

## KEY QUESTION

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## What are Australia's strategic priorities for development?

### Focus on promoting national interest and 'aid for trade'

Australia's development policy, called 'Australian aid: promoting prosperity, reducing poverty, enhancing stability', outlines objectives and priorities. According to the strategy, the purpose of Australia's development program is to "promote national interests by contributing to sustainable economic growth and poverty reduction" with a strengthened focus on the Indo-Pacific region. In the ministerial foreword, Minister for Foreign Affairs Julie Bishop states that the Australian "aid program is not charity; it represents an investment in the future of the Indo-Pacific region," complementing its diplomatic and security efforts to promote regional stability.

The policy is accompanied by a performance framework, 'Making Performance Count: enhancing the accountability and effectiveness of Australian aid', with which the government aims to increase the effectiveness of its development program and incorporate "rigorous benchmarks and mutual accountability". Australia intends to tailor investments to the country context and according to its national interest in the six priority areas: 1) infrastructure and trade; 2) agriculture, fisheries, and water; 3) effective governance; 4) education and health; 5) building resilience; and 6) gender equality and empowering women and girls.

This strategy is driven by the conviction that public financing represents an ever-diminishing proportion of financing for global development. As such, Australia's development strategy documents focus on unleashing drivers of development and on maturing development partnerships. The country's efforts to improve development effectiveness and efficiency are centered on concepts such as transparency, value for money, fraud and anti-corruption, risk and safeguards, consolidation, and the choice of effective partners. These trends of development are amplified in Australia's region due to the accelerating shift of global economic power to the Indo-Pacific countries.

### Australia's key development priorities:

- **Indo-Pacific:** Australia continues to focus its funding on neighboring countries in the Indo-Pacific region (89% of geography-specific bilateral funding in 2013 to 2015), reflecting Australia's emphasis on promoting regional trade development through aid.
- **Health research and development and emergency response:** Australia has announced new financing outside the foreign affairs budget for health research and development and emergency-response research.
- **Gender equality:** Australia's new performance framework requires that 80% of its ODA investments "effectively addresses" gender equality issues.

### Australia focuses on channeling funding bilaterally

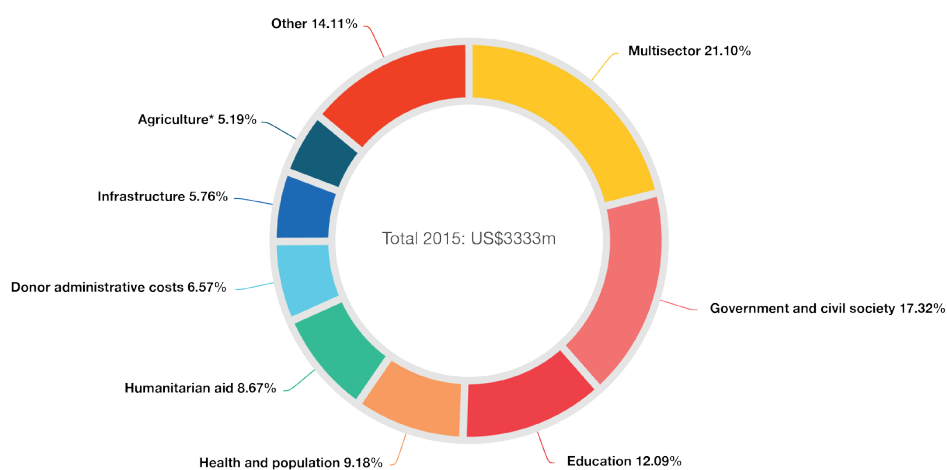
Australia mainly provides official development assistance (ODA) through bilateral channels, which amounted to 79% (US\$3.3 billion) of total ODA in 2015, well above the overall OECD Development Assistance Committee (DAC) average of 62%. This large share is primarily due to Australia's focus on providing ODA to neighboring countries in the Indo-Pacific region. This region received 89% of geography-specific bilateral funding between 2013 and 2015.<sup>3</sup> The implementing agencies disbursed 54% of this ODA to Asian countries and 35% to Oceania, according to OECD data.

Australia spent the largest share of bilateral ODA in 2015 on multisector efforts (21%), followed by investments in government and civil society (17%) and education (12%). Australia allocated relatively smaller proportions of the budget to health and population (9%), humanitarian aid

<sup>3</sup> The term 'geography-specific' refers to all funding which is allocated to a country or region.

(9%), agriculture, forestry, fishing and rural development (5%), and infrastructure (6%). The country used 7% of bilateral ODA in 2015 for administrative costs.

AUSTRALIA'S BILATERAL ODA BY SECTOR



Source: OECD CRS. \*Includes agriculture, forestry, fishing, and rural development.