

UNDERSTANDING THE IMPACT OF THE REFUGEE CRISIS ON EUROPEAN DONORS' DEVELOPMENT BUDGETS

An analysis by SEEK Development
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May 2017

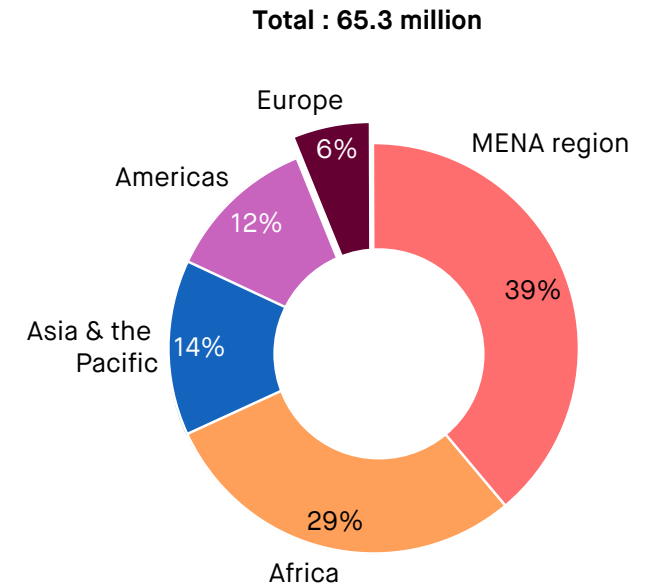
This review can be quoted as:

SEEK Development (2017): Understanding the impact of the refugee crisis on European donors' development budgets.
Accessible at donortracker.org

The 'refugee crisis' in Europe

- In recent years, conflicts as well as growing instability and insecurity globally have led to unprecedented numbers of people fleeing from their homes, mainly from the Middle East region and Africa.
- The number of forcibly displaced people worldwide had reached an all-time high of 65 million by mid-2016. The vast majority of displaced people reside in countries neighboring the conflict-affected areas.
- Only around six percent of refugees are hosted in Europe. However, in 2016 this still represented almost four million people. Across Europe, this situation has stirred national debate around countries' internal management of the so-called 'refugee crisis'.
- This study analyses the impact of policies put into place by European governments, in response to the refugee crisis, on budgets of official development assistance (ODA). It covers the eight largest European providers of ODA in 2016: Germany, the United Kingdom, France, the Netherlands, Sweden, Italy, Norway, and Spain.

Displaced people by host-region, as of mid-2016



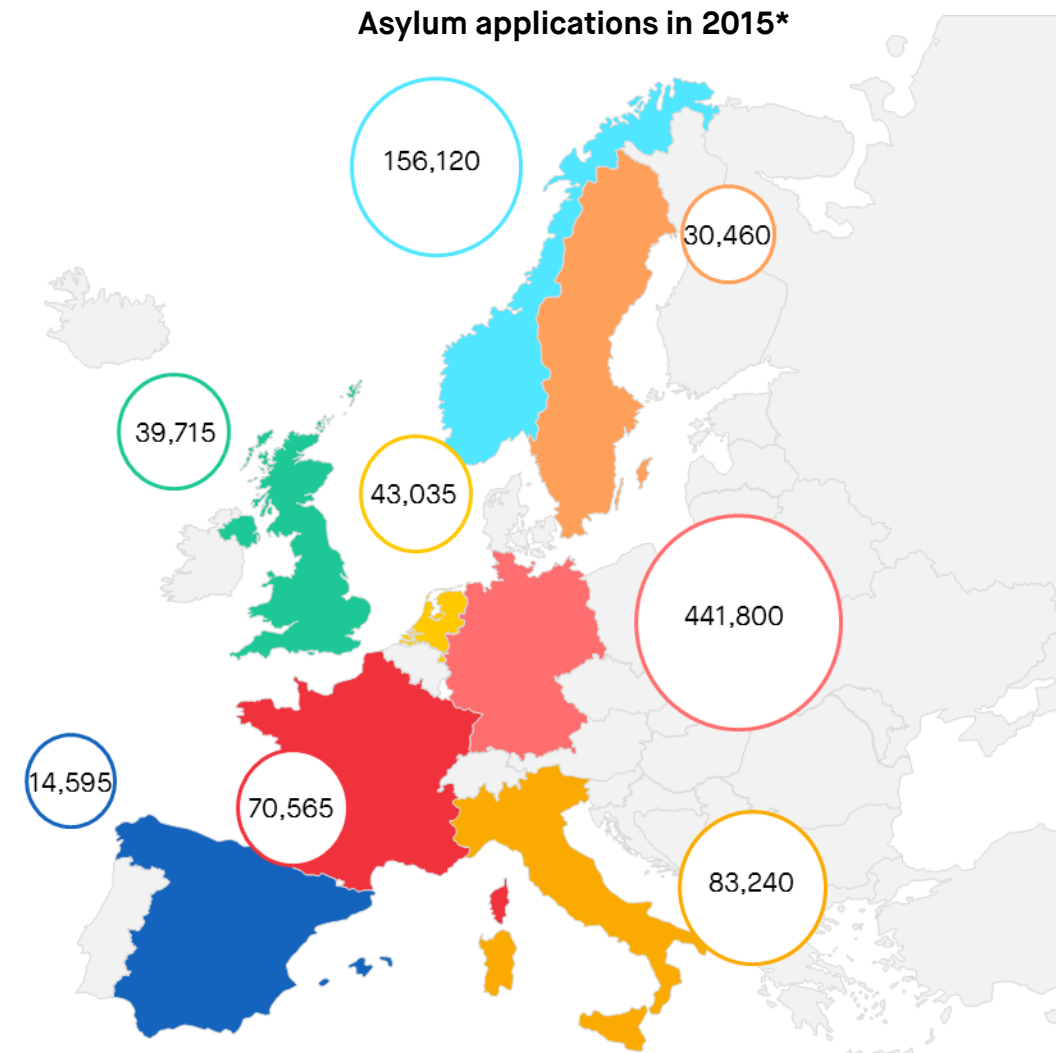
Data: UNHCR, 2016 mid-year report, February 2017

Starting point: in 2015, record numbers of refugees reached Europe, leading to a range of restrictive policies

In recent years, flows of refugees to Europe reached unprecedented levels. In 2015 alone, 1.3 million applications for asylum were filed in the EU and Norway.*

Europe has responded in various ways to this crisis:

- Many countries have introduced restrictive policies over the course of late 2015 and 2016. For example, Sweden and Norway reinstated internal border controls and tightened their asylum rules.
- In March 2016, the EU signed the 'EU-Turkey Deal': Turkey agreed to take back irregular migrants crossing the Aegean sea, in return for EU financial assistance for refugees in Turkey. In addition, European countries took measures to shut down the 'Balkan route', including border closures and more effective crackdowns on smuggling networks. This has led to a sharp drop in refugee arrivals through the Balkan route.
- However, the closing of the Balkan route has led to greater numbers of refugees arriving from North Africa, particularly through Libya and Egypt. In 2016, 181,000 people crossed the Mediterranean Sea to Italy, a 20% rise from 2015. More than 5,000 people lost their lives while trying to reach Europe in 2016.



* This number refers to those who apply for asylum for the first time. Data source: UNHCR. 'Asylum seeker' refers to a person who has filed an application to receive asylum status, but whose claim has not yet been finally evaluated by national authorities. 'Refugee' refers to a person whose application has been accepted and who has been granted asylum. In this analysis, we use the term 'refugees' for all people who claim refugee status, independent of whether they have filed an application, or whether it has been accepted or rejected.

Situation now: the number of asylum seekers has decreased overall, but in 2017 the pressure remains

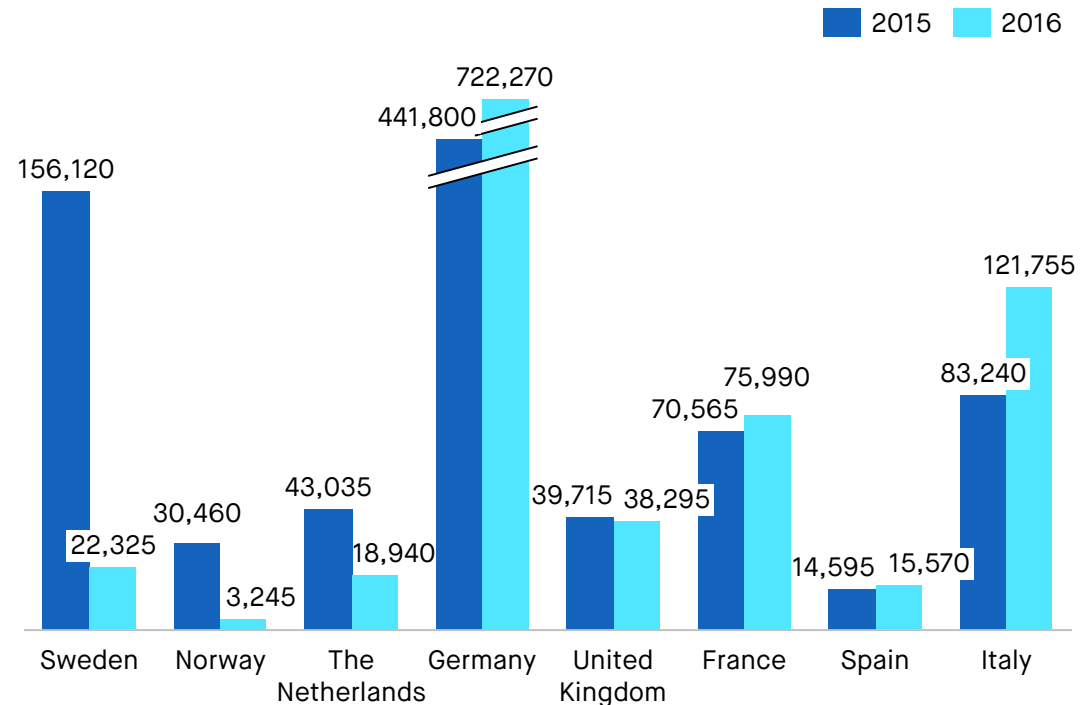
More restrictive immigration policies and the closure of the Balkan route have reduced refugee arrivals in 2016, but consequences vary across countries:

- In Sweden, Norway, and the Netherlands, the number of asylum applications sharply decreased in 2016.
- In Germany, the number of *refugee arrivals* went down from 890,000 in 2015 to 280,000 in 2016. However, the number of *asylum applications* increased in 2016 (see figure), as capacity limitations deferred the processing of 450,000 cases.
- Due to the shift in migration routes, Italy saw major increases in refugee arrivals in 2016, which reached an all-time high of 122,000.

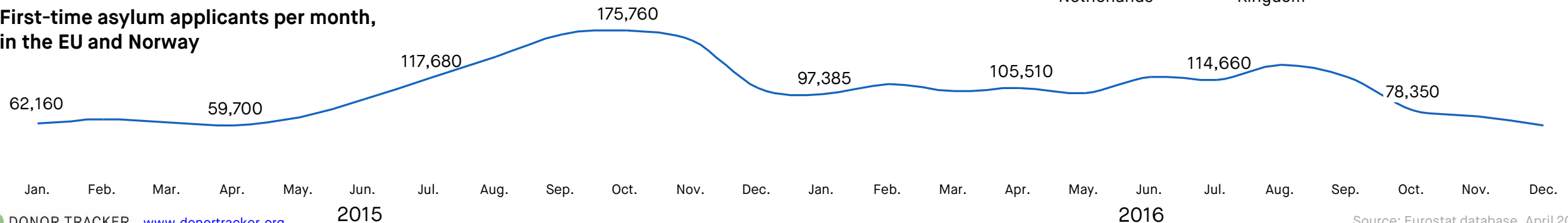
Numbers are likely to remain at high levels in 2017. According to the UN Migration Agency (IOM), 59,000 refugees arrived in Italy between January and May 2017, 45% more than during the same period last year. More than 1,500 people have lost their lives crossing the Mediterranean between January and May 2017.

First-time asylum applications per year and per country

Total EU and Norway in 2016: 1.2 million



First-time asylum applicants per month, in the EU and Norway



Europe-wide controversies on the costs of the refugee crisis affect development policies and funding

The refugee crisis has affected the development policies and ODA budgets of European donor countries in 3 ways:



1. IMPACT ON VOLUME OF FUNDING FOR DEVELOPMENT



2. IMPACT ON REPORTING OF COSTS FOR HOSTING REFUGEES AS ODA



3. IMPACT ON REALLOCATIONS WITHIN ODA BUDGET

Key findings - impact of the refugee crisis on development budgets



1. In-country refugee costs 'eat up' ODA budgets in some countries

In the Netherlands, Norway, and Sweden, costs for hosting refugees have reduced funding available for development programs abroad.



2. ODA-reportable costs for hosting refugees inflate ODA levels

Costs for hosting refugees make up increasing shares of ODA. Taken together, all donor countries spent 11% (US\$15.4 billion) of their ODA on refugee costs in 2016, up from 3% (US\$3.9 billion) in 2012. Germany (US\$6.2 billion; 25% of ODA) and Italy (US\$1.7 billion; 34% of ODA) spent by far the largest amounts of all European donors.



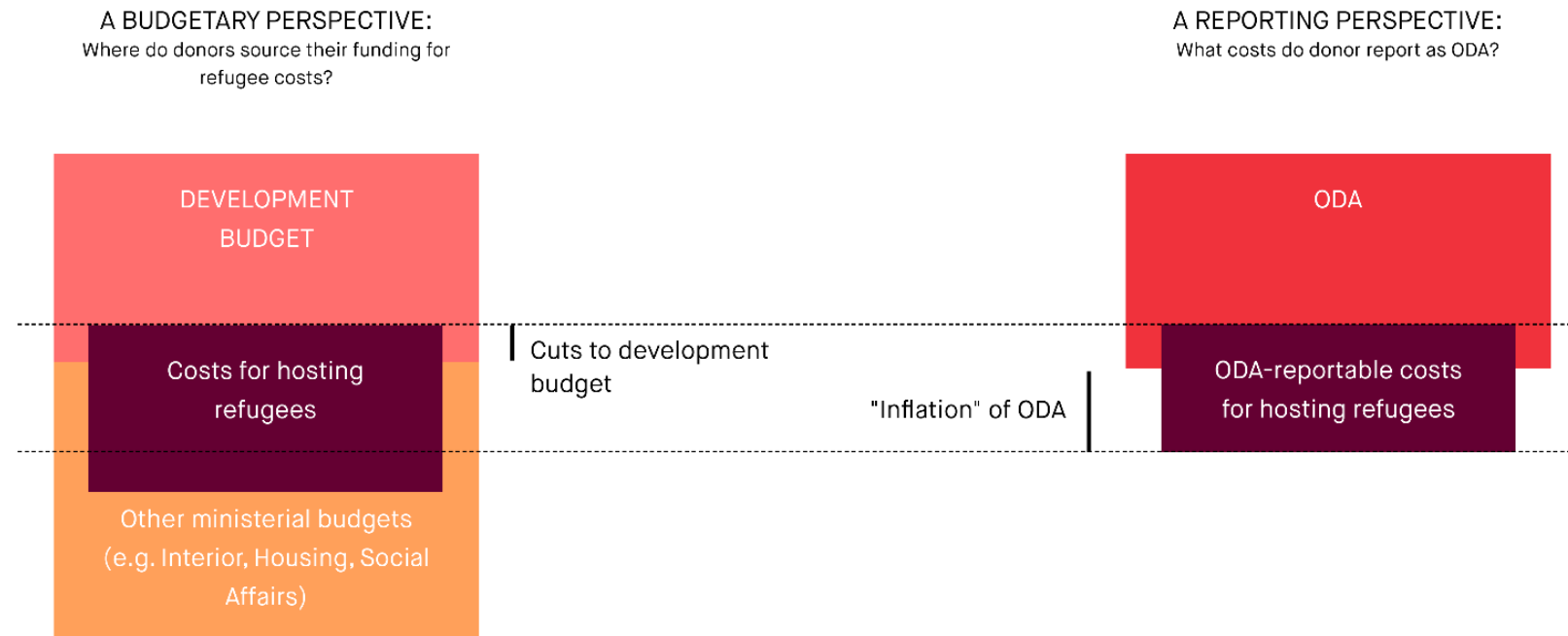
3. The refugee crisis induced shifts in ODA allocations

European donors are increasingly shifting their ODA towards humanitarian assistance and regions that are fragile or affected by conflict, particularly the Middle East and Africa.

To understand how refugee costs impact development spending, it is necessary to look at each donor's budget and reporting

Donors may report costs for hosting refugees as ODA – even if they do not use their development budgets to fund them

- Costs for hosting refugees are covered by different funding sources and ministerial budgets, depending on the country
- The development budget is one source of funding for refugee costs, among many others
- Expenditures during the first 12 months after a refugee's arrival may be reported as ODA; this includes, for example, costs for accommodation, food, and transport to the host country
- When refugee costs are added to the regular development budgets, it leads to an 'inflation' of ODA



*For more details on reporting procedures, see OECD methodological note on reporting refugee costs: <https://www.oecd.org/dac/stats/RefugeeCostsMethodologicalNote.pdf>

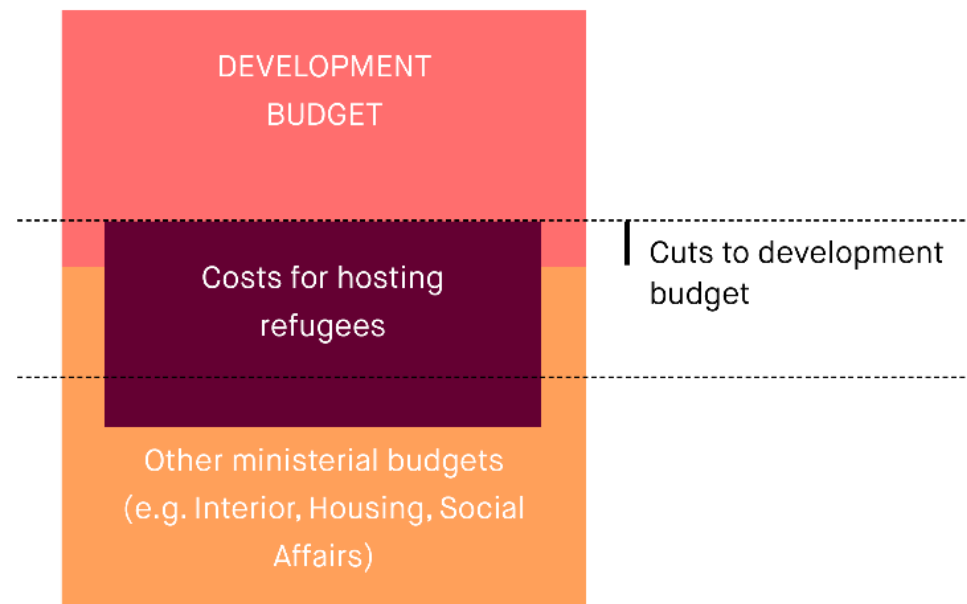
The increasing costs of hosting refugees have different implications for the volume of funding available for global development programs



Donors differ in the way they use their development assistance budgets to cover the costs of hosting refugees

Donors can be divided into three groups:

1. **Germany, France, Italy, and Spain** do not source the costs of hosting refugees from their ODA budgets, so these costs do **not lead to cuts to other development programs**. They may still report these costs as ODA afterwards; thus, the costs come 'on top' of the development budget and inflate ODA.
2. **The Netherlands, Norway, and Sweden** have used funds from their ODA budget to cover refugee costs; this has **reduced funding for other development programs**.
3. The **UK** uses a **mix** of the two approaches.



In Germany, France, Italy, and Spain, costs for hosting refugees come on top of ODA budgets



Some donor countries choose to cover the costs of hosting refugees with funds from outside of their ODA budget. This is the case for France, Germany, Italy, and Spain. Funds come from a variety of budgetary sources, e.g., the ministries of interior, health, social affairs, or justice.

- In **Germany**, refugee costs are reported on top of an already growing development budget. ODA-reportable refugee costs doubled between 2015 and 2016, reaching US\$6.2 billion in 2016 (25% of total ODA); this was a key driver behind Germany's reaching the international target of spending 0.7% of GNI on ODA for the first time in 2016 (without refugee costs, the ODA/GNI share would have stood at 0.52%).
- In **Italy**, costs for hosting refugees also significantly inflate ODA levels, but are not sourced from the development budget. In 2016, they made up 34% (US\$1.7 billion) of Italy's total ODA; costs are expected to further increase to about US\$1.9 billion in 2017 due to the continuing high numbers of refugees arriving from North Africa.
- In **France**, the share of ODA spent on hosting refugees has been low in comparison (5% in 2016). The costs have no direct impact on the volume of funding available for development: they are sourced from budgets that do not fund development programs, and are expected to remain at low levels in 2017.
- In **Spain**, costs for hosting refugees accounted for only 1% of ODA in 2016; this share is expected to increase to 9% in 2017, as the government is starting to report more costs for hosting refugees as ODA. However, these costs also come on top of funding budgeted for development programs abroad, and thus only inflate ODA levels.



The Netherlands, Norway, and Sweden use parts of their ODA budget to cover the costs of hosting refugees



In the Netherlands, Norway, and Sweden, parts of the costs of hosting refugees are sourced from development budgets; this has led to some reductions in funding for development programs abroad. However, due to lower than expected numbers of refugees in all three countries, part of the funds they have each earmarked for hosting refugees have since been reallocated to development programs.

- In 2015, **Sweden** spent a record 34% of its ODA on hosting refugees, which was partially taken from the development budget. For 2016, the government had capped the share of ODA budget that could be diverted to cover refugee costs at 28%. However, following more restrictive policies on refugee arrivals, refugee costs were lower than had been budgeted. The government reallocated funds to the programs it had cut. In the end, Sweden spent 17% of its ODA on hosting refugees in 2016. As refugee costs are also lower than expected in 2017, US\$154 million initially set aside will be reallocated to development programs.
- **Norway** also uses ODA funds to cover the costs of hosting refugees. In its 2016 budget, the government had put aside 30% of ODA funds for refugee costs. As in Sweden, lower refugee-related expenses than budgeted for led to a reallocation of the funds originally diverted to refugee costs. In the end, Norway spent 18% of its ODA budget on refugee costs in 2016. This occurred again in May 2017, when the government reallocated US\$43 million earmarked for hosting refugees to development programs.
- In **the Netherlands**, costs for hosting refugees peaked at US\$1.3 billion in 2015, when they accounted for 23% of Dutch ODA. In 2016, costs for refugees taken from the ODA budget were expected to amount to US\$791 million. However, at the end of the year, the government had only spent US\$460 million of this amount, following a sharp drop in new arrivals of refugees. The government then reallocated US\$511 million to the ODA budget for 2016 and 2017.

The UK's ODA-reportable costs of hosting refugees count towards 0.7% target but are expected to remain moderate



Funds to cover refugee-related costs are not diverted from DFID budget

- In comparison to other donor countries, costs for hosting refugees only make up a small share of the UK's ODA: In 2016, these costs made up 3% of ODA (US\$613 million). They are expected to remain at similar levels in 2017, as the number of asylum applications has remained stable (around 40,000 each year in 2015 and 2016).
- Some costs for hosting refugees are taken from the budget dedicated to meeting the target of spending 0.7% of the UK's gross national income (GNI) on ODA. For example, the UK has set aside US\$703 million from the ODA budget for 2016 to 2020 to cover parts of the costs for resettling 20,000 Syrian refugees in the UK.
- The Department for International Development (DFID) is not directly negatively affected by the costs of hosting refugees in the UK, and its budget has not been cut.
- However, as parts of the costs for hosting refugees are - like DFID's budget - sourced from the 0.7% ODA budget, refugee costs reduce the amount of additional funding that could potentially be allocated to DFID, and other departments that fund ODA programs.

Refugee costs can be reported as ODA, but donors' practices differ



Most European donors report costs for hosting refugees as ODA, but the way in which they do so varies.

The OECD's Development Assistance Committee (DAC) allows its member countries to report some costs of hosting refugees in their countries as ODA. This comprises:

- Expenditures during the first 12 months of a refugee's stay
- Temporary sustenance (e.g. for food and accommodation), expenditures for voluntary resettlement into a developing country, and transport to the host country.

But reporting practices differ widely across donors...

- Some countries report costs as soon as a person has arrived in the country, while others only report costs for the period after asylum status is obtained.
- Types of expenditures reported also differ: e.g. food, accommodation, medical care, language training, administrative costs.*

... leading the OECD DAC to launch a process that aims to align reporting practices.

- In 2016, the OECD DAC agreed to issue guidelines for standard reporting of refugee costs; a Temporary Working Group on Refugees and Migration is currently developing proposals, and a decision may be taken at the DAC High Level Meeting in late 2017.

Total costs for hosting refugees
in donor country

ODA-reportable costs
for hosting refugees in
donor country

*For more details on reporting procedures, see OECD methodological note on reporting refugee costs: <https://www.oecd.org/dac/stats/RefugeeCostsMethodologicalNote.pdf>



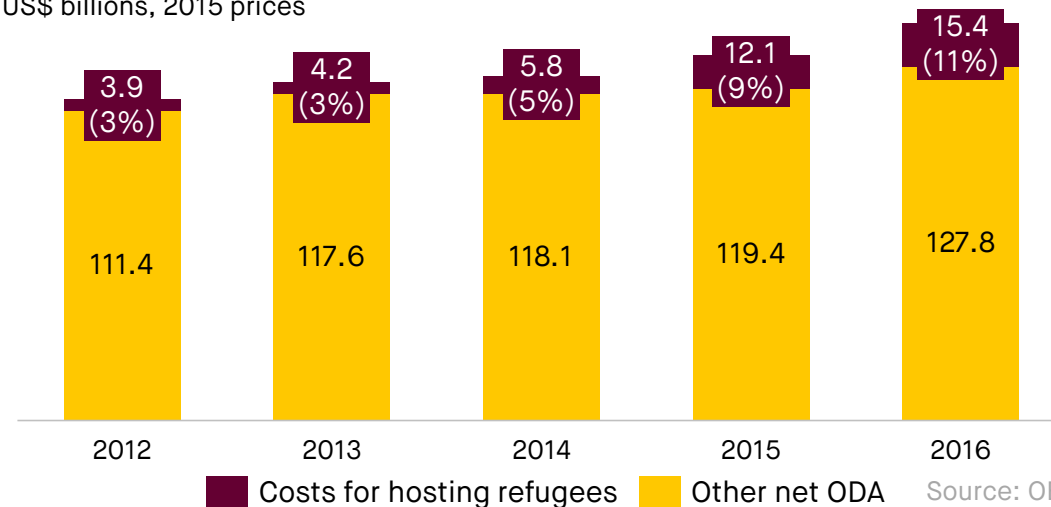
Costs of hosting refugees make up increasing shares of donors' ODA



ODA-reportable costs of hosting refugees have consistently increased over the past five years

- Costs of hosting refugees nearly quadrupled since 2012, reaching US\$15.4 billion in 2016. This corresponds to 11% of the total ODA provided by all 29 DAC donor countries.
- In comparison, in 2012, costs of hosting refugees amounted to US\$3.9 billion, accounting for 3% of total ODA.

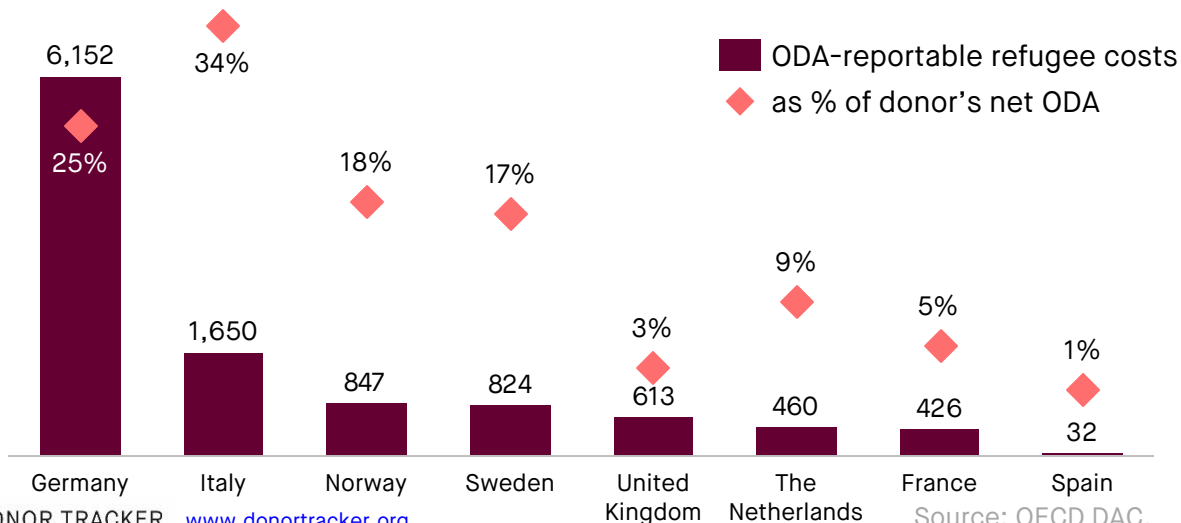
ODA-reportable costs of hosting refugees, all DAC donor countries, 2012-2015
US\$ billions, 2015 prices



Source: OECD DAC.

ODA-reportable costs of hosting refugees, 2016, 8 largest European donor countries

US\$ billions, 2015 prices



Source: OECD DAC.

The eight largest European donors account for 75% (US\$11 billion) of the refugee costs reported by all DAC donors in 2016

- Four of these eight countries spent more than 15% of their ODA on refugee costs in 2016, led by Italy (34%) and Germany (25%).
- Germany and Italy also spent by far the largest amounts in absolute terms; together, they account for more than half (US\$8 billion) of all refugee costs reported by DAC countries.



European donors redirect funding increasingly towards fragile and conflict-affected regions



European donors are shifting their focus to the Middle East and Africa, and overall, fragile regions affected by conflicts and humanitarian crises.



- The **UK** allocates 50% of DFID's budget to fragile and conflict-affected regions. The government is also using the new cross-government Conflict Stability and Security Fund to 'mitigate the spill-over of the Syrian conflict into Jordan and Lebanon'.



- **Germany** has set up three special initiatives: 'Tackling root causes of migration', 'Stability and development in North Africa and the Middle East', and 'A world without hunger'.



- **France** is strengthening its focus on the Sahel region in Africa, where it funds projects in areas such as agriculture, nutrition, health, and education, to promote regional stability.

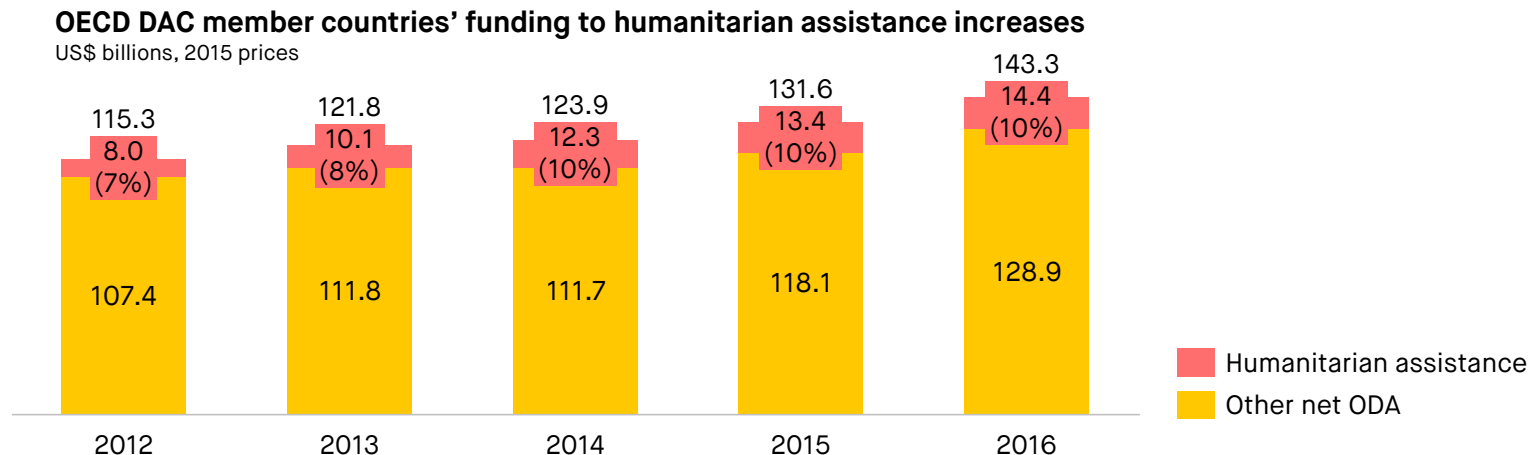


- In 2017, **Norway's** government announced an increased presence and position in vulnerable and conflict-affected states, targeting particularly the Middle East, North Africa, and the Sahel region.

European donors spend more on humanitarian assistance



In response to the refugee crisis, European donors are increasingly earmarking parts of their development budgets to humanitarian and emergency assistance. This includes the set-up of various funds to tackle crisis in conflict-affected areas.



- Humanitarian assistance provided by all 29 OECD donor countries increased by 80% between 2012 and 2016, peaking at US\$14.4 billion in 2016. In comparison, total ODA only increased by 24% from 2012 and 2016.
- Between 2016 and 2017, the Swedish government increased its development agency's (Sida) budget for humanitarian assistance by 7% to reach US\$377 million. In May 2017, it announced additional funding for Sida of US\$12 million.
- In Norway, in 2017, the humanitarian and emergency assistance budget reached a record high of US\$580 million. The Netherlands' budget for humanitarian assistance peaked at US\$593 million in 2015, before decreasing again to US\$366 million in 2017. High levels were driven by a new Emergency Relief Fund (US\$686 million for 2014 to 2017) and increased support to Syria.
- In the UK, the share of humanitarian assistance within DFID's budget went from 6% in 2010 to 14% in 2015. On top of this, the UK has set up cross-government funds, such as the Conflict Stability and Security Fund (CSSF), aiming to address conflict and instability.



A group of refugees, including men, women, and children, are walking along a paved sidewalk. They are carrying various items, such as bags, jackets, and boxes, suggesting they are in transit. The background shows a city street with palm trees and buildings under a cloudy sky. The text is overlaid on the image in a large, white, sans-serif font.

**UNDERSTANDING THE IMPACT OF THE
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COUNTRY PROFILES

Germany

Skyrocketing refugee costs come on top of planned ODA increases

High numbers of refugees arriving in Germany stir debate on ODA conditionality

- In 2015, 890,000 asylum seekers reached Germany. The number plummeted to 280,000 in 2016, due to tighter border controls and lockdowns in other European countries, tighter asylum rules, and the EU-Turkey deal.
- High numbers of asylum-seekers have generated debate on tying ODA to partner countries to cooperation on migration policies. Migration and refugee management will likely remain key issues in the run up to the September 2017 parliamentary election.

Germany plans substantial ODA increases to tackle causes of displacement

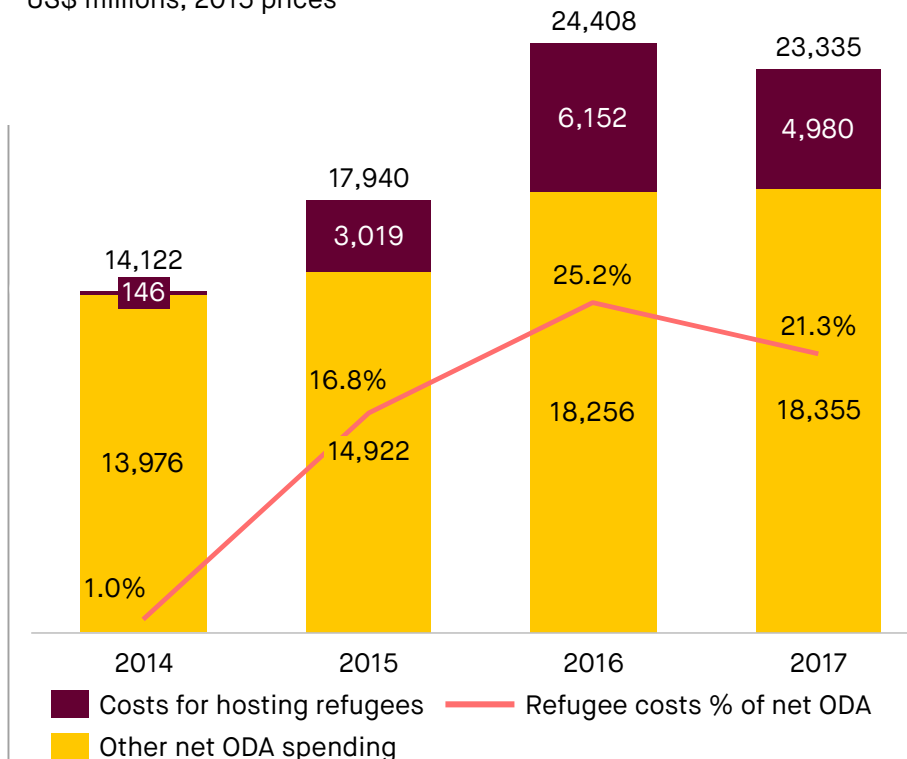
- ODA-reportable costs for hosting refugees doubled between 2015 and 2016, reaching US\$6.2 billion (or 25% of ODA). This contributed to Germany's reaching the 0.7% target in 2016 (ODA/GNI share without refugee costs: 0.52%); costs are expected to slightly decrease in 2017, and then decrease more sharply in 2018.
- The budget of the German Development Ministry (BMZ) has increased by US\$1.1 billion in 2017 alone compared to 2016; additional funds are largely dedicated to tackling the root causes of displacement.

More funding is allocated towards humanitarian assistance and the MENA region

- Since 2013, Germany has seen a six-fold increase in its humanitarian assistance spending. At the 2016 Syria conference, Germany pledged US\$2.5 billion for humanitarian assistance from 2016 to 2018.
- Three special initiatives launched by BMZ – 'Tackling root causes of migration', 'Stability and development in North Africa and the Middle East', and 'One World – no hunger' focus on the MENA region and Africa, and aim to stabilize partner countries and mitigate migration flows to Europe.

Costs for hosting refugees

US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

United Kingdom

Costs for hosting refugees are partially taken from the 0.7% spending target

The UK receives few asylum seekers in comparison with other European countries

- The UK receives relatively few asylum applications: 40,000 in 2015, and similar levels (38,000) in 2016. The government pledged to resettle up to 20,000 Syrian refugees between 2015 and 2020.
- It has also decided to take in 480 unaccompanied child refugees from within Europe, though the scheme that was originally expected to cover 3,000 child refugees has been put on hold.

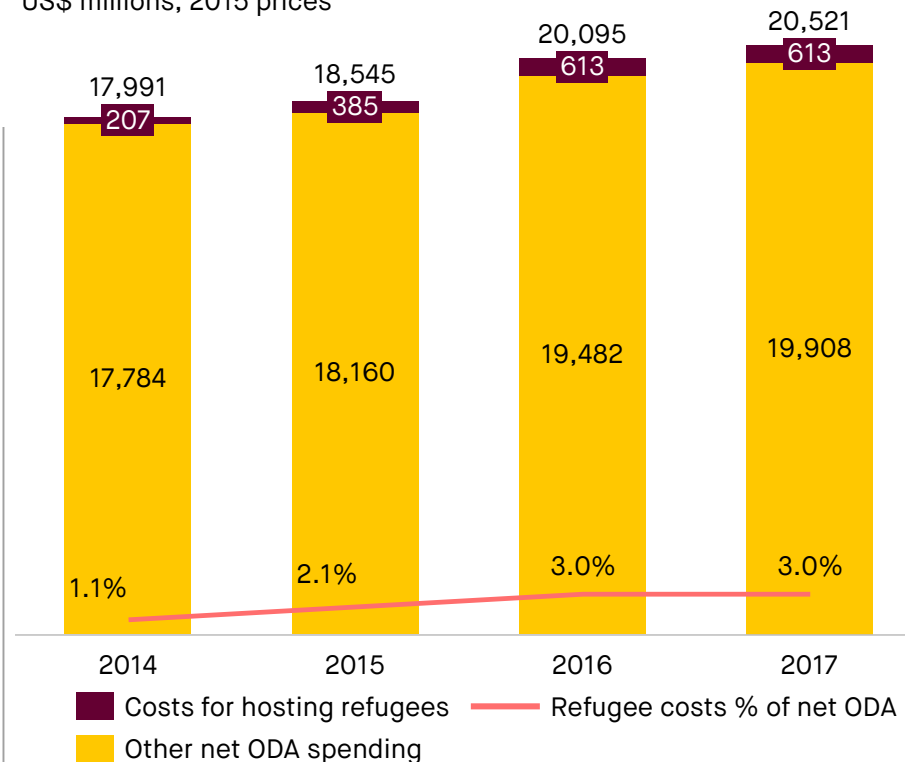
Refugee costs do not directly affect DFID's budget, but fall under the 0.7% target

- The UK's 0.7% spending target is enshrined in law. The UK covers ODA-reportable refugee costs from within its 0.7% target, but does not directly take funding from DFID's budget to do so.
- However, as ODA-reportable refugee costs are taken from the 0.7% spending target, this reduces the amount of funding that could potentially be allocated to DFID and other departments that provide ODA. The UK has set aside US\$703 million for the resettlement of 20,000 Syrian refugees from 2016 to 2020, taken from the ODA budget.

DFID focuses increasingly on fragile and conflict-affected areas

- The refugee crisis induced a shift in bilateral allocations towards fragile and conflict-affected regions: DFID spends at least 50% of its budget on these
- The Conflict Stability and Security Fund, launched in 2015, is a cross-government fund with a yearly budget of US\$1.5 billion; it is set to increase to US\$2 billion by 2019/2020. Around half of this counts as ODA. In addition, the UK set up a new US\$764-million ODA 'crisis reserve' in 2015/2016.

Costs for hosting refugees
US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

France

Costs for hosting refugees have no direct impact on the development budget

Arrivals of asylum seekers remained stable throughout 2015 and 2016, but immigration and asylum policies are contentious

- France accepted the third-largest number of asylum applications in Europe in 2015 (76,000), a number that remained stable in 2016.
- Refugee policy is a contentious political issue, following terrorist attacks in Paris and Nice in 2015 and 2016. The government is not in favor of participating in further EU relocation schemes, despite actively taking part in the first one.

The refugee crisis has had no direct impact on France's ODA budget

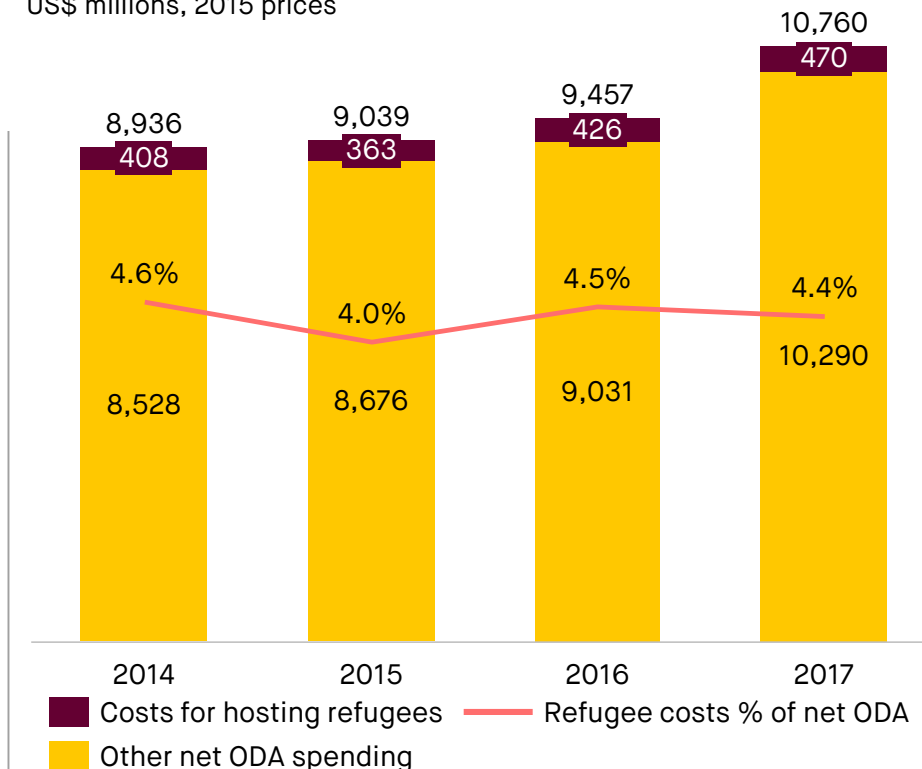
- Refugee costs are mainly covered by the ministries of housing and of the interior: this means that they have no immediate negative impact on France's development budget.
- ODA-reportable refugee costs are expected to remain stable between 2016 and 2017, at a comparably low level (US\$470 million is budgeted for 2017).

France focuses on stabilization, and addressing security-related threats

- French ODA funding increasingly focuses on addressing security- and terrorism-related threats abroad (especially in the Sahel region).
- The government made a large pledge at the Syria conference in February 2016: US\$1.2 billion for 2016 to 2020.
- From 2017 onwards, France will allocate US\$111 million per year to a facility for alleviating vulnerability and responding to crises, managed by the French Development Agency (AFD).

Costs for hosting refugees

US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

The Netherlands

Costs for hosting refugees have put pressure on ODA budget, on top of planned budget cuts

Fewer asylum seekers arrived in the Netherlands than the government had budgeted for in 2016

- In 2015, the Netherlands received 43,000 asylum applications, 64% more than originally budgeted for. For 2016, the government had set the ceiling for new arrivals at 58,000; however, only 19,000 refugees applied for asylum throughout the year.
- Debates on asylum in the public sphere have revolved around asylum seekers' integration in Dutch society. The Netherlands focuses on a quick asylum procedure, including swift rejection of applications from 'safe countries of origin'.

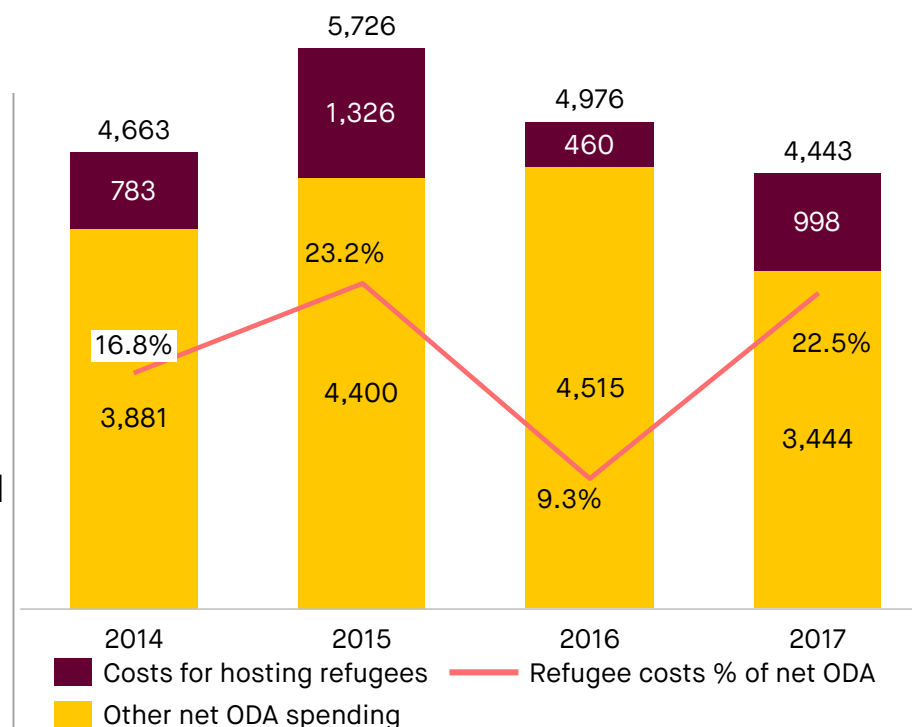
Costs for hosting refugees reduce funding available for development programs

- The government covers costs for hosting refugees with funds falling under the ODA budget. This reduces funding available for development programs. Costs for hosting refugees peaked at 23% of ODA in 2015, before falling to 9% in 2016. US\$511 million was reallocated to the ODA budget for 2016 and 2017, as the number of refugees who arrived was much lower than expected.
- Refugee costs place ongoing pressure on the ODA budget: parts of the costs for refugees have been frontloaded and will be financed from future ODA budgets.

Thematic priorities are not effected by budget cuts

- The establishment of the Emergency Relief Fund (ERF; initially US\$633 million for 2014 to 2017) drove high levels of funding for humanitarian assistance in 2015 and 2016. In 2017, the ERF benefitted from an additional US\$53 million, US\$34 million of which comes from unused refugee funds. After 2017, the humanitarian assistance budget is likely to decrease slightly, as the ERF will come to an end.
- The Netherlands pledged US\$139 million at the Syria Conference for 2016: US\$83 million of this amount will be spent on emergency assistance.

Costs for hosting refugees
US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

Sweden

Sweden partially covers the costs of hosting refugees with its ODA budget, set at 1% of GNI

Between 2015 and 2016, the number of refugee arrivals dropped significantly

- 156,000 asylum applications were filed in Sweden in 2015, making it the second-largest host country in Europe in relation to its population. Applications dropped to 22,000 in 2016, following tighter migration policies, including reinstated border controls.
- Compared to many other European countries, the Swedish population supports welcoming policies towards refugees. In the first half of 2017, however, surveys show growing support for tougher policies, e.g. towards people whose asylum applications were rejected.

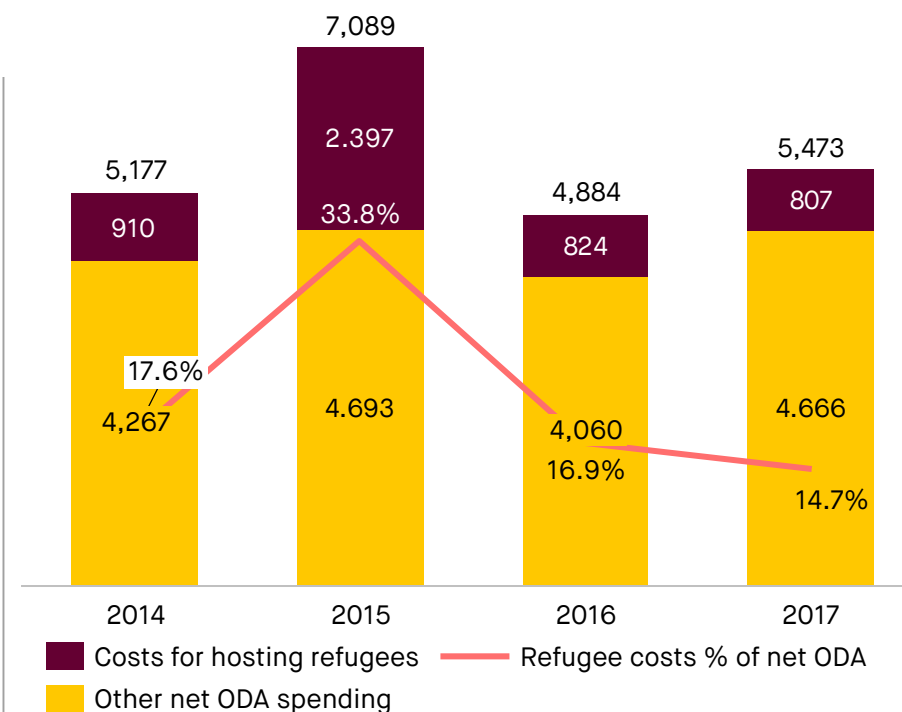
Sweden partly diverts its ODA budget to cover in-country refugee costs

- Since 2015, Sweden has used its ODA budget for refugee costs, stirring public debate. In 2016, 28% of its ODA budget was initially cut. As refugee costs were lower than expected, unused funds were reallocated to development programs, resulting in a US\$273 million ODA increase compared to the initial budget.
- Decreasing refugee costs free up funding for development programs: For 2017, the government lowered funds budgeted for refugees from US\$960 million to US\$807 million. It will reallocate the recovered funds largely to sexual and reproductive health and rights, humanitarian assistance, and climate work.

Increased focus on conflict-affected areas, and on humanitarian assistance

- Sweden has increased funding to conflict-affected areas. Reallocations in 2017 will benefit sub-Saharan Africa and the MENA region, which is also receiving more funds: between 2015 and 2016, allocations to MENA increased by 27%.
- In 2017, the initial budget for humanitarian assistance amounted to US\$688 million. By May 2017, the government had topped it up with an additional US\$42 million, partly as a result of reallocations of unused refugee funding.

Costs for hosting refugees
US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

Italy

High refugee costs inflate Italy's ODA levels

Numbers of asylum seekers in Italy continue to rise following the closing of other migration routes

- In 2016, 122,000 asylum seekers filed applications in Italy (up from 26,000 in 2013). Unlike many European countries, these numbers are not expected to decrease, due to the shift in migration routes from the Balkans to North Africa and the Mediterranean Sea.
- The new government, in place since December 2016, is implementing tighter asylum policies (e.g. increased routine checks by police and opening of new detention centers), and has signed an agreement with Libya to curb migration flows.

Costs for hosting refugees inflate ODA levels

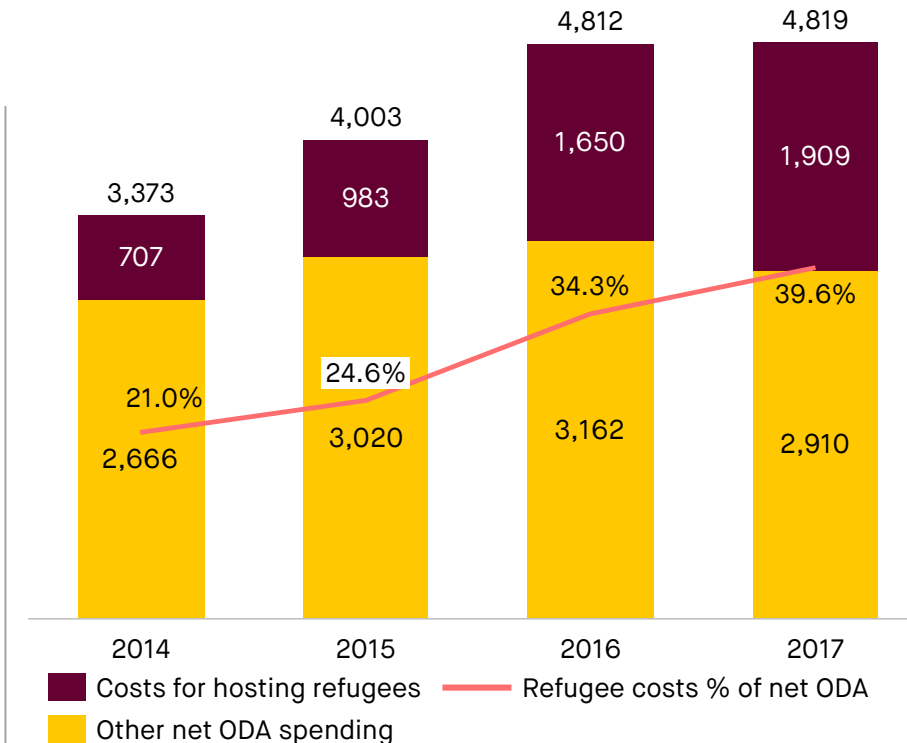
- Refugee costs in Italy are distinct from the ODA budget: they come from the Ministry of the Interior and thus have no impact on funding for global development programs.
- However, these costs inflate ODA levels: in 2016, they made up 34% of Italy's net ODA (US\$1.7 billion). In 2017, these costs are expected to continue to increase.

Italy takes international leadership on migration issues

- Italy pushes migration policies forward at an international level: The government made migration and Africa major cross-cutting priorities of its 2017 G7 Presidency.
- Italy pushes for a European solution: The EU relocation scheme aims to relocate 35,000 asylum seekers from Italy to other countries between 2015 and 2017. As of January 2017, fewer than 3,000 asylum seekers had been relocated.
- At the 2016 Conference for Syria in London, Italy pledged US\$400 million for Syria from 2016 to 2020, US\$150 million of which is for neighboring countries.

Costs for hosting refugees

US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

Norway

Decreasing refugee costs free up funding for development programs abroad

More restrictive refugee policies since 2016 have led to a drop in asylum applications filed in Norway

- In 2015, asylum applications peaked at 30,000. In 2016, the government had initially foreseen around 25,000 applications, a number that was later adjusted to 10,750. Finally, only 3,200 applications were filed – the lowest number since 1997. For 2017, the Norwegian government expects between 3,000 and 12,000 applications.
- Following the 2015 peak, the Norwegian government implemented a much more restrictive refugee policy, in place since early 2016. This included tighter border controls, leading to the drop in numbers of new arrivals in 2016.

Decreasing refugee costs free up funding for development

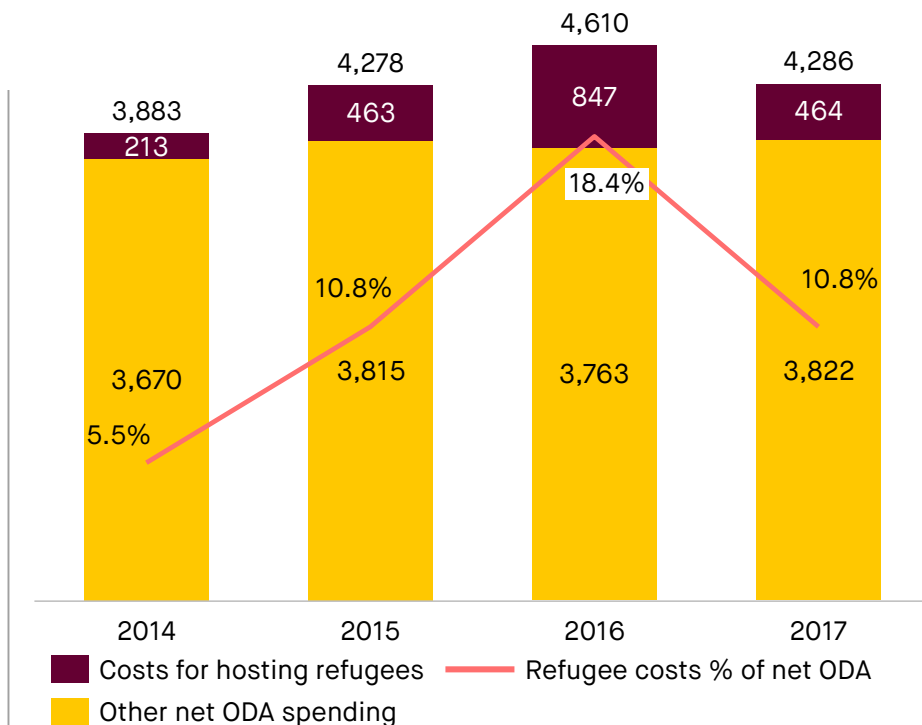
- Norway uses funds from its ODA budget to cover refugee costs. Costs for hosting refugees peaked in 2016 (US\$850 million), following a high influx at the end of 2015. The negative impact on ODA budget is likely to decrease significantly as refugee numbers remain low, freeing up funds for development abroad.
- In 2017, an initial US\$464 million had been put aside to cover refugee costs, under the 1% ODA/GNI spending floor Norway is committed to. In May 2017, the government reallocated US\$43 million of these funds to development programs.

Norway increases focus on humanitarian assistance budget and fragile states

- Norway's humanitarian assistance budget doubled between 2014 and 2017, reaching a record high US\$550 million. In addition, in May 2017, the government allocated an additional US\$34 million to humanitarian assistance for 2017, following lower refugee costs than budgeted.
- In April 2017, the Ministry of Foreign Affairs announced an increased presence and efforts in vulnerable regions, targeting more specifically the Middle East, North Africa, and the Sahel region.

Costs for hosting refugees

US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

Spain

Costs for hosting refugees are not taken from ODA budget, which remains at a low level

Spain has low numbers of refugee arrivals, but many years of experience with migration challenges

- Compared to other European countries, Spain has hosted very low numbers of refugees in recent years. In 2015 and 2016, around 15,000 asylum applications were filed each year.
- Due to its geographic position, Spain has historically faced migration-related challenges. In the 2000s, Spain established bilateral agreements with transit countries to contain migration flows, a policy that inspired the EU's responses to the current refugee crisis.

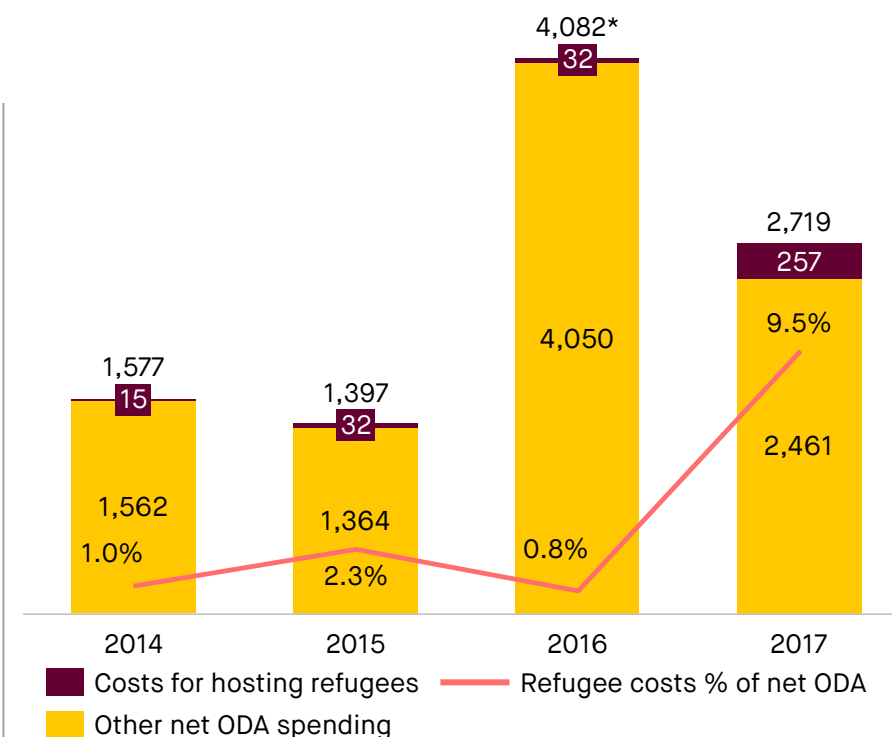
ODA-reportable costs for hosting refugees currently remain at a comparably low level

- Refugee costs made up 1% (US\$32 million) of ODA in 2016. This is expected to increase to 9% (US\$257 million) in 2017; these additional costs come 'on top' of funding budgeted for development programs abroad, and thus moderately inflate Spain's ODA levels.
- Budgetary constraints put high pressure on ODA, and despite a non-binding parliamentary resolution to increase ODA to 0.4% of GNI by 2020, substantial increases in funding for development programs abroad are unlikely.

Humanitarian engagement despite budget cuts to humanitarian assistance

- Due to the economic crisis, ODA overall significantly decreased over past years. Spain attempts to compensate its low ODA levels with efforts in humanitarian diplomacy (e.g. as pen-holder for the Syria crisis in the UN Security Council).
- In January 2017, Spain launched a new 'State Emergency Plan for Refugees' to support refugees at the European borders, financing it with US\$550,000 from its development agency (AECID) emergency reserves.

Costs for hosting refugees
US\$ millions, 2015 prices



Source: 2014-2016 figures according to OECD DAC (preliminary data for 2016, as of April 2017). 2017 figures: SEEK Development estimates based on government data.

*Very high levels of ODA in 2016 are driven by exceptionally high levels of debt relief to Cuba.

UNDERSTANDING THE IMPACT OF THE REFUGEE CRISIS ON EUROPEAN DONORS' DEVELOPMENT BUDGETS

An analysis by SEEK Development

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May 2017

This review can be quoted as:

SEEK Development (2017): Understanding the impact of the refugee crisis on European donors' development budgets.
Accessible at donortracker.org