



## TRADING FAVORS? UN SECURITY COUNCIL MEMBERSHIP AND SUBNATIONAL FAVORITISM IN AID RECIPIENTS

### BACKGROUND AND RESEARCH AIM



Temporary membership in the United Nations Security Council (UNSC) presents an opportunity for smaller countries to play an amplified, if temporary, role in global geopolitics. This is the case as big geo-political powers have an interest in signaling broad global support for their initiatives in the areas of international peace and security. Being a member and voting in line with the interests of the United States, in particular, has shown to carry certain benefits. These benefits have for instance taken the form of increased bilateral foreign aid, a form of financial support directly under the control of aid giving governments. However, a similar effect has also been shown in the past for multilateral aid from some institutions, such as the World Bank and the IMF. This suggests that donors can also manipulate multilateral aid allocation—towards some countries and/or away from others. What is less known is to what extent this is still the case, and if in addition to increased financial support, governments of temporary members on the UNSC are also given more leeway to allocate the aid inflows from the World Bank for their own political interests. In other words, does the global strategic “salience” of a recipient government increase subnational biases in multilateral aid allocation?

### METHOD

By tracking the regional allocation of World Bank aid projects, and matching it to temporary UNSC membership, the researchers analyzed what happened to total inflows during membership years. They investigated whether the regional allocation changed. In order to capture reallocation for political purposes, regions where political leaders were born and those with a majority of co-ethnics to the leader were identified.

## DATA SAMPLE

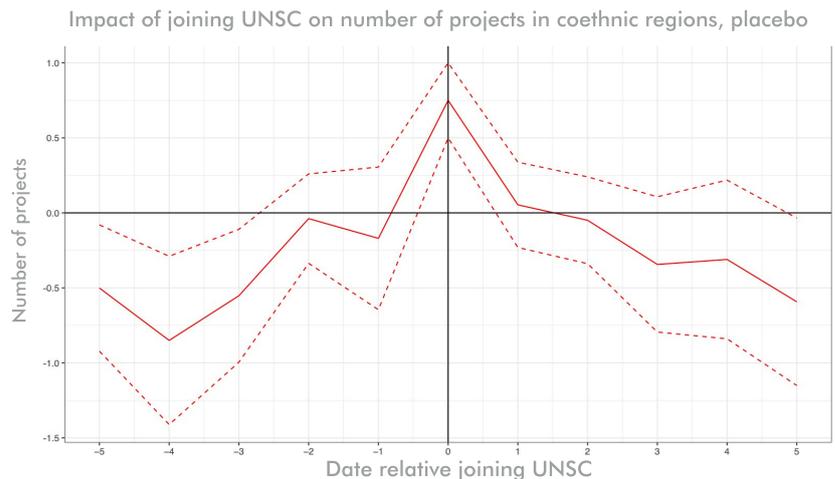
The data consisted of 134 aid-recipient countries that have received World Bank development assistance since 1995 across Africa, Asia, Latin America, and Eastern Europe. Within these 134 countries the researchers observed 2,043 subnational provinces, states, governorates, and other subnational administrative units. Through geo-referenced information on World Bank project placement from the AidData Consortium, a map of the regional allocation of projects could be produced. Meanwhile, 55 of the 134 countries in their sample sat as non-permanent members on the UNSC between 1995 and 2014 at least once. The research identifies subnational regions with a special connection to the government in power using two proxies: the political leader's home region, and the region(s) dominated by the members of the leader's ethnic group.

## FINDINGS



The research indicated these key findings:

1) Recipients receive more World Bank projects and larger overall commitments when they are non-permanent members of the UNSC. This is in line with previous research covering an earlier time-period.



2) Subnational allocation of World Bank projects within countries is not biased towards leaders' birth or co-ethnic regions in non-UNSC years. In fact, co-ethnic regions typically receive somewhat less aid. It may be that World Bank project allocation compensates for a birth-region bias in other funding more directly under the control of the receiving government.

3) However, during the years of UNSC membership, co-ethnic subnational areas receive more projects and larger commitments than in non-member years.

[1] Co-ethnic regions refer to instances where the dominant group in the subnational region (i.e., the group occupying the largest share of the subnational area) belongs to the same ethnicity as the political executive of the country.

The validity of the findings was further confirmed by the fact that these results seem to have been driven primarily by the lending arm (IBRD) rather than the grants and interest free-loans arm (IDA) of the World Bank Group. The latter's decision is more rules based, giving less opportunity for individual shareholders to influence its decisions.

Furthermore, the benefit of membership seems to accrue primarily to countries that always vote in line with the US while on the UNSC. This lends support to the argument that this is indeed a trade of favors, and not simply the consequence of the needs of aid-receiving countries becoming better known to donors when they sit on the UNSC. Anecdotal evidence even suggests that UNSC members who vote against the US position have been punished through aid withholding or by other means.

## KEY TAKEAWAYS



The Sustainable Development Goals stake out an ambitious agenda of global development to 2030. To make progress towards these goals, substantial investments in low and middle income countries are needed. These investments need to come from many sources, such as raising domestic resources, private foreign investment, and official development assistance. It is not merely the size of the flows that will matter, but also the extent to which they can effectively alleviate constraints that prevent countries from reaching their goals. This is particularly true for foreign aid that needs to fill some of the widest gaps between required and available funding in the poorest and most fragile settings. Where official foreign aid is captured, or used for domestic patronage, its ability to contribute to the economic development and welfare of recipients will be limited.

The research shows insights about the political motivations of both donors and recipients regarding subnational aid allocation:

- 1) Aid recipients are more likely to engage in subnational aid favoritism in times when they acquire importance in a critical international forum.
- 2) Multilateral institutions may sometimes be the preferred channel by which donors intervene in aid allocation to certain recipients to retain "clean hands" when it comes to giving aid to strategically important recipients.
- 3) While it is certainly possible that a leader's home or co-ethnic region receives more aid because of need (poverty), if these regions systematically receive greater amounts of aid specifically during UNSC membership years then we can conclude that favoritism is at work.

## ACADEMIC REFERENCE

Berlin, Maria P., Desai, R. M. and Olofsgård, A. "Trading Favors? UN Security Council Membership and Regional Favoritism in Aid Receiving Countries" *The Review of International Organizations* (forthcoming).