



AidWatch 2024

Whose Interests Does Official Development Assistance Truly Serve?

EXECUTIVE SUMMARY

The headline figures for Official Development Assistance (ODA) tell an alarming story. Half a century after the deadline by which “economically advanced countries” committed that their ODA would amount to at least 0.7% of their GNI, European ODA levels continue to fall short. In 2023, ODA from EU Member States amounted to EUR 82.4 billion, or only 0.51% of GNI. This continues a decades-long trend of under-delivery, which we estimate means a loss of **over EUR 1.2 trillion** of ODA for partner countries since the original 1975 deadline.

However, this is only half the story. The headline figures conceal over EUR 18.9 billion of ODA from the 27 EU Member States that did not meet the basic ODA eligibility criteria set by the Organisation for Economic Cooperation and Development (OECD). This means that in 2023, **more than one in every five** euro of European Member States’ reported ODA was not ODA at all.

This one in five figure is a low-end estimate. There are additional ODA areas for which it is highly likely that spending decisions are motivated primarily by EU Member States’ short-term commercial or political self-interests and therefore that the ODA eligibility criteria are not met. More transparency and monitoring is needed to determine whether EU Member States’ ODA in these areas really aligns to their ODA commitments.

Nor are these problems confined to the EU Member States: we estimate that the EU institutions, too, reported over EUR 4 billion of ODA that did not meet OECD DAC criteria. Moreover, the EU institutions devote an above-average share of their ODA to high-risk areas where there is a danger that short-term commercial or political interests are prioritised.



Even when ODA is genuine, it is not clear that allocations always align to the priorities of poverty and inequality reduction. For example, the latest available data for the EU Member States (for 2022) shows that:

- The highest amounts of ODA do not consistently flow to countries with the lowest Human Development Index scores, calling into question how far ODA is addressing inequalities between countries.
- Over two thirds of bilateral ODA was assessed as not targeting gender equality or did not report on its gender equality focus at all.
- Only 3% of bilateral ODA was reported as disability inclusive.

And while additional climate finance is urgently needed, ODA devoted to climate change mitigation and adaptation currently risks diverting ODA from other core objectives.

In addition, a lack of coherence between EU Member States' policies on ODA and wider economic justice issues risks undermining the potential benefits of ODA.

Despite these bleak findings, there are some reasons to be hopeful: recent conclusions from the Council of the European Union emphasise the importance of meeting the 0.7% ODA commitment, and the Fourth International Conference on Financing for Development in 2025 offer opportunities to reset ambitions on ODA and other economic justice issues.

Nonetheless, urgent action is needed if European ODA is to deliver on its longstanding promises to people experiencing poverty and inequalities. AidWatch calls on EU Member States and the European Union to:

1. Meet longstanding commitments on ODA quantity, including by fulfilling the commitment to provide at least 0.7% of GNI and ensuring that climate finance ODA is new and additional to the 0.7% commitment.
2. Stop reporting ODA that does not qualify as ODA, such as in-donor refugee costs, imputed student costs, and debt relief on ODA loans.
3. Ensure that all ODA is driven by the interests of partner countries and their peoples, without distortion by European self-interest (e.g. through tied ODA).
4. Ensure that all decisions on where ODA is spent help maximise ODA's potential to reduce poverty and inequalities, including by allocating between 0.15% and 0.2% of GNI to LDCs.
5. Put the reduction of poverty and the promotion of equality (including gender equality) at the heart of all decisions on how ODA is spent, including through better programming tools covering all the diverse dimensions of equality.
6. Increase climate finance for adaptation, loss and damage.
7. Provide ODA in the form of grants rather than loans, unless a comprehensive human rights-based debt sustainability assessment has confirmed that loan financing is sustainable.
8. Transfer responsibility for deciding on ODA reporting rules to a body independent of ODA provider countries, which has full participation of partner countries.
9. Ensure policy coherence for sustainable development, including on tax and debt justice.

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aidwatch.concordeurope.org

