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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Acronyms

ACT-A  Access to Covid Tools Accelerator
AMC  Advanced Market Commitment
CBPF  Country-Based Pooled Fund
CPA  Country-Programmable Aid
DAC  Development Assistance Committee
EU  European Union
GDP  gross domestic product
GHRP  Global Humanitarian Response Plan
GNI  gross national income
GPG  Global Public Good
OCHA  UN Office for the Coordination of Humanitarian Affairs
ODA  Official Development Assistance
PA  Principled Aid
SDG  Sustainable Development Goal
SFCC  Severely Financially Challenged Country
UK  United Kingdom
VC  voluntary contribution
WHO  World Health Organisation
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).
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.
1 Principled nationalism: a concept for divided times

1.1 A tale of two strategic interests

The PA Index was created in 2019 to distinguish two types of strategic interest among bilateral donors: one where states recognise the long-term benefits that derive from addressing global development challenges, and the more short-term unilateral and transactional returns of a commercial contract or geopolitical ally. These dual interpretations of how aid-giving furthers the national interest have, until now, allowed states to claim the reputational benefits of the former motivation, while working towards the singular benefits of the latter. The PA Index distinguishes these two types of strategic interest empirically by monitoring donor aid allocation choices, which ultimately reveal donors’ preferences and priorities. As donors increasingly frame aid-giving as offering ‘win–wins’, making this distinction is important for preserving donor accountability and guiding steady global development progress.

If we think of donors as planes and principled nationalism in aid as their destination, the PA Index is a compass identifying current geo-locations that can guide their future trajectory. This chapter presents the approach adopted to constructing this compass, and places it in the context of the headwinds facing principled nationalism.

1.2 Theoretical foundations

Most studies on the political economy of aid benchmark donors in terms of whether allocations are interest-based or values-based, reflecting traditional divisions between realist and idealist international relations, and conservative and progressive forces in a state’s domestic politics. This body of research broadly concludes that aid motivated by strategic interests tends to be less effective, and even detrimental, to the achievement of development (Girod, 2008; 2012; Steele, 2011; Kilby and Dreher, 2010; Stone 2010; Dreher et al., 2016; Bermeo, 2018). At the same time, no state would provide aid if doing so undermined their national interests (Packenham, 1966). As such, aid will always advance national preferences and prerogatives, or at a minimum will not be antithetical to them. Unlike previous moments in history such as the Cold War, where foreign aid served as a tool to cultivate state power, the achievement of sustainable livelihoods, equality and prosperity overseas is now firmly within the national interests of donors on the provider side of the aid equation (Bermeo, 2018). In a world facing shared threats, ranging from disinformation, virulent pathogens and climate change, but also linked by travel, telecommunication, supply chains, migration and investment flows, excessively competitive foreign policy is both short-sighted and sub-optimal.

Theoretically, an either/or conception of foreign aid motives seems outdated and ripe for re-examination. Nevertheless, to date aid theory has lacked a framework for considering donors...
as committed development actors legitimately advancing their national interests (Girod, 2019). Only a handful of studies start from the premise of aid’s mixed motives, including the possibility that these motives can shift over time and location (Lancaster, 2007; Maurits van de Veen, 2011).

The starting point for the PA Index is the assumption that the balance of values and interests in aid policy is a continuous variable, with their relative proportions changing over time due to interactions between domestic and international dynamics (Gulrajani and Calleja, 2019). Although the concept of enlightened self-interest is not novel, the Index marks an attempt to empirically measure the balance donors strike between their values and their interests. This is practically done by assessing aid allocation decisions that reveal donor preferences and priorities. Proxying donor motivations with aid allocation data is an established technique allowing researchers to go beyond what donors say and investigate what they actually do (Alesina and Dollar, 2000; Hoeffler and Outram, 2011; Lancaster, 2007; Maurits van der Veen, 2011). Looking at how donors distribute foreign aid, including its destination countries, its purposes and its terms and conditions, one can extrapolate donor motives for providing it.

1.3 Distinguishing principled from parochial approaches

The novelty of the inaugural PA Index lay in its attempt to empirically measure donor motivations based on the simple insight that not all strategic interests in aid are created equal. Thus, it sought to distinguish actions such as United States (US) President Donald Trump making military aid to Ukraine conditional on an investigation into his political detractors, from aid targeting climate adaptation or countries in conflict, where positive externalities are more widely shared. Principled nationalism in foreign aid is distinguished from parochial approaches by its time horizon, its processes and its derived benefits. Three analytical distinctions are outlined below.

1. **Short-term versus long-term:** Strategic interests can have varying time horizons. Immediate pressures to secure a commercial contract or maintain an ally are materially different from the attention and investment required to mitigate climate change or foster peaceful reconciliation in war-torn societies. Principled aid can be expected to have longer time horizons, with associated implications for the speed of engagement and the achievement of results. Ultimately, geo-economic interests will be supported in the long run by aid motivated by principled nationalism that provides the backdrop for sustainably improving national security, stability and resilience.

2. **Transactional versus developmental processes:** Development offers few silver bullets or isolated wins, instead requiring a host of complementary actions for higher impact (Dercon and Dissanayake, 2020). Development success requires both a wider set of inputs and outcome metrics than foreign policy, which can more easily be captured in transactional terms (e.g. investment inflows, treaty ratifications). For example, emerging evidence in India suggests that the diplomatic repurposing of Northern donor investments privileges the transactional benefits of smooth relations with the central government over diffuse developmental returns at local and sub-national levels (Gulrajani et al., 2020).

3. **Direct versus indirect benefits:** The direct and deliberate pursuit of narrow benefits from aid spending can divert donor time and effort away from productive development-oriented activities (Collier, 2016). This generates the risk of moral hazard as donors are inefficiently oriented inwards towards securing direct returns from aid, rather than maximising an outward focus on development outcomes, which can generate indirect secondary benefits. For example, we know that bilateral development assistance can increase donor exports, trade revenues and employment. These benefits are derived not from directly tying aid to the purchase of donor exports (which makes exports more costly for recipients, as well as requiring greater donor oversight and regulation), but by indirectly generating income effects and lowering trade costs for recipient countries (Mendez-Parra and te Velde, 2017).
Principled nationalism thus comprises a long-term orientation and embeddedness in a multiplicity of developmental processes, and anticipates indirect benefits achieved largely through non-targeted efforts (Figure 1). Some may argue that this understanding of ‘principled national interest’ is little more than altruism in disguise. Our response is that the pursuit of more parochial nationalism, using aid or other means, is to doom the world to a collective action failure so significant that it jeopardises lives and livelihoods everywhere. Addressing the twin challenges of under-development and ineffectual global cooperation is now a ‘hard’ strategic national interest. The challenges of mounting an effective global recovery to the Covid-19 pandemic provide a perfect illustration of how central development concerns such as public health, social protection and equality are critical for national economic success and stability.

Attempting to exploit the lever of aid to advance parochial nationalism is a misplaced strategy. Pragmatically, the relative size of aid budgets, given other sources of external financial flows, suggests that states would be better off looking to alternative vehicles to achieve their geostrategic aims and ambitions. Politically, aid constituencies in donor countries (and increasingly in aid recipients) will challenge blatant attempts to instrumentalise aid for domestic gain, with accompanying risks to a country’s reputation and soft power (Lancaster, 2007). Even if desired, donors cannot return to Cold War motives for aid provision focused on furthering geopolitical objectives with little concern for development impacts given the nature of shared global challenges (Bermeo, 2018). Against the backdrop of an interconnected, if somewhat fragmented, international order, the only strategy left for diplomatic officials to aspire to and deliver is a principled one.

1.4 Divided times: three challenging headwinds

This year’s PA Index is being released at a time when enlightened approaches to development cooperation are both urgently needed and harder to come by. These are divided times, with the headwinds of today the backdrop for decisions that will impact the course of principled aid tomorrow.

1.4.1 Pandemic-induced stresses

The severe socio-economic consequences of the Covid-19 pandemic have been borne by individual nations, communities and families. Yet, as many have already noted, tackling coronavirus is a global problem that can only be resolved through collective solutions underpinned by ‘unity, solidarity and renewed multilateral cooperation’ (United Nations, 2020; see also Hariri, 2020).

As wealthier states use their fiscal power to tackle the virus at home, overseas needs of a different scale risk being forgotten. In some developed countries, the size of the fiscal stimulus represents up to 40% of gross domestic product (GDP), while financial constraints in middle-income countries like Egypt, Turkey and Indonesia make it difficult to respond with even 5% of GDP to the multiple shocks triggered by the pandemic (UNCTAD, 2020). There has been enormous disparity in governments’ ability to mobilise finance to respond to the crisis because of relatively lower tax revenues, limited opportunities for domestic borrowing and, in many cases, a lack of access to international capital markets. Meanwhile, as donor economies shrink, so too will ODA contributions expressed

Figure 1 Three elements of principled nationalism in aid

- Future-oriented
- Developmental
- Indirect benefits
as a percentage of gross national income (GNI). With ODA flows scarce and global development needs high, pressure will grow to robustly justify overseas expenditures to domestic taxpayers bearing witness to worsening conditions at home.

With many wealthy countries struggling, the pursuit of principled self-interest may seem too high a standard of behaviour to expect. And yet, to avert the pandemic’s catastrophic worst, nations will ultimately need to recognise their interdependencies and shared interests in a collective battle. Frenetic unilateral efforts represent a worrying retreat from our joint incentive to reduce shared vulnerabilities and design a coherent path to recovery. We return to this headwind in Chapter 3, where we examine donor responses to the coronavirus crisis through the lens of principled nationalism.

### 1.4.2 Resurgent aid nationalism

Populist politicians are redefining the narrative for global engagement on which development spending heavily relies, with one which puts narrower national interests at the heart of aid discourses. Populism is a rhetoric about the rightful location of governance authority in society. This location is deemed to lie with ‘the people’ rather than a ‘corrupt, out of touch and self-serving’ establishment (Norris, 2020). We are now witnessing the political repurposing of aid in many countries to serve the cause of nationalism, even as this directly contradicts evidence of what works in development.

For socially conservative populists, aid nationalism is a way to defend majority interests. For example, United Kingdom (UK) Prime Minister Boris Johnson justified the decision to merge the Department for International Development into the Foreign and Commonwealth Office as advancing British diplomatic and commercial interests. In the US, Trump’s transactional view of politics has allowed foreign aid to serve as a punitive – rather than a positive – tool of diplomacy.¹

Aid nationalism can also fuel xenophobia. The pandemic has offered Trump a platform to shift blame for US public health failures onto China. This in turn has been used to justify defunding the World Health Organization (WHO) and its allegedly pro-China Director-General, Tedros Adhanom Ghebreyesus. Even if populist leaders do not hold power, they can still disrupt established approaches to party politics and shift traditional narratives about the purpose and mechanisms of overseas development. For example, many European populists view aid spending as a fix for the problem of illegal migration – even if the evidence of such strategies succeeding is tenuous (Clemens and Postel, 2018). Such sentiments can have tremendous normative and political consequences. For example, a legal complaint against the European Court of Auditors, the body overseeing the European Union (EU) budget, argues that European financing to return and detain migrants in Libya puts them at risk of human rights abuses, calling into question ‘obligations under EU law to ensure that it is not acquiescing or contributing to serious human rights violations’ (Human Rights Watch, 2020). Principled nationalism is unlikely if fear rather than empathy is a predominant sentiment within and between states.

Aid populism is puzzling as aid policy does not conclusively drive voting preferences (Milner and Tingley, 2013), nor is public support strongly correlated with actual aid spending (Silvio, 2014). Arguably, populists use foreign aid to cultivate – rather than respond to – their public audiences. Aid nationalism is a vehicle to appeal to political bases, but also expand a party’s prospects among more centrist voters by mixing policy messages (Brown, 2018). Populism wedges right and left by pitting patriots against polyglots. In the US, this has had dramatic effects; in a 2020 survey, 80% of Democrats believe that cooperation with other countries to solve global issues like coronavirus crisis is important, while only 40% of Republicans feel the same (Smelts et al., 2020). The damage such polarisation can cause can be long-lasting and lethal for the impact and integrity of foreign aid.

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¹ Natsios, quoted in Igoe (2020).
1.4.3 Great power tensions

Intensified conflict between China and the United States has exacerbated the challenges posed by aid nationalism. The development endeavour is now firmly situated within a world characterised by Sino-American tension. This has partly resulted in alternative model of development cooperation anchored in horizontal relations among countries of the South, marking a distinct challenge to the traditional donor-recipient paradigm that has characterised development provision by wealthier DAC members in the post-war era (Gulrajani, 2019; Gulrajani and Swiss, 2018).

To understand how these divisions are playing out, one can look at support for opposing statements presented at the 44th Session of the UN Human Rights Council on China’s new national security law in Hong Kong. Voting against China were 20 DAC members and seven smaller states. China’s 53 supporters included many African backers trying to renegotiate debt payments to Beijing amid sharp Covid-19-related downturns. The general impression is of a world bifurcating into a small cohort of richer, democratic countries set against the interests of poorer, autocratic ones, with China as their steward.

Over the last decade China’s massive capital investments in strategically important countries, brought together under the broad public diplomacy efforts of the Belt and Road Initiative, have been a model of global-mindedness to some states, and a source of discomfort to others. This ostensibly pits Chinese ‘debt diplomacy’ against the interests of liberal democracy, transparency and aid effectiveness in a new ‘scramble for Africa’ (Adam, 2018). Yet recipient countries are appreciative of the scale, speed and terms of China’s support (Custer et al., 2018; Glennie et al., 2020), its declared commitment to non-interference and the policy autonomy and the opportunities that Chinese competition with Western donors brings (Soulé, 2020). Nevertheless, even among allies, concerns over extractive labour practices and ‘white elephant’ projects have been compounded by recent Chinese aggression in the South China Sea and Xinjiang.

China’s unilateralism in some notable areas acts as a break on collective action, in the same way that America-first policies have in the recent past. For example, China has been unwilling to join multilateral liquidity and debt relief efforts even as it remains the largest bilateral creditor to countries eligible for the G20 ‘debt service standstill’ (Humphrey and Mustafa, 2020). Neither China nor the US is willing to engage in international agreements that put them under onerous obligations, though the recent announcement that China is aiming to achieve carbon neutrality by 2060 is a welcome exception, even if the details still need clarifying (Hook, 2020). This unilateralist turn leads other nations to become ‘forum shoppers’, seeking the best vehicles to advance their agendas (Ismestiev and Klingbiel, 2020). When these are not found, the trend seems to be either to create new platforms like the Alliance for Multilateralism (Ministère de l’Europe et des Affaires Étrangères, 2020) or erect analogous multilateral institutions such as the Asian Infrastructure Investment Bank, the New Development Bank or, more recently, the Multilateral Cooperation Center for Development Finance (Ortega, 2020). While such ad hoc club diplomacy prevents complete global governance gridlock, ‘mini-lateralism’ is no substitute for legitimate and well-funded globally representative institutions facilitating collective action.

While claims to a new Cold War may be exaggerated as competing Sino-American ideologies have shown remarkable longevity and peaceful co-existence (Dalei, 2020), great power tensions blunt the practice and potential of principled national interests as aid allocations target client states, countries susceptible to foreign influence and strategically important markets. This pugnacious geopolitical context risks entrenching self-interested nationalism and the pursuit of zero-sum goals rather than the resolution of common grievances.

In divided times and set against these forces, the pursuit of principled nationalism cannot be taken for granted. And yet, we believe it remains the only pragmatic response to incentivise cooperation in tackling shared global vulnerabilities that is compatible with the strong expressions of sovereignty seen today.
2 What’s new in the Principled Aid Index

2.1 Introducing the Index

The PA Index is a three-dimensional composite index measuring 29 DAC donors’ aid allocation decisions. These decisions are used as a proxy for donor motives for providing foreign aid in the first place, in particular their tendency to allocate aid to advance a principled national interest. The Index analyses the supply of foreign aid circumscribed by the definition of ODA. This provides a measure of donor input quality and cannot be viewed as an assessment of donor impact, the full spectrum of donor efforts, or responsiveness to recipient demand. Three equally weighted dimensions or ‘principles’ underpin our definition of principled aid allocation:

1. Principled aid will plug global development gaps that expose people and societies to socio-economic and political shocks. Doing so is in a donor’s national interest as it reduces vulnerabilities and inequalities, which can advance prospects for security, stability and prosperity everywhere.

2. Principled aid will allocate resources to problems that can only be robustly solved through global cooperation. Such cooperation can include sectoral investments in under-provided global public goods, as well as core budgetary support for the robust functioning of multilateral institutions.

3. Principled aid will be public-spirited and avoid donor instrumentalisation of ODA in order to secure unilateral commercial or geostrategic advantages. Aid that directly cultivates domestic constituencies diverts donor attention away from core global development objectives and shifts effort and resources towards securing vested interests (Collier, 2016). Such moral hazard results in sub-optimal development impacts than would otherwise be achieved.

Every year the PA Index gives each donor country a score out of 10 for performance against each of the three dimensions, with each dimension proxied by five indicators capturing some aspect of a country’s aid allocation decisions (Table 1; details on data sources and methods are in the accompanying technical paper – Silcock and Gulrajani, 2020). This generates an overall PA score out of 30. We then rank each of the 29 bilateral DAC donors in relation to the performance of other donors over the last five years, capturing relative improvement or deterioration. Scores represent absolute improvement, and are comparable between donors and over time. We rely on the latest finalised Creditor Reporter System (CRS) dataset published by the DAC, and so the 2020 rankings rest on 2018 data.

This edition of the PA Index introduced several changes to our indicators (a full exposition of these changes can be found in Silcock and Gulrajani (2020), including our justification for indicator inclusion, our aggregation methods and a full discussion of data testing). Full details of the rankings and a qualitative discussion of the drivers of individual country performance can be explored interactively on the website. Box 1 highlights notable findings.
2.2 Limitations and caveats

The PA Index remains a supply-side exercise that does not examine the quality or impact of aid delivered in the national interest, or recipient preferences with regard to the aid provided. Moreover, we limit ourselves to how a principled approach can be maximised using the levers of ODA disbursements only, and thus do not aim to measure the full range of policy efforts to advance principled nationalism.

Nevertheless, we believe this narrow focus is justified because ODA remains a ‘common and expected element in relations between rich and poor countries’ (Lancaster, 2007: 61). Recent efforts to recalibrate relations between the global North and South still demand that the North remains accountable for its longstanding commitment (unachieved, in most cases) to attain the 0.7% ODA/GNI target (UN General Assembly, 2019). With growing pandemic-induced needs and vulnerabilities in the South, maximising the value of allocation choices made with a scarce concessional resource will require monitoring and vigilance.

We also recognise that our understanding of principled nationalism could be even more ambitious if we took into account that certain donors benefit more from specific indicators within the Index than others. For example, Asia-Pacific donors benefit more from supporting aid-for-trade facilitation given that their regional partners tend to be exporters with higher levels of wealth than in other regions. In the absence

Table 1  The Principled Aid Index: principles and indicators

<table>
<thead>
<tr>
<th>Principle</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development gaps</td>
<td>1A. Targeting poverty: aid flows weighted by the poverty rate (poverty headcount ratio) in recipient countries.</td>
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<td></td>
<td>1B. Supporting displaced populations: amount of bilateral ODA to countries that cumulatively host 70% of cross-border forcibly displaced populations, as a share of bilateral ODA.</td>
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<td></td>
<td>1C. Assisting conflict-affected states: amount of humanitarian bilateral ODA to countries with active violent conflicts, as a share of bilateral ODA.</td>
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<td></td>
<td>1D. Targeting gender inequality: amount of gender-focused bilateral ODA, as a share of total bilateral ODA.</td>
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<td></td>
<td>1E. Global safety net: share of ODA on health, education and social security that is spent in Severely Financially Challenged Countries (SFCCs).</td>
</tr>
<tr>
<td>Global cooperation</td>
<td>2A. Enhancing global trade prospects: amount of bilateral ODA allocated to aid-for-trade activities, as a share of total bilateral ODA.</td>
</tr>
<tr>
<td></td>
<td>2B. Providing core support for the multilateral system: amount of ODA as core multilateral funding (minus core funding to EU institutions), as a share of total ODA.</td>
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<td></td>
<td>2C. Tackling the effects of climate change: three-year rolling average amount of total ODA (bilateral and imputed multilateral) for climate mitigation and adaptation activities, as a share of total ODA.</td>
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<td></td>
<td>2D. Reducing the spread of communicable disease: amount of ODA (bilateral and imputed multilateral) allocated to slow the spread of communicable diseases, as a share of total ODA.</td>
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<td>2E. Brokering peace: spending on peace and security (bilateral and imputed multilateral), as a share of total ODA.</td>
</tr>
<tr>
<td>Public spiritedness</td>
<td>3A. Minimising tied aid: share of bilateral ODA that is formally or informally tied.</td>
</tr>
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<td></td>
<td>3B. Reducing alignment between aid spending and United Nations voting: correlation between UN voting agreement across donors and recipients, and bilateral ODA disbursements from donors to recipients.</td>
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<tr>
<td></td>
<td>3C. De-linking aid spending from arms exports: correlation of dyadic bilateral ODA flows, per recipient capita, and arms exports between donors and recipients, per recipient capita.</td>
</tr>
<tr>
<td></td>
<td>3D. Localising aid: share of bilateral ODA spent as Country-Programmable Aid (CPA), plus share of bilateral ODA spent in Country-Based Pooled Funds (CBPFs).</td>
</tr>
<tr>
<td></td>
<td>3E. Influencing elections: absolute value of the difference between expected and actual ODA flowing to a recipient during an election year.</td>
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</tbody>
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of applying subjective (and contestable) weights to scores to account for these differences, the PA Index chose to reward donors for plugging important development gaps and investing in global cooperation irrespective of where benefits are derived. This is done even if we know that not all donors stand to benefit equally from this ‘targeting’ because their geographic proximity to negative global spillovers is often the ultimate catalyst for principled aid allocations (Bermeo, 2017; 2018). Simply put, it would be unfair to assume that such allocations solely reflect a donor’s selfish interests. Even if some countries may derive greater benefit from an aid allocation, that investment furthers a shared global cause in the interests of all.

Another limitation of our approach is that we are implicitly recommending that ODA be allocated towards the provision of global public goods (GPGs) and the reduction of public bads. Nevertheless, we understand there is a risk that increased financing for GPGs crowds out traditional development assistance focused on the needs of individual countries (International Task Force on Global Public Goods, 2006; see also Kaul, 2017). At the same time we take a pragmatic approach, recognising that donor countries have few funding sources to pay for GPG activities in developing countries, especially as pressures on development budgets grow.

The PA Index is an exercise in benchmarking the motivations of DAC donors only. Notwithstanding recent efforts to create measures that allow for comparability across DAC and non-DAC donors’ financial flows for development (Benn and Lujikx, 2017; Mitchell et al., 2020), we maintain an ODA-based approach which necessitates a DAC sample only. Tracking changes in donor motivation over time requires longitudinal and disaggregated data concerning ODA’s underlying geographic focus, sectoral distribution and terms of provision. Ultimately, the Index is not focused on the quantum of aid but on its specific allocative characteristics. This necessitates standardised time-series data, which is currently only available for DAC donors, though momentum is growing for greater comparative

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**Box 1  Principled Aid Index 2020: country highlights**

- Ireland tops the PA Index, ahead of Norway and Sweden. Ireland has received the highest PA score every year since 2013 under our updated methodology, due to consistently high scores in the development gap and public-spiritedness dimensions. Nevertheless, its score decreased by more than the average donor this year because of a decrease in its public-spiritedness score.†
- Canada maintained 4th place for the fourth year running. Its position was dragged down by its relatively low commitment to public spiritedness, where it ranked 17th.
- The UK slightly improved its ranking in 2018, a change from the gradual decline in its ranking since 2013.
- The US has continued to decline in the rankings, dropping a further five ranks between 2017 and 2018. This was the largest change of any donor in 2018.
- France is the lowest-ranked G7 country, ranking 19th in 2018. France has been a notable poor performer on assisting conflict-affected states.
- Germany fell in the rankings between 2013 and 2016 but made a slight climb in the past two years. Germany is ranked 23rd on addressing development gaps, a fall of 11 ranks since 2013.
- Norway has ranked first or second on the global cooperation principle since 2013. Since 2015, this position has been shared with Canada.

Source: ODI PA Index 2020 (www.odi.org/opinion/10502-principled-aid-index)

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† Luxembourg was at the top of rankings last year, under the previous methodology. Its fall is partially driven by the introduction of a peace and security indicator, where it performs poorly.
quantification of Southern providers’ development efforts (Besharati and MacFeely, 2019).

While we focus on assistance from DAC donors, we acknowledge the growing debate on the role that national interests play in the development cooperation of non-DAC providers, including the possibility that these present a source of unfair competition prompting the ‘Southernisation’ of traditional donors (Mawdsley, 2019). Southern countries continue to hold Northern donors accountable for the quantity and quality of their aid, even as they challenge inequality and paternalism in the traditional donor–recipient paradigm. For their part, donors view the universal principles of the Sustainable Development Goals (SDGs) as an acknowledgement that development challenges lie in the North as much as the South. They are beginning to demand more commitment from wealthier countries of the South, obligations which many upper middle-income countries reject (Gulrajani and Swiss, 2019; Gulrajani and Faure, 2019; Kenny, 2020). Interesting discussions are now taking place on whether we need a universal financial target that recognises countries’ different historical obligations to global development, while also acknowledging shared contemporary responsibilities (Sumner et al., 2020).

2.3 Key finding no. 1: Principled aid scores are falling even as donor ranks are stable

This year’s Index finds that DAC donors are become less principled on average. The deterioration in scores between 2017 and 2018 is driven by falling public spiritedness scores, with allocations oriented towards securing direct short-term unilateral returns (Figure 2). Average scores on the development gaps principle have also declined.

Interestingly, however, the relative ranking of donors remains reasonably stable (Table 2). Only two countries moved more than three ranks in 2018: the United States fell five places and Spain fell four places. An exclusive focus on relative donor ranks alone misses this overall decline in the level of principled nationalism exhibited in aid spending.
Across all donors on the Index, we find the worst-performing countries lag significantly behind the best. Across all years, the distribution of scores shows several donors with around 20 points, with a long left tail. Nevertheless, the gap is closing as the worst performers broadly improve their scores, with the difference between the maximum and minimum scores decreasing over time. For example, Greece has upped its score by more than seven points, a fourfold
increase, since 2013. Despite this, Greece has remained in 28th place in the overall Index as its starting score is much lower than donors ranked just above it. As Figure 2 shows, higher-ranked donors are driving the fall in average principled aid scores, including Sweden, Canada, Ireland, Iceland, Denmark and Norway.

Finally, as shown in Figure 3, poorer and less generous countries (in terms of ODA outflows) tend towards lower principled aid scores. However, there are noticeable counter-examples in Ireland and Canada, which maintained principled allocations notwithstanding lower levels of aid generosity. This suggests the possibility of an independent third factor driving this correlation. We cannot discount the possibility that this derives from the strength of wider political commitments to the cause of principled nationalism. For example, some internal analysis suggests that populist governments rank on average 12 places lower on the Index than non-populist ones.2

**2.4 Key finding no. 2: Fragmented performance within the DAC**

Since 1960, the DAC sub-committee of the OECD has acted as a club of rich-world donors with a mandate to define and normatively regulate foreign aid among its members. The results of this year’s Index suggest fissures across the group in terms of their commitment to principled nationalism. Newer DAC members within the Eastern European region are concentrated at the bottom of the PA rankings (Table 2). For example, the Czech Republic, Greece, Hungary, Poland, Slovakia and Slovenia have never ranked above 20th place on the Index. While their performance may be accounted for by their recent membership of the DAC, the contrast with Iceland (also a new member), a country consistently in the top half of the table, is notable. Italy, Spain, France and Portugal have also shown remarkable consistency in their performance on the Index over the last five years, hovering around 20th place.

At the top end of the table, Northern European countries remain strong performers. However, Iceland and Finland have suffered a noticeable fall down the table since 2013. Central Western European nations (Belgium, Germany, Luxembourg, the Netherlands and Switzerland) are also consistently in the top half of the table and now comprise three of the top five countries on donor public spiritedness. This relative uptick in public spiritedness is particularly promising and may form the basis for joint positions, collaboration and advocacy. Overall, these groupings suggest regional divisions in commitments to principled nationalism, and the possibility of clubs of ‘like-minded’ donors.

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2 To perform this calculation, we relied on the Tony Blair Institute for Global Change global database on populist leaders in power (Kyle and Gultchin, 2018).
emerging even as the DAC displays less cohesion and unity on the merits of principled aid.

2.5 Key finding no. 3: Public spiritedness is difficult for donors

Almost all donors declined on the public spiritedness component of the Index in 2018. Twenty-three out of 29 saw a fall in their score in this sub-component since 2017. Iceland, Sweden, Spain and Greece performed particularly badly on this principle, and Slovakia completed a four-year fall to take last place. One exception to this was New Zealand, which shot up 19 ranks between 2017 and 2019, reversing a three-year decline. As with trends in the overall PA score, on public spiritedness well-ranked countries in 2017 declined more than the worst scorers. This suggests that the decline in public spiritedness scores is driven by falling commitments from donors that in the past have tended to be more supportive of the integrity of aid.

A similar pattern emerges in trends relating to plugging development gaps, with average scores falling between 2017 and 2018. Nevertheless, countries that perform worst on this principle, such as Greece and Hungary, are notably improving on this dimension, while previous top performers, such as the US, UK and Ireland, have fallen back. In other words, the average score on this dimension is declining because the fall in the scores of top performers is greater than the improvement in the scores of the lowest-performing countries. Countries are converging towards a lower score because of worsening performance by donors at the top end of the table.

There is a more mixed result on supporting global cooperation, with DAC countries diverging in the strength of their support, while average scores improved over 2017–2018. Asia-Pacific donors including Australia, Japan, the Republic of Korea and New Zealand score well on global cooperation even as they score poorly on addressing development gaps, perhaps partly explained by their strong regional focus. Belgium, Germany, Luxembourg and the Netherlands also perform strongly on global cooperation. Donors in Eastern Europe perform poorly, along with a surprisingly low score from Ireland, which ranks 15th.

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). Nevertheless, the bulk of our donor sample struggles to maintain high levels of public spiritedness.
3 Principled responses to Covid-19: absent or in action?

3.1 The prospects for principled nationalism

In March 2020, as countries forcibly hijacked planes to divert ventilators and N95 masks to their highest, last-minute bidders, disunity, isolation and self-preservation seemed the inevitable next chapter for global relations. But do such actions really mark the end of international solidarity and the possibility of common cause? Or might they mark the (somewhat rocky) beginning of a new chapter for overseas assistance guided by a recognition of our shared vulnerability to a virulent pathogen with no known cure?

In this chapter, we apply the framework of principled nationalism to examine the quality of DAC donor responses in tackling the Covid-19 pandemic. To do this, we present selective examples of financial (ODA) and non-financial responses to reduce development gaps, shore up global cooperation and respect obligations both to domestic citizens and the world at large. Thus, this chapter provides an illustrative rather than comprehensive analysis of bilateral donor actions in the aftermath of the initial shock of a global lockdown.³

Understanding DAC members’ responses to Covid-19 makes visible donor proclivities and aversions to principled nationalism in the context of a universal shock that is unequally experienced. This offers an opportunity to understand the limits and potential for balancing sovereign interests against solidaristic values given unprecedented social and economic dislocation in a global climate characterised by fear and uncertainty. If the coronavirus crisis can be compared to an aircraft releasing its oxygen masks as it makes an emergency landing, countries have been prioritising oxygen to their own citizens. An understandable instinctive response, perhaps, on the part of governments, this nevertheless validates the downward trajectory in principled behaviours that we identified in Chapter 2.

Nevertheless, with their own oxygen masks in place, now is the time for wealthier nations to assist others with theirs. This requires building a broader-based response to a crisis that looks set to be both protracted and multifaceted.

3.2 Development gaps

Although economists generate different projections of the size of the Covid-19-induced economic contraction and its development effects, most concur that the impact on the poor will be significant and negative. For example, Sumner et al. (2020b) estimate that around 400 million people could fall into poverty in 2020, measured at the international poverty line of $1.90 per day per capita. The Gates Foundation estimates that the pandemic has already pushed almost 37 million people below this line (Bill

and Melinda Gates Foundation, 2020), while the World Bank expects 115 million ‘new’ poor this year alone (Elks, 2020). Estimates from ODI suggest that it will take at least 10 years before extreme poverty numbers return to pre-crisis levels (Manuel et al., 2020).

Financing pledged to address these growing development gaps is one way to compare donor responses to Covid-19. The financial response can include ODA grants and concessional loans, as well as debt relief, non-concessional finance and foreign direct investment. It can be difficult to evaluate these pandemic-related aid investments without knowing for sure if donor funds are additional or reallocations, and conversely harder to criticise those that may appear stingier, especially where aid monies are locked into declining GNI. In some cases, reallocations are justified by programme curtailments or disbursement bottlenecks triggered by Covid-19 shutdowns and travel restrictions, rather than an indication of a particular motive or orientation. This makes it important to also explore non-financial responses to coronavirus where possible.

3.2.1 The unequal financial response
Multiple sources exist tracking the quantity of aid funding responses, each with their own strengths and limitations (Anderson, 2020). Development Initiatives has created a picture of how aid has been affected by Covid-19 by using commitments published to the International Aid Transparency Initiative. Published estimates are not disaggregated by donor, however, and do not include non-reporting donors, which limits comparative DAC analysis. Forthcoming internal analysis from ODI (Carson et al., forthcoming) will provide robust cross-national analysis of 10 donors’ aid commitments, while a forthcoming OECD report will also provide greater granularity in the comparative donor financial response. Nevertheless, our need for full DAC donor coverage now means we draw on the Coronavirus Government Response Tracker published by the Blavatnik School of Government at Oxford University to consider additional bilateral donor commitments towards Covid-19-related assistance to specified countries, calculated as a percentage of ODA and fiscal stimulus (Thomas et al., 2020).

Using the OxGCRT data to track Covid-19 assistance as a percentage of domestic fiscal response packages, Figure 4 shows that overseas assistance packages represent at best less than 3.5% of total domestic fiscal stimulus. For the majority of assistance providers, announcements of overseas assistance represent less than 1% of domestic fiscal response, leading some to quip that ‘we are all aid beneficiaries now’ (Slim, 2020). Certainly, the startling disequilibrium in domestic and overseas fiscal responses lends credence to UN Secretary-General Antonio Guterres’ claim that it is a ‘myth’ that we are all in the same boat ‘because while we are all floating on the same sea, it’s clear that some of us are in superyachts while others are clinging to the floating debris’ (Guterres, 2020). A more optimistic read, however, suggests that, if it is now possible to mobilise resources at such a speed and scale in wealthier countries, it can also be done to plug global development gaps elsewhere.

Drilling down into how such aid is allocated, estimates suggest that, compared to the first seven months of 2019, bilateral commitments to the health sector increased by over 80%, to $3.3 billion in 2020 (Development Initiatives, 2020b; Breed and Sternberg, 2020). In this same period, bilateral commitments to activities linked to the social protection sector stood at $0.2 billion, the same as in 2020. Bilateral donors also appear to have committed a slightly larger proportion of aid to countries with a poverty rate of more than

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4 This model is used to compare commitments in the first five months of 2020 to those which would have been expected during this period assuming no major external factors had changed (that is, no Covid-19 crisis).

5 While the dataset records monetary value announced if additional to previously announced spending, we cannot completely confirm if this aid is new or repurposed, or indeed if it meets ODA criteria for inclusion. Moreover, this data may under-report donors’ overseas commitments as the initial Covid-19 response has been largely delivered through multilateral channels, in particular pooled vertical funds (Development Initiatives, 2020).
40% in the first seven months of 2020 than in 2019, indicating limited donor concentration on countries with populations especially vulnerable to a Covid-19-induced downturn (Development Initiatives, 2020a). As a number of forthcoming papers suggest (Manuel et al., 2020; Kharas and Rogerson, forthcoming), targeting across and within countries are decisions of the utmost importance now if the intention is to prioritise scarce resources to stem the worst effects of the crisis on poverty.

### 3.2.2 National policy response: a migration example

Another way to understand the nature of donor commitment to reducing development gaps during the crisis is to look at national policy measures. For example, policies towards displaced populations located at home become an alternative measure for principled nationalism towards vulnerable non-citizens.

Before the pandemic, the uncertain status of irregular migrants often restricted their access to social benefits and assistance. Nevertheless, a country’s health interests are served by ensuring that these populations are tested and, if necessary, treated for Covid-19. Moreover, migrants may be more vulnerable to the economic and social fallout from the pandemic due to their concentration in precarious low-wage employment, dense and uncertain housing arrangements, lower accumulated social capital and poorer mental health.

Using OECD data on members’ migration management responses, we find that the bulk of DAC donors have considered the health vulnerabilities of this population, both to themselves and to society more generally. All the five top-ranked countries on the PA Index provide access to medical treatment. However, Denmark, Iceland, Japan, the Netherlands, New Zealand, Slovakia, the UK and the US did not
report their policies on access to treatment for irregular migrants, and there is limited clarity on Australia and Poland’s positions too. Only two countries pursued a highly restrictive policy: Austria stipulated that only medically necessary treatment would be provided to those not covered under the country’s insurance regime, while the Czech Republic indicated that coverage would be provided to irregular migrants, but they may have to reimburse the costs.

Admittedly, this association does not explore all aspects of a country’s migration policy, including approaches to deterrence and the detention of potential asylum-seekers and refugees, but it does suggest that the DAC has converged broadly around an immediate response that serves the mutual interests of migrants and national health security alike.

### 3.3 Global cooperation

There is a great deal of gloom concerning the state of multilateralism in the world today, with many suggesting that the post-war international order needs reformulation, if not a radical overhaul (Ortega, 2020; Badré and Tiberghien, 2020; Pantuliano, 2020). The apparent inability of global institutions to foresee and respond to the coronavirus crisis has only diminished their dwindling legitimacy and credibility. But how far has this international distemper undermined reasons to cooperate, even as the global health pandemic makes these reasons more obvious and compelling? The OECD (2020b) suggests that the multilateral system reacted swiftly to the crisis, with multilateral development bank concessional financing windows providing $250 billion for immediate response, compared to the $5.5 billion reported by DAC members. Figures from Development Initiatives suggest that multilateral commitments overall were $23.8 billion higher in the first seven months of 2020 than in the same period the previous year, while bilateral commitments were down $9.3 billion (Development Initiatives, 2020b; Breed and Sternberg, 2020). Here, we focus on two indicators to take the temperature of global cooperation: flexible financial support for the WHO and investments in global Covid-19 response funds where donor-disaggregated data is available.

#### 3.3.1 Financing the WHO

The PA Index includes indicators measuring core support for multilateral institutions and spending on specific global public goods, ranging from climate change and health to peace and trade. To make sense of donor Covid-19 responses, this section looks at financial support for the WHO leading up to and during the first six months of the coronavirus crisis.

WHO financial support comes in two forms: assessed contributions and voluntary contributions (VCs). Assessed contributions are the dues countries pay in order to be a member. This is calculated relative to the country’s wealth and population. Assessed contributions are a regular source of core operational funds for the WHO, providing predictability to the organisation and allowing resources to be aligned with its medium- and long-term programming priorities. However, these funds are not sufficient to enable the organisation to fulfill its mandate and mission, and the WHO relies heavily on VCs by member states to fill funding gaps. In 2019, WHO funding totalled $5.6 billion, of which over $4.5 billion came from voluntary sources.

VCs range in flexibility, with most funds highly restricted to donor-designated themes and priorities. Flexible voluntary finance refers to voluntary contributions that are fully flexible and can support the WHO’s programme budget. Conversely, stricter forms of earmarking within voluntary contributions can skew organisational priorities to donor-driven priorities, generate inefficiency as resources are diverted towards fundraising, reduce institutional coherence, and undermine long-range stable programming (Gulrajani, 2016). While earmarking is driven by donors seeking to steer institutional priorities in their direction, it can also reflect a lack of donor trust in the organisation. Rather than addressing these concerns and organisational weaknesses, earmarking tends to sidestep them entirely, so that capability strengthening and improvements never actually occur. The result is a tendency towards ‘à la carte multilateralism’ which favours ad hoc vertical initiatives over robust multilateral
strategic decision-making and consensus-building (OECD, 2020b; Weinlich et al., 2019).

Going into the coronavirus crisis, only 14 donors globally provided flexible VC funding beyond their assessed contributions, of which 13 were DAC members (Figure 5). Of these, France and Spain offered flexible voluntary finance so small (under $600,000) it barely registered in terms of their overall financing portfolio. And even among donors that embrace some amount of flexible finance for the WHO, highly restrictive forms remain dominant. Only for Sweden and Luxembourg did flexible voluntary finance represent over 50% of their total support to the WHO. In the first two quarters of 2020 as Coronavirus raged, only Australia, Netherlands, Belgium and France supported the WHO with additional flexible voluntary funding.

The financial support the WHO received from DAC donors was highly restrictive going into the crisis, in line with a growing trend of earmarked finance within the multilateral system (OECD, 2020b). With the onset of Covid-19, the WHO appealed for $1.74 billion to the end of December 2020 to fund its Covid-19 Strategic Preparedness and Response Plan (SPRP) (WHO, 2020c). Donors have stepped up through two global funds: the Covid-19 Solidarity Response Fund (raising funds mainly from individuals and corporations) and the Covid-19 Member State Pooled Fund. The result is that the combined WHO SPRP Appeal is almost 88% funded, with $1.52 billion agreed (Figure 6). While donors have responded to calls for designated resources to tackle Covid-19, these remain time-limited voluntary earmarked contributions, a financial

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6 The WHO SPRP sets out a strategy to tackle the spread of the disease, including maintaining international coordination to support countries to plan, finance and implement their response; authoritative real-time information on the evolving epidemiology and risks; timely access to essential supplies, medicines and equipment; and access to and training in the latest technical guidance and best practices.
vehicle that does not address the fundamental financial uncertainties facing the WHO, particularly given the US intention to withdraw its membership in 2021. While other challenges remain, the quality of WHO funding and its heavy reliance on the US as a donor represents a fundamental challenge to its operational success as a global public health body.

### 3.3.2 Coordinated multilateral responses

UN global funds are often deployed in crises and are intended to enable a flexible response with collective impact. On their own, they lack operational capacity and are dependent on the multilateral institutions where they are deployed (OECD, 2020b). The Covid-19 crisis has prompted the creation of several new multilateral funds to which donors have now been asked to contribute. To the extent that a unified global plan exists to tackle the coronavirus pandemic, it is defined by the Access to COVID-19 Tools Accelerator (ACT-A). ACT-A is a strategic framework and global financing vehicle assigning global roles and responsibilities for the development and distribution of therapeutics, diagnostics and vaccines (Figure 7). ACT-A has requested a total investment of $31.3 billion over 2020–2021 to cover all three pillars and eventually produce 245 million treatments, 500 million tests and 2 billion vaccine doses. The appeal is just over half funded, at $18.7 billion (Figure 6).

The vaccine pillar of the ACT-A initiative is focusing on developing and equitably distributing any future immunisation: 60% of the overall $31.3 billion funding target is to enable vaccine-related R&D, manufacturing, procurement and delivery. Within the vaccine pillar of the ACT-A sits an initiative to mobilise funding for Covid-19

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**Figure 6 Pledging towards global funds targeting Covid-19**

![Graph showing contributions to Covid-related funds](image)

Note: Funding levels as of 3 October 2020. COVAX data has been amalgamated from media reports and is double-counted in ACT-A bar chart totals. While there may be small levels of double counting between the other funds, we estimate this to be less than 0.5% of the current value of any fund.

Source: Dag Hammarskjold Foundation (2020); EU (2020); FTS (2020); Gavi (2020a; 2020b); MPTF (2020a); WHO (2020b; 2020c; 2020d; 2020e; 2020f)

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7 Nevertheless, with such a range of funds that overlap in purpose, inter-fund competition for donor investment that fragments the UN’s overall response is a real risk, though recent reforms to the Resident Coordinator system may help in countering incoherence (Weinlich et al., 2019).

8 This financial target excludes mitigation of the socio-economic impacts of the pandemic, including investment in building resilient health systems, which is separately coordinated by the World Bank and Global Fund.
vaccine manufacturing and procurement for low- and middle-income countries – the Advance Market Commitment for COVID-19 Vaccines (Gavi COVAX AMC). Donors pledged up to $0.5 billion in initial seed capital (Gavi, 2020a), with the expectation that 92 low- and middle-income countries will be eligible to access doses at $3 each covering at least 20% of their populations (Gavi, 2020b). The AMC agrees to buy large quantities of vaccines at established and equitable prices, which provides incentives to manufacturers to invest in increasing capacity. Donor contributions towards the AMC can be counted as ODA, unlike vaccine research and development, where all countries stand to benefit from any future vaccine (Worley, 2020). The Gavi COVAX AMC is over 70% funded (Figure 6).

Beyond ACT-A, the two other major multilateral channels for Covid-19 response are the Consolidated Global Humanitarian Response Plan (GHRP), administered by the UN Office for the Coordination of Humanitarian Affairs (OCHA), and the UN COVID-19 Response and Recovery Fund, administered by the UN Multi-Partner Trust Fund Office.9 Contributions to the GHRP target the most urgent humanitarian health, protection and socio-economic needs caused by the pandemic in 63 priority countries. The appeal is currently requesting $10.3 billion, and as of 2 October was 72% unfunded (Figure 6) (FTS, 2020). The UN COVID-19 Response and Recovery Fund has requested $2 billion over two years to support the Secretary-General’s Socio-Economic Response Plan (Hendra et al., 2020). Its central focus is socio-economic recovery through joint UN action. The Fund is 97% unfunded (Figure 6).

Looking at Figure 8 we can see that the bulk of donor investment has been centred on the ACT-A, where benefits to donor countries in terms of protecting their own populations from the virus stand to be the highest. For Canada, France, Poland and Slovenia, the total amount invested in global Covid-19 funds is equivalent to more than 10% of their 2019 ODA spend, raising questions about whether this may be displacing ODA investments that would otherwise have taken place. UN Covid-19 response and recovery fund attracts little donor support, while GHRP and WHO SPRP funds do a little better thanks to a handful of donors that includes the UK, Germany and Japan. The US is primarily investing in the GHRP, with no investment reported towards the ACT-A.

While gaps undoubtedly remain, there is much to welcome in the steps taken to mobilise multilateral funding to diagnose, treat and inoculate against the virus. The UN, working in collaboration the EU, has done better than expected in galvanising collective action and bolstering international unity to fight a common threat than other inter-governmental bodies. At the same time, the focus of stand-alone multilateral funds has largely been on combating and containing the virus-induced health emergency. The WHO and ACT-A have received

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9 See www.unocha.org/sites/unocha/files/COVID-19%20UN%20Multilateral%20Response%20Presentation.pdf. Beyond these, there are a range of financing vehicles attached to specific UN bodies and agencies beyond the WHO, as well as the Joint SDG Fund, which can repurpose up to 20% of its funding towards coronavirus response.
the lion’s share of bilateral funding compared to the GHRP and UN Response Fund, funds with broader aims than virus management.

### 3.4 Public spiritedness

Repeatedly during this crisis, global public spiritedness has looked in dire straits. At the outset, Ukraine, Thailand, Taiwan, Indonesia, Bangladesh, Pakistan, South Africa and Ecuador all banned the export of protective masks, India banned exports of respirators and disinfectants and France and Germany imposed bans on exports of masks until the EU barred exports outside the bloc (Goodman et al., 2020). States have rushed to agree deals with pharmaceutical companies to guarantee priority access for their populations to any future vaccine, while efforts to declare a vaccine a ‘global public good’, to be provided patent-free, have faltered (Dearden, 2020). Where have DAC countries stood on these issues? Are their responses suggestive of a general decline in global solidarity and a desire for a direct quick return?

#### 3.4.1 Supporting local responders

As the discussion above makes clear, donors are increasingly disbursing funding for Covid-19 through multilateral funds. Concerns have been raised, however, that these channels are directed at global and regional levels and have a poor record reaching local organisations on the frontlines of crisis response.

Grand Bargain signatories committed to a 2020 target of at least 25% of international humanitarian assistance passed on to local and national actors, as directly as possible. As the Global Humanitarian Assistance report (Development Initiatives, 2020a) highlights, after some improvement since 2016, direct funding to local and national responders decreased in 2019, both as a percentage of total assistance (from 3.5% to 2.1%) and in absolute volume (from $782 million to $444 million) (ibid.). At the same time, financing for earmarked UN funds grew by almost 25% between 2018 and 2019. The bulk of this comes from global-level, rather than country-based, funds.

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**Figure 8 Contributions to global Covid-19 funds by donor**

Note: Funding levels as of 5 October 2020.
Source: FTS (2020); MPTF (2020a); EU (2020); WHO (2020b); OECD (2020c)
Country-based pooled funds (CBPFs) managed by OCHA and UN Multi Donor Trust Funds are the single largest source of direct funding to local and national responders, with NGOs receiving more than two-thirds of the funding allocated from these sources (Development Initiatives, 2020a: 49–50). CBPFs are managed in-country, with plans and governance mechanisms guiding allocations. As donors flock to global Covid-19-response funds, there are some concerns that a long-standing localisation agenda may be sidelined. For example, the GHRP is channelling almost the entirety of its appeal through UN agencies (Barbelet et al., 2020). While this funding should in theory pass down to those best placed to respond on the ground, recent investigations indicate that it may not always be reaching local actors, with some suggesting as little as 0.1% of GHRP funding is reaching these responders (Charter4Change, 2020).

At a time when travel restrictions have grounded international staff, local responders serve critical functions in achieving maximum value from global financial pledges. Nevertheless, contributions towards CBPFs are forecast to decrease by 13% in 2020 compared with 2019 due to growth in GHRP disbursements. While reductions are not expected to be consistent across donors, with some planning to increase their CBPF contributions in 2020, there is nonetheless a strong preference for global over more direct country-based funding mechanisms (Figure 9). With the exception of Belgium, Sweden and Iceland, donor CBPF spending was dwarfed by global Covid-19-response vehicles. This may be warranted given the strong focus on supporting international medical research and manufacturing capacities in the early days of the crisis. Going forward, donors will need to assess the extent to which global funds are reaching those best placed to make use of these funds, whether that is local responders and NGOs meeting critical local needs, or support for domestic manufacturing and research for diagnostics, treatments and vaccines.

3.4.2 Temporary export bans
To keep trade flowing, markets and supply chains require cooperation and trust. In the immediate aftermath of the global shutdown in March, both were in short supply as countries introduced export restrictions on critical goods. These temporary bans sought to alleviate national shortages in essential medical supplies for combating Covid-19, such as ventilators and masks. However, as of 25 September 2020, 78 countries still had 198 export controls in place on medical consumables, equipment and drugs. Protectionist measures towards agricultural and food products have also increased, with 38 countries introducing 58 export controls since the beginning of 2020. Export restrictions on food temporarily suppress domestic prices and increase availability, but they also divert supplies from world markets and create upward pressure on global prices, harming countries dependent on international markets for food (OECD, 2020d).

Table 3 classifies DAC donors according to whether they imposed new restrictions on exports of protective equipment, medical devices or medicines. Among the top five donors on the PA Index, only Norway put in place such measures. However, the worst-scoring donors are very likely to have imposed export restrictions, with all seven donors at the bottom having imposed export controls. No DAC member has put additional trade restrictions on food products.

Many governments are now understandably demanding greater self-sufficiency in these two critical sectors. However, smaller and/or poorer countries have little or no prospect of achieving self-sufficiency in either food or medical production, and will continue to rely on trade for supplies of both. Moreover, domestic production may require imported raw materials. For example, we know that China and India remain crucial sources of active pharmaceutical ingredients, necessary inputs in the global supply chain for medicines and vaccines. In Africa, 80–90% of the finished medicines consumed on the continent are imported from India, which in turn relies on China for 70% of its supply.
(Horner, 2020). The desire for self-sufficiency cannot eliminate mutual dependencies in the short term. Provisions to exceptionally diverge from global trading rules in times of crisis may be necessary, but they should be considered temporary measures designed to minimise the disintegration of free trade (Draper, 2020).

### 3.4.3 Vaccine nationalism

An effective, universally available vaccine will be key to protecting against Covid-19. However, global efforts to produce and equitably distribute any potential future vaccine are being undercut as countries strike deals to advance purchase doses for their own citizens (Table 4). Public health specialists warn that these arrangements risk prolonging the pandemic as they prevent the most efficient allocation of shots (Blanchfield, 2020).

Canada has the most contracted doses per resident, with six deals signed with pharmaceutical companies. Under Operation Warp Speed, the US has committed over $10 billion to support vaccine development and will prohibit American companies from supplying elsewhere in the world until its needs are met (Boseley, 2020). Every DAC country except New Zealand has signed advanced deals for a Covid-19 vaccine, with EU states banding together to sign joint agreements. Among the

<table>
<thead>
<tr>
<th>Countries without new export restrictions</th>
<th>Countries with new export restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia, Austria, Canada, Denmark, Finland, Ireland, Japan, Luxembourg, Netherlands, New Zealand, Portugal, Spain, Sweden</td>
<td>Belgium, Czech Republic, France, Germany, Greece, Hungary, Iceland, Italy, Republic of Korea, Norway, Poland, Slovakia, Slovenia, Switzerland, UK, US</td>
</tr>
</tbody>
</table>

Note: Data as at 25 September 2020. Source: Global Trade Alert (2020)
countries with the most unilateral deals, the UK makes the largest contribution to the Gavi COVAX AMC, which ensures priority access to low- and middle-income participating countries. The AMC recognises that most countries would lack the resources to strike individual bilateral deals covering multiple vaccine candidates. The AMC recognises that most countries would lack the resources to strike individual bilateral deals covering multiple vaccine candidates.

Alongside the AMC in the ACT ‘vaccine pillar’ sits the COVAX Facility, which aims to develop a portfolio of Covid-19 vaccine candidates to maximise the chances of success of several candidates, so that the best vaccines are ultimately made available for highest-priority populations globally. Self-financing countries and economies participating in the Facility can request vaccine doses sufficient to vaccinate 10–50% of their populations.11 The amount self-financing countries pay into the Facility will reflect the number of doses they have requested. For these countries, the Facility serves as a critical insurance policy that will significantly increase their chances of securing vaccines, even if their own bilateral deals fail (WHO, 2020g). So far, across DAC members only the Republic of Korea and the US have not signed on to the COVAX Facility. A recent World Bank announcement will direct $12 billion to finance developing country vaccine purchases, although it is unclear whether this initiative will link to the COVAX Facility portfolio (Chalkidou et al., 2020).

While it may be incongruous to see governments committing to equitable vaccine distribution through the Gavi COVAX AMC initiative while at the same time striking unilateral deals with pharmaceutical companies for advance doses, it is also perhaps understandable as countries hedge their bets on a vaccine candidate. The financial support that the AMC has elicited suggests some recognition that national interests are served when all countries gain access to a vaccine.

Table 4  Indicators of vaccine nationalism

<table>
<thead>
<tr>
<th>Donor</th>
<th>Vaccine deals</th>
<th>Number of deals</th>
<th>Vaccines per person</th>
<th>Participating in COVAX Facility</th>
<th>Contributions to COVAX AMC for low-income countries (US$)</th>
<th>Score on Vaccine Access Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Yes</td>
<td>1</td>
<td>1</td>
<td>Yes</td>
<td>57,000,000</td>
<td>3</td>
</tr>
<tr>
<td>Canada</td>
<td>Yes</td>
<td>6</td>
<td>7</td>
<td>Yes</td>
<td>165,250,000</td>
<td>3</td>
</tr>
<tr>
<td>EU (with Iceland and Norway)</td>
<td>Yes</td>
<td>2</td>
<td>2.9</td>
<td>Yes</td>
<td>469,578,000</td>
<td>6</td>
</tr>
<tr>
<td>Japan</td>
<td>Yes</td>
<td>3</td>
<td>2.2</td>
<td>Yes</td>
<td>160,000,000</td>
<td>2</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>Yes</td>
<td>1</td>
<td>N/A</td>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New Zealand</td>
<td>No</td>
<td>0</td>
<td>0.5</td>
<td>Yes</td>
<td>17,914,500</td>
<td>N/A</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Yes</td>
<td>1</td>
<td>0.5</td>
<td>Yes</td>
<td>21,761,660</td>
<td>N/A</td>
</tr>
<tr>
<td>UK</td>
<td>Yes</td>
<td>6</td>
<td>2.7</td>
<td>Yes</td>
<td>656,000,000</td>
<td>7.7</td>
</tr>
<tr>
<td>US</td>
<td>Yes</td>
<td>6</td>
<td>2.4</td>
<td>No</td>
<td>0</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Note: The EU has formed joint agreements for vaccine deals and for negotiations with COVAX and is therefore presented as a single entity in this table. However, individual member states appear in the PA Index, meaning we have no overall ranking for the EU on the PA Index. The Republic of Korea’s vaccine deal (with AstraZeneca) does not specify a number of doses, meaning the number of doses that it has secured is uncertain. The Republic of Korea has expressed interest in COVAX but has not formally committed to joining. Scores for all the countries/regions listed are out of 15 on the Vaccine Access Test, with higher scores demonstrating higher commitment to equitable vaccine access. Neither New Zealand nor Switzerland has been ranked on the Vaccine Access Test. Data last updated on 5 October 2020.

Source: Donor Tracker (2020a; 2020b; 2020c); Gavi (2020c); Government of New Zealand (2020); Guarascio and Nebehay (2020); Marchildon (2020); ONE (2020); Paun and Heath (2020)

11 No country will receive enough doses to vaccinate more than 20% of its population until all participating countries have been offered this amount. The only exception is those countries that have opted to receive fewer than 20% (www.gavi.org/vaccineswork/covax-explained).
3.5 The end of the beginning?

In this partial and wide-ranging analysis of Covid-19 responses, there is some indication that bilateral donors have defaulted to crisis management mode as they seek to reduce national vulnerabilities to the pandemic. Countries are closing development gaps domestically in the first instance through domestic fiscal responses and the provision of Covid-19-related health treatments to displaced populations at home. They are investing in global cooperation that stands to deliver a degree of control over multilateral priorities and institutions via earmarked investments in the WHO and virus containment and eradication measures supported through global financing vehicles. This curbs public spiritedness as it detracts from investment in CBPFs, export restrictions are maintained in many countries, and competition for access to a future vaccine accelerates.

Countries’ responses are in keeping with the declining trend in principled aid observed in Chapter 2. Yet this response is also perhaps understandable given the sizable shock the crisis presented to states, and the need to reduce national vulnerabilities as an immediate priority. These responses may just be an inevitable first step in advancing a broader-based vision of crisis response, and how it might link to longer-term efforts to recover and rebuild. While the distinction between immediate crisis response and long-term general recovery from Covid-19 is no less problematic than the imagined and unhelpful divisions separating humanitarian and development work, a skewed focus on vertical virus management risks sideling interventions to tackle the wider multidimensional impacts of the crisis, which are likely to be with us for some time.

In a second stage of response, donors should aim to support economic and social recovery and resilience, even as virus containment and eradication remain ongoing parallel concerns. Such measures might include targeting health systems and social protection anchored in a rights-based social contract; a revolution in addressing inequalities, inclusion and diversity; decoupling growth from carbon emissions and unsustainable consumption; and reassessing multilateralism and the Universal Declaration of Human Rights (UNDP, 2020). As the pandemic continues, donor responses need to evolve into more considered and ambitious efforts that recognise the severity of the consequences it has brought, as well as the inequalities it has unearthed. Doing so will reduce donors’ own exposure and vulnerability to future pandemics, as well as other emerging global challenges.

Principled nationalism becomes more likely with growing recognition of shared vulnerabilities globally. Incremental efforts to work together against a common enemy like the ones we are seeing now can potentially draw countries away from the temptations of parochial unilateralism and incentivise responses that lie in the interests of all.
4 Conclusion

4.1 From principled aid to principled nationalism

The Principled Aid Index is a framework to hold donors to account for their ODA allocation decisions. It allows us to understand donor motivations for aid-giving by making transparent their priorities and choices. In doing so, it highlights that not all strategic interests are created equal and, relatedly, that values and interests are not always zero-sum. There is real national benefit to be had in considering the long developmental game, where payoffs emerge indirectly and secondarily. Such nationalism is not only principled, it is also smart.

The pandemic validates donor interventions that concentrate on countries where the effects of lockdowns, capital flight and falling remittances have been starkly felt, and where differential effects highlight continued inter- and intra-country inequalities and vulnerabilities that are politically, morally and strategically untenable. It endorses investments in the core global public goods and institutions on which we all rely. And it incentivises actions that militate against narrowly selfish approaches given the virus’ long reach and our dependence on the global movement of people and goods, not least for the production and distribution of a future vaccine.

And yet, the PA Index encapsulates only a fraction of the efforts that will be required to advance global recovery and rebuilding that arcs towards the cause of justice. High performance on the Index represents a minimum when it comes to important contemporary values such as decolonising aid, advancing inclusion and furthering the cause of equality and social justice. The Index is ultimately an imperfect measure to compare aid efforts based on available and quantifiable data. Significantly more ambition will be needed if principled nationalism is to encourage countries towards a radically new trajectory characterised by transnational solidarity compatible with sovereign priorities and ambitions.

4.2 A smart and principled recovery

If the global health pandemic is the result of a deeply interconnected global economic system, the pathogen’s virulence derives from the vulnerabilities of those left behind in zero-hour contracts, in marginal lives lived in slums or refugee camps, or who have no social safety nets to break their fall. Covid-19 is fast becoming a disease of poverty, revealing inequalities of housing, employment, environment, food and gender, all of which have deleterious consequences for health (Wilton Park and Development Initiatives, 2020). It has been suggested that coronavirus has triggered a ‘syndemic’, rather than a ‘pandemic’, underlining the social origins and impacts of the disease (Horton, 2020). Inequality-based grievances spur the antagonism, distrust and fear upon which populist leaders rise, zero-sum narratives thrive and polarisation grows. The universality of the Covid-19 crisis belies the inequality of both its burden and its impact. Addressing these must be at the heart of any global societal retrofit.

If there is a silver lining to this pandemic, it is that it underscores the ‘global good’ in collective action when facing a common adversary. Globalisation may not be perfect but it need not retreat and cede ground to blinkered thinking in countries that believe they can fence themselves off from this crisis. The project to rebuild must find structural answers to the problems that legitimately distress detractors of globalism, while still holding on to the possibility of building systemic solutions to tackle today’s global challenges, which include but are not limited to this health crisis. The creation
of a well-funded and more representative global system with reinvigorated multilateral institutions is one important pathway to more sustainable transnational solidarity.

Finally, integrity must become a watchword, with states giving greater added weight to the things that they should stop doing, thereby avoiding a race to the lowest common denominator of behaviours. New regulatory regimes can help if the political will to initiate them and to keep abuses in check can be marshalled. Trade-offs will likely be necessary between commercial impulses and normative responsibilities, but reputational benefits can accrue from difficult decisions that make the case for public spiritedness towards those beyond our borders.

On its own, foreign aid will never fix the ills of globalisation or the fallout from Covid-19. Nor will it build the new world we seek. A raft of policies and financial instruments will need to be mobilised to remedy the worst excesses and failures. A bold and coherent vision that offers the prospect of universal buy-in, including by wealthier non-DAC donors, is now needed. Such a vision focuses on investments that can structurally address the problem of economic and political marginalisation, bankrupt multilateralism and under-supplied global public goods. It will call out abuses at all levels, including the self-serving motives of aid providers themselves, and links the cause of internationalism to wider concerns for social and political justice at the heart of debates on globalisation. No provider or recipient wants to deal in false and outdated charitable tropes perpetuated by paternalistic aid narratives any longer. The coronavirus chapter in global history should offer compelling evidence for the ways global development cooperation advances all states’ security, stability and prosperity. We know radical social change is often built in the aftermath of crisis. Principled nationalism must now be the perspective from which we build back, both beyond our shores and in our own backyards.
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