

Global aid 2022: Australia risks becoming a minnow on development

by Cameron Hill

14 April 2023



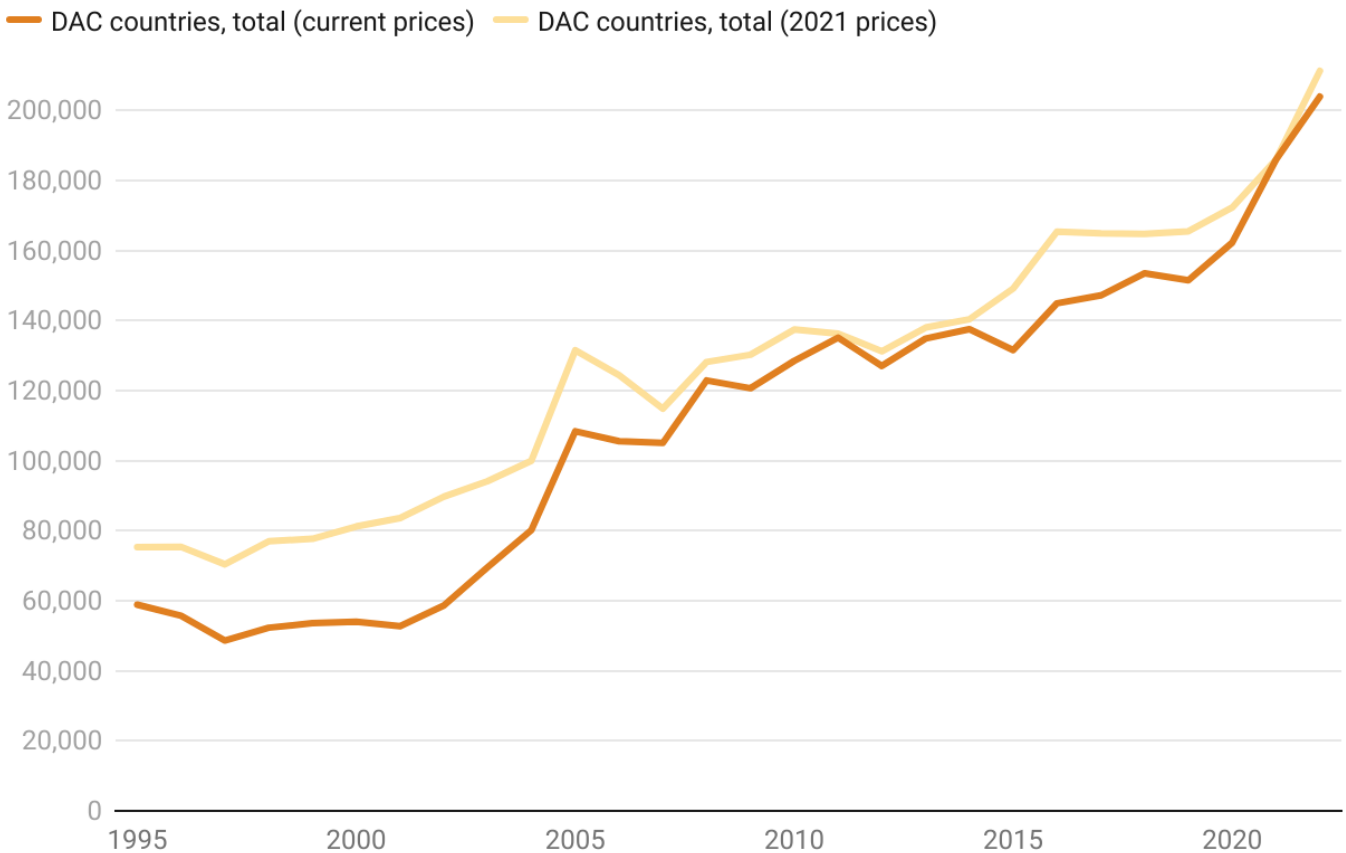
OECD Secretary-General, Mathias Cormann, and Ukraine Minister of Finance, Sergii Marchenko, at a G7 meeting in 2022

Photo Credit: Kim Haughton/IMF/Flickr

In 2022, Australia was among the world's least generous countries when it came to aid, surpassing only Korea, the Slovak Republic and Greece out of a group of 31 donor countries. And Australia is now the least generous donor among key allies and partners, having fallen below the United States on this measure for the first time since 1965.

These bleak statistics on Australia's aid are contained in the [reporting by the OECD's Development Assistance Committee](#) (DAC) of its preliminary Official Development Assistance (ODA, "aid") data for 2022. Overall, the report presents a somewhat complicated picture. On the positive side, the level of ODA provided by DAC members continued to break records, reaching an all-time high of USD204 billion in nominal terms in 2022. This was the fourth year in a row that ODA surpassed previous records. In real terms, 2022 saw a 13.6% increase on 2021 ODA levels (Figure 1). Aid generosity – total ODA as a share of donors' total gross national income – rose from 0.33% in 2021 to 0.36% in 2022.

Figure 1: OECD DAC aid volume by year, 1995-2022 (USD millions)



ODA data on a net flow basis for 1995-2017; from 2018 on a grant equivalent basis

Source: OECD CRS: Total flows by donor (ODA+OOF+Private) [DAC1] • Created with Datawrapper

But almost two-thirds of this overall increase in volume (9% in total) came from a sharp rise in ODA that was used to process and host refugees in DAC countries. This is allowable under DAC rules, but **some advocates and experts fear this increase is only temporary** (only the first year of refugee stay can be counted), distorts comparisons (some DAC countries, including Australia, do not count refugee stay as ODA), and will not translate into long-term development finance for poor countries facing multiple crises. Excluding these costs, ODA rose by 4.6% over 2021 levels.

Much of the increase to in-donor refugee costs has been driven by the flow of millions of refugees – principally into Europe – caused by Russia’s invasion of Ukraine, a country that has also seen a sharp rise in bilateral aid receipts in the form of economic and humanitarian assistance. In the wake of Russia’s invasion, aid to Ukraine jumped from a little over USD900 million in 2021 to over USD16 billion in 2022.

By contrast, the pandemic became much less of a priority: ODA for COVID-19 fell

by 45%, to USD11.2 billion, and vaccine donations fell by more than 74%. Humanitarian aid rose by only 1%, despite the ongoing food crisis. And aid to sub-Saharan Africa and least developed countries declined from 2021 levels, by 7.8% and 0.7% in real terms, respectively.

Somewhat surprisingly, given the rising concerns about a worsening global debt crisis, bilateral sovereign loans from DAC countries increased, on a grant equivalent basis, by 36% in real terms between 2021 and 2022. And official donors' net debt relief totalled a paltry USD61.8 million.

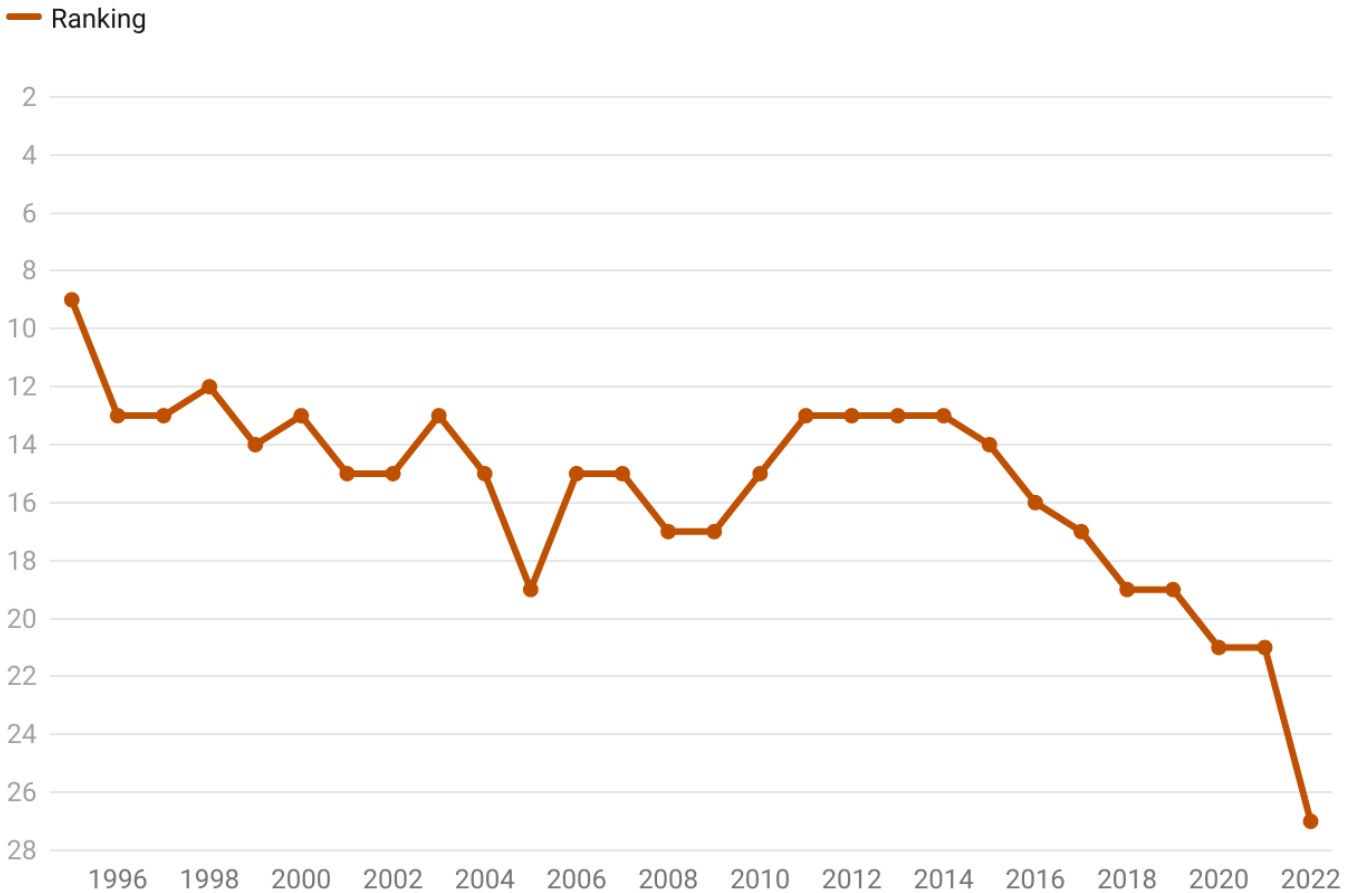
G7 countries provided 75% of total ODA in 2022, with the largest donors in volume terms being the United States (USD55.3 billion), Germany (USD35.0 billion), Japan (USD17.5 billion), France (USD15.9 billion) and the United Kingdom (USD15.7 billion). Only five countries met the United Nations' ODA as a percentage of GNI target of 0.7%: Denmark (0.70%), Germany (0.83%), Luxembourg (1.00%), Norway (0.86%) and Sweden (0.90%).

The biggest individual donor increases in year-on-year aid were primarily among eastern European DAC donors which have seen large influxes of refugees from Ukraine: Poland (+255%), Czech Republic (+167%), and Lithuania (+122%). Almost two-thirds of Poland and the Czech Republic's aid in 2022 came in the form of in-donor refugee support.

Only four of the 31 DAC country donors saw aid decrease in real terms: Hungary (-1.7%), Greece (-6.6%), Australia (-13.1%) and New Zealand (-17.2%). Australia's aid is shown to have declined from USD3.6 billion to USD3.1 billion. This is attributed to "differences in Australia's financial year reporting and the timing of its COVID-19 related expenditure compared to 2021". This reflects the depreciation of the Australian dollar over the last year, as well as the fact that the OECD data is compiled on a calendar rather than fiscal year, which is how Australia's aid is actually budgeted. The Australian government increased ODA in nominal terms in 2022-23, but adjusted for inflation, **Australia's aid is projected to fall** from AUD4.71 billion in 2021-22 to AUD4.65 billion in 2022-23.

More troubling is the ongoing structural decline in Australia's aid generosity when compared to its OECD peers, including much smaller and less wealthy economies. While Australia was the ninth largest economy in the OECD in 2022, we now rank 28th out of 31 DAC country members on aid generosity (Figure 2). In 1995, we ranked ninth on ODA-GNI and were ahead of G7 countries like Germany, the UK and Japan. Our contemporary comparators now include Portugal, Slovenia and Greece.

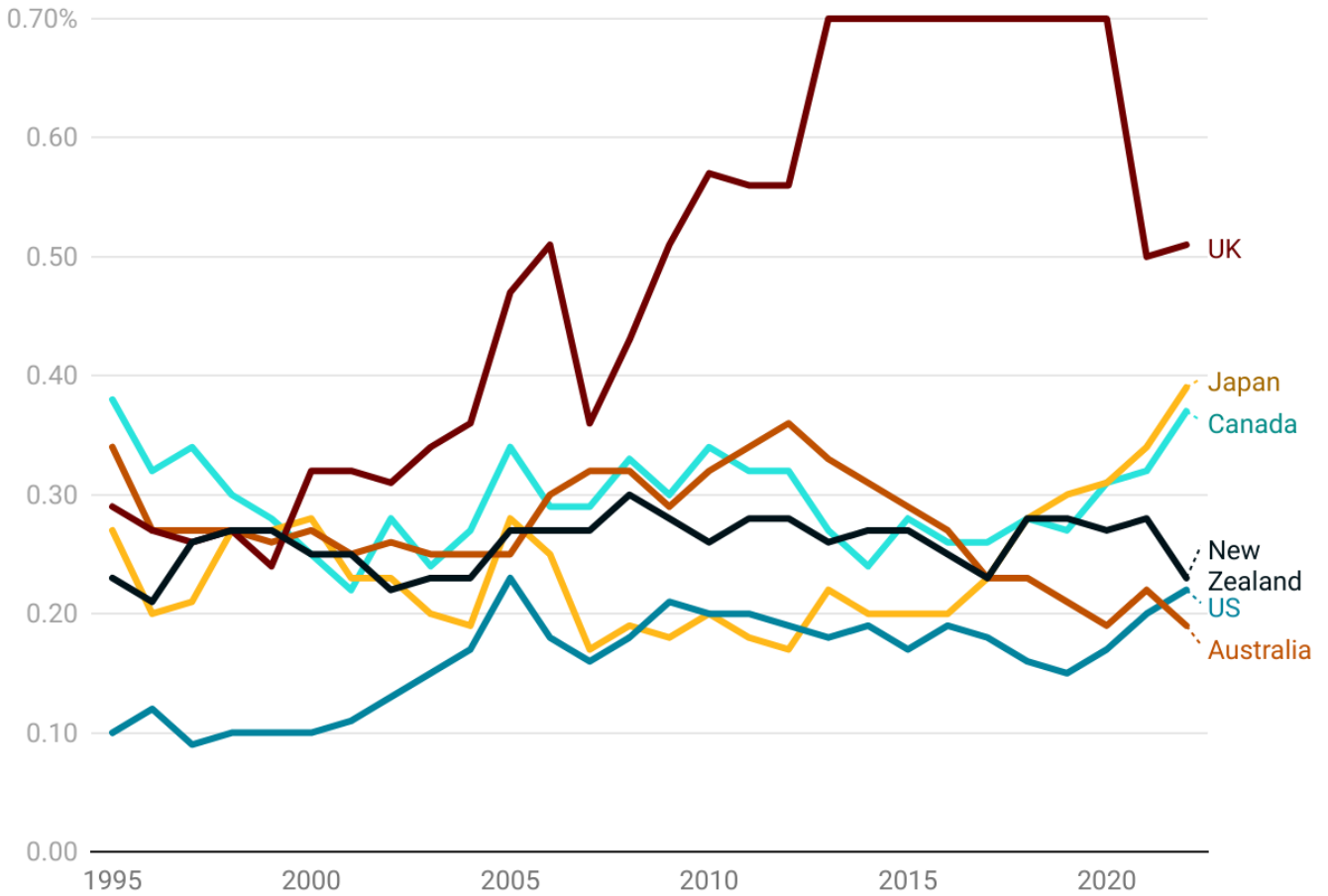
Figure 2: ODA-GNI – Australia’s ranking among OECD DAC members



Source: Australian Aid Tracker • Created with Datawrapper

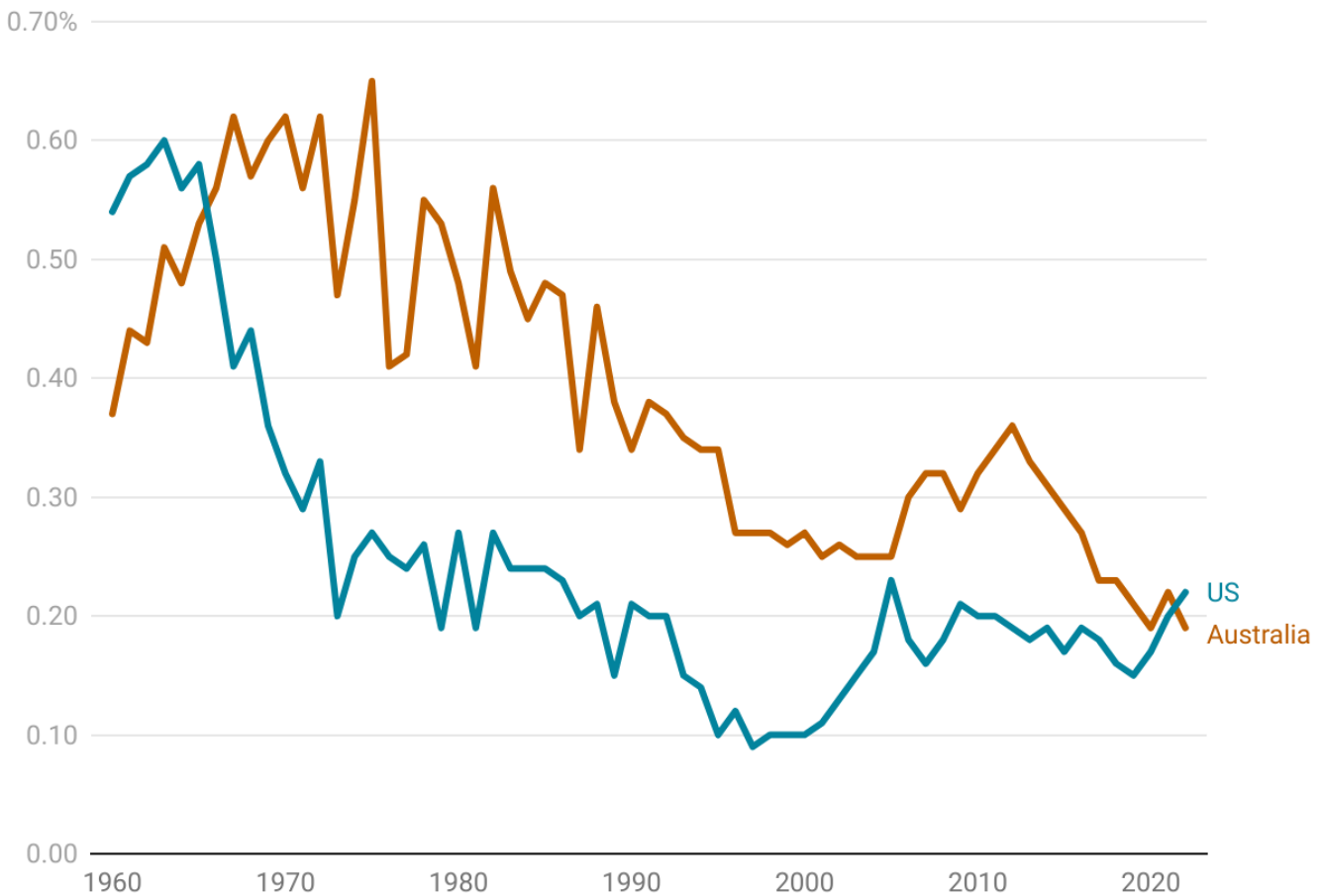
Australia now also ranks last among its AUKUS, “Five Eyes” and Quad donor peers on aid generosity (Figure 3). The Biden administration’s increases in aid, including to Ukraine, have seen the US overtake Australia on ODA-GNI for the first time since Lyndon Johnson and Robert Menzies occupied the White House and The Lodge (Figure 4).

Figure 3: ODA-GNI (%) – Australia and other AUKUS/Five Eyes/Quad donor countries, 1995-2022



Source: Australian Aid Tracker • Created with Datawrapper

Figure 4: ODA-GNI (%) – United States and Australia, 1960-2022



Source: OECD CRS: Total flows by donor (ODA+OOF+Private) [DAC1] • Created with Datawrapper

In 2022, the US reached its highest level of aid generosity (0.22%) since 2005. Japan reached its highest level ever, 0.39%. Even Korea, a much more recent DAC member and one of only three countries to rank below Australia in 2022, has an aspiration to be a “top ten” donor and is increasing aid.

Australia is now the furthest below the DAC average it has ever been (-0.17%) and below the average for the longest period: eight years straight. Perhaps the government simply doesn’t care about this disparity given its increased focus on defence and deterrence. But it does seem wildly incompatible with the bipartisan rhetoric about “shaping our region” and “using all elements of statecraft” in the face of the most challenging global environment Australia has seen since 1945.

As colleagues and I have argued elsewhere, Labor’s new international development policy needs to include a clear, medium-term strategy to arrest the structural decline in Australia’s aid budget. Failure to do so will simply widen the gap between rhetoric and reality and will see Australia relegated to the status of a global aid and development minnow.

DEVPOLICYBLOG

The 2022 preliminary data has been uploaded onto the relevant sections of the Development Policy Centre's [Australian Aid Tracker](#).

Correction: This blog was amended to increase the number of donor countries to 31. Lithuania joined the OECD DAC in November 2022.

Disclosures:

This research was undertaken with the support of the Bill & Melinda Gates Foundation. The views are those of the author only.

Author/s:

Cameron Hill

Cameron Hill is Senior Research Officer at the Development Policy Centre. He has previously worked with DFAT, the Parliamentary Library and ACFID.

Link: <https://devpolicy.org/global-aid-2022-australia-risk-becoming-global-minnow-20230414/>