



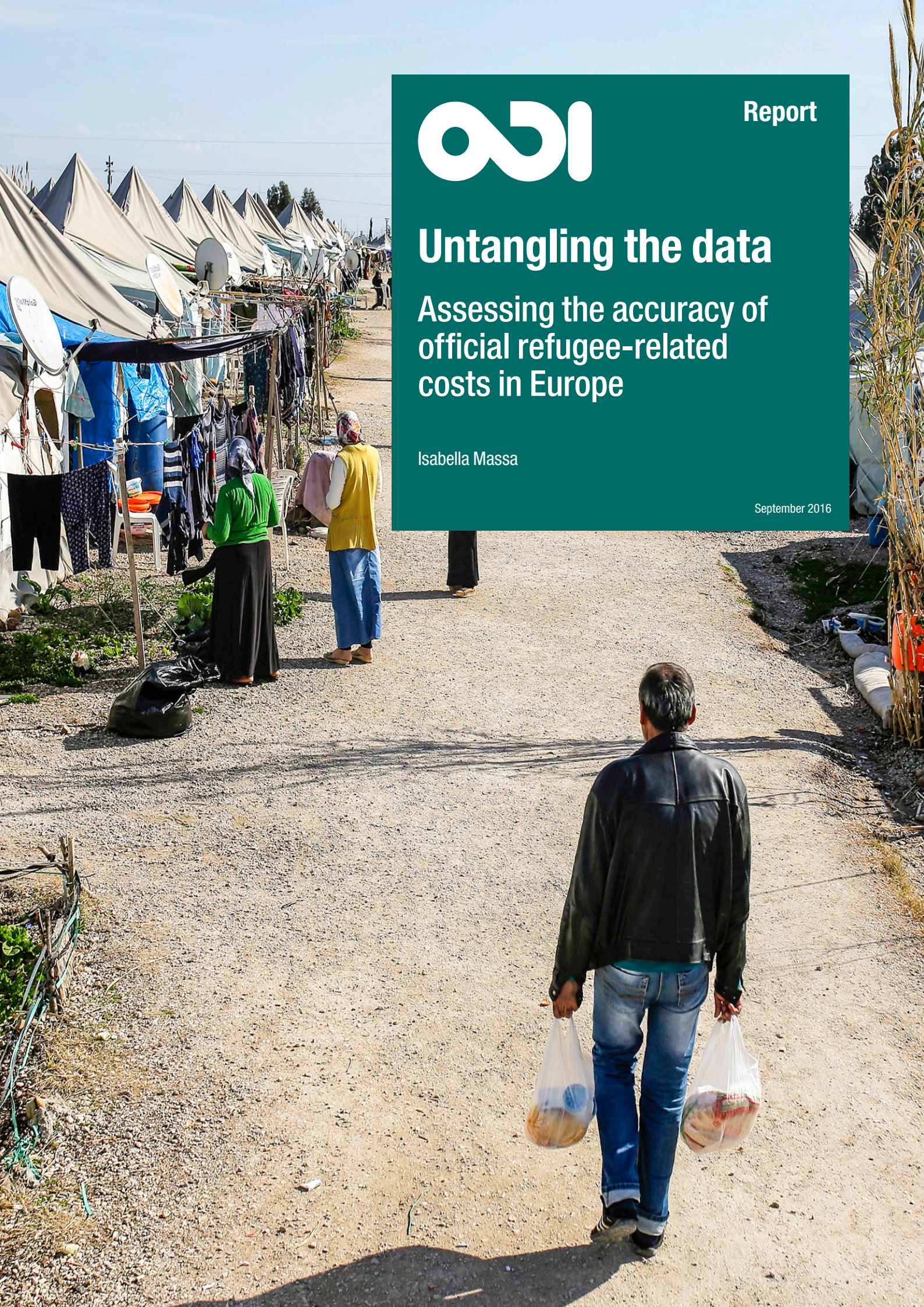
Report

# Untangling the data

## Assessing the accuracy of official refugee-related costs in Europe

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# 1. Introduction

The number of refugees and internally displaced persons (IDPs) worldwide reached a peak of 60.4 million in 2015, a number higher than that estimated for WWII (ODI, 2016; see Box 1 for a definition of refugees, IDPs and others). Though the majority of uprooted people remain on other continents, Europe has recently become a key destination for a record number of refugees and migrants, with migration to Europe across the Mediterranean increasing threefold every year since 2012 (Ibid.). While the United Nations High Commissioner of Refugees (UNHCR) and the International Organization for Migration (IOM) estimated that in 2015, roughly one million people arrived in Europe by sea and land, this number might actually be even higher according to other sources such as individual EU states and the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the EU (Frontex) (Ibid.).

ODI highlights that there are several reasons for this growth in the number of refugees and migrants to Europe. First, there are more refugees and IDPs than ever before, and half are within a few borders of European countries. Second, violence, persecution and wars are becoming more severe, the most notable being the increase in fighting in Syria since May 2015. Third, the price of migration seems to have fallen, with estimates of journey costs by the recent UNHCR profile of Syrian and Afghan refugees in Greece appearing lower than those provided in earlier research (UNHCR, 2016). Fourth, family and other links with refugees and migrants already in Europe can facilitate decisions to migrate. Finally, the German decision in August 2015 to open their borders made Europe an even more attractive destination for refugees and migrants.

The continuing trend of refugees and migrants arriving in Europe has ignited discussions on the economic impact of the refugees to host countries. A recent paper by Aiyar et al. (2016) investigates the likely effects of this new immigration on the labour markets and fiscal positions of a selected sample of recipient countries. A few studies have also focused on the economic impact of the refugee crisis in a specific economy. Ruist (2015), for example, estimates the fiscal cost of receiving refugees in Sweden; RWI Essen (2015) estimates the refugee-related costs in the case of Germany; while Foged and Peri (2015) focus on Denmark and attempt to quantify the impact of migrants on the labour market of native workers.

The objective of this paper's analysis is to estimate, in the period between 2015 and 2017, the costs of receiving refugees in Europe. This allows us to assess the accuracy

## Box 1: Migrants, refugees, IDPs and asylum seekers

Language is important. We do not use migrants as a catch-all term for the mix of refugees and migrants travelling to Europe. Berry et al. (2016) found that the terms used to describe refugees and migrants in the national press in the five countries they examined had an impact on the tone of the debate.

Migrants are persons who travel voluntarily to improve their lives, either through finding work, gaining education, family reunion or other reasons. Some migrants may apply for asylum to avoid deportation and/or to give themselves time to find jobs in the informal economy.

For Europe, refugees are persons who flee their own country through a well-founded fear of persecution. The most important legal instrument on refugees is the 1951 Geneva Convention (UN General Assembly, 1951). Legally, refugees become refugees the moment they leave their country.

Internally displaced persons (IDPs) are people who have fled their homes but differently from refugees, they remain inside the borders of their own country.

Asylum seekers are persons formally applying for asylum in a country or awaiting a decision. They may be refugees seeking recognition of their status or they may be persons eligible for subsidiary or humanitarian protection in Europe, if it is not safe for them to return to their own country (European Parliament and Council, 2011).

This report uses 'refugees and migrants' to cover: refugees, persons otherwise entitled to protection and migrants.

of the costs officially reported by governments and the significance of the refugee impact in European countries. So far, only a few attempts have taken place to categorise and report, in a harmonised way, asylum-related costs (see, for example, the statistics provided by the European Migration Network or the study by Thielemann et al., 2010). Yet the system through which European economies report refugee-related costs still differs significantly across countries, resulting in some countries underestimating certain cost categories by omitting specific cost items, and others over-reporting by including cost items not related to the appropriate categories. Our aim is to adopt a standardised

approach to assess the actual funds allocated to refugees in a selected number of European countries and to investigate any major discrepancies between these amounts and the reported official estimates. This approach also makes it possible to compare these costs across countries. Our focus is on the costs associated with emergency needs provision and the processing of asylum claims at arrival (reception and procedural costs). We look at assessing both the single cost items (e.g. food and accommodation, among others) and the overall cost category at the aggregated level (i.e. reception and procedural costs). From a country perspective, we apply our analysis to the main destination countries in Europe – Austria, Germany and Sweden – as well as to countries which are the first landing point for refugees and migrants such as Greece, Hungary and Italy. We also consider some additional European countries such as Belgium, Denmark, France, the Netherlands, Norway, Spain and the United Kingdom (UK) given their relevance as donors. Box 2 summarises the key findings of this study.

In order to get figures on refugee-related expenditures, various sources are used. These include: governmental and

non-governmental reports, government budgets, research studies, journal articles, as well as publications and data provided by international organisations such as the Organization for Economic Cooperation and Development (OECD) and the European Commission.

The report is structured as follows. Section 2 discusses a number of key estimation challenges which makes it difficult to estimate the costs related to the refugee crisis. Section 3 provides a detailed description of the data used in the analysis. Section 4 explains the methodology used to estimate at both the disaggregated and aggregated level, the refugee-related costs in the European countries of interest for the period 2015-2017. Section 5 presents the main results on the estimated costs, the accuracy of the costs officially reported by governments, and the reality of caring for refugees across the considered countries. Section 6 concludes.

### **Box 2: Key findings**

- The UK and Italy experienced the highest per capita reception and procedural costs in 2015.
- Germany, Norway and Belgium provide the highest per capita amounts to cover basic needs such as food, clothes and accommodation, among others.
- Denmark, Sweden and the UK pay the most on per capita terms for refugee-related procedures.
- Germany, Sweden and Italy shouldered the highest reception and procedural costs in 2015.
- In several cases, officially reported cost figures are under/over-estimated. Sweden, the UK and France, for example, do not take into account cost items related to the processing of asylum claims and/or to the provision of healthcare and education services to refugees. In the Netherlands, official estimates include cost items which are not directly related to ensuring an adequate level of welfare to refugees or to the processing of asylum claims.
- As a share of GDP, budgetary expenditures for refugees appear to be still manageable in the selected sample of European countries.
- The key recommendation of this report is that European countries should use one harmonised framework through which refugee costs can be reported.

# 2. Estimation challenges

Estimating the costs of processing and supporting refugees a challenging task. A number of key issues should be taken into account when considering data on refugee costs, which include, but are not limited to:

1. lack of harmonised data;
2. multiple actors involved in funding refugee costs;
3. problems related to overcrowding in reception centres;
4. diverted aid budgets to cover refugee costs; and
5. political influence on cost reporting.

First, it is important to stress that there is no harmonised process through which governments report expenditures incurred for activity relating to asylum seekers such as reception, sustenance, assistance, resettlement, integration and repatriation. In addition, the costs breakdown by type, as well as by demographics, is not the same across countries. For example, there are countries such as Austria that report a very detailed costs breakdown - distinguishing between expenses related to healthcare, clothing, counselling and language training, among others; while there are countries that report only costs related to reception centres without taking into account expenditures related to medical care, education or other services to which refugees in practice have access, as shown by Table 1. This may lead to misleading figures on refugee costs. France, for example, recently reported that to deal with the refugee crisis would cost around €600 million in 2016 (Assemblée Nationale, 2015). However, the Cour des Comptes (the French General Accounting Office) reported that once the costs of healthcare and education are taken into account, the true costs could reach €2 billion per year (*Le Figaro*, 2015). On demographics, the German Federal Ministry of the Interior reported that receiving 800,000 refugees would cost the state around €10 billion (Hildebrand et al., 2015), a figure that does not take into consideration family members joining the refugees or any educational measures; and is, therefore, a conservative estimate. Indeed, the Cologne Institute for Economic Research, in a recent report, estimates that incoming asylum seekers will cost the German federal budget closer to €50 billion in 2016-2017 (Hentze and Schäfer, 2016). In addition, not all governments report costs that factor in the demographic composition of refugees. Even in the case of governments that distinguish refugee costs by looking at the age and household composition of refugees (i.e. single adults, unaccompanied children, households with small children, households with grown-up sons,

etc.), the demographic breakdown is heterogeneous. Italy, for example, does not conduct any breakdown of demographics for refugee costs; Hungary distinguishes between single adults and children; while the Netherlands distinguishes between adults, children, 2-person households, 3-person households and 4-person households.

**Table 1. Refugee access to education, healthcare and specialised treatment in practice**

Country	Children access to education	Access to healthcare	Specialised treatment for victims of torture or traumatised people
Austria	Yes	Limited	Limited
Belgium	Yes	Yes	Limited
France	Yes	Limited	Limited
Germany	Yes	Limited	Yes
Greece	Yes	Limited	Limited
Hungary	Yes	Limited	Limited
Italy	Yes	Yes	Limited
Netherlands	Yes	Limited	Limited
Sweden	Yes	Limited	Limited
UK	Yes	Limited	Limited

Source: *Asylum Information Database*.

Second, an accurate cost analysis needs to take into account expenses related to a number of different bodies because **there are multiple actors involved in the funding of refugee costs**. In European countries such as Germany and Italy, it is not only the state but also the municipalities that have responsibility for refugee-related costs including accommodation, medical care, etc. For example, in Germany, there is evidence that in 2016, federal states are planning to spend around €17 billion on dealing with the refugee crisis (Martin and Busemann, 2015).

Third, the analysis of refugee costs is further complicated by the fact that when estimating reception costs, **it is not enough to look at reception centres on their own**. Overcrowding issues at reception centres means that these facilities are forced to find alternative locations to settle refugees – at varying additional costs. Table 2 highlights how in Europe, there are several countries where

reception centre capacity is not sufficient to satisfy the increasing demand of refugees. As a result, countries can take on extra costs for accommodating refugee seekers in private housing.

**Table 2. Overcrowding issues in reception centres**

Country	Are there any problems of overcrowding in the reception centres?
Austria	No
Belgium	No
France	Yes
Germany	Yes
Greece	Yes
Hungary	No
Italy	Yes
Netherlands	No
Sweden	No
UK	Yes

Source: Asylum Information Database.

Fourth, there is an emerging trend among EU member states to divert aid budgets from sustainable development to domestic costs associated with hosting refugees. Many European countries are using Official Development Assistance (ODA) to pay refugee costs (Table 3). Although this is not against the rules, according to the OECD, only money spent over the first 12 months of stay should be reported as ODA. However, there are countries like Hungary, that do not differentiate between costs relating to the first year, which are eligible to be reported as ODA, and those relating to costs in subsequent years, which should not be reported as ODA. Spain also reports non-eligible migration-related expenses as ODA (CONCORD AidWatch, 2015). These procedures in accounting makes estimating the true value of refugee costs all the more challenging.

Finally, it is important to stress that politics might sometimes skew the estimates on refugee costs, even when estimates are provided by governmental sources. A thorough assessment of the reliability of the reported estimates is required in order to establish whether estimates are realistic, or instead over/underestimated.



**Table 3. In-donor refugee costs reported as ODA, 2010-2014**

	USD millions (current prices) Share in total net ODA (%)					Share in total net ODA (%)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
<b>DAC members</b>										
Australia	6	0	154	343	-	0.1	0.0	2.8	7.1	-
Austria	36	42	58	63	109	3.0	3.8	5.2	5.4	8.9
Belgium	95	127	126	156	187	3.2	4.5	5.4	6.8	7.6
Canada	284	338	267	211	216	5.4	6.2	4.7	4.3	5.1
Czech Republic	14	12	10	9	12	6.0	4.7	4.3	4.2	5.4
Denmark	149	121	143	162	256	5.2	4.1	5.3	5.5	8.5
Finland	46	35	23	21	16	3.4	2.5	1.7	1.5	1.0
France	435	545	507	453	485	3.4	4.2	4.2	4.0	4.6
Germany	81	86	76	139	171	0.6	0.6	0.6	1.0	1.0
Greece	35	25	20	21	21	6.8	6.0	6.1	8.9	8.6
Iceland	-	0	0	0	3	-	0.7	0.8	0.9	6.8
Ireland	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Italy	3	525	247	404	840	0.1	12.1	9.0	11.8	21.0
Japan	0	1	1	1	1	0.0	0.0	0.0	0.0	0.0
Korea	-	-	-	-	-	-	-	-	-	-
Luxembourg	-	-	0	0	-	-	-	0.0	0.1	-
Netherlands	340	481	339	373	935	5.3	7.6	6.1	6.9	16.8
New Zealand	13	14	19	19	20	3.7	3.3	4.3	4.3	3.9
Norway	335	263	227	270	279	7.7	5.5	4.8	4.8	5.5
Poland	5	6	8	-	-	1.4	1.6	1.8	-	-
Portugal	0	0	1	2	1	0.0	0.1	0.1	0.3	0.2
Slovak Republic	-	-	-	1	1	-	-	-	1.1	1.2
Slovenia	-	-	0	0	0	-	-	0.4	0.2	0.1
Spain	37	35	23	25	18	0.6	0.8	1.1	1.0	1.0
Sweden	397	489	571	705	1095	8.7	8.7	10.9	12.1	17.6
Switzerland	366	537	654	450	483	15.9	17.6	21.4	14.1	13.7
UK	18	31	45	51	222	0.1	0.2	0.3	0.3	1.1
United States	758	732	832	977	1246	2.6	2.4	2.7	3.1	3.8
<b>Total DAC</b>	<b>3452</b>	<b>4448</b>	<b>4348</b>	<b>4854</b>	<b>6618</b>	<b>2.7</b>	<b>3.3</b>	<b>3.4</b>	<b>3.6</b>	<b>4.8</b>
<b>Other providers</b>										
Estonia	-	-	-	0	0	-	-	-	0.7	0.8
Hungary	-	-	-	-	10	-	-	-	-	7.2
Malta	-	-	-	-	11	-	-	-	-	52.5
Romania	-	-	-	-	0	-	-	-	-	0.0
Turkey	67	214	111	87	800	6.9	16.8	4.4	2.6	22.3

Source: OECD, 2016.

# 3. Data

This section provides a detailed description of the data used in the analysis. For each of the considered countries in Europe, we describe actual data on the refugee-related costs associated with emergency needs provision and the processing of asylum claims at arrival. As much as possible, data is reported at the disaggregated level. We also present data on the refugee-related costs as officially reported by governments, as well as data on the expected number of refugee arrivals for the period 2015-2017. The description of the data used is important to allow the interested reader to replicate the results of our analysis. It is also, per se, an added value of this paper, since it gathers into one single document detailed information on refugee-related costs in Europe, which is typically scattered in several different sources. By providing an accurate and unified picture of costs to take in refugees in European countries, this section represents a useful starting point for future economic and policy analysis.

## 3.1 Actual reception and procedural costs

This is data on costs associated with emergency needs provision and the processing of asylum claims at arrival (i.e. reception and procedural costs). These costs include: (i) financial allowances/vouchers provided to refugees; (ii) procedural costs, including expenditure for application assessment, translation and legal aid; and (iii) healthcare and education costs.

### 3.1.1 Financial allowances/vouchers

Refugees are entitled to financial allowances and/or vouchers in host economies. These are designed to allow refugees to cover basic needs such as food, clothes, accommodation and in some cases, recreation activities. Allowances may be paid in cash or in kind through vouchers that can be exchanged for food and other basic needs. The type of allowances varies from country to country depending on the type of accommodation the refugee has been placed in, and according to their household composition.

#### Austria

Austria is one of the few EU countries that reports very detailed information on recognised allowances to refugees in response to their basic needs. According to the Austrian Draft Budgetary Plan 2016, each refugee in the country is entitled to annual financial allowances/vouchers, as reported in Table 4.

**Table 4. Annual breakdown allowances per refugee (€), 2016**

Type of cost	2016
Board and lodging	7,665
Pocket money*	480
Clothing	150
Recreation	120

Source: Adapted from the Austrian Draft Budgetary Plan 2016.

Note: \*pocket money is a small amount of money suitable for small expenses.

#### Belgium

The latest Asylum Information Database report (AIDA, 2015a) highlights that in Belgium, asylum seekers with a high chance of being granted protection status (e.g. Syrians) are immediately assigned to Local Reception Initiatives (LRI); and they receive a weekly amount in cash or food vouchers to provide for material needs autonomously, which also includes pocket money. For 2015, the amounts vary according to the family composition and the type of accommodation the refugee has been placed in. These amounts, on a monthly basis, are reported in Table 5.

**Table 5. Monthly allowance by category of applicant (€), 2015**

Category of applicant	Allowance in LRI with food provided	Allowance in LRI with no food provided
Single adult	176	276
Additional adult	132-196	132-196
Additional child	48-132	48-132
Single-parent extra allowance	24-40	24-40
Unaccompanied child	176	276

Source: AIDA, 2015a.

#### Denmark

The Official Portal for Foreigners reports that the cash allowances for asylum seekers in Denmark include (Newtodenmark.dk, 2016):

- basic allowance;
- supplementary allowance, if applicable;

- caregiver allowance for asylum seekers with children, for first and second child;
- reduced caregiver allowance for asylum seekers with children, for third and fourth child.

The *basic allowance*, which covers expenses for food, personal hygiene items, etc., is granted if the asylum seeker is over 18 years and does not receive free meals at the asylum centre.

In the case of the *supplementary allowance*, if the asylum seeker is over 18 years, he/she is required to make an agreement – a contract – with his/her asylum centre. The contract outlines the tasks the asylum seeker is required to carry out at the centre and also formalises his/her required participation in education and other activities. If he/she complies with the contract, the asylum seeker will be eligible to receive a supplementary allowance. If he/she does not comply, the asylum seeker's supplementary allowance will be reduced or revoked.

Regarding the *caregiver allowance*, if the asylum seeker has dependent children under-18 years living with him/her in his/her accommodation, the asylum seeker will receive a caregiver allowance to support them. One allowance per child is given. The full caregiver allowance is paid for a maximum of two children. A *reduced caregiver allowance* is granted to families with a third or fourth child. Allowances are not granted for more than four children.

Special conditions apply for an asylum seeker from a country with minimal risk of persecution. Typically, an asylum seeker from these countries will be required to live at a centre with a cafeteria where free meals are served (food allowance programme) and will not receive any form of cash benefits.

The 2016 cash amounts for the different types of allowances described above, are as follows:

- The *basic allowance* is DKK 49.32 per day per adult. If the asylum seeker lives in an asylum centre with his/her spouse or cohabiting partner, they will receive DKK 39.05 per day per adult. The basic allowance is paid in advance every other Thursday.
- While the application is in its initial phase – when it has yet to be determined whether the application will be processed in Denmark – the *supplementary allowance* is DKK 8.23 per day. If a decision is made to process the application in Denmark, the supplementary allowance will be increased to DKK 28.78 per day. The supplementary allowance is paid every other Thursday, at the end of each 14-day period.
- The *caregiver allowance* for the first and second child, during the initial phase, is DKK 57.55 per child per day. If a decision is made to process the application in Denmark, the caregiver allowance will be increased to DKK 78.09 per child per day. There is a reduced caregiver allowance for the third and fourth child of DKK 41.11 per child per day. If the asylum seeker is

living at an asylum centre with a cafeteria where free meals are served and he/she is in the initial phase, the caregiver allowance is DKK 8.23 per child per day for the first two children. If the asylum seeker is living at an asylum centre with a cafeteria where free meals are served and his/her application is in the processing phase, or he/she has received a final rejection of his/her application and is assisting the authorities with the deportation process, the caregiver allowance is DKK 28.78 per child per day. For an asylum seeker living at an asylum centre with a cafeteria where free meals are served, he/she will receive no reduced caregiver allowance for his/her third or fourth child. The caregiver allowance is paid in advance every other Thursday.

### France

The latest country report (November 2015) by AIDA (2015b) reflects the reform of the law on asylum, introducing a single allowance, i.e. the allowance for asylum seekers (ADA). This replaces the monthly subsistence allowance (AMS) and the temporary waiting allowance (ATA) (Legifrance.gouv.fr, 2016).

The amount of ADA is calculated on the basis of the availability of resources, type of accommodation provided and age criteria. Family composition, in particular the number of children, is taken into account in the calculation of ADA. The total amount of ADA is re-evaluated once a year, if needed, to take into account the rate of inflation. The daily amount of ADA is defined upon application, as shown in Table 6.

An additional daily rate of €4.20 is paid to adult asylum seekers who have agreed to accommodation not through the national reception scheme.

**Table 6. Daily allowance for asylum seekers by composition of household (€), 2015**

Composition of the household	ADA daily rate
1 person	6.80
2 persons	10.20
3 persons	13.60
4 persons	17
5 persons	20.40
6 persons	23.80
7 persons	27.20
8 persons	30.60
9 persons	34
10 persons	37.40

Source: AIDA, 2015b.



**Table 7. Monthly allowance by household composition (€), 2015**

	Single adult person	Adult partners in common household (each)	Member of household >18	Member of household 14-17	Member of household 6-13	Member of household <6
Stay in accommodation centre	143	129	113	85	92	84
Stay outside accommodation centre	359	323	287	283	249	217

Source: AIDA, 2015c.

### Germany

The AIDA (2015c) report highlights that in Germany, assistance under the Asylum Seekers' Benefits Act generally consists of 'basic benefits' (i.e. a fixed rate supposed to cover the costs for food, accommodation, heating, clothing, personal hygiene and consumer goods for the household). In addition, 'benefits in case of illness, pregnancy and birth' have to be provided for; while 'other benefits' can be granted in individual cases (upon application) if they are necessary to safeguard the asylum seeker's life and state of health.

The monthly amount of aid will vary according to the household composition, as shown in Table 7.

Legally, asylum seekers accommodated in reception or accommodation centres should be provided with the necessary food, heating, clothing and sanitary products in these centres. Therefore, the rates for these groups are considerably lower than those for asylum seekers living in independent apartments. For people living outside these accommodation centres, the costs for accommodation (rent), heating and household goods have to be provided on top of the allowances outlined in Table 7.

### Greece

Recent and reliable figures for financial allowances/vouchers provided to refugees in Greece were not available. The only figures available refer to 2004, as reported by Kanellopoulos and Gregou (2005). Given the lack of updated and reliable data, we can only assume that annual financial allowances/vouchers in Greece can be calculated by the sum of the housing and material reception conditions (e.g. clothes, and food) cost items as estimated on the basis of data provided by Berger and Heinemann (2016), which totals €5,105 per refugee (annual cost).

### Hungary

Like Greece, data availability on financial allowances/vouchers provided to refugees in Hungary is scarce and contradictory. For example, numbers provided by AIDA (2015d) differ from those reported by some Hungarian media (Horvát, 2015). Therefore, we use the sum of the housing and material reception conditions cost items as estimated on the basis of data provided by Berger and Heinemann (2016) as a proxy of the annual financial

allowances/vouchers. Using this estimation, this totals €3,592 per refugee (annual cost).

### Italy

According to AIDA (2015e), estimates made by the Italian Ministry of Interior on the daily average per capita cost on reception in first accommodation centres (i.e. CARA, CDA, CPSA) for 2015 is €30-35; while in second accommodation structures (i.e. SPRAR), this is €35.

First accommodation centres (CARA, CDA, CPSA) generally offer basic services compared to those provided by second accommodation structures (SPRAR or other structures). First accommodation centres are big buildings, where high numbers of asylum applicants are accommodated. These centres offer basic services such as food, accommodation, clothing, basic information services including legal services, first aid and emergency treatments. Each centre is run by different entities and the functioning of the services inside the centre depends predominantly on the competences, expertise and organisational attitude of the running body.

Second accommodation structures, such as SPRAR centres, are run by the regional body in cooperation with provinces, municipalities and civil society actors like NGOs. The accommodation centres ensure interpreting and linguistic-cultural mediation services, legal counselling, health assistance, socio-psychological support (in particular, to vulnerable persons), counselling on the services available at local level to allow local integration, information on (assisted) voluntary return programmes, as well as information on recreational, sport and cultural activities.

In the recent study by Aiyar et al. (2016), it is reported that cash support provided to asylum seekers in first accommodation centres is equal to €2.5 per day, while cash support provided in secondary accommodation centres is between €1.5 and €2.5 per day.

### Netherlands

The weekly allowance to a refugee depends on their situation (AIDA, 2015f). Asylum seekers have the option of having breakfast and lunch at the reception location, but this will involve a reduction in their allowance. In instances

where asylum seekers choose to arrange their own food, their allowances will be higher, as outlined in Table 8.

**Table 8. Weekly allowance by category of applicant (€), 2015**

Category of applicant	Allowance in COA with food provided	Allowance in COA with no food provided
1 or 2 persons in one household	27.72	44.66
A parent with one minor	19.11	34.86
<b>3 persons household</b>		
Adult	23.01	37.07
Child	15.86	28.93
<b>4 or more persons household</b>		
Adult	20.51	33.05
Child	14.14	25.08

Source: AIDA, 2015f.

In addition to the above allowances for accommodation and food, a fixed amount equal to €12.95 per week, per person, is provided to cover costs for clothes and other expenses.

#### Norway

In Norway, the monthly allowance received by an asylum seeker varies depending on the stage in the application process, the type of procedure and characteristics of the

applicant, as well as whether the centre is self-catering or full room and board (Table 9).

#### Spain

According to the latest Bolletín Oficial Del Estado (BOE), in 2015, refugees staying in reception centres known by their Spanish acronym, CAR, received the following monthly aid dependent on their household composition (BOE 2015):

- Single adult: €347,60
- Household 2 persons: €520,73
- Household 3 persons: €557,73
- Household 4 persons: €594,73
- Household 5 or more persons: €792,73

#### Sweden

In Sweden, the Migration Agency offers accommodation in an apartment (private accommodation), in a normal housing area, or accommodation at a reception centre. Asylum seekers can choose to live at a centre but might need to move to a town where the Migration Agency can offer them a place.

Monthly allowances vary according to the household structure, as reported by Table 10.

**Table 9. Monthly allowance breakdown by household composition (NOK), 2012**

Type of allowance/centre/stage	Adult	Family two adults	Suppl. for single parent, per child	Suppl. for child 0-5	Suppl. for child 6-10	Suppl. for child 11-17	Suppl. for child 18 in a family unit	Unaccom. minors 16-18
Transit centre, self-catering	1,248	24,96	254	876	876	876	876	1,248
Transit centre, with room and board	478	956	254	388	388	388	388	478
Dublin procedure, self-catering	1,248	2,496	438	876	876	876	876	1,248
Dublin procedure, room and board	478	956	254	388	388	388	388	478
Ordinary centre, with room and board	1,248	2,496	438	876	876	876	876	1,248
Ordinary centre, self-catering	3,158	5,260	836	1,364	1,528	1,630	2,100	3,158
Ordinary centre, self-catering when refused residence permit	1,910	3,076	836	1,364	1,528	1,630	1,538	1,910

Source: European Migration Network, 2012.

**Table 10. Monthly allowance by household composition (kr/€), 2015**

Category of applicant	Allowance in accommodation centres with food provided	Allowance in private accommodation
Single adult	720 kr / €84	2,130 kr / €225
Adults sharing accommodation	570 kr / €60 per person	1,830 kr / €198 per person
Child aged 0-5	360 kr / €39	1,110 kr / €114
Child aged 4-10	360 kr / €39	1,290 kr / €135
Child aged 11-17	360 kr / €39	1,500 kr / €150

Source: AIDA, 2015g.

### United Kingdom

In the UK, a recent BBC article highlighted the potential cost to the UK government of a single refugee. As in other EU countries, regional UK governments play a crucial role and bear the majority of costs in absorbing refugees' local allowances (Dedman 2015). For example, Table 11 shows the costs incurred by the Essex local authority.

**Table 11. Breakdown of annual costs per refugee in Essex by household composition (£), 2015**

Type of costs	Adults with benefits (not able to work)	Adults without benefits (able to work)	Children below 3 years	Children 3-4 years	Children 5-18 years
Local authority costs	8,520	8,520	8,520	8,520	8,520
Education	0	0	4,500	2,250	0
Special educational needs	0	0	1,000	1,000	0
Department for Work and Pensions benefits	12,700	0	0	0	0
Primary medical care	200	200	200	200	200
Secondary medical care	2,000	2,000	2,000	2,000	2,000
Totals	23,420	10,720	16,220	13,970	10,720

Source: Dedman, 2015.

Table A1 in Annex A summarises all monthly per capita data on financial allowances/vouchers expressed in euros for the considered countries.

## 3.1.2 Procedural costs

In addition to costs related to financial allowances/vouchers, national governments should cover a number of additional costs associated with refugees arriving in their country. These include procedural costs related to application assessment, translation and legal aid. To provide an estimation of these costs, given the lack of specific data reported by national governments, we refer to a recent study by Berger and Heinemann (2016), which in turn relies on a study by Thielemann et al. (2010). According to the analysis conducted by Berger and Heinemann (2016), each procedural cost item represents on average, a specific share of the annual costs per asylum application, as reported in Table 12.

**Table 12. Procedural costs as a percentage of annual costs per asylum application**

Cost item	Share of cost item (%)
Translation	1.0
Application assessment	13.8
Legal aid	3.9

Source: Adapted from Berger and Heinemann, 2016.

## 3.1.3 Healthcare and education costs

Countries do not report the costs related to refugees' education and healthcare. However, as highlighted by Table 1, all the European countries considered in this paper provide refugees with access to education and healthcare services (though in some cases, access to healthcare is limited). In order to fill the gap, we use data on healthcare and education provided by the OECD. The OECD data is reliable, harmonised and provides good coverage of the countries of interests; in the absence of governmental data, it represents a good-quality second best approximation. For data on education, we refer to the OECD Education at a Glance 2014 report, taking data referring to expenditures in the following categories: per student pre-primary education; per student primary education; and per student secondary education. Regarding data on healthcare costs, we use the OECD.stat database. Specifically, we download the data by country for the latest year available (mainly 2014) that corresponds to the current expenditure on the healthcare item.

Monthly per capita data on costs related to education and healthcare expressed in euros in the country sample are reported in Table A1, in Annex A.

## 3.2 Officially reported costs

The following outlines the costs for dealing with the refugee crisis as declared by European governments in officially reported budget plans, or through the media. The officially reported costs point to a significant burden of



caring for refugees in all the European countries considered in this paper. Over the period 2015-2016, they are also expected to increase in almost all the countries. In Austria and Germany, for example, refugee-related costs are projected to almost double in 2016 compared to 2015. Nevertheless, it is worth noting that the magnitude of these costs is very heterogeneous across European countries, ranging, in 2015, from €66.37 million in Spain to €10 billion in Germany.

### Austria

In its 2016 Draft Budgetary Plan, the Austrian Government reports that its total planned expenditures for refugees will be €495.12 million in 2015 and €965.97 million in 2016 (BMF, 2015). It is worth noting that these costs do not take into account the potential costs related to refugee children attending the Austrian public school system, nor costs related to the repatriation of refugees.

### Belgium

As an indication of the overall refugee-related costs bore by the government, the 2014 budget for the Federal Agency of the Reception of Asylum Seekers (Fedasil) reached €303.38 million in 2014 (Fedasil, 2014). This amount is probably a lower bound estimate, since it does not take into account additional costs such as education and state schooling for refugee children.

### Denmark

Overall, the expenses incurred in handling asylum-seekers in Denmark have doubled to well over DKK 9 billion in 2015 (cphpost.dk, 2015). According to the Immigration Minister, Inger Støjberg, the anticipated 25,000 asylum-seekers headed to Denmark next year (2016) will cost the country nearly DKK 10 billion (Ibid.).

### France

According to the latest report of the French National Assembly, the yearly refugee costs in 2015 and 2016 amount to €583.84 million and €633.26 million respectively (Table 13) (Assemblée Nationale, 2015).

### Germany

Overall, latest estimates put the annual costs of caring for refugees at €10 billion for 2015 (Dettmer and Reiermann, 2016) and at €20 billion in both 2016 (Brinkmann, 2015) and 2017 (Reiermann, 2016). Some media reports have put the annual government cost per refugee at municipal level in 2015, in the range of €12,000-€13,000 (dw.com, 2015).

### Italy

Italy's Draft Budgetary Plan for 2016 put the overall refugee costs at €3.33 billion for 2015 and €3.99 billion for 2016 (Ministero dell'Economia e delle Finanze, 2015). Note that as shown in Table 14, the reported Italian refugee budget includes sea rescue costs in addition to

**Table 13. Yearly refugee costs (€), 2015 and 2016**

Titles of programmes and action	Initial finance law 2015	Projected finance law 2016	Percentage change
Immigration and asylum	583,842,208	633,262,812	+8%
Movement of foreigners and visa policy	1,432,000	560,000	+61%
Guarantee of provision of the rights of asylum	496,567,568	533,300,000	+7%
Fight against illegal immigration	63,632,000	76,624,082	+20%
Support	22,210,640	22,778,730	+3%

Source: Adapted from *Assemblée Nationale*, 2015.

**Table 14. Breakdown refugee costs (€), 2011-2016**

	Average 2011-2013	2014	2015	2016
	Billions of euro			
<b>Total - on constant basis</b>	1.33	2.67	3.33	3.30
<b>Total - on growth scenario</b>			3.33	3.99
Of which:	% of GDP			
Sea rescue	25.13	30.76	26.58	24.39
Hospitality	42.97	45.94	53.58	55.62
Healthcare and education	31.9	23.29	19.84	19.99
	Billions of euro			
EU contributions	0.09	0.16	0.12	0.11
<b>Total net of EU contribution</b>	1.24	2.51	3.21	3.19

Source: *Italy's Draft Budgetary Plan 2016*.

hospitality, healthcare and education costs. The costs related only to reception centres for refugees are officially estimated to be €1.16 billion for 2015 (Gruppo di studio sul sistema di accoglienza del Ministero dell'Interno, 2015).

### Netherlands

The Netherlands government estimates the total costs for 2015 to be €1.19 billion (\$1.3 billion, using the OECD DAC annual average exchange rate: \$1 = €0.901). This amount comprises €836 million from the 2016 budget

proposal, and an additional €350 million for 2015 approved at the end of November 2015 (Ministry of Foreign Affairs of the Netherlands, 2015; nu.nl, 2015).

For 2016 the estimates are €747 million (\$829 million), which is comprised of €347 million from the 2016 budget proposal, and an additional €400 million for 2016 approved at the end of November 2015 (nu.nl, 2015).

### Spain

In Spain, the 2016 budget sets the annual costs at €66.37 million for 2015 and estimates up to €112.70 million for 2016.

### Sweden

According to the latest budget proposal, the costs for 2015 are set at SEK 17.317 billion (\$2.1 billion, using the OECD DAC annual average exchange rate: \$1 = SEK 8.429) and at SEK 19.234 billion (\$2.3 billion) in 2016 (regeringen.se, 2015).

### United Kingdom

The media in the UK puts the total annual costs for caring for refugees in 2013 at £265 million (Nickerson and Ehrenberg, 2015).

## 3.3 Refugee numbers

ODI (2016) provides us with the data on the number of refugee arrivals in Europe over the period 2015 to 2017. Table 15 summarises the number of refugee arrivals in the European countries of interest, specifically including the actual values for 2015 as well as the estimated values relating to three possible scenarios for 2016 and 2017. These three possible scenarios are:

- **High-end:** disorderly arrival, i.e. the extension of the refugee pattern for 2015;
- **Low-end:** orderly-arrival, i.e. refugee distribution according to the capacity of states;
- **Middle-case:** semi-orderly, i.e. a mix of the orderly, 2015 pattern, and the pattern of acceptance of asylum claims.

Figures for 2015 show that the largest number of refugee arrivals was in Germany - probably due to the decision to open the borders in August 2015, followed by Sweden, Austria and Italy. On the other hand, Spain and Greece registered the lowest number of refugee arrivals over the same year.

**Table 15. Number of refugees in selected European countries, 2015-2017**

Country	2015	2016			2017		
	Actuals	High-end	Low-end	Middle-case	High-end	Low-end	Middle-case
Austria	85,520	100,500	11,500	27,000	75,526	9,602	88,160
Belgium	39,065	46,000	14,500	34,000	34,500	12,121	44,660
Denmark	20,855	24,500	8,500	28,000	18,418	6,999	20,935
France	70,570	83,000	80,000	62,000	62,323	66,586	75,750
Germany	950,000	1,118,500	105,000	553,000	838,978	87,604	476,510
Greece	11,370	13,500	10,000	13,000	10,041	8,278	13,205
Hungary	40,000	47,000	8,000	7,000	35,325	6,469	177,135
Italy	83,245	98,000	67,000	89,000	73,516	55,869	84,085
Netherlands	43,035	50,500	23,000	68,000	38,005	19,021	44,970
Norway	30,505	36,000	10,500	31,000	26,940	8,908	31,110
Spain	14,610	17,000	49,000	38,000	12,902	40,986	14,780
Sweden	156,195	184,000	14,000	111,000	137,941	11,869	162,450
UK	38,565	45,500	81,500	77,000	34,058	68,109	38,800

Source: Adapted from Cosgrave, 2016.

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# 4. Methodology

In order to estimate the reception and procedural costs related to refugee immigration in the European countries of interest over the period 2015-2017, we used the following four-step methodological approach:

## 1. Data collection

To begin with, we gathered all the relevant information on refugee costs in each country of interest taking into account a number of sources including governmental and non-governmental reports, government budgets, research studies, journal articles, as well as publications and data provided by international organisations. As a general rule, we considered data referring to the latest available year. In most cases, we were successful in obtaining 2015 data but there are some cases in which we were forced to refer to older data due to the lack of more recent, reliable sources. We looked for data breakdown into the greatest number of categories possible. In several cases, we are able to collect disaggregated data, though the items covered by each country are often very heterogeneous.

## 2. Data harmonisation

Given the high heterogeneity of the data, it was necessary to harmonise the data to produce per capita estimates and to allow comparisons across countries. To do so, we converted all data to monthly data, in euros, per refugee.

If the original data was given on a daily or annual format, we converted the data to a monthly figure. Equally, if data was provided for a certain number of refugees, we normalised the figures to a per capita number. All data reported in national currency (e.g. US dollars, British pounds, etc.) was converted to euros. So, for example, data on education costs provided in US dollars and on an annual basis, were converted into euros and normalised to monthly expenditures. Likewise, data on healthcare expenditure provided in per capita terms in national currency, were converted into euros and normalised to monthly expenditures.

## 3. Estimation

In order to estimate the per capita refugee-related costs associated with emergency needs provision and the processing of asylum claims at arrival (reception and procedural costs) in each country, we followed a standardised bottom-up approach. We avoided the traditional approach of computing per capita refugee-related costs by dividing the aggregate costs as provided by governments by the number of refugees – this could

be misleading and generate under/over-estimated values. Instead, we identified and computed the single per capita cost items of the reception and procedural cost category (i.e. financial allowances/vouchers, procedural costs, education and healthcare costs) for each country, gathering them to obtain the total per capita reception and procedural costs. We then scaled up these costs according to the number of refugees arriving in each country.

The advantage of this approach is threefold: it sheds light on the components underlying the assessed refugee-related costs category; it makes comparable the computed reception and procedural costs across countries; and it reduces the risks of under/over-estimating the analysed costs.

In the estimation process, the following assumptions and computations were used:

### *Assumptions*

- Due to the lack of information on the demographic composition of refugees (e.g. number of adults, children, couples without children, couples with one or more children, etc.), in each country, we assumed that the total number of refugees is equally divided among the various demographic categories.
- Due to the lack of information, in countries where refugees could be accommodated in reception centres with catering provided, and in reception centres where refugees could cook for themselves, we assumed that refugees were equally divided among the two.
- Due to the lack of information, in the case of countries where refugees could be hosted in both reception centres and private accommodations, we assumed that refugees were equally distributed among the two types of accommodation.
- We assumed that total procedural costs are the sum of costs related to application assessment, translation and legal aid. In order to obtain the procedural cost estimates, we used the average percentage shares of the application assessment, translation and legal aid cost items provided by Berger and Heinemann (2016) alongside Thielemann et al. (2010). We then multiplied these percentages for the total annual costs per asylum application provided by Berger and Heinemann (2016). We did this because the total annual costs per asylum application costs provided by Berger and Heinemann (2016) were significantly higher than our annual per capita estimates, including



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costs solely related to financial allowances/vouchers, education and healthcare. Thus, we assumed the total annual costs per asylum application included procedural costs.

#### *Computations*

The total monthly reception and procedural cost for a country 'i' at time 'j' is computed as follows:

$$\begin{aligned} & \text{(Total monthly per capita reception and procedural cost)}_{ij} \\ &= \text{(monthly per capita financial allowances/vouchers)}_{ij} \\ &+ \text{(monthly per capita procedural cost)}_{ij} \\ &+ \text{(monthly per capita education cost)}_{ij} \\ &+ \text{(monthly per capita healthcare cost)}_{ij} \end{aligned}$$

The monthly data was then transformed into annual data and scaled up by the number of refugees in order to allow country comparisons.

To obtain cost figures for 2016 and 2017, the estimates were updated to take into account inflation rates.

#### **4. Comparative analysis**

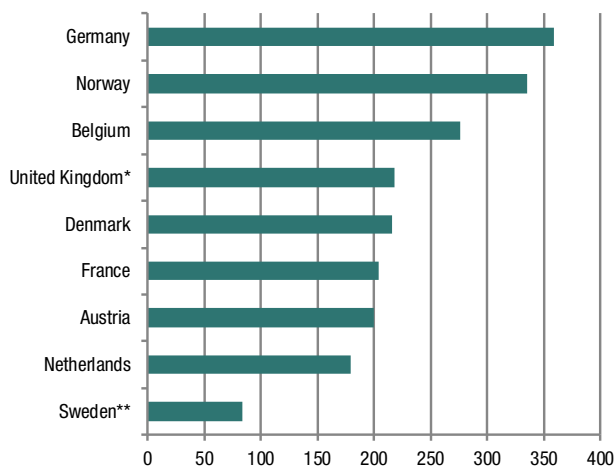
In order to assess the accuracy of the refugee-related costs officially reported by governments, for each country, we compared the computed estimates of the reception and procedural costs with the cost values declared by the government in budget plans, or through the media. Wherever significant discrepancies occurred, we tried to find reasons for these differences. Finally, in order to compare the burden of caring for refugees across countries, for the countries in this study, we computed the refugee-related costs/GDP ratios using the estimated reception and procedural costs.

# 5. Results

Using the methodology described in Section 4, we obtained the following estimates for the assessed reception and procedural costs at the disaggregated and aggregated level.

Focusing on the single cost items of the reception and procedural costs category, Figure 1 compares the monthly financial allowances/vouchers that single adults received in most of the European countries we considered. Note that these allowances/vouchers are those offered to refugees hosted in reception centres, where food is not provided. The figure shows that Germany provides the highest monthly financial allowances/vouchers (€359) to refugees, followed by Norway and Belgium. The Netherlands provides one of the lowest among the countries considered, with monthly financial allowances/vouchers amounting to approximately €180. This is followed by Sweden, though the monthly financial allowances/vouchers are low in Sweden because the figure includes amounts for refugees hosted in reception centres where food is already provided.

**Figure 1. Monthly financial allowances/vouchers per single adults in reception centres (excl. food) by country (€), 2015**



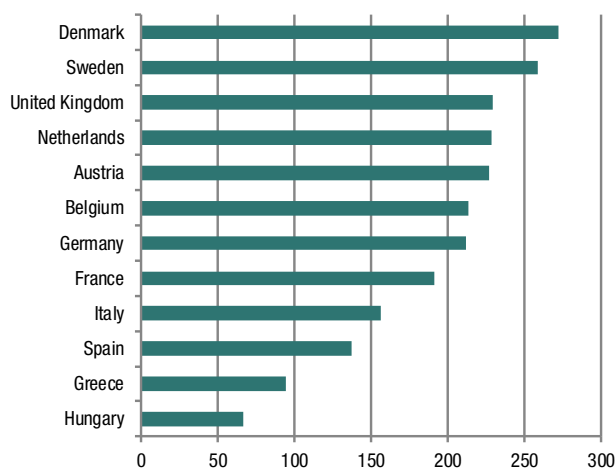
Source: Author's analysis, using the various sources as reported in Section 3.1.

Notes: \* Cash support defined in Section 95 of the Immigration and Asylum Act 1999 amounts to £160.12 (€218.18) per calendar month per person. Prior to August 2015 there were different rates, depending on the claimants' ages and household compositions, but this is no longer the case.

\*\* This composite figure is the allowances/vouchers amount for refugees hosted in reception centres where the provision of food is included.

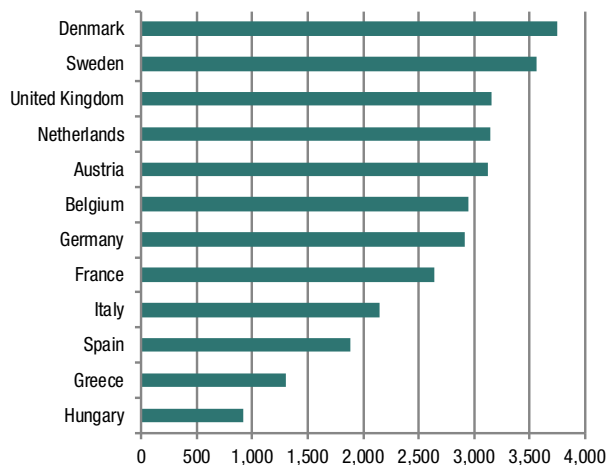
Figures 2, 3 and 4 compare the different types of procedural costs (i.e. translation, application assessment and legal aid) per asylum application in the countries of interest. The figures highlight that Northern European countries (Denmark, Sweden and the UK) are paying the most for refugee-related procedures; while Mediterranean countries and Hungary bear the least procedural costs.

**Figure 2. Annual translation costs per asylum application by country (€), 2015**



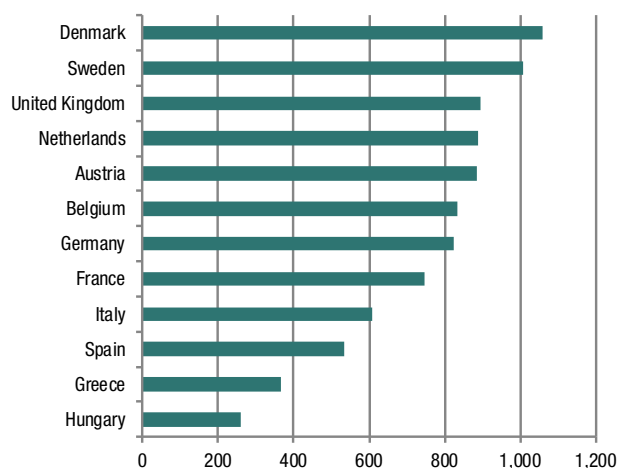
Source: Author's analysis, using data from Berger and Heinemann (2016).

**Figure 3. Annual application assessment costs per asylum application by country (€), 2015**



Source: Author's analysis, using data from Berger and Heinemann (2016).

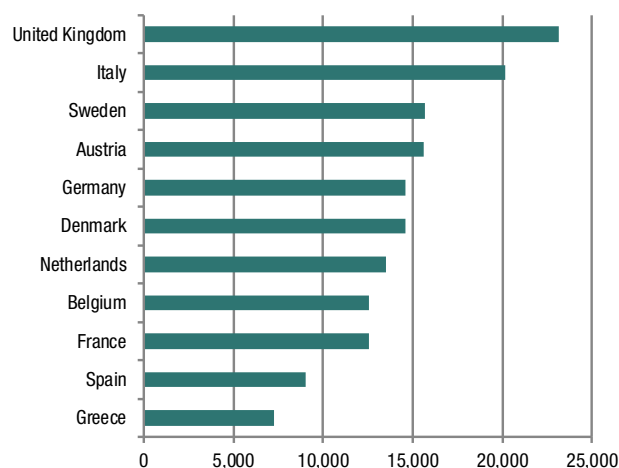
**Figure 4. Annual legal aid costs per asylum application by country (€), 2015**



Source: Author's analysis, using data from Berger and Heinemann (2016).

Moving to the reception and procedural costs at the aggregated level, Figure 5 reports data on the computed total annual per capita refugee-related costs associated with the emergency needs provision and the processing of asylum claims at arrival. The estimates take into account the financial allowances/vouchers and procedural costs, as well as the costs associated to refugees' access to education and healthcare.

**Figure 5. Total annual per capita reception and procedural costs by country (€), 2015**



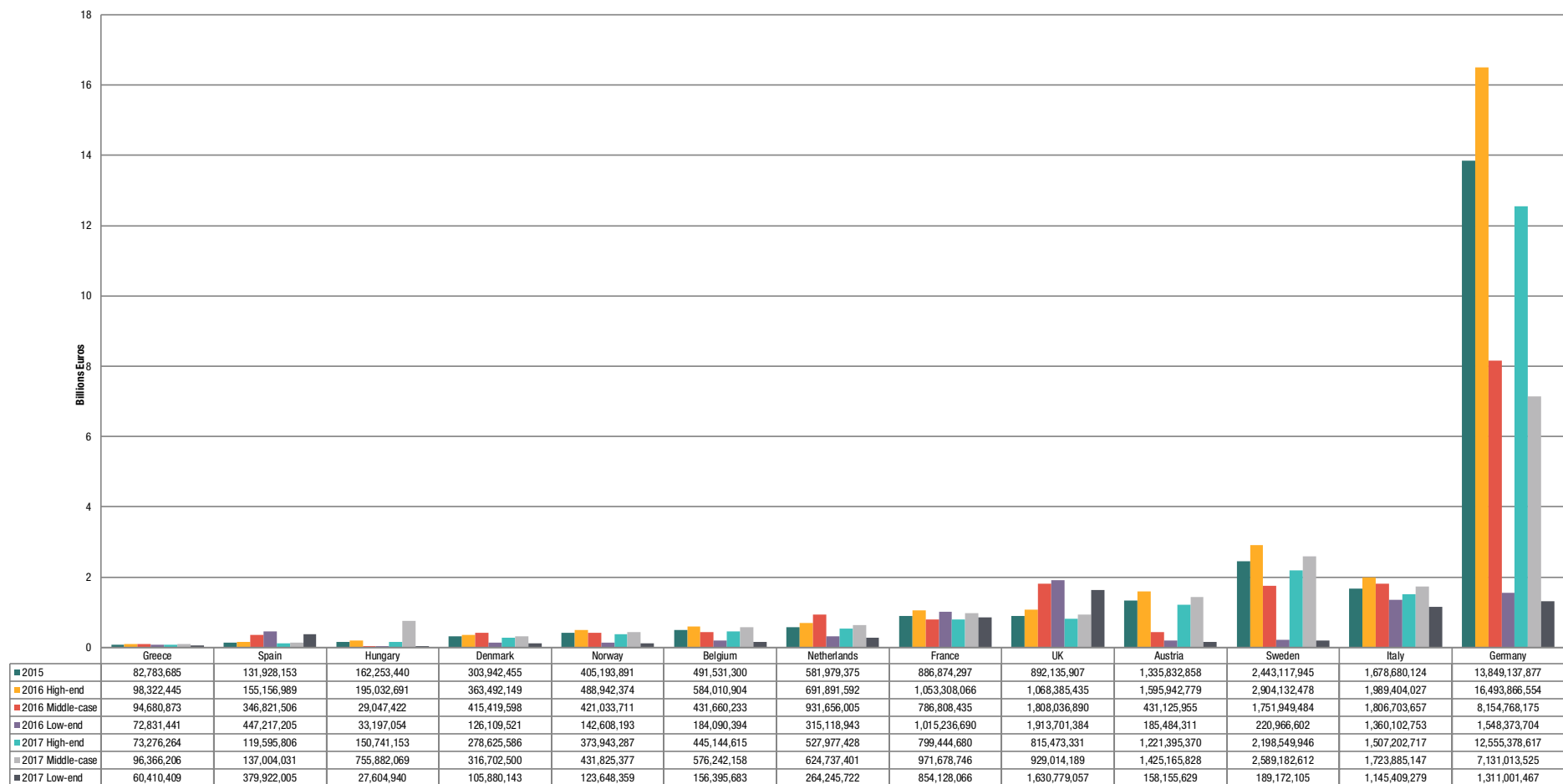
Source: Author's analysis, using various sources as outlined in sub-sections 3.1 and 3.3.

Figure 5 highlights that on per capita terms, the UK and Italy are the two countries bearing the highest reception and procedural costs in 2015, while Greece and Spain are on the bottom of the list. If we compare this data with the few official estimates expressed in per capita terms provided by governments (as reported in sub-section 3.2), we see that there are some European countries which might be underestimating refugee-related per capita costs. For example, in Germany, several media reports have put the annual government cost per refugee in the range of €12,000-€13,000, yet our estimate puts this figure at €14,578. In such cases, our results seem to suggest that official figures are not taking into account some cost items which are usually included in the reception and procedural costs category.

In Figure 6, we summarise the total estimated annual reception and procedural costs incurred by the considered European countries. The reported costs have been updated to take into account inflation rates for 2016 and 2017. The estimates are based on three possible scenarios of the number of refugees reaching European countries in the next two years (2016-2017): high-end, middle-case, and low-end (Table 15).

From Figure 6, we see that in a high-end cost scenario, Germany will carry the biggest burden with expenditures above €16 billion in 2016 and at about €12.5 billion in 2017. It is worth noting that these figures are below the official estimates provided by the German government, which are stated to be €20 billion in both 2016 and 2017. This may be explained by the fact that in our analysis, we are considering the costs related exclusively to new arrivals in 2016 and 2017 respectively, while the German government possibly considers the costs related to the overall number of refugees in the country, included those refugees who arrived in Germany in previous years. In a high-end cost scenario, Sweden and Italy are projected to disburse around €3 billion and €2 billion respectively in 2016; and roughly €2 billion and €1.5 billion respectively in 2017. Considering a high-end cost scenario, Greece is expected to bear the smallest annual reception and procedural costs, estimated at roughly €100 million in 2016 and €73 million in 2017.

Figure 6. Total annual reception and procedural costs by country (billion €), 2015-2017



Source: Author's analysis, using various sources as outlined in sub-sections 3.1 and 3.3.



In order to assess the accuracy of officially reported costs, we compared our 2015 estimates (including and excluding procedural costs) with the figures reported by the governments through their budget plans or the media. The comparison is reported in Figure 7. In several of our study's countries (e.g. Spain, Belgium, France, Germany and to a lesser degree, Italy), official figures appear to be largely in line with our estimates, excluding procedural costs. This seems to suggest that officially reported refugee-related costs are often taking into account cost items such as financial allowances/vouchers and some expenditure related to healthcare and education. However, they overlook other cost items relating to application assessment, translation and legal aid. This is important because as Figures 2, 3 and 4 show, these costs constitute a heavy burden, especially for Northern European countries.

This is confirmed by comparing official figures with our estimates that include procedural costs. For the majority of the countries we considered, official figures appear to be significantly below our estimates. For example, this is the case in Sweden, one of the European countries bearing the highest costs for refugee-related procedures as highlighted by Figures 2, 3 and 4. Another example is provided by the UK, where there is evidence that official figures do not include costs related to legal aid (*The Telegraph*, 2015). Note that in the case of the UK, official figures are also significantly lower than our estimates excluding procedural costs, since they tend to ignore cost items such as healthcare and education costs (Ibid.). In the case of France, our higher estimates including procedural costs

suggest that official figures do not take into account cost items relating to application assessment, translation and legal aid. Moreover, the French General Accounting Office has highlighted that healthcare and education costs are also not considered (Maligorne, 2015).

There are only two exceptions in which our estimates (both excluding and including procedural costs) appear to be significantly below official figures: Denmark and the Netherlands. This may be due to the fact that in these countries, official figures often include additional cost items such as the support provided to NGOs in the Netherlands to assist refugees and costs related to deportation (DutchNews.nl, 2015). The fact that discrepancies are slightly smaller once procedural costs are included, suggests that these countries are already considering some of these cost items. Indeed, there is evidence that in the Netherlands, application assessment costs and costs related to legal aid are included in the official figures (Ibid.).

Overall, our results seem to confirm that the reporting of refugee-related costs is not uniform across European countries. Further still, there are countries excluding important cost items (e.g. procedural costs, or healthcare and education costs) while others are including additional costs items not directly related to ensuring an adequate level of welfare to refugees or to the processing of asylum claims. This has resulted in cost figures which may be misleading and that are not comparable across countries, thus making it difficult to assess the true cost of the refugee crisis. Our estimates computed through a standardised approach allow us to better compare the share of the

**Table 16. Reception and procedural costs (% of GDP), 2015-2017**

Country	2015	2016			2017		
		High-end	Middle-case	Low-end	High-end	Middle-case	Low-end
Austria	0.40	0.46	0.12	0.05	0.34	0.40	0.09
Belgium	0.12	0.14	0.10	0.04	0.10	0.13	0.07
Denmark	0.11	0.13	0.15	0.05	0.10	0.11	0.07
France	0.04	0.05	0.04	0.05	0.04	0.04	0.08
Germany	0.46	0.53	0.26	0.05	0.39	0.22	0.08
Greece	0.05	0.06	0.05	0.04	0.04	0.05	0.07
Hungary	0.17	0.17	0.03	0.03	0.13	0.64	0.05
Italy	0.16	0.12	0.11	0.08	0.09	0.10	0.13
Netherlands	0.09	0.10	0.14	0.05	0.07	0.09	0.07
Norway	0.12	0.14	0.12	0.04	0.10	0.12	0.07
Spain	0.01	0.01	0.03	0.04	0.01	0.01	0.07
Sweden	0.55	0.62	0.37	0.05	0.45	0.53	0.08
UK	0.04	0.04	0.07	0.08	0.03	0.04	0.13

Sources: Author's own cost estimates based on Cosgrave (2016) and IMF's World Economic Outlook (April 2016).

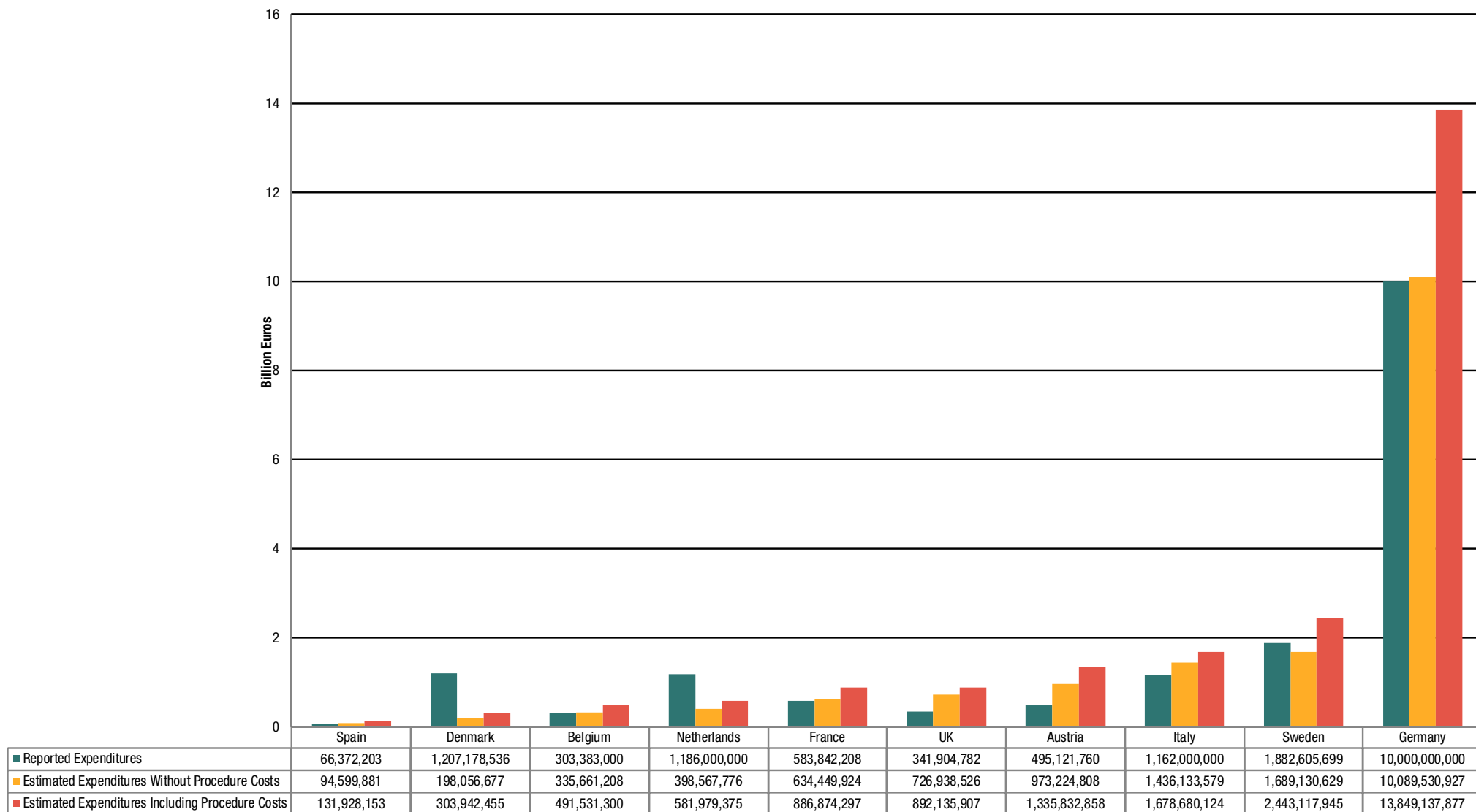
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burden that each country shoulders to care for refugees. Table 16 shows, for each of the countries of interest, the estimated reception and procedural costs as a share of GDP for the period 2015-2017, taking into account the three possible scenarios of refugee arrivals for 2016 and 2017 as outlined by ODI (2016).

From the table, we see that in 2015 refugee-related costs appear to represent a bigger burden for Sweden (0.55% of GDP), Germany (0.46% of GDP) and Austria (0.40% of GDP). In Germany, this is directly related to the huge number of refugees the country received after the decision to open the borders in August 2015. The UK, Spain and France bear the lowest burdens compared to other considered European countries. In a high-end cost scenario, Germany (at 0.53% of GDP) and Sweden (at 0.62% of GDP) will be expected to shoulder the largest spending increases in 2016 relative to 2015, while costs are expected to scale down in almost all countries in 2017 compared to 2015.

Although the estimated refugee-related costs are not negligible, caring for refugees is far from being excessively onerous. Indeed, in the considered European countries, the average costs for asylum seekers in 2015 amount to 0.18% of GDP. This number is much lower than other budgetary expenses such as military expenditures and health expenditures which, according to the World Bank's data, in 2014 amount on average to 1.4% of GDP and 10% of GDP respectively.

**Figure 7. Official vs estimated total annual reception and procedural costs by country (billion €), 2015**



Source: Author's analysis based on various sources as outlined in Section 3.

Note: UK reported expenditures refer to 2013 data (£265 million).

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# 6. Conclusion

This paper attempts to create a tool for policy makers and potential funders to make a more accurate estimate of refugee-related costs. By looking at a sample of selected European countries over the period 2015-2017, we adopt a standardised bottom-up approach to assess the costs associated with emergency needs provision to refugees and the processing of asylum claims at arrival (reception and procedural costs). This approach allows us to obtain cost estimates which may be compared across countries. They can also be used as a benchmark to assess the accuracy of the official refugee-related costs currently reported in a number of heterogeneous ways by governments.

Our results show:

- **Highest per capita reception and procedural costs in the UK and Italy**

On per capita terms, the UK and Italy are the two countries bearing the highest reception and procedural costs in 2015, while Greece and Spain shoulder the lowest per capita costs. By looking at the single components of the reception and procedural costs, it emerges that Germany, Norway and Belgium are the countries that provide the highest per capita financial allowances/vouchers, while Northern European countries such as Denmark, Sweden and the UK are those paying the most on per capita terms for refugee-related procedures.

- **Highest reception and procedural costs in Germany, Sweden and Italy**

When taking into account the number of refugee arrivals by country, Germany, Sweden and Italy appear to be those carrying the biggest burden of caring for refugees in 2015. In a high-end cost scenario, these are also the countries expected to be affected the most in 2016 and 2017.

- **Under/over-estimated officially reported reception and procedural costs**

The comparison between our cost estimates and the officially reported cost figures highlights the fact that in several cases, governments tend to overlook cost items such as those related to the processing of asylum claims and/or to the provision of healthcare and education services to refugees (e.g. Sweden, the UK and France). On the

other hand, there are countries that tend to include in the refugee-related expenditures certain cost items which are not directly related to ensuring an adequate level of welfare to refugees or to the processing of asylum claims (e.g. the Netherlands).

- **Still manageable budgetary expenses for refugees**

By looking at refugee-related costs as a share of GDP, our findings suggest that budgetary expenses for refugees are still manageable in the European countries we considered. In fact, the average reception and procedural costs amount to less than 0.2% of GDP in 2015 – this is a percentage of GDP much lower than that of other budgetary expenditures. It strongly suggests that for now, the main issue for European economies in relation to the refugee crisis is more political than financial. The main problem is that European countries are failing to truly coordinate efforts to deal with the refugee crisis and to share in equal measure the burden of the costs.

- **Importance of a harmonised framework for refugee cost reporting**

The unwillingness or difficulty experienced by some European countries to follow or adopt standardised reporting standards leads to cost figures which may be misleading and are not comparable across countries. As such, it is hard for policy makers to assess the true cost of the refugee crisis and develop effective policies. Therefore, it is important for official sources and governments to categorise and report refugee-related costs in a harmonised way. A few steps have been taken in this direction but much remains to be done. For example, the practice of diverting ODA to cover in-donor refugee costs needs urgent review to avoid misleading cost estimates.









Country	Breakdown Costs per refugee (monthly in euros)												
	Board / Lodging	Allowance in reception centre including food	Allowance in reception centre without food	Allowance in private accommodation	Clothes	Education	Pocket Money	Recreation activity	Food	Health	Pre-Primary Education	Primary Education	Secondary Education
<b>Spain</b>										117.48	560.45	607.30	801.22
Single adult			347.60										
Household 2 persons			520.73										
Household 3 persons			557.73										
Household 4 persons			594.73										
Household 5 or more persons			792.73										
<b>UK</b>										210.58			
Adults with benefits (not able to work)			2,281.00			0.00							
Adults without benefits (able to work)			916.00			0.00							
Children below 3 years			916.00			0.00							
Children 3- 4 years			916.00			242.56							
Children 5-18 years			916.00			483.83							

Source: Author's figures based on various sources as outlined in sub-section 3.1.

Note: \* The monthly board/lodging cost items for Greece and Hungary are computed as the sum of the monthly housing and material reception conditions cost items estimated on the basis of data provided by Berger and Heinemann (2016).



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