

KEY QUESTIONS

the big six



How much ODA does Germany provide?

Germany is the 2nd-largest DAC donor and is further scaling up its development programs

Germany is the second-largest donor country, after the United States (US) (see ranking below). In 2018, it spent US\$25.0 billion on total ODA (current prices), according to preliminary data from the Organisation for Economic Co-operation and Development (OECD).

These numbers are based on the new methodology for measuring ODA loans which the OECD DAC will apply to ODA reporting for 2018 onward. Preliminary ODA figures for 2018 using this new methodology were first released in April 2019. This methodology, called 'grant-equivalent' methodology, provides a more accurate way to count donor efforts in concessional ODA loans because only the 'grant' portion of loans, expressed as a monetary value, is counted as ODA. For Germany, this means that its grant-equivalent ODA is 3.5% lower than it would have been according to the previous cash basis methodology.

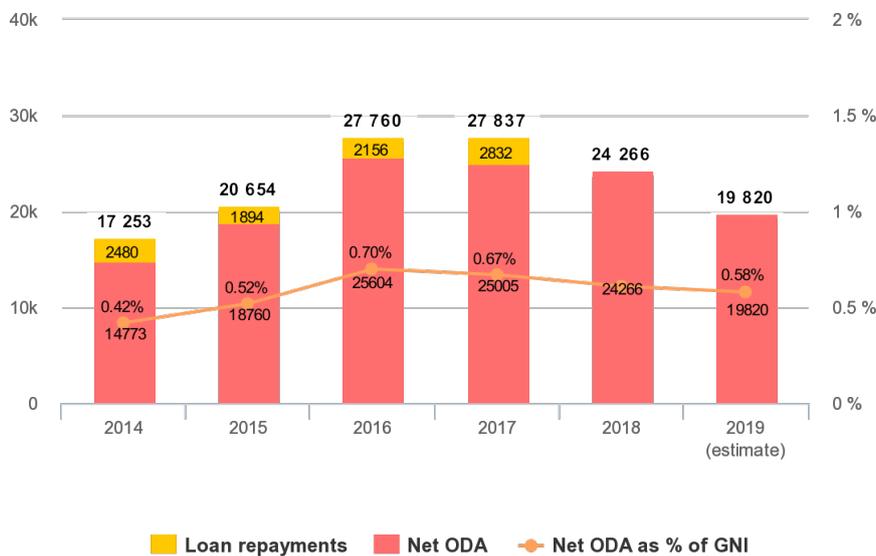
To allow for comparison overtime, the OECD still publishes net ODA disbursements according to the cash basis methodology. In 2018, net ODA decreased by 3% compared to 2017. Germany's net ODA in 2016 peaked at US\$25.6 billion, when it reached the United Nations (UN) target of 0.7% ODA to GNI for the first time. This peak was largely due to high costs of hosting refugees in Germany (US\$6.8 billion in 2016, up from US\$3.2 billion in 2015), but spending for development programs abroad had also risen significantly: When excluding refugee-related expenses, net ODA rose by 20% between 2015 and 2016.

Lower levels of net ODA in 2018 are explained primarily by a decrease in the costs of hosting refugees (-37%, down to US\$3.8 billion in 2018). When excluding the costs of hosting refugees, the German government committed to holding ODA at 0.51% of GNI in 2019 (the same share as 2018). Germany is one of the few European countries that does not offset these costs with cutbacks in funding for global development (e.g. Netherlands, Sweden, and Norway). Instead, refugee costs are considered separate and additional to budgeted funding for development, with funds coming from different ministries. In response to criticisms from civil society and parliament that including refugee-related costs gives a false impression of the volume of German ODA, the Federal Ministry of Finance communicated ODA/GNI projections for 2019 excluding these costs.

The budget of the Federal Ministry for Economic Cooperation and Development (BMZ) (on average 39% of total ODA, 2014-2016) increased significantly over the past four years. It grew by 63% since 2014 and is €10.2 billion (US\$11.5 billion) for 2019. Germany has framed these increases as a response to challenges arising from humanitarian crises, forced displacement, and climate change. The budget for 2020 is expected to remain at the 2019 level. BMZ's budget is projected to decrease between 2020 and 2023, dropping down to 2017 levels (€8.5 billion or US\$9.6 billion), according to the medium-term financial planning from April 2018. However, medium-term plans in the past have shown similar conservative planning patterns, while actual annual budgets were eventually higher. An updated medium-term financial plan for 2020 to 2023 is expected in mid-March 2019.

GERMANY'S GROSS/NET ODA DISBURSEMENTS

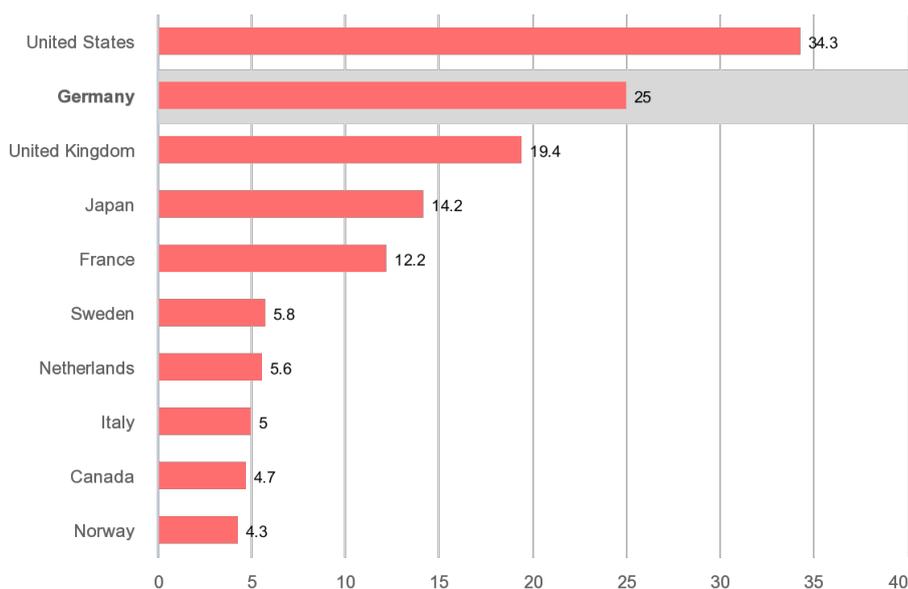
US\$ millions; in 2017 prices



OECD table DAC1. 2018 number according to preliminary data (April 2019).
ODA estimates for 2019 based on government data.

TOP 10 DAC DONOR COUNTRIES, 2018

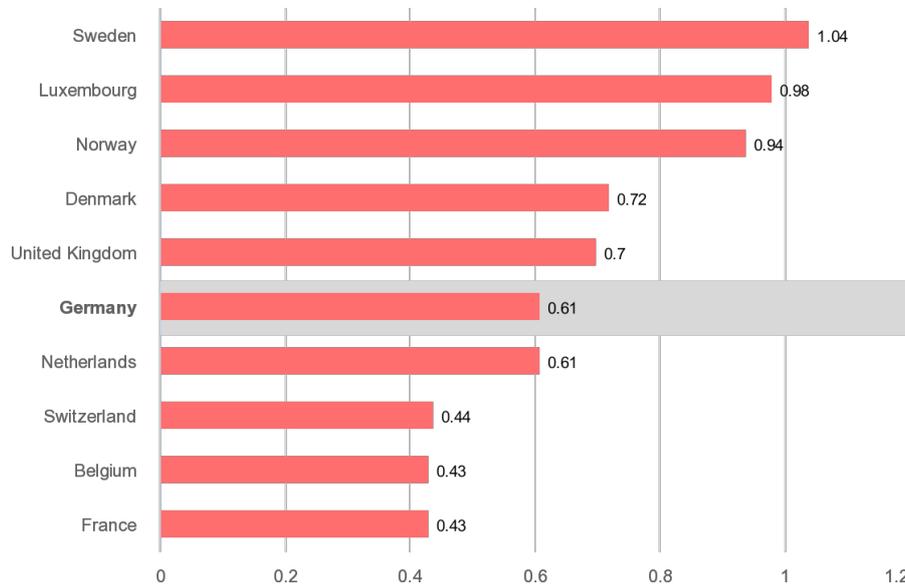
Total ODA Disbursements; US\$ billions; in current prices



OECD DAC preliminary data (April 2019).

TOP 10 DAC DONOR COUNTRIES, 2018

Total ODA as % of GNI



OECD DAC preliminary data (April 2019).

Further information: 2017 prices

To compare ODA levels in any given year with ODA levels provided in other years, figures need to be adjusted to account for inflation and exchange rate fluctuations. The OECD provides data that accounts for these fluctuations. In this profile, and unless indicated otherwise, figures are stated using 2017 prices.