

## KEY QUESTIONS

### the big six

# 3

## How is Australia's ODA spent?

### Australia continues to prioritize bilateral development support, delivered as grants

Australia's core ODA funding to multilaterals stood at US\$624 million or 20% of gross ODA disbursements in 2017. Australia provides almost all bilateral ODA as grants, but a small share of ODA will be disbursed in loans to the Pacific in the coming years, following the establishment of the Australian Infrastructure Investment Facility.

### Australia's funding aligns with its development strategy priorities, including governance and humanitarian support

Australia mainly provides ODA through bilateral channels, which amounted to 80% (US\$2.4 billion) of total ODA in 2017, well above the OECD Development Assistance Committee (DAC) average of 60%. This large share is primarily due to Australia's focus on providing ODA to neighboring countries in the Indo-Pacific region.

Australia spent the largest share of bilateral ODA in 2017 on multisector activities (20%), which includes funding for 'Australia awards', scholarships for students studying in Australia. This is followed closely by government and civil society (19%). Australia allocated relatively smaller proportions of the budget to humanitarian support (9%, an increase from 6% in 2016), education (8%); health and population (8%); agriculture, forestry, fishing, and rural development (7%, an increase from 5% in 2016); and infrastructure (5%). The country spent 8% of bilateral ODA in 2017 on administrative costs, the same as in 2016.

In 2017, half of Australia's ODA (49%) targeted gender equality as either a significant or principal objective, according to OECD data. While this is above the DAC average (39%), it is still well below Australia's target of 80%.

This funding share broadly reflects the six priority sectors in Australia's development strategy: effective governance, infrastructure, humanitarian support ('building resilience'), education, health, agriculture, and cross-sectoral empowerment of women and girls.

## Who are Australia's ODA recipients?

### Funding is concentrated in the Indo-Pacific region; middle-income countries receive much of the ODA

Australia's bilateral ODA focuses on the neighboring Indo-Pacific region. The government plans to continue to concentrate at least 90% of country-specific program funding on the Indo-Pacific region (and has done so since FY2015/16) while scaling back programs in other regions. As a result, the share of country- or region-specific bilateral ODA going to sub-Saharan Africa (4% from 2015 to 2017) is far below the DAC average of 21% in 2017. According to OECD data, Australia disbursed 35% of bilateral ODA to Asian countries and 32% to Oceania between 2015 and 2017.

Papua New Guinea and Indonesia are the largest recipients of Australia's bilateral ODA, receiving US\$381 million or 16% of bilateral ODA, and US\$205 million or 8% in 2017, respectively. Given their close bilateral relations with Australia, both countries are likely to remain priorities. While funding to Papua New Guinea has remained largely stable in recent years, ODA to Indonesia decreased 22% between 2016 and 2017 alone (from US\$262 to US\$205 million). This is linked to heavy reductions in Australia's overall ODA and, to a lesser extent, Indonesia's recent strong economic growth.

Australia heavily concentrates its development support on neighboring middle-income countries (MICs). Between 2015 and 2017 Australia allocated 44% of total bilateral ODA to MICs (DAC average: 33% in 2017) and 26% to low-income countries (LICs, DAC average: 24% in 2017). For a deeper understanding of funding at the recipient level, please consult data from the International Aid Transparency Initiative (IATI). IATI is a reporting standard and platform on which organizations and governments voluntarily publish data on their development cooperation, including more recent activity than is available through OECD data.

Data can be searched by recipient country, the 'publisher' (including funders that do not report to the OECD), and other filters. Click here for more information on IATI's data. Click here to go directly to IATI's 'd-portal', a user-friendly interface for data searches.

### Australia channels low amounts of ODA through multilateral organizations compared with other members of the OECD DAC

As a result of its focus on promoting national interests and strengthening bilateral relationships, Australia's multilateral focus is low compared to other members of

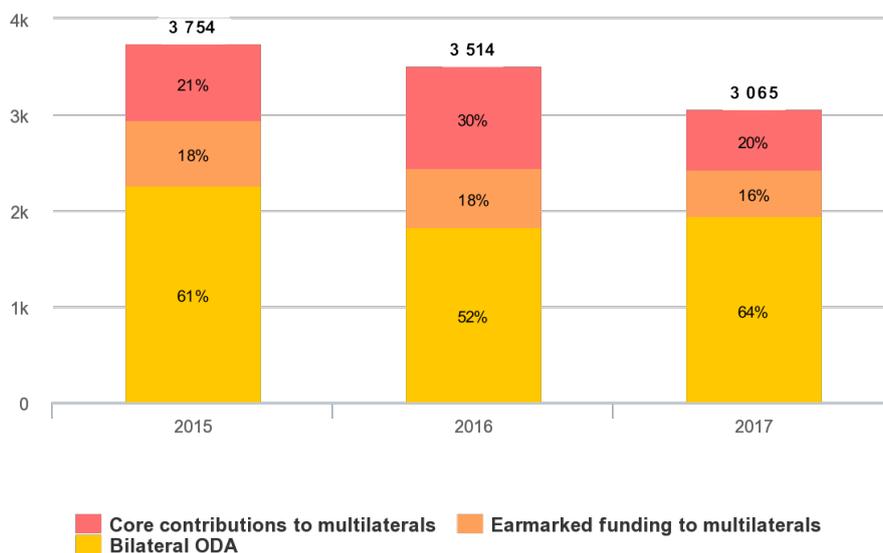
the OECD DAC. It channels 20% of ODA through multilaterals, compared to the DAC average of 40%). Key recipients of multilateral ODA in 2017 were regional development banks (44% in 2017, including 24% to the Asian Development Bank alone) and UN agencies (28%). The World Bank received 17% of multilateral funding.

In addition to core contributions, Australia channeled 16% of its ODA as earmarked funding through multilaterals in 2017, which is reported as bilateral ODA (DAC average: 13%). This funding is earmarked for particular regions, countries, or themes, rather than contributing to a multilateral’s core funding, which can be spent at the discretion of the multilateral itself.

Spending on multilaterals was previously informed by an internal program of performance assessments of multilateral agencies. Key criteria included alignment with government priorities, results, and value for money. Australia now draws on assessments by the Multilateral Organization Performance Assessment Network (MOPAN) of 18 donors to avoid duplicating other donors’ reviews. MOPAN’s assessments of WFP, FAO, and UN Women have recently been released. The latest OECD Peer Review, completed in 2018, recommended that DFAT communicate more clearly how such performance assessments inform its funding decisions.

### AUSTRALIA'S BILATERAL AND MULTILATERAL ODA

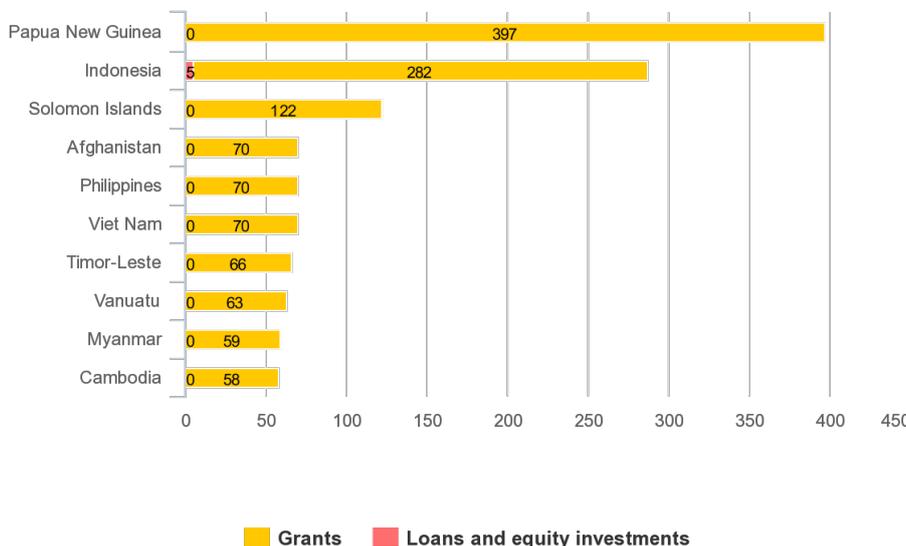
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2017 prices.

### THE TOP 10 RECIPIENTS OF AUSTRALIA'S ODA

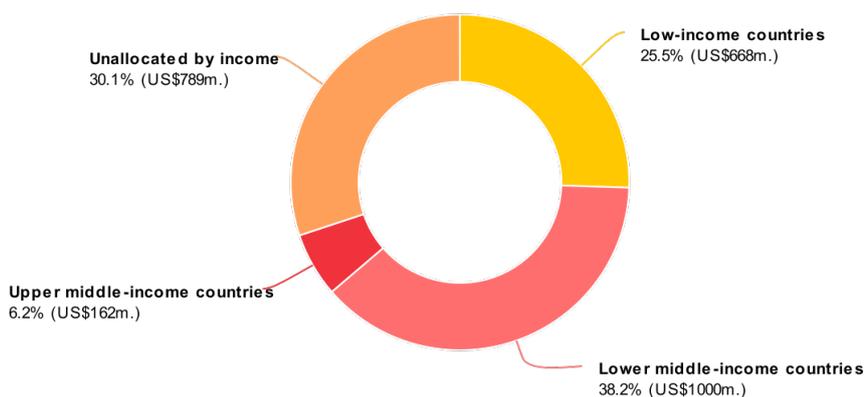
average 2015-2017, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2017 prices.

### AUSTRALIA'S BILATERAL ODA BY INCOME-GROUP, 2015-2017

Average 2015-2017: US\$ 2.6 billion



OECD CRS. Gross disbursements; in 2017 prices.