

UN GLOBAL CRISIS RESPONSE GROUP

AID UNDER PRESSURE

3 accelerating shifts in official development assistance



**United
Nations**

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INTRODUCTION

Official Development Assistance (ODA) is more than just cash. It is a powerful way to make a difference where it matters most. For millions of people, ODA means a better life and better opportunities for the future.

ODA is the most stable and predictable source of external financing for developing countries, especially in times of crises. But international crises leave visible marks on it, generating new demands and reshuffling priorities.

ODA reached record levels in 2022. Yet, it remained US\$143 billion below the Sustainable Development Goal (SDG) 17 target. Moreover, aid flows to developing countries went down, and some shifts in allocation may not be conducive to achieving the SDGs.

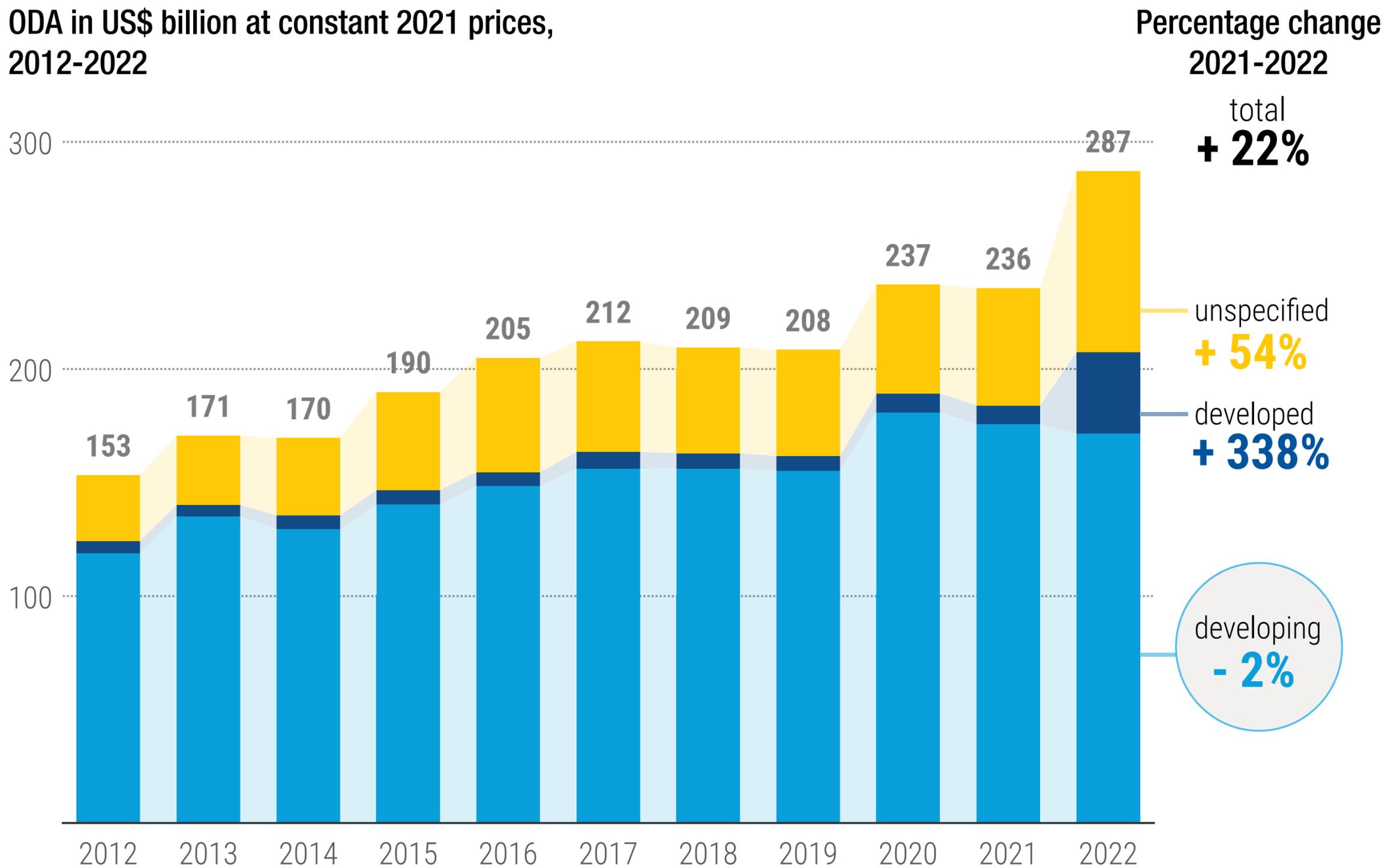
We must ensure that ODA does not falter when countries need it most.



International crises leave visible marks on the ODA landscape.

ODA to developing regions declined, despite global ODA reaching a record in 2022.

ODA in US\$ billion at constant 2021 prices, 2012-2022



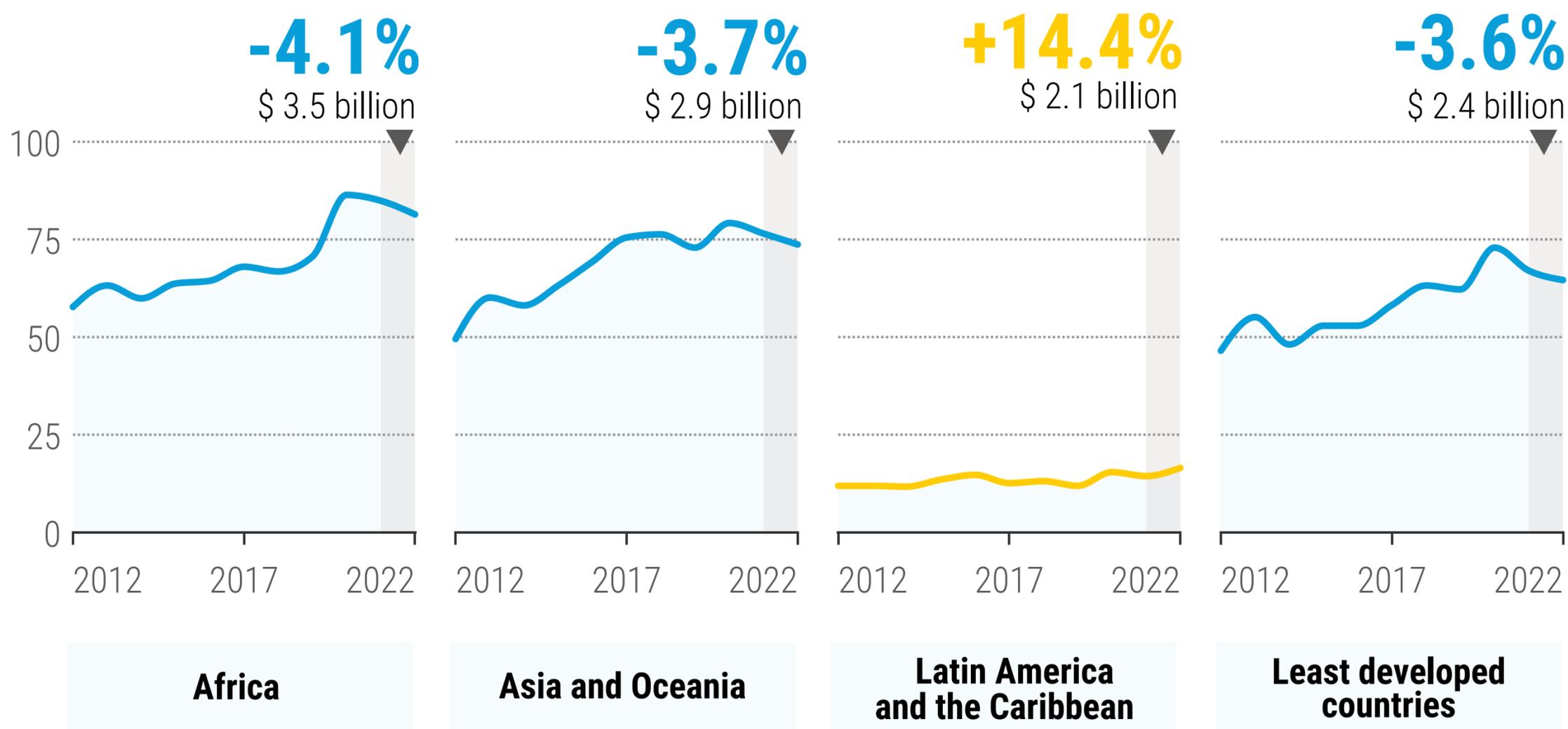
Source: UN GCRG based on OECD (Dec. 2023).

Note: ODA to unspecified recipients can benefit several regions or cannot be assigned to specific recipient countries or regions, such as ODA for refugees in donor countries, infectious disease control, research institutions, or administrative costs.

ODA fell for most developing regions.

ODA fell by more than 3.5% for Africa, Asia and Oceania and least developed countries between 2021 and 2022, while it increased for Latin America and the Caribbean.

ODA to developing regions and least developed countries in US\$ billion at constant 2021 prices, and changes between 2021 and 2022 in US\$ and %

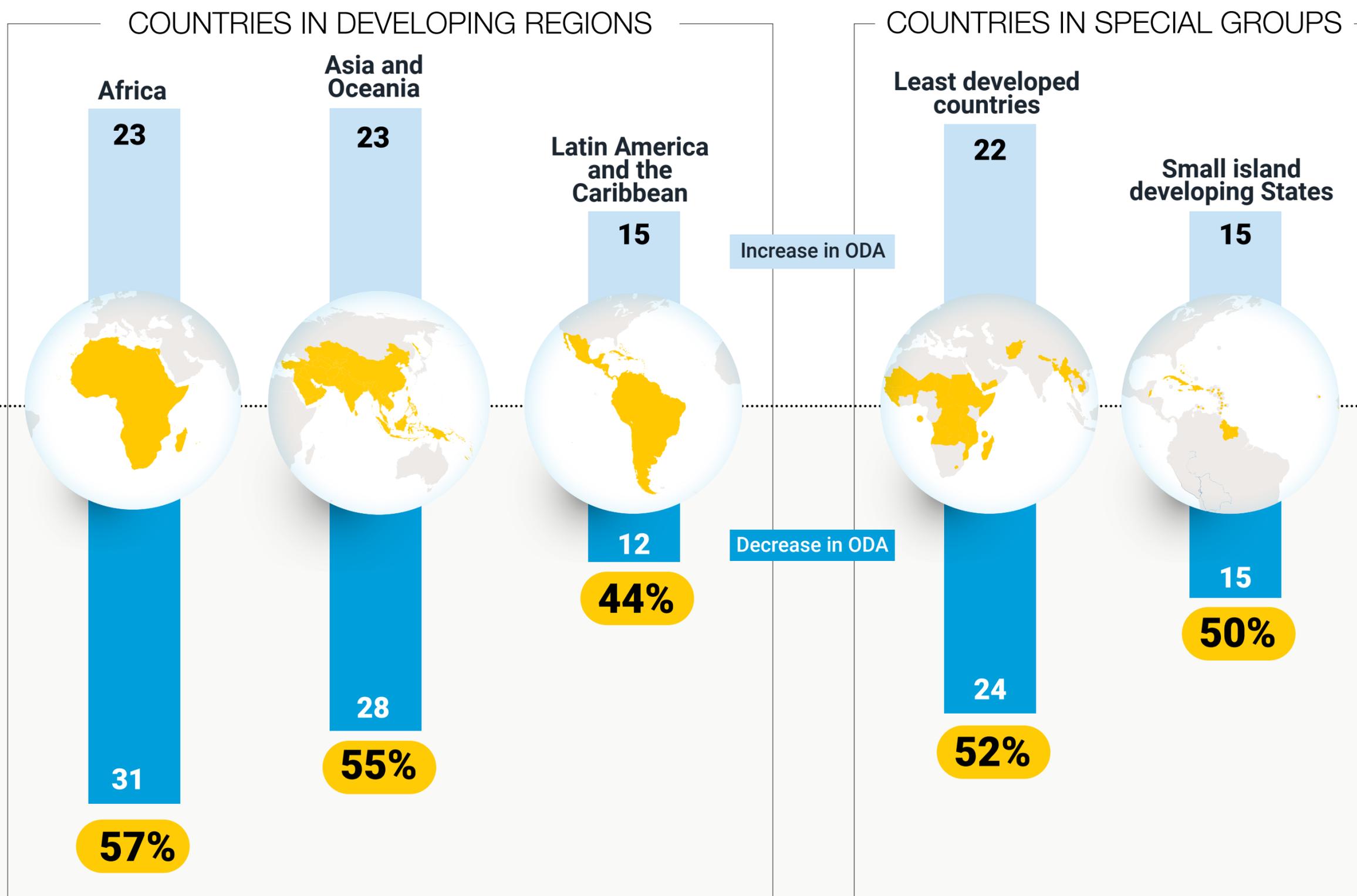


Source: UN GCRG based on OECD (Dec. 2023).

Note: Countries are classified by region and development status according to the UN M49 standard.

The decline in ODA affected the majority of developing countries.

Number of countries for which ODA in 2022 increased or decreased compared to the period 2019-2021



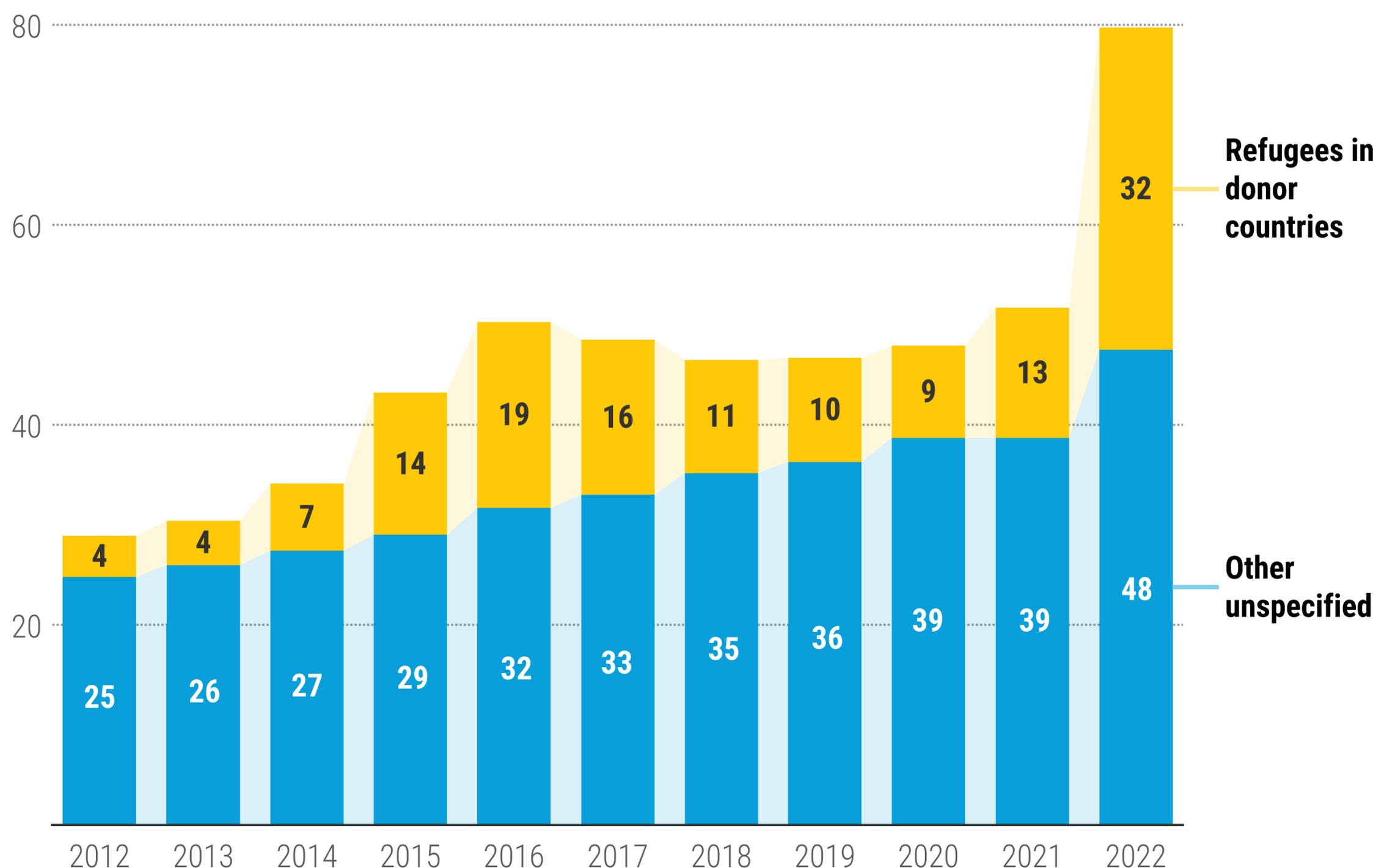
Source: UN GCRG based on OECD (Dec. 2023).

Note: Calculations based on disbursements in 2022 in US\$ billion at constant 2021 prices compared to the average for the period 2019-2021. Countries are classified by region and development status according to the UN M49 standard.

Total ODA increased notably due to support for refugees in donor countries.

ODA for asylum seekers and refugees increased to US\$32 billion, that is 40% of ODA towards “unspecified” recipients.

ODA towards “unspecified” recipients in US\$ billion at constant 2021 prices

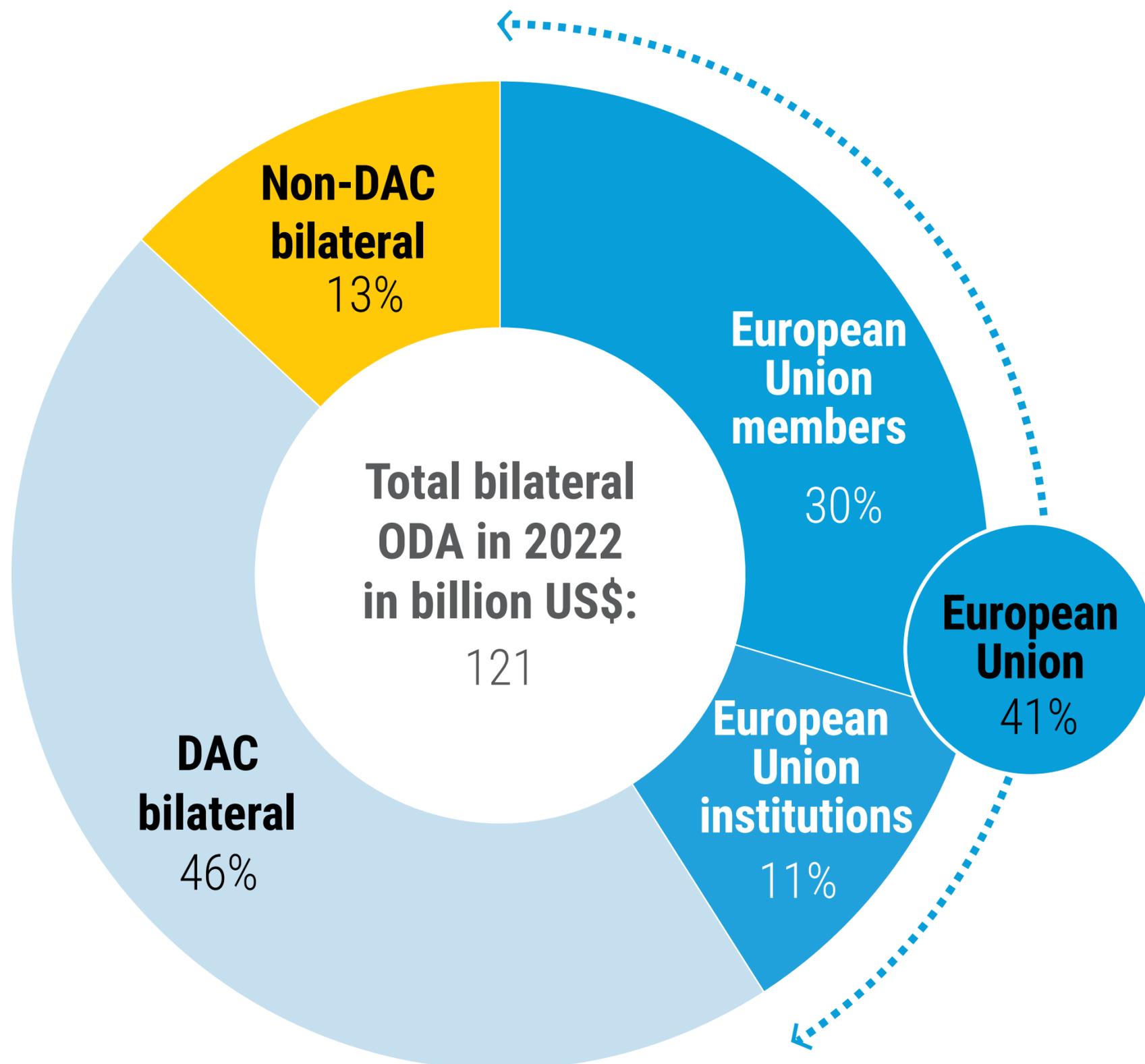


Source: UN GCRG based on OECD (Dec. 2023).

Note: ODA to unspecified recipients can benefit several regions or cannot be assigned to specific recipient countries or regions, such as ODA for refugees in donor countries, infectious disease control, research institutions, or administrative costs.

The European Union remains the biggest bilateral donor for developing countries.

It accounted for 41% of total bilateral ODA to developing countries in 2022.

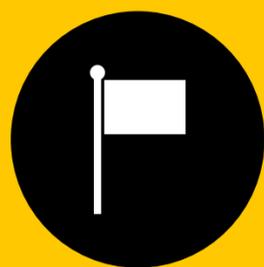


Source: UN GCRG based on OECD (Dec. 2023).

Notes: Based on ODA in US\$ billion at constant 2021 prices in 2022. DAC and Non-DAC bilateral donors excluding EU member States and institutions..

3 shifts in ODA to developing countries in 2022

Some may hinder sustainable development.



SHIFT 1

Multilateral donors increased their support during crises, but bilateral donors still account for the largest share of ODA.



SHIFT 2

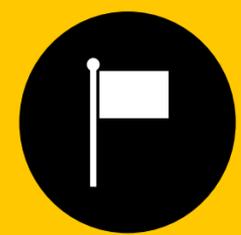
ODA shifts from grants to loans, increasing developing countries' debt burden.



SHIFT 3

The need for crises responses puts pressure on sustainable development financing.

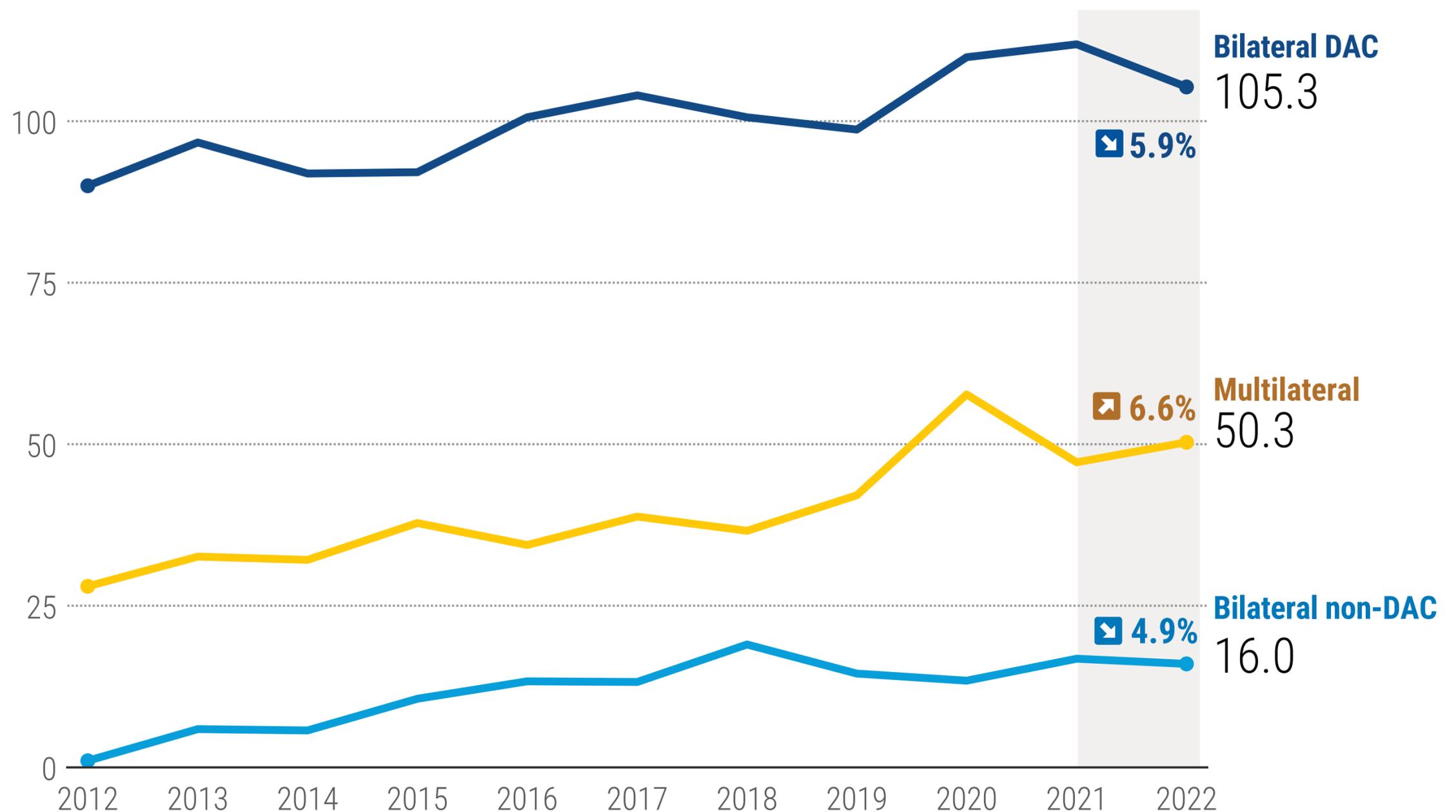
Multilateral donors increased their support during crises.



**SHIFT
1**

Only multilateral donors increased ODA to developing countries in 2022, but bilateral donors still account for the largest share of ODA.

ODA to developing regions by donor type in US\$ billion at constant 2021 prices



Source: UN GCRG based on OECD (Dec. 2023).

Note: Bilateral donors are distinguished according to the membership of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

ODA shifts from grants to loans, increasing developing countries' debt burden.

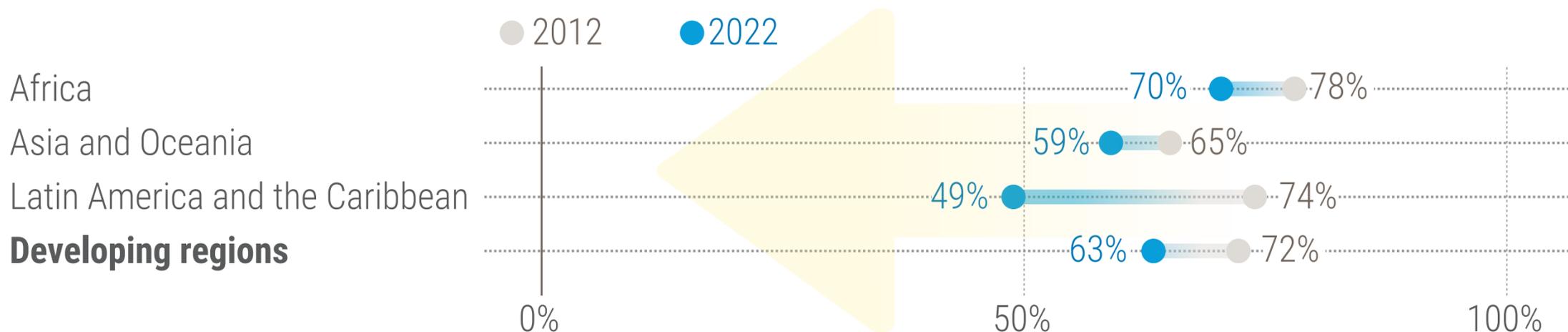


**SHIFT
2**

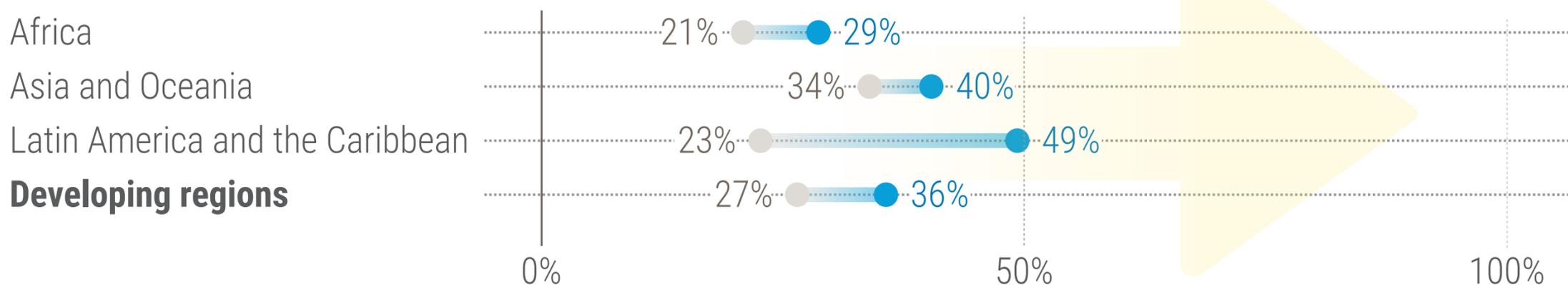
ODA grants stagnate across developing regions, prompting increased reliance on concessional loans.

ODA share by instrument and developing region, in 2012 and 2022

ODA Grants



ODA Loans



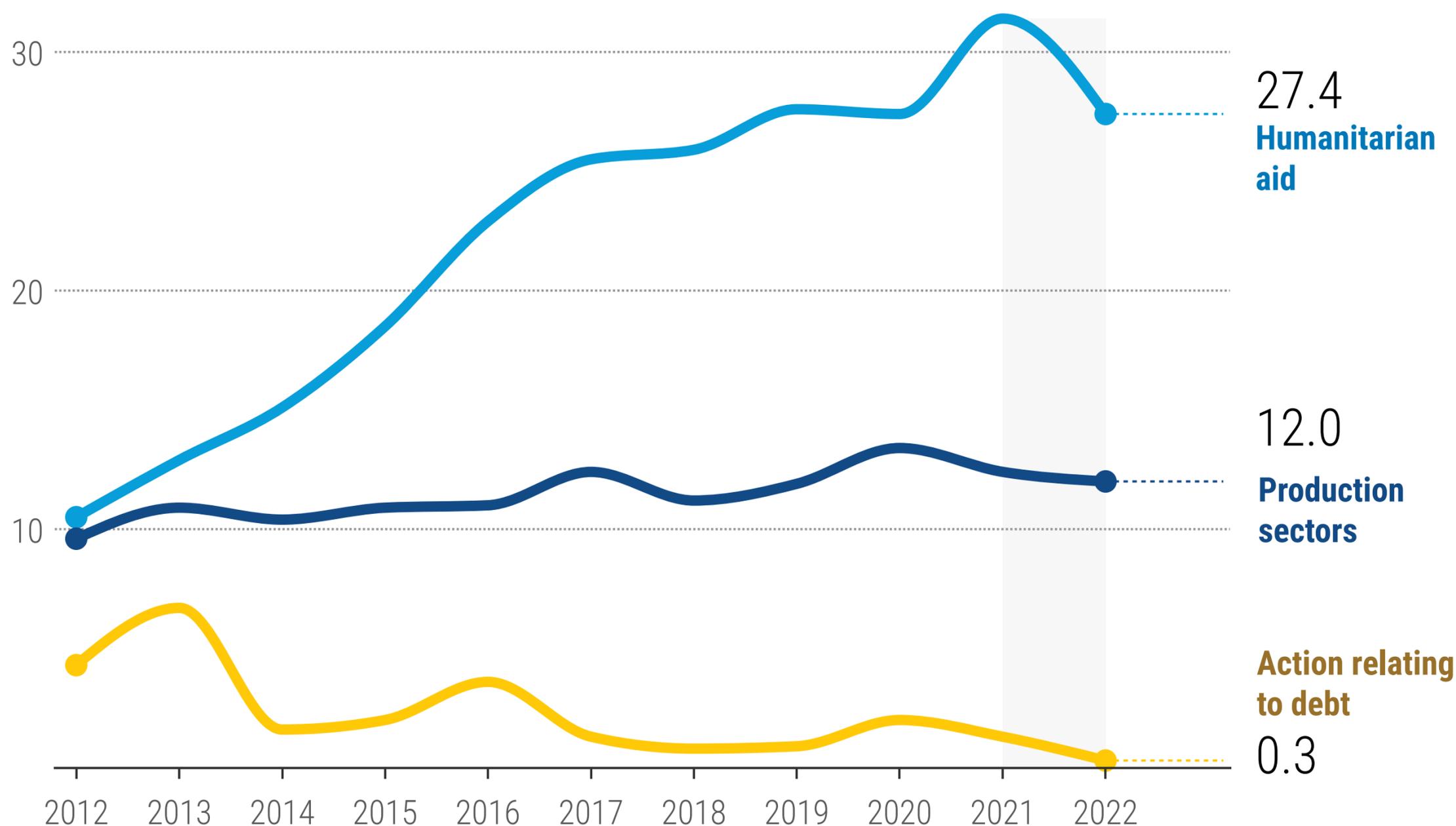


**SHIFT
3**

The need for crises responses puts pressure on sustainable development financing.

Humanitarian aid rose to the third largest component of ODA to developing regions, while ODA for action relating to debt reached a historic low in 2022.

ODA to developing countries by purpose in US\$ billion at constant 2021 prices



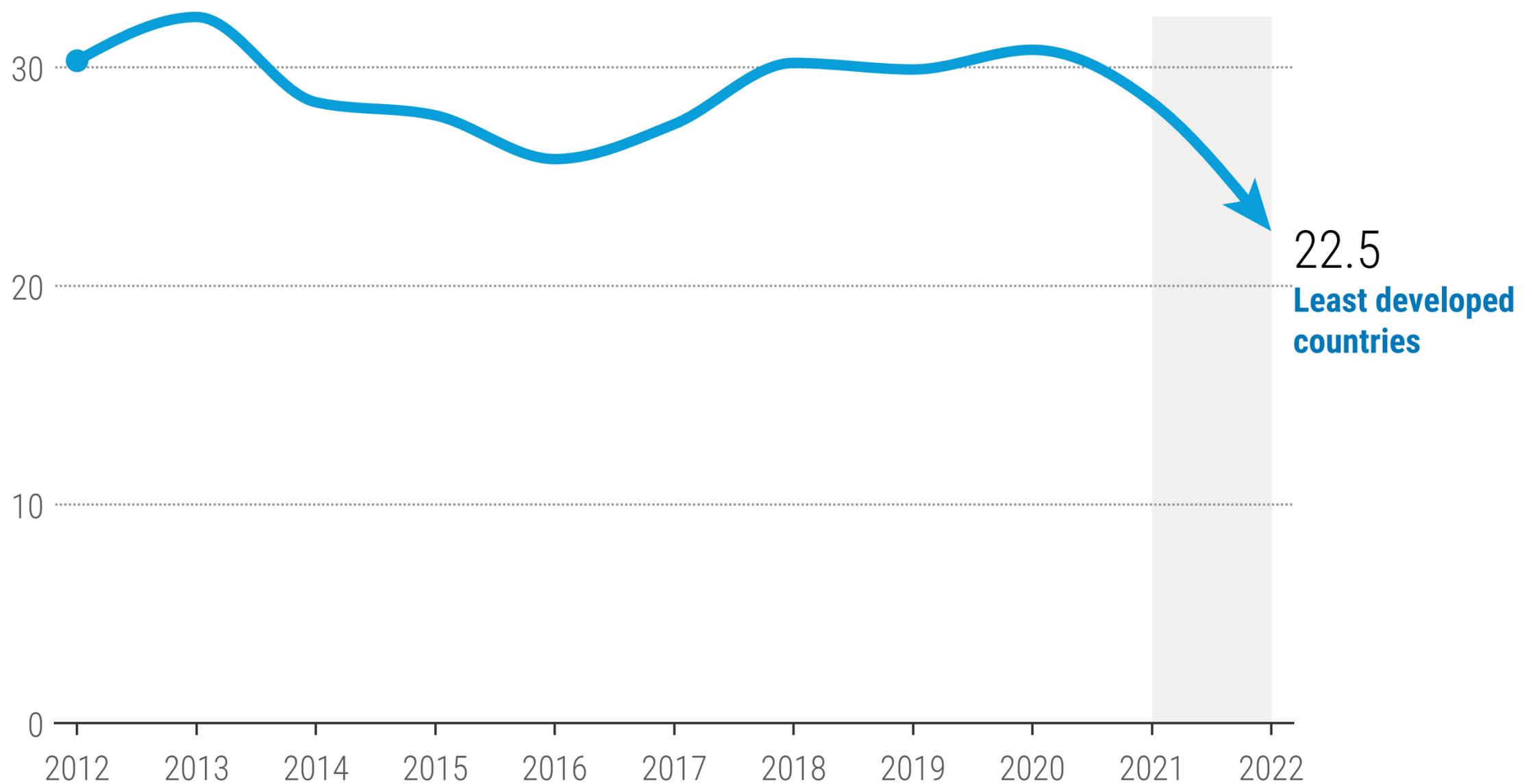
Source: UN GCRG based on OECD (Dec. 2023).

Note: ODA to developing countries by purpose in billion constant 2021 US\$.

The world's poorest countries were not spared from the challenging aid landscape.

Aid to least developed countries decreased by 4% in 2022.
Their share in total ODA dropped to the lowest level over a decade.

Share of ODA at constant 2021 prices in %



IN FOCUS: food, energy and debt

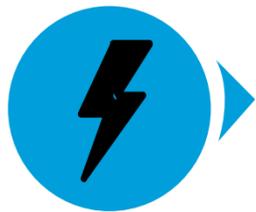
These areas are important crises transmission channels.
Shifts in ODA away from sustainable solutions
in these areas deserve special attention.

Food



ODA for agricultural development stagnated, **while food aid kept rising.**

Energy



Aid for energy generation from renewable sources peaked.

Debt



ODA for debt action reached its lowest level on record; moreover, **for the first time, debt forgiveness fell behind rescheduling and refinancing.**



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