

EUROPEAN COMMISSION

MEMO

QUESTIONS AND ANSWERS ON PRELIMINARY FIGURES ON 2019 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 Member States has reached EUR 75.2 billion in 2019 on a grant equivalent basis, representing 0.46% of EU Gross National Income (GNI). This is significantly above the 0.21% average of non-EU countries that are members of the Development Assistance Committee (DAC). It confirms the EU and its Member States as the leading provider of ODA in 2019, providing 55% of global ODA.

Compared to 2018 levels, EU collective ODA in 2019 has slightly increased (by EUR 501 million) in nominal terms. ODA as a share of GNI has gone down by 0.01 percentage points between 2018 and 2019.

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

**Why did EU collective ODA relative to GNI decrease in 2019 compared to 2018?**

Although ODA increased in nominal terms, there was a decrease of ODA relative to GNI, given the relatively higher increase in GNI between 2018 and 2019.

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

ODA from EU Institutions decreased by EUR 637 million (4.6%) in 2019 compared to 2018.

European Commission-managed ODA went up by EUR 148 million (1.2%) in nominal terms.

On the other hand, EIB-managed ODA declined by EUR 785 million (66.5%) in nominal terms. This is mostly due to a decrease of the EIB's loans to the sovereign sector (of EUR 121 million) and a decrease in loans to the private sector (of EUR 665 million) compared to last year.

## **Why is "EU collective ODA" 2019 lower than the sum of all EU Member States' ODA?**

EU collective ODA 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. Usually, EU institutions disburse more than they receive from Member States as ODA in a given year, mainly because the EIB also has resources of its own which it disburses as ODA. In 2019, the decrease of EU institutions' ODA is mostly due to the fact that the EIB granted less net loans and received a comparatively large amount of reflows from loans granted to the private sector in previous years, which are counted as "negative ODA".

## **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) decreased in relative terms from 0.31% to 0.30% of GNI. In nominal terms, global ODA increased from EUR 131 billion in 2018 to EUR 136 billion in 2019.

The proportion of the EU collective ODA on global ODA decreased from 57% in 2018 to 55% in 2019. In terms of GNI provided as ODA, the EU (0.46%) is significantly above the average of non-EU DAC donors (0.21%). The EU remains the world's leading donor of development assistance, ahead of the United States (23%) and Japan (10%).

## **The United Kingdom is still included in the EU Collective ODA figures. What would the EU collective performance have been without the UK?**

The EU aggregate includes the United Kingdom because the reference period ends before the United Kingdom's withdrawal from the European Union having taken effect on 1 February 2020.

The UK accounted for EUR 17.3 billion (i.e. 23%) of EU28 collective ODA in 2019. Without the UK, EU27 collective ODA would have stood at EUR 57.9 billion, i.e. 0.41% of EU27 GNI.

The EU, together with its 27 Member States, would remain the largest donor of Official Development Assistance (ODA), with 43% of global ODA.)

## **Why does the OECD DAC press release indicate that the EU ODA to GNI ratio is 0.47%?**

In its analysis, the OECD DAC considers only ODA from the 20 EU Member States, which are DAC countries. The European Commission, instead, considers not only the ODA from those EU Member States, but also from the other 8 EU Member States as well as the ODA provided by EU institutions that is not imputed to Member States (mainly EIB's own resources). When these are taken into account, the EU collective ODA as a share of GNI corresponds to 0.46%.

## **What is the EU performance regarding the ODA to Least Developed Countries target?**

Data for ODA to Least Developed Countries (LDCs) for 2019 will only be available in December 2020. In 2018, EU collective ODA to LDCs increased by 9.2% in nominal terms compared to 2017, reaching EUR 19.8 billion which is equivalent to 0.125% of GNI. This GNI ratio for EU collective ODA to LDCs is the highest one since 2011 and significantly above the average GNI ratio for ODA to LDCs of non-EU DAC members, which stood at 0.07% in 2018.

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. 4 out of the 28 EU Member States of 2018 met or exceeded the 0.15% threshold of ODA to LDCs/GNI: Luxembourg (0.46%), Sweden (0.34%), Denmark (0.20%) and the Netherlands (0.15%) and the United Kingdom (0.23%).

## **What is the EU performance regarding ODA to Africa?**

Data for ODA to Africa for 2019 will only be available in December 2020.

In 2018, EU collective ODA to Africa increased by 4.3% in nominal terms compared to 2017, reaching EUR 25 billion. As a share of total EU ODA to developing countries, 33.6% went to Africa in 2018.

## **How is the EU using its Official Development Assistance to respond to the COVID-19 pandemic?**

Only a few days ago, the EU and its Member States announced, as “Team Europe”, the reorientation of EUR 20 billion of ODA to the fight against the coronavirus pandemic and its consequences.

The EU's response follows a “Team Europe” approach, aimed at saving lives by providing quick and targeted support to our partners to face this pandemic. It combines resources from the EU, its Member States and financial institutions, in particular the European Investment Bank and the European Bank for Reconstruction and Development, to support partner countries and address their short-term needs, as well as the longer-term structural impacts on societies and the economy.

## **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 [1].

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. A grant equivalent measure for debt reorganisation and use of private sector instruments has not yet been agreed (and the cash flow method is still used).

In the past ("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 and 2019 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 and 2019 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, USA, 20 EU Member States and the European Union, which acts as a full member of the committee. Three EU Member States (Estonia, Latvia and Lithuania) are non-DAC OECD members, while another five (Bulgaria, Croatia, Cyprus, Malta and Romania) are neither OECD nor DAC members.

The European Commission presents individual data on all 28 EU Member States of 2019, 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 2019, (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 28 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. The ODA provided through the European Investment Bank's own resources is not imputed to Member States 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 2019 will be reported to and checked by the OECD DAC over the course of 2020. Final 2019 ODA figures with a detailed breakdown should be published by OECD DAC in December 2020.

### **For more information**

[EC press release](#)

[Annex Preliminary Figures on 2019 Official Development Assistance, Tables and Graphs for the EU and its Member States](#)

[OECD press release](#)

[1] For further information see: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/modernisation-dac-statistical-system.htm>.