

# Luxembourg as a donor in international cooperation: bilateral and multilateral commitments to the Development Assistance Committee (DAC)



Original Article

ISSN 3084-75160 (Online)

Received: 04-11-24

Accepted: 17-01-25

Online: 25-01-25

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## ABSTRACT

**Objective.** To analyze Luxembourg's role in international development cooperation, based on its status as a donor country and member of the Development Assistance Committee, during the period 2021–2022. **Methodology.** A descriptive and qualitative approach was adopted, based on the analysis of official sources from the Organization for Economic Cooperation and Development, as well as academic literature. Quantitative data corresponding to those years were included, together with the country's institutional and political framework. **Results.** During the period analyzed, Luxembourg was the most generous country in terms of official development assistance in relation to its gross national income, which it maintained at over 0.7%, surpassing even the traditional donors. Its contributions were channeled mainly through bilateral and, to a lesser extent, multilateral channels, and were characterized by their quality, with policies aimed at enhancing the development of the recipient countries -mostly African- beyond the financial aspect. **Conclusions.** International development cooperation is a key pillar of Luxembourg's foreign policy. In a global context marked by geopolitical tensions and domestic priorities, the country maintained a coherent and supportive strategy. Its commitment in this area consolidated it as an exemplary actor during 2021 and 2022, in contrast to the observed decrease in development aid during the current year 2025.

**Keywords:** Official Development Assistance; the case of Luxembourg; effectiveness in international cooperation; global challenges; gross national income.

## Luxemburgo como donante en la cooperación internacional: compromisos bilaterales y multilaterales ante el Comité de Ayuda al Desarrollo

## RESUMEN

**Objetivo.** Analizar el papel de Luxemburgo en la cooperación internacional al desarrollo, a partir de su condición de país donante y miembro del Comité de Ayuda al Desarrollo, durante el periodo 2021-2022. **Metodología.** Para ello, se adoptó un enfoque descriptivo y cualitativo, basado en el análisis de fuentes oficiales de la Organización para la Cooperación y el Desarrollo Económico, así como de literatura académica. Se incluyeron datos cuantitativos correspondientes a esos años, junto con el marco institucional y político del país. **Resultados.** En el periodo analizado, Luxemburgo se posicionó como el país más generoso en términos de ayuda oficial al desarrollo, en relación con su ingreso nacional bruto, que mantuvo por encima del 0,7 %, superando incluso a los donantes tradicionales. Sus contribuciones fueron canalizadas principalmente por la vía bilateral y, en menor medida, por la multilateral, y se caracterizaron por su calidad, con políticas orientadas a potenciar el desarrollo de los países receptores —en su mayoría africanos—, más allá del aspecto financiero. **Conclusiones.** La cooperación internacional al desarrollo es un pilar clave en la política exterior de Luxemburgo. En un contexto global atravesado por tensiones geopolíticas y prioridades internas, el país mantuvo una estrategia coherente y solidaria. Su compromiso en este ámbito lo consolidó como un actor ejemplar durante el 2021 y 2022, en contraste con la disminución observada en la ayuda al desarrollo durante el presente año 2025.

**Palabras clave:** Ayuda Oficial al Desarrollo; el caso de Luxemburgo; eficacia en la cooperación internacional; desafíos globales; ingreso nacional bruto.

### Cite as

Reca, J. (2025). Luxembourg as a donor in international cooperation: bilateral and multilateral commitments to the Development Assistance Committee. *Revista jurídica peruana Desafíos en Derecho*, 2(1), 22-7. <https://doi.org/10.37711/RJPDD.2025.2.1.6>



## INTRODUCTION

### Some guidelines of Luxembourg's international development cooperation

At the outset, we must take into consideration that when we speak of development cooperation we are referring to a relatively recent concept in international relations, which gained ground after the Second World War and has evolved significantly since then.

In view of the above, and following the postulates of the German scholar Stephan Klingebiel (2014), we could define this branch of public international law —although only in broad strokes— as the set of actions carried out by donor countries, mainly the more developed ones, with the objective of contributing to the economic, social and environmental progress of recipient countries —that is, those with fewer resources— evidencing on the part of the former a genuine interest in accompanying the development processes of the latter.

Now, to understand how this modality of cooperation is structured and organized in practice, it is unavoidable to refer to the Organization for Economic Cooperation and Development (OECD), founded in 1961, which, through its 38 member states—mostly developed countries—promotes policies aimed at improving economic and social well-being globally. Moreover, the strategic nature of this intergovernmental organization in the design and monitoring of such policies becomes particularly close when considering the role of its Development Assistance Committee (DAC), also created in 1961, whose work, as the specialist in the field Irene Maestro Yarza (1995) reminds us, “is articulated with the priority objectives of the United Nations”<sup>1</sup> (p. 33), (hereinafter, UN).

Thus, within this institutional framework, the case of Luxembourg gains special relevance in its capacity as a “donor country” of the DAC, of which it has been a member since 1992, together with thirty-two other states, all also donors of the European Union, in which it acts as a full member.

And indeed, Luxembourg, despite being the seventh smallest country in Europe, has become—in terms of its gross national income (GNI)—the most generous member in Official Development Assistance (ODA), standing out as such during the years 2021 and 2022, with an upward trend from 0.99% to 1.00% of its GNI allocated to ODA (OECD, 2024). In this way, it has surpassed the aid provided by Norway—which went from 0.93% in 2021 to 0.86% in 2022—Norway being one of the countries that, until then, allocated the most resources to ODA in relation to its GNI, as occurred in 2020, when it reached 1.11% of its GNI.

From this perspective, the role of Luxembourg also stands out compared to other donor countries with a marked trajectory in international development cooperation, such as the member states of the Group of Seven (also known as the G7), mostly original members of the DAC, whose importance lies in representing approximately 10% of the world population and nearly 45% of the global gross national income; namely: the United States, the United Kingdom of Great Britain and Northern Ireland, Canada, and Japan.

Certainly, Luxembourg's contributions, if we consider the aforementioned figures of its GNI, far exceed those of the United States. This is because, although the latter has historically been the world's largest provider of ODA—a situation that has changed currently—its contributions between the years 2021 and 2022 represented only 0.20% and 0.23% of its GNI, respectively.

<sup>1</sup> Substantially, with Art. 1 para. 3 of its Constitutive Charter, which establishes, as one of the purposes of the organization and in consonance with what is set forth in Art. 55 of said instrument, “to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character, and in the development and encouragement of respect for human rights and for fundamental freedoms for all, without distinction as to race, sex, language or religion” (p. 33).

Regarding the other countries, none of them managed to surpass the figures reached by Luxembourg. Thus, the United Kingdom allocated 0.50% of its GNI in 2021 and 0.51% in 2022. Canada also did not manage to reach Luxembourg's levels of ODA, despite the increase it recorded in this matter—from 0.32% of its GNI in 2021 to 0.37% in 2022. Not even Japan, which increased its contribution from 0.34% of its GNI in 2021 to 0.39% in 2022, managed to match such levels.

In view of the latter, it is worth noting that, especially the United States and the United Kingdom, experienced significant cuts in 2025 in their budgets allocated to ODA, considerably reducing contributions aimed at this purpose; for example, in the case of the United States, with an estimated cut of USD 60,000 million in global assistance, within the framework of a shift in priorities in its foreign policies, with a greater focus on security and defense.

Considering the above, other aspects are evident that reinforce Luxembourg's level of commitment in this sphere of international cooperation, such as its policy of diversifying approaches, which covers a wide range of sectors such as health, education, and environmental sustainability. Thus, its active participation in multilateral aid<sup>2</sup>, aimed at maximizing the impact of its assistance and promoting greater effectiveness in cooperation; and the quality of its aid, focused on effectiveness and transparency<sup>3</sup>, with the objective of strengthening local capacities in recipient countries today, rights holders<sup>4</sup>, especially in those less developed and in fragile contexts.

This degree of commitment assumed by Luxembourg in its capacity as a donor country is clearly reflected in its foreign policy, guided by the coherence approach of “policies for development.” Through this perspective, the State actively participates in international forums and organizations (e.g., United Nations [UN], OECD), with the purpose of influencing the global aid and development cooperation agenda, as well as establishing international partnerships to address global challenges. From this perspective, the complementary relationship with development cooperation is considered an essential component of its foreign policy, as it constitutes an ideal channel to strengthen global governance, promote fundamental rights, and ultimately contribute to global stability and prosperity<sup>5</sup>.

In light of the above, we consider Luxembourg to be an essential actor in the field of international solidarity. This is because the European country—without prejudice to possible criticisms that may be made, such as the decrease recorded between 2020 and 2021 in contributions to civil society organizations, which fell from USD 81.59 million to USD 77.61 million (OECD, 2024)—reflects a high degree of commitment to international objectives and standards (i.e., complying with the recommendations of the DAC)<sup>6</sup>.

Likewise, as was previously hinted, it is observed that its cooperation policy is not limited exclusively to the provision of monetary resources, but includes measures aimed at promoting and enhancing sustainable development, fostering structural changes, defending fundamental principles, and improving living conditions in recipient countries.

<sup>2</sup> The DAC recommends this type of aid—distinct from that channeled through international organizations, also active in the case of Luxembourg—because of its greater revenue-raising capacity and the application of the donor country's technical criteria, which favors a more efficient execution of resources.

<sup>3</sup> As is reflected in the type of untied and non-reimbursable conditions under which Luxembourg granted ODA during the period 2021–2022, these are characterized mainly by allowing recipient countries to use the funds according to their priorities and specific development needs.

<sup>4</sup> This designation responds to the new human rights-based approach in the field, which replaces pejorative terminologies, such as that of *beneficiary country*, associated with an assistentialist outlook, with concepts consistent with that perspective, which denote an active and participatory role on the part of the country receiving the cooperation, as reflected in the Paris Declaration on Aid Effectiveness (Organisation for Economic Co-operation and Development, 2005).

<sup>5</sup> In that regard, the ODA provided by Luxembourg to Ukraine in the year 2022 (7.6 MUSD) cannot be overlooked—an amount that doubled the following year, reaching 15.7 MUSD—as well as the 3.4 MUSD allocated to the response to COVID-19, although this represented a decrease compared to the 8.9 MUSD disbursed in 2021.

<sup>6</sup> Whether by maintaining, as it has done consistently since the year 2000, ODA above 0.7 % of its gross national income, or by directing a significant proportion of its bilateral ODA toward fragile contexts and less developed countries.

This point becomes relevant since, as the Madrid-based scholar Juan Álvarez Cobelas (2022) maintains, a greater availability of financial credits does not necessarily imply greater development and social welfare for the inhabitants of the recipient country (p. 139). Therefore, under this understanding, it would be valid to question the well-known Marshall Plan (1947) as one of the antecedents of development cooperation, given the debate over its effects—recognizing its economic contribution to Europe—but also its unequal impact, which favored industrialized countries and marginalized the most fragile, emphasizing the factors that influence the development of recipient countries beyond financial resources.

## Sectoral and geographic distribution of Luxembourg's ODA

In the context of ODA, the distribution of objectives and recipient countries by Luxembourg differs substantially from the DAC average. This is so because Luxembourg, having a smaller scale and more limited resources compared to the main donor countries, such as the United States and the United Kingdom, beyond the aforementioned cuts, tends to develop a more specific and targeted cooperation in certain sectors and regions.

That said, it is pertinent to point out that the distribution of ODA is adjusted according to political priorities and the changing needs of recipient countries. Within this framework, and especially since 2018, Luxembourg has been adapting—through its foreign policy—its approach to emerging challenges and global development objectives (gender equality, environment, among others), aligning itself with the international agenda.

Indeed, based on the foregoing, it is relevant to highlight that the European country has shown a trend of increasing this type of aid in recent times—despite certain fluctuations in previous years, especially in 2020, due to the global health crisis that hindered the execution of several projects and reduced bilateral grants—as observed in bilateral spending for the year 2021 (365.2 MUSD in gross bilateral ODA<sup>7</sup>). Which represented an increase of 5.4 % compared to 2020 (OECD, 2024).

From this temporal reference (2021), it follows that Luxembourg—in comparison with much of the DAC members—carried out an increase of 56.5 % in Country Programmable Aid (CPA)<sup>8</sup>, channeled both through the public sector (official funds) and non-governmental development organizations (non-official funds), representing a total of 206.36 MUSD (OECD, 2024). This figure was particularly significant for recipient countries, as it allowed for more sustained development planning.

Similarly, it is worth noting that the main destination of Luxembourg's ODA—both bilateral and multilateral—during 2021 was Africa, a region that received the amount of 183.8 MUSD, of which a significant part was allocated to the aforementioned CPA, with Nigeria being the largest recipient on that continent (36.2 MUSD), followed by Burkina Faso (33.1 MUSD) and Senegal (28 MUSD), among others (OECD, 2024).

Likewise, as anticipated at the beginning of this work, the sectors with the highest allocation of Luxembourg's ODA are concentrated in: 1) infrastructure and social services (education, health, water, and sanitation), with an amount of 162 MUSD; 2) economic infrastructure, with 41 MUSD; and, 3) production (agriculture and industry), with financing of 27.5 MUSD (OECD, 2024). It is worth highlighting, at this point, that the European country has not allocated—at least during the period under study—resources for debt forgiveness, nor has it counted costs related to refugees as ODA; aspects that deserve to be highlighted, since—we estimate—they would constitute forms of inflated aid that would not directly contribute to development.

<sup>7</sup> This Official Development Assistance (ODA) includes the so-called contributions assigned to multilateral organizations; that is, funds channeled through those bodies, but whose specific destination is defined by the donor country.

<sup>8</sup> We can define Country Programmable Aid as the planning of long-term assistance intended for recipient countries, which is calculated—quite naturally—by excluding those elements that cannot be programmed at the level of the recipient country (e.g., humanitarian aid or debt relief, among others), which facilitates its alignment with that country's development policies and strategies.

Similarly, and in view of its state policy The Road to 2030, adopted in 2018, it should be noted that during the period 2021-2022, Luxembourg made considerable contributions to the promotion of gender equality (e.g., in educational and rural areas), reaching 35 % of its assignable bilateral ODA, which is equivalent to 124.2 MUSD. However, although this figure has decreased compared to previous years (in 2019-2020 the percentage was 80.5 %), it still reflects the country's commitment in this area, placing it among its main ODA donors (OECD, 2024).

Under these parameters, it is not irrelevant to recall the importance of the environmental issue for the European country, which committed between 2020 and 2021 14.7 % of its total assignable bilateral aid (48.3 MUSD), a percentage that rose to 27.5 % in the period 2021-2022 (equivalent to 91.3 MUSD) (OECD, 2024).

Finally, in light of the panorama outlined so far, it is appropriate to mention the contribution Luxembourg has made to the multilateral development system, especially that of the European Union (EU) and the UN. Indeed, of the 260.9 MUSD of ODA allocated in 2021 to international organizations—a figure that represented an increase of 13.6 % compared to 2020—approximately 50.44 MUSD corresponded to Core Contributions to EU institutions, whose use—in virtue of the non-programmatic nature of such contributions—was at the discretion of the organization itself, according to its constitutive statute.

Similarly, Luxembourg allocated 46.2 MUSD as core contributions to the UN system, including 26.31 MUSD disbursed as Core Contributions to its funds and programs, highlighting among them 8.9 MUSD directed to the World Health Organization (OECD, 2024).

## CONCLUSIONS

Throughout this work, we have sought to offer a comprehensive view of the international development cooperation policy carried out by Luxembourg during the years 2021 and 2022, highlighting both its quantitative and qualitative contributions. Within this framework, it was observed that the European country, despite its small territorial scale, has managed to position itself as one of the main references in this field, meeting—and even surpassing—the standards recommended by the DAC.

Certainly, its firm commitment in this branch of international law—of which international development cooperation constitutes a key pillar of its foreign policy—and its active participation in multilateral forums reflect a clear willingness to assume shared responsibilities in the face of global challenges, which is evidenced in the ways and conditions in which Luxembourg makes its contributions, as well as in the areas to which they are allocated.

However, in this auspicious scenario, it cannot be overlooked that inequality in income distribution continues to constitute a structural problem—both at the international and domestic levels—which development cooperation alone can hardly resolve. To this are added two significant obstacles: on one hand, the scarce international financing allocated to development—according to the OECD, this year could record the largest historical drop in ODA, with a reduction of 9 % to 17 % and cuts in nearly half of the DAC countries; and on the other hand, the discretion of donor countries, in the absence of legal mechanisms that impose concrete obligations or sanctions for non-compliance.

In view of this panorama, and in a context marked by growing economic interdependence, Luxembourg's experience—although perfectible—constitutes a valuable example of how States, regardless of their territorial size or other factors, such as their position in the global economy, as noted with the so-called emerging donors (Ayllón, 2009), can play a substantive role in strengthening international solidarity, contributing to building a more just, equitable global order centered on human rights.

#### Funding sources

The research was carried out with own resources.



#### Conflict of interest statement

The author declare that they have no conflicts of interest.

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