

KEY QUESTIONS

the big six



1 How much ODA does the EU provide?

The EU is the largest multilateral donor; spending on migration drove ODA increases in recent years

The European Union (EU) is a multilateral organization that receives funding from its member states. At the same time, it is a donor that channels ODA itself: The EU's ODA in 2018 stood at US\$16.4 billion (current prices). This makes the EU institutions the fourth-largest donor of the OECD Development Assistance Committee (DAC), after the United States, Germany, and the United Kingdom (UK).

These numbers are based on the new methodology for measuring ODA loans which the OECD DAC will apply to ODA reporting for 2018 onward. Preliminary ODA figures for 2018 using this new methodology were first released in April 2019. This methodology, called 'grant-equivalent' methodology, provides a more accurate way to count donor efforts in concessional ODA loans because only the 'grant' portion of loans, expressed as a monetary value, is counted as ODA. Due to the EU's high volume of loans, its grant-equivalent ODA is 4% lower than its net ODA would have been based on the 'cash basis' methodology used previously.

To allow for comparison overtime, the OECD still publishes net ODA disbursements according to the cash basis methodology. ODA in 2018 decreased by 2% compared to 2017. Nevertheless, this comes after a 25% increase between 2015 and 2016: The EU's net ODA in 2016 peaked at US\$17.6 billion, largely due to increased contributions from several member states (France, Germany, Italy, Spain, and the UK) as a response to the unprecedented arrivals of asylum seekers starting in 2015.

The overall allocation of development funding for the EU's current 2014-2020 multiannual financial framework (MFF) has largely been determined. The EU's development funding comes mostly from two sources: The Development Cooperation Instrument (DCI), which provides funds primarily to countries in Asia and Latin America, is part of the EU's general budget that is laid out in the MFF and comprises €19.7 billion (US\$22.2 billion) for 2014 to 2020. The European Development Fund (EDF), which provides funds for African, Caribbean, and Pacific

Further information: 2017 prices

To compare ODA levels in any given year with ODA levels provided in other years, figures need to be adjusted to account for inflation and exchange rate fluctuations. The OECD provides data that accounts for these fluctuations. In this profile, and unless indicated otherwise, figures are stated using 2017 prices.

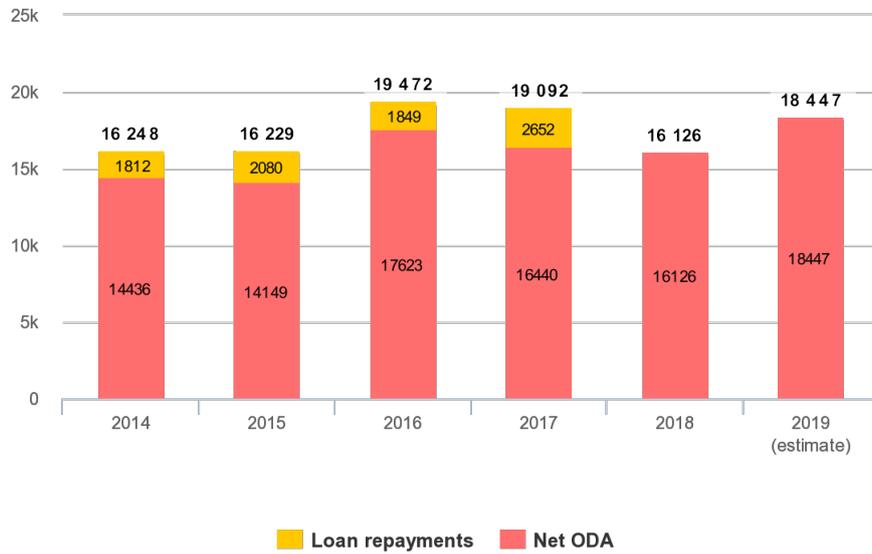
(ACP) countries, is financed by direct contributions from the member states (thus outside the MFF), with €30.5 billion (US\$34.4 billion) for the 2014-2020 period (for more details see Question 5: 'How is the EU's ODA budget structured?').

The MFF for 2021-2027 is currently being negotiated. The European Commission (Commission) put forward its proposal for the structure, priorities, and budget limits of the next MFF in June 2018. The Commission suggests combining all the EU's development instruments (including the EDF and DCI) under the single Neighborhood, Development, and International Cooperation Instrument (NDICI), which would be part of 'Heading 6' in the general budget, titled 'Neighbourhood and the World'.

Within this heading, the NDICI is to focus on development assistance and humanitarian action. The Commission proposes to provide €89.2 billion (US\$100.6 billion, in 2018 prices) to the NDICI for the seven-year period. This would mean an increase over the development instruments in the current MFF, despite contributions from the UK stopping after its exit from the EU ('Brexit'). 92% of the NDICI funds are to be ODA-reportable, amounting to €80.3 billion (US\$90.5 billion) as ODA. The proposal is being discussed in the European Parliament and Council throughout 2019; the Commission's overall budget proposal faces various challenges by the Council, which could change the amounts allocated to Heading 6. A final agreement on the next MFF is to be made by the end of 2019.

THE EU'S GROSS/NET ODA DISBURSEMENTS

US\$ millions; in 2017 prices



OECD table DAC1. 2018 number according to preliminary data (April 2019).
 ODA estimates for 2019 based on government data.