

# EXECUTIVE SUMMARY

As we enter the Decade of Action for accomplishing the Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development, an unexpected challenge has arisen putting past and future progress at risk. Before the COVID-19 pandemic, financing had already fallen short of the spending needed to achieve the SDGs on time. While the ultimate outcomes remain uncertain, the pandemic has triggered further global inequalities, putting the world's most marginalised people at risk of being left even further behind. It is exacerbating poverty, hunger and malnutrition for hundreds of millions of people around the world, making 2020 the first year since 1998 that the global rate of poverty has increased.<sup>1</sup>

While EU official development assistance (ODA) budgets might face growing pressure from current policy reforms and the shifting of political priorities in the Neighbourhood, Development and International Cooperation Instrument (NDICI) and the 2021–2027 Multiannual Financial Framework (MFF), the EU as a whole remained the world's largest donor in 2019. Overall, **the EU invested €78 billion in ODA, representing 0.46% of its combined gross national income (GNI). This means that in 2019, EU ODA has fallen for the third year in a row.**<sup>2</sup> The decline can partially be explained by a further decrease in in-donor refugee costs – funds which have not been reallocated to other ODA expenditures. 'Inflated aid' components – those that do not contribute to development in partner countries and inflate overall amounts, such as debt relief, in-donor refugee costs, imputed student costs, tied aid and interest repayments – dropped from 0.07% of the EU's GNI in 2018 to 0.06% in 2019. If these components are discounted, aid has remained steady at 0.40% of combined EU GNI and **at this rate the 0.7% ODA/GNI target will not be met before 2070.**

The EU's initial coordinated response to the pandemic in partner countries was displayed by the 'EU Global Response to COVID-19'. But **in very few cases was fresh money allocated.** Resources were rather redirected from already budgeted items, with donors mostly prioritising multilateral responses.

In the midst of COVID-19, ODA has a decisive role to play to make sure that support to the most marginalised people is prioritised. ODA is vital to address the multidimensional effects of the crisis. ODA's potential is multiplied when aid is effectively spent by strengthening partner country systems and domestic resource mobilisation and enabling policy space for more inclusive and resilient societies. **Ramping up investment, improving ODA allocation and measuring progress outcomes will be crucial to prevent a decade of high expectations from being jeopardised.** Investment in digitalisation may also bring great opportunities for partner countries' social inclusiveness and resilience building, as long as global tax reforms effectively put an end to tax avoidance, including by digital giants. Yet if further inequality is to be prevented, digitalisation efforts must enable legal frameworks that guarantee human rights and open and participatory digital ecosystems.

For ODA to impact positively on livelihoods in partner countries, it must be accompanied by coherent policy environments. In the wake of a global pandemic, universal access to life-saving medicines, progressive and fair fiscal systems, broadening partner countries' tax bases and decisive moves towards diversified, ecologically and socially sustainable food systems, and in particular ones based on agroecology, are critical pillars to leave no one behind.

<sup>1</sup> Mahler D. et al, *Updated estimates of the impact of COVID-19 on global poverty*, World Bank Blogs, 8 June 2020, <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty>

<sup>2</sup> CONCORD calculations based on OECD DAC database, in 2018 constant prices. See full methodology in Annex 2.