

## The European year for development: Europe in the world

The world has changed in recent years, in ways that have undermined the traditional development model.

The new 'Sustainable Development Goals' (SDGs) – to be agreed in September 2015 by the UN – will need to reflect these new realities and emerging challenges.

A majority of the world's poorest people live in developing countries, where aid represents only a small percentage of all development financing.

Aid remains important: its exclusive goal is promoting development, and it composes a large share of low income countries' development financing.

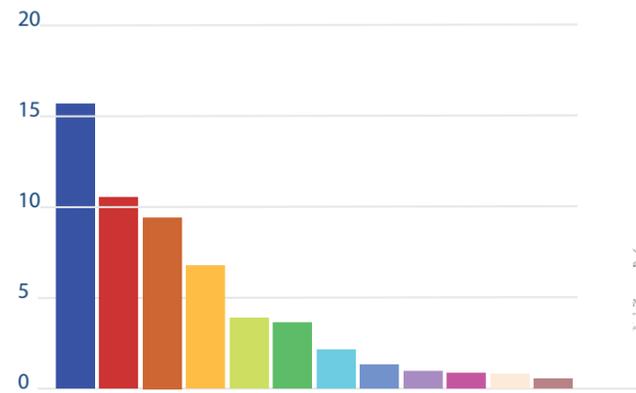
The world has changed rapidly in recent years: the rapid growth of emergent economies and the slow recovery of the European Union after the 2008-2009 economic crisis have diluted the 'North/South', 'developed/developing' divisions that sustained the traditional development model. Amidst profound changes, the international community will agree this year on a new set of goals to follow up on the work of the Millennium Development Goals (MDGs) and implement environmental commitments agreed at the 2012 Rio+20 summit. The future targets – 'Sustainable Development Goals' (SDGs) – will promote sustainable development and aim to eradicate poverty by 2030. To do so, they must take into account the multipolar character of the world, the changing geography of poverty, the impact of global challenges (climate change and new security threats such as health epidemics and non-state armed groups) and transformations in development financing. The European Parliament (EP) is closely following these changes – through its legislative and scrutiny powers, own initiative reports and interparliamentary meetings with third countries – and shaping the EU's policies and positions in global debates.

Developing nations, the engines of global economic growth for the past ten years, now represent half of the world's gross domestic product (GDP). Numerous countries are moving from the 'low' to 'middle income country' category (with *per capita* gross national income [GNI] of more than USD 1 045) and have more resources at their disposal. Nonetheless, these countries still face challenges: it is estimated that 73 % of the world's poorest people live in middle income countries. The traditional development cooperation model, based on rich countries transferring aid to poor countries, is no longer dominant. Development financing is now also widely considered to be more than aid: it includes domestic resources and international private flows. Migrant remittances (USD 404 billion) and foreign direct investment (USD 778 billion) are now substantially larger than aid flows (USD 135 billion).

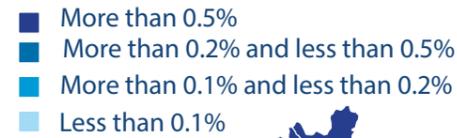
Aid has not lost its relevance, however. Official public aid retains the exclusive objective of promoting development and can be directed to where it is most needed: while it constituted only 4 % of overall development financing in middle-income countries between 2002 and 2011), aid represented 54 % for the poorest countries. Better development financing, as the EP has noted, also requires fighting tax evasion and illicit financial flows, which cost developing countries EUR 660-870 billion each year.

## EU Official Development Aid disbursed in 2013

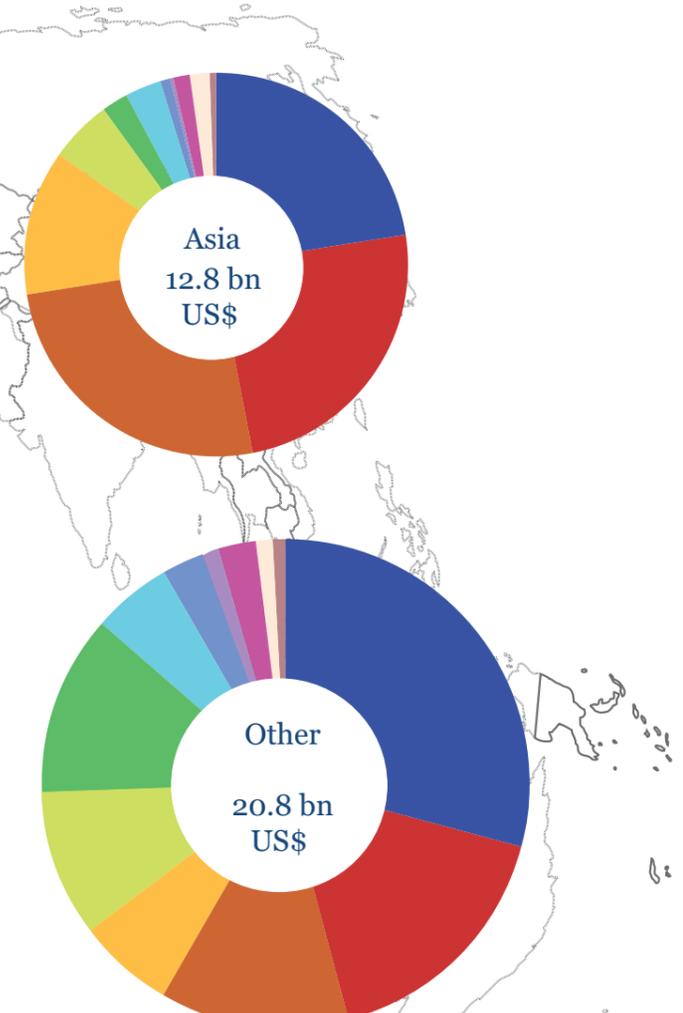
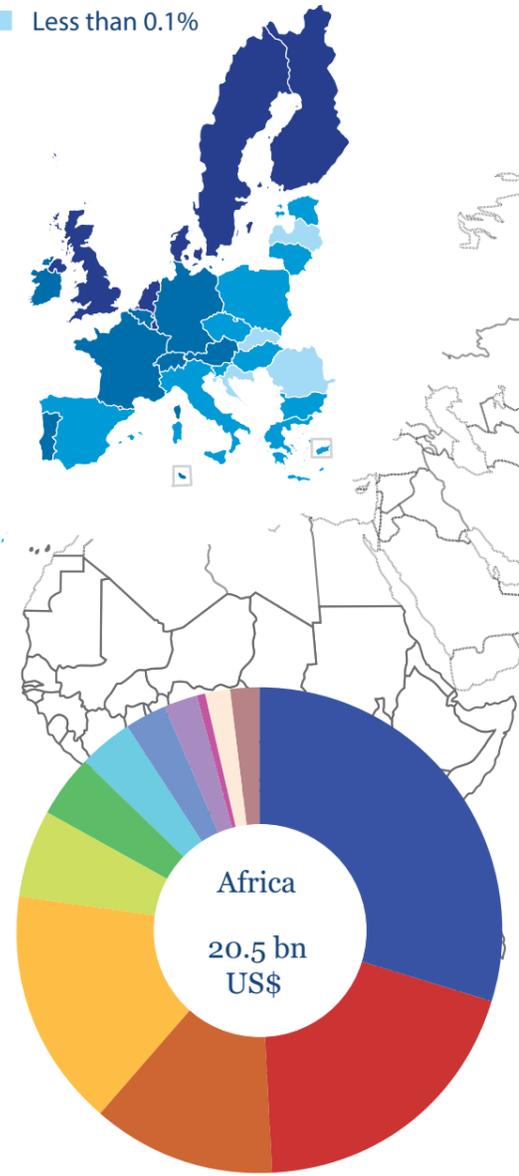
To developing countries: 58.2 bn US\$



As % of GNI in 2013:



Top 12 contributors:



ODA statistics are produced by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). In 2013 EU institutions, 19 EU countries and 9 non-EU countries were members of the DAC. To be classified as ODA, development assistance currently needs to meet a number of requirements (provided by official agencies; administered with the promotion of the economic development and welfare of developing countries as its main objective; and concessional in character, with a grant element of at least 25%). Official development assistance (ODA) consists of grants or loans that are undertaken by the official sector with the objective of promoting economic development and welfare in recipient countries. Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost of the donor. ODA is here presented as a share of Gross National Income (GNI). GNI at market prices equals Gross Domestic Product (GDP) minus primary income payable by resident units to non-resident units, plus primary income receivable by resident units from the rest of the world. The [list of countries](#) eligible to receive ODA is determined by the OECD's Development Assistance Committee. Further graphical information on EU aid is available in the [EU Aid Explorer](#).

Data sources: EU Official Development Assistance disbursements, As % of GNI

## Shaping a new development policy – also inside the EU

The EU's new development policy aims to focus aid on the poorest countries.

The European Parliament (EP) has welcomed this, while warning about the criteria used to judge countries' need.

Together, the EU and its Member States remain the world's largest donor, although they contribute far less than the 0.7 % of gross national income (GNI) to which Member States committed.

The EP has called on the EU to meet its commitments and adopt concrete measures to make internal policies coherent with development objectives.

The EU responded to these changes in 2012 with a new development policy called the 'Agenda for Change'. The Union's aid now focuses on the poorest countries and fragile states (often affected by conflict), where extreme poverty is widespread and aid can have the greatest impact. New development partnerships – less focussed on aid – will be established with middle income countries. The EU defined two pillars for its development policy: 'inclusive and sustainable growth' and 'human rights, democracy, rule of law and good governance'. For its part, the EP has welcomed the emphasis on human rights and the effort to target aid where it is needed most, but has also warned against looking only at partner countries' GNI without considering levels of human development, existing inequalities and vulnerabilities – such as those of small developing islands, landlocked countries and fragile states.

The EU remains the world's leading contributor of development aid. Official Development Aid (ODA) disbursements by EU institutions and Member States in 2013 reached USD 58.2 billion. Aid commitments from the 28 EU Member States on the same year amounted to USD 71 billion – more than half of the world's total. This represents 0.41 % of the Union's GNI, far from EU countries' 0.7 % commitment. (Only Sweden, Luxembourg, Denmark and the United Kingdom met the goal.) The EP has reiterated the importance of providing sufficient aid and of Member States' commitment to reach 0.7 %.

Despite economic difficulties, a majority (52 %) of EU citizens consulted in a recent [Eurobarometer survey](#) believe that aid should be increased to promised levels – and some 15 % even believe it should extend beyond that. Most EU citizens consider that tackling poverty in developing countries contributes to a more peaceful and equitable world (74%) but it is also in the EU's interest (78%). Europeans understand the growing interdependence in our world, between countries and also between policies.

Because aid will not alone create development, the EP has regularly called for concrete measures to make the EU's internal policies on migration, trade, finance, agriculture and the environment compatible with global development objectives. Only by adopting ambitious and coherent policies – inside and outside its borders – will the EU effectively contribute to ending poverty and attaining global sustainable development.

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ISBN: 978-92-823-6334-8 (print) Catalogue number: QA-AP-15-002-EN-C (print) DOI: 10.2861/13346 (print) ISSN : 2443-4957 (print)

978-92-823-6333-1 (online)

QA-AP-15-002-EN-N (online)

10.2861/789126 (online)

2443-4965 (online)

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