

**Impact of EU development assistance on the EU economy:  
New model estimates 2026**

*60% of development co-operation investments will flow back to the EU through increased GDP.  
From our existing 2025 study, for every Euro invested in ODA, a Euro of exports is generated.*

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A forthcoming model simulation (2026) from ODI Global and rani (Resilience Action Network International), backed by partners, on the impact of EU development assistance on the EU economy, shows that **three-fifths (60%) of development co-operation investments will flow back to the EU through increased GDP.**

Building on a 2025 study<sup>1</sup> that showed **for every Euro invested in ODA, a Euro of exports is generated**, new modelling presents three scenarios – based on different assumptions for Global Europe Instrument (GEI) allocations in the next EU Multiannual Financial Framework (MFF) for the period 2028-2034 – and the implications for EU GDP.

All scenarios use 2023 as the reference year, are applied to the latest GTAP 12<sup>2</sup> database, and draw on the same 2020-2022 sample used in the initial 2025 study<sup>3</sup>. The 2025 study underpins the export results.

**Scenarios**

- **Scenario 1** supposes that the amount for GEI in the MFF is €168 billion. This is the scenario considered in Ayele et al (2025).
- **Scenario 2** assumes that the amount for GEI in the MFF is €200 billion (current prices), in line with the current Commission [proposal](#).
- **Scenario 3** assumes that the amount for GEI in the MFF is expanded to €225 billion (current prices), in line with the current European Parliament [position](#).

In the new modelling, development co-operation is allocated to regions and sectors in the same way as in the 2025 study, which reflects how EU development co-operation was allocated across the years 2020-2022.

**Table 1. Simulated values of three GEI MFF scenarios for 2028-2034**

	<b>Total Global Europe scenarios € bn (over MFF period-7 years)</b>	<b>MFF € bn (annual average)</b>
<b>Scenario 1 (2025 modelling)</b>	168	24.0
<b>Scenario 2 (European Commission proposal 2026 modelling)</b>	200	28.6
<b>Scenario 3 (European Parliament position 2026 modelling)</b>	225	32.1

Table 2 (overleaf) presents the results (percentage difference from base) of the scenarios for real GDP. Column one presents the percentage change in real GDP, column two indicates the

<sup>1</sup> Ayele, Y., Mendez-Parra, M. and te Velde, D.W. (2025), 'The Economic Impact of EU aid on EU economies,' ODI Europe – rani, <https://rani.co/the-economic-impact-of-eu-aid-on-eu-economies/>.

<sup>2</sup> The GTAP model is a computable general equilibrium model widely used by governments, academia, and businesses in the analysis of the impact of economic policy; taking into consideration the interactions amongst multiple agents, sectors, and products located in different countries. The latest underlying database, GTAP 12, was released in March 2026, capturing the state of the global economy up to 2023.

<sup>3</sup> The modelling approach, and 2020-2022 sample used the methodology set out in Ayele, Y., Mendez-Parra, M. and te Velde, D.W. (2025), 'The Economic Impact of EU aid on EU economies,' ODI Europe – rani, <https://rani.co/the-economic-impact-of-eu-aid-on-eu-economies/>.

absolute change in GDP expressed in € and, column three, captures the change in GDP over the lifetime of the MFF.

**Table 2. Impact of GEI scenarios (difference from base, annually)**

	<b>GDP (% change)</b>	<b>GDP (€ bn) Annual</b>	<b>GDP (€ bn) MFF period 2028-2034</b>
<b>Scenario 1 (2025 modelling)</b>	0.08	13.2	92.4
<b>Scenario 2 (European Commission Proposal 2026 modelling)</b>	0.10	16.5	115.5
<b>Scenario 3 (European Parliament Position 2026 modelling)</b>	0.11	18.2	127.2

## Discussion

### Scenario 1

The 2025 scenario, which considers a GEI investment of €168 billion would:

- Generate an **increase in EU GDP of €92 billion** over the lifetime of the MFF.
- This is equivalent to €13.2 billion or **0.08% increase in GDP each year**.

### Scenario 2

If GEI investment is increased to €200 billion (and compared to the 2025 simulation):

- EU GDP would **increase by an additional €23 billion** over the lifetime of the programme, **generating €115 billion over the lifetime of the MFF**.
- This is equivalent to an increase in GDP of 0.02% every year, meaning the €200 billion scenario in total generates **0.10% GDP every year (0.08% plus an additional 0.02%)**.

### Scenario 3

If GEI investment is increased to €225 billion (compared to the 2025 simulation):

- EU GDP would **increase by an additional €35 billion** over the lifetime of the framework, **generating €127 billion over the lifetime of the MFF**.
- This is equivalent to an additional 0.01% every year, meaning **the €225 billion scenario in total generates 0.11% GDP every year**.

The simulations suggest that **three fifths of the costs of development co-operation will flow directly back to the EU**.

## Trade benefits to EU development co-operation

EU development co-operation also generates direct economic effects through spillovers from trade. Earlier GTAP modelling showed that between 2020 and 2022, EU institutions provided an average of US\$27.4 billion (€24.2 billion) of external aid annually, with **EU exports expected to rise by US\$27.6 billion (€24.4 billion) – surpassing the amount of aid provided**.<sup>4</sup>

EU development assistance helps partner countries reduce trade barriers, improve infrastructure, and stabilise their economies – creating more open and accessible markets for EU goods and services, and benefitting EU exporters in the process.<sup>5</sup>

**Officials should include these international spillover effects in their assessments of the returns to the EU from international partnerships and development co-operation.**

<sup>4</sup> See footnote 1 paper for an explanation of the modelling and data used.

<sup>5</sup> Mendez-Parra, M. And te Velde, D.W. (2017), 'The effects of aid on EU employment and trade: an econometric investigation,' Working Paper 510, ODI.