



The Impact of Aid Cuts: Affecting Real People and Programs

Overview

In December 2012 the Federal Government announced cuts and deferrals of AU \$375.1 million from the Australian aid program, redirecting funds earmarked for overseas poverty alleviation to pay for the costs of the domestic asylum seeker program, including mandatory detention costs.

The Australian Council for International Development (ACFID), Australia's peak body for humanitarian and international development not-for-profit organisations, has reviewed the funding cuts and deferrals from poverty alleviation programs. This fact sheet is the result. The figures and examples below are derived primarily from analysis of information publically available on the AusAID and Department of Foreign Affairs, Defence and Trade (DFAT) websites,¹ with some additional information from our members and partners working on programs overseas. We recommend both AusAID and DFAT provide more detailed public information on specific programs affected for deeper analysis of the impact of cuts and diversions.

Our analysis shows that:

1. Real people and programs have been affected by the Government's decision.
2. Funding to poverty alleviation programs have not only been 'deferred', but also cut outright in a range of areas.
3. Should the Government fail to meet its promise on raising Australian aid to 0.37% of Australia's Gross National Income (GNI) in the 2013-14 Federal Budget, the reality is that much of the funding that has been 'deferred' in this current financial year will become outright cuts to previously committed programs.

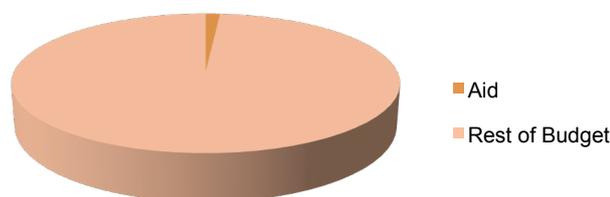
¹ Information sourced from various pages of the AusAID website (www.ausaid.gov.au) accessed on 05/04/2013 and the Department of Foreign Affairs, Defence and Trade Portfolio Additional Estimates Statements released in February 2013 (available at http://www.dfat.gov.au/dept/budget/2012-2013_paes/index.html)

4. ACFID cannot see a way that the many funding and results-based commitments to alleviating international poverty, publically made by the Australian Government, can be fulfilled if a similar diversion occurs in the Budget in May 2013.

Below we have structured our analysis into top-level statistics, evidence of real cuts, and the impact on key sectors including conflict-affected and fragile states, health, education, women's equality, not-for-profit and volunteer programs.²

Top-Level Analysis

- 98.5% of the Australian Federal Budget is spent on policy and programming in Australia. At \$5.2 billion in 2012-13, Australia's aid program accounts for only 1.4% of Australia's Federal Budget:



- The diversion of \$375.1 million was equal to 7.2% of the total Aid Budget.
- The single greatest area impacted by the aid deferral in December was humanitarian, emergency and refugee programs, losing \$77.3 million or 20.1% of the deferral amounts.
- The top five largest deferrals, in dollar terms, were:
 - Humanitarian, emergency and refugee programs - \$77.3 million
 - Indonesia - \$38.3 million (10.2% of the deferral)
 - Sub-Saharan Africa - \$34.9 million (9.3% of the deferral)
 - Afghanistan - \$20.5 million (5.5% of the deferral)
 - Solomon Islands - \$16.7 million (4.5% of the deferral)
- \$375.1 million is the largest single amount ever deferred from the official overseas aid program to support asylum seeker deterrence policies and programs by any Australian Government.

² It should be noted that these are cross-cutting themes in the aid program, for example with cuts to maternal health and neonatal programs directly affecting both health and women's equality programming. Thus the analysis and total figures quoted for each sector in this document will include some cross over. They cannot be added up by sector to equal a grand total of \$375.1 million.

- Over eleven years, the previous Coalition Government reported around \$334 million of Australian aid as in-country costs for refugee support – with the largest amount in a single year being \$98 million in 2005.³ In other words, the Government’s diversion of \$375.1 million outstripped the entire previous Government’s allocation of aid to domestic refugee costs in a single year.
- The reallocation has made Australia the third largest recipient of our own overseas aid, far exceeding the amount we dedicate to the vast majority of bilateral developing country programs.⁴
- \$375.1 million also far outstrips the average allocations other developed countries make to such programming through aid. Our diversion equates to 7.2% of the aid budget, versus the average spend on such programs of 3.3%. This is despite Australia having a much lower refugee burden than the majority of developed countries.
- The scale and suddenness of the reallocation was unprecedented, making for a less effective aid program. The diversion unnecessarily threw good programs into doubt and disrupted sound planning. This kind of allocation of aid funding is out of step with the stated aims of Australia’s aid program, as well as the expectations of the Australian public for our aid: that it helps people overseas to overcome poverty.

Real Cuts, Not Just Deferrals

- Analysis of information available on the AusAID website indicates that around \$95.5 million has been cut, rather than deferred from Australia’s aid program. This means that more than 25% of the \$375.1 million is comprised of real cuts, rather than deferrals.
- The largest real cuts are coming from:
 - Humanitarian and emergency response programs - \$30.7 million cut
 - Health spending – \$15.1 million cut, including \$10.12 million from the Global Fund to Fight AIDS, Tuberculosis and Malaria, \$3 million from the World Health Organization and \$1.8 million from the Joint United Nations Program on HIV/AIDS (UNAIDS)
 - Pacific Island States – cuts of \$11.3 million, including \$5 million from Vanuatu and \$2.4 million from the Solomon Islands

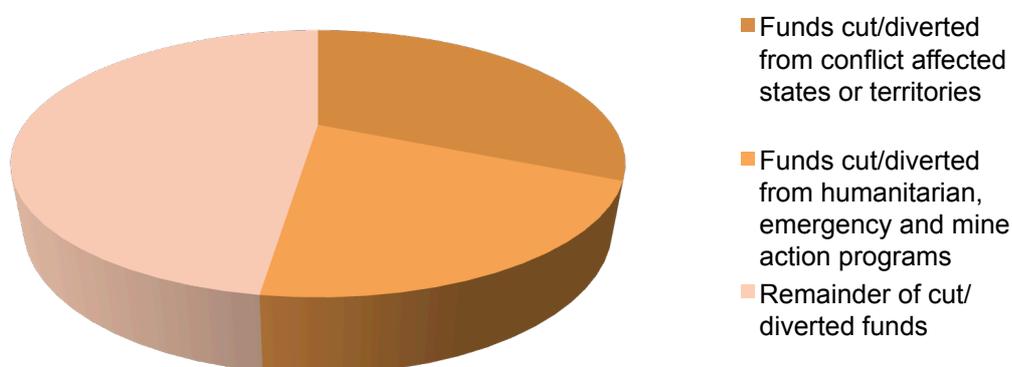
³ Organisation for Economic Development (OECD), OECD Stat.Extracts website, <http://stats.oecd.org/Index.aspx?DataSetCode=TABLE1#>, accessed 08/04/2013

⁴ Department of Foreign Affairs, Defence and Trade Portfolio Additional Estimates Statements, February 2013 (available at http://www.dfat.gov.au/dept/budget/2012-2013_paes/index.html) & Commonwealth of Australia 2012 Budget: Budget Strategy and Outlook, Budget Paper No. 1, 2013-13.

Impact on Conflict Affected and Fragile States

- Conflict and fragility are major contributors to the number of refugees worldwide, as people flee unsafe environments.
- However \$196 million of the diverted funds came directly from programs that stabilise conflict affected, fragile states and territories.
- That is **over 50% of the cut and diverted funds coming from countries or programs that would otherwise have helped to stabilise sources of the global refugee flow**, now diverted to domestic programs around asylum seekers within Australia.

Over 50% cut or diverted from programs supporting conflict affected, fragile states - a major source of global refugee flows



- The \$196 million impact on conflict affected and fragile states includes:
 - \$102.2 million cut or diverted from country and regional programs in conflict affected or fragile states and territories⁵
 - \$77.3 million cut and diverted from humanitarian, emergency response and mine action programs
 - A \$20.5 million deferral of assistance to Afghanistan, including \$11.8 million from AusAID activities such as governance support and community resilience programs

Impact on Health

- The overall budget estimate for programs supporting health has dramatically decreased as a result of the cuts and diversions, from \$721 million to \$612.4 million in 2012-13.⁶

⁵ This includes cuts and diversions to countries and territories categorised by the World Bank as fragile or conflict affected in 2013. Source: <http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/FCSHarmonizedListFY13.pdf>

⁶ \$721 million was estimated for health programs in the 2012-13 International Development Assistance Program budget papers, p. 110. The new estimate of \$612.4 million as a result of the December diversion appears on the AusAID website.

- That equates to a reduction of \$108.6 million in health programs which increase people's life chances and quality.
- The \$108.6 million includes:
 - Cuts to multilateral funding including the Global Fund to Fight AIDS, Tuberculosis and Malaria, the World Health Organization and the Joint United Nations Program on HIV/AIDS (UNAIDS)
 - Cuts and deferrals to health research funding through the AusAID Development Research Award Scheme
 - Cuts and deferrals to country programs focused on health, such as:
 - Child and maternal health programs in Cambodia - \$1.9 million
 - Maternal and neonatal health programs in the Philippines - \$7 million
 - The Timor Leste health program - \$3 million
 - Health initiatives in Pakistan - \$4.8 million

Impact on Education

- Around 27 million children remain out of school in Asia and 560,000 remain out of school in the Pacific, according to AusAID's own estimates.⁷
- Diversions stripped \$99 million from education funding, reducing our aid for education from an estimated \$978.4 million in 2012-13 to \$879.4 million.
- The \$99 million reduction in education funding includes:
 - A \$23.1 million deferral of payment for the construction of quality schools in Indonesia, as part of our program to support moderate religious schooling
 - A \$3.9 million reduction in funding for basic education and classroom construction in Laos
 - A \$2.8 million deferral of payment for vocational and other education programs in Kiribati
 - A deferral of \$1.25 million for skills & education programs in the Solomon Islands
 - Deferrals in funding for Australia Awards scholarships and deferrals in funding for education research

⁷ 2012-13 International Development Assistance Program budget papers, p. 111.

Impact on Women

- The Australian Government has “identified gender equality as the key cross-cutting theme of Australia’s aid program because it is central to economic and human development, and to supporting women’s rights.”⁸
- An estimated \$229.8 million of the cut or diverted \$375.1 million is from programs that have a principle or significant impact on women.
- This represents just over 61% of the cuts or diverted funds.
- AusAID estimates that 84% of all spending on health programs has a significant gender equality impact and yet \$89.5 million has been cut or diverted from country programs that have a significant focus on health and/or improving water and sanitation.
- Similarly, AusAID estimates that 84% of all education expenditure has a direct impact on women and girls and improves gender equality outcomes and still, \$99 million in education spending has been cut or deferred.
- Examples of gender equality and women’s leadership programs that have been directly cut or deferred include:
 - \$2.5 million from the Eliminating Violence Against Women program in Cambodia
 - \$2 million from the Indonesian Women in Leadership Program
 - \$1.5 million from the Solomon Islands Gender Initiative
 - \$7 million in the Philippines and \$1.9 million in Cambodia for maternal health programs
 - \$3.5 million in research on gender and development through the AusAID Development Research Award Scheme – a reduction of over 40% of the funds originally available for gender and women’s equality focused research.⁹

Impact on Not-for-Profits and Volunteers

- Australian not-for-profit aid and development organisations receive a relatively small amount of funding from the Australian Government to deliver aid – with the AusAID NGO Cooperation Program at \$110 million in 2012-13, about 2.1% of the aid program.
- However, Australian not-for-profit aid organisations have strong and growing support from the Australian public, with over two million Australian households donating more than \$850 million annually to Australian aid and development non-government organisations (NGOs).

⁸ 2012-13 International Development Assistance Program budget papers, p. 114.

⁹ Originally committed funds sourced from AusAID website: <http://www.ausaid.gov.au/Publications/Pages/adras-priority-themes-2012.aspx>

- Many of these organisations have years of experience working with communities in developing countries that Governments and other aid organisations are often unable to reach, and have proven track records in achieving results.¹⁰
- In light of their effectiveness, the 2011 Independent Aid Review recommended core funding to Australian NGOs be increased. The Government has committed to lifting the AusAID NGO Cooperation Program to \$150 million by 2014-15.¹¹
- However, the December aid diversion included 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 Program.
- This means a 5.6% reduction in funding committed in the budget to Australian volunteer and not-for-profit programming.
- These deferrals throw into question previous commitments by the Government to increase effective aid spending through not-for-profits, as well as ensuring 1000 new volunteer assignments are delivered in this financial year.¹²

Conclusion

The Australian Government has committed to increasing Australia's aid to 0.37% of our gross national income (GNI) in the coming May Budget, on the way to reaching 0.5% by 2016-7. This should not include further diversions of overseas aid to domestic programs.

Australia's overseas development assistance budget is small compared to our counterparts, with Australia ranking 13th on the Organisation for Economic Cooperation and Development (OECD) league table of aid delivered by 24 of the world's largest economies.¹³ We cannot afford to divert more of this funding to Australian domestic programs.

¹⁰ For example, see results outlined in *Australian Aid to Health Service Delivery in Papua New Guinea, Solomon Islands and Vanuatu – Evaluation Report*, (Commonwealth of Australia), June 2009 and Fiona Samuels, Victoria James and Kerry Sylvester, [Beyond Basic Needs: Programming for marginalised and vulnerable groups – The Australian Partnerships with African Communities \(APAC\) Programme](#), ODI, 2009.

¹¹ 2012-13 International Development Assistance Program budget papers, p. 103.

¹² 2012-13 International Development Assistance Program budget papers, p. 104.

¹³ OECD 2012 data, <http://www.oecd.org/dac/stats/aidtopoorcountrieslipsfurtherasgovernmentstightenbudgets.htm>