

## Development: COVID-19 spending lifts foreign aid to new high in 2020 but more effort needed

13/04/2021 – Foreign aid from official donors rose to an all-time high of USD 161.2 billion in 2020, up 3.5% in real terms from 2019, boosted by additional spending mobilised to help developing countries grappling with the COVID-19 crisis, according to preliminary data collected by the OECD.

Within total Official Development Assistance (ODA) provided by members of the OECD's Development Assistance Committee in 2020, initial estimates indicate that DAC countries spent USD 12 billion on COVID-19 related activities. Some of this was new spending and some was redirected from existing development programmes, according to an OECD survey carried out in April and May 2020. Most providers said they would not discontinue programmes already in place.

Total ODA equated to around 1% of the amount countries have mobilised over the past year in economic stimulus measures to help their own societies recover from the COVID crisis. Meanwhile the global vaccine distribution facility COVAX remains severely underfunded, **OECD Secretary-General Angel Gurría said during a virtual presentation of the aid data.**

"Governments globally have provided 16 trillion dollars' worth of COVID stimulus measures yet we have only mobilised 1% of this amount to help developing countries cope with a crisis that is unprecedented in our lifetimes," Mr Gurría said. **"This crisis is a major test for multilateralism and for the very concept of foreign aid. We need to make a much greater effort to help developing countries with vaccine distribution, with hospital services and to support the world's most vulnerable people's incomes and livelihoods to build a truly global recovery."**

Foreign aid rose in a year that saw all other major flows of income for developing countries – trade, foreign direct investment and remittances – decline due to the pandemic, and domestic resources under increased pressure. Total external private finance to developing countries fell 13% in 2020 and trade volumes declined by 8.5%. ([See the OECD's Global Outlook on Financing for Sustainable Development 2021.](#))

The rise in 2020 ODA was also affected, however, by an increase in loans by some donors. Of gross bilateral ODA, 22% was in the form of loans and equity investments, up from around 17% in previous years, with the rest provided as grants.

The 2020 ODA total is equivalent to 0.32% of DAC donors' combined gross national income, up from 0.30% in 2019 but below a target of 0.7% ODA to GNI.

Part of the rise in the ratio was due to the fact that GNI fell in most DAC countries. Six DAC members – Denmark, Germany, Luxembourg, Norway, Sweden and the United Kingdom – met or exceeded the 0.7% target. Among non-DAC donors, whose assistance to developing countries is not included in the ODA total, Turkey provided aid equivalent to 1.12% of its GNI.

ODA rose in 16 DAC countries, with some substantially increasing their aid budgets to help developing countries respond to the pandemic. The largest increases were in Canada, Finland, France, Germany, Hungary, Iceland, Norway, the Slovak Republic, Sweden and Switzerland. ODA fell in 13 countries, most notably in Australia, Greece, Italy, Korea, Luxembourg, Portugal and the United Kingdom. G7 donors provided 76% of total ODA and DAC-EU countries 45%. ODA provided by EU Institutions jumped by 25.4% in real terms as they mobilised funds for COVID-19 related activities and increased sovereign lending by 136% over 2019.

Short-term support to help with the COVID-19 crisis focused on health systems, humanitarian aid and food security, according to the OECD survey. Aid providers indicated they would focus in the medium-term on making diagnostics and vaccines available to countries in need, as well as offering support to address the economic and social repercussions of the pandemic.

“At the outset of the pandemic, DAC donors said that they would strive to protect ODA volumes. I am grateful and proud to say that they have done that and more. Donor countries have stepped up to support developing countries struggling with the health and economic fallout of COVID-19, even as their own economies and societies have been battered,” said **DAC Chair Susanna Moorehead**. “The next few years will be tough and the finance we provide must work harder than ever. If we really are going to build forward better and greener, we must focus on the most vulnerable countries and the most vulnerable people in them, especially women and girls.”

Bilateral ODA to Africa and least-developed countries rose by 4.1% and 1.8% respectively. Humanitarian aid rose by 6%. Excluding aid spent on hosting refugees within donor countries – which was down 9.5% from 2019 to USD 9.0 billion and mainly concerned Canada, Iceland and the Netherlands – ODA rose by 4.4% in real terms in 2020.

ODA makes up over two thirds of external finance for least-developed countries. The OECD also monitors flows from some non-DAC providers and private foundations. Preliminary data released by the OECD each April is followed by final statistics published at the end of each year with a detailed geographic and sectoral breakdown. ([See the 2019 ODA breakdown.](#))

Net ODA has risen for the most part steadily in volume terms from just below USD 40 billion (in 2019 prices) in 1960. It has more than doubled in real terms (up 110%) since 2000, when the Millennium Development Goals were agreed, despite the impact of the 2008 crisis on provider economies.

#### **Links to aid data and background information:**

For further information, journalists should contact [Catherine Bremer](#) in the

OECD Media Office (+33 1 4524 80 97.)

*The DAC is an OECD committee that serves as a forum for 30 donors and observer bodies.*

*ODA is defined as official financing flows to promote the economic development and welfare of low and middle-income countries. Net ODA is total ODA spent minus repayment of loan principals by recipient countries.*

*Working with over 100 countries, the OECD is a global policy forum that promotes policies to improve the economic and social well-being of people around the world.*