



Bilateral Donors and the Age of the National Interest: What Prospects for Challenge by Development Agencies?

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Summary. — Foreign aid agencies represent and champion global development priorities within a donor nation. Increasingly however, these agencies sit within donor governments that are strongly committed to upholding the national interest through their development commitments. This paper is concerned with how bilateral aid agencies manage this tension and how they might continue to serve the altruistic aims of development. The main research question asks if autonomy—or a combination of autonomies—can improve a development agency’s ability to defend the humanitarian imperative of development against normative pressures privileging the national interest? By drawing on theories of autonomy within public management literatures, it is possible to identify points of leverage for development agencies where spaces for autonomous preferences and actions remain, as well as sources of limitation where such opportunities are considerably reduced. Six types of autonomy are examined across three nations widely perceived as strong performers as donors—Norway, the UK, and Sweden. The paper suggests that while structural autonomy is critical for preserving humanitarian motivations, there are also unexplored opportunities within other autonomous spheres. A multi-dimensional examination of autonomy highlights the varying capacity that development agencies have to resist pressures to strongly nationalize the global development project.
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1. INTRODUCTION

The international development agency is an unusual beast. It is charged with delivering assistance to people outside its borders but must do so within government structures whose purpose it is to uphold the national interest. In other words, it must simultaneously be doting mother hen to the wider animal kingdom and defensive lioness to her own pride. This conundrum is at the heart of the challenge of strengthening the development agency in an environment that increasingly frames development in terms of domestic priorities. Dual imperatives challenge development agencies sitting at the crossroads of these disparate norms for aid-giving. How are these tensions balanced? What can their response be?

Our starting point for answering these questions is that the main development agency of a donor country bears significant responsibility toward the welfare of non-nationals. We define a development agency as the primary organization delegated with responsibility for Official Development Assistance (ODA) or, more colloquially, foreign aid.¹ The purpose of this paper is to understand if it is possible to hold steadfast to ambitious development aims in the post-MDG period as pressures mount on agencies to demonstrate concrete positive returns of aid provision to the donor-nation. To do this, we explore the possibility that the development agency maintains a degree of independence from the norms of the national interest. In this case, it is public management that provides a theoretical framework for the analysis that follows, particularly literatures concerned with organizational autonomy. This paper is thus situated within “the bureaucratic turn” in studies of foreign aid (Arel-Bundock, Atkinson, & Potter, 2015; Bebbington, Guggenheim, Olson, & Woolcock, 2004; Cornell, 2014; Easterly, 2002; Gibson, Andersson, Ostrom, & Shivakumar, 2005; Gulrajani, 2014, 2015; Lewis *et al.*, 2003; Martens, 2005; Mosse, 2005; Pritchett & Woolcock, 2004; Quarles van Ufford, 1988). Describing this flourishing

body of literature, Yanguas and Hulme (2015, pp. 210, 216) suggest it is partly united in its interest in the administrative constraints inherent to aid bureaucracies. In this paper, a holistic examination of development agencies’ autonomy uncovers both the constraints on and opportunities for advancing the ethical imperative of development at time when it is strongly challenged by national interest norms.

Our hypothesis for the paper is that even as bilateral development agencies are pressured to advance domestic interests and, in many cases, display a willingness to do so, they also have opportunities to preserve a more selfless commitment to development. By examining the different spheres of autonomy of a development agency, one can begin to understand and compare how well adapted an agency is to protect and champion a robust global development agenda from dilution by national prerogatives. Analysis of the various dimensions of autonomy is illustrated through narrative case studies of Norway, Sweden, and the United Kingdom—all high-performing donors but also all susceptible to populist pressures that seek to further domestic interests through development policy. Our findings suggest that there is unevenness among these actors’ ability to challenge the norms of the national interest and that spheres of autonomy provide leverage to a development agency seeking to defend a principled approach

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to development. Overall, the paper concludes that a nuanced consideration of development agency autonomy may offer some prospects for a development project that is not overwhelmingly colonized by nationalistic ambition.

2. THE CHANGING ENVIRONMENT FOR BILATERAL DONORS: AN AGE OF THE NATIONAL INTEREST

These are challenging times for bilateral donors. Responsibility for Official Development Assistance (ODA) may be a task that unites all development agencies but it is one that is dwindling in importance and popularity. ODA is not only falling relative to other flows of development finance like FDI and remittances, it is also falling in absolute terms, with a 12% real drop in total ODA disbursed during 2014–15 (OECD, 2016). Meanwhile, popular support for development spending diminishes as domestic austerity measures fuel the perception that aid is provided at the expense of the poor at home (Heinrich, Kobayashi, & Bryant, 2016; Lancaster, 2007). Against a backdrop of widening intra-country inequality, even respectable voices call for foreign aid flows focusing on domestic problems of exclusion rather than exotic locations overseas (Deaton, 2016). Meanwhile, growth rates in many middle-income countries will soon make these states ineligible for concessional ODA flows (Sumner, 2013). Many of these “emerging powers” possess their own aid programs, resulting in an enlarged pool of development agencies that increasingly compete with traditional donors for the attention of Southern client states (Kragelund, 2011; Swedlund, 2017).²

The working assumption of this paper is that such global trends are shaping the wider normative environment within which the development agency is embedded by fueling domestic political pressures to deliberately exploit aid to promote the national interest. Thus, we subscribe to the view that while the act of aid-giving can be motivated by both altruistic and strategic interests, one of these motivations tends to be in the ascendant at any given moment. This starting point is shared by one of the earliest works to explore the relationship between idealistic and pragmatic motivations for aid:

Both of these broad motivations for giving aid—to assist development and to promote the interests of the donor—are no doubt present in most aid allocation decisions, and it is to be expected that the balance between the two will vary among the different donor countries as well as over time.

[Maizels & Nissanke, 1984, p. 880]

Maizels and Nissanke demonstrate empirically that bilateral aid is mainly “donor-oriented rather than development-oriented”, even if the relative balance can swing back and forth. Subsequent econometric research has found that geopolitical interests and foreign policy preferences interests are strong determinants of aid allocation patterns (Alesina & Dollar, 2000; Nielsen, 2013; Wang, 1999). Foreign aid enables the pursuit, promotion and defense of the national interests of the donor nation, its expenditure “the price paid for political services rendered or to be rendered” (Morgenthau, 1962, p. 302).

And yet, there is always some variance in the strength of the articulation and instrumental pursuit of aid in the national interest. Donor motives are located within the political economies of donor states and influence temporal and spatial variation in aid policy (Dietrich, 2016; Fuchs, Dreher, & Nunnenkamp, 2014; Lancaster, 2007; Lundsgaarde, 2012). Moreover, constructivist international relations illustrate how motivations for aid-provision are strongly associated with normative configurations in global society. Incentives and

structures in the international system interact with moral discourses in domestic political life to influence the likelihood of ethical stewardship and principled aid engagements (Lumsdaine, 1993).

Lumsdaine creates the possibility for moral motivations for aid-giving, albeit while acknowledging the possibility of shifts in emphasis over time and context (See also Lumsdaine & Schopf, 2007). In tracing the dialectic relationship between humanitarian and strategic interests however, humanitarian motivations may only survive due to a benevolent national interest. For example, in an early interview-based study of fifty American aid officials, Pakenham observed that “the *sine qua non* goal and justification of aid is that it be an instrument of foreign policy and justified in terms of the national interest. If other goals and justifications can be added, all the better; if they cannot, the decision to go ahead is forthcoming anyway. In no case, however, does the doctrine justify using aid for humanitarian purposes when justification for national interest is lacking” (Pakenham, 1966, pp. 218–219). At some level, the promotion of development will always service the national interest, though the expression of this donor interest may vary in scope, scale and explicitness at any given moment in time. This implies aid-giving can exhibit varying degrees of humanitarian motives.

While the relationship between the national interest and the promotion of humanitarian principles may not be completely zero-sum in nature, neither is it always mutually reinforcing. Indeed, there is a substantial body of evidence suggesting that aid motivated by geopolitical preferences undermines the likelihood of development success and impact, suggesting at least the possibility of tensions and tradeoffs. For example, national imperatives are shown to affect aid allocation by misdirecting funds to states and sectors on non-development grounds (Girod, 2008; Reddy & Minoiu, 2009; Steele, 2011). Bilateral aid that rewards particular political positions, for example voting behavior in the UN Security Council, is demonstrably less effective at achieving development impact (Dreher, Eichenauer, & Gehring, 2016). Conversely, where donors’ interests in aid recipients are non-strategic, it is empirically shown to be more conducive to robust development outcomes (Girod, 2012). Overall, donor motives are strongly shown to influence aid’s effectiveness, with geostrategic motives shown to be ill-disposed to development impact (Kilby & Dreher, 2010; Stone, 2010).

If humanitarian and national interests are the yin and yang of development cooperation, where does the balance sit in current contemporary policy space? It is a key argument of the paper that balance has shifted in the post-MDG period to service donor interests above developmental ones, creating a fine balancing act for development agencies.

If the national interest is a permanent undercurrent at play in foreign aid, there are times and places where it has certainly been diminished. For example, the period between the Cold War and the War on Terror is viewed as a low point for the influence of foreign policy objectives on development (Fleck & Kilby, 2010; Stone, 2010). For many observers, the new millennium also marked a high watermark for developmental motivations, oriented toward the mission of global poverty eradication (Maxwell, 2003; Noel, 2006; Payne, 2006). The re-discovery of global poverty as an area of common convergent international concern resulted in the Millennium Development Goals (MDGs), an integrative framework that came to embody the benign humane face of the aid project. While some suggested this period represented a continuity of neo-liberal prescriptions and intrusions linked to the national interest (Craig & Porter, 2003; Porter & Craig, 2004), there

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