

»» Official Development Assistance (ODA) in 2015 dominated by refugee crisis

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In the middle of April the OECD published the preliminary figures for Official Development Assistance (ODA) in 2015. Here are the main trends:

Positive development of ODA

Last year donors spent USD 131.6 billion on development cooperation. This corresponds to an increase in real terms of 6.9% compared to 2014.¹ The long-term trend is also encouraging: since 2000, the year of the Millennium Declaration, the increase has been an impressive 83%.

Compared to the objective set by the donors themselves of spending 0.7% of their gross national income (GNI) on ODA, the result is somewhat less encouraging. On average donors dedicated just 0.41% of their GNI to ODA. If we compare total ODA (USD 131.6 billion) to the entire GNI of these countries, the ratio is even lower at 0.3% because the larger countries tend to have lower ODA rates.

USA, UK and Germany remain largest donors

In terms of amounts, the largest donors by far are still the USA (USD 31.1 billion), UK (USD 18.7 billion) and Germany (USD 17.8 billion). Measured relative to gross national income figures, the strongest donors were Sweden (1.4% of GNI), Norway (1.0% of GNI) and Luxembourg (0.9% of GNI). These countries along with the UK, Denmark and the Netherlands reached or exceeded the 0.7% target. Germany managed to bump its ratio up significantly, from 0.42% to 0.52%. The largest increase in the ODA ratio though was recorded by Sweden, surging from 1.09% to 1.40%.

Huge rise in refugee costs

ODA trends were clearly dominated in 2015 by the refugee crisis. Many donor

countries raised their commitment to care for refugees (immediate and transitional assistance) both at home and at the crisis locations.

Spending to take care of refugees in the donor country is eligible as ODA for a period of up to 12 months. Some 77% of the annual ODA growth in real terms is attributable to this "domestic effect", which mainly affected European donors. These ODA items accounted for more than 20% of the ODA contribution in five countries in 2015: Sweden, Austria, Italy, the Netherlands and Greece. Domestic spending for refugees that is eligible as ODA was also raised substantially in Germany. In 2015 this accounted for 16.8% of German ODA.

But even without this spending on refugees, ODA posted growth overall in real terms (1.7%) in 2015 compared to the previous year. So overall, the increase of domestic spending for refugees in 2015 was not at the expense of development budgets. The eligibility of refugee costs as ODA (just like other so-called in-donor costs) is a controversial subject. Representatives of civil society argue that this expenditure is not consistent with the actual ODA objective of

improving economic and social situations in developing countries. Those who advocate this approach believe that such payments, which benefit the citizens of developing countries directly, constitute humanitarian aid.

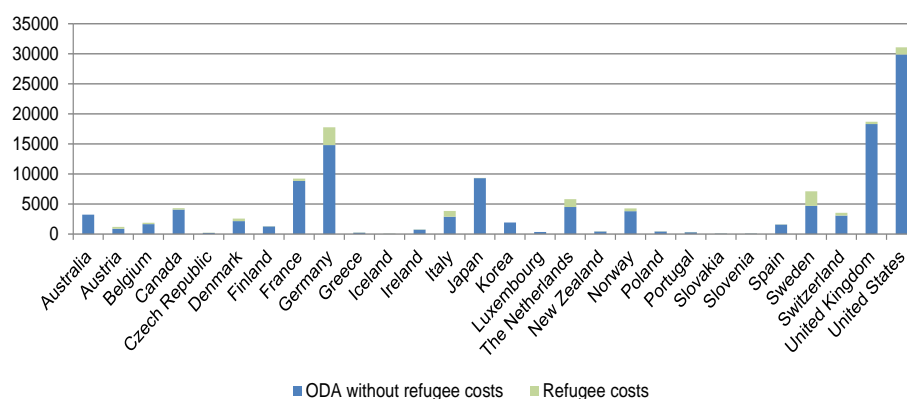
Outlook: ODA to continue rising

Based on plans of individual donors the OECD forecasts a continued rise in funds for development budgets in 2016. The main beneficiaries of this growth are likely to be poorer developing countries (LDCs). Due to the 12-month eligibility period the domestic payments for refugees will likely be very high again in 2016. In sum we can expect an increase in ODA again in 2016. In the medium term, the challenge for development policy will be to keep ODA ratios at a high level once the flow of refugees subsides.■

Further information:

OECD 2016: [Development aid rises again in 2015 spending on refugees doubles](#)

Graph 1: Breakdown of 2015 ODA by country (in USD million)



Source: OECD

¹ Nominally speaking there is seemingly a decline on account of exchange rate fluctuations.