

The security and geopolitical benefits of aid

Briefing

Prepared by Anna Hope, Policy, Advocacy and Communications Lead at Global Nation

The findings set out in this briefing are based on two academic papers: [What geopolitical returns does ODA bring?](#) by Dr Simone Dietrich and Nicolas Bau and [Identifying Mutual Interests: How Donor Countries Benefit from Foreign Aid](#) by economists from the Kiel Institute. They form part of a project led by the Kiel Institute for the World Economy and Global Nation to examine and build the evidence base for mutual interest official development assistance (ODA or 'foreign aid'). 'Mutual interest ODA' is aid that genuinely serves recipients' development goals and, in doing so, also benefits donor countries.

Introduction

The geopolitical environment has shifted decisively, and security concerns are escalating amidst the rise of great power competition and erosion of international norms. In this context, aid cannot be seen as an optional and peripheral development instrument. If taken as a key consideration in foreign and defence policy, it has the potential to strengthen influence, mitigate security risks, and protect donor interests in important ways.

There is a growing body of empirical research that shows how aid can deliver concrete security and geopolitical benefits for donor countries while benefiting its recipients. The benefits for donors are not always immediate and are often difficult to measure with precision in comparison to other areas such as health or economic outcomes, putting limits on empirical research in this area. There also remains significant scope to deepen the evidence base beyond what we have. Nonetheless, the existing research is sufficiently robust to conclude that aid can have a valuable role in advancing security and geopolitical objectives for donors while producing positive outcomes for recipients.

Evidence on the security and stability returns of aid

Aid can help protect donor countries from direct security threats such as terrorism, as well as the harmful 'spillover' effects of large-scale forced migration and economic disruption. While creating these benefits for donors, aid helps foster safer and more

stable countries for local populations. Geopolitical standing, addressed in the second part of this briefing, is also a critical component of long-term security.

Terrorism

Aid can directly and significantly reduce the risks of terrorism. Terrorism is one of the most direct and politically salient security risks to donor country populations, and fragile regions can become incubators for violent movements that reach far beyond their borders.

- Increases in aid for education are associated with significant reductions in cross-border terrorist attacks, with one study showing a reduction as high as 70%ⁱ. Comparable increases in aid to conflict prevention, health and civil society programmes are associated with attacks being reduced by around 30-40%ⁱⁱ.
- There are longer-term cost-savings if aid spent today successfully reduces terrorism and radicalization tomorrow, by reducing demands for future funding towards policing, counter radicalisation and other interventions.

Forced migration

Aid can mitigate large-scale forced migration, which is substantially driven by armed conflict. Cross-national studies show that conflict intensity in origin countries – measured by civil war fatalities, political terror, or repression – has a significant effect on asylum applications to Europe and other OECD Countriesⁱⁱⁱ.

- Post-conflict aid lowers risk of displacement: Aid can reduce recurrence of conflict by up to 36%^{iv}. And preventing renewed conflict can therefore significantly reduce future irregular migration flows^v.
- Alongside stabilisation, it is notable that when aid improves basic services, it reduces the desire to migrate. In Sub-Saharan Africa, a marked improvement in public services (such as health and education) was linked to 27% lower intentions to migrate^{vi}.

Economic spillovers of conflict

Aid can avert the economic costs of conflict that impact donor countries. These can be significant, spanning lost export markets, disrupted supply chains, commodity price volatility, reduced investment opportunities, and refugees and displaced people.

- A civil war in a low-income country is estimated by one study to cost the global economy US\$64 billion^{vii}, while these costs are saved if the conflict is averted.
- Countries trapped in extreme poverty are much more likely to fall into civil war than better-off peers^{viii}, making aid that reduces poverty a sound investment for reducing conflict and its economic impacts.

Evidence on the geopolitical returns of aid

Aid delivers concrete geopolitical benefits for donor countries across key dimensions of enhanced improved international standing, diplomatic influence, and stronger bilateral partnerships.

Soft power

Aid that is effective and trusted improves donor countries' international standing.

Aid can strengthen a donor's image and improve diplomatic relations. During periods of intense great power competition or when seeking support for critical international initiatives, even modest improvements in diplomatic alignment may carry substantial value. The donor must ensure positive wider relations with recipient countries for those benefits to be realised.

- U.S. health aid increased favorable attitudes toward the United States *and* its leadership, particularly in the context of the US President's Emergency Plan for AIDS Relief (PEPFAR) and anti-Malaria programs launched under President George W. Bush^{ix}. It is notable that PEPFAR created wider benefits for recipient countries including increased male employment and significant reductions in maternal and infant mortality^x.
- Aid quality, transparency, and perceived intent are central to soft power gains. While public approval of the U.S. in Africa rose because of its aid programmes, Chinese aid did not generate such effects among the local recipient population.^{xi} And a study of seven countries found a preference among the public for donors viewed as democratic and transparent^{xii}.
- The wider context of the relationship also has a significant bearing on the soft power benefits possible from aid. When aid was provided in Afghanistan during active conflict, it did not improve public opinion. And an experimental study into third-party perceptions of donors found that while South Korean-funded aid projects improved Australian public perceptions of South Korea, when the same project was attributed to China, no such improvement in perceptions of China occurred^{xiii}.

A notable spillover is that countries that perform well in the Global Soft Power Index^{xiv} top foreign direct investment league tables.

Aid can also foster cooperation on donors' issues of interest and strengthen diplomatic influence.

Diplomatic alignment is a well-documented political gain, particularly voting behavior in international organizations. Ensuring meaningful positive outcomes for recipient countries is an important aspect of achieving such alignment.

- Countries with greater voting similarity to the donor receive more bilateral aid^{xv}.

- However, a study on China’s Belt and Road Initiative found no alignment in UN voting patterns between China and recipient countries^{xvi}.

Strengthening bilateral relationships

Aid fosters partnerships, helping to increase influence in strategic regions and driving specific policy reforms that increase alignment and stability with donors.

Aid strengthens alliances and stabilizes geopolitically sensitive regions. It has been used as an instrument in this way successfully for decades. Transparent democratic donors stand to gain the most from these relationships due to higher trust that their aid will deliver better outcomes for recipients.

- U.S. foreign aid during the cold war served to maintain influence in strategically important regions^{xvii}.
- Leveraging aid for specific policy changes in countries is well documented. Most notably, aid from democratic donors has been associated with increased likelihood of democratic transitions, with donors using aid to drive democratic reforms^{xviii}. (It is noteworthy that the reverse is also true when it comes to authoritarian donors).
- There is mounting empirical evidence suggesting that the public in recipient countries tend to prefer democratic donors^{xix}. This presents an opportunity for such donors to improve their geopolitical standing through aid against their rivals.

The main takeaway is straightforward: aid is not only a development instrument. Under the right conditions, not least ensuring meaningful benefits for recipients, it constitutes a security and geopolitical instrument. It has a unique role in delivering risk reduction and gains in influence that are difficult to replicate through purely military or commercial engagement.



About the research

This briefing paper has been produced by [Global Nation](#) and [the Kiel Institute for the World Economy](#) as part of a project to build the evidence on where the greatest mutual benefits lie for foreign aid. [Learn more about the project.](#)

ⁱ Young, J. K., & Findley, M. G. (2011) ‘Can peace be purchased? A sectoral-level analysis of aid’s influence on transnational terrorism’, *Public Choice*, 149, 365-381.

ⁱⁱ Findley, Michael, Joseph K Young, Daniel Strandow, and Olgahan Cat, “Aiding War: Foreign Aid and the Intensity of Violent Armed Conflict,” *International Studies Quarterly*, 2023, 67 (3), sqad048.

ⁱⁱⁱ Hatton, Timothy J., “The Rise and Fall of Asylum: What Happened and Why?,” *The Economic Journal*, 2009, 119 (535), F183–F213. , “Refugees, Asylum Seekers, and Policy in OECD Countries,” *American Economic Review*,

2016, 106 (5), 441–45.

^{iv} Collier, Paul and Hoeffler, Anker, Aid, policy and peace: Reducing the risks of civil conflict,” *Defense and Peace Economics*, 2002, 13 (6), 435–450

^v IDMC (2025) *Global Report on Internal Displacement 2025*. Internal Displacement Monitoring Centre. <https://doi.org/10.55363/IDMC.XTGW2833>

^{vi} Dustmann, C, & A. Okatenko (2014) ‘Out-migration, wealth constraints, and the quality of local amenities’, *Journal of Development Economics*, 110, 52–63.

^{vii} Anke Hoeffler, “Aid, Policy, and Growth in Post-Conflict Societies,” *World Bank Policy Research Working Paper*, 2002, (2902). License: CC BY 3.0 IGO

^{viii} Collier, Paul, *The Bottom Billion*, New York: Oxford University Press, 2007

^{ix} Jakubowski, Aleksandra, Don Mai, Steven M. Asch, and Eran Bendavid, “Impact of Health Aid Investments on Public Opinion of the United States: Analysis of Global Attitude Surveys From 45 Countries, 2002–2016,” *American Journal of Public Health*, 2019, 109 (7), 1034–1041.

^x Wagner, Z., J. Borofsky, 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.

^{xi} Blair, Robert A., Robert Marty, and Philip Roessler, “Foreign Aid and Soft Power: Great Power Competition in Africa in the Early Twenty-first Century,” *British Journal of Political Science*, 2022, 52 (3), 1355–1376.

^{xii} 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. *Worked Development* 186, 106815.

^{xiii} Kim, Eunji and Sejong Lim, “Can foreign aid improve the donor country’s image among a third-party country’s public? The case of a world heritage site restoration project,” *Japanese Journal of Political Science*, 2023, 24 (1), 153–167.

^{xiii} Available at: brandirectory.com/softpower

^{xiv} Available at: brandirectory.com/softpower

^{xv} Alesina, Alberto and David Dollar, “Who Gives Foreign Aid to Whom and Why?” *Journal of Economic Growth*, 2000, 5 (1), 33–63.

^{xvi} Steinert, Christoph V and David Weyrauch, “Belt and road initiative membership and voting patterns in the United Nations General Assembly,” *Research & Politics*, 2024, 11 (1), 20531680241233784.

^{xvii} McKinlay, Robert D and Richard Little, “A Foreign Policy Model of U.S. Bilateral Aid Allocation,” *World Politics*, 1977, 30 (1), 58–86.

^{xviii} Bermeo, Sarah Blodgett, “Foreign Aid and Regime Change: A Role for Donor Intent,” *World Development*, 2011, 39 (11), 2021–2031.

^{xix} Dietrich, S, Bau, N, “What geopolitical returns does ODA bring?”, *Kiel Working Papers*, 2305, 2025