What Geopolitical Returns Does ODA Bring?*

Nicolas Bau
University of Geneva

Simone Dietrich
University of Geneva

July 21, 2025

Abstract

We review the literature on the political economy of foreign aid, examining the extent to which Official Development Assistance (ODA) is driven by geostrategic interests and the conditions under which traditional donors are able to influence political and economic outcomes in recipient countries, or shape recipient states' behavior in global affairs. First, we introduce the concept of ODA and outline the structure of our review. Second, we examine how the international system influences foreign aid motivations. Third, we discuss the literature on aid-giving practices and their geopolitical effects. Fourth, we explore the relationship between aid and international organizations. Fifth, we identify key challenges to the traditional aid architecture. Finally, building on a emerging body of research in international development finance, we propose future directions for the study of ODA in a contested global landscape.

Review paper prepared for the ODA in the Mutual Interest of Donors and Recipients Project

*Acknowledgments: We thank Andreas Fuchs as well as participants of the "Mutual Interests in ODA" workshop held at the Kiel Institute in Berlin in March 2025. This paper is based on research funded by the Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Gates Foundation.

1 Introduction

International development assistance has long been regarded as a vital instrument for alleviating poverty and fostering economic growth in low- and middle-income countries. Yet, over the past several years, the landscape of international development assistance is facing unprecedented challenges. Most recently, the Trump administration's announcement of steep cuts to foreign aid budgets has raised alarm about immediate humanitarian consequences, the erosion of U.S. soft power, and the broader future of the Official Development Assistance (ODA) regime (Sablich and Ainsworth, 2025).

This retrenchment is not unique to the United States. Germany, once among the most generous donors, has reduced its ODA budget in response to mounting domestic budgetary pressures and shifting political priorities. France, despite its stated commitment to global development, has scaled back disbursements in certain regions, citing fiscal constraints and a focus on domestic social programs (Becel, 2025). The United Kingdom, historically a leader in aid generosity, formally abandoned its long-standing commitment to spend 0.7% of Gross National Income on foreign aid in 2021, and in 2025 Prime Minister Keir Starmer announced moving from 0.5% of gross national income (GNI) to 0.3% in 2027 to be spent on aid (Brien and Loft, 2025). Together, these developments point to a broader retreat from global development commitments by major donors, casting uncertainty over the future of international cooperation in addressing poverty, inequality, and climate change. Understanding the origins of these reductions requires a broader reflection on the historical trajectory and underlying motivations of foreign aid.

The modern foreign aid regime traces its roots to the U.S. Marshall Plan, designed to support Europe's post-war recovery. This initiative marked the beginning of systematic international assistance, soon institutionalized through the creation of the Bretton Woods institutions in 1944 (Kharas, 2014). As the world sought to rebuild from the devastation of the Second World War, international cooperation around development financing emerged as a central pillar of the global economic order. By the late 1960s, foreign aid had evolved into a more structured and formalized international regime. The concept of Official Development Assistance (ODA) was introduced in 1969, referring to concessional financing aimed at promoting the economic development and welfare of developing countries. ODA became the internationally recognized standard for measuring development cooperation, with rules and reporting overseen by the OECD Development Assistance Committee (DAC). Over time, the DAC aid regime has addressed a broad range of objectives—from providing humanitarian relief to fostering democratic governance.

Despite its humanitarian and development objectives, foreign aid has always been shaped by geopolitical considerations. We review the political economy literature on the allocation of aid and shed light on the conditions under which aid promotes geopolitical objectives (e.g., Alesina and Dollar, 2000; de Mesquita and Smith, 2007). The literature indicates that the geostrategic logic of aid is not confined to the Cold War period. It has evolved to reflect shifting priorities in the international system. After the Cold War, donors increasingly linked aid to good governance, market reforms, and democratization, viewing development not only as a moral imperative but also as a means to reduce cross-border risks, such as terrorism, migration, and pandemics (e.g., Dreher and Fuchs, 2011; Bermeo, 2017, 2018; Dunning, 2004).

Donors use aid to secure policy concessions, reward aligned governments, and influence domestic politics in recipient countries. Political conditionalities and aid suspensions are tools to enforce compliance, though their effectiveness varies with regime type, donor credibility, and aid dependency (Cheeseman et al., 2024). In weak institutional contexts, donors often bypass governments, channeling aid through NGOs, which can have significant political implications on regime stability (e.g., Allen et al., 2024, 2023; DiLorenzo, 2018). Foreign aid is also a tool of soft power, yielding positive perceptions of donor countries (e.g., Anyiam-Osigwe et al., 2025; Dietrich et al., 2018).

Multilateral organizations offer efficiency but are not immune to geopolitics (e.g., Dreher et al., 2022, 2014; Fleck and Kilby, 2006). Donors, especially powerful ones like the U.S., use bilateral aid to influence voting behavior in forums such as the UN Security Council and multilateral aid to obfuscate domestically costly foreign policing. Countries serving on the UNSC or aligning with major powers often receive more aid, revealing the strategic underpinnings of both bilateral and multilateral development finance. DAC donors also influence lending patterns of increasingly prominent regional international financial institutions, as preliminary evidenced by research that is regaining interest in the field of international organizations (e.g., Anyiam-Osigwe and Vreeland, 2024; Anyiam-Osigwe and Qian, 2025; Kilby, 2006).

In the more recent period, traditional donors have had to contend with new competitors in the development finance space. Emerging actors like China offer alternative sources of funding, often with fewer conditions and faster disbursement, challenging the normative and operational dominance of the DAC-led aid regime (e.g., Dreher et al., 2013). Recipient countries have gained greater agency by leveraging these competing sources of finance, while traditional donors have responded by adjusting their aid-giving practices (e.g., Zeitz, 2024).

Foreign aid has also become entangled in domestic political debates within donor countries. The rise of populist parties—particularly in Europe and North America—has politicized foreign aid, portraying it as an elite-driven policy disconnected from national interests (Hackenesch et al., 2022). While the impact of populism on aid levels remains contested, there is growing evidence that it affects compliance with international development norms (e.g., Bau et al., 2025b).

Donors are responding to this new international environment by modifying their bilateral allocation strategies. We identify emerging research showing that donors maximize the pursuit of their strategic economic interests with bilateral cooperation instruments alternative to traditional aid organizations, including, for example, national development finance institutions (Bau, Dietrich, Qian, and Trinh, 2025). We suggest that more research is needed in these areas.

2 Foreign Aid and the International System

2.1 Foreign Aid and the Cold War

There is a consensus based on empirical studies of aid allocation that, during the Cold War, aid was primarily a tool for advancing the political and economic interests of donor states. In their early contribution, McKinlay and Little (1977) proposed a classification system to distinguish between donor's geopolitical or strategic interests, donor's commercial interests, and recipient needs. They show that political and security concerns are motives that significantly drove U.S. aid spending over the Cold War. Empirical evidence showing the U.S. strategically driven aid giving orientation during the Cold War holds for other donors such as France (McKinlay and Little, 1978) and Great Britain (Mckinlay and Little, 1978).

Donor countries primarily pursued their own interests during the Cold War, but not all donors were pursuing the same strategic interests. Maizels and Nissanke (1984) show that U.S. bilateral aid became almost entirely driven by foreign political and security considerations in the late 1970s (1978–1980), compared to a more diversified set of interests in the earlier period (1969–1970). Specifically, U.S. commercial interests in Latin America, which were significant in the earlier period, largely disappeared in the later years. Instead, following the Camp David Accords, there was a massive expansion of both economic and military assistance to Israel and Egypt, reflecting the heightened political and strategic priorities in the Middle East.

In contrast to the United States, France's aid allocations did not appear to be influenced by foreign political or security considerations, proxied by arms transfers. Rather, French aid was largely motivated by economic interests–both for former colonies and countries where France had substantial private investments. This finding is nuanced by Schraeder et al. (1998) who find for the 1980 decade that French aid, as for foreign assistance provided by Japan, Sweden and the United States, was driven by ideological factors.

Germany displayed yet another trajectory (Maizels and Nissanke, 1984). In the late 1960s (1969–1970), German aid was predominantly driven by foreign political objectives. However, by the late 1970s, the significance of political motives and the linkages between aid, arms transfers, and trade had diminished. This shift is likely attributable to the conclusion of successive trade and aid agreements between the European Economic Community (EEC) and countries in Africa, the Caribbean, and the Pacific (ACP), which may have institutionalized trade relations and reduced the need for bilateral aid as a tool of foreign policy influence.

Another important insight from the literature studying aid allocation during the Cold War is that the strategic use of foreign aid can be maximized under specific situations. de Mesquita and Smith (2007) consider that aid is a strategic exchange, where donors provide aid in return for policy concessions from recipients. These concessions are valuable to donors, often serving political, strategic, or economic interests, especially when it comes to supporting a policy that is unpopular in the donor country. The likelihood and size of policy concessions depend on the political institutions of both donor and recipient states, specifically their selectorates and winning coalitions. Smaller winning coalitions in recipient countries were more likely to make policy concessions in exchange for aid.

Despite important findings this literature has mostly focus on the post-1970 period of the Cold War. Introducing original data for the period pre-1970, Lee (2022) finds that U.S. foreign aid before 1970 was mostly unconditional and therefore politically attractive to recipient countries.

2.2 Foreign Aid in the Post-Cold War Period

With the end of the Cold War, debates were renewed over the extent to which foreign aid continued to serve the strategic interests of donor countries. Research shows that aid continued to buy or reward the support of allies and countries that are geopolitically important to donors (Alesina and Dollar, 2000; Kuziemko and Werker, 2006; Dreher et al., 2008; Carter and Stone, 2015; Dreher et al., 2022). Donors provided aid to maintain alliances at the United Nations General Assembly (Alesina and Dollar, 2000) and rewarded aligned countries aligning their votes by providing them with more aid (Hoeffler and Sterck, 2022).

The post Cold-War period was also associated with a broadening out of political conditionalities. Donors were expecting aid to be more effective for development when provided in a supportive economic and political environment. While the effect of bilateral aid on economic growth was insignificant during the Cold War, it became positive, significant, and sizeable from 2001 onwards (Bearce and Tirone, 2010; Headey, 2008). Bearce and Tirone (2010) identify a mechanism where aid can serve as a financial incentive for recipient governments to engage in market-oriented reforms, thereby promoting growth.

Aid has also been shown to have potentially negative effects on corruption or positive effects on democracy in the post–Cold War period. In a replication study using the Freedom House Index of Political Freedom, Dunning (2004) shows that aid—measured as the share of bilateral aid relative to recipients' national Gross Domestic Product (GDP)—had a positive effect on democracy only between 1987 and 1997. During the Cold War, aid was often provided to authoritarian regimes in order to secure strategic alliances, making threats to condition aid on democratic reforms largely non-credible. The collapse of the Soviet Union reduced the strategic importance of maintaining authoritarian client states in Africa. With fewer alternatives for external patronage, African leaders became more vulnerable to donor pressure, making aid conditionality more effective.

In addition, the effect of foreign aid on democratic change varies significantly in the post–Cold War period due to shifts in donor priorities and strategic interests (Bermeo, 2016). After the Cold War, many democratic donors placed greater emphasis on promoting democracy, and the reduced geopolitical competition allowed them to be more selective in the composition of aid allocation. As a result, they increasingly provided non-fungible aid that would make reduce the opportunity for autocratic leaders to divert aid to strengthen their autocratic rule. However, Bermeo notes that in countries of high strategic importance, donors continue to provide more fungible aid that recipient governments can use to thwart democratic change. Unlike oil revenues, which consistently undermine democratization, the impact of aid depends on donor choices on its composition.

The promotion of development abroad in the post Cold War period reflects donors' strategic motives. While during the Cold War, aid was largely driven by geopolitical competition, prioritizing alliances over development, in the post-Cold War and post-2001 periods, donors shifted toward using aid as a tool to reduce cross-border risks by fostering development in regions most likely to produce negative externalities. In the early 2000s, donors increasingly considered that underdevelopment abroad would create negative spillovers directly affecting them. These spillovers include issues like terrorism, unwanted migration, the spread of diseases, regional instability, crime, and trafficking in persons and illicit substances. Dreher and Fuchs (2011) find that traditional donors increased their aid effort during the War on Terror period. They provide evidence showing that countries where terror originate are not more likely to receive aid, but if selected, they receive it in larger amounts. Bermeo (2017, 2018) finds that in the period following 9/11, factors associated to underdevelopment giving rise to negative spillovers, namely distance with the donor country, population size, migration, donor imports, and natural disasters, positively predict the allocation of aid. In the case of migration, there is evidence indicating that donors systematically channel aid to source countries of migrants (Czaika et al., 2011; Bermeo and Leblang, 2015) although it is nuanced by other studies arguing that a country where migration originates does not receive more aid compared to other recipients (Clemens and Postel, 2018).

The idea that donors are motivated to allocate aid to countries whose negative spillovers they dread rests on the assumption that aid is effective in mitigating the causes of under-development. Yet the evidence, as particularly established in the study of the link between migration and aid, is mixed.

The negative effects of aid on migration are particularly small and limited to certain forms of aid. Gamso and Yuldashev (2018) find that aid targeted toward rural development is negatively associated with emigration, while there is no significant relationship between urban aid and emigration rates. Considering the size of diasporas as an important covariate, Lanati and Thiele (2018b) find a 1% rise in bilateral migration rates in response to a 10% increase in bilateral aid, largely inferior to what Berthélemy et al. (2009) find. In another study, Lanati and Thiele (2018a) rely on Clemens et al 2012 distinction between early- and late- impact aid to assess the effect of aid on emigration. While early-impact aid is budget support or program aid for real sector investment, late-impact aid refers to the funding activities whose growth effects might arrive far in the future including for example technical cooperation, social sectors investment, humanitarian aid, and administrative costs. They find that a 10% increase in late-impact aid lowers the emigration rate by 1.6%, and find no effect for early-impact aid. Instrumenting for the interaction of donor-government fractionalization and a recipient' country's probability of receiving aid, Dreher et al. (2019) reach similar conclusion as they find only a long-run negative effect of aid on emigration, likely attributable to the positive effect of aid on growth.

Aid is also likely to limit emigration if it succeeds in improving local amenities (Dustmann and Okatenko, 2014) or if it changes the recipient countries' migration policies (Dreher et al., 2019). Other researchers identify a positive association between foreign aid and emigration (Berthélemy et al., 2009; Belloc, 2015; Clemens and Postel, 2018). One explanation is that improved infrastructure could increase emigration by lowering its costs (Morten and Oliveira, 2016). Focusing on the relationship between World Bank's lending and migration, Fuchs et al. (2023) find that the effect of aid on emigration depends on the duration after disbursement. In the short term, foreign aid improves individual expectations about their future and trust in national institutions which translates into reduced individual migration preferences and asylum-seeker flows. In the longer term, the authors argue, foreign aid fosters improvements in individual welfare through poverty reduction and income increases, resulting in larger regular migration to high-income countries.

2.3 Evidence at the Sub-National Level

A growing number of studies have focused on the relationship between aid allocation and strategic interests, using data at the subnational level. This increasingly important body of research helps to re-evaluate traditional claims regarding aid allocation motivations and impact while overcoming traditional causal identification limitations inherent to cross-national analysis.

Evidence at the subnational level indicates that multilateral development banks' lending can be shaped by political motives in recipient countries. Studying the subnational lending of the World Bank and the African Development Bank in Kenya, Jablonski (2014) shows that incumbent parties manage to influence the distribution of aid towards ethnic groups likely to respond favorably and support them politically. This is made possible by the fungibility of aid, with multilateral donors leaving sufficient room for maneuver to recipient governments.

Other pioneering work on the subnational allocation of aid have demonstrated a negative association between aid and recipient regions' levels of wealth (Briggs, 2017, 2021). The observed allocation pattern is driven by the bureaucratic incentives faced by World Bank Task Team Leaders. The pressure to deliver multiple, large, and successful projects encourages staff to concentrate efforts in wealthier regions, where conditions are more favorable for project implementation and performance. Nunnenkamp et al. (2017) also find weak evidence of needs-based allocation of World Bank aid across Indian districts. World Bank's subnational aid allocation is rather shaped by the commercial interests of the major shareholders of the organization. This is in line with findings from other cross-national studies (Dreher et al., 2009a,b, 2019).

While subnational evidence suggests that recipient economic characteristics and donor commercial interests shape multilateral aid allocation, many of these studies omit political factors from their specifications. For a long time, such measures were either unavailable or remained limited in geographic and temporal scope. Only recently have data collection efforts at the subnational level produced geo-coded information on bilateral aid and measures of strategic interest, enabling researchers to revisit longstanding questions about aid allocation using subnational analyses (Bomprezzi et al., 2025).

Evidence from the subnational level indicates that donors pursue both geostrategic and economic interests. Bommer et al. (2022) provide evidence that U.S. Foreign Disaster Assistance is shaped by regional favoritism. When the birth region of the leader governing the country is affected by a disaster, it is more likely to receive foreign aid. Using another measure for regional favoritism, Bomprezzi et al. (2025) show that regions of birth of leaders and their spouses receive more bilateral aid from European donors and the U.S. They find that a second-order administrative region (ADM2) receives almost twice the amount of aid—about half a million US$ more, on average, during the tenure of a leader whose spouse was born there, compared to what this region receives at other times. While donors may safeguard aid allocation from political interferences, informal, subtile informal networks can redirect aid. However, although targeted aid may please political leaders and their spouses, it risks undermining development impact.

Further, empirical testing at the subnational level provides evidence that economic interests also play a significant role in shaping the allocation of bilateral aid. Controlling for important geostrategic factors such as the presence of natural resources in the regions of the recipient countries, Bomprezzi et al. (2025) find that regions in which firms are linked to European industries are more likely to receive bilateral ODA. Each additional ownership tie in a region is associated with a 5.7% increase in bilateral aid. Their study offers a novel measure of the pursuit of economic interests by capturing the presence of firms owned by European companies in Africa. These findings make the case for a clear benefit to donor countries; and future research could investigate whether aid targeted to recipient regions where firms are owned by European businesses is more likely to generate development impact.

3 Foreign Aid Giving Practices and (Geo-)Political Outcomes

Aid allocation is driven by strategic factors, but donors can also distribute aid differently, with different political effects within recipient countries. Research on aid allocation considers that aid can be used to obtain policy deals with countries that are strategic to them. The extraction of policy concessions implies, by definition, that aid is allocated to governments and, preferably, that this aid is fungible (Bermeo, 2016).

Donor governments can also influence the behavior of recipient countries through political conditionalities. They can steer aid allocation and use financial resources to sanction or rewards recipients according to their state behavior and the implementation of particular policy reforms. Conditionalities often aim to promote democratic governance and human rights Molenaers et al. (2015, p. 2). International financial institutions like the IMF and the World Bank also use conditionalities for the implementation of liberal, market-oriented reforms (Reinsberg et al., 2019).

The public acceptance of donor conditionalities depends on citizens' trust in their government. Using cross-national survey data from the Afrobarometer Clark et al. (2025) find that citizens' trust in their government reduces support for conditionalities. however, when citizens express distrust toward the domestic sovereign, they are more likely to support conditionalities as they perceive foreign requirements as a source of external accountability.

Traditional donors can use aid suspensions or withdrawals as enforcement mechanism (Cheeseman et al., 2024). Aid suspensions and withdrawals are a form of political conditionality involving the retractation of promised aid, as a punitive and reactive response by donors to the actions or non-actions of recipients (Cheeseman et al., 2024, p. 178). While aid sanctions can be more effective than other forms of economic coercion (Mertens, 2024), their effectiveness depends on donors sticking to their objectives (Cheeseman, 2015; Dunning, 2004) as well as the credibility of donors in keeping their promises (Swedlund, 2017).

Recipient domestic factors also play a role: authoritarian regimes that do not face political opposition or competitive elections are better positioned to resist external pressure (Portela and Mora-Sanguinetti, 2023). The evidence suggests that aid suspensions exert similar effects on military regimes and monarchies as other foreign policy sanctions, but the effect is null on single-party regimes. While these findings rely on a relatively small-N study, they suggest that foreign aid donors can thwart policy change in countries with democracies or hybrid political regimes.

The relationship between a donor and a recipient country also conditions the impact of an aid sanction. Aid suspensions and withdrawals prove more effective when recipient governments are more dependent on the donor for aid (Brown, 2005) and when aid is cut in sectors that are more likely to provoke public backlash, imposing higher political costs on the recipient government such as in healthcare (Cheeseman et al., 2023). When recipient governments lose aid they are at a reduced capacity to deliver promised public services to their population (Carnegie and Dolan, 2021; Dolan, 2020). One example is Lebanon, where the withdrawal of aid in response to corruption and a lack of reform led to massive protests as citizens experienced deteriorating public services (Baylouny, 2020).

Donors do not provide aid solely to governments of recipient countries. They can exercise political leveraging in ways other than conditionality. In countries with weaker institutions traditional donors channel their aid through third-party actors such as NGOs or international organizations, rather than recipient governments (Dietrich, 2013, 2016, 2021). Aid bypassing can be conditional on the strategic importance of the recipient country to the donor. Interacting recipient governance with donor strategic interests, Allen et al. (2024) show that strategically important recipient states for the donors receive less bypass aid as governance improves, as compared to non-strategic recipients. Recipient's military importance is proxied by the existence of an alliance between the donor and the recipient, economic ties are captured by donors' exports to the recipient country, and economic importance is measured by the ideal point distance in the United Nations General Assembly.

Governments choose how much aid to bypass, depending on how much they want to get out of the recipients. However, bypass aid can also have consequences for recipient countries and in particular leadership tenure. Allen et al. (2023) show that choosing to deliver in the form of bypass can have a punitive effect for recipient governments driving the leader out. They show that an increase of countries' reliance on bypass aid by one standard deviation increases the risk of government turnover by 13%. The conditional, regime change effect of bypass aid on leader tenure is only significant for the most autocratic regimes. The cost of bypass aid is thus greater for autocratic than democratic leaders. The authors argue that this can be explained by the fact that bypass aid in democracies continues to provide the public goods on which democratic leaders depend.

Bypass aid initiatives such as the United States President's Emergency Plan for AIDS Relief (PEPFAR) have been widely celebrated as global success stories and have contributed to favoring mutual interests between donors and recipients. Whereas vertical programs like PEPFAR can have unintended consequences for recipient domestic governments or target issue areas favored by donors (Lee and Izama, 2015), there is large evidence indicating that they maximize mutual benefits. For recipient countries, PEPFAR investments have brought economic, educational, and health benefits beyond HIV. Using a difference-in-difference estimate, Wagner et al. (2015) find that in ten African countries supported by PEPFAR, there is a 13% increase in population-level male employment compared to countries receiving little to no PEPFAR funding. Countries supported by PEPFAR with

Country Operating Plans also exhibit improved health conditions beyond HIV. In a study covering the period from 2004 to 2018, targeted countries showed showed a 20% reduction in all-cause mortality, 25% reduction in maternal mortality, 35% reduction in child mortality, and an increase of 8–11% in childhood immunisations for measles, hepatitis B, diphtheria, tetanus, and polio (Gaumer et al., 2024).

Empirical evidence suggests that the United States also benefited from financing bypass initiatives such as PEPFAR. From 2001 to 2024, US goods exports to Africa including motor vehicles and parts, aircraft, oil and gas field equipment, mineral fuels, and wheat have increased four-fold, ranging from $6.9 to $32.1 billion (of the US Trade Representative, 2024). Whereas the effect of PEPFAR on strengthening trade relations between the U.S. and African countries remains empirically untested, vertical health programs such as PEPFAR arguably participate in improving global stability which is perceived as necessary to expand international trade. For instance, PEPFAR-supported health information systems, laboratory infrastructure, and disease surveillance capacities have enhanced countries' ability to prepare for and respond to pandemics. During the COVID-19 pandemic, more than 3.4 million SARS-CoV-2 tests were conducted over the course of one year at PEPFAR-supported sites across 16 countries (Cluver et al., 2025, p. 1707) . These systems also bolster countries' capacity to manage emerging transboundary health threats, including hemorrhagic fevers and other global health security risks (Daschle and Frist, 2018; Mirza et al., 2022).

Bypass aid initiatives can foster recipient public support for donors. While some case studies suggest that foreign aid has limited effectiveness in improving public opinion of donors—particularly in contexts of U.S. aid in Afghanistan and Kenya (Bradbury and Kleinman, 2010; Fishstein, 2010; Gompelman, 2011; Gordon, 2011)—systematic analyses offer a more nuanced view. In a first attempt to systematically study the effect of vertical programs substantially funded by individual donors, Goldsmith et al. (2014) find that PEPFAR investments are associated with more favorable perceptions of U.S. leadership in supported countries. A key challenge in studying the relationship between aid and public perceptions lies in endogeneity: donors may strategically allocate more aid to countries where they seek to improve their image. To address this concern, Goldsmith and colleagues employ an instrumental variables approach, using the severity of the HIV/AIDS prevalence as an exogenous predictor of PEPFAR aid allocation. Their findings indicate that PEPFAR significantly enhances perceptions of U.S. leadership. The authors attribute this effect to several mechanisms: (1) the initiative targets urgent health needs where local governments have been unable to respond; (2) it demonstrates sustained donor engagement over time; (3) it delivers measurable health impacts that increase perceived effectiveness; and (4) it is highly visible due to explicit U.S. branding, which facilitates attribution to the donor. These findings suggest that when donors engage in a sustained, effective, visible, and needs-based manner, their aid efforts may yield positive returns in the form of increased public support for the donor government.

At the same time bypass aid has political consequences that donors care about. For example, aid programs that substitute for government transfers, directly affecting civil unrest. DiLorenzo (2018) tests this mechanism and shows that bypass aid is reducing popular resistance to autocrats. Bypass aid delivers goods and services (like food, health care, and education) directly to the population, improving citizens' short-term welfare. This lowers citizens' incentives to protest or challenge autocratic regimes, because their immediate needs are partially met without needing to push for political change. As bypass aid increases the status quo for individuals, it increases the opportunity cost for engaging in political resistance. The implication is that the choice of bypass aid for donor countries has an influence on the stability of autocratic regimes. Bypass aid may undermine prospects for democratic change by reducing incentives for popular mobilization.

4 Foreign Aid and International Organizations

4.1 Aid and Influence at International Organizations

International organizations play a major role in the governance of global affairs. In the case of international development, multilateral financing can be seen as more effective than bilateral aid. Multilateral funding increases efficiency by using the organizational resources of the Secretariat, sharing the cost associated with running programs, or pooling larger resources (Milner and Tingley, 2013; Reinsberg et al., 2017). Equally, multilateral institutions exacerbate principal-agents problems associated with funds, reducing a country's control over its own foreign policy and thus preventing individual donors from promoting their domestic interests (Milner, 2006). To compensate for the diversification of interests within international organizations, donor countries often use bilateral aid strategically to influence the votes of other member states in their favor (Fleck and Kilby, 2006). A well-documented example in the literature is the case of temporary members of the United Nations Security Council (UNSC). Because the UNSC votes by open ballot, the positions taken by elected members carry significant global weight on critical issues of international peace and security (Dreher et al., 2014, p. 52). Research shows that receiving bilateral aid increases the likelihood of a developing country being elected as a temporary member of the Council, thereby allowing donor countries to secure additional diplomatic support (Dreher et al., 2008). Examining the relationship between U.S. bilateral aid flows and financing from multilateral institutions and individual decisions of the UNSC, Dreher et al. (2022) find that the US uses bilateral aid to influence the UNSC votes of its allies. Conversely, the US prefers the multilateral channel when it seeks the support of countries with which it is not traditionally allied, and for which granting financial assistance could be domestically costly. To further establish the causal effect of aid on vote buying, Alexander and Rooney (2019) leverage exogenous variation using the staggered rotating structure of the non-permanent members of the UNSC to estimate voting similarity between states and the U.S. They find that states that are more prone to vote against the U.S at the UN General Assembly are more likely to receive U.S foreign aid.

4.2 Donors and Multilateral Development Banks

International organizations are major providers of aid. Donors can exert direct influence toward multilateral development banks to influence their lending behavior in a way that promotes their geopolitical interests. This is particularly well documented when it comes to the conditionalities attached to international financial institutions such as the International Monetary Fund (IMF) and the World Bank. Allies to the U.S. in the UN General Assembly receive a more favorable treatment from the IMF, particularly in the period leading-up to elections (Dreher and Jensen, 2007). When countries are temporary members at the UN Security Council, they are subject to about 30% less conditions imposed by the IMF (Dreher et al., 2015). Powerful donor countries seek to ease IMF conditionalities and their enforcement when their own strategic interests are involved (Stone, 2004, 2011,?).

Recipient countries that have important political ties to donors also receive more favorable treatment from the World Bank. Kilby (2013) finds that countries of geopolitical significance undergo shorter project preparation phases, and Kersting and Kilby (2016) report that politically aligned countries receive loan disbursements more quickly before elections. Kilby and Michaelowa (2019) also note that these countries receive systematically more favorable performance evaluations.

Importantly, World Bank recipients do not necessarily get a more favorable lending treatment because of active lobbying of members with a large formal or informal power. Clark and Dolan (2021) find that borrower countries that vote with the United States at the United Nations are required to enact fewer domestic policy reforms, and do so on fewer and softer issue areas. However, they do not attribute this to active U.S. intervention on behalf of these borrowers. Rather, they argue that World Bank staff tend to design programs that align with U.S. preferences. These findings are important for our understanding of how the World Bank may or may not promote the geopolitical interests of its aid-giving members. The U.S. interests are pursued through the bureaucratic routines within the international organization.

Beyond traditional international financial institutions like the World Bank, regional multilateral development banks are also important providers of development finance. Therefore they constitute strategic entry points for traditional donors. The lending volumes of these organizations, which include among others the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Corporación Andina de Fomento (CAF, Development Bank of Latin America and the Caribbean), the Inter-American Development Bank, and more recently the New Development Bank for the BRICS, have grown considerably. In an early study, Kilby (2006) finds that both Japan and the U.S. have systematic influence over the distribution of Asian Development Bank funds. These results hold even when excluding China—a strategic country for the U.S—and India—strategic for Japan—representing about 75% of ADB's lending over the period of study (1968-2002). Donor trade and geopolitical interests still play a greater role than humanitarian factors, thereby implying that ADB lending follows donor-shareholders strategic interests rather than recipient needs. For example, Lim and Vreeland (2013) even find that donor interests have a greater influence over the lending of the Asian Development Bank than the World Bank.

Research on other regional development banks suggests that their lending is influenced by the interests of traditional donors. Focusing on African Development Bank's shareholders' influence over the bank lending between 1995 and 2015, Anyiam-Osigwe and Vreeland (2024) find preliminary evidence that African countries that are politically aligned with and economically important for Japan receive larger commitments from the AfDB. This pattern does not hold for the United States. This is consistent with another study where Anyiam-Osigwe and Qian (2025) finds early empirical support that U.S. executive directors in Washington D.C. may influence World Bank lending toward recipient countries that are important for U.S. political interests but not AfDB funding.

Temporary membership on the UNSC is also associated with preferential treatment in the allocation of development finance, often interpreted as a reward for political alignment. Non-permanent members are more likely to receive World Bank project loans and International Monetary Fund loans with relatively soft conditionality (Dreher et al., 2009a,b). For example, the United States increases its bilateral foreign aid by more than 50% when a country serves on the UNSC (Kuziemko and Werker, 2006). Similarly, loans from the Japan-led Asian Development Bank (ADB) rise by approximately 30% for Asian non-permanent members (Lim and Vreeland, 2013). Dreher et al. (2022) find that temporary Security Council members receive more bilateral and multilateral aid only when they support the positions of the U.S.

5 Challenges to the DAC Aid Regime

5.1 Foreign Aid and International Development Finance

The landscape of international development finance has significantly evolved since the beginning of the 2000s. Although countries' access to development finance was long dominated by traditional donors and international financial institutions, it broadened to new sources. These alternative sources of external finance are debt relief, which, in itself, constitutes a flow of development finance, as well as official Chinese finance and private finance via access to bond markets (Zeitz, 2024).

The literature on foreign aid has focused a great deal of attention on Chinese finance and how it differs from traditional development aid. It is generally considered to be more oriented towards infrastructure financing, disbursed more rapidly, more costly, but not associated with political conditionalities (Zeitz, 2024; Dreher et al., 2022). These characteristics make it particularly popular with recipient governments compared to traditional development aid. It can be explained by domestic electoral reasons: leaders can claim development finance flows to respond to popular needs and this is especially the case for Chinese (Cruz and Schneider, 2017). This view is not always shared by donor countries. Based on a survey experiment of donor officials working in Sub-Saharan Africa, Swedlund (2017) shows that while recipients are believed to prefer Chinese finance, many donors perceive Chinese lending as sufficiently different and their own aid as sufficiently important for recipient governments to retain their bargaining power.

In practice, research indicates that official Chinese finance has an impact on the aid-giving practices of traditional donors. Using a panel of 54 Sub-Saharan African countries over the 1980-2013 period, Hernandez (2017) shows that competition with China has a significant impact on traditional lending. Recipient countries that receive more Chinese finance, receive World Bank's loans with fewer conditions. Chinese official finance offers recipient governments an exit option, which limits their incentives to comply with conditionalities of traditional donors. Focusing on World Bank project agreements for a sample of 42 sub-Saharan African countries from 2000-2014, Watkins (2022) finds that a one percent increase in Chinese official finance as a proportion of GDP over the project's duration decreases the likelihood of recipient compliance with the terms of the project agreement by 12%.

While existing research has focused largely on the effects of alternative development finance on World Bank lending, Vadlamannati et al. (2023) examine U.S. behavior across ten different multilateral development banks[1]. They find that the United States votes in support for loans to countries that receive Chinese finance, but only when these countries receive low levels of Chinese lending. This suggests that the United States may be competing for countries members of the Belt and Road Initiative that want to cooperate

[1] The MDBs are International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency, European Bank for Reconstruction and Development, Asian Development Bank, African Development Bank, Inter-American Development Bank, The Global Environment Facility, and The International Fund for Agricultural Development.

with China economically but that do not want to see the country emerge as a security threat. Zeitz (2024) shows that recipient countries that diversify their external financing portfolio to include not only Chinese finance but also private finance can secure more attractive terms in their aid agreements with traditional donors. On average, traditional donors give more aid to recipient countries when these receive a greater share of external funding from non-traditional sources. In sub-Saharan Africa, traditional donors also tend to respond by increasing the share of their projects in infrastructure-intensive sectors.

Aid can also provide broader gains for donors by influencing public opinion in recipient countries. By demonstrating tangible benefits in recipient communities, donor programs can win hearts and minds, strengthening diplomatic relationships and enhancing the country's global influence. Thus, aid can be understood as a key component of a broader soft power strategy aimed at enhancing the donor's reputation in the recipient country (Nye, 2017). Research has explored whether and under what conditions donors can leverage aid to cultivate a positive reputation in recipient countries

For example, survey experiments have demonstrated that recipients of aid often develop more favorable perceptions of donor countries. For example, Dietrich et al. (2018) conducted a study in Bangladesh and found that when the U.S. was identified as the donor funding a network of health clinics, there was a small but significant increase in positive perceptions of U.S. influence in the country. Research by Wellner et al. (2022) on Chinese development projects finds that the completion of Chinese-financed development projects increases public support for the Chinese government, particularly for larger projects and those with more generous financial terms. However, over time, this effect diminishes for individuals living closer to a Chinese-financed project, suggesting growing dissatisfaction.

If foreign aid can improve a donor's reputation among the public, what does this mean for competition and rivalry between donors? Some studies specifically consider whether donors can use aid to sway public opinion when they are competing with one another for influence (Humphrey and Michaelowa, 2019; Gafuri, 2024). For example, Blair et al.

(2022) use Afrobarometer public opinion data to show that in several African countries, individuals living near Chinese aid projects report lower affinity for China, while showing increased support for the U.S. Similarly, U.S. aid projects lead to weaker support for China and stronger support for the U.S. Blair and colleagues conclude that, rather than undermining U.S. soft power, Chinese aid seems to boost U.S. stature and contribute to greater reported commitment to liberal democratic values. Anyiam-Osigwe et al. (2025) employ a survey experiment in South Africa and Nigeria to show that, while both EU and Chinese funded development projects yield more positive public perceptions among the two publics, a comparison between the effects of EU and Chinese assistance among respondents who care about corruption and governance issues indicates that respondents may trust the EU more than China when it comes to good governance and debt sustainability of their programs. Kim et al. (2025) report evidence from a conjoint survey experiment fielded to the public in seven developing countries that shows a preference for aid projects implemented by donors described as democratic and transparent.

Partisan preferences of domestic populations also shape support for foreign aid in a diversified landscape of donors. Using experimental evidence, Bush and Prather (2020) show that in Tunisia, supporters of the leading secular party, Nidaa Tounes, prefer to receive aid from two pro-secular donors, France and the U.S. Conversely, supporters of the Islamist party, Enhahda, express greater preference to engage with Qatar, a pro-Islamist donor. Despite the treatment assigned by Bush and Prather is not focused on development finance competition, their study demonstrates that even when DAC donorsw' engagement is increasingly diluted in a wider pool of official providers, they can continue receiving support for ideological reasons.

Experimental evidence of elites' perceptions of development finance corroborates findings observed at the level of the public. Using a pre-registered conjoint experiment sampling 3,641 elites including cabinet ministers, members of parliament, private sector executives, and civil society leaders from 141 low- and middle-income countries (LMICs), Blair et al. (2024) show that the DAC aid regime is systematically favored over the Chinese aid regime. Yet, elites' respondents which were for 42% of them officials from government agencies embraced references for larger grants and concessional more fungible and easier to capture (Altincekic and Bearce, 2014). They prioritized transportation infrastructure projects that have become widely associated with corruption in LMICs (Hanauer and Morris, 2014). However, contrary to implicit assumptions of the resource curse theory, elites also prefer projects with transparent terms and labor, corruption, and environmental regulations, and are at worst indifferent towards good governance conditionalities. Interestingly, these results hold for elites in autocratic countries that are expected to prefer Chinese finance. While Blair and colleagues' study is based on a single-wave survey conducted during the COVID-19 pandemic—a period marked by a sharp increase in debt to China, which may have temporarily increased support for the DAC aid regime—their findings challenge the conventional view that Chinese aid is more attractive or competitive than that offered by DAC donors to recipient countries.

5.2 Foreign Aid and the Backlash Against Globalization

Traditional donor countries which have designed the aid architecture of the OECD Development Assistance Committee and provide aid are increasingly governed by populist governments. Development aid can be a target for populists: populist ideology places primacy on domestic interest, yet aid is framed as a policy of international solidarity, transferring taxpayers' resources abroad instead of contributing to domestic distributive effects.

Existing empirical evidence is mixed regarding whether populist governments of donor countries reduce support for foreign aid. Hammerschmidt et al. (2022) find that when DAC donors see an increasing share of populist radical right-wing parties (PRRPs) in their legislative and executive branches, they tend to reduce aid commitments. In particular, the decrease in foreign aid commitments is more important when the share of PRRPs is higher in a parliament with a minority government. The analysis is confined to the period between 1990-2016 which excludes important, conservative-oriented, renewal of the U.S. Congress in 2018 as well as the rise of populist parties in other large donors such as France in 2022 where the far-right populist party Rassemblement National obtained 89 seats at the legislative elections, against 8 in the past 2017 election. Using a survey experiment, Heinrich et al. (2021) show that populist-related individual attitudes in the public are associated with less support for aid. The effect of general populism on negative support for foreign aid is observed to be higher in the UK than in the U.S. The authors also find that an increase in immigration conservatism as well as the number of anti-government protests in a donor country are systematically associated with a reduction in aid commitment per-capita.

Others do not find populism to have substantial negative effects on foreign aid commitment levels. Hackenesch et al. (2022) find that the rise of PRRPs has not been associated with an overall reduction in foreign aid. Rather, they observe a change in the sectoral composition of aid, PRRPs being associated with a higher share of aid for migration-containment objectives, and less aid for addressing climate change and for multilateral organizations. Suzuki (2023) argues that populist far-right parties use the threat of aid cuts to exert pressure on recipient countries that are the source of heavy migration flows toward the donor. Finally, Tokhi and Zimmermann (2024) show that, while far-right donors do not differ from others in bilateral aid spending, they reduce their earmarked commitments significantly—a sign that they seek to limit the influence of IOs and their liberal mandates on their aid giving.

Populists can also direct their anti-foreign aid behavior towards international organizations. Traditional donors operate a set of rules promoted by the OECD-DAC, the world's leading standard-setting international organization (IO) in development cooperation (Iannantuoni et al., 2025b,a; Steinwand, 2024). However, populists express a sense of disaffection toward elitist, globally defined norms. Populists do not wish to be dictated by international organizations as to how they should allocate their aid. In fact, as the share of populists in the legislature of donor countries increases, Bau et al. (2025b) observe that countries are less compliant with international best practice in aid-giving. One mechanism that may be at work is bureaucrats within donor countries' development aid organizations. Development aid programs are generally designed according to international best practice; and for this reason populist parliamentarians may not approve them. Bureaucrats who want to see projects approved can modify programs by removing the part that refers to international standards.

The disaffection with the DAC aid regime can be nuanced depending on the status of the donor. Newer members of the OECD Development Assistance Committee, namely the Baltic states and countries from the Visegrád Group, exhibit a high degree of compliance with DAC procedural rules and, in some cases, even outperform the traditional donors who played a foundational role in establishing the global aid architecture (Bau et al., 2025a). This is largely due to the influence and capacity-building efforts of the OECD Secretariat which aims to develop the statistical capacities of the new DAC member countries, needed to produce quality data to monitor implementation and produce recommendations for other more substantial standards relating to giving aid in the field of climate, the environment or gender, for example.

6 Emerging Research in Bilateral Development Finance

The diversification of external financing for developing countries and the backlash against globalization in donor countries are two phenomena that are putting pressure on traditional development assistance. We suggest that donors are likely to deviate from traditional ODA to support other forms of development finance that enable them to continue pursuing their strategic interests while securing their economies. Preliminary evidence from a burgeoning body of research suggests that donors are increasingly favoring bilateral cooperation instruments that maximize the pursuit of their economic and other interests. This is evidenced by the rise of national development finance institutions (DFIs). DFIs have have become the most dynamic instruments of bilateral donor cooperation over the past decade. Importantly, we suggest that traditional ODA may remain important, conditioning the allocation of other forms of development finance.

Bilateral aid remains a preferred channel for donors when it comes to promoting their strategic interests. In particular, traditional donors are motivated to give aid when it serves commercial interests (Alesina and Dollar, 2000; Bomprezzi et al., 2025; Hoeffler and Sterck, 2022; Dreher et al., 2022; Younas, 2008; Barthel et al., 2014; Hoeffler and Outram, 2011). A growing body of research suggests that ODA can strengthen the private sector in developing countries and indirectly benefit donor countries.

Economists in particular are interested in the effects of foreign aid on trade. One mechanism usually identified is that aid has virtuous effects in stimulating the private sector in developing countries and promoting exports. In particular, climate aid has positive effects on countries that are vulnerable to climate risks. For instance, Gamso (2025) shows that climate aid can mitigate the negative effects of climate risk on foreign direct investment (FDI), suggesting that donors may use aid to signal support for climate-vulnerable economies and reassure private investors. However, the direction of causality remains a central concern in this literature, as aid allocation may itself be driven by strategic motives, including trade considerations (Bermeo, 2017). To address endogeneity concerns, Bayramoglu et al. (2023) instrument bilateral trade flows using a shift-share approach based on quasi-exogenous changes in world demand for products previously traded between countries. Their results indicate that a 10% increase in exports from a recipient to a donor leads to an approximately 3% increase in climate aid, with stronger effects in countries more vulnerable to environmental risks. This evidence supports the view that climate aid can stabilize climate-vulnerable business environments.

The choices regarding where and how to allocate aid can also reflect economically motivated geopolitical considerations. In the European context, some refer to the "geopoliticization" of the external economic policies pursued by the European Commission (Bauerle Danzman and Meunier, 2024; Rosén and Meunier, 2023). In 2021, the Commission launched the Global Gateway Initiative with an explicit focus on pursuing mutual interests with partner countries. Powerful members represented at the Council Presidency and the EU High Representative, as well as the European Commission, converged on the need to position the EU as a geopolitical actor in the financing of infrastructure projects (Heldt, 2023).

This shift in development priorities sheds light on understudied actors and instruments that can maximize the pursuit of mutual interests. The existing literature remains relatively agnostic as to whether different development cooperation instruments produce the same effects on the private sector in developing countries. Research generally contrasts foreign aid with other foreign economic policy instruments such as foreign direct investments (Kosack and Tobin, 2006; Milner and Tingley, 2015). However, over the past decade traditional donors have increasingly relied on national development finance institutions to engage with the private sector of developing countries.

National DFIs became prominent in the financing of the implementation of the European Union's development cooperation policy under the Ursula von der Leyen Commission, with a focus on the pursuit of the economic interests of the member states. Tracing historical changes in the European development cooperation policy, Bau and Dietrich (2025) show that the Commission has placed DFIs center stage within the European Financial Development Architecture. The European Commission also increased its coordination power over the allocation of guarantees, in a way that is aligned with geopolitical priorities. Using project-level descriptive evidence, they suggest that within the European Union, DFIs are strongly connected with the private sector in member states, positioning continental firms to implement projects abroad.

The growing support of donor governments for DFIs has often been interpreted as a shift away from traditional ODA (Craviotto, 2023). However, it may be likely that aid to the private sector channeled through DFIs is partly shaped by traditional ODA. Traditional aid organizations such as development agencies and ministries of foreign affairs provide DFIs with relevant market information to support them in fulfilling their development mandate. Bau, Dietrich, Qian, and Trinh (2025) find that DFIs are more likely to invest in recipient second-order administrative regions where national aid agencies already have operational presence.

However, research in this area remains limited. An in-depth examination of the mutual interests of aid indicates that the rise of self-interested aid, a paradigmatic example of which is tied aid, has brought few narrow gains for donors but has considerably eroded the trust given by recipient countries (Thiele et al., 2025). Emerging research is clarifying the origins and decision-making processes of bilateral development finance institutions, yet we still know little about the returns they generate for both recipient and donor countries. Future work should therefore focus on these overlooked institutions and identify which bilateral, ODA-funded instruments are most likely to maximize mutual benefits.

References

Alesina, A. and D. Dollar (2000, March). Who Gives Foreign Aid to Whom and Why? *Journal of Economic Growth 5*(1), 33–63.

Alexander, D. and B. Rooney (2019, March). Vote-Buying by the United States in the United Nations. *International Studies Quarterly 63*(1), 168–176.

Allen, S. H., F. , Lauren Lee, , and O. Shammama (2024, March). Affinity or effectiveness? Donors' preferences for bypass aid. *International Interactions 50*(2), 243–272. Publisher: Routledge _eprint: https://doi.org/10.1080/03050629.2024.2311736.

Allen, S. H., L. L. Ferry, and O. Shammama (2023, January). Bypassing the Incumbent: Leadership Tenure and Foreign Aid Channels. *Global Studies Quarterly 3*(1), ksad007.

Altincekic, C. and D. H. Bearce (2014, December). Why there Should be No Political Foreign Aid Curse. *World Development 64*, 18–32.

Anyiam-Osigwe, T., S. Dietrich, and A. O. Zeitz (2025). Citizen Perceptions of the EU's Global Gateway and China as Funders of Development Projects: Evidence from South Africa and Nigeria. *Working Paper. University of Geneva.*.

Anyiam-Osigwe, T. and J. Qian (2025). Going Rogue or Following the Rules? US Voting Behavior at the World Bank and the African Development Bank. Chicago, IL.

Anyiam-Osigwe, T. and J. R. Vreeland (2024). Japan and the African Development Bank. Stockholm University, Stockholm, Sweden.

Barthel, F., E. Neumayer, P. Nunnenkamp, and P. Selaya (2014, December). Competition for Export Markets and the Allocation of Foreign Aid: The Role of Spatial Dependence among Donor Countries. *World Development 64*, 350–365.

Bau, N. and S. Dietrich (2025). Financing the global gateway initiative: The rise of national dfis within the european financial architecture for development. *Working Paper prepared for the European Union Studies Associal Conference, May 8-10, Philadelphia, USA*.

Bau, N., S. Dietrich, K. Fleiner, and A. Iannantuoni (2025a). Examining New Donors in the OECD Development Assistance Committee. *Journal of International Development*.

Bau, N., S. Dietrich, K. Fleiner, and A. Iannantuoni (2025b). Populism and IO Bureaucratic Power in Development Cooperation: Evidence from the OECD DAC's Policy Marker System. Harvard University, Cambridge, MA, USA.

Bau, N., S. Dietrich, J. Qian, and D. Trinh (2025). The institutional politics of development finance. Working Paper, Draft prepared for the 7th International Conference on European Economics and Politics - 12-13 June 2025, University of Milan-Bicocca.

Bauerle Danzman, S. and S. Meunier (2024). The EU's Geoeconomic Turn: From Policy Laggard to Institutional Innovator. *JCMS: Journal of Common Market Studies 62*(4), 1097–1115. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/jcms.13599.

Baylouny, A. M. (2020). *When blame backfires: Syrian refugees and citizen grievances in Jordan and Lebanon*. Cornell University Press.

Bayramoglu, B., J.-F. Jacques, C. Nedoncelle, and L. Neumann-Noel (2023, January). International climate aid and trade. *Journal of Environmental Economics and Management 117*, 102748.

Bearce, D. H. and D. C. Tirone (2010, July). Foreign Aid Effectiveness and the Strategic Goals of Donor Governments. *The Journal of Politics 72*(3), 837–851. Publisher: The University of Chicago Press.

Becel, R. A. (2025, January). Budget 2025 : le Sénat vote une coupe budgétaire de 35 % dans l'aide publique au développement.

Belloc, F. (2015). International Economic Assistance and Migration: The Case of Sub-Saharan Countries. *International Migration 53*(1), 187–201. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1468-2435.2011.00686.x.

Bermeo, S. (2018, January). *Targeted Development: Industrialized Country Strategy in a Globalizing World*. Oxford University Press. Google-Books-ID: BXFGDwAAQBAJ.

Bermeo, S. B. (2016, January). Aid Is Not Oil: Donor Utility, Heterogeneous Aid, and the Aid-Democratization Relationship. *International Organization 70*(1), 1–32.

Bermeo, S. B. (2017, October). Aid Allocation and Targeted Development in an Increasingly Connected World. *International Organization 71*(4), 735–766.

Bermeo, S. B. and D. Leblang (2015, July). Migration and Foreign Aid. *International Organization 69*(3), 627–657.

Berthélemy, J.-C., M. Beuran, and M. Maurel (2009, October). Aid and Migration: Substitutes or Complements? *World Development 37*(10), 1589–1599.

Blair, R. A., S. Custer, and P. Roessler (2024). Elites, the aid curse, and Chinese development finance: A conjoint survey experiment on elites' aid preferences in 141 low- and middle-income countries. *American Journal of Political Science n/a*(n/a). _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/ajps.12926.

Blair, R. A., R. Marty, and P. Roessler (2022, July). Foreign Aid and Soft Power: Great Power Competition in Africa in the Early Twenty-first Century. *British Journal of Political Science 52*(3), 1355–1376.

Bommer, C., A. Dreher, and M. Perez-Alvarez (2022, April). Home bias in humanitarian aid: The role of regional favoritism in the allocation of international disaster relief. *Journal of Public Economics 208*, 104604.

Bomprezzi, P., A. Dreher, A. Fuchs, T. Hailer, A. Kammerlander, K. Lennart, S. Marchesi, T. Masi, C. Robert, and K. Unfried (2025). Wedded to Prosperity? Informal Influence and Regional Favoritism. *CEPR* (18878 (v2.0)).

Bomprezzi, P., M. Longhi, and S. Marchesi (2025). Economic ties and aid allocation. Working Paper, Cambridge, MA, USA.

Bradbury, M. and M. Kleinman (2010). Winning Hearts and Minds? Examining the Relationship between Aid and Security in Kenya. Technical report, Feinstein International Center, Tufts University, Medford, MA.

Brien, P. and P. Loft (2025, February). UK to reduce aid to 0.3% of gross national income from 2027.

Briggs, R. C. (2017, January). Does Foreign Aid Target the Poorest? *International Organization 71*(1), 187–206.

Briggs, R. C. (2021, September). Why Does Aid Not Target the Poorest? *International Studies Quarterly 65*(3), 739–752.

Brown, S. (2005, June). Foreign Aid and Democracy Promotion: Lessons from Africa. *The European Journal of Development Research 17*(2), 179–198.

Bush, S. S. and L. Prather (2020, July). Foreign Meddling and Mass Attitudes Toward International Economic Engagement. *International Organization 74*(3), 584–609.

Carnegie, A. and L. R. Dolan (2021, July). The effects of rejecting aid on recipients' reputations: Evidence from natural disaster responses. *The Review of International Organizations 16*(3), 495–519.

Carter, D. B. and R. W. Stone (2015, January). Democracy and Multilateralism: The Case of Vote Buying in the UN General Assembly. *International Organization 69*(1), 1–33.

Cheeseman, N., , and S. Dodsworth (2023, May). Defending Civic Space: When are Campaigns against Repressive Laws Successful? *The Journal of Development Studies 59*(5), 619–636. Publisher: Routledge _eprint: https://doi.org/10.1080/00220388.2022.2162882.

Cheeseman, N. (2015, May). *Democracy in Africa: Successes, Failures, and the Struggle for Political Reform*. Cambridge University Press. Google-Books-ID: siw7CQAAQBAJ.

Cheeseman, N., H. J. Swedlund, and C. O'Brien-Udry (2024, June). Foreign aid withdrawals and suspensions: Why, when and are they effective? *World Development 178*, 106571.

Clark, R. and L. R. Dolan (2021). Pleasing the Principal: U.S. Influence in World Bank Policymaking. *American Journal of Political Science 65*(1), 36–51. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/ajps.12531.

Clark, R., L. R. Dolan, and A. O. Zeitz (2025). Accountable to Whom? Public Opinion of Aid Conditionality in Recipient Countries. *International Studies Quarterly*.

Clemens, M. A. and H. M. Postel (2018, December). Deterring Emigration with Foreign Aid: An Overview of Evidence from Low-Income Countries. *Population and development review 44*(4), 667–693.

Cluver, L., G. Makangila, S. Hillis, J.-P. Ntwali-N'Konzi, S. Flaxman, J. Unwin, J. W. Imai-Eaton, V. Chtimbire, L. Sherr, J. Ng'ang'a, C. Desmond, E. Toska, O. Omigbodun, O. Ratmann, G. Carey, M. Mahy, B. Honermann, and J. Stover (2025, May). Protecting Africa's children from extreme risk: a runway of sustainability for PEPFAR programmes. *The Lancet 405*(10490), 1700–1712. Publisher: Elsevier.

Craviotto, N. (2023, November). Aid under threat: The shadowy business of private sector instruments. Technical report, Eurodad.

Cruz, C. and C. J. Schneider (2017). Foreign Aid and Undeserved Credit Claiming. *American Journal of Political Science 61*(2), 396–408. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/ajps.12285.

Czaika, M., , and A. Mayer (2011, March). Refugee Movements and Aid Responsiveness of Bilateral Donors. *The Journal of Development Studies 47*(3), 455–474. Publisher: Routledge _eprint: https://doi.org/10.1080/00220388.2010.492855.

Daschle, T. and B. Frist (2018). Building prosperity, stability, and security through strategic health diplomacy: a study of 15 years of PEPFAR. Technical report, Bipartisanpolicy.

de Mesquita, B. B. and A. Smith (2007, April). Foreign Aid and Policy Concessions. *Journal of Conflict Resolution 51*(2), 251–284. Publisher: SAGE Publications Inc.

Dietrich, S. (2013, December). Bypass or Engage? Explaining Donor Delivery Tactics in Foreign Aid Allocation*. *International Studies Quarterly 57*(4), 698–712.

Dietrich, S. (2016, January). Donor Political Economies and the Pursuit of Aid Effectiveness. *International Organization 70*(1), 65–102.

Dietrich, S. (2021, November). *States, Markets, and Foreign Aid*. Cambridge University Press. Google-Books-ID: H21KEAAAQBAJ.

Dietrich, S., M. Mahmud, and M. S. Winters (2018, January). Foreign Aid, Foreign Policy, and Domestic Government Legitimacy: Experimental Evidence from Bangladesh. *The Journal of Politics 80*(1), 133–148. Publisher: The University of Chicago Press.

DiLorenzo, M. (2018, March). Bypass Aid and Unrest in Autocracies. *International Studies Quarterly 62*(1), 208–219.

Dolan, L. R. (2020, June). Rethinking Foreign Aid and Legitimacy: Views from Aid Recipients in Kenya. *Studies in Comparative International Development 55*(2), 143–159.

Dreher, A., F. , Andreas, , and P. Nunnenkamp (2013, July). New Donors. *International Interactions 39*(3), 402–415. Publisher: Routledge _eprint: https://doi.org/10.1080/03050629.2013.784076.

Dreher, A. and A. Fuchs (2011, October). Does terror increase aid? *Public Choice 149*(3), 337.

Dreher, A., A. Fuchs, and S. Langlotz (2019, February). The effects of foreign aid on refugee flows. *European Economic Review 112*, 127–147.

Dreher, A., A. Fuchs, B. Parks, A. Strange, and M. J. Tierney (2022, May). *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program*. Cambridge University Press. Google-Books-ID: TrNrEAAAQBAJ.

Dreher, A., M. Gould, M. D. Rablen, and J. R. Vreeland (2014, January). The determinants of election to the United Nations Security Council. *Public Choice 158*(1), 51–83.

Dreher, A. and N. Jensen (2007, February). Independent Actor or Agent? An Empirical Analysis of the Impact of U.S. Interests on International Monetary Fund Conditions. *The Journal of Law and Economics 50*(1), 105–124. Publisher: The University of Chicago Press.

Dreher, A., V. Lang, B. P. Rosendorff, and J. R. Vreeland (2022, October). Bilateral or Multilateral? International Financial Flows and the Dirty-Work Hypothesis. *The Journal of Politics 84*(4), 1932–1946. Publisher: The University of Chicago Press.

Dreher, A., P. Nunnenkamp, and R. Thiele (2008, July). Does US aid buy UN general assembly votes? A disaggregated analysis. *Public Choice 136*(1), 139–164.

Dreher, A., J.-E. Sturm, and J. R. Vreeland (2009a, January). Development aid and international politics: Does membership on the UN Security Council influence World Bank decisions? *Journal of Development Economics 88*(1), 1–18.

Dreher, A., J.-E. Sturm, and J. R. Vreeland (2009b, October). Global horse trading: IMF loans for votes in the United Nations Security Council. *European Economic Review 53*(7), 742–757.

Dreher, A., J.-E. Sturm, and J. R. Vreeland (2015, February). Politics and IMF Conditionality. *Journal of Conflict Resolution 59*(1), 120–148. Publisher: SAGE Publications Inc.

Dunning, T. (2004, April). Conditioning the Effects of Aid: Cold War Politics, Donor Credibility, and Democracy in Africa. *International Organization 58*(2), 409–423.

Dustmann, C. and A. Okatenko (2014, September). Out-migration, wealth constraints, and the quality of local amenities. *Journal of Development Economics 110*, 52–63.

Fishstein, P. (2010). Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan's Balkh Province. Technical report, Feinstein International Center, Tufts University, Medford, MA.

Fleck, R. K. and C. Kilby (2006). World Bank Independence: A Model and Statistical Analysis of US Influence. *Review of Development Economics 10*(2), 224–240. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1467-9361.2006.00314.x.

Fuchs, A., A. Gröger, T. Heidland, and L. Wellner (2023). The effect of foreign aid on migration: Global micro evidence from world bank projects. Working Paper 2257, Kiel Working Paper.

Gafuri, A. (2024, November). Does it Matter Where Foreign Aid Comes From? An Experimental Test. *Studies in Comparative International Development*.

Gamso, J. (2025). Does climate aid reduce perceived climate risks to foreign direct investors? *Climate and Development 0*(0), 1–11. Publisher: Taylor & Francis _eprint: https://doi.org/10.1080/17565529.2025.2471791.

Gamso, J. and F. Yuldashev (2018, October). Does rural development aid reduce international migration? *World Development 110*, 268–282.

Gaumer, G., Y. Luan, D. Hariharan, W. Crown, J. Kates, M. Jordan, C. L. Hurley, and A. Nandakumar (2024, January). Assessing the impact of the president's emergency plan for AIDS relief on all-cause mortality. *PLOS Global Public Health 4*(1), e0002467. Publisher: Public Library of Science.

Goldsmith, B. E., Y. Horiuchi, and T. Wood (2014, January). Doing Well by Doing Good: The Impact of Foreign Aid on Foreign Public Opinion.

Gompelman, G. (2011). Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan's Faryab Province. Technical report, Feinstein International Center, Tufts University, Medford, MA.

Gordon, S. (2011). Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan's HelmandProvince. Technical report, Feinstein International Center, Tufts University, Medford, MA.

Hackenesch, C., M. Högl, H. Öhler, and A. Burni (2022). Populist Radical Right Parties' Impact on European Foreign Aid Spending. *JCMS: Journal of Common Market Studies 60*(5), 1391–1415. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/jcms.13308.

Hammerschmidt, D., M. , Cosima, , and A. Pintsch (2022, July). Foreign aid in times of populism: the influence of populist radical right parties on the official development assistance of OECD countries. *Cambridge Review of International Affairs 35*(4), 478–499. Publisher: Routledge _eprint: https://doi.org/10.1080/09557571.2021.1980498.

Hanauer, L. and L. J. Morris (2014). Chinese Engagement in Africa: Drivers, Reactions, and Implications for U.S. Policy. Technical report, RAND Corporation, Santa Monica.

Headey, D. (2008). Geopolitics and the effect of foreign aid on economic growth: 1970–2001. *Journal of International Development 20*(2), 161–180. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1002/jid.1395.

Heinrich, T., Y. Kobayashi, and E. LawsonJr (2021, December). Populism and foreign aid. *European Journal of International Relations 27*(4), 1042–1066. Publisher: SAGE Publications Ltd.

Heldt, E. C. (2023, November). Europe's Global Gateway: A New Instrument of Geopolitics. *Politics and Governance 11*(4), 223–234.

Hernandez, D. (2017, August). Are "New" Donors Challenging World Bank Conditionality? *World Development 96*, 529–549.

Hoeffler, A. and V. Outram (2011). Need, Merit, or Self-Interest—What Determines the Allocation of Aid? *Review of Development Economics 15*(2), 237–250. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1467-9361.2011.00605.x.

Hoeffler, A. and O. Sterck (2022, August). Is Chinese aid different? *World Development 156*, 105908.

Humphrey, C. and K. Michaelowa (2019, August). China in Africa: Competition for traditional development finance institutions? *World Development 120*, 15–28.

Iannantuoni, A., S. Dietrich, and B. Reinsberg (2025a). Peer-to-Peer Accountability in Foreign Aid: Evidence from the OECD Development Assistance Committee. *Working Paper*.

Iannantuoni, A., S. Dietrich, and B. Reinsberg (2025b, March). Who Reviews Whom, Where, and Why? Evidence from the Peer Review Process of the OECD Development Assistance Committee. *International Studies Quarterly 69*(1), sqae138.

Jablonski, R. S. (2014, April). How Aid Targets Votes: The Impact of Electoral Incentives on Foreign Aid Distribution. *World Politics 66*(2), 293–330.

Kersting, E. K. and C. Kilby (2016, July). With a little help from my friends: Global electioneering and World Bank lending. *Journal of Development Economics 121*, 153–165.

Kharas, H. (2014, February). Development Assistance. In B. Currie-Alder, R. Kanbur, D. M. Malone, and R. Medhora (Eds.), *International Development: Ideas, Experience, and Prospects*, pp. 0. Oxford University Press.

Kilby, C. (2006, June). Donor influence in multilateral development banks: The case of the Asian Development Bank. *The Review of International Organizations 1*(2), 173–195.

Kilby, C. (2013, November). The political economy of project preparation: An empirical analysis of World Bank projects. *Journal of Development Economics 105*, 211–225.

Kilby, C. and K. Michaelowa (2019). What Influences World Bank Project Evaluations? In N. Dutta and C. R. Williamson (Eds.), *Lessons on Foreign Aid and Economic Development: Micro and Macro Perspectives*, pp. 109–150. Cham: Springer International Publishing.

Kim, S. E., J. H. Park, I. Rhee, and J. Yang (2025, February). What do aid recipients want? Public attitudes toward foreign aid in developing countries. *World Development 186*, 106815.

Kosack, S. and J. Tobin (2006, January). Funding Self-Sustaining Development: The Role of Aid, FDI and Government in Economic Success. *International Organization 60*(1), 205–243.

Kuziemko, I. and E. Werker (2006, October). How Much Is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations. *Journal of Political Economy 114*(5), 905–930. Publisher: The University of Chicago Press.

Lanati, M. and R. Thiele (2018a, November). Foreign assistance and migration choices: Disentangling the channels. *Economics Letters 172*, 148–151.

Lanati, M. and R. Thiele (2018b, November). The impact of foreign aid on migration revisited. *World Development 111*, 59–74.

Lee, J. (2022, March). Foreign Aid, Development, and US Strategic Interests in the Cold War. *International Studies Quarterly 66*(1), sqab090.

Lee, M. M. and M. P. Izama (2015, March). Aid Externalities: Evidence from PEPFAR in Africa. *World Development 67*, 281–294.

Lim, D. Y. M. and J. R. Vreeland (2013, January). Regional Organizations and International

Politics: Japanese Influence over the Asian Development Bank and the UN Security Council. *World Politics 65*(1), 34–72.

Maizels, A. and M. K. Nissanke (1984, September). Motivations for aid to developing countries. *World Development 12*(9), 879–900.

McKinlay, R. and R. Little (1978). The French Aid Relationship: A Foreign Policy Model of the Distribution of French Bilateral Aid, 1964–70. *Development and Change 9*(3), 459–478. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1467-7660.1978.tb00772.x.

McKinlay, R. D. and R. Little (1977, October). A Foreign Policy Model of U.S. Bilateral Aid Allocation. *World Politics 30*(1), 58–86.

Mckinlay, R. D. and R. Little (1978, July). A Foreign-Policy Model of the Distribution of British Bilateral Aid, 1960–70. *British Journal of Political Science 8*(3), 313–331.

Mertens, C. (2024, June). Carrots as Sticks: How Effective Are Foreign Aid Suspensions and Economic Sanctions? *International Studies Quarterly 68*(2), sqae016.

Milner, H. V. (2006, September). Why multilateralism? Foreign aid and domestic principal-agent problems. In *Delegation and Agency in International Organizations*. Cambridge University Press. Google-Books-ID: KTIbxACnMgYC.

Milner, H. V. and D. Tingley (2013, September). The choice for multilateralism: Foreign aid and American foreign policy. *The Review of International Organizations 8*(3), 313–341.

Milner, H. V. and D. Tingley (2015, September). Sailing the Water's Edge: The Domestic Politics of American Foreign Policy. In *Sailing the Water's Edge*. Princeton University Press.

Mirza, M., Y. Grant-Greene, M. P. J. S. Valles, P. Joseph, S. Juin, S. Brice, P. Dely, M. G. R. Clement, M. Kumar, M. Silver, S. Wambugu, C. Seebregts, D. Futerman, F. Weissglas,

V. Muthee, W. Blumenthal, T. Wuhib, S. Yoon, and D. H. Rosen (2022, December). Leveraging PEPFAR-Supported Health Information Systems for COVID-19 Pandemic Response. *Emerging Infectious Diseases 28*(13), S49–S58.

Molenaers, N., A. Gagiano, L. Smets, and S. Dellepiane (2015, November). What Determines the Suspension of Budget Support? *World Development 75*, 62–73.

Morten, M. and J. Oliveira (2016, April). Paving the Way to Development: Costly Migration and Labor Market Integration.

Nunnenkamp, P., H. Öhler, and M. Sosa Andrés (2017). Need, Merit and Politics in Multilateral Aid Allocation: A District-level Analysis of World Bank Projects in India. *Review of Development Economics 21*(1), 126–156. _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/rode.12259.

Nye, J. S. (2017). Soft Power: The Origins and Political Progress of a Concept. *Palgrave Communications 3*(1), 1–3.

of the US Trade Representative, O. (2024). Africa Trade Summary.

Portela, C. and J. S. Mora-Sanguinetti (2023, December). Sanctions effectiveness, development and regime type. Are aid suspensions and economic sanctions alike? *World Development 172*, 106370.

Reinsberg, B., A. Kentikelenis, T. Stubbs, and L. King (2019, January). The World System and the Hollowing Out of State Capacity: How Structural Adjustment Programs Affect Bureaucratic Quality in Developing Countries. *American Journal of Sociology 124*(4), 1222–1257. Publisher: The University of Chicago Press.

Reinsberg, B., K. Michaelowa, and S. Knack (2017, October). Which Donors, Which Funds? Bilateral Donors' Choice of Multilateral Funds at the World Bank. *International Organization 71*(4), 767–802.

Rosén, G. and S. Meunier (2023, November). Economic Security and the Politics of Trade and Investment Policy in Europe. *Politics and Governance 11*(4), 122–128.

Sablich, J. and D. Ainsworth (2025). US aid tracker: Following Trump's cuts to international development.

Schraeder, P. J., S. W. Hook, and B. Taylor (1998, January). Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows. *World Politics 50*(2), 294–323.

Steinwand, M. C. (2024). The OECD's Development Assistance Committee in a changing foreign aid regime. *Working Paper*.

Stone, R. W. (2004, November). The Political Economy of IMF Lending in Africa. *American Political Science Review 98*(4), 577–591.

Stone, R. W. (2011, March). *Controlling Institutions: International Organizations and the Global Economy*. Cambridge University Press. Google-Books-ID: 26hKpGiYc1sC.

Suzuki, M. (2023, November). The punitive impact of radical right populism on foreign aid: immigration pressure and mainstream partnership. *European Political Science Review 15*(4), 542–561.

Swedlund, H. J. (2017). *The Development Dance: How Donors and Recipients Negotiate the Delivery of Foreign Aid*. Cornell University Press.

Thiele, R., M. Schularick, T. Heidland, and M. Michael (2025, June). Identifying Mutual Interests: How Donor Countries Benefit from Foreign Aid. *Kiel Working Papers 2291*.

Tokhi, A. and L. Zimmermann (2024). The Far Right and International Organizations: How the Far Right in Government Affects Foreign Aid Funding. Working Paper, Stockholm University, Stockholm, Sweden.

Vadlamannati, K. C., S. Brazys, A. Dukalskis, and Y. Li (2023, July). Building Bridges or Breaking Bonds? The Belt and Road Initiative and Foreign Aid Competition. *Foreign Policy Analysis 19*(3), orad015.

Wagner, Z., J. Barofsky, and N. Sood (2015, June). PEPFAR Funding Associated With An Increase In Employment Among Males in Ten Sub-Saharan African Countries. *Health Affairs (Project Hope) 34*(6), 946–953.

Watkins, M. (2022, October). Undermining conditionality? The effect of Chinese development assistance on compliance with World Bank project agreements. *The Review of International Organizations 17*(4), 667–690.

Wellner, L., A. Dreher, A. Fuchs, B. C. Parks, and A. Strange (2022, March). Can Aid Buy Foreign Public Support? Evidence from Chinese Development Finance. *CESifo Working Paper* (9646).

Younas, J. (2008, September). Motivation for bilateral aid allocation: Altruism or trade benefits. *European Journal of Political Economy 24*(3), 661–674.

Zeitz, A. O. (2024). *The Financial Statecraft of Borrowers: African Governments and External Finance*. Cambridge: Cambridge University Press.