

# AUSTRIA

**0.18%** Genuine aid/GNI

**0.27%** Total Aid/GNI

*“We need a time table”*

Federal Chancellor Werner Faymann announcing a timetable for increasing ODA to 0.7%

## Will your government meet the 2015 aid target?

NO

## Main changes in 2014

At the end of 2013 Sebastian Kurz became minister for foreign affairs, a portfolio that includes development cooperation. Soon after being appointed he cancelled planned cuts to the budget of the Austrian Development Agency (ADA) (planned even though it had already been cut in previous years). ODA stagnated at 0.27% 2014, the same figure as the year before. Another feature of Austrian ODA is that programmable aid remains exceptionally low. The Austrian Development Agency's budget for operational measures is less than 8% of total ODA.

In 2014 Austria was peer-reviewed by the OECD-DAC. Even though, in his presentation of the results of the peer review, DAC Chairman Erik Solheim missed the chance to give a thorough critique of the composition of Austrian ODA, he did make it clear that Austria needs to improve in many areas, especially as regards aid quantity. The review also confirmed that Austria had fully implemented only 7% of the recommendations made in the previous peer review, back in 2009.

In 2014, the Ministry of Foreign Affairs launched a consultation process on the three-year programme for Austrian Development Policy 2016-2018. To increase its ownership by the whole government, civil society and the private sector, the process involved a large number of stakeholders. Whether the new programme/strategy will lead to a more coherent government approach to development and increased policy coherence for development – and if so, how – is yet to be proven.

## Trends and projections for 2015 and beyond

Austria seems to be happy with the Addis Ababa Action Agenda and the postponement of the 0.7% ODA target to 2030. The level of genuine aid is not expected to change significantly. Planned cuts to the 2015 budget of the Austrian Development Agency were postponed at the last minute, preventing the worst-case scenario. The increase in the foreign disaster relief fund from €5m to €20m in 2016 is a welcome step in the right direction. None of these measures, however, will help change the overall aid trend. The 2016 budget shows that the increase in humanitarian aid is achieved partly by shifting funds from long-term aid and UN contributions, while overall bilateral development cooperation remains very low. The longer-term financial framework envisages strict limits and decreasing budgets for the Ministry of Foreign Affairs in charge.

The refugee crisis has intensified the political debate about how to fight the root causes of forced migration. In this context, several government representatives called for increased development cooperation and humanitarian aid. Earlier in the year,

Federal Chancellor Werner Faymann announced a timetable to reach the ODA target “by summer 2015”, which turned out to be an empty promise. The only foreseeable consequence of the refugee crisis is that inflated aid is expected to rise significantly in 2015 in line with the reporting of refugee costs.

After the presentation of the DAC peer review, it was announced Austria would no longer include debt cancellations in aid forecast before the cancellation was agreed by the Paris Club. Austria was the only DAC member who used this approach. Despite this commitment, Austrian ODA is expected to increase by 50% in 2016 as a result of debt cancellation to Sudan, although this has not yet been confirmed by the Paris Club.

In 2015, Austria became one of the founding members of the Asian Infrastructure Investment Bank. This is expected to result in increases to the multilateral ODA budget in the coming years. The real impact on overall ODA is not yet clear.

## Recommendations

The Austrian government should:

- Focus on poverty reduction and allocate adequate funding in line with international, European and Austrian goals and strategies
- Implement the government commitment to raise ODA to 0.7% of GNI and draw up a binding timetable for reaching this goal
- Increase the amount of programmable aid in line with aid effectiveness commitments by reversing recent budget cuts to ADA and increasing its budget to € 300m by 2018
- Put in place a national SDG strategy and allocate sufficient financial and non-financial resources for its implementation
- Increase the transparency of Austrian ODA by reporting adequately and in good time on ODA-related activities. In particular, the government should break down the information about what is counted as refugee costs.

## Austria – genuine and inflated aid (€ million, constant 2013)

