

Background Note on MDG #8

The EU remains committed to increasing its support to developing countries to 0.7% of its GNI in ODA by 2015 (and 0.33% of GNI for new EU members who joined after 2002). EU collective ODA spending in 2012 was EUR 55.2 billion (0.43% of the European Union's GNI), compared to EUR 56.3 billion (0.45% of GNI) in 2011.

Since the EU undertook its first time-bound ODA commitments in 2002, its aggregate ODA followed an upward trend until 2010. Since then, EU aggregate ODA has been declining in both absolute and relative terms, and the speed of this decline accelerated in 2012. In real terms, EU aggregate ODA is back to its 2005 levels. However, one third of the reduction between 2011 and 2012 was due to lower debt relief. In addition, EU Member States have been hit by the financial crisis since 2008, weakening the fiscal situation in many Member States.

The EU's aggregate ODA spending continued to increase during the first three years of the crisis, but eventually succumbed to the pressure in 2011 and 2012. ODA from the EU28 is expected to increase to only 0.43% of GNI by 2015, below the level reached in 2010 and almost 40% below the 0.7% target.

Sweden, Luxembourg, and Denmark have shown consistent performance over the entire period always remaining above the 2015 targets. The Dutch government, which also consistently disbursed above the target, expects its ODA ratio to fall to 0.60% in 2015.

Member States on track to achieve their 0.7 or 0.33 target in or before 2015 are the United Kingdom that has stated its intention to meet the 0.7 target this year, after growing from 0.36% in 2004 to 0.56% in 2012. Belgium also intends to reach its target by 2015. It reached a peak of 0.64% in 2010, before reducing it to 0.47% in 2012.

The EU and its Member States are pushing for more action on innovative financing mechanisms, as demonstrated by the discussions on setting up a Financial Transaction Tax which would indirectly support tackling global challenges.