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Unveiling Aid:

Decomposition Insights into EU's SDGs Funding Amid Economic and Political Shifts

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Abstract:

This chapter employs an index decomposition technique to scrutinize the various factors affecting the disbursement patterns of Official Development Assistance (ODA) funds with a special focus on the European Union's commitment towards financing the Sustainable Development Goals (SDGs). Given the pivotal role of ODA as a substantive financing apparatus for the SDGs, a meticulous understanding of its determining factors is of paramount academic and policy importance. While ODA has predominantly aimed at enhancing growth and equality, recent global perturbations, including but not limited to the COVID-19 pandemic and its economic repercussions, alongside escalating political volatilities, have presented formidable challenges to the consistency of this support. In light of these factors, a meticulous application of decomposition methodology, specifically, dissecting into explanatory factors such as the effects of 'Political Will', 'Structural Change', and 'Economic Growth', provides a granular understanding of the dynamics at play. The research spans a critical period of 20 years (2000-2020), strategically enveloping the inception and progression of the SDGs. It specifically seeks to illuminate the impact of macroeconomic variables, notably economic expansions, and contractions, against a backdrop of regulatory shifts and political oscillations in 12 European countries plus Norway, thereby navigating through the complex labyrinth of regulatory and macroeconomic shifts affecting ODA commitments. Our findings indicate that Political Will was a predominant driver in most countries, indicating that policy decisions and national priorities play a crucial role in shaping aid commitments. Structural Changes, particularly in economies like Ireland, have demonstrated how rapid economic growth can significantly influence a nation's ability to contribute to international development. Meanwhile, the Economic Growth effect consistently showed a positive impact on ODA across all countries, reflecting the intrinsic link between a country's economic health and its capacity for

external aid. In rendering a comprehensive comparative analysis, this chapter elucidates the intricate interplay of regulatory and macroeconomic shifts on ODA commitments. These insights hold substantial implications for ongoing policy dialogues, specifically those interrogating the practicality and fiscal sustainability of the 2030 Agenda.

1. Introduction

The strategic allocation of Official Development Assistance (ODA) has perennially been a focal point of research and policy discourse, especially concerning its pivotal role in bolstering the Sustainable Development Goals (SDGs) (Sachs, 2012; McArthur & Rasmussen, 2017). Particularly within the European Union (EU), ODA serves as a crucial mechanism to enhance socio-economic stability and growth among recipient countries, reflecting a broader commitment to global development and poverty eradication (Carbone, 2007; Söderbaum and Stålgren, 2010). The 2030 Agenda for Sustainable Development presents a comprehensive framework that ambitiously seeks to navigate myriad global challenges, among them poverty, inequality, and environmental degradation (United Nations, 2015). However, the effective operationalisation of the SDGs has confronted multifaceted hurdles, with ODA disbursement patterns exhibiting sensitivity to macroeconomic variables and political dynamics, thereby posing significant ramifications for SDGs financing (Thiele, et al., 2007; World Bank, 2016). This research thus seeks to unveil the underlying determinants of EU ODA funding for SDGs through rigorous decomposition analysis, particularly amidst the increasing financial risks related to the socio-economic reverberations of the COVID-19 pandemic and notable political oscillations due to the Russia-Ukrainian war.

Amidst the colossal, multi-dimensional challenges underscored by the 17 SDGs, securing adequate and effective financing has surfaced as a pivotal, yet intricate, component to guaranteeing their successful implementation (United Nations, 2015). While the global community has exhibited significant strides toward several SDGs, the financing gap remains a formidable obstacle, particularly in developing nations where resources are starkly limited and the needs acutely heightened (UNCTAD, 2014; Schmidt-Traub, 2015). The extant literature substantiates the acute financing deficit, estimating that developing countries face an annual SDGs financing gap of approximately US$ 2.5 trillion, spotlighting an exigent need for robust, reliable financial support (UNCTAD, 2014). In this milieu, ODA transcends its traditional role of supplementing domestic resources in low-income countries, morphing into a linchpin for

leveraging other forms of financing and kindling transformative change (Rogerson, 2017). ODA's alignment, or misalignment, with SDGs-related activities is, therefore, a salient inquiry, given its potential to directly and indirectly influence the realization of the SDGs. However, the factors that determine ODA allocations and disbursement – particularly in light of recent global events such as the COVID-19 pandemic and its cascading socio-economic impacts – remain to be thoroughly interrogated through a contemporary lens.

Transitioning focus to the EU, the consortium persistently underscores its pivotal role in the global ODA narrative. Demonstrating a robust commitment to development cooperation and humanitarian aid, the EU not only allocates a substantial portion of its budget towards these ends but also intertwines its initiatives with the aspirations of the SDGs (European Commission, 2020). Comparative to its counterparts globally, the ODA contributions and commitments reflect a kaleidoscope of agendas and methodologies. Whilst the United States provides voluminous aid, its utilisation as a tool to cement geopolitical and strategic interests is often underscored (Kopiński and Wróblewski, 2021). In contrast, China propagates a distinct paradigm, particularly through its Belt and Road Initiative, which, while fostering infrastructural and economic partnerships, has attracted critique regarding debt sustainability and transparency (Carrai and Defraigne (2020). Japan weaves its ODA into its overarching 'Free and Open Indo-Pacific' strategy, thereby aligning development initiatives with wider diplomatic and security objectives within the Asia-Pacific realm (Kishida, 2023). The nuanced motivations and methodologies employed globally illuminate the complexity and multifaceted nature of ODA.

Embedded within the contours of the EU's developmental strategy lies a nuanced amalgamation of ambitions and challenges that navigate the intricate realms of humanitarian, developmental, and financial sustainability. The EU, despite grappling with internal and external perturbations such as economic fluctuations, political volatilities, and global crises like the COVID-19 pandemic, has endeavoured to maintain a steadfast commitment to SDGs-aligned ODA. The confluence of altruistic objectives and strategic interests has often tethered the disbursement of development assistance to an interplay of diverse factors, including economic trajectories, structural shifts, and policy landscapes (Bilal, 2019; Castillejo, et al., 2019). Furthermore, the EU's ODA allocations have perpetually juggled between the imperative to address immediate humanitarian crises and the strategic necessity to invest in long-term developmental projects, thereby creating a complex tapestry of financial flows that encompass multifarious objectives and recipient geographies (Concord Europe, 2018). Understanding the variegated and sometimes conflicting imperatives shaping the EU's ODA,

particularly in the context of financing the SDGs, hence requires a meticulous analytical approach that deciphers the distinct influences of macroeconomic, political, and structural factors on fund allocation and disbursement.

Within this context, the main objective of this chapter is to discuss the variations in the ODA funds allocated by 12 European countries plus Norway. By considering a period of 20 years (2000-2020), that starts with the definition of the Millennium Development Goal, and proceed to the commitment of the 2030 Agenda, the drivers of changes are investigated. Navigating through the multifaceted landscape of the EU's ODA requires a methodological approach that not only discerns the overarching patterns but also decomposes them into interpretable and policy-relevant insights. Thus, this research employs an Iindex Ddecomposition Aanalysis (IDA), a technique adept at elucidating the underlying factors influencing observed changes or patterns within a particular dataset (Ang, 2004; Hoekstra and van den Bergh, 2003). Largely used to analyse the contributions of various explanatory factors, the IDA has been previously adopted for a wide range of time-series and cross-countries comparisons applied to energy, environmental and economic related topics (Ang et al., 2015; ~~Baležentis and Kriščiukaitienė, 2015;~~ Andreoni and Galmarini, 2017; Andreoni 2019).

The meticulous application of this methodology enables to disaggregate the role that political and economic fluctuations, here defined as Political Will, Structural Changes and Economic Growth effects, collectively and individually impact ODA disbursements across a significant temporal span. The exploration is situated within the timeframe of 2000-2020, a period that is particularly interesting as it starts in the year 2000 with the adoption of the Millennium Development Goals that provides, for the first time, an international regulatory framework where countries committed to a joint support for the achievement of 8 sustainability objectives. In 2015, the introduction of the Agenda 2030 extended and reinforced the need of partnership and the related discussions on financial commitments and provisions. The recent global instabilities driven by the Covid-19 pandemic and the Russia-Ukrainian war are however compromising the financial sustainability of the SDGs. This period witnesses the interplay of economic expansions and contractions, the evolution of development philosophies, and surges of global crises – all of which serve as potential explanatory variables in understanding the dynamism of EU ODA allocations. Within this context, the analysis provided in this chapter are particularly relevant as the drivers of ODA changes are discussed over time and in terms differences existing between countries. By providing a disaggregated analysis of the contribution that different explanatory factors can have in the variation of the ODA funds, this study contributes to the existing debate on the finance of the SDGs. Within this context, the

use of an index decomposition technique is particularly suitable to investigate the role that regulatory changes, economic structure and growth can have in the allocation of the ODA funds. The decomposition results can then support the definition of policies aiming to identify solutions for the financing needs of the SDGs. From a theoretical perspective, this paper also provides a reverse standpoint of analysis. Up to now, most of the studies have investigated how ODA have been used to boost socio-economic, regulatory and sustainability changes. On the contrary, the analysis of this chapter investigates how economic and regulatory elements have impacted on the variations of the ODA funds.

The remainder of this paper is organised as follows. Section 2 delves into the methodology and data, elaborating on the Index Decomposition technique applied, and furnishing further details regarding the data extracted from the Eurostat database, explicating on the selection of variables and the chronological frame chosen for this study. In Sections 3 and 4 results and discussion are presented. Section 5 concludes and discuss the key findings within the broader dialogues concerning the financing of SDGs. The paper and the related results are able to provide a disaggregated analysis of the main drivers of changes and contributes to the policy dialogues within the realm of development economics and international aid.

2. Methodology and data

Given the consistency and the availability of data, the decomposition exercise performed in this chapter focuses on 12 European countries (namely: Belgium, Germany, Ireland Greece, Spain, France, Italy, Netherlands, Austria, Portugal, Finland and Sweden) plus Norway. The considered period starts in the year 2000 and included the most recent available information, up to the year 2020. All the data have been taken form the Eurostat database that includes consistent information on Gross Domestic Product (GDP) and ODA funds for all the countries considered in this study. The Harmonise Index Consumer Price (2015 base year) has also been used to harmonise the GDP reported by Eurostat at current prices. In Figure 1 an overview of the total ODA funds allocated by countries is provided for the entire period considered in this chapter. In Figure 2 the GDP variation is summarized.

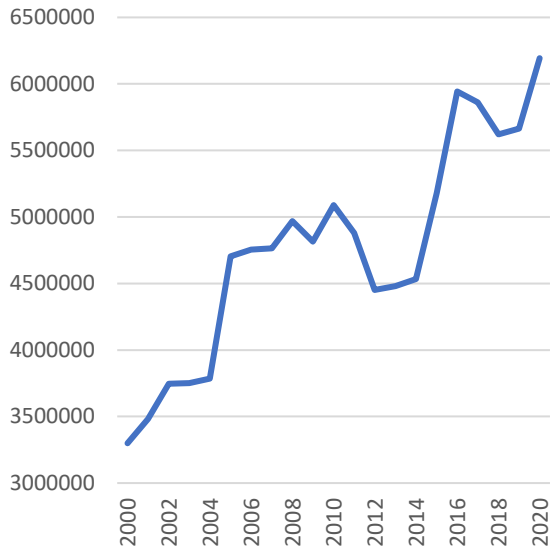


Figure 1. ODA

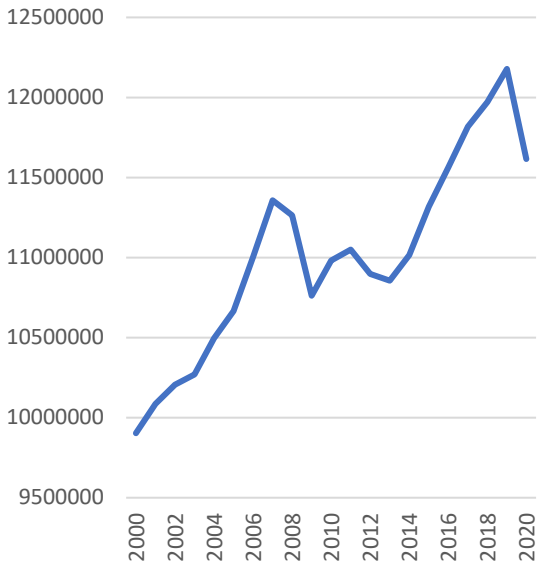


Figure 2. GDP

As reported in Figure 1, the ODA allocated by the 13 countries considered in this paper largely increased, moving from 33,000 million euro to almost 62,000 million euro. Despite this increasing trend, the years that followed the global financial crisis of 2008 have been characterized by significant reduction of ODA. The euro zone turmoil and the budget constraints of various European governments had directly impacted on the development aid. According to data reported by OECD, other non-European countries also performed a similar trend, with USA and Japan reducing the reducing the funds by more than 10% (OECD, 2023 ~~website~~). On the contrary, the 2018 reduction was, for most of the countries, associated with a lower in-donor refugee costs, that was particularly significant in Italy (-20%), Greece (-14%), Finland (-14%) and Austria (-11%) (OECD, 2023 ~~website~~). When considering the GDP variation, the data reported in Figure 2, summarizes a similar trend, with the GDP that largely increased between 2000 and 2020, with significant drops related to the global financial crisis of 2008 and the Covid-19 pandemic of 2020. As reported by OECD (2023), the allocation of the ODA funds is largely influenced by the GDP performance, international shocks, and national regulations and this is clearly reflected by the data reported above. To better investigate the incidence of these elements more detailed analysis are however needed. For this reason, a decomposition approach is used in this chapter, as a better overview of the main factors influencing the ODA changes can contribute to the design more sustainable assistant plans. By disaggregating the drivers of variations across countries and time, the decomposition technique adopted in this study can support a better understanding of the factors impacting on

the decisions of countries. As reported above, the results can be useful to support the definition of more effective finance policies and address some of the main challenges that the finance of the SDGs is presently facing. In the next paragraphs, the methodological approach used for the decomposition exercise is presented.

Largely used to identify the contributions of different factors in the variations of a considered variable, the decomposition techniques can be broadly divided between Index and Structural. Originally proposed by Rose and Miernyk (1989), the Structural approach use an input-output framework to investigate the sectoral drivers of changes. The Index Decomposition Technique, on the contrary derive from the index theory of economics and has been extensively applied to investigate variations across periods of time (Ang and choi, 1997; Sun, 1998). During the last few decades, various extensions have also been developed and attempts have been devoted to integrating the two decomposition techniques (Choi and Ang, 2012; Nie and Kemp, 2013; Choi and Oh, 2014). In this study, the Kaya identity and the index decomposition technique proposed by Sun (1998) are combined according to the approach previously used in Andreoni (2019). Originally developed to investigate the role of population, GDP and energy consumption in the carbon dioxide emission changes, the Kaya identity has been extensively used to analyse a wide range of socio-economic and environmental relationships (Kaya and Yokobori, 1997). By disaggregating a variable into the product of different explanatory factors, the Kaya identity is particularly suitable for this study, as the objective is to decompose the changes of the ODA funds across the Political Will (PW), the Structural Changes (SC) and Economic Growth (G) effects. In Table 1, an overview of the explanatory factors considered in the decomposition exercise is reported.

Table 1. Explanatory factors

Factor	Abbreviation	Description of the Explanatory Factors
ODA^t_i / GDP^t_i	PW	**Political Will Effect:** It is defined by the ratio of the ODA and GDP production. It reflects changes in the national or international rates that countries commit to pay or in the introduction/abolition of new assistance funds.
GDP^t_i /GDP^t	SC	**Structural Change Effect:** It is calculated as the ratio between the gross domestic product of a specific country (GDPi) and the total GDP generated by the 13 countries considered in the decomposition exercise. The SC effect has been previously used by Shyamal and Bhattacharya (2004) and Andreoni and Galmarini (2012b) to quantify the change in relative shares of different economic sectors. Since in this paper we are considering the economic activity of every

		country as a single aggregate, the approach previously adopted in Andreoni and Galmarini (2017) is used to account for the role that a specific country plays in the overall economic panorama. The aim is to identify the contribution provided by every country to the total GDP generation. Based on this equation, the SC provides useful information to identify the countries responsible for the main variations in the underlying structure of the European economic system.
GDP^t	G	**Economic Growth Effect:** It reflects changes of the total economic activity, and it is used to quantify the environmental taxes revenue generated by economic growth.

The methodological approach can be summarized as follow: Equation [1] expresses the ODA funds of the *i*th country at time *t* (ODA^t_i) as the product of the Political Will, Structural Change, and Economic Growth effects.

$$ODA\,_i^t = \sum_i \frac{ODA\,_i^t}{GDP\,_i^t} \times \frac{GDP\,_i^t}{GDP\,^t} \times GDP\,^t = \sum_i PW\,_i^t \times SC\,_i^t \times G^t \qquad [1]$$

where for a specific year (*t*), $GDP_i{}^t$ refers to the value added of the *i*th country and GDP^t refers to the aggregated value added of all the countries considered in this paper. Since expression [1] runs from a base year 0 to a target year t, we can calculate the variation in the ODA funds over the period of time as [2]:

$$\Delta ODA = ODA\,^t - ODA\,^0 = PW + SC + G \qquad [2]$$

Each component of equation [2] can then be calculated by using the equations [3], [4] and [5] reported below, where the sums are intended over the individual country values and where the fractional multipliers are used according to Shyamal and Bhattacharya (2004) to equally distribute the residual among the decomposition factors.

Equation (3) calculates the ODA Political Will Effect:

$$PW\!\sout{IE} = \sum_i \Delta\, PW_i \times SC_i^0 \times G^0 + \frac{1}{3}\sum_i \Delta\, PW_i \times \Delta SC_i \times \Delta G + \frac{1}{2}\sum_i \Delta PW_i\,(\Delta\, SC_i \times G^0 + SC\,_i^0 \times \Delta G) \qquad [3]$$

Equation [4] calculates the ODA Structural Change Effect:

$$SC = \sum_i \Delta\, SC_i \times PW_i^0 \times G^0 + \frac{1}{3}\sum_i \Delta\, PW_i \times \Delta SC_i \times \Delta G + \frac{1}{2}\sum_i \Delta SC_i\,(\Delta\, PW_i \times G^0 + PW\,_i^0 \times \Delta G) \qquad [4]$$

Equation [5[calculates the ODA Economic Growth Effect:

$$G = \sum_i \Delta G_i \times PW_i^0 \times SC^0 + \frac{1}{3} \sum_i \Delta PW_i \times \Delta SC_i \times \Delta G + \frac{1}{2} \sum_i \Delta G_i \left(\Delta PW_i \times SC^0 + PW_i^0 \times \Delta SC\right) \quad [5]$$

3. Results

In Table 2 the ODA funds variations are presented for the 13 countries considered in this study for the period 2000-2020. The contribution provided by each decomposition factor, namely: Political Will (PW), Structural Change (SC) and Economic Growth (G) is reported with the sign "-" and "+" to summarize a "decrease" or an "increase" in the contribution. The aggregate variation in the ODA is also reported in the last line of the table. According to data reported in Table 2, 10 of the considered countries increased the ODA, while Greece, Netherlands, and Portugal decreased the quantity of funds. According to data reported in Figure 3, that summarizes the percentage contribution provided by every driver to the total ODA variation, the Structural Effect has been the main driver for the reduction in Greece, while Political Will the main factor for Netherlands and Portugal. The extensive reduction in international competitiveness and GDP production that affected Greece after the global financial crisis largely impacted on the allocation of funds. According to data reported by OECD (2023) the severe debt crisis and the long-lasting recession that affected the country resulted in significant cuts of ODA, that are mainly composed by multilateral expenditures to EU and in-donor refugee costs. Similar cuts have also taken place in other countries largely affected by the crisis, such as Italy (up to the year 2010), Ireland, and Spain, that in the years that followed the crash had negative trends for the Political Will and the Structural Effects (Figure 4). Political Will has also been the main reduction driver for Netherland and Portugal. Netherlands accounted for the largest drop during the last 10 years of analysis while Portugal had a negative PW trend for the entire time period excluding the years between 2005-2010.

The observed trend in the Netherlands' ODA disbursement from 2010 to 2020 reflect strategic shifts in development policy, focusing on specific themes like climate action and private sector development, especially in Africa and the Middle East (Oppewal, 2021; ~~Donor Tracker, 2023;~~ Government of the Netherlands, 2023; OECD(b), 2023). The increased commitment to climate finance and biodiversity, combined with a centralised management approach, may have influenced the allocation of funds, leading to variations in ODA across different sectors and regions.

-Additionally, the integration of foreign trade and development cooperation, prioritising long-term programs in fewer countries, has likely impacted the disbursement patterns. Portugal's negative trend in PW influencing ODA from 2010 to 2020 can be attributed to economic challenges stemming from the Great Recession and the European financial crisis (Afonso and Verdial, 2020; OECD(c,d), 2023). The economic downturn and a significant rise in government debt necessitated austerity measures, impacting Portugal's capacity for international aid. Moreover, a strategic focus on specific regions, particularly Africa, and themes in development cooperation also influenced the ODA disbursement patterns during this period.

Table 2. Decomposition results

	Belgium	Germany	Ireland	Greece	Spain	France	Norway
PW	+	+	+	-	+	+	+
SC	+	+	+	-	+	-	+
G	+	+	+	+	+	+	+
ODA	+	+	+	-	+	+	+
	Italy	**Netherlands**	**Austria**	**Portugal**	**Finland**	**Sweden**	
PW	+	-	+	-	+	+	
SC	-	+	+	-	+	+	
G	+	+	+	+	+	+	
ODA	+	-	+	-	+	+	

Figure 3. Decomposition results (% contribution to ODA variations) (2000-2020)

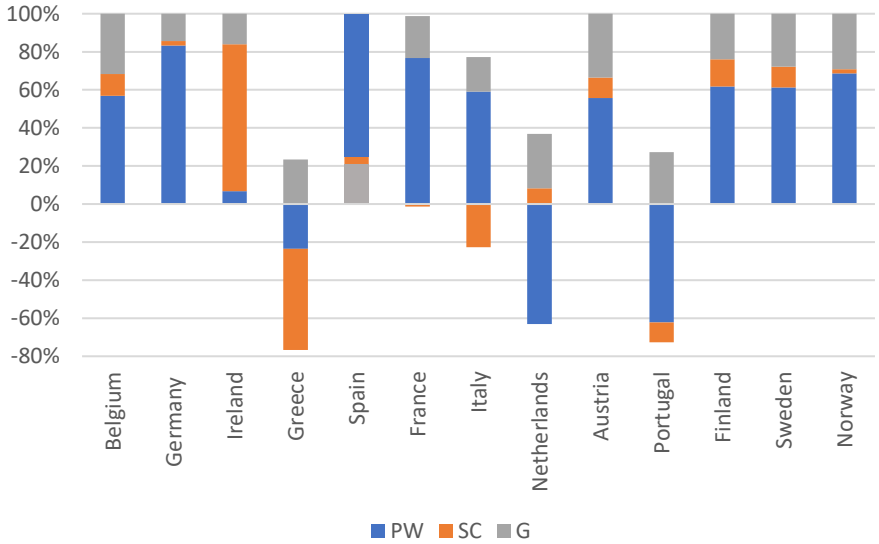
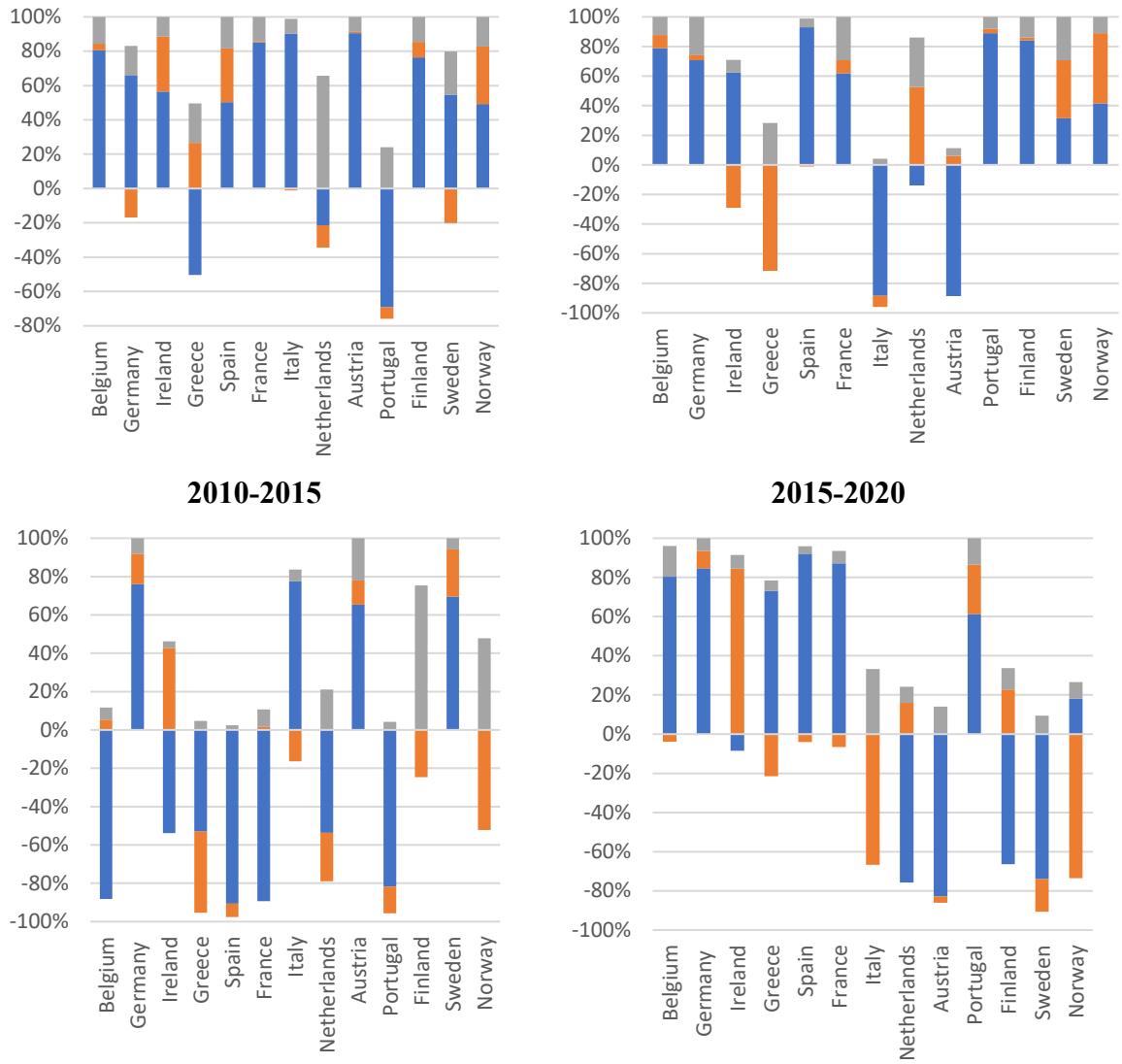


Figure 4. Decomposition results for 5 years' time periods

2000-2005 **2005-2010**



For the remaining countries Political Will has been the main factor of ODA increase, ad exception of Ireland, for which the structural effect played the most significant contribution. During the considered period, Ireland accounted for an extensive economic growth rate that contributed to increase the competitiveness in the global economic panorama (Andreoni, 2020). The rapid economic growth experienced during the period of the Celtic Tiger and the Celtic Phoenix contributed to double the GDP production that rose from 90,000 million euro in 1998 to more than 180,000 million euro in 2014. On the contrary, Norway and Italy experienced a negative trend of the Structural Change effect, that between 2010 and 2020 decreased the overall ODA. During this period both countries experienced a low economic growth rate with consequent reduction in the overall GDP contribution rate. For all the countries economic growth generally contributed to increase the ODA, as all the areas experienced a positive variation of the G effect. According to data reported by OECD (OECD, 2023), European Countries are increasingly committed to provide development support, ad EU accounts for the

largest share of ODA among the countries included in the Development Assistance Committee. To this purpose, in 2017, EU adopted "The New Consensus for Development" aiming to strength the common strategic vision across EU countries. The definition of the European Green New Deal has also further included sustainable growth and sustainability governance as key development factors.

4. Discussion

The findings reported above, reveal a nuanced interplay between Political Will, Structural Changes, and Economic Growth. These factors have collectively shaped the trajectory and intensity of Europe's commitment to the SDGs. Most notably, Political Will emerged as a pivotal driver in most countries, underscoring the critical role of policy decisions and national priorities in allocating ODA funds. This is particularly evident in countries like the Netherlands and Portugal, where shifts in political stances significantly influenced ODA contributions. Conversely, Ireland's unique trajectory, dominated by the Structural Change effect, highlights how rapid economic growth can reshape a country's role in the global economic landscape, subsequently affecting its ODA commitments. The variation in the impact of these factors across different nations and time periods not only reflects the complexity of the factors influencing ODA disbursement but also signals the diverse challenges and opportunities encountered by each country in aligning their ODA strategies with the evolving economic and political landscape. This diversity of experiences underscores the need for a tailored approach in understanding and supporting each nation's contribution to the global SDG agenda.

In examining the dynamics of ODA disbursements, our analysis highlights the profound impact of economic and political shifts on the allocation of development funds. The Structural Change effect, especially significant in the case of Greece, reveals how economic downturns, such as the one experienced during the global financial crisis, can lead to a reallocation of resources, often at the expense of international aid commitments. This is contrasted by the situations in Ireland and other countries were Economic Growth bolstered ODA contributions. These findings illustrate the delicate balance between domestic economic priorities and international aid commitments, challenging the traditional notion of ODA as a stable and predictable source of development financing. Furthermore, the variation in the influence of Political Will across different countries underscores the importance of understanding the specific political contexts and policy orientations that drive ODA disbursements. This is particularly relevant in the context of the European Union's evolving policy landscape, including the adoption of 'The

New Consensus for Development' and the European Green New Deal, which reflect a strategic shift towards sustainable development and may significantly shape future ODA trends.

The intricacies revealed by our study have substantial implications for policymakers and stakeholders in the realm of international development. The divergence in ODA trends among European countries, influenced by varying economic and political climates, suggests that a one-size-fits-all approach to development assistance may be ineffective. Instead, it calls for a more nuanced, country-specific strategy that considers each nation's unique economic and political context. This is particularly crucial in light of the 2030 Agenda for Sustainable Development, which requires a concerted and tailored effort from all member states. Additionally, our findings highlight the importance of resilience in ODA commitments amidst economic and political fluctuations. The resilience of aid in the face of domestic challenges, such as economic downturns or political instability, is critical to maintaining steady progress towards the SDGs. Finally, this study opens avenues for future research to explore the causal relationships between the observed trends and the underlying economic and political mechanisms. Such inquiries could provide deeper insights into how ODA can be optimized and sustained, even in times of adversity, to ensure effective and continuous support for the SDGs.

While our study provides valuable insights into the factors influencing ODA disbursements in Europe, it is important to acknowledge its limitations and the opportunities for further research. The decomposition methodology, though effective in isolating the impacts of Political Will, Structural Change, and Economic Growth, may not capture the full complexity of factors that influence ODA, such as geopolitical considerations, humanitarian crises, or the evolving priorities of donor countries. Additionally, the focus on European countries provides a specific regional perspective, which may not be fully representative of global ODA trends. Future research could expand the scope to include a more diverse range of countries, allowing for a more comprehensive understanding of global ODA dynamics. Moreover, longitudinal studies could offer insights into the long-term effects of economic and political shifts on ODA. Such research would be invaluable in guiding policymakers towards more effective and adaptable ODA strategies, ensuring that development assistance is both responsive to changing circumstances and aligned with the ambitious goals of the 2030 Agenda.

In conclusion, our study has shed light on the complex interplay of Political Will, Structural Changes, and economic growth in determining the patterns of ODA disbursements across Europe. These findings underscore the need for a nuanced and context-specific approach to development assistance, tailored to the unique economic and political realities of each donor country. As the world grapples with unprecedented challenges, including the aftermath of the

COVID-19 pandemic, the role of ODA in supporting the SDGs becomes ever more crucial. Our analysis highlights the importance of adaptive and resilient ODA strategies that can withstand economic and political vicissitudes. Looking forward, the integration of innovative analytical methods and data-driven decision-making will be key to enhancing the effectiveness of ODA. By continuously adapting to the changing global landscape, we can ensure that development assistance not only meets immediate needs but also contributes to long-term, sustainable outcomes. This study thus serves as a call to action for policymakers, researchers, and development practitioners to collaboratively forge a path towards a more equitable and sustainable future.

5. Conclusions

This study has systematically analysed the distribution of ODA across 13 European countries over two decades, employing a decomposition methodology to unravel the influences of Political Will, Structural Change, and Economic Growth. Our findings reveal a complex landscape where these factors intermingle to shape ODA disbursement patterns. Political Will emerged as a predominant driver in most countries, indicating that policy decisions and national priorities play a crucial role in shaping aid commitments. Structural Changes, particularly in economies like Ireland, have demonstrated how rapid Economic Growth can significantly influence a nation's ability to contribute to international development. Meanwhile, economic growth consistently showed a positive impact on ODA across all countries, reflecting the intrinsic link between a country's economic health and its capacity for external aid.

The diversity in the driving factors of ODA disbursements among European countries underscores the necessity for tailored, context-sensitive approaches to development assistance. This is especially pertinent in the context of the SDGs and the evolving global challenges such as the post-COVID-19 economic recovery. Our study highlights the need for adaptable and resilient ODA strategies that can effectively respond to both domestic and international exigencies. The findings also advocate for a more data-driven approach in policy formulation, ensuring that ODA allocations are both impactful and aligned with the broader objectives of sustainable development.

Looking ahead, the landscape of international development assistance demands continuous innovation and adaptability. The integration of advanced analytical techniques and real-time data will be instrumental in enhancing the efficacy and responsiveness of ODA. As countries navigate their unique economic and political contexts, collaborative efforts among

policymakers, researchers, and development practitioners will be key to realizing the ambitious agenda of the 2030 SDGs. This study, therefore, not only contributes to the academic discourse on development assistance but also serves as a guiding framework for future policy and research endeavours aimed at fostering a more equitable and sustainable global community.

Data availability statement: The data that support the findings of this study are available from the corresponding author upon request.

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