

Politics of Foreign and Development Aid: Global and Polish Perspectives

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STRUCTURE OF LECTURE

- 1) Developing countries - ?**
- 2) Human Development Index, GDP**
- 3) Poverty in International Relations**
- 4) MDGs**
- 5) SDGs**
- 6) Development Aid as Instrument in Foreign Policy**
- 7) European Union – the biggest donor in the World**
- 8) Emerging Markets/New Donors in IR (Asia countries)**
- 9) Polish Aid**

It is evident how **disproportions** **between** **the** **underdeveloped** **South** and **economically** **developed** **countries** have been increasing over time, especially seen in the context of **processes** of **globalisation** and **internationalisation** of **contemporary** **international** **relations.**

Geographically, the notion of “developing countries” includes countries of Asia (except for Japan), Africa, Latin America and Oceania (with the exception of Australia and New Zealand). The principal criterion for distinguishing that group is the size of *per capita* national product.

This single condition is insufficient (for example, because countries exporting raw materials for production of energy sometimes have higher values of *per capita* national product whilst post-socialist countries, instead, feature low level thereof), **some additional criteria are applied as well, of mainly economic** (such as a structure of gross domestic product, place occupied in international commercial relations, *per capita* energy consumption or a level of internal savings) **or social nature** (for instance a ratio of infant mortality, percentage of illiterate persons, consumption of calories and proteins)

Developing country is a term generally used to describe a nation with a low level of material well being. **There is no single internationally-recognized definition of developed country**, and the levels of development may vary widely within so-called developing countries

The World Bank classifies countries into four income groups.

Low income countries have GNI per capita of US\$975 or less.

Lower middle income countries have GNI per capita of US\$976–\$3,855.

Upper middle income countries have GNI per capita between US\$3,856–\$11,905.

High income countries have GNI above 11,906

**The World Bank classifies all low-
and middle-income countries as
developing**

**Classification by income does not
necessarily reflect development
status**

The development of a country is measured with statistical indexes such as income per capita (per person) (GDP), life expectancy, the rate of literacy

The UN has developed the HDI, a compound indicator of the above statistics, to gauge the level of human development for countries where data is available

There is criticism of the use of the term 'developing country'. The term implies inferiority of a 'developing country' compared to a 'developed country', which many such countries dislike. It assumes a desire to 'develop' along the traditional 'Western' model of economic development

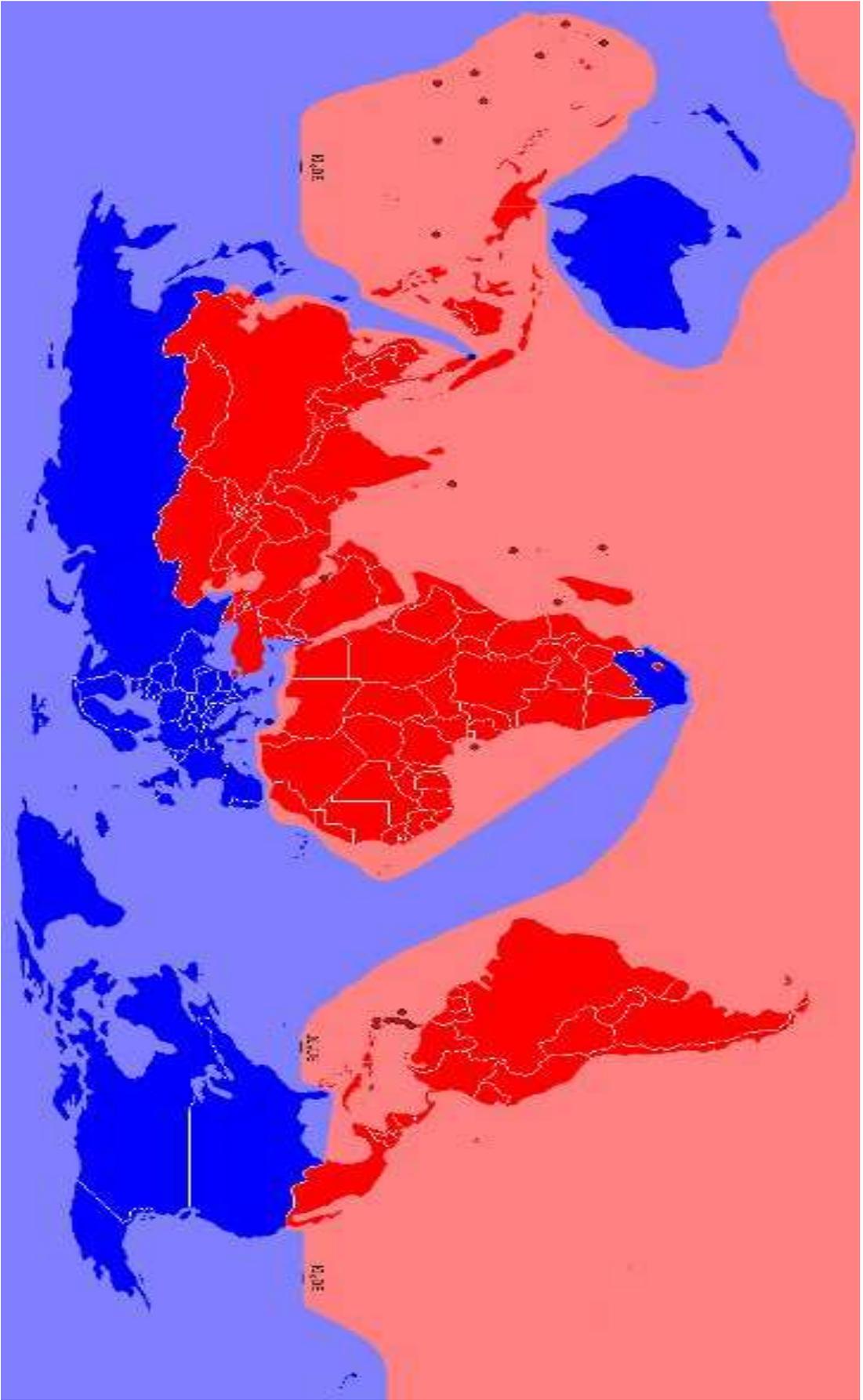
North–South divide

divide is a socio-economic and political division

wealthy developed countries - **"the North" or "Global North,"**

the poorer developing countries (least developed countries) - **"the South" or "Global South"**

The expression "north–south divide" is still in common use, but the terms "North" and "South" are already somewhat outdated



Poverty - lacks a certain amount of material possessions or money

Absolute poverty - inability to afford **basic human needs**, which commonly includes clean and fresh water, nutrition, health care, education, clothing and shelter

1.7-2 billion people - live in absolute poverty today

The World Bank - extreme poverty as living on less than US \$1.25 per day

The proportion of the developing world's population living in extreme economic poverty **fell from 28 percent in 1990 to 20 percent in 2010**

Most of this improvement has occurred in East and South Asia. The poverty level is estimated to have fallen to about 27 percent in 2007, down from 29.5 percent in 2006 and 69 percent in 1990

In Sub-Saharan Africa extreme poverty went up from 41 percent in 1981 to 46 percent in 2001, which combined with growing population increased the number of people living in extreme poverty from 231 million to 318 million

poverty line

Region	1990	2002	2004
East Asia and Pacific	15.40%	12.33%	9.07%
Europe and Central Asia	3.60%	1.28%	0.95%
Latin America and the Caribbean	9.62%	9.08%	8.64%
Middle East and North Africa	2.08%	1.69%	1.47%
South Asia	35.04%	33.44%	30.84%
Sub-Saharan Africa	46.07%	42.63%	41.09%

1.02 billion people go to bed hungry every night

Global Hunger Index - South Asia has the highest child malnutrition rate of the world's regions

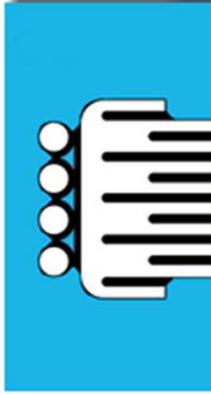
Every year, more than half a million women die in pregnancy or childbirth

Almost 90% of maternal deaths occur in Asia and sub-Saharan Africa, compared to less than 1% in the developed world

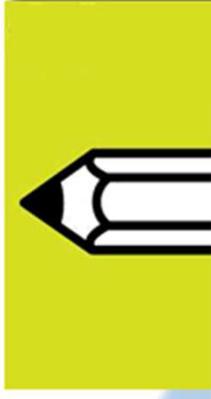
Millenium Development Goals

- 09/2000: UN Millenium Declaration
- Content: 8 time-bound targets
- Deadline: 2015
 - > most successful anti-poverty movement in history
- Involved groups : national governments, international community, civil society, private sector

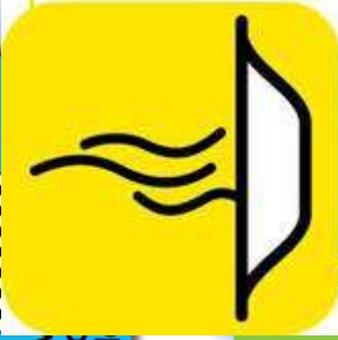
- The second half of the 1990s saw a re-definition of the theoretical framework of international aid. **Reducing poverty again became a major priority in the aims of aid**
- **Post-Washington Consensus** (beyond the narrow category of economic growth, and an increase in the role of the state in economic development)



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MDG 1: ERADICATE EXTREME POVERTY & HUNGER

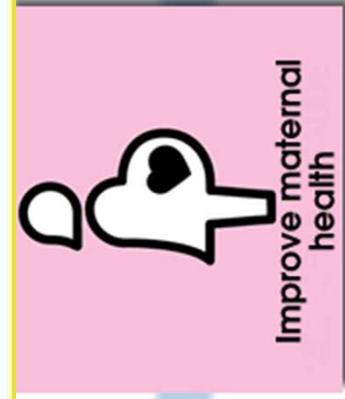
Local recruitment, local enterprise investment, local supply purchase, fair-trade, poverty awareness campaigns, in-kind funds, staff participation in humanitarian projects (i.e. orphanage funding, free flights for NGOs, aid dispatch, etc.)

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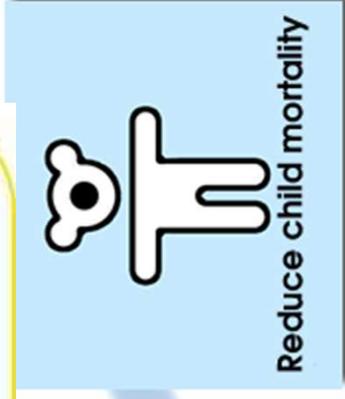
Ensuring



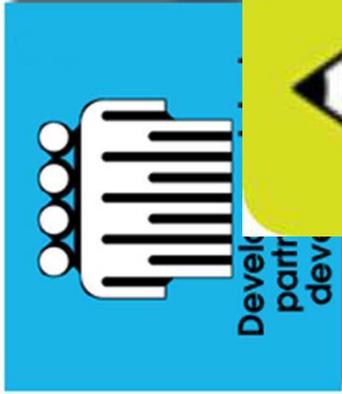
Combat HIV/Aids,
malaria and other
diseases



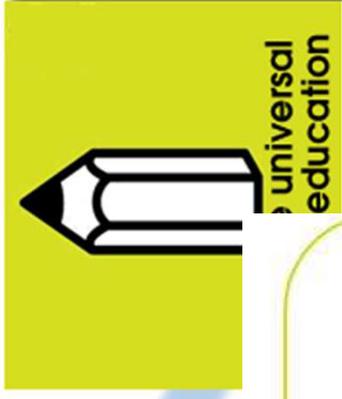
Improve maternal
health



Reduce child mortality



Develop
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Quality
education



MDG 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Funding for schools, offering teachers-grants, delivering school supplies & computers, in-company technical & language training, scholarships & mentorships programmes for staff & local community, information programmes for costumers, suppliers, etc.



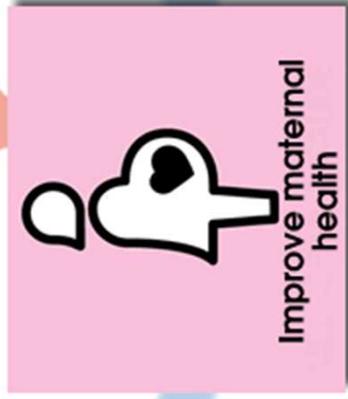
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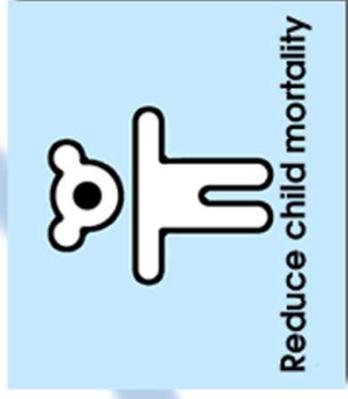
Gender
equality and
women



Combat HIV/Aids,
malaria and other
diseases



Improve maternal
health



Reduce child mortality



Develop a global
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MDG 3: PROMOTE GENDER EQUALITY & EMPOWER WOMEN

Scholarship programmes for managerial coaching, professional mobility workshops, family support structures for working mothers (i.e. in-company childcare programme, flexible hours), technical training & craft learning for women in local communities, etc.



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Ensuring



Combat HIV/Aids,
malaria and other
diseases



Improve maternal
health



Reduce child mortality



Develop a global
partnership
for
development



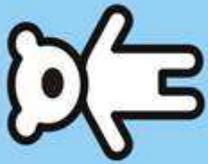
Universal
Education



Ensure env
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gender
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women



MDG 4: REDUCE CHILD MORTALITY

Social investment in health facilities, free medical check-ups in-company & community, nutrition advice & education programmes for women during pregnancy, educational youth programmes, free dispatch of medical equipment & staff, free transfer of children in medical need, medical personnel & equipment, etc.



Combat HIV/Aids,
malaria and other
diseases



Improve maternal
health



Reduce child mortality



Develop a global partnership for development



Eradicate extreme poverty



Achieve universal primary education



Ensure environmental sustainability



Gender equality and women's empowerment



MDG 5: IMPROVE MATERNAL HEALTH

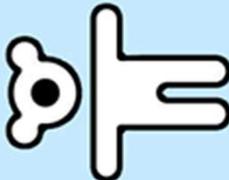
Free screening & medical care, free supply of maternity-related complements, education programmes, investment research & development, funding of health facilities, childcare facilities in-company, etc.



Combat HIV/Aids, malaria and other diseases



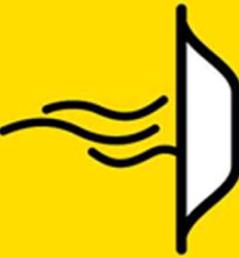
Improve maternal health



Reduce child mortality



Develop a global
partnership for
development



Eradicate extreme
poverty



Achieve universal
education



Ensure environ-
mentally
sustainable
development



Gender
equality and
women's
empowerment



MDG 6: COMBAT HIV/AIDS, MALARIA & OTHER DISEASES

In-company prevention training & awareness raising activities, host community education workshops (i.e. use of mosquito nets), free medical check-ups, social inclusion programmes & policies, flights for medical staff & equipment, investment in R&D, etc.



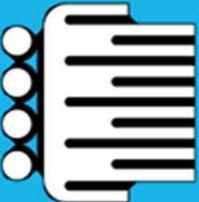
Combat HIV/Aids,
malaria and other
diseases



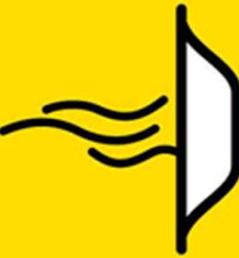
Improve maternal
health



Reduce child mortality



Develop a global
partnership for
development



Eradicate extreme
poverty



Achieve universal
primary education



Ensure environ-
mentally
sustainable
consumption
and production



Gender
equality and
empowerment
of women



MDG 6: COMBAT HIV/AIDS, MALARIA & OTHER DISEASES

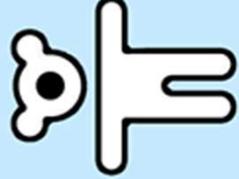
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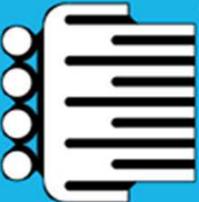
Combat HIV/Aids,
malaria and other
diseases



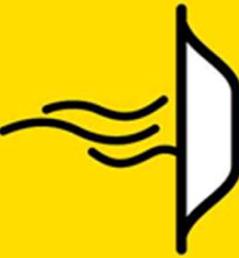
Improve maternal
health



Reduce child mortality



Develop a global partnership for development



Eradicate extreme poverty and hunger



Achieve universal primary education



MDG 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Compliance to advanced norms & standards (i.e. ISO 14001, Green Globe certification, etc.), resource efficiency, renewable energies, recycling & eco-materials, wildlife & ecosystem preservation actions (i.e. impact monitoring, clean-ups, offsetting, etc.)



Ensure environmental sustainability



Gender equality and women's empowerment



Combat HIV/Aids, malaria and other diseases



Improve maternal health



Reduce child mortality



Develop a global partnership for development



Eradicate extreme poverty



Achieve universal education



MDG 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Collaboration between UN bodies, public and private sectors, independent associations & civil society participants to provide resources and assistance to governments and host communities, through tourism development & growth.



Ensure environmental sustainability



Gender equality and women's empowerment



Combat HIV/AIDS, malaria and other diseases



Improve maternal health



Reduce child mortality

MDG Achievements



- Decline of **extreme poverty** by more than half since 1990
- Decline of **undernourished people** by almost half
- Primary education: enrolment rate 91 %
many more girls in school
- Progress in **fighting HIV/AIDS, malaria & tuberculosis**
- Decline of **under-five mortality** rate by more than half
- Global **maternal mortality** down 45 %
- Halving proportion of people without access to **improved sources of water**

MDG Failures



- Persisting gender inequality
- Big gaps: poorest & richest households
rural & urban areas
- Climate change & environmental degradation
- Conflict = biggest threat to human development
- Still millions of people suffering from poverty & hunger without access to basic services

Sustainable Development Goals

- 25th September 2015:
UN 2030 Agenda for Sustainable Development
- 17 goals within 15 years
- Priorities set by governments, civil society & private sector
- *Social Good Summits* in over 100 countries
-> openness, transparency & globality



**NO
POVERTY**



**2
NO
HUNGER**



**3
GOOD
HEALTH**



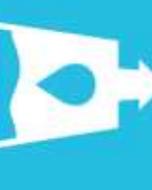
**4
QUALITY
EDUCATION**



**5
GENDER
EQUALITY**



**6
CLEAN WATER
AND SANITATION**



**7
CLEAN
ENERGY**



**8
GOOD JOBS AND
ECONOMIC GROWTH**



**9
INNOVATION AND
INFRASTRUCTURE**



**10
REDUCED
INEQUALITIES**



**11
SUSTAINABLE CITIES
AND COMMUNITIES**



**12
RESPONSIBLE
CONSUMPTION**



**13
PROTECT THE
PLANET**



**14
LIFE BELOW
WATER**



**15
LIFE
ON LAND**



**16
PEACE AND
JUSTICE**



**17
PARTNERSHIPS
FOR THE GOALS**



THE GLOBAL GOALS



New Approaches

- Elimination of poverty instead of reduction
- More demanding targets:
health, education & gender equality
- Universal aspect: applying to all countries & people
- New issues:
climate change, sustainable consumption,
innovation & importance of peace and justice
for all

SDGs emphasise

- the need for **global partnership** based on mutual responsibilities and obligations among all partners (instead of the old division into donors and recipients)
- **covering three dimensions:** the socio-economic, political and environmental dimensions.
- development policy and climate policy are being in a single objective: **supporting sustainable and inclusive growth**

Post-2015 development cooperation

- **Multidimensional nature of poverty**

nexus between security and development, between trade and development, and between the environment and development

The Arab Spring, the wave of terrorist attacks and the wave of migrants coming to Europe have highlighted the need for a comprehensive approach to development issues

- **New Donors**

the increasing role of new (non-traditional) donors in the international aid system, particularly in the emerging markets

from being some of the top recipients of aid to being some of the leading donors and investors in the countries of the global South

- **Not only money, not only state aid**

In addition to ODA, the role in mobilising resources of other financial flows and the engagement of new partners – business and the society – has been stressed.

Official Development Assistance (ODA) aims

- supporting underdeveloped countries in their efforts to increase their rate of economic development
- ensure economic growth
- decrease the scale of poverty in all its aspects

ODA includes

- transfers of financial resources, provided in such forms as donations and credits made on appropriately concessionary conditions (in terms of interest rates and repayment timelines),
- technological assistance
- experience exchange.

ODA and Foreign Aid

- In the formal sense, development assistance is a subcategory of foreign aid. It is associated with specific objectives in the form of actions aimed at socioeconomic development in countries receiving the assistance
- These terms are often used as and considered synonyms. R.C.Riddell notes that in more than 80 per cent definitions of foreign aid, it is used as a synonym of development assistance

As actors of international relations provide economic assistance, including, in particular, humanitarian and development aid, they are not only driven by purely human motives, but also seek to achieve some political and economic goals

States use of development aid

- **to strengthen their political position**
- **to increase the level of contacts and economic links**
- **the donor's belief in some sort of “gratitude” on the part of beneficiary (in order to encourage it to either maintain or change its attitude towards the donor in a way the latter one expects)**

DEVELOPMENT AID – SOFT POWER

Development aid also belongs to foreign policy instruments – it is an example of an economic instrument

David A. Baldwin - normal commercial transaction whereby one of the parties utilises economic resources in order to secure (impose) the right sort of behaviour from the other party

Hans Morgenthau - foreign aid as a kind of bribe

- Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee (DAC) – **DAC OECD**
- **The DAC OECD** is currently the main body coordinating aid to developing countries
- The DAC OECD is currently composed of 29 members: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Greece, Germany, Iceland, Ireland, Italy, Japan, South Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, the USA, and the European Commission (since 1961).

The EU's development policy is determined by innovation and size

The EU is the world's biggest donor of development aid

The EU (that is the EC and its member states) contributes a total of 0.39% of its GDP to development aid around the world (the USA 0.16%, Japan 0.17%)

BIGGEST DONORS

- **THE EUROPEAN UNION – 73.4 bln USD**
- **THE US – 31.2 bln USD**
- **Great Britain, France , Germany, JAPAN**
(these 5 countries – 62% ODA)

According to the OECD Official Development Assistance (ODA) in 2015 amounted to **USD 131.5 billion**, out of which **EU Member States (DAC OECD)** and the **European Commission** provided the aid for the total amount of **USD 73.4 billion**

0,47% GDP – EU

0,17% GDP - USA

The European Union – in support of implementation of the Millennium development goals – undertook to perform obligations adopted during the European Council summit in Gothenburg on June 15-16 2001, concerning the achievement of the UN objective in the area of official development assistance at the level of 0.7% of GDP by 2015.

The target level of 0.7% of GDP have been so far achieved by **Sweden (0.93%)**, **Luxembourg (0.91%)**, **the Netherlands (0.81%)** and **Denmark (0.81%)**. Among the “old 15” EU Member States, the least (in the GDP terms) is paid to development assistance by Portugal, Italy and Greece: 0.22%; 0.19% and 0.16%, respectively

The EU member states provide aid also on the basis of bilateral agreements

Money directly from particular member states that constitutes the majority of aid for developing countries (the amounts designated from the EU budget make up only 20% of the total aid)

South-South cooperation

- **Since 2010 South-South cooperation go up**
- **Asia, Africa, Latin America**
- **Comprehensive cooperation**
- **Trade, Financial Aid, Political**

The Economic Development in Africa Report 2010. South-South Cooperation: Africa and the New Form of Development Partnership, UNCTAD, New York and Geneva 2010

The Rise of BRICS FDI and Africa, Global Investment Trends Monitor. Special Edition, UNCTAD, 25 marca 2013

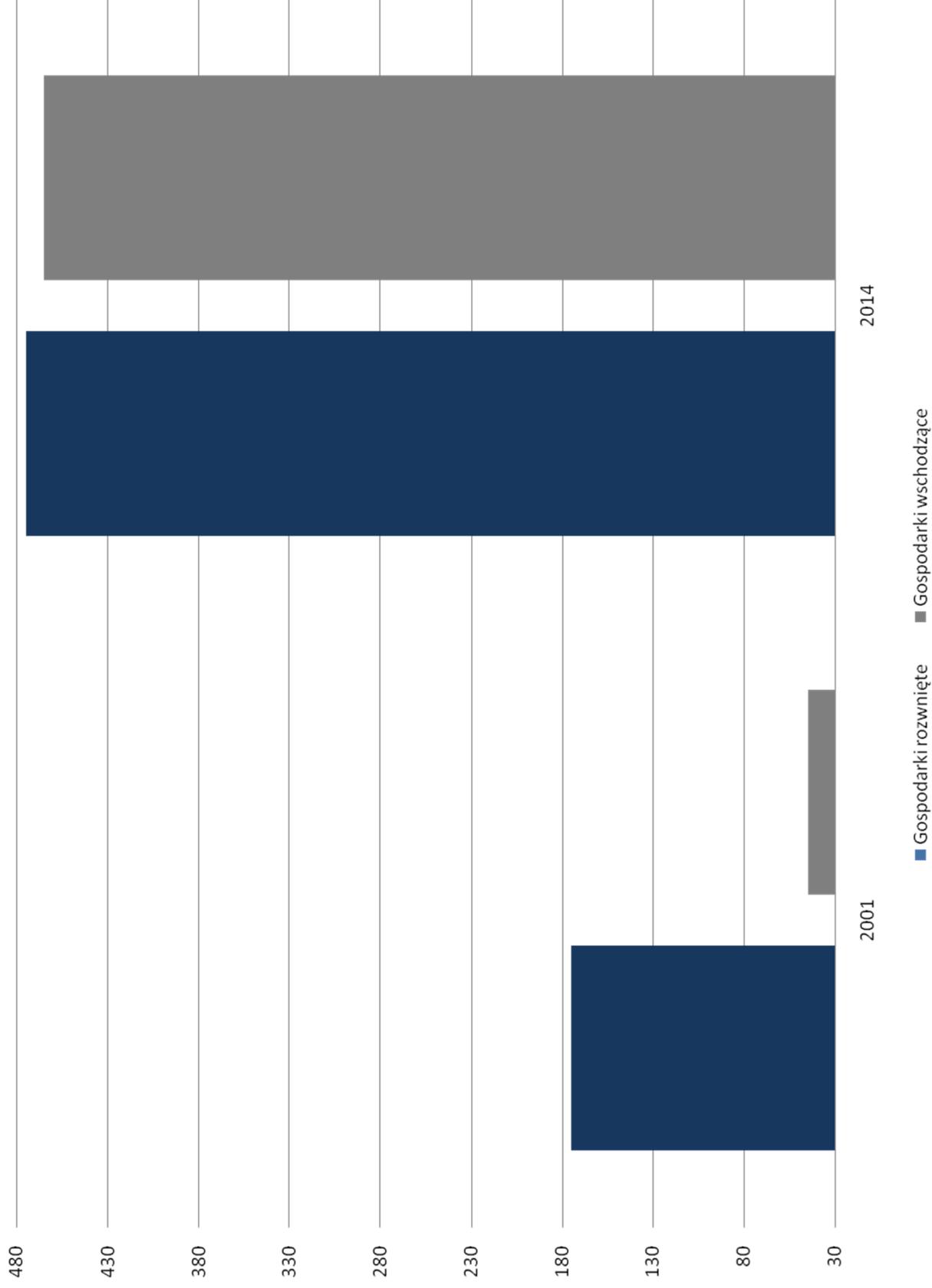
African Economic Outlook 2011. Africa and its Emerging Partners, African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), UN Economic Commission for Africa (UNECA), OECD Publishing, Paris 2011

Why South-South Cooperation

- **Energy issues**
- **Big markets (South - trade agreements no conditional implementation of political and economic reform)**
- **Opposite to Western block (alternative for West, e.g.)BRICS**
- **Global issues - common views, e.g. climate change, model of development**

- solidarity with developing countries
- multilateral world in which the countries of Latin America, Africa and Asia, will have the appropriate position and perform the appropriate role
- similar historical experience – stressing the negative role that colonialism played in the process of forming of international relations

Porównanie wartości wymiany handlowej Afryki z gospodarkami rozwiniętymi i wschodzącymi w 2001 i w 2014 r. (w mld USD)



20. największych partnerów handlowych Afryki w 2014 r. z uwzględnieniem tylko państw



Development Aid South-South

- The largest donors in the South-South group, such as China, India, Venezuela – do not give the OECD information regarding the amount of development assistance they provide
- It is difficult to give a clear picture of Asia development assistance to developing countries
- what would be development assistance in the OECD (WEST) definition and what would be merely financial flows

Asia relations with Developing Countries

- the economy has become one of the main factors in foreign policy
- achieving political goals through economic actions is becoming increasingly commonplace
- **China and India (South Korea)** has been concentrating on generating maximum economic growth and stepping up scientific progress as essential means to developing its power

- Since the 1990s Asia relations with the South have been characterised by **calculation and pragmatism** (as opposed to previous decades, when Asia's policy towards the South was a sort of **ideological messianism**)

China Aid

- China Aid – aid, financial package, FDI, trade
- China's cumulative foreign aid between 1949 and the end of 2009 was 256.29 billion RMB (around **\$43 billion** using the exchange rate of 2009), while the total amount between 2010 and 2012 was 89.34 billion RMB

- Officially, China provides eight types of foreign aid: complete projects, goods and materials, technical cooperation, human resource development cooperation, medical assistance, emergency humanitarian aid, volunteer programs, and debt relief

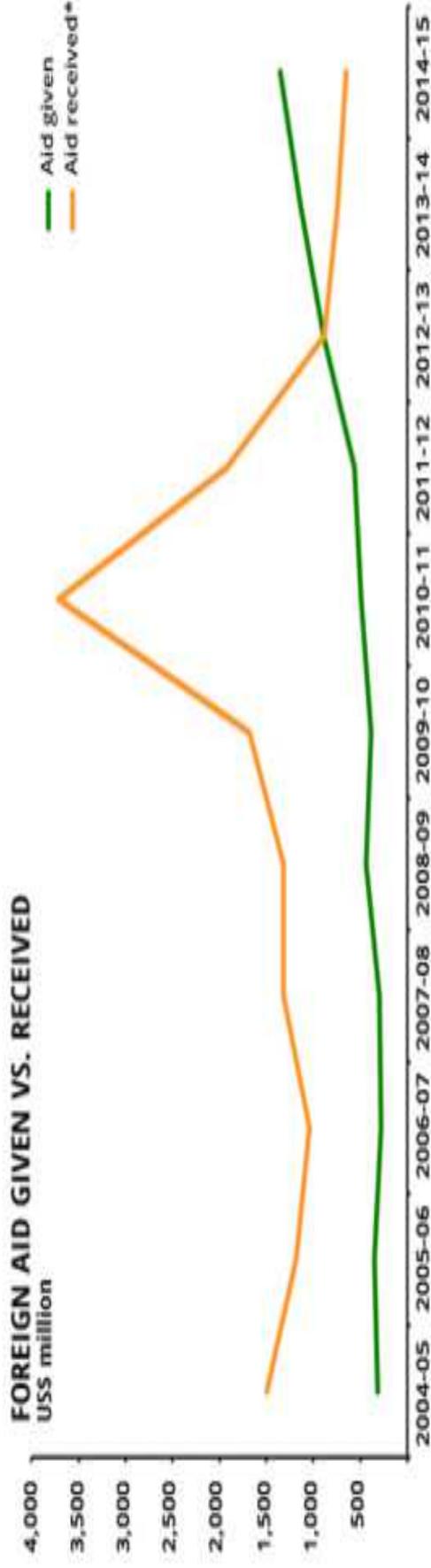
- From 2009 to 2012, China provided USD 10 billion in financing to Africa in the form of “concessional loans.”
- USD 20 billion from 2013 to 2015
- The head sovereign risk analyst of Export-Import Bank of China announced in November 2013 **that by 2025, China will have provided Africa with USD 1 trillion** in financing, including direct investment, soft loans and commercial loans

- **China's slogan of "peaceful change" is an attempt to transfer to African reality the Chinese model of social, political and economic development**

V. Niquet describes the African elites' "fascination with the civilisation of China". Some African leaders are also enthusiastic about cooperation with Beijing.

INDIA

Foreign aid landscape



TOP DONORS TO INDIA 2013-14, US\$ million

World Bank	1,129
Japan	883
Asian Development Bank	542
Global Fund	267
France	144
Germany	139
United Kingdom	136
United States	91
European Union	50
International Fund for Agricultural Development	29

TOP RECIPIENTS OF INDIAN AID 2014-15, US\$ million

Bhutan	813
Afghanistan	97
Sri Lanka	80
Nepal	72
African countries	56
Bangladesh	56
Myanmar	53
Maldives	29

Source: Indian Government and Devex Research

*Note: Aid received by India refers to net figures

- Modi Offers \$10B Credit Line To Africa in 2015-2020
- Promises Cooperation Against Terrorism

Polish Aid

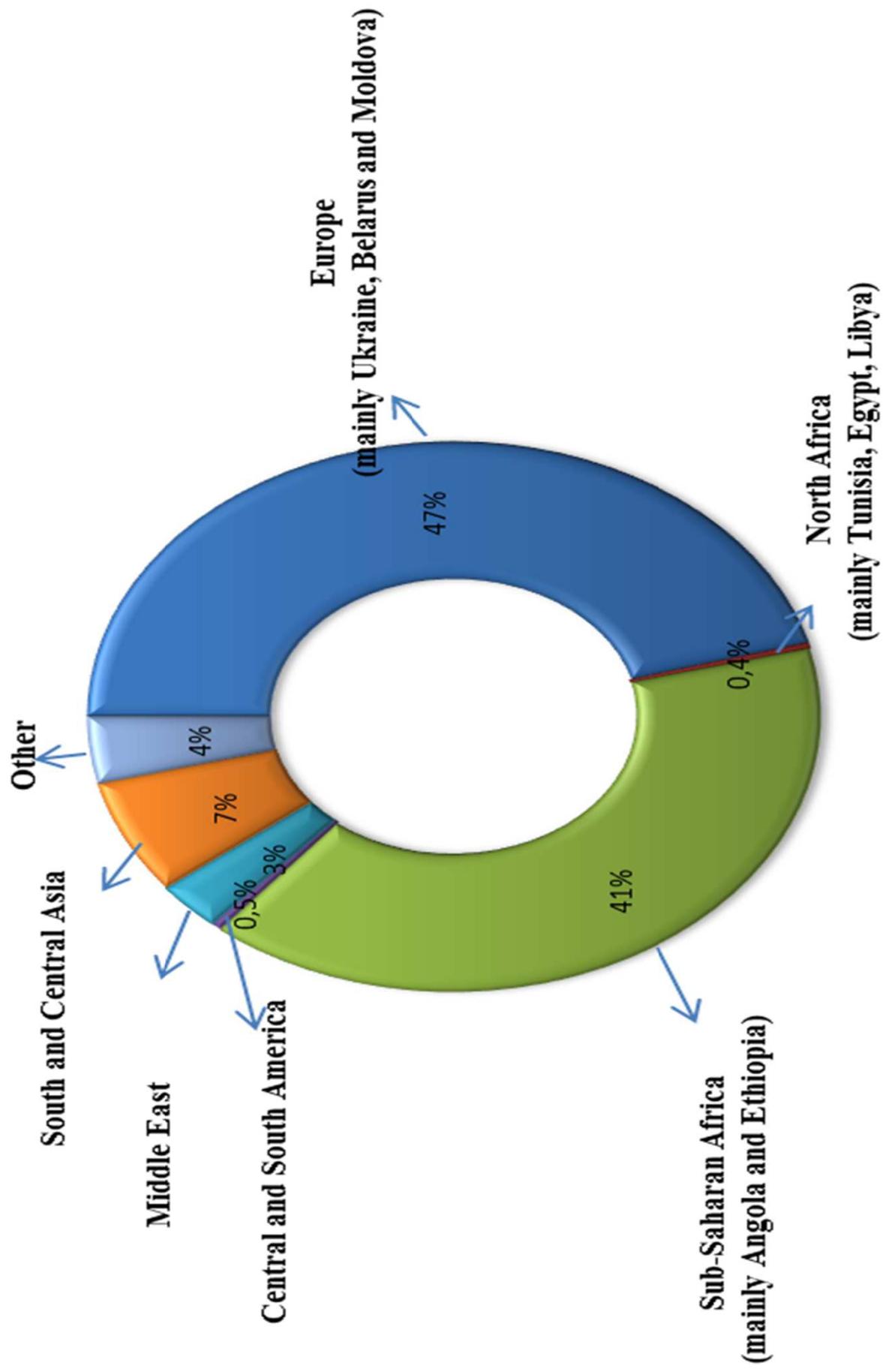
Before 1989, Poland was providing technical and financial assistance to non-European countries, especially Sub-Saharan Africa. Its beneficiaries were chosen according to a political key (within the sphere of influence of the USSR).

In 1990s as a result of a reorientation of the Polish foreign policy and focusing of efforts and assets of the Polish diplomacy on integration with the West, issues related to development cooperation receded into the background.

- In 2013 Poland allocated EUR 355 million (**0.10 per cent GNP**) to Official Development Assistance (ODA). In 2014, according to preliminary data provided by the OECD, that amount decreased to EUR 329 million (**0.08 per cent GNP**).

- Polish development aid includes **multilateral assistance**, that is, contributions paid to international institutions, and **bilateral assistance**, which is carried out directly by Polish institutions, organizations and other bodies.
- **Multilateral assistance provides approximately 75–85 per cent of the entire assistance amount.** The vast majority of funds allocated to the framework of multilateral assistance are the Polish contributions to the EU.

- Bilateral assistance is coordinated by the Ministry of Foreign Affairs and funded from its own funds as well as from contributions of Polish ministries and state institutions. **The average amount of assistance is EUR 80–90 million**
- **Asia is not a priority direction of Polish bilateral development** assistance. In 2014, only approximately **7 per cent of total Polish ODA went to Asia**, and in 2013 the value was similar.



- The majority of Polish assistance went to **Afghanistan** as well as to two Central Asian countries: **Kyrgyzstan and Tajikistan**. The fourth country where Polish activity has been noticeable in the last years is **Myanmar**