



Australia's International Development Contractors Community

Initial IDCC reaction to the 2022/23 development budget

The IDCC welcomes stabilisation of the development budget, but the next steps need to be up, not down, as we deal with a world battered by COVID and disrupted by conflict, contestation and fragmentation.

The budget's priorities of regional health security, economic recovery, gender and climate finance are well chosen. None are likely to disappear as priorities over the next decade. Nor will geo-political competition.

“Temporary and targeted needs to become sustained and strategic” said IDCC Chair Stuart Schaefer.

The IDCC notes the big shift towards budget support, particularly in the Pacific with it comprising close to half of Australian assistance in some countries. There is a lot of Australian and international history that urges caution around use of budget support.

Budget support is fast dispersing and liked by developing country governments for its flexibility, but it disappears into country finances and carries big risks.

Those risks must be managed through agreement on policy frameworks, provision of technical and strategic support, transparency of financial flows and rigorous public reporting and accountability.

IDCC members have the systems and skills to assist DFAT and to work with governments, multilateral development banks and other financiers to manage these risks. We look forward to strategic engagement with DFAT to that end.

More broadly, the IDCC applauds the release of more detailed budget information than in some previous years and welcomes measures to strengthen project performance assessment, hoping that these are early steps in rebuilding a rigorous, systematic approach to performance management.

30 March 2022