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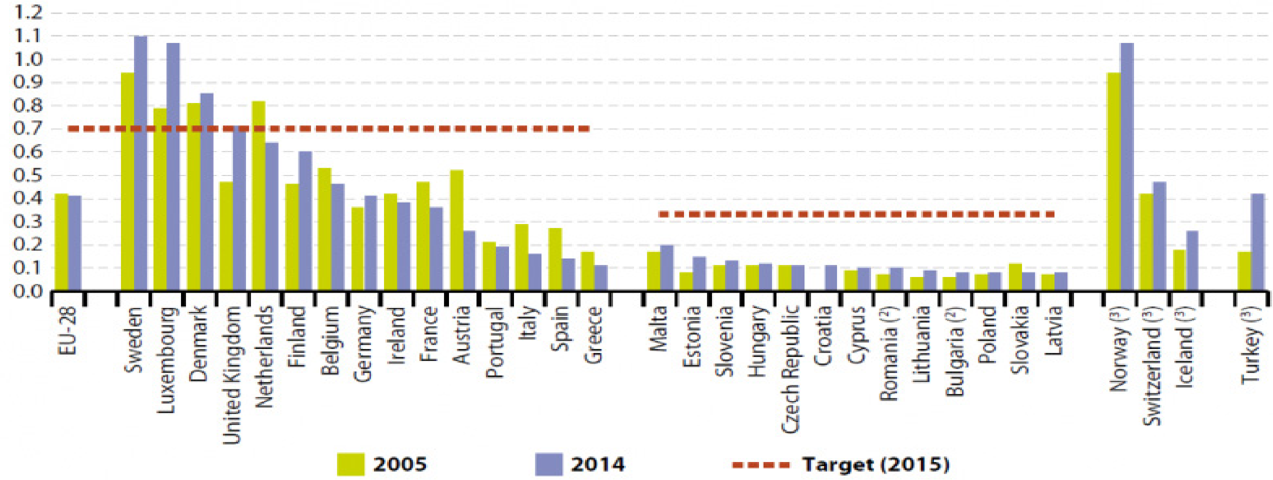
The European Council and EU Official Development Assistance

Evolution of European Union/Member States' Official Development Assistance

The collective pledge made by the European Union and its Member States in 2005 to provide Official Development Assistance (ODA) equivalent to 0.7 per cent of Gross National Income (GNI) by 2015 has not been upheld. Although the European Council has reiterated this commitment on an annual basis since 2010, collective European Union ODA (European Union institutions and Member States) only reached an ODA/GNI ratio of 0.42 per cent by the end of 2014.

Although it followed an upward trend from 2002 until 2010, collective EU ODA declined between 2010 and 2013 due to a decrease in the amount of contributions from the Member States following the global financial crisis. Collective EU ODA started to increase again – by 2.1 billion euro – in 2014, but this was not reflected in the total ODA/GNI ratio due to a new methodology introduced for calculating GNI. Fifteen EU Member States[1] increased their contributions to ODA in 2014, amounting to a total of 3.4 billion euro. At the same time, thirteen Member States[2] made a 1.3 billion euro reduction in their ODA contributions. Only four European Union Member States exceeded the 0.7 per cent ODA/GNI target in 2014: Sweden (1.10 per cent), Luxembourg (1.07 per cent), Denmark (0.85 per cent), and the United Kingdom (0.71 per cent).



(¹) 2014 data are provisional (all countries).
(²) 2007 data (instead of 2005).
(³) 2013 data (instead of 2014).

Official development assistance as share of gross national income, by country, 2005 and 2014 (per cent of GNI) - Source: OECD, European Commission services, Eurostat.

Strong political declarations versus weak scrutiny of progress

In 2005, the European Council urged Member States to direct half of the agreed ODA increase to the African continent; however, between 2004 and 2013 less than 15 per cent of the growth in ODA was allocated to Africa. Least Developed Countries (LDC) were considered a priority. In 2008, Member States committed to collectively provide

[1] BE, HR, CY, DK, EE, FI, DE, EL, HU, LV, MT, NL, RO, SE, UK.
[2] AT, BG, CZ, FR, IE, IT, LT, LU, PL, PT, SK, SL, ES.

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between 0.15 per cent and 0.20 per cent of ODA/GNI to LDCs by 2010 but this resulted, between 2004 and 2013, in only 0.12 per cent of GNI provided to LDCs.

Following the mid-term revision of the Millennium Development Goals (MDGs) in 2010, the European Commission established a 12-point action plan to accelerate progress towards attaining the MDGs by 2015. The action plan proposed methods to ensure an increase in the amount of aid provided by Member States, and underlined the need to find innovative sources of financing and increase the overall efficacy of the aid provided. The first point of the action plan specifically addressed the 0.7 percent ODA/GNI target. Its key recommendations included the following:

a) the introduction of annual national ODA Action Plans;
b) the creation of an ODA Peer Review mechanism to report results to the European Council annually; and
c) enshrining the 0.7 per cent target in national legislation.

However, following the June 2010 Foreign Affairs Council conclusions, these recommendations were abandoned as the Council underlined that it fell within the competence of each individual Member State to decide upon the actions needed to reach the target. Some delegations wanted greater scrutiny of progress in the form of a report to the European Council; while others considered that it would be up to the European Council to request such a report. Eventually it was decided that the Council would examine a report within the framework of the Monterrey process and assess progress annually.

The European Parliament resolution of 16 June 2013 set out what should be included in the new Post-2015 Development Agenda. The European Parliament recalled the commitment to allocate 0.7 per cent of gross national income to ODA by 2015, and called on all Member States to introduce binding legislation and adopt multiannual budget timetables in order to reach the target. At present, Belgium and the United Kingdom are the only Member States who have enshrined the 0.7 per cent target in national law. Nineteen Member States have provided information to the Commission regarding their financial-year-2015 allocations; however, limited information was provided on any realistic or verifiable actions. Most recently, at the 70th Session of the United Nations General Assembly on 25 September 2015, the European Union reaffirmed its collective commitment to achieve the 0.7 per cent of ODA/GNI target within the time frame of the Post-2015 Development Agenda.

Modernisation of ODA methodology

The current definition of ODA has been the subject of increasing criticism given different views of what can be measured as ODA and what cannot. The Organisation for Economic Co-operation and Development (OECD) defines ODA as 'flows to countries and territories on the Development Assistance Committee (DAC) List of ODA Recipients and to multilateral institutions' from 'official agencies ... with the promotion of the economic development and welfare of developing countries as its main objective'.

It is important to note that official ODA figures include significant elements of aid which do not result in resources flowing to developing countries; this is referred to as inflated aid, with genuine aid even lower than the reported ODA levels. Inflated aid may refer to or include refugee costs, imputed student costs, tied aid, interest on loans, and debt relief. In 2013, approximately 5.2 billion euro of the aid reported by EU Member States was inflated; three countries accounted for two thirds (65 per cent) of the European Union's total inflated aid: France (1.8 billion euro), Germany (1.2 billion euro) and Sweden (514 million euro). Moreover, several Member States (Belgium, France and Portugal) are actively advocating the reporting of additional military, peace keeping and security expenses as ODA.

Nevertheless, discussions were held in the OECD DAC over the modernisation of ODA and at their High-Level Meeting in December 2014, DAC members agreed to consider grants and the grant portion (of at least 45 per cent) of concessional loans as ODA, and exclude loans as such. Work is ongoing towards the development of a new measurement framework for total official support for sustainable development (TOSSD) which would not replace ODA but would complement it by measuring broader international financing for sustainable development.

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