

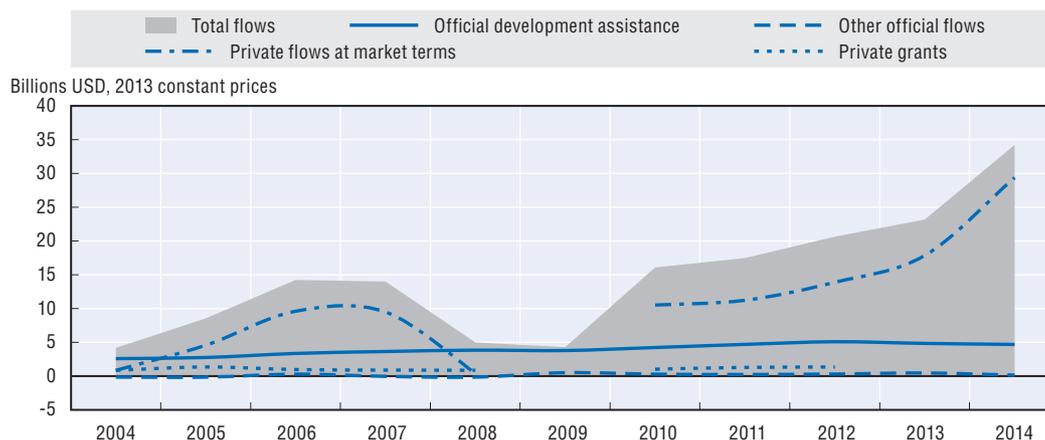
AUSTRALIA

Development challenges as investment and business opportunities: Australia's policy and practices

Australia's 2014 aid policy, *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability*, elevates private sector development to one of two pillars of the aid programme. In 2015, the Department of Foreign Affairs and Trade (DFAT) published a ministerial statement on engaging the private sector in aid and development, *Creating Shared Value Through Partnership*, which focuses on how Australia should work with the business sector ranging from dialogue to financial partnerships. The Strategy for Australia's Aid Investments in Private Sector Development sets out three main areas of focus: building better enabling environments for business, supporting growth in specific markets and maximising the development impact of individual businesses. A key change at DFAT is that it aims to engage the private sector actively in all aspects of aid investment decision making.

Financial flows from Australia to developing countries

Figure 9.1. Net resource flows to developing countries, 2004-14, Australia



Note: Data on private flows at market terms are not available for 2009 and those for private grants are not available for 2009, 2013 and 2014.

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Australia uses ODA to mobilise other resources for sustainable development

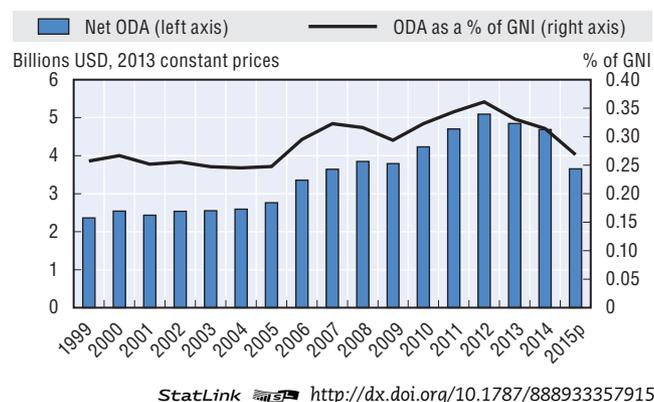
- **Australia contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that Australia committed USD 8.8 million of its official development assistance (ODA) to tax-related activities in partner countries.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** Australia intends to scale up aid-for-trade investments to 20% of the total aid budget. It committed USD 384.2 million (11.9% of its bilateral allocable ODA) to trade-related activities in 2014, a decrease of 9.1% in real terms from 2013. The trend has been decreasing since 2010.
- **Australia has pledged USD 187 million (AUD 200 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels.

Australia's official development assistance

Australia provided USD 3.2 billion in net ODA in 2015 (preliminary data), which represented 0.27% of gross national income (GNI) and a fall of 11.1% in real terms from 2014. Australia's ODA is set to decrease further in light of the government's decision to cut the budget by 20% for 2015/16. It plans, however, to target more innovative and catalytic investments, leveraging other drivers for development, such as private sector investment and domestic finance. Australia is the 16th largest Development Assistance Committee (DAC) provider in terms of ODA/GNI, and the 12th largest by volume. Australia's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 89.1% in 2014 (down from 99.2% in 2013 and 100% in 2012), while the DAC average was 80.6%. The grant element of total ODA was 99.9% in 2014.

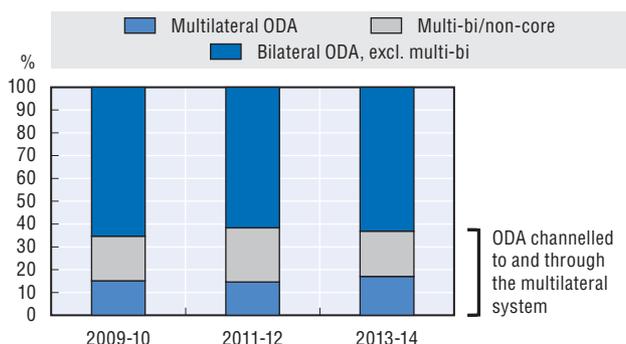
Australia reported USD 342.6 million of its in-donor refugee costs as ODA in 2013 (representing 7.1% of its total net ODA). In 2014, Australia did not report expenditure on in-donor refugee costs as ODA. It considers that its processing of irregular migrants does not align with DAC rules for in-donor refugee costs.

Figure 9.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Australia



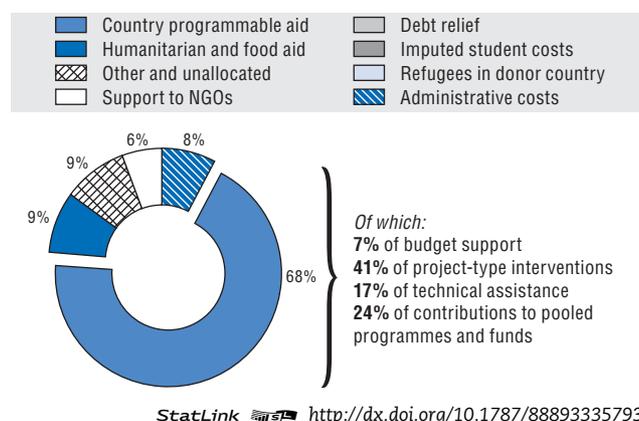
In 2014, 79.9% of ODA was provided bilaterally. Australia allocated 20.1% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 27% of its bilateral ODA for projects implemented by multilateral organisations (multi-bi/non-core).

Figure 9.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Australia



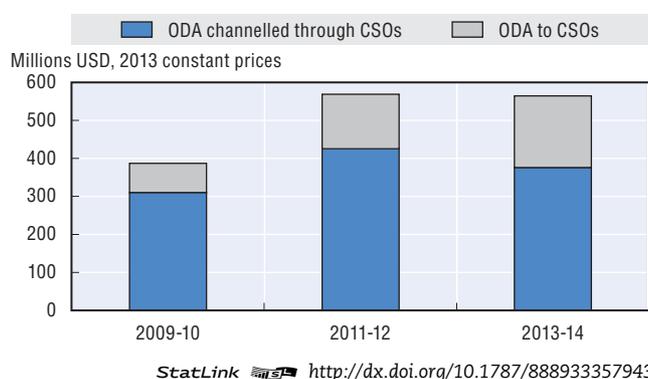
In 2014, 68.4% of bilateral ODA was programmed at partner country level. Australia's share of country programmable aid (CPA) was well above the DAC country average (52.9%); 41% of CPA consisted of project-type interventions.

Figure 9.4. Composition of bilateral ODA, 2014, gross disbursements, Australia



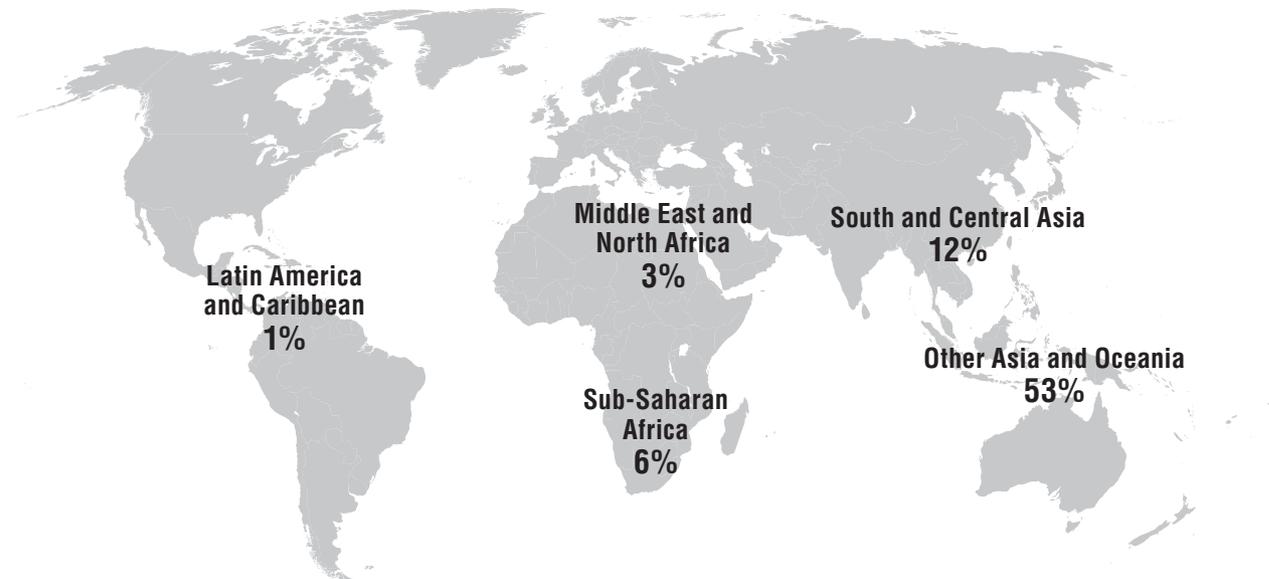
In 2014, USD 566.6 million of bilateral ODA was channelled to and through civil society organisations (CSOs). This was equivalent to 16.1% of bilateral ODA, compared with the DAC average of 17.4%. Aid to and through CSOs increased between 2013 and 2014, both in volume (+16.1%) and as a share of bilateral ODA (from 12.4% to 16.1%).

Figure 9.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Australia



In 2014, bilateral ODA was primarily focused on Asia and Oceania. USD 988.5 million was allocated to Far East Asia, USD 850.4 million to Oceania, and USD 508.5 million to south and central Asia. USD 164.2 million was allocated to sub-Saharan Africa. Bilateral allocations to sub-Saharan Africa are decreasing in line with government policy.

Figure 9.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, Australia

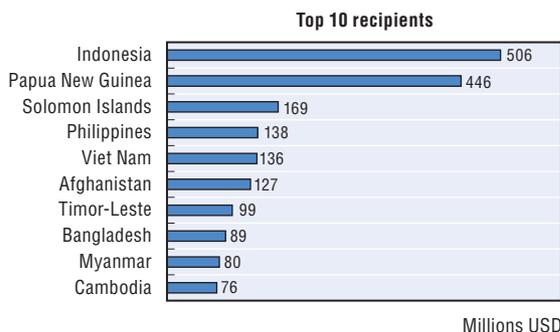
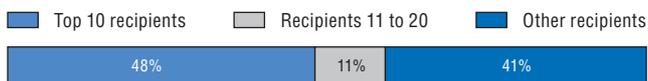


Note: 25% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

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In 2014, 50% of bilateral ODA went to Australia's top 10 recipients. Its top 10 recipients are in the Asia-Pacific region, where Australia has programmes with 33 countries. Its support to fragile states reached USD 911.5 million in 2014 (25.9% of gross bilateral ODA).

Figure 9.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Australia

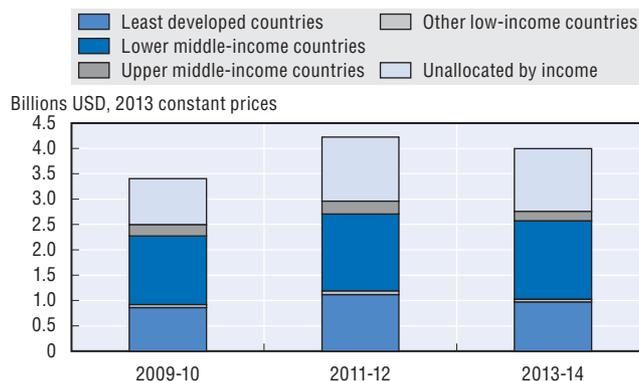


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In 2014, 25.2% of Australia's bilateral ODA was allocated to least developed countries (LDCs), corresponding to USD 885.8 million. This is up from 23.5% in 2013 and is in line with the DAC average of 25.6%. Lower middle-income countries received the highest share of bilateral ODA in 2014 (39.7%).

At 0.09% of GNI in 2014, total ODA to LDCs was less than the UN target of 0.15% of GNI.

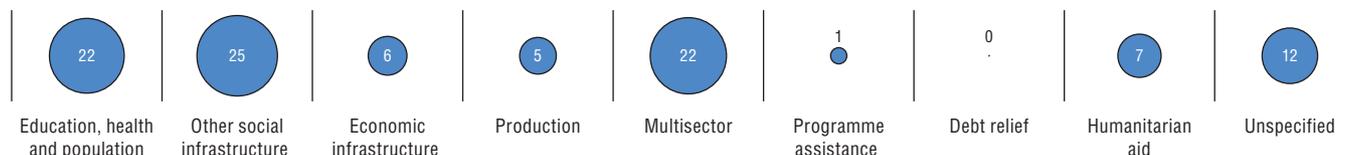
Figure 9.8. Bilateral ODA by income group, two year averages, gross disbursements, Australia



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In 2014, 49.1% of bilateral ODA was allocated to social infrastructure and services, representing USD 1.7 billion. There was a strong focus on support to government and civil society (USD 646 million), education (USD 529 million), and health (USD 203.4 million). Humanitarian aid amounted to USD 282.9 million.

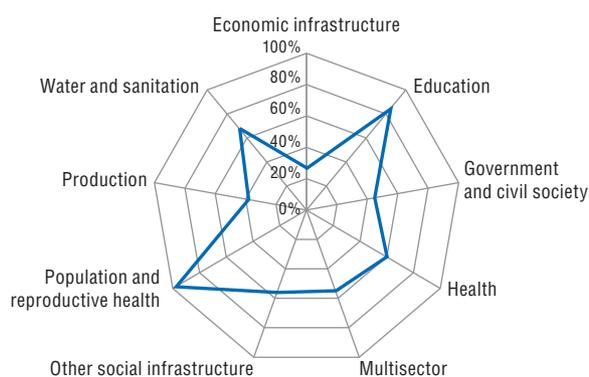
Figure 9.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Australia



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USD 1.6 billion of bilateral ODA supported gender equality in 2014. Empowering women and girls and promoting gender equality are central to Australia's development co-operation and international diplomacy. To achieve these objectives, the government has set a target requiring that at least 80% of investments, regardless of their objectives, will effectively address gender issues in their implementation. In 2014, 56.6% of Australia's bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective. This is an increase from 22.8% in 2009 and is higher than the 2014 DAC country average of 34.7%. Australia's aid to population, reproductive health and education focuses on gender.

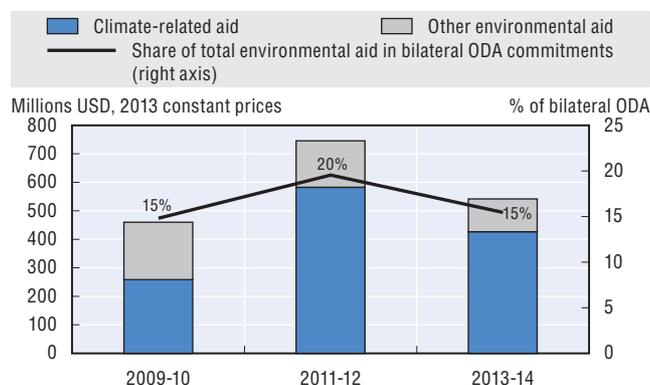
Figure 9.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Australia



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USD 496.5 million of bilateral ODA supported the environment in 2014. Australia's new development policy commits Australia's aid programme to "... actively manage risk by mitigating adverse environmental and social impacts in the aid programme through the application of mandatory safeguard policies..." (Commonwealth of Australia, 2014). In 2014, 15.3% of its bilateral allocable aid focused on the environment, compared with the DAC country average of 32.2%. In 2014, 11% of Australian bilateral allocable aid (USD 357.1 million) focused particularly on climate change, compared with the DAC country average of 23.9%.

Figure 9.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Australia



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Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".

Reference

Commonwealth of Australia (2014), *Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability*, Department of Foreign Affairs and Trade, Canberra, www.dfat.gov.au/about-us/publications/Documents/australian-aid-development-policy.pdf.



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