



AidWatch 2025

Ending short-sightedness, restoring
Official Development Assistance's purpose

Executive Summary

Since the publication of the first AidWatch report 20 years ago, Official Development Assistance (ODA) has significantly contributed to improving global health, poverty reduction, education, governance and climate resilience in partner countries and enjoys generally broad support among EU citizens.

However, while ODA has been long considered resilient in responding to crises, human-generated problems (economic, social, climate-related) and political decisions continue to weaken the global multilateral system and the global cooperation landscape. **After 5 years of consecutive growth in ODA volumes, countries are increasingly prioritising national interests while cutting their ODA budgets.**

These cuts will be particularly detrimental to the most marginalised populations and countries, including Least Developed Countries (LDCs) and Fragile and Conflict-Affected States (FCS). The impact in vital sectors for human development is indisputable: nearly 400 000 additional child deaths could be caused by health sector cuts.

In addition, while the drastic cuts to ODA expected in 2025 and coming years are projected to hit records, **the past decade has seen an overburdening of scarce ODA resources** given growing refugee and humanitarian needs, COVID-19 pandemic expenditure, the war in Ukraine and the lack of progress in providing appropriate climate finance. **This past decade has also been marked by increased misreporting and distortion of ODA figures by EU Member States (MS) and EU institutions.** The AidWatch 2025 report shows that once again, more than one in five euro reported as ODA by EU MS should not qualify as such, mostly because these flows were not concessional or/and did not respect the official OECD DAC criteria to define ODA: "the promotion of the economic development and welfare of developing countries." **Such misreporting exacerbates ODA inflationary practices by exaggerating EU MS and EU Institutions generosity. It also increases the fiscal pressure on partner countries to provide essential services for human development (health,**

education, social protection, gender equality and non-discrimination) ultimately undermining public and international confidence. At the same time, many partner countries suffer from **a greater outflow than inflow of financial resources caused by the practices of high-income countries and tax havens.**

EU MS have also made insufficient progress in aligning their ODA with development objectives and the reduction of poverty and inequalities. This failure is evident in many missed targets like the EU's commitment to allocate 0.15-0.2% of its Gross National Income (GNI) to ODA for LDCs, and in areas such as human rights and democracy support and support for gender equality.

In this context, ODA should remain a vital source of development finance, providing stable and predictable support. While it cannot be the only resource for sustainable development, its unique role must be safeguarded through institutional reforms.

It is high time for bold reforms at the OECD Development Assistance Committee (DAC). Joint programming and inclusive institutions that give partner countries a real voice can help ensure ODA reporting practices are better aligned with needs on the ground. **The EU and its MS have an historic responsibility and much to offer. They should take a leading "servant leader" role in the reforms of ODA reporting governance**, in which they systematically listen to ideas from partner countries and CSOs. In times of change, CSOs should reflect on how to adapt to new environments and on how best to preserve the principles to ensure the effectiveness of ODA.

The current shifting paradigm is a political and moral test for the EU and its Member States and not simply a discussion of technicalities or declining ODA figures. EU MS experience in international cooperation and OECD DAC standards should not be an excuse for inaction; this will only weaken the EU's credibility as a **global actor committed to equitable and rights-based international cooperation.**

It is not the moment to be short-sighted. AidWatch calls on EU MS and the EU Institutions to:

- 1. Urgently reverse ODA budget cuts made by many EU MS, and take action to reach the ODA commitment of at least 0.7% of GNI.**
- 2. Realign all EU ODA with its intended purpose of poverty reduction, fighting inequalities, upholding its effectiveness and integrity as Official, Development-focused, and Assistance-oriented.**
- 3. Reform and democratise the governance of the ODA system through a process where countries from the Global South take part in decisions on the definition of ODA and its interpretation through an inclusive body such as the UN.**
- 4. Promote the added value and unique role of ODA for human development among the EU MS and in the EU Institutions development finance toolbox.**

- 5. Strengthen partner country-led, inclusive joint programming to ensure ODA serves local development priorities rather than EU MS national interests or EU's foreign economic policy goals.**
- 6. Allocate more, not fewer, grants and other truly concessional finance to LDCs and FCS, in line with the target of 0.2% GNI/ODA to LDCs.**
- 7. Prioritise ODA given as grants and ensure that debt finance, when used, is given at concessional terms: debt repayments are a burden, not assistance.**
- 8. Ensure policy coherence for sustainable development (PCSD) across EU MS and EU Institutions policies to support development finance reforms.**
- 9. EU MS and EU institutions should commit to increasing collective adaptation finance to ensure a balance between mitigation and adaptation.**
- 10. Recognise ODA as a contribution to realising human rights and equality, reaching those left furthest behind first.**

