



AUSTRALIAN  
COUNCIL  
FOR  
INTERNATIONAL  
DEVELOPMENT

October 2022-23  
SUPPLEMENTARY  
**FEDERAL  
BUDGET**  
FACTS & FIGURES

*Albert Bala says that the Unblocked cash program has provided people with disability access. Access to essential items they could previously not afford. Access to meat, (Albert is thoroughly enjoying the chance to purchase and eat chicken wings). And access to town. Albert says that the card has provided a reason and ability for him to go to town and meet people. Photo: Arlene Bax/Oxfam*

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*Stella: My dream for my children is for them to do well in school, find a good job, and raise their own families. I work hard to ensure they can stay in school. I don't want my children to face the same problems I faced. I want them to have an easier life.*

*Charles: We are on track to achieving our dreams. We are already planning to save money to cover the children's university fees.*

*Photo: John Hewat/CARE*

# OVERALL DIRECTION: ACFID'S VIEW

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The Government has gone beyond its election commitments in this mid-year Federal Budget. This additional \$375 million is a strong start to revitalising the ODA program. We are pleased to see the Temporary, Targeted and Supplementary (TTS) measures folded into the base, so the ODA Budget is now on more secure footing. However, we are disappointed that the Government is yet to respond to the scale of global hunger and they must step up.

Sustainable and inclusive development and humanitarianism must be priorities for the new development policy and future budgets.



**MARC PURCELL**  
CEO  
ACFID

OVERALL DIRECTION: ACFID'S VIEW

# Aid sector recognises the importance of the new \$1.4 billion boost to foreign aid.

The Australian Government's decision to go beyond its election commitments in the Budget and direct an additional \$375 million (making a total of \$1.4 billion over four years) towards international development is a welcome and strategic reset.

The new Official Development Assistance (ODA) funds showcase the Government's commitment to helping communities and people in need. This is a strong start towards rebuilding Australia's development program.

"This funding boost is an indication that the Labor Government takes seriously the message that Australia's aid program has a role to play in helping our neighbours tackle the complexities of the pandemic and economic woes," said ACFID CEO Marc Purcell.

ACFID also welcomes the announcement of \$30 million to go to the Australian NGO Cooperation Program (ANCP) over the next four years, and the restoration of funding to the central disability budget of \$12.9 million for 2022-23.

However there are some noticeable gaps, with critical areas of need like hunger and climate change not fully addressed.

ACFID and its members are advocating for the Australian Government to commit \$150 million to help combat rising hunger and expected famine in parts of the world, including the Horn of Africa. The government committed \$15 million in August and has made no further commitments since. With hunger levels rising to alarming levels and millions on the brink of famine, it is vital the Australian Government does not ignore this.

More still needs to be done on climate change mitigation and adaptation in the Pacific. The Budget included a suite of measures aimed at addressing climate change in the region – including an allocation of \$200 million for the Indonesia Climate and Infrastructure Partnership.

[Read the full media release on ACFID's website here.](#)

# PRIORITIES FOR THE FUTURE: THE NEW DEVELOPMENT POLICY

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The new funding is welcome and a strong beginning, especially only five months in - but the challenges remain vast. Without the program detail, it is currently hard to see how this matches all the Government's stated priorities. Going forward, gender equality (dollars as well as targets) and climate change programs in the Pacific, especially for adaptation, should be at the forefront of new funding allocations.

The Government has said the staggered increase of funding is 'structured to allow time for consultations on priorities and sound designs'. Pair this with the new Development Policy underway and we have high expectations for it meaningfully addressing climate, gender, health, and other areas. The new policy should include a multi-year budget framework that has legislated ODA increases. Tonight's budget shows that funding is more secure, but where and how it is delivered will be what we watch for in 2023.



**JESSICA MACKENZIE**  
Director of Policy & Advocacy

OVERALL DEVELOPMENT EXPENDITURE

# ODA Total



2022-23 estimate (March Budget)

**\$4.549 bn**

2022-23 estimate (October update)

→ **\$4.651 bn**

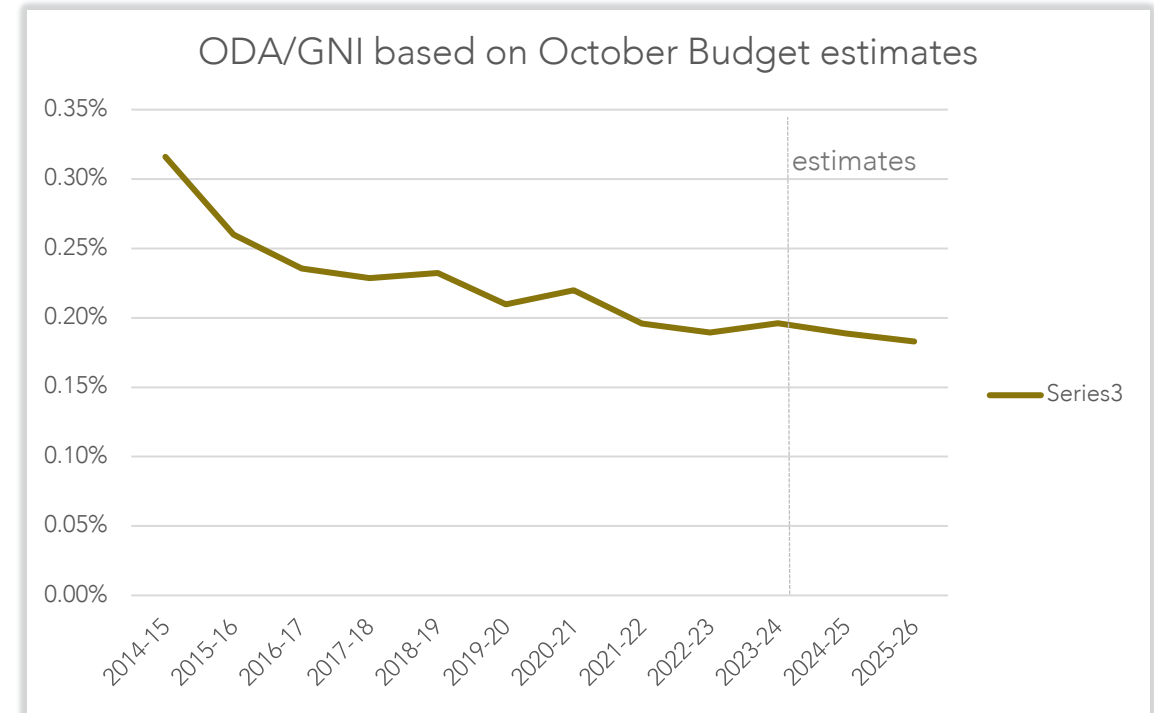
- Total Official Development Assistance (ODA) budget has increased by \$97.6m in 2022-23 since the Coalition Budget in March 2022.
- This increase is part of the budget measure of \$1.4 bn over 4 years.
- This additional spending offsets the planned tapering of spending from the Coalition's COVID-19 focused Temporary, Targeted, and Supplementary (TTS) measures.

OVERALL DEVELOPMENT EXPENDITURE

# ODA / GNI Ratio

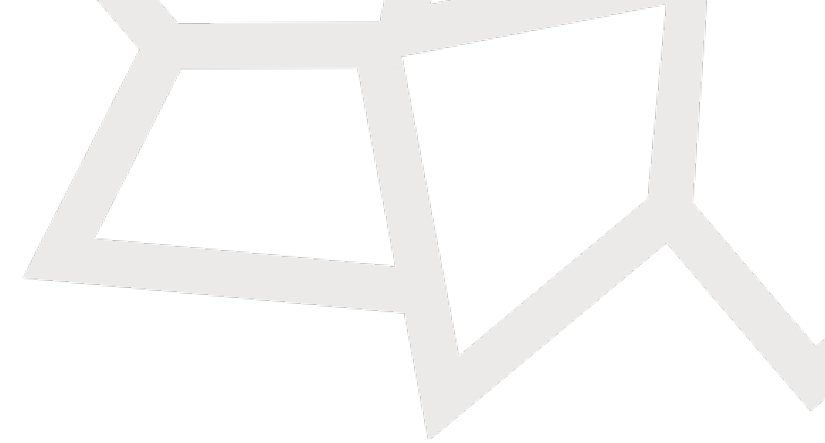


- The Government advises ODA as a proportion of our Gross National Income (GNI) in 2022-23 will hold at 0.20%. Based on the latest estimates, this could drop to 0.19% in 2024-25.
- The total OECD Development Assistance Committee (DAC) ODA/GNI average in 2021 was 0.39%.
- According to the Development Policy Centre, Australia ranked 21 out of 29 OECD DAC countries on generosity of ODA program in 2021, despite having the 9th largest economy in the group. This ranking has dropped from a ranking of 14 in 2015.

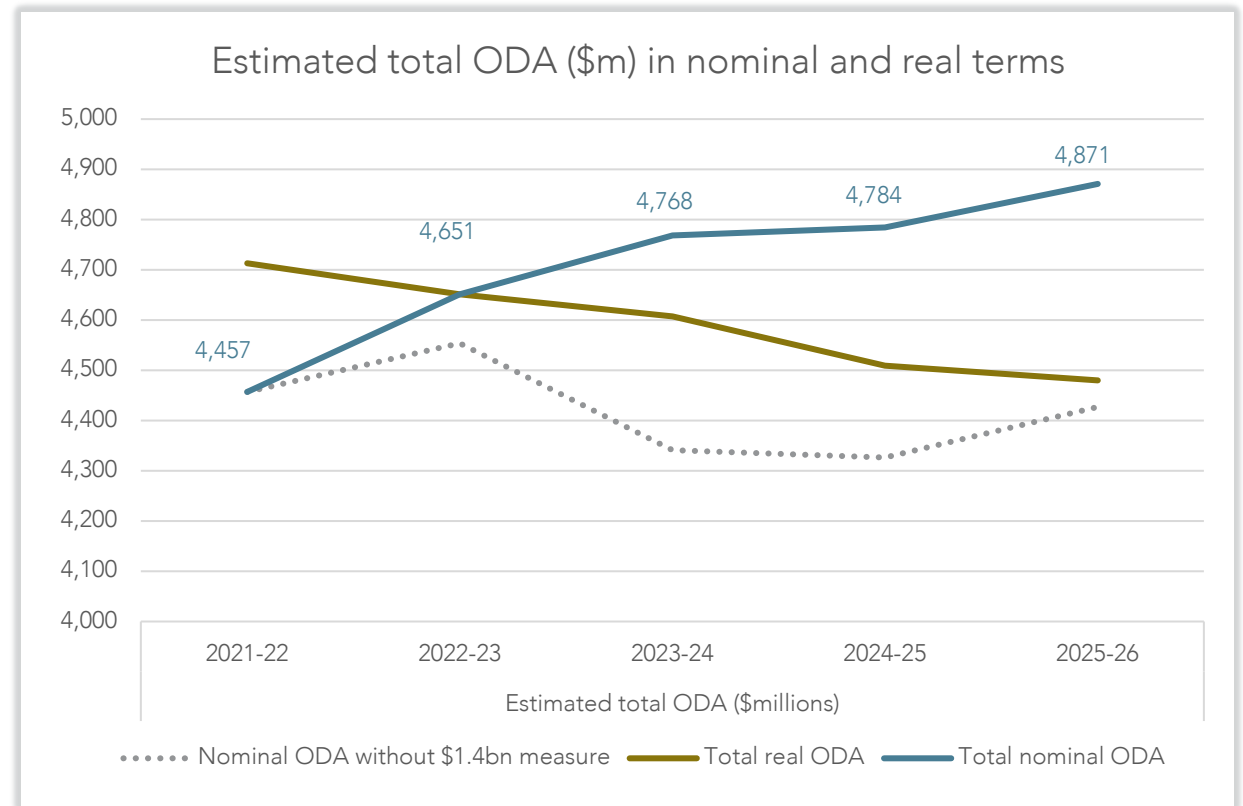


OVERALL DEVELOPMENT EXPENDITURE

# Forecast Budget



- Total ODA is estimated to increase over the forward estimates period – including the impact of the \$1.4 bn measures announced in the Budget.
- However, in a high inflation environment, real ODA decreases over the same period – meaning the relative purchasing power of each ODA dollar decreases as the cost of providing services increases
- Future decisions on the ODA budget should align with outcomes from the Development Finance Review to ensure Australia's ODA is able to deliver the best development impact possible and help to close the SDG financing gap.





OVERALL DEVELOPMENT EXPENDITURE

# ODA Budget

THEMATIC AREA	Allocations in 2021-22 Budget	Allocations in 2022-23 Budget - October	Forward Estimates 2023-24	Forward Estimates 2024-25	Forward Estimates 2025-26
Country and regional programs	\$2.05bn	\$2.282bn	\$2.401bn	\$2.517bn	\$2.522bn
Cross regional and global*	\$0.954bn	\$1.007bn	\$0.953bn	\$0.909bn	\$0.955bn
Humanitarian	\$0.489bn	\$0.470bn	\$0.472bn	\$0.472bn	\$0.472bn
Departmental	\$0.266bn	\$0.274bn	\$0.282bn	\$0.286bn	\$0.291bn
<b>Total ODA</b>	<b>\$3.760bn</b>	<b>\$4.034bn</b>	<b>\$4.108bn</b>	<b>\$4.185bn</b>	<b>\$4.240bn</b>

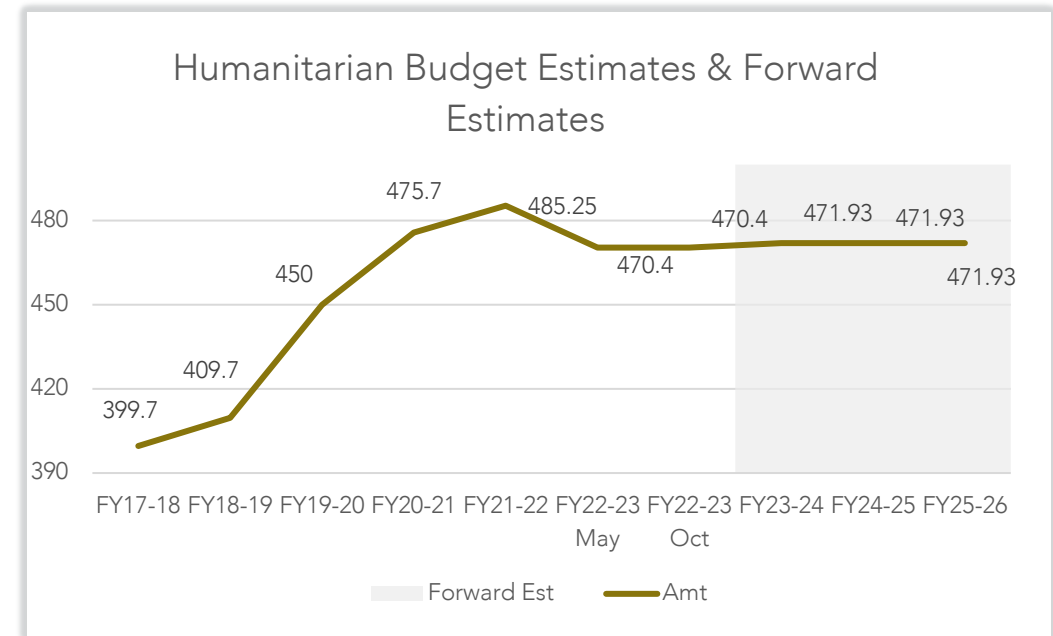
Note: these forward estimates are published in nominal expenses (does not align with ODA which is cash)

\* For 2021-22 this is likely to include the residual TTS

## OVERALL DEVELOPMENT EXPENDITURE

# Humanitarian Budget remains the same

- There has been no change to the humanitarian budget between the March and October Budgets. It remains as \$470.4m, made up of:
  - \$144.9m for protracted crisis and strengthening humanitarian action
  - \$123.5m for Global Humanitarian Partnerships
  - \$52m for DRR preparedness and response
  - \$150m for the Humanitarian Emergency Fund.
- Forward estimates for the humanitarian budget have dropped from \$475.73m per year from 2023-24 to 2025-26 in the March budget to \$471.93 per year in the October budget.
- The \$500m commitment under the 2017 Foreign Policy White Paper was not budgeted for as part of estimated expenditure but was achieved in both 2020-21 (\$541m) and 2019-20 (\$516m).
- Australia's fair share of humanitarian funding is at least A\$1.05bn in 2022.



\*Whilst ACFID measures estimate to estimate, the DFAT statistical summaries show that in 2020-21 Australia reached \$541m total humanitarian funding and surpassed its 2017 Foreign Policy White Paper aspiration.

Note: these are forward estimates in nominal dollars

# HUMANITARIAN ASSISTANCE

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With no change in the humanitarian budget, and a small decrease over forward estimates, we are not meeting the scale of global humanitarian need particularly as it accelerates due to climate change and food insecurity.

Labor has stated that they will ensure international development addresses the root causes of conflict and instability and that Australia should lead debate on a best practice framework for global displacement. The recent announcements for specific emergencies in Yemen, Pakistan and the Horn of Africa have been a step in this direction. But there is still enormous unmet need.

NGOs, humanitarian agencies on the ground and most importantly, local organisations and communities, must be directly engaged in this work as they know best what their communities need.



**NATASHA CHABBRA**

Humanitarian Policy and Advocacy Advisor

# TEMPORARY, TARGETED & SUPPLEMENTARY MEASURES

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The Coalition Government's Temporary, Targeted, and Supplementary (TTS) measures are being wound down, but this decrease is offset by the new additional spending measures. This Government's new forward estimates – that include the additional \$1.4 billion – represent a firmer, more permanent baseline from which the ODA can grow in the future. A base that should have always included them.



**JESSICA MACKENZIE**  
Director of Policy & Advocacy

CHANGES

# Pacific

The Government has increased Australia's bilateral and regional programs in the Pacific to \$1.9bn this financial year.

- New \$900m over 4 years
- There is a current lack of programmatic detail on how this new funding will be delivered. Sectoral breakdowns of the aid budget will be published by DFAT in the coming weeks. Based on Budget night announcements, we can observe the following shifts:
  - Increased investments in health, water, sanitation and hygiene, education and social protection systems
  - Building on existing budget & aviation sector support
  - Empowering women and girls and people with disabilities.
- We expect the new Development Policy will shape how these funds are delivered and reflect the priorities of partner countries. The voices of civil society organisations and communities should be elevated in planning and decision making.
- From existing ODA, \$50m is allocated to the Pacific Climate Infrastructure Financing Partnership, as part of the Australia Infrastructure Financing Facility for the Pacific (AIFFP).
- Non-ODA measures that support development investments include funding to enhance the Pacific Australia Labour Mobility Scheme (\$67.5m over 4 years) and Pacific Security and Engagement Initiatives (\$147.5m over 4 years and \$23.9m ongoing). Funding for these initiatives is redirected from the March 2022-23 Budget.

CHANGES

# Pacific

This financial year, Pacific Regional programs will receive funding increases of \$210m. Approximately \$75m will be provided via bilateral increases, detailed below:

32.4% **Kiribati**



Receives the largest increase by 32.4% to \$43.3m from the March estimates

5.15% **Solomon Islands**



Increased by 5.15% to \$169.4m from the March estimates

22.35% **Samoa**



Receives the second largest increase by 22.35% to \$52m from the March estimates

2.57% **Fiji**



Increased by 2.57% to \$87.8m from the March estimates

6.22% **Tonga**



Increased by 6.22% to \$42.7m from the March estimates

1.01% **Papua New Guinea**



Receives the smallest increase of 1.01% to \$602.2m from the March estimates

CHANGES

# Southeast Asia

The Government increased Australia's bilateral and regional programs in Southeast Asia to \$1.23bn this financial year.

- New \$470m over 4 years
- Within that, \$200m over 5 years for a Climate and Infrastructure Partnership with Indonesia, focusing on climate and infrastructure financing, disaster mitigation and renewable energy.
- The remaining funds will support the region's ongoing economic prosperity through support for women's economic empowerment, investment in human capital, food security and increased trade and investment, as well as continued covid-19 recovery efforts in the region. It will also be used to advance the ASEAN Comprehensive Strategic Partnership and support regional security and humanitarian assistance in times of crises.

Plus there will be \$13m in non-ODA funding over 4 years to increase engagement with Southeast Asia



→ \$9m to establish an Office of Southeast Asia within DFAT and appoint a Special Envoy to Southeast Asia



→ \$4m to establish a pilot in country language skills program in Vietnam.

CHANGES

# Southeast Asia



The key changes for country allocations are:

## 22.9% Myanmar



→ Estimate has increased by \$22m to \$120.6m (22.3% increase) from March estimates

## 19% Cambodia



→ Estimate has increased by \$12.9m to \$80.8m (19% increase) from March estimates

## 17.5% Vietnam



→ Estimate has increased by \$13.8m to \$92.8m (17.5% increase) from March estimate

## 46% Southeast and East Asia Regional Budget



→ Increased by \$117.8m to \$372.5m (46% increase) from March estimates



# OTHER KEY CHANGES

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ACFID welcomes the increase to NGO program funding for the ANCP and the second phase of DisasterREADY. Reinstating the central disability fund and setting targets for gender equality is also a promising start to uplifting inclusion and social protection in the aid program.

However, we are concerned that the AIFFP has not proven its effectiveness as a mechanism for achieving development outcomes, and requires independent review. Investments in critical human development needs such as healthcare and education should be prioritised.



**BRIGID O'FARRELL**  
Policy and Advocacy Advisor

KEY CHANGES

# NGO Program Funding



## ANCP Funding

Additional \$30m over 4 years

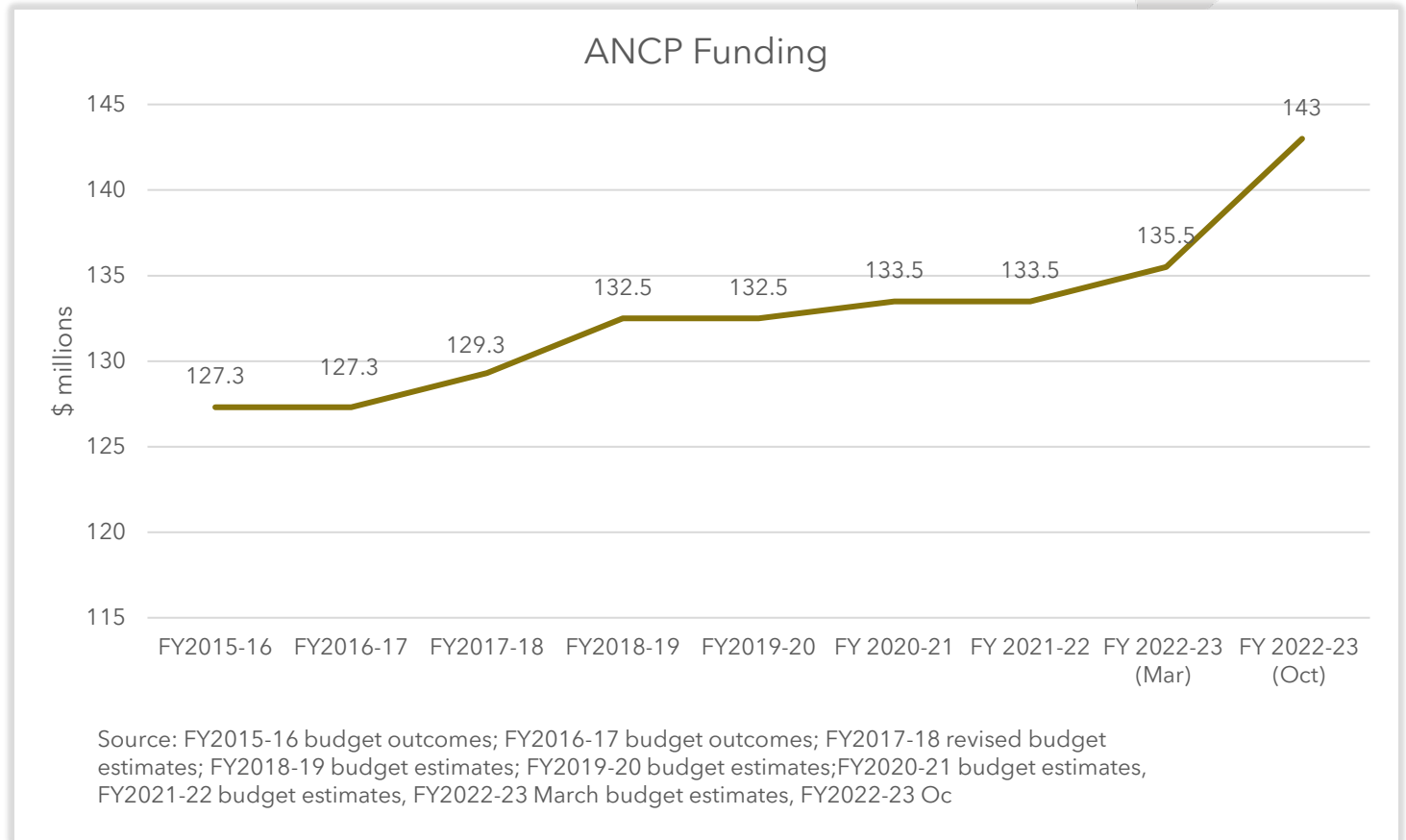
- This fulfills the Government’s pre-election commitment to increase funding to the Australian NGO Cooperation Program by \$30m over 4 years. There is also an associated \$1.6m in departmental administration funding.
- This will fund an increase in the minimum grant for all ANCP organisations.



## DisasterREADY

\$50m over 4.5 years

- This fulfills the Government’s announcement at the time of the APMCDRR that it will extend support to the Pacific and Timor-Leste for disaster risk reduction.
- This program is delivered by the Australian Humanitarian Partnership, a network of non-government organisations.



## KEY CHANGES

# Gender equality & disability inclusion

Sectoral breakdowns of the aid budget will be published by DFAT in the coming weeks. Based on tonight's announcements, we can observe the following shifts:



### Gender equality

No new funding announcements.

- The 80% performance target for development investments to effectively address gender equality has been reinstated.\*
- A new requirement that all programs >\$3m include gender equality as a significant or principal objective, aligned to the OECD DAC Marker.

\* Note, historically this has functioned as a performance target which is measured through DFAT's Aid Quality Check process which is different to the OECD DAC Gender Marker.



### Disability inclusion

\$3.3m increase in FY 2022-23 bringing the Central Disability Fund back to \$12.9m.

- The Government has restored funding to the Central Disability Fund after previous cuts of \$0.8m in 2020 and \$2.5m 2021.
- This is a welcome increase. Full restoration of previous cuts requires accounting for lost indexation. We hope to see the fund raised to \$14m in future.
- We also hope to see an increase in support for people with disabilities across the program. Disability spending through country and regional programs has steadily declined from \$125.8m in 2013-14 to \$97.7m in 2020-21 – a mere 2.14% of total ODA (based on DFAT statistical summaries).

## KEY CHANGES

# AIFFP

### **\$500m Increase to Grants**

From the existing ODA budget, the AIFFP will receive \$500m over 10 years.

- In March, the former coalition government doubled the lending capacity of AIFFP from \$1.5bn to \$3bn. This year's budget doubles the grant funding in line with March lending head room increase.
- Grants can be used to make lending concessional, and in some cases funds projects exclusively.
- We understand that this funding will be taken from allocations for Pacific Regional ODA, including some of the new \$900m in ODA for the Pacific.

### **\$50m Pacific Climate Infrastructure Financing Partnership**

From the existing ODA budget, \$50 million.

- A new stream within the AIFFP to support "climate related elements of infrastructure and energy projects in Pacific countries and Timor Leste."

### **\$25m in Departmental funding**

A new measure, \$25m over 4 years to administer the Facility.

- This is the only additional money allocated to the AIFFP, and it is unclear whether this is ODA eligible.
- This will fund DFAT to administer the Facility, including "enhanced project and risk management capabilities."

## KEY CHANGES

# \$500m investment to support sovereign lending

- This budget has signaled an investment of over \$500m into the AIFFP over 10 years
- The doubling of the AIFFP's grant pool appears to come from existing ODA. Without increasing funding for social infrastructure to support inclusive and equitable economic recovery, Australia risks compounding Pacific debt burdens and so their governments' abilities to fund essential services.
- We are concerned that the Government is locking in significant funding from a limited ODA budget to a Facility which has a largely geostrategic rationale and has minimal proven development impact.
  - Loans can offer useful means of supporting infrastructure development, however rising levels of debt distress across the Pacific makes increased sovereign lending risky. In Fiji for example, public debt is projected to increase by 91.6% this year, up from 48% in 2019.
- Any AIFFP climate-related investments will also be fully or partially counted towards Australia's \$2bn climate finance commitment. (grants will be counted, and loans also included using the grant-equivalency calculator). This is disappointing, given that the most significant climate needs in the Pacific are for adaptation, which AIFFP lending is unlikely to be able to fulfill.
- ACFID recommends that the government refrain from further funding the AIFFP until an independent evaluation is undertaken and published (i.e. the potential ANAO report).

*"We don't want more debt financing,"*

**PIF Statement on the Pacific Resilience Facility in 2021.**

## KEY CHANGES

# Geographic shifts



In addition to the new allocations for the Pacific and Southeast Asia, the budget makes key shifts for the following areas:



### South and West Asia

A 25.6% increase, from \$305.1m in March 2022-23, to \$383.2m in October.

→ This is largely due to an increase in funding to **Sri Lanka** (for urgent food and healthcare needs amidst the economic crisis) and **Pakistan** (predominantly flood relief).



### Middle East & North Africa

Increased from \$90.7m in March 2022-23, to \$148.6m in October (63.8% increase)

→ This likely includes the announced increase in funding to the Palestinian Territories through UNRWA.



### Other Areas

Despite facing one of the world's worst humanitarian crises, **Australia's support for Afghanistan has fallen by over 20%** in this Budget. Funding has reduced from \$66.4m in March, to \$51.3m in October.

Funding to **Bangladesh** has also fallen from \$147.7m in March to \$118.9m in October (a 19.5% decrease).



### Sub-Saharan Africa

Increased from \$58.7m in March 2022-23 to \$103.3m in October (76.0%)

→ This may include funding for food security and famine relief (\$15m via the World Food Program).

## KEY CHANGES

# Departmental & global allocations



### **Additional departmental funding**

\$26.6m over 4 years, new measure.

- This provides additional departmental resources for DFAT to deliver the \$1.4 billion in additional ODA.
- This funding is ODA eligible and will support the administration of investments in the Pacific, Southeast Asia, and the ANCP.



### **Global Education Partnerships**

Increase from \$15m in March to \$19m in October



### **Australian Volunteers Program**

\$21m allocated in the March Budget remains in the October budget.



### **First Nations Foreign Policy**

\$2m over 2 years, new measure from redirected DFAT savings - **NOT ODA**

- This funding will support establishment of an Office of First Nations Engagement, led by an Ambassador for First Nations Peoples.



### **Global Health Programs**

Increase from \$190.5m to \$217.2m

- \$266 million over 3 years to replenish the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- \$43.55 million over 5 years to the Global Polio Eradication Initiative (GEPI).
- Funding for regional health Security

# GAPS & NEXT STEPS

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How funding is spent is as important as how much and where. With only half a year to spend budget increases, we want to see increases in investments that match the priorities of partners and invest in local communities.

With the new Development Policy underway, we will be watching to see that the Government funding is invested in the development priorities of our neighbours, and common global challenges.

With new departmental funding for DFAT and the Office of First Nations Engagement, we will be watching to see how they use these additional resources to rebuild Australia's Development Program as best practice.



**SARAH BURROWS**

Head of Policy & Partnerships



# CLIMATE CHANGE

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While the Budget highlights a range of climate measures, it remains unclear how much of the funding will be spent.

For an issue that our Pacific partners repeatedly tell us is their top priority, this lack of clarity needs to be resolved. More still needs to be done on climate change mitigation and adaptation in the Pacific and beyond.

We hope that the Government's accelerated meeting of the \$700m target for the Pacific announced at Glasgow COP is a signal of future increase in climate funding and projects.



**DUNKAN YIP**  
Acting Head of Government Relations

*The new Australian government “knows that nothing is more central to the security and wellbeing of the Pacific than climate change.*

*We have heard the Pacific and we will act – standing shoulder to shoulder with the Pacific as we address the climate crisis,”*

—————> **Minister Wong, May 2022**

# FOOD INSECURITY

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It is shocking that we are seeing the re-emergence of global hunger in 2022. A good global citizen looks beyond their neighbours to those in greatest need.

The recent announcements of \$15m for the hunger crisis in the Horn of Africa and Yemen is only a fraction of the \$150m immediate response that Australia should be giving in the critical hunger spots of the Horn of Africa, Yemen, Afghanistan, Syria.

Australia cannot wait for famine declarations around the world to take action. The Government must ramp up immediate relief and funding and deliver a longer-term strategy and funding for food insecurity.



**NATASHA CHABBRA**  
Humanitarian Policy and Advocacy Advisor

*“Australia is concerned about the rising levels of food insecurity globally.”*

→ Minister Conroy, September 2022

# What is missing?



## **Food Security**

- There is no additional commitment to food security in the Budget
- \$15m to food insecurity for the Horn of Africa and Yemen was already been announced in months prior
- This means that any future food security funding is likely to be taken from the Government's existing Humanitarian Emergency Fund.



## **Gender**

- Given the Government's strong commitment to advancing gender equality through the development program, we expect that these policy commitments will translate into increased funding to support gender equality in the May 2023 Budget.

# Things to Watch



## REINVESTING IN THE BUILDING BLOCKS OF DEVELOPMENT?

- The impacts of the pandemic saw reversals across all the building blocks of development including in health, education, poverty, addressing chronic hunger, child rights and gender equity.
- The budget saw no significant increase in key sectors to address these reversals.



## BUILDING THE DEPARTMENT'S SKILLS

- \$26.6m has been provided over 4 years.
- A key element is how they use this increase to invest in and incentivise key development skills across the department.



## WHAT ABOUT TRANSPARENCY CAPABILITY IN DFAT?

- The additional information provided in this budget is a useful step towards greater clarity and transparency on development investment.
- This should be built on and mirrored across all aspects of the program.
- The September 2022 Development Policy Transparency Audit found that most aspects of aid transparency have deteriorated since 2019, and overall transparency is now very low.



## FORWARD ESTIMATES

- DFAT continues not to publish forward estimates for total ODA spending.

# FURTHER READING & EVENTS

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## BUDGET DOCUMENTS

### **ODA Budget Summary 2022-23**

Available [here](#)

### **Foreign Affairs And Trade Portfolio Budget Statements 2022-23**

Available [here](#)

### **ACFID 2022-23 Pre-budget Submission**

Available [here](#)

## AID TRACKERS

### **COVID-19 Pacific Aid Tracker**

Available [here](#)

### **Australian Aid Tracker**

Available [here](#)

## BRIEFINGS

### **ACFID Budget Briefing (Members Only)**

2 November 11 am

Register [here](#)

Access to sexual and reproductive healthcare is a human right. But there are 218 million women, girls and families around the world without access to modern contraception, and 35 million women each year who have to make the decision to resort to an unsafe abortion. MSI are on a mission to change that, by providing life-changing sexual and reproductive healthcare services to people across the Asia Pacific. Photo: MSI



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