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Targeting of EU Development Assistance in Asia

Abstract

Official Development Assistance (ODA) exists as a response to the needs of the World's weaker developing nations. Intuitively, we might expect that greater ODA should be provided to those in greatest need, while more developed countries should receive less. When we look at the actual data on the European Union's (EU) targeting across Asia, the focus of this paper, we see that this pattern is usually met. In cases where this pattern is not met we need to understand why.

*To assess the effectiveness of EU ODA targeting between 2001 and 2017 four separate indicators were used. Using these, we tested how well the actual Official Development Assistance/Human Development Indicator (HDI) relationships map onto the predetermined **ideal** of high ODA to low HDI score, and vice versa. These tests were also applied to ODA data of the other major donors active across Asia.*

The EU's targeting in matching a high ODA to low HDI pattern is generally effective, but the data shows a number of interesting anomalies. A closer inspection of the data suggests that these are the result of the EU placing its own political and/or economic interests above those of countries in receipt of its ODA.

*The analysis shows that the EU has improved its ODA targeting across Asia. However, this improvement only managed to achieve a level of **moderate correlation** towards the **ideal** in 2017 from its unimpressively **low correlation** recorded in 2001.*

Keywords: Official Development Assistance (ODA), development cooperation, effectiveness, targeting, Human Development Index, HDI, European Union, Asia

1. Introduction

The European Union (EU) is the World's largest donor of Official Development Assistance (ODA). This central role carries with it both great opportunities and responsibilities in how the massive amounts of money involved should be distributed.

A large chunk of this ODA goes to Asia. The levels of social and economic development across Asia vary significantly. We find extremely rich Gulf countries bordering poor, war-torn Yemen, massive differences in living standards within the Association of Southeast Asian Nations (e.g. between Singapore and Cambodia), and the competing economic giants, China and India, still struggling with a number of unresolved development problems.

The aim of this paper is to look at the relationship between two sets of data: ODA distribution statistics and Human Development Index (HDI) scores. Taking EU ODA distribution data from OECD donor reports and testing this against the HDI scores of individual Asian recipient countries provided by the United Nations Development Programme (UNDP), we hope to assess the effectiveness of the EU's correlation of data relating to social and economic development, and the use of this data in targeting available resources.

The methodology involves the calculation of **correlation coefficients between the ODA and HDI scores achieved, country by country**. For the sake of accuracy, the ODA statistics are broken down into three different measurements: total ODA, ODA per capita, and ODA as percentage of recipient country's GNI. Each of these three measurements is considered in relation to the single HDI score of each country to produce separate correlation coefficient figures for each comparison.

The ODA each country receives is then presented as a percentage of total EU ODA, region by region, across Asia.

The results of the above are then compared to the outcomes of similar analyses carried out using recorded data on Japan, the US, and UN aid agencies. This enables us to properly gauge the EU's performance against those of the other three big players in the context of the international framework of development cooperation.

The following criteria are used to determine the significance of EU ODA to individual recipient countries:

1. an annual net ODA volume exceeding USD 100 million,
2. a level of ODA per capita more than 25 USD and/or ODA/Gross National Income (GNI) ratio > 0.5%,

3. a minimum 10% share in the regional ODA offered by the EU to a given region of Asia.

Finally, in order to track the trends in EU donor activity over the 2001–2017 period, numerical scores from 0 to 3, relating to how well the EU met the above criteria in their ODA distribution to each individual recipient country, are assigned. These scores are then used in conjunction with the HDI classification of each recipient country to calculate year by year correlation coefficients.

Important: calculations are limited by available data, and to cases in which offered net ODA exceeds 0 USD (i.e. eligible countries whose loan repayments are lower than the value of incoming ODA).

As of the time of writing, eight EU countries still do not belong to the OECD's Development Assistance Committee (DAC): Bulgaria, Croatia, Cyprus, Estonia, Latvia, Lithuania, Malta, and Romania. As OECD databases indicate, over the period 2001–2017, the contribution to the total EU ODA for Asia made by these eight countries amounted to just 0.11%. Due to its negligible significance in determining trends, the data for these eight countries was not part of the analysis, and, for this reason, I will use the simplified term "EU ODA" when referring to development assistance provided by EU DAC members and institutions.

The paper hopes to answer the following questions:

1. How successful has the EU been in targeting its ODA to satisfy the development needs of Asian countries (i.e. level of ODA correlated with recipient HDI)?
2. How is the EU performing in terms of ODA to HDI in comparison to the performances of other significant donors: Japan, the United Nations agencies, and the United States?
3. Can we see any major divergences in ODA/HDI trends? If so, can we tell which factors (humanitarian, political or economic) are likely to have caused these anomalies?

If the main objective of ODA is "the promotion of the economic development and welfare of" (OECD, 2019a) recipient countries, targeting effectiveness should be judged accordingly. Hence the **ideal**, where greater ODA is targeted to those in greatest need, while more developed countries are assigned less aid.

Hypothesis: Despite some improvements in its ODA targeting over the 2001–2017 period, the EU still fell short of achieving maximum effectiveness, and in some cases can be seen as having placed its own political

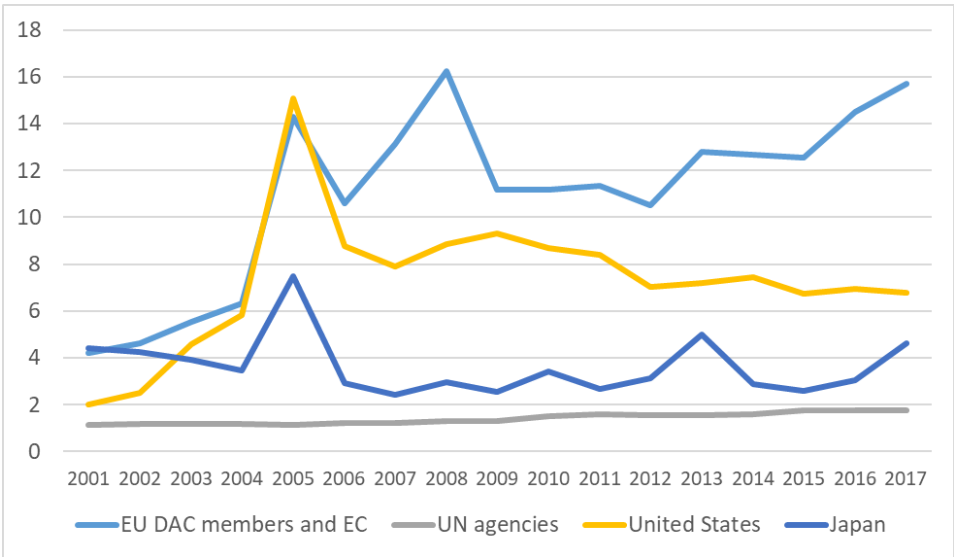
and/or economic interests above the “economic development and welfare” of some recipient nations.

The EU’s ODA targeting often fails to meet the complexity of the social and economic needs of recipient nations, and can be seen as focusing more on the promotion of its own political interests.

2. Major Donors’ Spending on ODA to Asian Recipients

Because of its size, political importance, and existing social and economic problems Asia features large in the international arena of development cooperation. In the period 2001–2017, Asia received around USD 612.5 billion in net ODA, 65% of which was provided by the four donor countries/institutions under consideration: EU (31%), United States (20%), Japan (10%), and the United Nations (4%). This seventeen year period saw great fluctuations in donor activity in response to the ever changing political and economic situation across Asia, e.g. armed conflicts, global financial crash, emergence of China and India.

Figure 4.1. ODA Offered to Asia by the EU, United States, Japan, and United Nations Agencies (in USD billions, current prices)



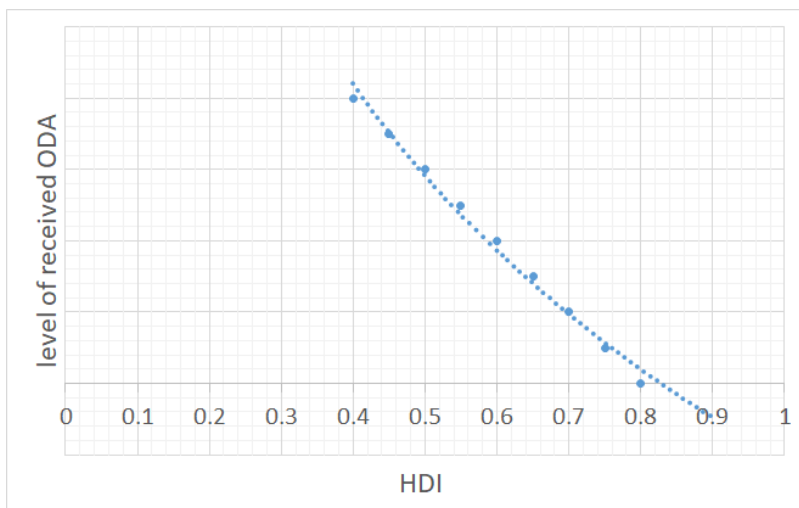
Source: Based on OECD, 2019b.

Calculated on the basis of the existing 28 member states at the time of writing this paper, the amount of EU ODA to Asia for the year 2001 was recorded as USD 4.2 billion. Rising steeply to a high of USD 16.25 billion in 2008, the EU contribution dropped to USD 10.5 billion over the next four years, recovering to a level of USD 15.7 billion in 2017. From the low of USD 2 billion in 2001, the US ODA contribution skyrocketed to USD 15.1 billion in 2005, only to drop to USD 8.8 billion the following year, and continued a steady fall to USD 6.8 billion by 2017. Japanese ODA finished roughly where it started, recording USD 4.4 billion in 2001, hitting a peak of USD 7.5 billion in 2005, then recording levels of less than USD 3 billion for most years, apart from a figure of USD 5 billion recorded in 2013, arriving at USD 4.6 billion in 2017. The volume of UN ODA to Asia recorded in 2001 was USD 1.1 billion rising to an unimpressive USD 1.8 billion in 2017.

3. A Model of ODA/HDI Relationship

An intuitive understanding of ODA leads us to assume that the largest share should be directed to countries deemed to be low human development countries, i.e. those achieving a score of less than 0.550 on the HDI scale.

Figure 4.2. A Model of Ideal (Non-existing) Relationship Between Offered ODA and Recipients HDI



Source: Author's own estimations.

Then, second in line, countries scoring between 0.550 and 0.699, medium human development countries, should get a lesser share, and countries scoring between 0.700 and 0.799 on the HDI scale, high human development countries, the smallest share. Countries scoring 0.800 or greater, very high human development countries, should receive nothing, and might be expected to repay their old development loans, before finally breaking free from the need for ODA.

Figure 4.2. shows what might be considered a perfect negative relationship, representing the downward trend, if the correlation coefficient for variables (HDI/ODA) under consideration were -1.0.

4. EU ODA/HDI Relationship

a. An analysis based on total ODA data

In order to properly scrutinize this ODA/HDI relationship, we need to look closely at the recorded data, which shows the actual character of the trend, including anomalies where the data shows a clear mismatch with the ideal downward line shown in Figure 4.2 (see Figures 4.3 and 4.4).

Figure 4.3. Total ODA (in millions of USD) / HDI in 2001

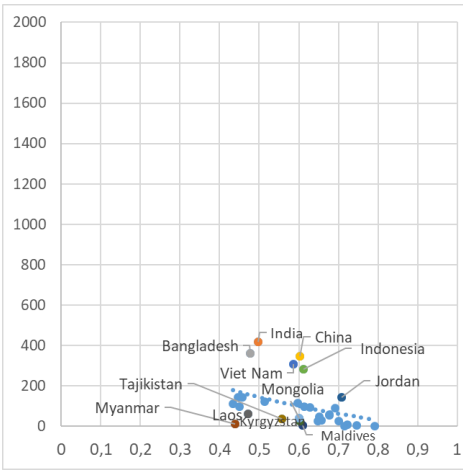
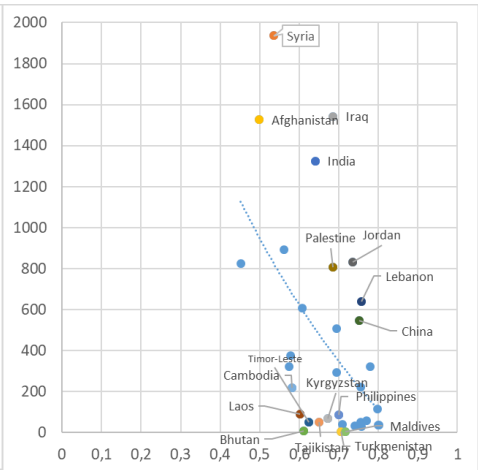


Figure 4.4. Total ODA (in millions of USD) / HDI in 2017



Source: Author’s own calculations based on OECD, 2019b and UNDP, 2019.

Using data for 2001 we can assess the EU’s donor performance based on 32 cases (unfortunately, HDI scores for Afghanistan and Palestine were

unavailable for this particular year). While Figure 4.3 shows a definite downward trend with a correlation coefficient of -0.39 , there are a number of cases where this trend is bucked. Clearly shown as being above the line: Jordan ranked as a high human development country, receiving USD 142.3 million of ODA; Indonesia, China, Vietnam, all ranked as medium human development countries, receiving USD 283.59 million, USD 346.68 million, and USD 306.34 million respectively; India, and Bangladesh, both ranked as low human development countries, receiving USD 418.58 million and USD 359.8 million respectively. Countries falling below the line, Myanmar and Laos, both ranked as low human development countries, received USD 12.76 million and USD 60.28 million respectively. Tajikistan, Mongolia, Kyrgyzstan, and Maldives, all ranked as medium human development countries, received USD 38.55 million, USD 40.4 million, USD 25.18 million, and USD 4.35 million respectively. Out of the 32 recipient countries included in this part of the analysis, only 11 scored highly enough to reach the set “significance threshold” of USD 100 million.

Looking at Figure 4.4 for the year 2017, we can see that the positions of these Asian countries changed significantly on the ODA/HDI axis, either as a result of many countries receiving substantially more ODA than they had 16 years earlier, and/or the dynamic social and economic developments achieved in this part of the World. As in 2001, we see a clear downward trend with a correlation coefficient of -0.49 being recorded. In 2017 the group of countries receiving EU assistance well above the established trend included: Lebanon, China, and Jordan, all three ranking as high human development countries, receiving USD 638.94 million, USD 547.56 million, and USD 830.8 million respectively; Palestine, Iraq, and India, all three ranking as medium human development countries, receiving USD 805.81 million, USD 1.54 billion, USD 1.33 billion respectively; while Syria, and Afghanistan, both ranking as low human development countries, received USD 1.94 billion, and USD 1.53 billion respectively. While the above shows anomalies in which we see higher ODA contributions than might be expected from HDI scores achieved, we now go on to consider recorded data where we see the opposite (i.e. lower ODA than might be expected, looking solely at particular HDI scores). Cambodia, Laos, Bhutan, Timor-Leste, Tajikistan, Kyrgyzstan, and Philippines, all ranked as medium human development countries, received USD 218.4 million, USD 89.72 million, USD 9.26 million, USD 51.26 million, USD 52.62 million, USD 70.27 million, and USD 85.53 million respectively.

Turkmenistan, and Maldives, both ranked as high human development countries, received USD 5.84 million and USD 3.72 million respectively. Out of 34 cases involved in this part of the assessment, 19 countries obtained more development assistance from the EU than the criteria required in this paper to be recognized as significant, in terms of total ODA received.

Although undoubtedly influential, the size of each country's population and economy only goes some way towards explaining these anomalies. While some very large countries receive huge amounts in EU ODA, e.g. China and India, a number of very small countries receive hardly any EU ODA at all, e.g. Maldives and Tajikistan. However, in many cases, the size of country, in terms of population and GDP, has little bearing on the amount of ODA provided by the EU. Although receiving similarly large amounts in ODA from the EU, countries like Jordan, Lebanon, and Iraq are clearly dwarfed in terms of populations and scales of economies by China and India. In spite of their significantly large populations, Myanmar and Philippines both received very little ODA from the EU. Taking all of these factors into account, it is obviously necessary not to rely solely on total ODA/HDI relationship. Therefore, "ODA per capita/HDI," "ODA as % recipient's GNI/HDI," and "recipient nation's share in regional ODA offered by the EU" were employed in the analysis.

b. An analysis based on ODA per capita data

Having established ODA per capita, ODA as a percentage of recipient's GNI, and recipients share in the regional ODA, as useful criteria, we can now begin to apply them in relation to each recipient country's HDI scores, in order to get a more accurate picture of how well, or otherwise, ODA targeting was achieved by the EU in the two years under consideration, 2001 and 2017.

Using ODA per capita against HDI scores, Figure 4.5 shows a very weak correlation (correlation coefficient -0.15), representing the EU's lack of success in its efforts to target those in greatest need. The most noticeable departure from the trend established by the 2001 data was the enormous amount of aid given to Timor-Leste, ranked as a low human development country, receiving USD 136.5 per capita of ODA from the EU. Other cases in which countries were assisted well above the trend were: Jordan, ranked as a high human development country, receiving

USD 27.4 per capita; Georgia, and Armenia, both countries ranked as medium human development countries, receiving USD 13.67 and USD 15.45 per capita respectively. Falling below the line representing the trend, we see a much larger group of countries: Cambodia, Myanmar, Nepal, Yemen, Pakistan, Bangladesh, and India, all ranked as low human development countries, receiving only USD 9.08, USD 0.27, USD 5.94, USD 5.29, USD 1.01, USD 2.68, and USD 0.39 per capita respectively; with China, Indonesia, and Philippines, all three ranked as medium human development countries, receiving USD 0.27, USD 1.32, and USD 1.19 per capita respectively. Recorded data for 2001 shows that just 2 out of 32 cases under consideration received sufficient aid to meet the “significance criterion” of USD 25 per capita.

Figure 4.5. ODA Per Capita (in USD) / HDI in 2001

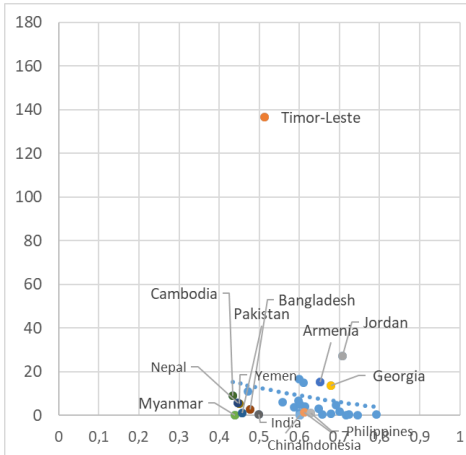
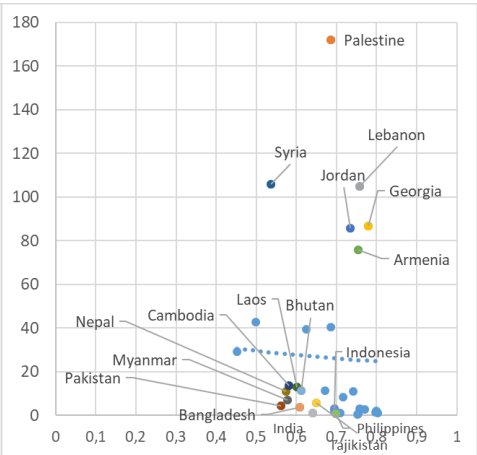


Figure 4.6. ODA Per Capita (in USD) / HDI in 2017



Source: Author’s own calculations based on OECD, 2019b and UNDP, 2019.

While Figures 4.5 (2001) and 4.6 (2017) illustrate some significant increases in ODA delivery to Asian countries, the correlation between ODA per capita and HDI scores remained very weak. The huge differences in funding received by a few relatively well developed recipients, and that delivered to many of the less developed countries, had the effect of flattening the line representing the established trend, and so, almost no correlation can be seen (correlation coefficient of -0.03). Figure 4.6 shows 6 out of 34 countries represented as being well above the trend line. These are, in descending order of their HDI scores: Georgia, Lebanon,

Armenia, and Jordan, ranked as high human development countries, receiving USD 86.82, USD 105.06, USD 75.98, and USD 85.63 per capita respectively; Palestine, ranked as a medium human development country, receiving USD 172 per capita; and Syria, ranked as a low human development country, receiving USD 105.94 per capita. The group of countries recorded as being well below the trend were: Pakistan, Nepal, Myanmar, Cambodia, Laos, Bangladesh, Bhutan, India, Tajikistan, Indonesia, and Philippines, all ranked as medium human development countries, receiving USD 4.54, USD 11.01, USD 7.07, USD 13.65, USD 13.08, USD 3.69, USD 11.46, USD 0.99, USD 5.9, USD 1.92, and USD 0.82 per capita respectively. In 2017, 10 out of 34 recipient countries received more than the USD 25 per capita required to meet the “significance criterion.”

c. Analysis based on ODA as percentage of GNI

Another indicator, “ODA as % of recipient’s GNI/HDI” is illustrated by Figures 4.7 and 4.8.

Figure 4.7. ODA as % of Recipient’s GNI / HDI in 2001

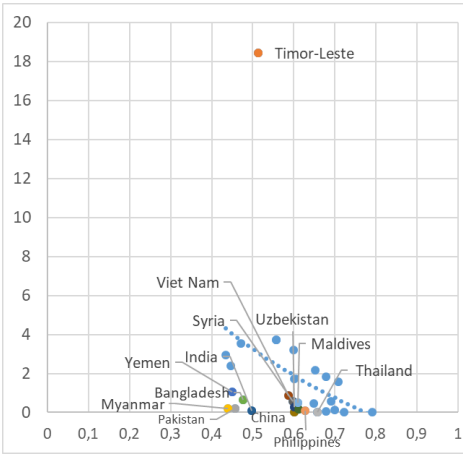
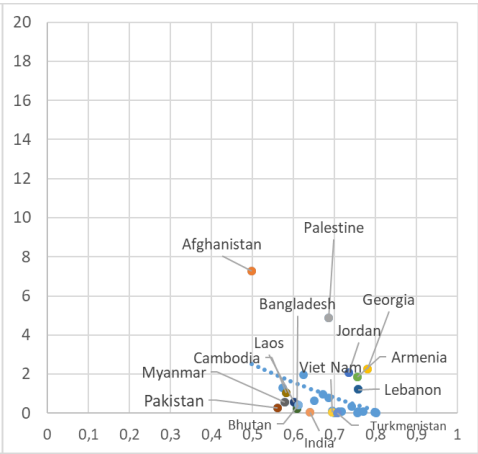


Figure 4.8. ODA as % of Recipient’s GNI / HDI in 2017



Source: Author’s own calculations based on OECD, 2019b and UNDP, 2019.

While EU ODA as percentage of GNI shows a closer correlation, when compared to a given country’s HDI, this is still far from perfect in relation to the ideal model presented at the beginning of this paper. In both 2001 and 2017, we see a clear downward trend representing a weak linear

correlation (correlation coefficients: -0.29 in 2001 and -0.37 in 2017). In 2017, we see an increase in absolute EU ODA to Asia (total ODA in USD), but for most recipient countries, when seen as a percentage of GNI, the amount received represents a relative drop. This seeming paradox is a result of dynamic economic growth in this part of the world.

The 2001 data shows just one stark example of a country being well above the trend: Timor-Leste, ranked as a low human development country, received ODA worth 18.45% of its GNI. In the same year we see many countries falling well below the trend: Myanmar, Yemen, Pakistan, Bangladesh, and India, all five ranked as low human development countries, receiving aid equivalent to 0.2%, 1.06%, 0.2%, 0.65%, and 0.09% of their GNI respectively. Vietnam, Syria, China, Uzbekistan, Maldives, Indonesia, Philippines, and Thailand, all eight ranked as medium human development countries, received the equivalent of 0.88%, 0.57%, 0.03%, 0.26%, 0.51%, 0.18%, 0.11%, and 0.03% of their GNI respectively. Out of 33 cases covered by this part of the analysis, 19 reached the set “significance threshold” of 0.5% of GNI.

In comparison, the analysis of 2017 data shows 6 examples of countries well above the trend: Georgia, Lebanon, Armenia, and Jordan, all four ranked as high human development countries, receiving aid equivalent to 2.25%, 1.23%, 1.85%, and 2.08% of their GNI respectively; while Palestine, ranked as a medium human development country, received the equivalent of 4.89% of its GNI, and Afghanistan, ranked as a low human development country, received the equivalent of 7.26% of its GNI. The nine countries falling well below the trend were: Pakistan, Myanmar, Cambodia, Laos, Bangladesh, Bhutan, India, and Vietnam. All eight of these countries are ranked as medium human development countries, and received aid equivalent to 0.28%, 0.57%, 1.05%, 0.56%, 0.23%, 0.4%, 0.05%, and 0.14% respectively. Turkmenistan, ranked as a high human development country, received the equivalent of 0.01% of its GNI. 14 out of 31 countries in the 2017 analysis recorded ODA sufficient to reach the “significance threshold” set.

d. Factors affecting EU performance

Table 4.1 presents examples in which countries received more aid than we might expect from their HDI scores for the years 2001 and 2017, and provides additional information to explain these anomalies in funding.

Table 4.1. Possible Reasons for EU ODA Being Higher than the Trend

Indicator	2001	2017
total ODA/HDI	Jordan (member of Euro-Mediterranean Partnership, geopolitical reasons, country's role in the Middle East peace process, and host to large Palestinian community), Bangladesh and Vietnam (relatively large populations and economies, various severe development problems – including extreme poverty and undernourishment), China, India, and Indonesia (very large population and massive economy, clear political dominance, very important economic partners of the EU, various social problems – including extreme poverty and undernourishment)	Afghanistan, Iraq, Jordan, Lebanon, Palestine, Syria (influence of ongoing armed conflicts, massive flows of displaced people and related humanitarian problems, attempts of EU countries to engage politically through various initiatives – including the Southern Neighbourhood), China, India (very large populations and massive economies, G20 and BRICS members, clear political dominance and global ambitions, very important economic partners of the EU)
ODA per capita/HDI	Timor-Leste (ongoing internationally supported process of restoring independence, many severe development problems – including extreme poverty, undernourishment, and infant mortality), Armenia, Georgia, Jordan (geopolitical importance for the EU, counterbalancing influence of other actors, EU efforts to shape political reforms via aid-sponsored promotion of good governance)	Jordan, Lebanon, Palestine, Syria (for the same reasons as above), Armenia, Georgia (geopolitical importance for the EU, counterbalancing influence of other actors, Eastern Partnership members)
ODA as % of recipients GNI/HDI	Timor-Leste (for the same reasons as above)	Afghanistan, Jordan, Palestine, Lebanon (for the same reasons as above), Armenia, Georgia (for the same reasons as above)

Source: Author's own estimations based on calculations based on OECD, 2019b and UNDP, 2019, and raw data from The World Bank, 2019, UN DESA, 2016, and UN DESA, 2019.

In 2001 and 2017 we find a number of what we might call “above the line anomalies.” We need to take a closer look at the ODA/HDI relationships, and other factors, in order to explain these for the years in question. The reasons for the 2001 and 2017 anomalies differ from country

to country, and can be broadly categorized as political, commercial, and/or humanitarian. While in the cases of China and India these anomalies can be put down to a combination of commercial and political factors, the EU's enhanced engagement with Armenia, and Georgia for those years could be described as purely political. Following years of armed conflict in both the Middle East, and Timor-Leste, 2001 saw a high level of aid activity from the EU, which can be seen as political in nature. In 2017, ongoing armed conflicts across the Middle East, affecting millions of people in Afghanistan, Iraq, Jordan, Lebanon, Palestine, and Syria, presented enormous challenges to the EU in its role as an ODA donor. The general instability, and humanitarian and political problems resulting from mass displacement of populations in such close proximity, necessitated a concerted EU response.

e. Comparison of EU ODA/HDI with the performance of other major donors

One of the objectives of this paper is to compare the data on EU aid activity in Asia with that of other important donors: UN agencies, the United States, and Japan (see Table 4.2 below).

Table 4.2. The Comparison of 2001 and 2017 ODA/HDI Coefficients

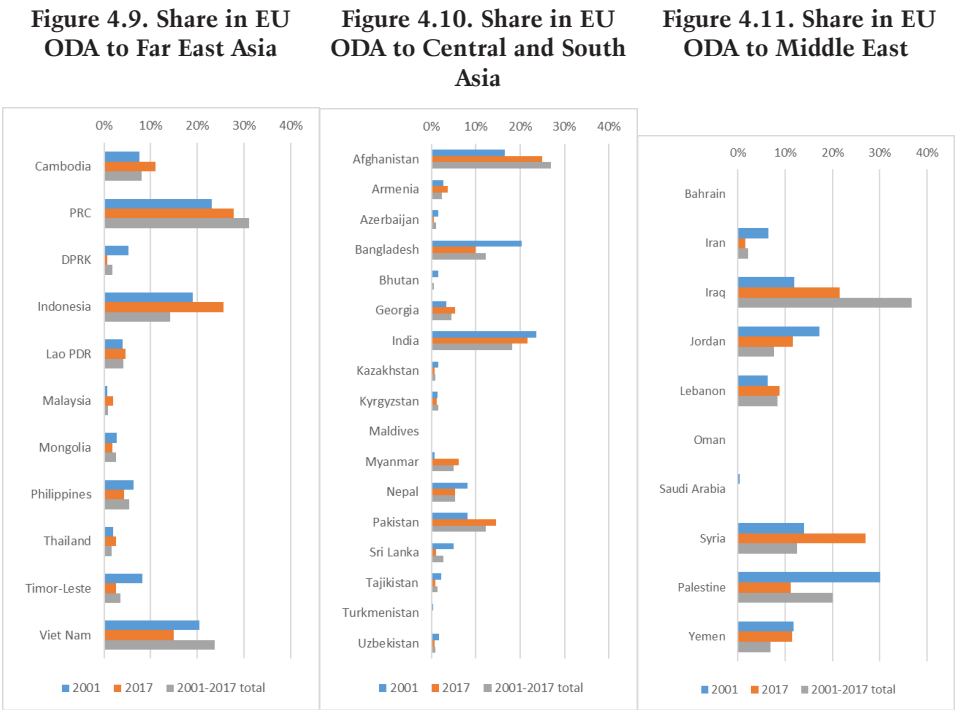
	2001			2017			2001–2017 change		
	total ODA to HDI – correlation	ODA per capita to HDI – correlation	ODA as % GNI to HDI – correlation	total ODA to HDI – correlation	ODA per capita to HDI – correlation	ODA as % GNI to HDI – correlation	total ODA to HDI – difference	ODA per capita to HDI – difference	ODA as % GNI to HDI – difference
EU countries and institutions	<u>-0.39</u>	<u>-0.15</u>	-0.29	-0.49	-0.03	-0.37	-0.10	0.12	-0.07
UN agencies	-0.38	0.02	<u>-0.35</u>	-0.07	0.05	-0.08	0.31	0.03	0.27
United States	-0.16	0.41	0.22	<u>-0.50</u>	<u>-0.08</u>	<u>-0.43</u>	<u>-0.34</u>	<u>-0.49</u>	<u>-0.64</u>
Japan	-0.14	-0.03	-0.31	-0.11	0.13	-0.10	0.03	0.17	0.21

Source: Author's own calculations based on OECD, 2019b and UNDP, 2019.

How well the correlation coefficient scores recorded in Table 4.2 match the ideal example (-1.0) presented in Figure 4.2 earlier in the text, tells us how successful, or otherwise, each of the donors listed was in its ODA targeting. From the analysis we can see that in 2001 the EU was the most successful of the listed donors in two out of three of the targeting categories presented, being outperformed only in the category of ODA as % of GNI/HDI. In 2017, the situation had changed and the US outperformed all listed donors across all categories.

5. Regional Distribution of EU ODA Across Three Regions of Asia

If we look at the regional distribution of ODA made available to Asia by the EU, we can see on a country by country basis, which recipient countries received aid to meet the “significance criteria” set, i.e. 10% of the ODA offered to its particular region.



Source: Author’s own calculations based on OECD, 2019b and UNDP, 2019.

Figures 4.9, 4.10, and 4.11 clearly show which nations received at least 10% of the EU ODA delivered to their individual region:

- **Far East Asia** – China (23% 2001 / 28% 2017), Indonesia (19% 2001 / 26% 2017), Vietnam (20% 2001 / 15% 2017), and Cambodia (8% 2001 / 11% 2017);
- **Central and South Asia** – Afghanistan (17% 2001 / 25% 2017), India (24% 2001 / 20% 2017), Bangladesh (20% 2001 / 10% in 2017), and Pakistan (8% 2001 / 15% 2017);
- **Middle East** – Iraq (12% 2001 / 21% 2017), Palestine (30% 2001 / 11% 2017), Syria (14% 2001 / 27% 2017), Jordan (17% 2001 / 12% in 2017), and Yemen (12% 2001 / 12% in 2017).

If we applied the same criteria, receipt of 10% of the regional share of ODA, to the targeting performances of the other major players for the same years, we would find similar results to those above. In most cases the same countries met the 10% significance criteria, whether the aid was coming from the EU, US, Japan or the UN. Where we see marked differences in ODA distribution, this can usually be explained by the level of importance a donor may place on any particular recipient country.

This importance obviously differs from donor to donor. The targeting of Japanese ODA can be seen as being overtly commercial. If we look at the aid it provided to Oman, a thriving economy and active importer of high-tech products, and that offered to Afghanistan, one of the Least Developed Countries, we see that Oman received more than 10% of the ODA available, while Afghanistan failed to reach the 10% threshold in its region. US targeting of aid is obviously inextricably linked to its broader foreign policy, perhaps explaining why the Philippines received over 10% of its region's US ODA, while China and India received less than this threshold in both 2001 and 2017. Unlike the three other donors, the UN obviously has no foreign or commercial policies, so, in order to explain the anomalies in its ODA targeting, we need to consider what pressures and constraints are at work within the organization. Underfunding, and conflict of interest are two major stumbling blocks to the effective targeting of UN ODA, as can be seen by the perhaps surprising results as to where this aid was, and/or was not, delivered (e.g. Lebanon received more UN ODA than war torn Iraq, Syria, and Yemen).

6. Broader Perspective of Donor Targeting for the Period 2001–2017

So far, we have looked at “snapshots” of 2001 and 2017. To better understand the general trend in EU ODA targeting, a broader perspective is necessary. To achieve this, a methodology is employed in which the results of measurements taken from earlier analysis are combined to produce a single total. This, in turn, is used in a final calculation to establish correlation coefficients.

Numerical values are assigned to:

A) Recipient country’s position on the Human Development Index – very high (0 points), high (1 point), medium (2 points), low (3 points);

B) How well recipient’s ODA met each of the significance criteria set, assigning values from 0 to 3 – i) an annual net ODA volume exceeding USD 100 million (1 point), – ii) a level of ODA per capita more than 25 USD **and/or** ODA/GNI ratio > 0.5% (1 point), – iii) a minimum 10% share in the regional ODA offered (1 point).

Using scores from A, assigned according to HDI level, and those from B, the sum of i, ii, and iii, yearly correlation coefficients are calculated for each recipient country for the period 2001–2017. Figure 4.12 below presents trends resulting from these calculations. Corresponding information for other ODA donors is also shown.

In assigning numerical values to HDI levels, 0 was chosen as a corresponding number for very high (on the basis that 0 ODA would be considered appropriate in any targeting decisions). A low HDI level was given the highest number, 3, to represent the highest need. This explains why +1.0 represents the ideal in Figure 4.12, as opposed to the -1.0 shown in Figure 4.2 and elsewhere.

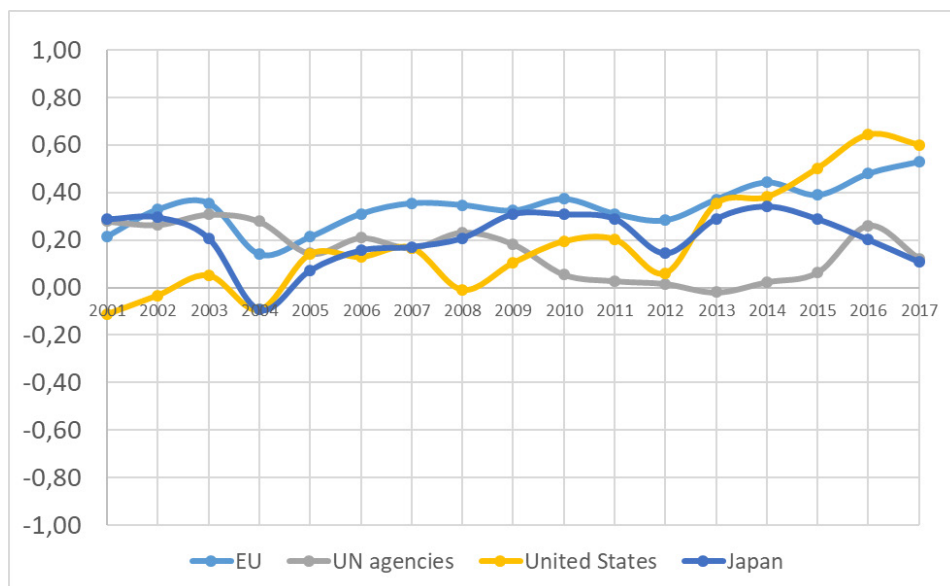
Undoubtedly, the EU should be recognized for its improved ODA targeting over the 17 year period 2001–2017, where we see the correlation coefficient (ODA/HDI) of +0.22 in 2001 go up to +0.53 in 2017. Only the US could be seen as having outperformed the EU in its targeting improvements over the same period. From a correlation coefficient of -0.11 in 2001, the US achieved an impressive +0.60 in 2017.

Possible reasons for these improvements in targeting:

- more appropriate attention being paid to the previously neglected war torn countries of the Middle East, most markedly Syria and, the Yemen;
- a thaw in Western relations with Myanmar;

- rapid social and economic development in Vietnam;
- Pakistan's transition from low HDI to middle HDI status.
- It must be noted that the effects of increased EU ODA activity in Cambodia, Indonesia, and Iran has had some influence over its targeting effectiveness, and obviously has some bearing on the final correlation coefficients arrived at.

Figure 4.12. Correlation between Donor ODA Provision and Recipient HDI



Source: Author's own calculations based on OECD, 2019b and UNDP, 2019.

The fact that, for the same period, both Japan and the UN failed to improve their targeting performances, in fact showing a steep downward trend in the second part of the analyzed period, is also worth noting.

7. Conclusion

Over the period 2001–2017, the EU significantly increased its development assistance to Asian recipient countries (it almost quadrupled from USD 4.2 billion to USD 15.7 billion), but this increase in funding was not equally enjoyed by all countries involved. Looking from three

different perspectives – the total volumes of provided ODA, ODA per capita, and ODA as a percentage of recipient's Gross National Income – we can see that certain recipient nations enjoyed more attention from the EU than others, sometimes including those in desperate need of development aid. When we consider the comparison of “total ODA” to recipient HDI, we realize that in both 2001 and 2017 Kyrgyzstan, Laos, Maldives and Tajikistan were countries which, despite having clear development problems, received limited ODA funding from the EU. China, India and Jordan, however, attracted more aid than might be expected on the basis of their individual HDI scores. Perhaps this is just a matter of scale, and obvious differences in population size can explain the noted anomalies in ODA distribution. In order to make things clearer, other indicators should be employed.

“ODA per capita” and “ODA as a percentage of GNI,” when presented in relation to HDI, reveal that in both 2001 and 2017, Bangladesh, Cambodia, India, Indonesia, Myanmar, Nepal, Pakistan, Philippines, and Vietnam, all countries with low to medium HDI status, received relatively little funding from the EU. The presented data on relative indicators under consideration suggests that, in the majority of cases, EU development assistance had a rather limited, and decreasing, influence on the overall economy of the recipient country. In both 2001 and 2017, Armenia, Georgia, and Jordan were funded well above the trend of ODA per capita to HDI score. These divergences from ODA/HDI trends show that, at least in some cases, the EU failed to recognize countries in greatest need of development assistance, or HDI was not the sole factor determining the scale of ODA provision offered to those countries.

While the recorded data clearly shows that the EU has improved the targeting of its funding in relation to recipient countries' HDI, this improvement can at best be described as moderate. When we go into more detail, we can see that in 2017 the correlation between “total ODA” to HDI scores was moderate, but in terms of “ODA as % of GNI” to HDI it was weak, and there was no linear relationship between “ODA per capita” and HDI scores. Similar proportions were observed when the same methodology was applied to the analysis of US ODA to Asia, and an even weaker correlation was noted regarding Japanese, and UN aid activities.

From the data for 2001 and 2017, we can see that where divergence from the trend represents better than expected outcomes, this was more often than not a result of a combination of political and humanitarian

factors (as in the cases of: Afghanistan, Iraq, Jordan, Lebanon, Palestine, Syria, and Timor-Leste). In the cases of China, India, and Indonesia we can see the anomalies were consequences of commercial and political factors. In Armenia, and Georgia the reasons for the anomalies may be seen as strictly political. Where anomalies from the trend represent underperformance, it is more difficult to put these down to any single political, commercial, or humanitarian factor. A lack of media attention, and the absence of significant political and economic interests are among the reasons for the EU's apparent neglect of these more needy recipients.

Despite some clear examples of problems with EU development assistance targeting in Asia, there are many cases in which the funding was appropriate to recipients' levels of human development, given that EU development activity is not driven solely by the current objectives of the EU members' foreign and economic policies.

In providing ODA, EU countries and institutions try to balance their own political and economic interests with those of recipients countries. Against a constantly changing development landscape in Asia, it comes as no surprise that we see EU ODA being employed as a tool of statecraft. The huge social problems of poverty, and mass migration, often as a result of armed conflict, require the EU and its institutions to act in real time to meet these great challenges. This means that a balance must be struck between meeting the humanitarian and social needs of those in greatest need, and the EU's own political and economic interests. Any provision of ODA by the EU obviously requires careful consideration, and can only be done in the context of already existing global commitments.

Over the longer term, constant monitoring of the relationship between ODA and recipient countries' HDI allows the EU to adjust its funding accordingly. This is done through coordinated planning and management at an EU level, with the participation of government officials, and European Commission representatives, including the EEAS. Failure to show these adjustments, illustrating fairness in the allocations of funds, would leave the EU open to accusations of politicizing ongoing development cooperation, as was the case during the Cold War era, when development assistance was blatantly exploited for political ends. Any failure to maintain the highest levels of transparency presents a serious obstacle to successful international cooperation on pressing issues like climate change, massive migration of populations, and other global emergencies.

In presenting the information above, I hope to have shown that the EU's targeting did not always effectively target its ODA, and in some cases clearly acted out of its own political and economic best interests rather than those of recipient countries.

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