



# Principled aid in divided times

## Harnessing values and interests in donor pandemic response

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### Key messages

- Donors provide foreign aid to advance their values and protect their interests. The Principled Aid Index measures the strength of these dual motives as revealed by donor spending choices and trends.
- Higher ranked donors focus on plugging development gaps, investing in global institutions and challenges, and committing to public spirited behaviours that do not instrumentalise aid for narrow, short-term gain. By pursuing the values of solidarity and collective action, donors gain future benefits indirectly for their citizens by fostering greater global stability, security and prosperity.
- This year the Index identifies a decline in principled aid scores that started before the Covid-19 pandemic. The data shows worsening scores even among donors at the top of the rankings, driven by diminished public spiritedness as aid is allocated in ways that may secure direct short-term commercial and geo-strategic advantages.
- The fragmented response by bilateral donors to the coronavirus crisis over the last eight months is in keeping with this downward trajectory of principled aid.
- Now is the time for donors to broaden their response effort and attend in parallel to the wider socio-economic consequences of the crisis in affected countries. This involves acknowledging coronavirus as a protracted, multi-faceted global shock where interventions need to extend beyond the immediate health emergency and straddle the humanitarian–development nexus.
- Focusing on building broad-based resilience can reduce donors' exposure and vulnerability to future pandemics, as well as other emerging global challenges. A framework of 'principled nationalism' can guide donor efforts to address systemic global inequalities laid bare by the coronavirus crisis, and frame international actions to recover and rebuild.

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# Executive summary

The Principled Aid (PA) Index reveals bilateral donors' motives for aid-giving at a time of growing nationalism and global division, when the costs of disunity could not be higher.

The Index measures the balance 29 bilateral donors strike between advancing the values of global solidarity and protecting their national interests, as revealed by their aid spending choices over the last five years. A principled donor is one that recognises the synergies between these dual motives and pursues their long-term strategic interests by plugging development gaps, fostering global cooperation and maintaining the integrity of their allocations by minimising their pursuit of short-term transactional benefits with limited global benefit. As the world confronts its shared vulnerability to coronavirus, principled nationalism provides a framework through which to make sense of early donor responses and contour steps for a future recovery.

In Chapter 1 of the report, we outline our theoretical starting point for the PA Index. We suggest that principled nationalism steers a course between advancing global values and protecting donor interests, foregrounding the ways national priorities can be served by cultivating peaceful societies, healthy environments and economic prosperity within all states. We then discuss the triad of pressures destabilising donors' support for principled nationalism: the global pandemic, which has upended government priorities and finances; growing rivalry between the United States and China, threatening global consensus-building; and aid nationalism, which demands that visible mutual benefits accrue to providers and recipients of assistance.

In Chapter 2, we present the results of this year's Index. Our results point to falling levels of principled aid, fissures across the Development Assistance Committee (DAC) and a worrying

decline in donor commitments to Official Development Assistance (ODA) integrity. Key findings are:

- Principled nationalism in aid is growing scarcer. Higher-ranked donors are driving the fall in average principled aid scores, including Sweden, Canada, Ireland, Iceland, Denmark and Norway.
- Specifically, this overall decline is the result of falling public-spiritedness scores across most donors. Allocations are increasingly directed towards securing short-term transactional benefits.
- Across all donors on the Index, we find the worst-performing countries lag significantly behind the best-performing ones. Nevertheless, the gap is closing as some inferior performers improve their aggregate scores.
- Poorer and less generous donors (in terms of ODA outflows) tend towards lower principled aid scores, though the direction of causality remains unknown.
- Newer DAC members in Eastern Europe are concentrated at the bottom of the rankings, while Northern European countries remain top-ranked performers, even as their average scores fall. The comparative uptick in public-spiritedness by Belgium, Germany, Luxembourg, the Netherlands and Switzerland is promising, and may form the basis for a club of 'like-minded' donors.
- Overall, the search for principled nationalism in aid is characterised by a mixed approach as countries allocate aid towards a range of sectors and geographies. No country appears to balance a very strong performance across all three principles, with only a handful ranking in the top half of the table on all three (Denmark, Sweden, Switzerland and Norway).

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In Chapter 3, we apply the framework of principled nationalism to examine the quality of DAC donor responses in tackling the Covid-19 pandemic. We look at bilateral donor measures over the past eight months that have gone beyond aid to address growing development gaps and vulnerabilities exacerbated by the crisis, shore up institutions of global cooperation and reduce the effects of Covid-19, and respect obligations to both citizens at home and the world at large. We suggest that the fragmented initial responses by bilateral donors to the coronavirus crisis is in keeping with the downward trajectory of principled aid that we observe. This response is perhaps understandable given the sizable shock the crisis presented to states, and the need to reduce national vulnerabilities as an priority. Nevertheless, with a response that has largely focused on the health emergency at hand, donors must begin to recognise this global challenge as a protracted and multi-faceted dilemma where

interventions need to move beyond crisis response and actively build development resilience. Vertical multilateral approaches focused on addressing disease containment and eradication must now engage more closely with broad-based horizontal approaches that address the social and economic impacts of the crisis, reaffirming the nexus between donors' humanitarian and development interventions.

In Chapter 4, we make a plea for a post-crisis recovery anchored in the tenets of principled nationalism. At some level, the PA Index can hold donors to account for their ODA aid allocation decisions relating to advancing global recovery and rebuilding. Nevertheless, aid will only ever provide a fraction of the efforts required. Significantly more ambition will be needed if principled nationalism is to survive the inevitable trials ahead and set countries on a radically new trajectory characterised by equality, transnational solidarity and integrity.



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