



EU Development Cooperation Policy Shifts from Charity to Self-interest

Patryk Kugiel

In recent years, the EU's development cooperation policy has evolved, moving away from an approach based on poverty eradication and the needs of partner countries to focusing more on its own interests. This change is supported by the majority of EU members. This gives the EU the opportunity to exert strategic influence in the world but risks the loss of its unique identity as an altruistic donor and attractive partner in development cooperation. The change in the Union's approach is consistent with the position of Poland, which can use it to reform and strengthen its development aid system.

The EU as a whole—European institutions and the Member States—is the largest donor of Official Development Assistance (ODA) in the world, accounting for 43% of global support in 2021. That year, the EU provided ODA worth €70.2 billion (0.49% of EU GDP), and according to preliminary OECD data, in 2022 this form of aid increased to €104 billion in [response to the war in Ukraine](#). Development and humanitarian aid is the [main instrument of the European Commission in external relations](#). Under the current Multiannual Financial Framework (MFF) for 2021-2027, €79.5 billion has been reserved for the main aid financing instrument (Neighbourhood, International and Development Cooperation Instrument, or NDICI).

Paradigm Shift. According to the Treaty on the Functioning of the EU (TFEU Article 208.1), the primary objective of the Union's development cooperation should be "the reduction and, ultimately, the eradication of poverty". However, at least since the adoption of the EU Global Strategy in 2016 and the new European Consensus on Development of 2017, aid has been increasingly linked to the Union's strategic objectives. This process accelerated after 2019 when the European Commission (EC) under the leadership of President Ursula von der Leyen indicated that it wanted to be a more "geopolitical" actor. Hence, provision of ODA takes into account the security, political, and economic interests of the Union to a greater extent, for example by encouraging partners to cooperate more effectively in the field of migration control or gaining access to critical raw materials. The aid is to be more closely linked to the

EU's sectoral priorities, in particular to support for the energy and digital transformations.

The change is visible in the reform of existing tools and greater use of [innovative financial instruments](#). Under the new approach, the 2021-2027 NDICI replaced several smaller instruments and provided a large reserve for a rapid response mechanism (€3.2 billion) and a "cushion" of unallocated funds (€9.5 billion). Thanks to this, the EC was able to quickly respond to the crisis caused by Russian aggression and increase ODA in 2022 by 30% to the historical level of €25 billion, of which as much as 38.4% went to Ukraine.

In addition, in December 2021, the EC announced the [Global Gateway](#) (GG) initiative, under which it wants to mobilize €300 billion by 2027 for high-quality investments in developing countries, combining grants with loans and guarantees to mobilise private capital. During the COVID-19 pandemic, the Team Europe (TE) formula began to be promoted to enhance coordination and better utilise the efforts and resources of the EU institutions and Member States. Both of these initiatives are primarily aimed at improving the visibility of EU aid and promoting a positive image of the Union.

In addition, with the goal to increase the EU's impact in developing countries, the European financial institutions (EIB and EBRD) are also extending their mandate beyond Europe. In 2022, loans by EU institutions increased by 110% year on year and already account for 24% of the European Union's entire

ODA. As a result, the role of national aid agencies and development banks is growing, taking over the role of implementing institutions of European projects, which creates additional business opportunities for European companies.

Sources of Change. Modification of the Union's approach results primarily from changes in the international system and the EU's aspirations to play a greater geopolitical role in the world. The U.S.-China rivalry and Russia's aggression against Ukraine have meant a return to a policy based on power politics and national interest, which the previous paradigm of aid as a politically neutral activity does not match. In this context, ODA is a tool in the competition for influence with other powers, such as China. Second, the societies of the EU Member States, struggling with economic slowdown and inflation, increasingly expected benefits from the foreign aid provided. As a result, in recent years many Member States have reduced their aid budgets or subordinated support to their own objectives. Third, there was a growing conviction that in view of the huge needs to implement the UN Sustainable Development Goals (SDGs), aid provided in the form of grants or budget support was not enough and the involvement of the private sector was necessary. This change is also intended as a departure from the traditional donor-recipient relationship and a step towards a "partnership of equals". The EU hopes that open communication about its own interests in providing assistance will be better understood by its partners and reduce accusations of hypocrisy.

Challenges. Although EU assistance was never fully separate from its interests, it was implemented in the spirit of "strategic altruism" in which assistance to poor and unstable countries was also understood as acting for the global public good and ultimately, in the interest of the Union. The independence of EC aid policy gave cooperation with developing countries a certain predictability and stability. By focusing now on its own interests and increasing the share of loans in the budget (at the expense of non-repayable grants), the EU is becoming similar to other state donors like the U.S. or China. As a result, it may lose an element of its identity as a civil "power" without gaining in return the important strategic and security role that is reserved for nation-states. At the same time, it is doubtful whether the EU will be able to gather as many funds for infrastructure investments as, for example, China.

At the same time, the EU's focus on its own interests will lead to a more selective prioritisation of geographical (e.g. neighbourhood) and sectoral (climate, good governance, infrastructure) interests at the expense of fighting global poverty. This will hinder the implementation of the SDGs, especially in the poorest countries, which likely are not important for the implementation of the Union's objectives. While financial commitments under the current EU MFF are not at risk, after 2027 it will be possible for the Union to move away

from "multiannual national allocations" guaranteed to individual countries in favour of general programmes that give the Union even more flexibility. Directing limited aid funds to countries important for the EU's strategic interests, as in the case of Ukraine, [increases concerns among other countries about a reduction in aid](#), which will lead to weakening cooperation with them and a worsening image of the EU there.

The progressive instrumentalisation of ODA may, in the long run, lead to the marginalisation of development aid as an independent EU policy. Subordinating it to the objectives of the EU's foreign policy will be an argument for limiting the role of separate institutions (e.g., the Directorate-General for International Partnerships) and transferring the management of funds directly to the European External Action Service. Aid funds will become more of a tool for the EU to promote its interests and build economic and political influence.

Conclusions. The change in the EU's approach to development policy is in line with the expectations of the governments and societies of the Member States and seems irreversible in the near future. Pursuing interest-driven development assistance and abandoning the previously declared altruism increases the room for the EU to act more strategically and flexibly in the world. This means a transformation of the Union from a global "philanthropic organisation" to a more assertive and transactional donor supporting countries important to the implementation of its interests. Rationalising the provision of assistance and focusing on one's own priorities may lead to a feeling of abandonment by some current recipients of assistance and cause tensions in relations with partners, while hindering the implementation of the SDGs. To minimise these effects, it will be important to increase expenditures on ODA in order to maintain a high level of support for traditional development goals, mainly the fight against poverty. The influence and credibility of the EU will be determined by the extent to which it will meet its own commitments (e.g., regarding Global Gateway or the 0.7% of GDP for ODA goal) and consider the expectations of its partners in aid programmes.

The Union's paradigm shift on ODA is in line with the approach of Poland, which has traditionally considered development aid a part of foreign policy. This coincides with the strong commitment to help Ukraine, which led to an unprecedented increase in Polish ODA from 0.15% of GDP in 2021 to 0.51% in 2022. To use ODA more fully in Polish foreign policy, it is worth considering reforming the development aid system to adapt instruments and institutions to current EU conditions, including cooperation within the GG and TE. It also will be beneficial in the context of supporting Polish entities (companies, institutions, non-governmental organisations) planning to participate in the reconstruction of Ukraine.