

# Global aid 2023: comparing apples with apples

by Cameron Hill and Huiyuan Liu

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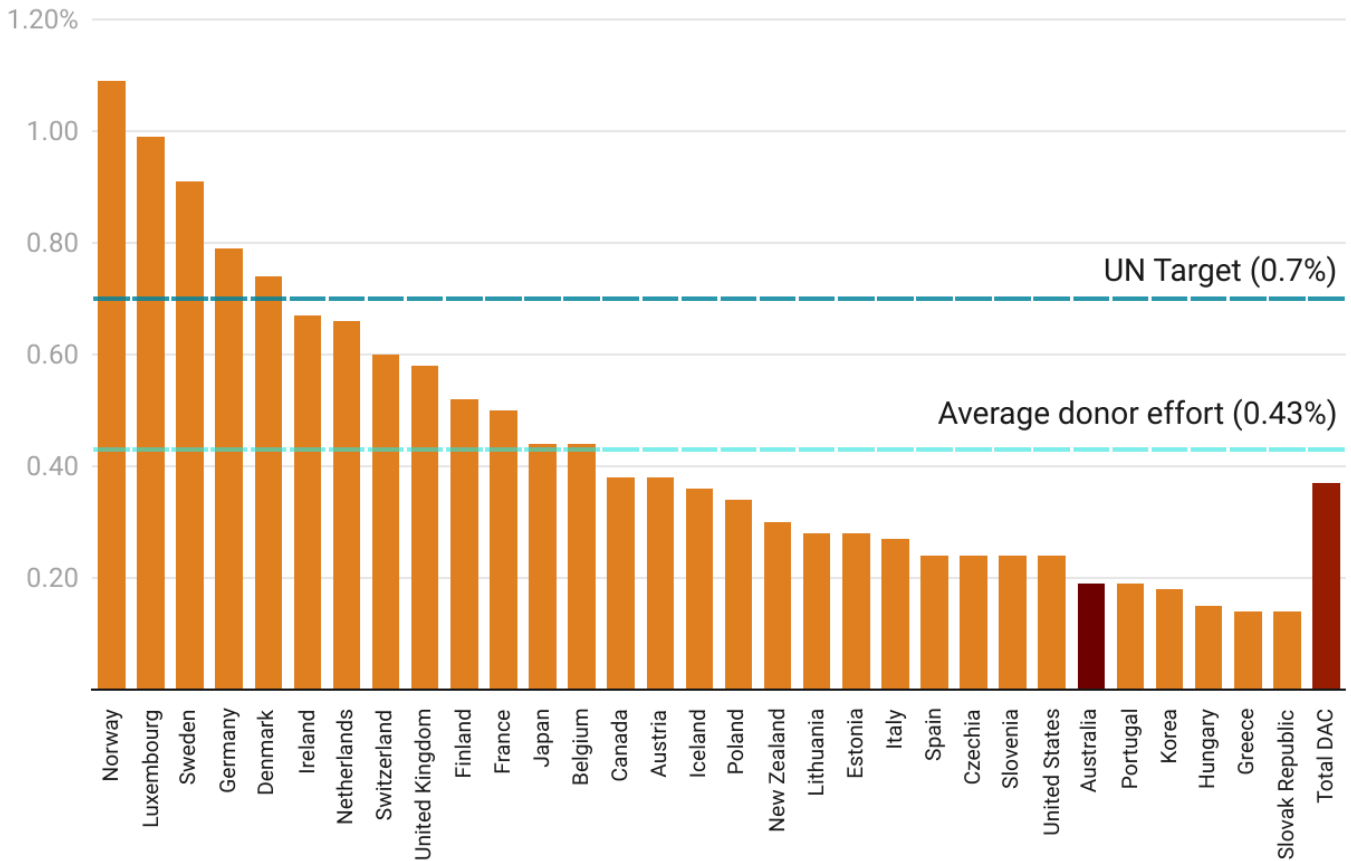


Aid organisations feed refugees from the Ukraine as they cross the border of Moldova and Romania in 2022

*Photo Credit: UN Women/Flickr*

Last night the Organisation for Economic Cooperation and Development (OECD) **released its preliminary data** on Official Development Assistance (ODA) spending by the 31 country members of its Development Assistance Committee (DAC) in the 2023 calendar year. Once again, total aid from these donors has increased (by 1.8% in real terms, to US\$224 billion) year-on-year. And, once again, Australia languishes near the bottom of the rankings when it comes to aid generosity (just in front of Portugal, at 26 out of 31 bilateral donors), despite a real increase in aid spending of 7.8% relative to 2022 “due to new bilateral funding for [its] development programme in 2023 and its financial year reporting cycle”.

Figure 1: ODA as percentage of GNI for DAC countries, 2023



Source: OECD preliminary data • Created with Datawrapper

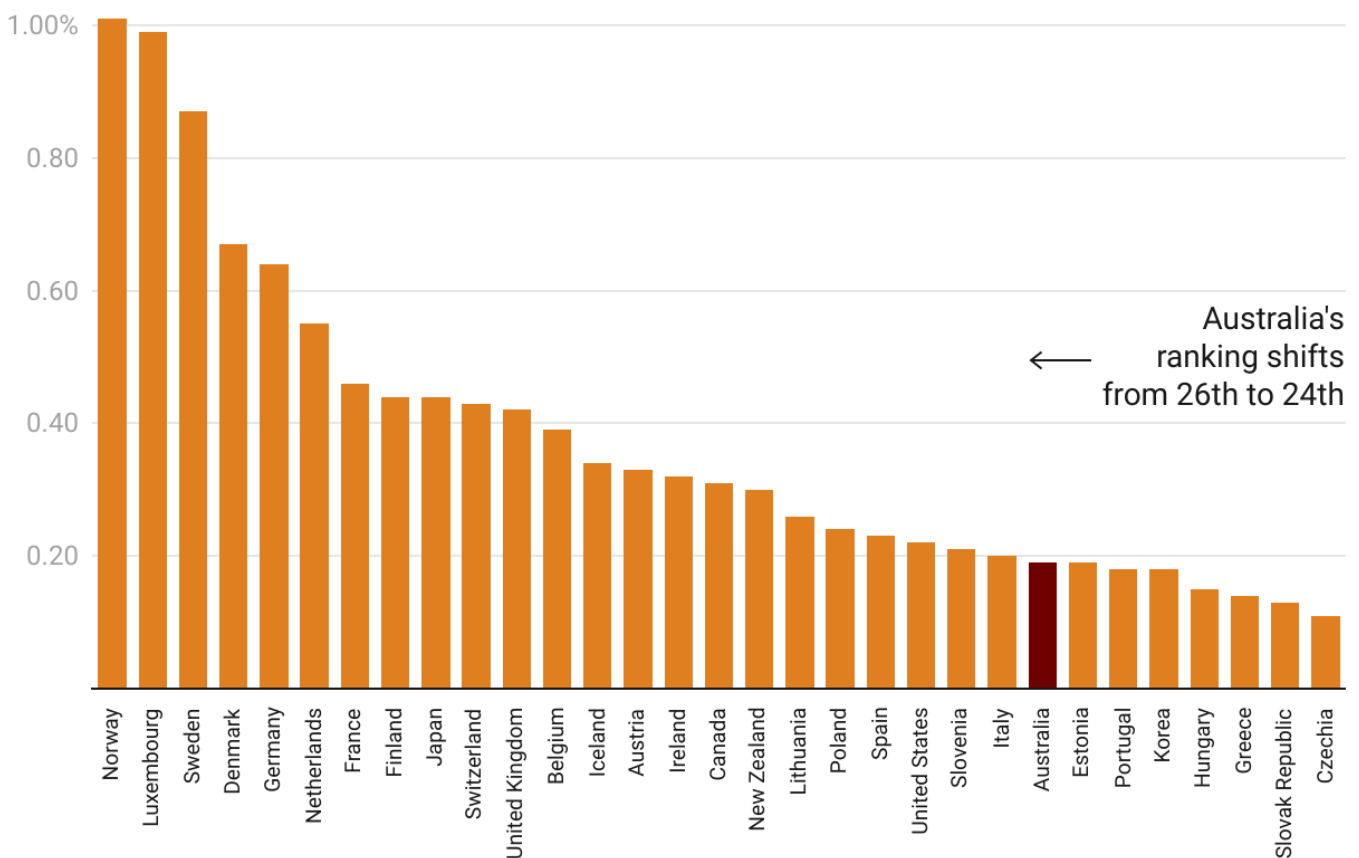
But there are well-known limitations to this data and the accompanying comparisons. One limitation is the aforementioned difference between the DAC’s calendar year reporting cycle and the financial year cycle of donors like Australia. A more significant limitation is that some countries count as ODA the cost of providing “temporary sustenance” to recognised refugees from developing countries during their first year in donor countries — an “in-donor” cost **which is allowable under DAC rules** — while others do not. Australia falls into the latter category, having only claimed, and only sometimes, costs associated with asylum seekers rather than recognised refugees. (Such costs are ODA-eligible under the same DAC rules.)

This difference has become particularly pronounced in the wake of Russia’s invasion of Ukraine in February 2022. Since the invasion, many newer DAC donors — particularly those in eastern Europe that are bearing the brunt of the region’s biggest refugee crisis since the end of the Second World War — have counted large amounts of in-donor refugee assistance as ODA. In the case of Estonia, 31% of its reported ODA was spent on such support in 2023. In the case of Czechia, the proportion was even greater, 53%. Even traditional DAC members like Ireland (52%), the UK (28%) and Germany (19%) continued to count a significant

proportion of first-year refugee sustenance towards their ODA spend in 2023. However, as a share of total DAC ODA, in-donor refugee support declined by 6.2% relative to 2022 levels.

So, what happens to Australia’s ranking when we discount other donors’ in-donor refugee aid? As shown in Figure 2, it does make a difference – Australia moves from 26/31 to 24/31. (It’s not possible to do the comparison the other way around by adding in Australia’s in-donor refugee costs as we don’t have the data.)

**Figure 2: ODA adjusted for in-donor refugee costs as percentage of GNI for DAC countries, 2023**



Source: OECD preliminary data • Created with Datawrapper

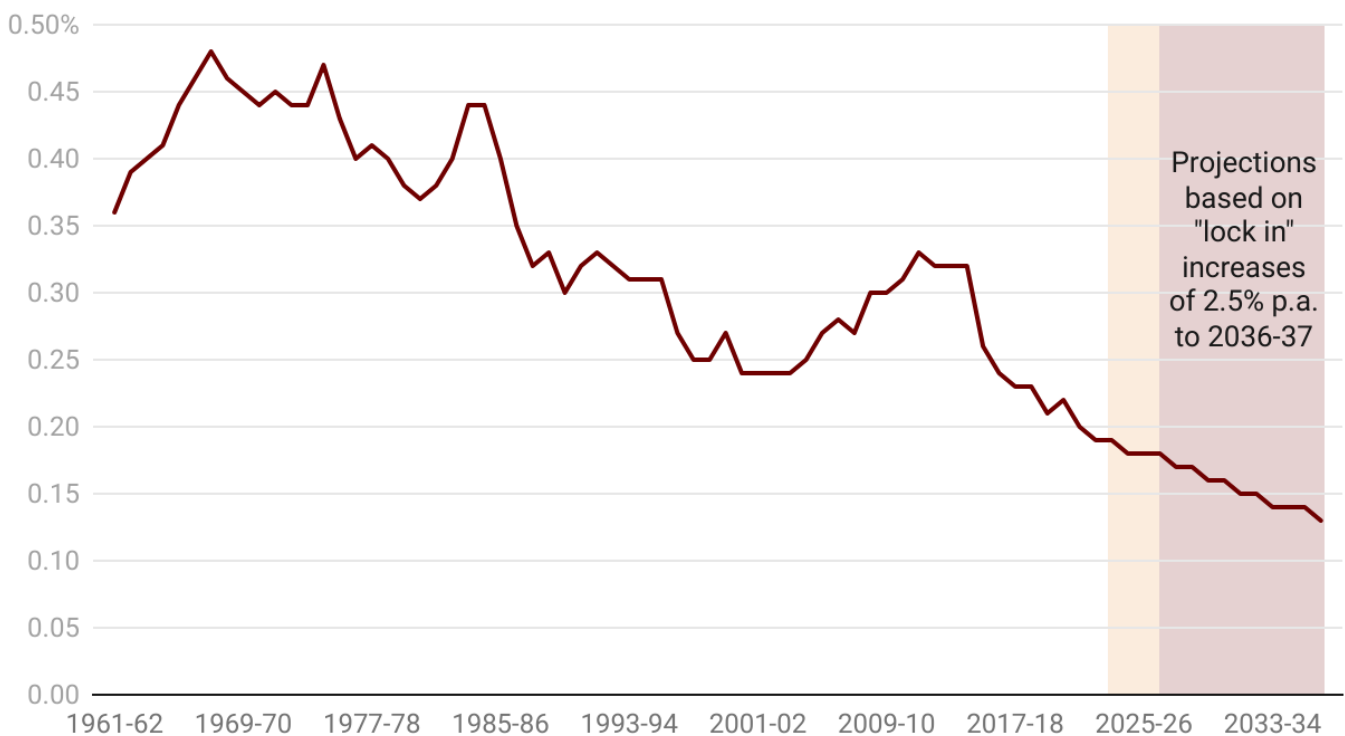
Even with this adjustment, there is still a big disparity between Australia’s economic size — the ninth largest economy in the OECD — and its ranking on aid generosity. And the decline is not just a relative one; we are a much less generous nation when compared to ourselves over time. In the last Cold War, Australian aid peaked at 0.48% of GNI (1967-68) as Australia sought to extend our influence amid great power competition and proxy wars in Southeast Asia. In the last full year of John Howard’s tenure as Prime Minister (2006-07), it reached 0.28% as his government committed to double aid spending by 2010 in response to heightened security and

fragility concerns after 9/11 and on the back of the resources boom. And during the Rudd/Gillard years it peaked at 0.33% (2011-12) as part of Labor’s last big aid scale-up.

By contrast, on current projections, Australia’s aid generosity could fall as low as 0.13% by 2036-37. This is despite the Albanese government’s **characterisation of development** as “at the heart of statecraft” and its promise, via an annual 2.5% nominal increase from 2026-27 to 2036-37, to undertake “**a long-term rebuild of Australia’s international development program**” following the successive and severe cuts inflicted by the Coalition prior to COVID-19.

## Figure 3: Australian aid as a percentage of GNI over years

Financial years 1961-62 to 2036-37



Data up to 2022-23 are actual numbers, from 2023-24 to 2026-27 are forward estimates, and from 2027-28 onwards are projections based on “lock in” annual increases of 2.5%.

Source: DFAT budget and statistical summaries • Created with Datawrapper

So, what options are open to Australia if it wants to improve its ranking? In our view, there are three.

The first is that Australia could argue in the DAC for a change to the rules to disallow the counting of in-donor refugee assistance. But this would be hard given that Australia, as a long-standing member of the DAC, helped create these rules. Given the number of donors that count this support as part of their ODA, Australia’s OECD representatives would likely face stiff resistance. Ultimately, as shown, this

could be a lot of diplomatic effort for a change that would do little to improve our ranking. Indeed, we would argue that if Australia really wants ODA reform, it would be better to focus on [the more recent and more dubious](#) aid accounting practices that have been documented by former DAC officials and experts.

A second option is that Australia joins other donors and counts first-year, in-donor refugee assistance as aid. Given that this assistance is dispersed across multiple parts of the budget, it is not clear to us what the current quantum of this support is and, therefore, how it might affect Australia's relative position. When Australia [last counted first-year asylum seeker costs](#) (not refugee costs) in 2013-14, at a time of high boat arrivals, these were worth \$375 million (around 7.5% of total aid) per annum. Even if counting first-year refugee costs were to add this much to Australia's ODA volume, which is unlikely, it would have very little effect on its overall ODA/GNI ranking. The government would also experience pressure to demonstrate this support was not coming at the expense of bilateral and multilateral aid. This was [the criticism](#) levelled at Labor when it briefly adopted the practice of counting asylum-seeker costs at the end of its last period in office – the costs were entirely absorbed within the existing aid budget. Nevertheless, if it was done transparently and in accordance with the DAC rules, then it would be a perfectly legitimate policy decision. But it wouldn't change the fact that Australia is becoming a less generous donor over time.

A third (and preferred) option is that the government produces a strategy to arrest the structural decline in Australia's aid generosity, either through either a medium-term ODA/GNI target or year-on-year ODA/GNI increases. Labor has supported a target before, as has the Coalition. The Albanese government is not averse to spending targets when it comes to other components of "statecraft" — it has [invited the Coalition](#) to support a 2.4% defence funding target to be achieved over the next decade (roughly the same timeframe over which aid is projected to fall to 0.14%). And the [2023 Labor party platform](#), while not binding on the government, does call for "a plan and a pathway" to achieve the previously bipartisan target of 0.5% ODA/GNI. The government should adopt, and invite the Coalition to support, such a plan and pathway.

*Updated figures from the 2023 preliminary data have been added to the [Comparisons page](#) of the Development Policy Centre's Australian Aid Tracker.*

*The full data set and OECD DAC analysis can be found on the [OECD website](#).*

*This blog was edited on 13 April to remove a reference to decline in Australia's aid volume. As shown on the [Trends page](#) of the Australian Aid Tracker, Australia's real aid volume is projected to remain stable from 2026-27 with the introduction of a*

2.5% annual increase.

## **Disclosures:**

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Link: <https://devpolicy.org/global-aid-2023-comparing-apples-with-apples/>