Questions and Answers: Preliminary Figures on 2020 Official Development Assistance

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What do the figures show?

Preliminary OECD figures show that Official Development Assistance (ODA) provided by the European Union and its 27 Member States has reached €66.8 billion in 2020 on a grant equivalent basis, representing 0.50% of EU Gross National Income (GNI). This is significantly above the 0.26% average of non-EU countries that are members of the Development Assistance Committee (DAC). It confirms Team Europe as the leading provider of ODA in 2020, providing 46% of global ODA by the EU and the other DAC donors.

Compared to 2019 levels, EU27 collective ODA in 2020 has increased by €8.9 billion (15%) in nominal terms. ODA as a share of GNI has increased by 0.09 percentage points between 2019 and 2020.

The EU is collectively committed to providing 0.7% of Gross National Income (GNI) as ODA within the timeframe of the 2030 Agenda. Four EU Member States already exceed the 0.7% ODA/GNI target (Sweden, Luxembourg, Denmark and Germany).

Why did EU27 collective ODA relative to GNI increase in 2020 compared to 2019?

The increase in EU27 collective ODA as a share of GNI in 2020 compared to 2019 is due to an increase in EU27 collective ODA (by 15%) as well as a decrease in EU27 collective GNI (by 4.7%) in nominal terms.

What do the figures show regarding ODA managed by the EU institutions?

ODA from EU Institutions (European Commission and EIB) increased by €3.7 billion (27%) in 2020 compared to 2019 in nominal terms, reaching €17 billion.

European Commission-managed ODA went up by €2.8 billion (22%) in nominal terms, reaching €15.8 billion, including €1 billion of special macro-financial assistance loans on a grant equivalent basis.

EIB-managed ODA increased by €830 million (211%) in nominal terms, reaching €1.2 billion. This is mostly due to an increase of the EIB’s loans to the private sector.

How does the EU compare with the rest of the DAC donors?

Global ODA (i.e. the sum of the ODA provided by the EU collectively and by the non-EU members of the DAC) increased in relative terms from 0.29% to 0.33% of GNI. In nominal terms, global ODA increased from €135 billion in 2019 to €144 billion in 2020.

The proportion of the EU27 collective ODA on global ODA increased from 43% in 2019 to 46% in 2020. In terms of GNI provided as ODA, the EU and its 27 Member States (0.50%) are significantly above the average of non-EU DAC donors (0.26%). The EU and its 27 Member States thereby consolidate their position as the world’s leading donor of development assistance.

The United Kingdom is included in the EU Collective ODA figures up to 2019 but not in 2020 due to its withdrawal from the European Union taking effect on 1 February 2020. What would the trend be when comparing EU27 collective ODA of 2020 to EU28 collective ODA of 2019?

EU28 collective ODA in 2019 amounted to €75.2 billion, equivalent to 0.46% of EU28 collective GNI. The UK accounted for €17.3 billion (23%) of this. Compared to EU28 collective ODA in 2019, EU27 collective ODA in 2020 (€66.8 billion and 0.50% of EU27 collective GNI) would show a decrease of €8.5 billion (11%) in nominal terms due to the withdrawal of the UK. At the same time, EU27 collective ODA as a share of GNI in 2020 would still show an increase (by 0.04 percentage points) compared to the EU28 collective ODA as a share of GNI in 2019.
What is the EU performance regarding the ODA to Least Developed Countries target?

Data for ODA to Least Developed Countries (LDCs) for 2020 will only be available by early 2022. In 2019, EU28 collective ODA to LDCs decreased by 4.3% in nominal terms compared to 2018, amounting to €19.0 billion which is equivalent to 0.12% of GNI. This GNI ratio for EU collective ODA to LDCs is still significantly above the average GNI ratio for ODA to LDCs of non-EU DAC members, which stood at 0.07% in 2019. EU27 collective ODA to LDCs decreased by 4.1% in nominal terms compared to 2018, amounting to €13.8 billion, equivalent to 0.10% of GNI.

ODA to LDCs decreased for both EU Member States (on average) and EU institutions. This however reflects very different processes: For EU institutions, the apparent decrease in ODA to LDCs was accompanied by a substantial increase in regional ODA, which is unallocated by income in the current OECD-DAC methodology. We know that a considerable part of this has benefitted LDCs, but it cannot be formally attributed. This particularity in the DAC methodology will be partly corrected as from 2020 data so figures better reflect the reality. For EU Member States, the increase in ODA to LDCs in 2018 was mostly due to one-off exceptional payments by some large Member States to multilateral institutions, part of which is imputed to LDCs. This did not repeat in 2019 so they are now back on the “natural” path of a slow increase since 2016 in absolute amounts. Importantly, bilateral ODA to LDCs of most Member States (i.e. programmable aid) has increased in 2019.

The EU is committed to collectively meeting the target of providing 0.15 – 0.20% of GNI as ODA to LDCs in the short term and to reach 0.20% of GNI as ODA to LDCs within the timeframe of the 2030 Agenda. Three EU Member States met or exceeded the 0.15% threshold of ODA to LDCs/GNI in 2019: Luxembourg (0.47%), Sweden (0.32%) and Denmark (0.22%), as well as the United Kingdom (0.21%).

What is the EU performance regarding ODA to Africa?

Data for ODA to Africa for 2020 will only be available by early 2022. In 2019, EU28 collective ODA to Africa increased by 3.6% in nominal terms compared to 2018, reaching €25.9 billion. As a share of total EU28 ODA to developing countries, 35% went to Africa in 2019. EU27 collective ODA to Africa increased by 5.3% in nominal terms compared to 2018, reaching €19.9 billion, equivalent to 35% of total EU27 collective ODA to developing countries.

Why do the figures reported by the OECD on the EU institutions’ and EU Member States’ global response to COVID-19 differ from those published by the European Commission?

The OECD reports about €8 billion for EU institutions’ and about €4.4 billion for EU Member States’ total ODA for COVID-19 related activities in 2020. In the joint reporting on Team Europe’s global response to the pandemic with figures as of 1 January 2021, published on 8 April 2021, the Commission reported payments of €14.8 billion for EU institutions and €6.9 billion for EU Member States. The differences are due to varying scopes of the reporting, and are explained in the following for EU institutions.

The difference for EU institutions (about €6.9 billion) is based in particular on the EIB’s contribution: Joint Team Europe reporting includes support from EIB which is not ODA-eligible (while reporting to OECD only includes ODA-eligible support) as well as contributions in the form of loans when they are signed (while reporting loans to OECD only happens when the first payment has been made), and it uses gross support throughout (while reporting to OECD uses net cash flows for private sector loans and equities, and the grant equivalent methodology for sovereign sector loans). The EIB thereby accounts for about €4.8 billion of the difference in reporting on EU institutions with regard to the global response to the pandemic.

The remaining difference of about €2 billion is due to reporting on the European Commission, especially on the EFSD Guarantee of €1.55 billion, which is included in the joint Team Europe reporting but not in the COVID-19-specific reporting to OECD. Other sources of differences in the reporting on the Commission include the fact that the Commission takes into account pre-financing from 2019, with a pro-rata temporis methodology, which has been re-oriented to tackle the pandemic in 2020 (while the reporting to OECD does not include any pre-financing) and the inclusion of support which is not ODA-eligible.

Why has there been a methodological change starting from 2018 ODA figures?

The OECD-DAC decided on a new methodology to calculate the ODA value of concessional loans in 2016. It was applied for the first time in 2019 to 2018 data for official loans and loans to multilateral institutions.

The new method, “grant equivalent method”, is a method to report the grant equivalent of loans calculated on the basis of the donor effort. The methodology assigns a percentage to each concessional loan on the basis of several parameters (risk of default measured ex-ante depending on
the beneficiary country income group, duration of the loan, interest rate, grace period). This percentage (the so-called “grant element”), is applied to the amount of the loan to calculate the “grant equivalent”, i.e. the “gift portion” of the loans, which is now recorded in OECD-DAC statistics. For now, this system only applies to loans to the sovereign sector and multilateral organisations as well as debt relief (the latter only starting from 2020 data). A grant equivalent measure for the use of private sector instruments has not yet been agreed (and the cash flow method is still used).

In the past (“cash flow basis”), the actual flows of cash between a donor and a recipient country were recorded and a loan was recorded at “face value” as ODA but subsequent repayments by countries were then subtracted as negative ODA, so that loans ultimately produced zero net ODA, except in the case of a default. With the new methodology, reflows are not counted.

The new system improves the reporting of ODA loans and allows accounting for the efforts made by donors to provide loans depending on their level of concessionality, that is, the level of benefit to the borrower compared to a loan at market rate.

Grant equivalent figures of 2018-2020 are however not comparable with previous years’ data calculated on a flow basis. Comparisons over time are made possible by applying the previous methodology (on a flow basis) to 2018-2020 operations.

How are the numbers compiled? Who are they compiled by?

The OECD Development Assistance Committee (DAC) is the ultimate authority that decides if expenditure reported to it (by Member States or other donors) qualifies as Official Development Assistance (ODA).

The DAC is currently composed of 30 members: Australia, Canada, Iceland, Japan, Korea, New Zealand, Norway, Switzerland, United Kingdom and USA, 19 EU Member States and the European Union, which acts as a full member of the committee. 3 EU Member States (Estonia, Latvia and Lithuania) are non-DAC OECD members, while another 5 (Bulgaria, Croatia, Cyprus, Malta and Romania) are neither OECD nor DAC members.

The European Commission presents individual data on all EU Member States, including on those that are not members of the DAC. The EU uses the same current price figures as presented by DAC in the publication of preliminary figures for 2020, (re)converted from USD to EUR using the DAC exchange rate.

There are two differences in analysing the changes in ODA volumes:

The European Commission presents and analyses data in Euro values, while the DAC uses US Dollars. This exchange rate difference applies for both global figures and individual Member States.

The European Commission uses values in nominal terms (current prices) for presenting changes. The DAC presents data both in constant prices and nominal terms, but calculates changes only in constant prices and exchange rates.

In addition to the ODA of the EU Member States presented by the DAC, the Commission also presents the EU collective ODA, which is calculated by taking into account all EU Member States' ODA (including what they channel through EU institutions) and what the EU institutions disburse as ODA, without double-counting and not counting the UK's ODA channelled through EU institutions when looking at EU27 collective ODA. The ODA provided through the European Investment Bank's own resources is not imputed to Member States and the UK and is additional to the Member States' ODA.

Why are the data preliminary?

The data presented is based on information that the OECD has received from Member States in recent weeks. Additional information on the details of funds and programmes for 2020 will be reported to and checked by the OECD-DAC over the course of 2021. Final 2020 ODA figures with a detailed breakdown should be published by OECD-DAC by early 2022.

For More Information

Press release: Team Europe increased Official Development Assistance to €66.8 billion, consolidating its position as the world’s leading donor in 2020

Annex Preliminary Figures on 2020 Official Development Assistance, Tables and Graphs for the EU and its Member States

Commission's publication of figures on the global COVID-19 response

OECD press release
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