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STUDYING FOREIGN AID: TOWARDS NEW INTERPRETATIONS OF PERENNIAL THEMES^{*1}

Scholarly discourse on foreign aid is full of deliberations on two perennial themes – donor motivation and aid effectiveness, which are inextricably intertwined. Quest for new interpretations of these themes implies formulating one's own position on 'classical' renditions.

Discourse on determinants of donors' behavior often reproduces a misconception. Instead of philanthropy as a desire to promote the welfare of others (who need it), many scholars often use the term 'altruism' which depicts a totally different phenomenon – a <u>disinterested and selfless</u> concern for the well-being of others.

However, international donors never act in a disinterested manner. They pursue their own political-strategic and economic interests. Humanistic concerns can complement more materialistic selfish motives but do not make them null and void.

In the case of loans and tied aid financial component often comes to the forefront, in the latter case due to – as much as anything else - the lobbying efforts of the primary beneficiaries in a donor country – be it private contractors or non-profit organisations. This component also manifests itself in 'administrative costs' – deducted from every non-core contribution to a multilateral institution. Thus, these

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stakeholders' calls to increase aid to countries in need have nothing in common with altruism.

Composition of interests varies among the donors and is being influenced by a number of internal and external factors. A 'level-of-analysis' approach (drawn from Kennet Waltz' concept of 'three images' may help a lot in examining the determinants of a donor's behavior.

On the first, <u>individual level</u> one should study both ideological preferences as well as personal (career, financial, reputational) interests of people involved in planning and implementation of aid programs.

On <u>the second level</u>, that of the state, one should study a whole spectrum of determinants, which – with respect to aid policy – may be grouped – according to Carol Lancaster – into four main categories: 1) 1) 'ideas' – system of shared values; 2) 'institutions' - particularities of political system and electoral processes; 3) 'organization' - model of aid management, and 4) 'interests' - role of interest groups and public opinion. One should not forget, however, that aid policies in hard times and during an economic boom will never be the same.

Finally, on a third level, that of the international system, it becomes crucial to assess the impact of changes in balance of power – and in a world order in a broader sense – on a given donor's motivation structure. After all, a decision to provide or to promise to offer addititional assistance to either pro-governmental or anti-governmental forces - as a means of inducement - or to withold/cut such assistance (or threaten to do it) - as a means of punishment or coecion - is utterly strategic.

Determinants identified on each of three levels influence one another, which explains not only the heterogeneity of a donor community but also a unique character of motivation structure within any country assistance program. Often a donor that acts in a philanthropical manner in a country where it does not have a vested interest – either strategic or commercial – turns into a total 'egoist' in a

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country where the interests of its representatives (stakeholders/beneficiaries) are prominent and are being affected directly.

Such understanding of motivation puzzles and dichotomies helps address the second 'perennial' issue – one of aid effectiveness. It allows to differentiate clearly between aid effectiveness (achieving goals set by the donor) and aid impact (improving conditions in a recipient country). Studies on aid effectiveness may be enriched with adding another analytical lens – that of risk management (examining donor's successes and failures in mitigating contextual, programmatic and institutional risks - using the OECD typology).

A given donor may simultaneously minimize risks of one type and increase the risks of other type – for itself and for a recipient country. Dilemmas of risk management manifest themselves most vividly in donors' interventions in fragile states where the risks of all types - as well the scope of potential dividends of implementing aid tools - are especially great.

Examination of interactions with such 'difficult partners', especially, those located in the most strategically important regions of the world, such as the Middle East, helps get important novel results in studying perennial themes and provide a new impetus to a development of a respective cluster of interdisciplinary studies.