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CSO recommendations on the clarification of DAC reporting rules for ODA to in-donor refugee costs – May 2017

The recent release of 2016 aid figures by the OECD revealed an increase of Official Development Assistance (ODA) spent on hosting refugees inside donor countries: 10.8% of total ODA in 2016, up from 9.2% in 2015 and 4.7% in 2014. In view of these growing numbers, the Development Assistance Committee (DAC)'s current attention to the reporting of in-donor country refugee costs as ODA is all the more critical.

With this paper we would like to reiterate our top line recommendations on in-donor country refugee costs, which we hope will be useful to DAC members as they reach the final stages of the decision process.

While our recommendations below focus only on the clarification of the rules, in keeping with the DAC's mandate given at the 2016 DAC High Level Meeting, we hope that this will be the first step in the process of phasing out all in-donor refugee costs from ODA budgets. Of course, it is vital that rich countries support refugees arriving at their borders. But as CSOs have consistently argued, labeling these expenditures as ODA is misleading, given that they provide no resources to developing countries, and are not linked to the core purpose of ODA - promoting the economic development and welfare of developing countries. We therefore believe that DAC rules should not allow for these costs to be reported as ODA, and we **ask DAC Members to consider excluding all in-donor refugee costs from ODA in the future**. We believe alternative ways of "crediting" donors for this support can be found, outside of ODA, and would be keen to engage in a discussion with the DAC on possible options.

Pending the full phasing out of in-donor refugee costs from ODA budgets, our short-term recommendations focus on the clarification of the rules, and on the principle that the clarification process should result in more consistent, comparable and transparent reporting by DAC donors¹, and in stricter reporting rules. We would like to underline the importance of carefully analysing the effect of new rules on the possible deductions for in-donor refugee costs for each DAC member, and ensure that the new rules do not lead to any expansion of the eligibility of costs. Building on the set of recommendations we shared in [our paper from February 2017](#)², we further **call on DAC Members to ensure that the clarification of reporting rules:**

¹ In line with the 2016 DAC High Level Meeting mandate to « improve the consistency, comparability, and transparency of members' reporting of ODA-eligible in-donor refugee costs, by aligning their methods for calculating these costs”

² <http://www.oecd.org/dac/CSO%20inputs%20on%20clarification%20of%20rules%20on%20ODA%20to%20in-donor%20refugee%20costs.pdf>

1. Leads to more consistent and comparable reporting that is transparent to all stakeholders, which is a precondition for effective scrutiny by the OECD and external stakeholders, and for donor accountability.

- We expect that the development of more detailed guidelines will contribute to improve existing issues of **consistency and comparability**³. We recommend that reporting be based on actual expenditures of individual refugees, not on averages and estimates. While we understand this would require significant efforts for many donors, we are encouraged by the example of a few donors who do report on actual expenditures, thereby showing that this is possible. Should it be impossible to reach an agreement to report on actual expenditures per individual, we consider reporting based on past observed data the next best thing, whereas reporting based on forecasts of expected expenditure is unacceptable.
- We are concerned that the proposals being discussed by the DAC will do very little to strengthen **public transparency** of disaggregated data on in-donor refugee costs. The OECD's Creditor Reporting System (CRS) should provide disaggregated data to enable meaningful scrutiny. In addition, the publicly available description of Members' methodologies for calculating in-donor refugee costs provides partial information and should therefore be more detailed.

2. Is guided by a strict interpretation of existing rules, so as not to result in members inflating their reporting of in-donor refugee costs.

- We trust that the recommendations we made in our February 2017 paper to exclude certain costs - costs beyond the twelve first months, integration costs, administrative costs, and costs of voluntary and forced returns – can pave the way towards stricter rules and limit the increase of in-donor refugees reporting.
- We call on the DAC to carefully assess the potential impact of clarified rules on each donor's reporting before reaching an agreement, so as to avoid the unintended consequence of inflating the levels of in-donor refugee costs, rather than restricting them.

3. Is carried out through a more transparent and inclusive process, in line with commitments made in the 2016 DAC HLM Communiqué, and the Addis Ababa Action Agenda (§55). Consultation with external stakeholders – Southern governments and civil society organisations (CSOs) from both South and North – is key to ensure the credibility and integrity of ODA is preserved. In particular, we hope the DAC can agree to consult civil society on the draft proposals before making any decision on clarified rules at its upcoming Senior Level Meeting.

³ The latest survey by the DAC Secretariat (*ODA reporting of in-donor refugee costs, Members' methodologies for calculating costs*, April 2016) reveals strong inconsistencies in the way DAC donors report in-donor refugee costs.