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Humanitarian Aid in an Era of Transactional Diplomacy

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KEY TAKEAWAYS

- *Humanitarian aid is becoming increasingly transactional.*
- *The divide between donor states and recipient states is becoming more entrenched, with donor states looking to gain economic and/or political advantages in return for aid investment.*
- *Rather than a needs-based humanitarian system, this would create a system in which humanitarian aid is allocated according to bilateral relationships.*

COMMENTARY

Long considered the "low-hanging fruit" of international cooperation, humanitarian aid is increasingly becoming an arena of power politics. While there have been debates on whether humanitarian aid – particularly from traditional donor countries – can be apolitical and separate from a donor country's foreign policy, states are now *explicitly* and *visibly* including humanitarian aid as part of their foreign policies.

On the spectrum of humanitarian aid as an expression of global solidarity and collective interests for states on one side and as an instrument of foreign policy on the other, states are rapidly moving towards the latter. Increasingly, cooperation on humanitarian affairs is used as a bargaining chip – a symptom of the rise of transactional diplomacy. However, what does this mean for the humanitarian system – and the practice of international cooperation that underpins it?

Humanitarian Action and International Cooperation

International cooperation is a necessary component of humanitarian action, with humanitarian aid or, foreign aid, delivered through various channels including multilateral organisations such as the United Nations, or directly to other states through bilateral channels. However, the principles, practices and mechanisms by which states distribute assistance have evolved over time.

In the modern conceptualisation of humanitarianism, there are four core principles that have inspired its application – humanity, impartiality, neutrality and independence. For states, however, these principles may not always be achievable – particularly that of neutrality and independence – regardless of intent. After all, any and all actions of a state – by virtue of being a sovereign state and therefore a political actor in the international system – are inherently political, even and perhaps *especially* humanitarian aid, which has long been considered a form of "soft power".

Regardless, there has been a universalisation of these humanitarian principles, such that states – particularly "traditional" donor states in the West – have broadly adopted them in the post-Cold War era. Several states maintained a separation between their foreign policy and humanitarian actions, as seen by the creation of autonomous humanitarian agencies, operationally independent from their foreign policy institutions. The creation of these agencies allowed states to maintain a relative balance between national priorities and collective humanitarian interests. However, this balance is now increasingly tilted, with national interests taking centre stage at the cost of global solidarity.

Rise of Transactional Diplomacy

This tilt towards national interests runs hand-in-hand with the rise of a more *transactional* approach to diplomacy, and international cooperation in general. In the case of humanitarian aid, it is now more clearly simply a tool of foreign policy for many states. As part of this approach, short-term benefits are valued over long-term returns and humanitarian considerations, and a tit-for-tat approach of increasing or reducing aid applies depending on the recipient country's relationship with the donor country.

Humanitarian aid, once guided by principles of neutrality and independence, is increasingly being used as a tool of national interest and transactional diplomacy.
Image source: Defense Visual Information Distribution Service.

While it may be tempting to point only to the recent restructuring and transfer of the US Agency for International Development (USAID) to the US State Department, it is

in fact only one of many examples across the world. Considering the United States' level of contribution towards global humanitarian aid, however, the move is a significant blow to the humanitarian sector as a whole. The tilt towards according primacy to national interests can be seen in the trend of previously autonomous state aid agencies being integrated into states' foreign ministries. This trend began in the 2000s with Denmark, followed by other states including New Zealand in 2009, Australia and Canada in 2013, and the United Kingdom in 2020.

This trend of integrating aid agencies into foreign ministries has been justified by reasons of policy coherence, efficiency of aid disbursement and overall effectiveness. When Australia integrated the Australian Agency for International Development into the Department of Foreign Affairs and Trade, then-Prime Minister Tony Abbott cited the need for the "aid and diplomatic arms of Australia's international policy agenda to be more closely aligned". Similarly, during the USAID freeze, the justification provided was the need to "refocus on American national interests" and ensure foreign assistance was "consistent with US foreign policy under the America First agenda".

In other words, aid delivered should serve a very clear purpose. With the centralisation of political control over these agencies, governments are therefore looking to ensure that spending on foreign aid is in line with overall national priorities rather than being responsive to foreign needs.

Increase in Earmarked Aid Contributions: A Sign of the Times

The pivot towards a transactional approach to humanitarian aid is also highlighted in the increase in earmarked aid contributions, or funding designated to specific programmes, projects, countries and/or themes. While earmarked funding for multilateral organisations has gained significant traction since the 1990s, it is only in the last decade that this form of funding has become predominant.

For example, earmarked contributions make up the majority of the United Nations' total revenue, more than doubling since 2010. In 2023 alone, earmarked contributions made up US$41.0 billion, approximately 61% of the total UN system revenue for the year. This is particularly noteworthy. Research suggests that there are significant drawbacks to earmarked projects, particularly in the form of the outsized influence of donors over the direction and agendas of multilateral organisations.

States are cutting their aid contributions, and when they *do* contribute, these tend to be for specific programmes and/or areas of interest that serve their own political priorities. Following on, politics is seemingly back, front and centre in the humanitarian sector in a manner not seen since the end of the Cold War.

Moving Forward

At a time when global aid contributions are dropping, and contributions that remain are increasingly being designated for specific projects that serve the donors' agendas, aid is becoming a point of leverage for governments. If states continue to play into this transactional model of international cooperation, it would force aid recipients to align themselves with donor states to receive aid.

Rather than a system based on needs, this would create a system in which humanitarian aid is allocated according to bilateral relationships, which in turn could effectively lead to a two-tier system for humanitarian aid. The first tier would contain higher-income countries with pre-existing economic and/or political advantages that are likely to capture the lion's share of foreign aid. Meanwhile, the second-tier, lower-income countries who rely more on grants are more likely to be left behind, further entrenching the development divide. Therefore, it is of rising necessity to bridge the gap between those countries that have fallen outside this interest-based system and those that can support their humanitarian needs.

Considering the myriad of transboundary crises that are happening around the world, this seems dangerously short-sighted. In an interdependent world, the impacts of crises are not felt, nor can they be handled, unilaterally. No matter how much a state may gain in the short term, to ignore the global collective interest is to weaken the overall resilience of the international system in which states exist. The choice for states is clear. Continuing to undermine a needs-based humanitarian system – one based on global solidarity – in favour of a transactional approach will only cause states pain in the long term.

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