

April 2018

aid spending by DAC donors in 2017

factsheet

In this factsheet we provide an overview of key trends in official development assistance (ODA) emerging from the April 2017 Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) data release.

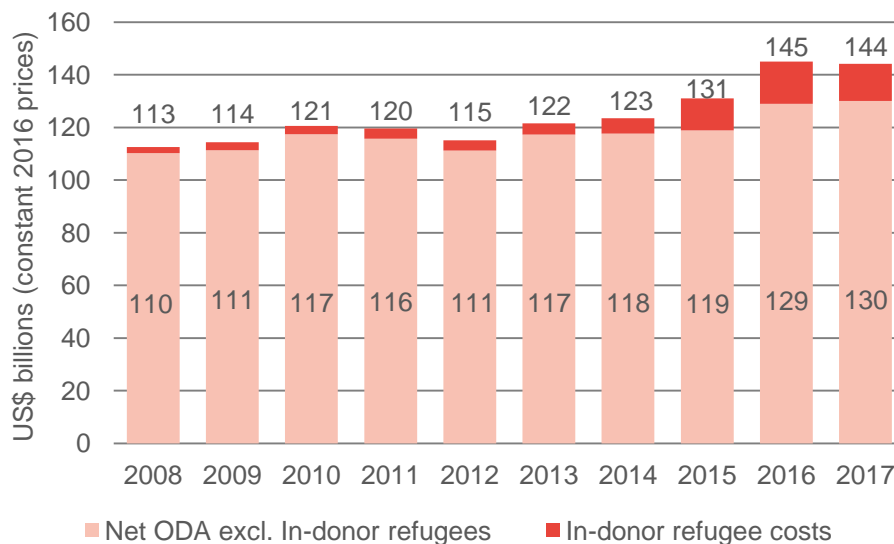
Key findings

- ODA levels fell slightly in 2017 compared with 2016, the first year-on-year fall in net ODA since 2011–2012 due to an 11% reduction in reported spending on refugees within OECD DAC member countries.
- Without a reduction in reported refugee spending, ODA would have risen slightly.
- 18 out of 29 DAC member states reduced ODA spending in 2017.
- Five donors met the 0.7% ODA/GNI target in 2017, down from six in 2016.
- Five donors gave at least 0.15% of GNI in ODA to LDCs in 2017, down from six in 2016.
- If the new rules on accounting for ODA loans (due to come into force for data published in 2019) were applied to 2017 ODA, then the value of ODA from DAC donors would have appeared to be US\$3.6 billion higher than under the existing rules.
- Under the new rules, ODA from Japan would be one-third higher than under the existing rules and the UK would not have reached the 0.7% target if the new rules had been in force.

Topline trends in 2017

Total net ODA fell by 0.6% in 2017

Figure 1: Total net ODA spending (2008–2017)

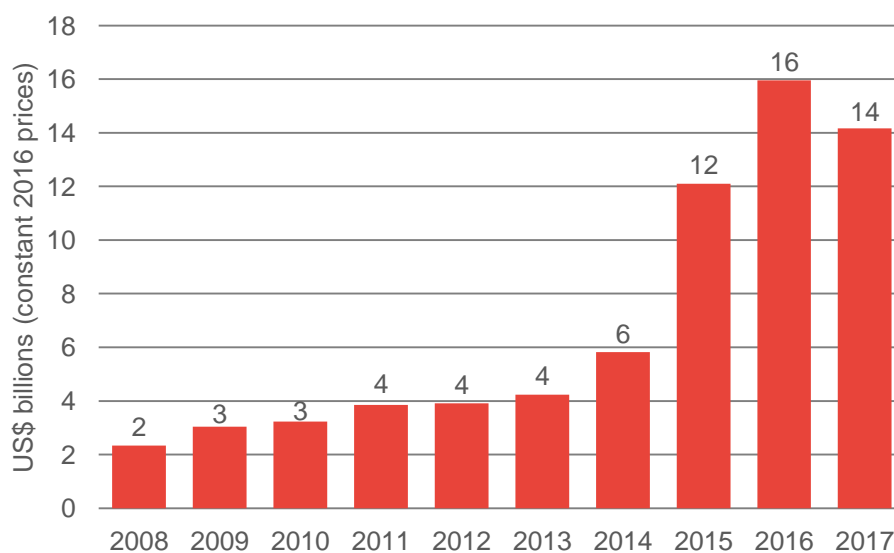


Source: Development Initiatives, based on OECD DAC data

- Total net ODA from DAC donors declined by US\$800 million, or 0.6% between 2016 and 2017.
- This is the first fall in the headline ODA measure since 2012.
- This fall was due to a reduction in the costs of supporting refugees in donor countries reported as ODA.
- Excluding in-donor refugee costs, net ODA rose by US\$989 million (0.8%).

In-donor refugee costs fell in 2017

Figure 2: In-donor refugee costs reported as ODA (2008–2017)

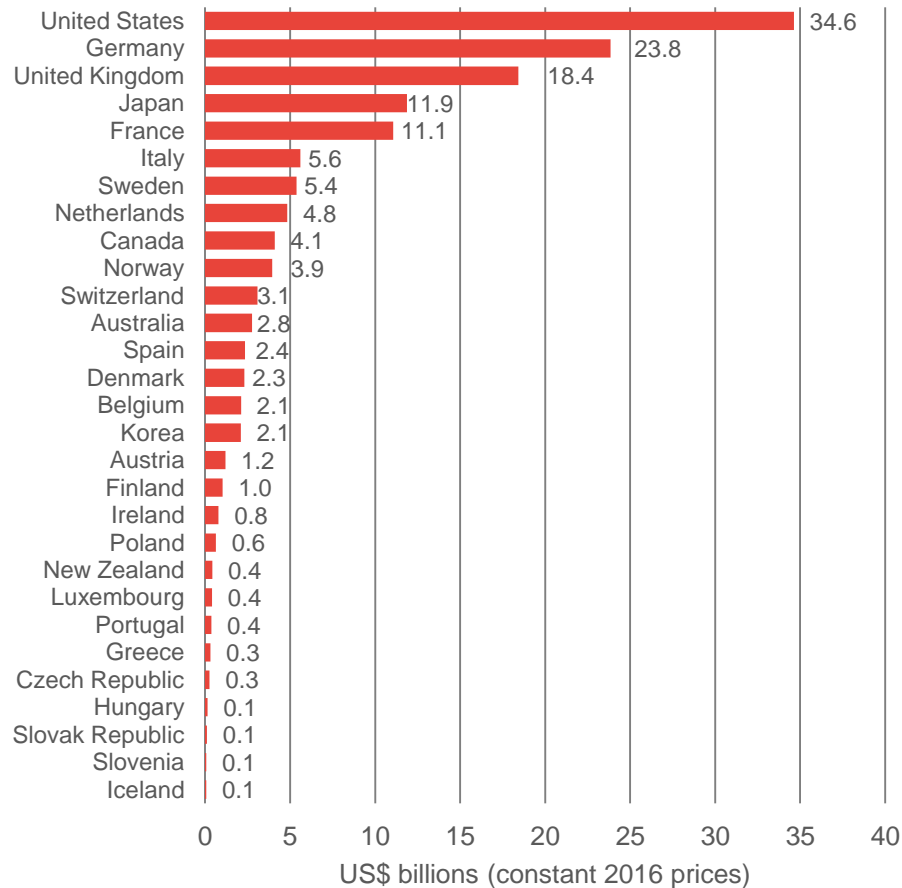


Source: Development Initiatives, based on OECD DAC data

- In-donor refugee costs reported as ODA fell by US\$1.8 billion or 11% in 2017 after rising rapidly since 2014.
- There were large falls in in-donor refugee costs reported as ODA by Germany (US\$708 million), Norway (US\$657 million), Austria (US\$448 million), Switzerland (US\$408 million) and Denmark (US\$341 million).
- These falls were partially offset by increases in the amount of in-donor refugee costs reported as ODA by other donors, notably Netherlands (US\$379 million) and Spain (US\$124 million).

Almost 70% of all ODA came from five donors in 2017

Figure 3: Net ODA in 2017 by DAC donor

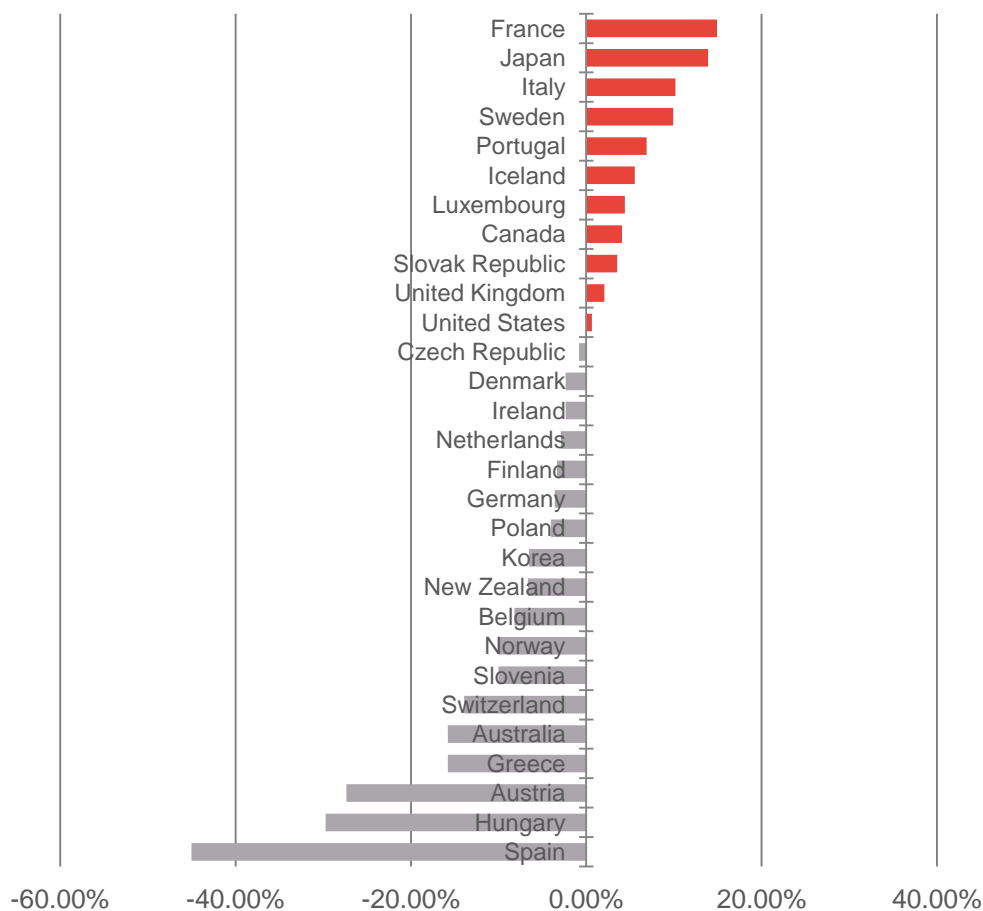


Source: Development Initiatives, based on OECD DAC data

- The US remains the largest single donor of ODA followed by Germany, the UK, Japan and France – the order of the largest five donors remains unchanged from 2017.
- These five largest donors accounted for almost 70% of all net ODA disbursed in 2017.
- Italy, the eighth largest donor in 2016, was the sixth largest in 2017.
- Conversely, the Netherlands was the sixth largest donor in 2016, but fell to eighth in 2017.

ODA fell in 18 out of 29 DAC member states in 2017

Figure 4: % change in net ODA spending in 2017 compared to 2016

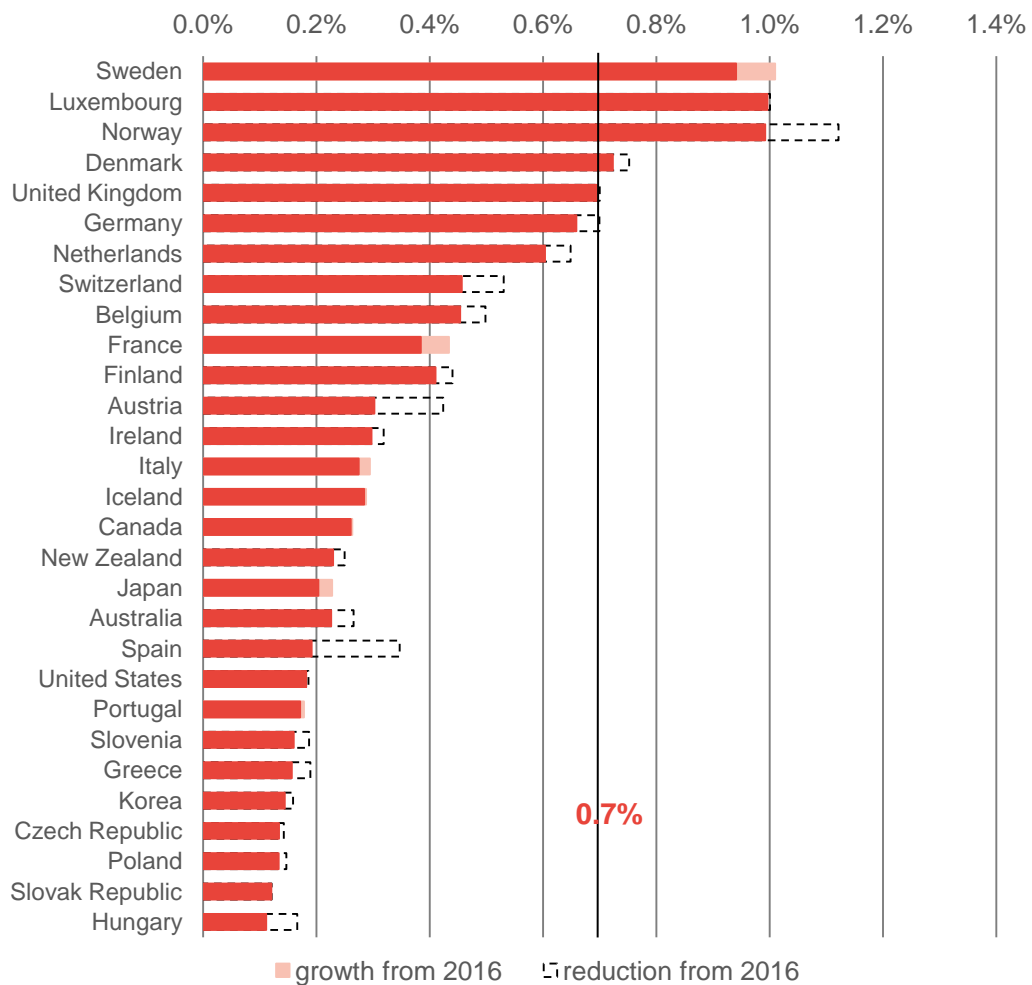


Source: Development Initiatives, based on OECD DAC data

- The largest reduction in ODA was made by Spain, with net disbursements falling by US\$1.9 billion (45%). This was due to Spain's 2016 ODA being boosted by over US\$2 billion due to a one-off debt relief/reorganisation deal between Spain and Cuba.
- ODA from France rose as a result of a large increase in bilateral ODA loans together with a rise in core multilateral contributions – mainly to UN agencies.
- The rise in Japan's ODA was also driven by an increase in bilateral ODA loans.

Five donors met the 0.7% target in 2017, down from six in 2016

Figure 5: ODA spending by DAC donors in 2017 against the 0.7% target



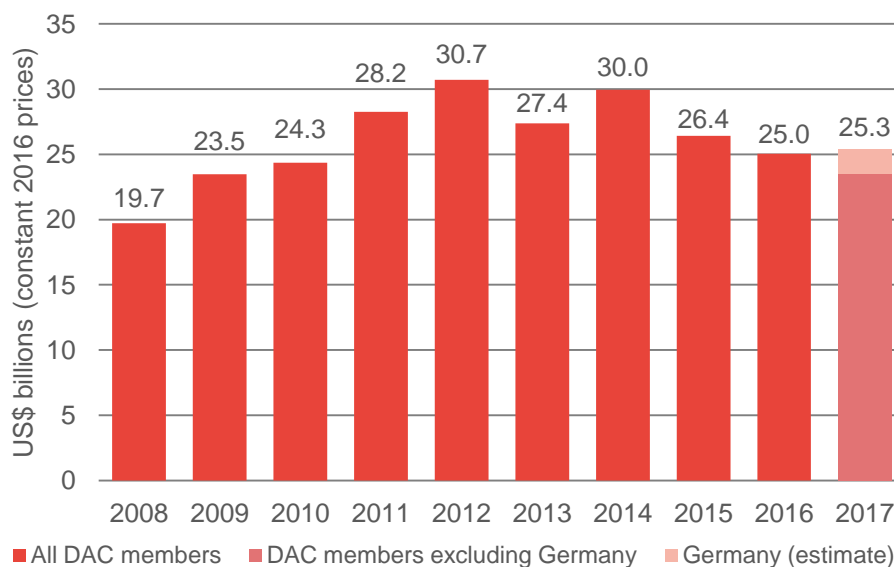
Source: Development Initiatives, based on OECD DAC data

- Five DAC members disbursed at least 0.7% of GNI in the form of ODA in 2017.
- Three donors – Sweden, Luxembourg and Norway disbursed roughly 1% of GNI as ODA.
- Germany's ODA fell from 0.7% of GNI in 2016 to 0.66% in 2017, due to the large reduction in in-donor refugee costs reported as ODA by Germany.

ODA to LDCs in 2017

ODA to LDCs remains below the peak achieved in 2012

Figure 6: Net ODA to LDCs by DAC donors (2008–2017)

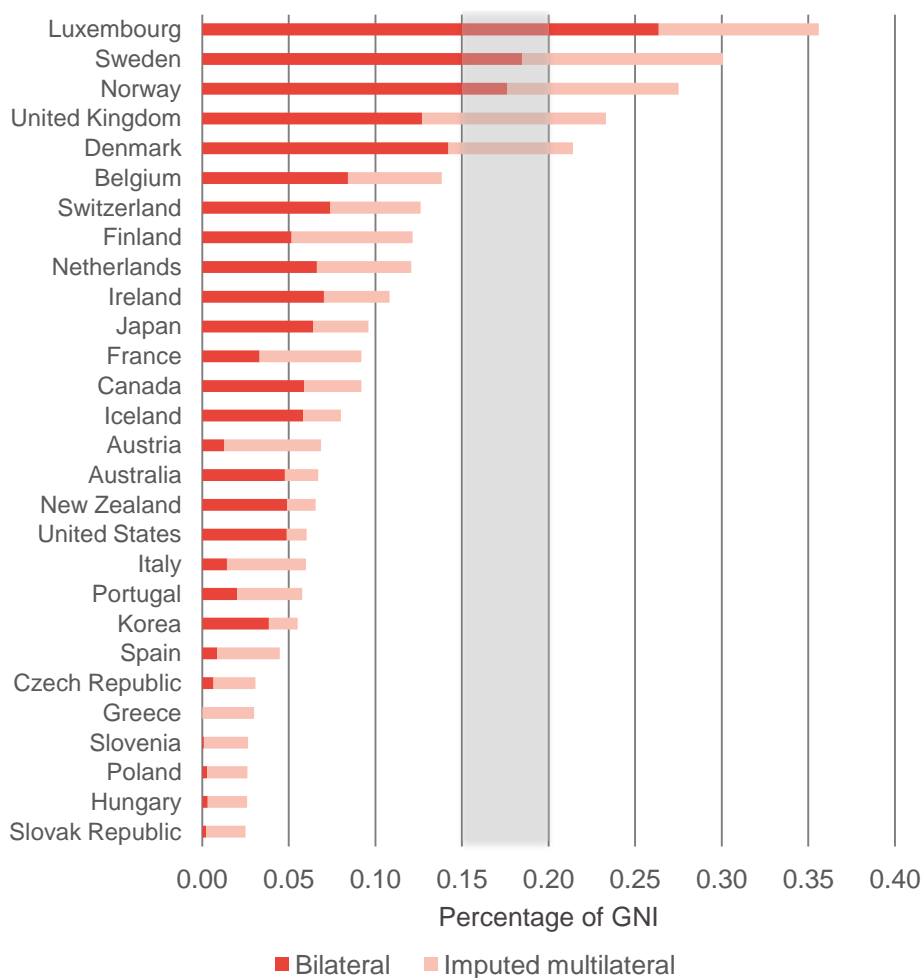


Source: Development Initiatives, based on OECD DAC data

- Germany failed to report how much ODA was directed to LDCs in 2017.
- ODA to LDCs from the other 28 DAC member states rose slightly in 2017.
- Figure 6 assumes that Germany's ODA to LDCs is equal to the average figure for 2011–2016.
- It appears highly likely that net ODA to LDCs was over US\$5 billion lower in 2017 than in 2012.

Five donors gave more than 0.15% of GNI in ODA to LDCs in 2017

Figure 7: % GNI in ODA to LDCs by DAC donors



Source: Development Initiatives, based on OECD DAC data

- The 2011 Istanbul Programme of Action for LDCs¹ recommended donors spend 0.15%–0.20% of GNI on LDCs. This target is represented by the shaded area in Figure 7.
- Five donors met this target in 2017, down from six in 2015.
- Imputed multilateral estimates are derived from 2017 donor disbursements by multilateral organisations applied to the share of multilateral expenditure on LDCs in 2016.

The effect of the new rules for reporting ODA loans

ODA levels would have appeared to be US\$3.6 billion higher under the new rules for reporting ODA loans

Table 1: ODA volumes per donor using existing vs new rules for calculating loans

Donor	Net ODA (existing rules)	ODA under new rules	Difference US\$ millions	Difference %
Australia	2,957	2,957	0	0%
Austria	1,230	1,232	2	0%
Belgium	2,204	2,228	24	1%
Canada	4,277	4,319	41	1%
Czech Republic	272	272	0	0%
Denmark	2,401	2,414	13	1%
Finland	1,054	1,054	0	0%
France	11,363	11,008	-355	-3%
Germany	24,681	24,338	-343	-1%
Greece	317	317	0	0%
Hungary	149	149	0	0%
Iceland	69	69	0	0%
Ireland	808	808	0	0%
Italy	5,734	5,749	15	0%
Japan	11,475	15,243	3,767	33%
Korea	2,205	2,156	-49	-2%
Luxembourg	424	424	0	0%
Netherlands	4,955	4,955	0	0%
New Zealand	436	436	0	0%
Norway	4,123	4,123	0	0%
Poland	674	697	23	3%
Portugal	378	416	38	10%
Slovak Republic	113	113	0	0%
Slovenia	76	76	0	0%
Spain	2,415	2,964	550	23%
Sweden	5,512	5,512	0	0%
Switzerland	3,097	3,097	0	0%
United Kingdom	17,940	17,254	-686	-4%
United States	35,261	35,847	586	2%
Total DAC	146,600	150,226	3,626	2%
EU institutions	16,450	15,062	-1,388	-8%

Source: Development Initiatives, based on OECD DAC data

- The rules around donors' reporting of ODA loans are changing.² For data on 2018 ODA (to be published in 2019), onwards only the grant element³ of ODA loans will be counted as ODA, rather than the full face value. This reduction in the amount of ODA counted for each loan will be offset by the fact that capital repayments on loans will no longer be subtracted from the headline ODA measure.
- These new rules will have different effects on different donors. In short, donors who give loans on the most concessional terms will see the smallest reduction in the value of loans counted as ODA and those donors who receive the highest level of repayments will see the greatest rise in headline ODA because the repayments will no longer be deducted.⁴
- In aggregate, ODA from DAC member states would have appeared to be US\$3.6 billion, or 2%, higher in 2017 under the new rules than under the existing net ODA measure. This apparent increase is solely due to the change in accounting for ODA loans, not any effort on the part of donors.
- Japan, which receives by far the largest share of loan repayments among DAC members, would see its reported ODA levels rise by a third due to these repayments not being subtracted from ODA.
- The US, despite no longer giving any ODA in the form of loans, would see an apparent increase in ODA levels as it receives around US\$0.6 billion in repayments on old ODA loans each year. Again these repayments would not be deducted from the headline ODA figure under the new rules.
- The UK would not have achieved the 0.7% ODA/GNI target in 2017 under the new rules because only a proportion of its loans made in 2017 would have counted as ODA, rather than the full face value.
- Reported ODA disbursed by the EU would have appeared to be US\$1.4 billion, or 8%, lower under the new rules.
- France and Germany would have seen apparent falls in their reported ODA, of US\$355 million and US\$343 million respectively, if the new rules had applied in 2017.

Notes

¹ UN, 2011, *Fourth United Nations Conference on the Least Developed Countries – Programme of Action for the Least Developed Countries for the Decade 2011–2020*. Available at:

<http://unohrls.org/UserFiles/File/IPoA.pdf>

² See OECD, 2015, *Why modernise official development assistance?* Available at: www.oecd.org/dac/financing-sustainable-development/Addis%20flyer%20-%20ODA.pdf.

³ Grant element is the standard way of measuring how concessional a loan is. It can be viewed as the difference between the cost, in today's prices, of the future repayments a borrower will have to make on the loan in question and the repayments the borrower would have had to make on a non-concessional loan. This is therefore the amount of money that is considered to have been 'given away' by the donor, hence 'grant element'. The grant element is normally shown as a percentage of the value of the loan. Low interest rates and longer maturity periods will result in higher grant element percentages. Any loan with a 'grace period' – that is a period of time before any repayments have to be made – will also have an increased grant element.

⁴ For a fuller treatment of this topic see Development Initiatives, 2018, *Accounting for ODA loans – the effect of the new rules*. Available at: <http://devinit.org/wp-content/uploads/2018/03/Accounting-for-ODA-loans-Feb-2018-briefing.pdf>

Development Initiatives (DI) is an independent international development organisation working on the use of data to drive poverty eradication and sustainable development. Our vision is a world without poverty that invests in human security and where everyone shares the benefits of opportunity and growth.

We work to ensure that decisions about the allocation of finance and resources result in an end to poverty, increase the resilience of the world's most vulnerable people, and ensure no one is left behind.

Copyright © 2018 Development Initiatives
We encourage dissemination of our work provided a reference is included.

Contact
Rob Tew
Head of Technical Development
rob.tew@devinit.org

To find out more about our work visit:
www.devinit.org
Twitter: @devinitorg
Email: info@devinit.org

Development Initiatives is a group headed by Development Initiatives Poverty Research Limited, a not-for-profit company established in England no. 06368740. Registered office: North Quay House, Quay Side, Temple Back, Bristol, BS1 6FL, UK.

UK OFFICE

Development Initiatives
North Quay House
Quay Side, Temple Back
Bristol, BS1 6FL, UK
+44 (0) 1179 272 505

KENYA OFFICE

Development Initiatives
Shelter Afrique Building
4th Floor, Mamlaka Road
Nairobi, Kenya
PO Box 102802-00101
+254 (0) 20 272 5346

DEVELOPMENT RESEARCH AND TRAINING (DRT)

Ggaba Road, Mutesasira
Zone, Kansanga
PO Box 22459
Kampala, Uganda
+256 (0) 312 – 263629/30
+256 (0) 414 – 269495
www.drt-ug.org

US OFFICE

Development Initiatives
1110 Vermont Ave NW,
Suite 500, Washington DC
20005, US