this area by 2015. This aim was thrown off course by the December 2012 aid diversions, which saw \$99 million stripped from education funding, reducing the total allocated amount to \$879.4 million.

ACFID members continue to prioritise the quality of learning, girls' education, disability inclusive education, quality of teachers and early childhood care and development (ECCD) in their work in the education sector.

¹⁷ Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-16, pg. 7.

In the 2013-14 Budget:

Befitting a flagship area of the Australian aid program, the proportion of spending in education as a percentage of ODA has increased to 22%. This investment totals \$1.158 billion in FY1314 with a focus on the Asia Pacific region. \$758 million, or 65.5%, will be focused on primary and secondary education.

The Pacific region will see a commitment of \$85 million over four years to strengthen tertiary and technical education. Australia remains committed to the Global Partnership for Education with \$270 million over four years from 2011-2015.

Additionally, the new initiative 'Enhancing Australia's commitment to development in the Asia-Pacific region' includes specific regional commitments on MDG2 – universal primary education. Through the total regional funding commitment of \$390.9 million AusAID estimates that 1.2 million children will have improved access to a quality education. Further, of this regional funding announcement, it is estimated that \$180 million over four years will be allocated to MDG 2.¹⁸

ACFID Response:

ACFID supports the continued strong focus on education initiatives which incorporate quality of education, teacher training, enhancing access (both physical and financial) and technical and vocational training. We acknowledge ECCD initiatives included in Myanmar, Bangladesh and Afghanistan country programs but would like to see ECCD initiatives further integrated in other country areas.

Additionally, while we note the Government's commitment to improving access to education for girls in both Afghanistan and the Solomon Islands, it remains unclear how AusAID will disaggregate the gender benefits of education initiatives. As such, ACFID would like to see further work on how education funding will specifically target boys and girls and work to ensure gender equality in education.

Climate Change Funding

Context:

One of the development objectives of the Australian Aid Program is "reducing the negative impacts of climate change and environmental factors on poor people".¹⁹ In the Copenhagen Accord in 2009 and Cancún Agreements in 2010, Australia pledged to assist in addressing the urgent and immediate needs of developing countries that are particularly vulnerable to climate change.²⁰

The Independent Review of Aid Effectiveness 2011 supported this commitment and predicted that the environment would be a growing part of the aid program. In line with the Review, the 2012-13 Budget made a clear commitment to climate change spending and

¹⁸ This figure was drawn from verbal information provided during the AusAID Budget Lock up on 14 May 2013.

¹⁹ AusAID (2011) *An effective aid program for Australia: Making a real difference – Delivering real results*. P. 3

²⁰ <http://www.climatechange.gov.au/government/international/finance.aspx>

projected that \$246 million or 5% of total ODA would be spent on climate change and environmental activities.²¹

In its four-year budget submission 2012-13, ACFID recommended increased and clearly identifiable support for developing countries, especially the Pacific, to adapt to and mitigate the effects of climate change.²² However, following the December aid cuts and diversions, climate change activities lost \$28.7 million including a reduction of \$2.64 million from the International Forest Carbon Initiative (REDD+) and \$1.76 million from the International Climate Change Adaptation Initiative.²³

In the 2013-14 Budget:

In FY1314 \$600 million is allocated to environment and climate change issues, approximately 10% of total ODA and double the budget estimates of last year.²⁴ This funding is to be channelled through a range of bilateral, regional and multilateral initiatives.

Specific climate change initiatives, focussing on resilience and adaption to climate change, are planned in Vanuatu, Samoa, Fiji, Tonga, Kiribati, Tuvalu, Bangladesh, Maldives, Vietnam and the Philippines and programs on REDD+ will be supported in Indonesia. The only monetary figure assigned to any of these initiatives is the Climate Change and Coastal Ecosystems Program in Vietnam, which will receive \$23 million over five years (2011-2016).²⁵

Climate change is also a focus in the Regional Programs of the Pacific, South and West Asia and Latin America and the Caribbean with the Pacific Region receiving \$104 million over three years (2013-16) to help protect water supplies, climate-proof essential infrastructure, boost food security and enhance disaster preparedness. This is in addition to support for the International Climate Change Adaptation Initiative (2008-2013).²⁶

Anticipated contributions to Global Environment Programs²⁷ have reduced drastically from 68.6 million to 1.5 million.²⁸ However, Australia will provide \$19.4 million to the Global Environmental Facility (GEF) although this is down from last year's \$20.1 million.²⁹ Some of the Australian Centre for International Agricultural Research's (ACIAR) budget estimate of \$96.3 million will also be allocated towards reducing the negative impacts of climate change.³⁰ The Green Climate Fund, a multilateral climate change fund established under UN climate change negotiations in Cancún 2010 and of which Australia is co-chair this year, will also receive funding but no figure is provided.³¹

²¹ AusAID Blue Book 2012-13. P. 119

²² ACFID (2012) *The Australian Council for International Development | 2013-14 Pre-Budget Submission*

²³ www.ausaid.gov.au/aid/issues/climate_change

²⁴ AusAID Blue Book 2013-14 P.117

²⁵ Ibid P.117

²⁶ Ibid P.16

²⁷ Global Environmental Programs include the Global Crop Diversity Trust, the International Tropical Timber Organisation, the International Forest Carbon Initiative and other climate change initiatives

²⁸ Ibid P.144

²⁹ Ibid P.97

³⁰ Ibid P.130

³¹ Ibid P.98

ACFID Response:

The 2013-14 Budget recognises the importance of climate change within the overall Australian aid program and the clear need to help vulnerable countries in the Pacific and South Asia adapt to a changing environment. ACFID welcomes the increase of spending on climate change and environment related issues in line with Australia's international commitments. However, due to the way the Blue book is structured, it is impossible to identify exactly where and how this money will be spent or whether this money is from existing funding commitments. The Budget support for initiatives such as the International Climate Change Adaptation Initiative and REDD+ is in stark contrast to cuts made by the Government to the same programs last year.

Peace and Security Funding

Context:

In ACFID's 2012-13 Budget Submission, the sector identified the following countries as priorities for investments in peace and security: Afghanistan, Burma, DR Congo, Iraq, Libya, Pakistan, Palestinian Territories, Somalia and South Sudan. Further, a focus on peace and security was identified as priority in recognition that less than 1% of ODA goes to conflict prevention activities despite more than 50% of total AusAID funding being spent in fragile and conflict affected states. In the December 2012 aid diversions, funding for stabilising fragile and conflict affected states and territories was an area that was particularly hard hit accounting for \$196 million of the diverted funds.³²

This year will also see the transition of the Regional Assistance Mission to the Solomon Islands (RAMSI) and the move of development components of our assistance to Solomon Islands coming under AusAID's administration. Further, in this year we will see transitions in other focus countries where our peace and security investments have been high in recent years, namely Timor Leste and Afghanistan.

In the 2013-14 Budget:

In this budget Australia has committed to continue its support to the Solomon Islands over four years with \$480.7 million as RAMSI transitions. This funding will support investments in the justice sector and the Australian Federal Police's participation in the Participating Police Force.

\$2.1 million over two years has been committed to extending Australia's contribution to the United Nations Mission in South Sudan to help consolidate peace and security efforts in the new republic.

\$65.8 million over four years will be provided to DIAC to work closely with the Attorney General's Department to undertake a whole-of-government approach to implementing some recommendations of the Expert Panel on Asylum Seekers. This funding will support

³² See ACFID Fact Sheet: The Impact of Aid Cuts: Affecting Real People and Programs.
<http://www.acfid.asn.au/resources-publications/files/the-impact-of-aid-cuts-real-people-and-programs>

contributions to UNHCR; reintegration of failed asylum seekers; strengthening legal capacity in source and transit countries, and; a regional approach to limiting displacement and managing migration flows.³³

A focus on peace and security has been identified within the following country programs: Philippines; Myanmar; Sri Lanka; Sub-Saharan Africa, and; Palestinian Territories. The budget further identifies the following cross-cutting investments as having some focus on peace and security: the Australia Awards and the Australian Civilian Corp.

ACFID Response:

There remains a critical lack of information about peace and security investments in the Budget Blue Book. Where peace and security are identified as priority areas within country or cross-cutting program areas it is often difficult to identify the amount of funding that supports these activities and the scope of the activities themselves.

This isn't to say that there are not a range of activities happening which are investments in peace and security—including investments in justice systems reaching approximately \$400 million or 4% of ODA focused on the Pacific, Cambodia, Indonesia, Timor Leste and Afghanistan. However, in critically underfunded areas, such as direct conflict reduction activities, it is difficult to ascertain the Government's commitments.

Further the allocation of \$65.8 million over four years to DIAC to work with the Attorney General's Department on an initiative to strengthen regional approaches to combatting people smuggling is a disappointing diversion of funding away from addressing peace and security issues in source countries and therefore tackling the root-causes of people movements at their source. Investments in addressing root-causes are likely to yield far greater peace and security dividends than funding which seeks only to manage the flow of refugee and asylum seekers into Australia from regional source and transit countries.

³³ AusAID Blue Book 2013-14. P. 134.

Humanitarian Funding

Context:

The Australian aid program expected to spend around \$493 million on humanitarian assistance in FY1213³⁴ making up 10% of total ODA. This included AusAID's global programs and the humanitarian programs of other agencies including the Department of Immigration and Citizenship (DIAC).³⁵ The 2011 Independent Review of Aid Effectiveness recommended a major increase in funding for humanitarian and emergency assistance.³⁶ ACFID and its members agree that properly directed humanitarian and emergency funding is a core part of Australia's aid program and helps to serve an essential function. To this end, there has been sustained advocacy from ACFID for a multi-year funding mechanism targeted at situations of protracted crisis and slow on-set humanitarian emergencies. However, humanitarian emergency and response programs were the single largest area impacted by the December 2012 aid cuts. \$77.3 million or 20.1% of the total deferral amount came from this area.³⁷

In the 2013-14 Budget:

The Government is committing \$532.2 million for humanitarian and emergency response in FY1314. This is an increase from the spend in FY1213 of \$443.1 million. Inclusive of the \$375 million which in both FY1213 and FY1314 is allocated to DIAC to administer for costs associated with onshore asylum seekers, the total humanitarian, emergency and refugee spend sits at \$845.3 million and \$928.6 million, respectively.³⁸ In FY1314, the Government is claiming that 17% of ODA is going towards the strategic goal of humanitarian and disaster response. Accounting for the amount diverted to onshore costs, however, the figure is closer to 9%.

Overall, this year's allocation of \$532.2 million is a small increase of \$89.1 million over last year's outcome of \$443.1 million (after December 2012 diversion).

There is an increase within this allocation to the funding given to UNHCR, the United Nations Central Emergency Response Fund and to OCHA, the United Nations Office for the Coordination of Humanitarian Affairs. UNHCR is receiving \$18 million in FY1314 and OCHA is receiving \$9 million. This is an overall increase of \$3 million on the initial allocations for FY1213, and \$10 million on their allocations for last year after the December 2012 aid cuts and diversions.

³⁴ AusAID Blue Book 2013-14 p126.

³⁵ AusAID Blue Book 2013-14. p98.

³⁶ Independent Review of Aid Effectiveness, April 2011. P.14

<http://www.aidreview.gov.au/publications/aidreview.pdf>

³⁷ ACFID Fact Sheet: The Impact of Aid Cuts: Affecting Real People and Programs.

<http://www.acfid.asn.au/resources-publications/files/the-impact-of-aid-cuts-real-people-and-programs>

³⁸ AusAID Blue Book 2013-14 p. 122.

ACFID Response:

Quite apart from ACFID's disappointment in the Government's decision to again spend \$375 million of overseas aid on domestic costs (more on this can be read at the beginning of this document in our *Budget Overview*), ACFID is further disappointed at this smaller than expected increase in humanitarian emergencies funding through overseas programs. The increase in FY1314 of \$89.1 million only just claws back the \$77.3 million diverted in December 2012.

While ACFID is pleased to see an increase in funding to OCHA and UNHCR, we urge the Government to prioritise humanitarian funding more highly in the future in line with the recommendations of humanitarian NGOs and the Independent Aid Review.

Disability Inclusion Funding

Context:

In line with the work Australia has been advancing under AusAID's *Development for All* strategy, the Independent Review of Aid Effectiveness proposed including disability as a key sectoral flagship of the Australian aid program. AusAID has been widely commended for its work in disability inclusive development, most recently acknowledged in the OECD DAC Peer Review through and the receipt of the Women's Refugee Commission, Voices of Courage Award. Disability has been a key sectoral focus of ACFID members, with a particular focus on responding to the needs of people with a disability in the Pacific region.

In the 2013-14 Budget:

In the Budget FY1314 the Government has re-emphasised its commitment to seeing disability inclusive development integrated into all AusAID programs. This includes a commitment to work with the governments of Samoa and Cambodia to implement their international obligations on the Rights of Persons with Disabilities and disability inclusive education initiatives in Kiribati and Myanmar. Additionally, the Government has agreed to a strategic partnership with the Pacific Disability Forum, providing \$4.5 million in funding over four years to support people with disability in shaping national policies and programs.

ACFID Response:

As a key sectoral ask of ACFID's four year budget submission, we are pleased to note the commitment of \$6 million over three years for research on disability-inclusive development and the ongoing work and leadership of AusAID in the disability inclusive space.

The Blue Book does not contain an adequate amount of information on programs and proposed expenditure in the disability sector, and ACFID would like to see a further breakdown of funding included in the Blue Book next year.

Water, Sanitation and Hygiene (WASH) Funding

Context:

In response to the Independent Review of Aid Effectiveness, the Government made 'improving public health by increasing access to safe water and sanitation' a key development objective in its Comprehensive Aid Policy Framework (CAPF). In 2013 Australia joined the Sanitation and Water for All partnership and the Australian Parliament recognised for the first time the Right to Water and Sanitation. In the last FY1213 the Government allocated \$164 million for WASH, a return to the 2010 spending levels. AusAID estimated that around 30% of that was for sanitation specifically. Last year's budget also included a commitment to allocate \$1 billion to WASH over the next four years.

ACFID members have been calling on the Government to increase funding for WASH to \$500 million per year by 2015, with a particular focus on PNG, Cambodia, Nepal and Africa. Other calls made by ACFID members have been to integrate WASH into AusAID's health and education programs (for example into programs focused on eliminating preventable blindness caused by trachoma) and to target WASH funding in the countries and communities where access to sanitation and water is lowest and disease rates highest.

In the 2013-14 Budget:

The Budget allocates \$279 million in FY1314 to WASH programming across the Asia-Pacific and Africa, or 5% of total ODA. This funding will support investments in school and household water supply, sanitation and hand washing facilities through a range of partners.

ACFID Response:

This year's allocation of \$279 million represents a welcome increase of around \$115 million for WASH programming, a 70% increase on last year's allocation. This leaves around \$560 million to be allocated over the next 2 years if the Government is to stick to its commitment of \$1 billion over the next four years.

While ACFID is pleased with this focus on life-saving WASH programming, we recommend the Government consider expanding WASH funding in the future to nations in our region including Papua New Guinea, Cambodia and Laos. These are nations where there are millions of people without access to sanitation and water and the disease burden is high.

The new measure 'Enhancing Australia's commitment to development in the Asia-Pacific region' including programs on nutrition, education and maternal health provides a good opportunity to integrate WASH with these other services. In addition, ACFID welcomes the Government's ongoing support of the Civil Society Water Sanitation and Hygiene Fund.

Food Security Funding

Context:

The 2012-13 Budget for food security was estimated at \$461.4 million. Funds were to be delivered through AusAID, and significant expenditures provided through research bodies including The Australian Centre for International Agricultural Research (ACIAR) and the Consultative Group on International Agricultural Research (CGIAR)³⁹. According to the Independent Aid Review, there is a strong case for scaling up agricultural research given not only Australia's good track record in this area, but mounting global concerns in relation to food security⁴⁰. ACFID has recommended the Government prioritise funding and support to women smallholder farmers in our budget submissions and the NGO sector has advocated for a focus on enhancing food security and nutrition through global forums including the G20.

Following the Government's December 2012 aid cuts the 2012–13 budget estimate for the food security sector was reduced by \$44.7 million, from \$461.4 million to \$416.7 million. This included reductions to both AusAID and ACIAR programs.⁴¹ ACIAR funds were estimated at \$100 million in the 2012-13 budget however subsequent cuts have amounted to a 7.6% decrease of allocated funding.⁴²

In the 2013-14 Budget:

Estimated ODA for FY1314 to food security, rural development and social protection amounts to \$411 million. This is a decrease from \$455 million in FY1213 Budget estimates. 16% of the \$462.6 million budget for Africa and the Middle East has been allocated to the AusAID strategic goal of sustainable economic development under which food security initiatives are classed. ACIAR's allocation for FY1314 is \$96.3 million, which does not make up for the total amount diverted in December 2012.

ACFID Response:

ACFID welcomes Australian Government efforts to boost long-term agricultural productivity and build sustainable rural livelihoods in Africa. However, we would like to see more than the approximate \$74 million⁴³ allocated through multi-country partnerships with African regional organisations. ACFID has previously recommended an investment of \$200 million over four years directed towards resilience and sustainable livelihoods in Africa.

Moreover, we are disappointed to see that the Government's allocation to food security has decreased overall this financial year. Food prices and access to sustainable food sources continue to be an extremely important component of development assistance and contribute to multi-dimensional measures of poverty. With Australia's world renowned expertise in agriculture there is scope to further prioritise investments in this area.

³⁹ Independent Review of Aid Effectiveness, April 2011, p155

⁴⁰ Independent Review of Aid Effectiveness, April 2011, p232

⁴¹ <<http://www.ausaid.gov.au/aidissues/foodsecurity>>

⁴² AusAID Blue Book 2012- 2013. p131.

⁴³ AusAID Blue Book 2013-14. p72.

Geographic Analysis

Papua New Guinea (PNG) & the Pacific

Context:

The Independent Review of Aid Effectiveness recognised and reaffirmed the importance of Australia's continuing engagement with the Pacific region and recommended that aid funding to the region be increased. The 2012 Federal Budget indicated that the Government anticipated increasing assistance to the Pacific region by around 37 per cent, from \$1.17 billion in 2012-13 to an indicative level of \$1.60 billion by 2015-16. However, aid cuts and diversions in December 2012 were strongly felt in the Pacific region, where \$50 million was cut or diverted, amounting to 4.6% of the money allocated to the region in the 2012 budget. The development challenges remain significant in the Pacific, with very few countries on track to meet their MDG commitments.

In the 2013-14 Budget:

This year's overall Pacific budget has seen a small increase (\$1,125.9 billion up from \$1,104 billion) however; the estimated outcome for FY1213 has been reduced already likely due to last year's aid cuts. The Pacific budget has included a \$480.7 million commitment over four years to continue Australia's support to the Solomon Islands in renewed funding to RAMSI. Additionally, funding to Fiji has been increased in order to assist in meeting the MDG targets.

In FY1314 there will be support for maternal and child health initiatives (PNG, Solomon Islands, Vanuatu), Family and sexual violence resources (PNG, Solomon Islands), a wide range of education initiatives (PNG, Solomon Islands, Vanuatu and Samoa), disaster preparedness and support; reconstruction for post disaster situations (PNG, Vanuatu, Samoa, Fiji and regional), and; civil society organisations (Samoa, Fiji).

ACFID Response:

While the Independent Review and the 2012 Federal Budget indicated that aid to the Pacific should and would be increased, this year's budget has failed to deliver. Last year's estimated allocation for the Pacific was \$1.17 billion. So, while this year's allocation of \$1.126 billion is greater than the final outcome in FY1213 of 1.104 billion (after the December diversions), it is less than the 1.17 billion originally allocated in last year's Budget.

We are pleased to see a mention of the sector's priority budget asks as presented in our consolidated Budget Submission of 2012-13. In particular, we welcome commitment to sexual violence support and attitudinal change on violence against women in both PNG and the Solomon Islands. We are also pleased to note the ongoing commitment to education (including a focus on school fees, teacher training, quality and access), WASH initiatives and climate change adaptation at both country level and the region. For all of these areas, however, it is difficult to ascertain dollar figures on many of the programs. It is similarly

difficult to discern the effects of the December aid cuts and diversions on ongoing Pacific programs.

We anticipate that new commitments on sexual and reproductive health initiatives will be realised through accelerating progress on MDG 5 as part of the fuller initiative on MDG achievement totalling \$390.9 million over four years. We look forward to receiving further details and breakdowns of this funding allocation. In general we are pleased to see a continued focus on our region with two of the four largest recipients of Australia's country program aid in the Pacific: PNG and Solomon Islands.

Indonesia & East Asia

Context:

In FY1213 Australia increased assistance to East Asia to an estimated \$1.32 billion, with a large proportion of these funds (\$578.4 million) allocated to Indonesia.⁴⁴ Following the Government's diversions in December 2012 the FY1213 East Asia budget was reduced by \$94.4 million (including \$56.1 million from East Asia and \$38.3 million from Indonesia), leaving it at \$1.2 billion. Being geographically close to Australia and home to over 200 million people living in extreme poverty, this is an important region for Australian aid. ACFID has advocated for increases in funding towards the specific areas of strengthening women's empowerment (particularly through women's civil society organisations), strengthening humanitarian and disaster response, WASH and avoidable blindness initiatives in this region.

In the 2013-14 Budget:

Estimated ODA to East Asia in FY1314 is \$1.43 billion, an increase of \$230 million compared to the final FY1213 allocation (after the diversion). Funding for Indonesia is \$646.8 million, an increase of around \$100 million compared to actual FY1213 expenditure.

The remaining increases are spread across all countries in East Asia, with examples including:

- Estimated funds to Myanmar will increase from \$64 million in FY1213 to approximately \$82 million in FY1314 with a focus on education, health, improving livelihoods and strengthening democracy and human rights.
- Timor-Leste's funding has also increased, at \$125.7 million in FY1314 with a strong focus on improving maternal health in remote areas and access to water and sanitation, teaching and learning materials for schools, infrastructure and public service capacity.
- Cambodia will see an increase in ODA from \$84 million in FY1213 to \$97 million in FY1314, with programs improving the health of women and babies, disability inclusion, food security, community crime prevention and mine clearance.

⁴⁴AusAID Blue Book 2012-13. p38.

ACFID Response:

The increase in funding to this region is welcome, as is the overall direction of funds towards specific programs within countries in East Asia.

Strong civil society organisations are part of the fabric of any functioning democracy, and ACFID particularly welcomes the Government's focus on supporting and working with civil society organisations in many countries in East Asia. We are pleased to see that recommendations around increasing funding to maternal and child health in this region have been adopted and that a focus on disability inclusion and water and sanitation initiatives is evident in country allocations. We recommend the Government scale up their work with civil society organisations in this region further in the future, and that they consider budget allocations for specific programs targeting women's organisations in countries including Indonesia and Lao PDR.

South & West Asia

Context:

In the FY1213, a total of \$525 million of ODA was allocated to South and West Asia, with a view to increasing this investment to \$725 million by 2015-16. Within these investments, the highest focus was to be afforded to *Promoting Opportunities for All* (28%).

ACFID members have continued to call on the Government to explore alternatives to traditional bi-lateral donor channels specifically through the establishment of a Regional Human Rights Fund. In addition to this recommendation, ACFID members have called for increased attention to disaster risk reduction in Pakistan and WASH in Nepal.

In the 2013-14 Budget:

In this FY1314 Budget, around \$208 million (4% of total ODA) will be spent on human rights efforts specifically to increase civil and political rights, including support to free and fair elections in Afghanistan. This allocation will also fund the Human Rights Grants Scheme; however, it is unclear how much specific funding will be allocated to Afghanistan.

The total amount of ODA funding to the region decreased from last year's budget estimate (\$525 million) and is projected to be \$512.7 million in FY1314 (although it is important to note that after the December 2012 cuts only \$493 million was actually spent in the region in FY1213). The percentage of funding allocated to *Promoting Opportunities for All* within this increased to 31% of funds for the region. Regional program funding has reduced slightly from \$26.2 million in FY1213 to \$26 million this year.

ACFID Response:

While ACFID remains disappointed that the Regional Fund for Human Rights has not been established, we welcome the Government's commitment to improve governance and enhancing justice and human rights for the poor in the region. We continue to encourage this region to be a focus for disaster risk reduction initiatives, as well.

Africa & the Middle East

Context:

Africa and the Middle East are significant areas for development and humanitarian investment by the Australian aid program.

Africa

It is predicted that by 2015 60% of the world's extreme poor will reside in sub-Saharan Africa and the region is the most off track against all of the MDGs.⁴⁵ The food and drought crisis that hit East Africa in 2011 remains a source of vulnerability and in that region there are around 15 million people still food insecure. In 2011, the Report of the Independent Review of Aid Effectiveness recommended a high expansion of Australia's aid to Sub-Saharan Africa particularly and this could be administered effectively through NGOs and multilateral partners.

ACFID's four year budget submission from 2012-13 recommended that a particular focus in Africa should be on building resilience and sustainable livelihoods.

Middle East

The Middle East has seen a significant expansion of its humanitarian caseload due to a range of long-standing conflicts and ongoing sources of fragility. Around 4 million Syrians require humanitarian assistance due to ongoing conflict. 38% of Gaza's population live in poverty and in Yemen 54% live in poverty. In other countries in the region youth unemployment is a significant problem. The Report of the Independent Review of Aid Effectiveness made a recommendation for a medium expansion to the Middle East, noting Australia was starting from a low base and that the scale of need in this region was in flux due to early stages of conflict, at the time of writing.

ACFID's four year budget submission from 2012-13 highlighted a critical role for vocational and technical education initiatives in the Middle East, particularly the Palestinian Territories.

In the 2013-14 Budget:

Africa

In this budget, Sub-Saharan Africa is estimated to receive \$355.1 million. This is a decrease from the FY1213 estimate outcome of \$385.6 million. However, it is an increase from the Budget Estimate of 2012-13 which was 354.8 million. The highest level of expenditure in Africa will support activities designed to meet the AusAID strategic goal of 'saving lives'—at 26% of the overall Sub-Saharan Africa spend. *Promoting Opportunities for All* will comprise 21% of the region's spend with Humanitarian and Disaster Response the third focus area at 19%. There is \$92.3 million, \$74.6 million and \$67.5 million, respectively allocated to activities under each of those goals.

⁴⁵Based on World Bank data. See: World Bank, World Development Indicators 2012, Washington DC, 2012 <http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2012> in AusAID Blue Book 2013-14

Part of the humanitarian activities in Africa will be to build resilience of agricultural communities and reduce risks to livelihoods.

Middle East

The Middle East and North Africa⁴⁶ will receive \$107.5 million in FY1314, however it appears only \$30.9 million to be delivered through AusAID and it is likely that the rest will be delivered through other Government Department (OGD) expenditure, though this is not clear in AusAID budget documents. \$30.9 million is a significant decrease from the estimated outcome for 2012-13 of \$59.6 million.

Humanitarian response in Syria and Yemen, as well as research targeting farming efficiency in Morocco and Algeria are priority focus areas in FY1314.

ACFID Response:

Africa

ACFID is pleased to see a focus on resilience and reducing risks to livelihoods as a focus area of AusAID's FY1314 funding to Sub-Saharan Africa. This has been a feature of the sector's advocacy on funding to Africa and is reflected in the [sector submission 2012-13](#).

We are disappointed to see growth in the Africa program slowing this year; however, as we note that 19% of ANCP expenditure will go to Sub-Saharan Africa and one third of Australian public giving to NGOs is for Africa.⁴⁷ The scale of the need in this region remains extremely high and Australia should continue to prioritise its aid investments there.

We note that in FY1314, Australia will join the African Development Bank, bringing it in line with other developed country peers who are members of the G20—all of whom are already members.

Middle East

We note that there is a nearly \$28.7 million dollar drop in allocations for the Middle East and North Africa from the estimated outcomes of FY1213. This is concerning given the ongoing crises in this region and the increasing numbers of people who require humanitarian assistance programs, as well as development support. Additionally, the region faces other significant challenges such as high youth unemployment, significant deficits in access to water and food shortages.

Given the ongoing vulnerability of people in this region, it is concerning to see such a large drop in funding allocations this year. We further note that it is not possible to identify the level of expenditure for countries other than Iraq and the Palestinian Territories despite regular mentions of Egypt, Tunisia, Syria, and Yemen through the regional section of the Blue Book.

⁴⁶ Note, AusAID groups the Middle East and North Africa together geographically and represents sub-Saharan Africa independently.

⁴⁷ See ACFID Annual Report 2012. <http://www.acfid.asn.au/about-acfid/corporate-documents/annual-report-2012/view> p. 22.

In the funding for the Palestinian Territories there is an explicit reference to support for enhancing livelihoods for low income communities, which is welcome.

Latin America & the Caribbean

Context:

In December 2010 the Australian Government announced its plan to increase links with Latin America, including in development cooperation through a \$100 million program over four years. However, the Independent Review of Aid Effectiveness found that the region had only pockets of poverty and was of limited Australian strategic interest. The review recommended a phasing out of programs in Latin America and the Caribbean once existing commitments had been met.⁴⁸

The 2012-13 Budget followed this recommendation. There was no increase in aid for the region and Australia's aid contribution was delivered primarily through multilaterals such as the Inter-American Development Bank and the United Nations. The focus of the aid program was disaster management, food insecurity, climate change and human resource development.⁴⁹

The ACFID Budget submission 2012-2013 recommended focusing the Latin American and Caribbean aid program on rural livelihoods, economic opportunities to youth and disaster risk reduction.⁵⁰

Following the 7 December 2012 aid cuts, the 2012-13 budget estimates for the Latin America program were reduced by \$7.3 million and the Caribbean program was reduced by \$3.3 million. This comprised a deferral of plans for potential new activities in food security, youth violence and violence against women in Latin America. It further has resulted in not proceeding with a proposed grant for electoral assistance and re-phasing of other governance expenditure in the Caribbean.⁵¹

In the 2013-14 Budget:

The total overall Australian ODA for Latin American and the Caribbean has decreased in the FY1314 from the estimated outcome in 2012-13 of 46.8 million to 38.1 million (*Latin American budget*: 32.5 million to 24.8 million, *Caribbean budget*: 14.3 million to 13.3 million).

The Latin American aid program will focus on improving employment for women and natural disaster preparedness, recovery and reconstruction. In the Caribbean it will focus on improve public financial management and financial sector regulation; reducing barriers to

⁴⁸ Independent Review of Aid Effectiveness, April 2011. p143

⁴⁹ AusAID Blue Book 2012-13. p82

⁵⁰ ACFID Budget Submission. *Helping People Overcome Poverty Investing In Community Solutions*, 2012-13. P.44.

⁵¹ [www.aid.gov.au/countries/Caribbean & Latin America](http://www.aid.gov.au/countries/Caribbean%20&%20Latin%20America)

regional trade; and helping countries adapt to the challenges of climate change and disaster risk reduction. Australia's investments will be delivered primarily through bilateral and multilateral partnerships. Under the cross-regional program relating to governance Australia's aid program will continue to support Transparency International in Latin America over the next two years.

ACFID Response:

While disappointing that the budget estimate for Latin America and the Caribbean has decreased given the high levels of poverty in the region and its vulnerability to natural disasters, this was an expected outcome and follows the pattern of past years. ACFID welcomes the focus of the aid program on disaster risk reduction as the region is continually confronting challenges resulting from natural disasters and fully endorses programs supporting the participation of women. However, it believes more could be done to address socio-economic inequality in the region.



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