

KEY QUESTIONS

the big six

2

What are Australia's strategic priorities for development?

Focus on promoting national interest and 'aid for trade'

Australia's development policy was last updated in 2014 following a change in government. The 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 drivers of growth and development and on strengthening already established 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 (91% of geography-specific bilateral funding in 2016), 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 investment "effectively addresses" gender equality issues.

The Department of Foreign Affairs and Trade (DFAT) released a Foreign Policy White Paper in November 2017. It reiterates Australia's development policy focus on promoting economic stability and addressing poverty in the Indo-Pacific region, in line with national interests. The White Paper specifically references global health risks as an important focus issue and commits Australia to supporting global health research and development (R&D), particularly in the areas of drug-resistant tuberculosis and malaria. The White Paper mentions Timor Leste as the focus of its engagement with neighboring countries. Overall the White Paper does not give strong emphasis to the role of development assistance.

Australia focuses on channeling funding bilaterally

Australia mainly provides ODA through bilateral channels, which amounted to 70% (US\$2.3 billion) of total ODA in 2016, above the 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.

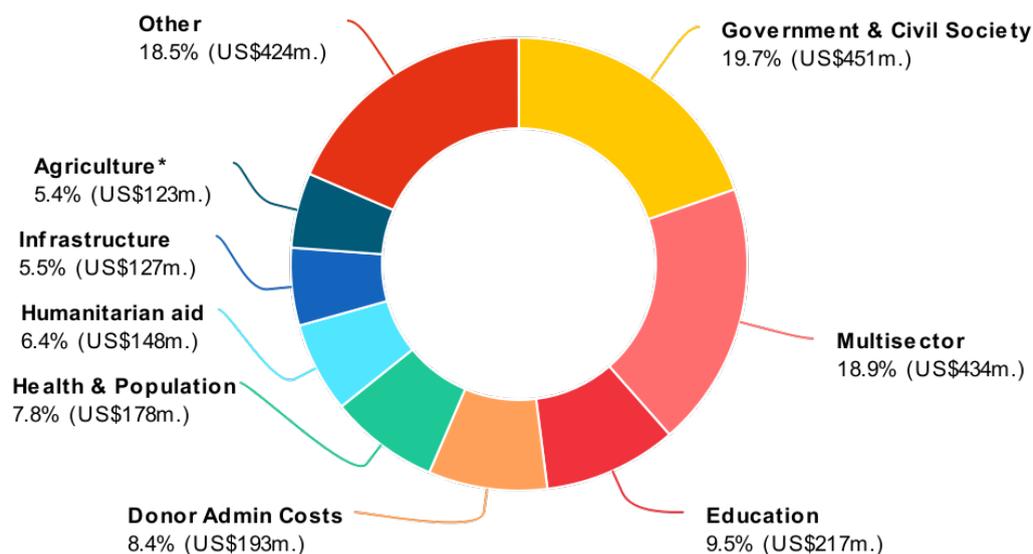
This region has received more than 90% of geography-specific bilateral funding – funding that is allocated to a country or region – since 2014. The implementing agencies disbursed 52% of this ODA to Asian countries and 39% to Oceania between 2014 and 2016, according to OECD data.

located relatively smaller proportions of the budget to education (10%), health and population (8%), humanitarian aid (7%), infrastructure (6%), and agriculture, forestry, fishing and rural development (5%). The country spent 8% of bilateral ODA in 2015 on administrative costs.

Australia spent the largest share of bilateral ODA in 2015 on government and civil society (20%), followed closely by investments in multisector efforts (19%). Australia al-

AUSTRALIA'S BILATERAL ODA BY SECTOR, 2016

Total: US\$2294 million



OECD CRS. Gross disbursements. *Includes agriculture, forestry, fishing, and rural development. In 2016 prices.