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Prioritizing Opportunities in Development Policy

How Development and Security Cooperation Can Better Serve German Interests and Expectations

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MAY 2026

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Opportunity-Driven Development in Eight Points

1 **German development cooperation urgently needs reform. The field's domestic crisis of trust is only one reason for this, but an important one. Public opinion, however, is less one-sided than political actors often assume: for most people, pursuing self-interest and normative goals are equally legitimate, and the overwhelming demand is for greater effectiveness and burden-sharing.**

- Last year, over 80 percent of the population in Germany did not find their expectations of development cooperation met by their understanding of what happens in practice. Similar numbers see a need for reform and have therefore supported budget cuts. While this impression is politically exploited and fueled from the far right, it resonates deeply into the political center and meets a fundamental dissatisfaction even among those who want to provide assistance for moral reasons.
- Contrary to what is often assumed, this critical take cannot be sufficiently explained by the fact that people care less about the well-being of strangers than about their immediate circle, and that policy areas like health, education or employment therefore matter more than foreign or development policy. For beyond humanitarian emergency relief, there is also a desire to "help the world's poor," to promote democracy and peace, to mitigate the climate crisis, to combat global health risks for the benefit of all, and also to promote German exports or other concrete German interests. Huge majorities express support for all these goals in surveys and are willing to invest tax revenue accordingly.
- For most people, the politically established battle line of "self-interest" versus "values" plays no important role at all: overwhelming majorities want both, but they disapprove of the impression of ineffectiveness, excessive bureaucracy and inefficiency. The wider sense of a "Germany in decline" and a broader trend toward national egoism further fuels the perception of over 60 percent that Germany is contributing more than its fair share.

2 **Many voices from recipient and partner countries have also fundamentally criticized Northern development cooperation for decades, going much more into the specifics beyond exposing global trade as unfair. According to them, development cooperation provides little benefit to so-called partner countries, especially their populations, primarily keeps established and at times extractive elites in power, and/or benefits the so-called donors and the elite NGOs dependent on them more than creating genuinely sustainable change for the common good.**

- Governments and NGOs from the Global South have developed various initiatives aimed at a long-term exit from donor financing and other projects of economic self-empowerment.
- Today, nearly all recipient governments enjoy a degree of choice among "development donors": the formerly Western-dominated quasi-monopoly of semi-coordinated donors has given way to a more open market on which many countries can combine a range of offers with quite different characteristics. China's entry into the infrastructure and connectivity business with the "Belt and Road Initiative" in 2013 is widely considered the starting point for this shift; Russia's offer of mercenaries-for-resources has also expanded the political market for partnerships.
- The most crucial actor for the political and public expectation of fair burden-sharing, in light of the partial US withdrawal, is China. While Germany has likely edged past the United States to become the largest donor in 2025, China is now the world's second-largest economy, but its development contributions are far smaller and recently declined. The Gulf States, too, rank among the top donors only in individual sectors, such as humanitarian aid. At the same time, traditional donors like the United Kingdom, Germany and, most prominently, the United States, have massively scaled back their contributions.

3 **A wide-ranging review of the most robust research findings on the impact of development cooperation yields both good news and bad news: for some of the specific objectives of German development policy, the state of research offers solid evidence of impact — for others, however, it does not, only to a limited degree, or only under demanding conditions for success that are often not found in practice.**

- The most ambitious forms of development policy, which successive German governments have prominently communicated to the public — transformative systemic change for the sustainable overcoming of poverty and massive inequality, but also tangible trade promotion through development cooperation for the benefit of the donor's export sector — are the ones that rest on comparatively thin foundations in terms of scientific evidence. Unsurprisingly, therefore, progress along the 17 Sustainable Development Goals remains modest at best.
- By contrast, most relevant studies show that in fields such as global health policy, emissions reduction, and operational conflict and violence prevention and stabilization, impact and successes have been demonstrated under conditions that can be found in other countries, too. Portfolio allocation, project design and implementation should learn even more from these successes than it has so far.

4 **Development policy should therefore make it an even greater priority to allocate limited funds to countries, sectors and specific objectives for which necessary enabling conditions of success are present, i.e., where the donor sees the greatest opportunity to achieve progress on their goals. These conditions are often identifiable by combining broader research insights with specific feasibility studies.**

Development and conflict research can robustly demonstrate these conditions for success in many, though not all, sub-areas. Such goals can be self-interested or normatively grounded, as well. For opinion research shows: it is not only self-interest that underpins the public's willingness to spend German tax money abroad, but also a strong and widespread sense of humanity, morality and responsibility.

5 **At the same time, the recipient side should not be romanticized: the established reference to technocratically determined "needs" or unquestioned "partner interests" ("local ownership") falls short when enormous and growing "needs" are met only by inadequate and further shrinking resources, and when the most influential representatives of "partner countries" are governments and social elites whose commitment to the common good is not always rock-solid.**

6 **Hence the proposal to strengthen an opportunity-oriented approach as a guiding principle. It is based on established evidence and could — if weighted more heavily than before — place a more honest, more realistic and tougher emphasis on achieving country- and sector-specific strategic goals.**

An opportunity-oriented approach recognizes that the success of any form of support depends on local preconditions that external actors cannot create themselves. Investments must therefore be made more selectively than before — only where and only when the enabling conditions for success in terms of the respective goals are in place. Where the conditions for success are absent, the risks include waste or even unintended contributions to corruption or the exacerbation of conflict risks. Europe should maintain a calm, consistent and neutral stance that denies Washington the symbolic wins of outrage, while affirming confidence and partnership without submission.

7 What these conditions are differs considerably depending on the goal, and in many areas practically useful goals can only be formulated at the level of individual countries. This goes back to the way "development cooperation" has become a vague and diffuse concept, the tangible instruments of

which are divided across many ministries according to budgetary logic and operate according to very different political theories of change that are only partially related to economic and social development.

In the interest of clear and honest public communication, donors should distinguish between four fundamentally different concepts that operate according to different principles:

- humanitarian emergency relief, which helps acutely threatened people secure their short-term survival;
- vital investments in global public goods such as mitigating climate change or reducing pandemic risks;
- strategic, often short-term support for partner states driven by the donor's own foreign, security or trade policy interests; and
- development- and sustainability-oriented support for partner states.

Shared among all four concepts is the fact that the established role of needs-based allocation can no longer be sustained: needs far exceed the investment willingness of wealthy societies; many needs (especially outside the humanitarian field) are barely objectively verifiable and subject to considerable perverse incentives for the one-sided enrichment of ruling elites; and needs-based allocation has in the past led to successes in terms of the respective goals only in isolated cases.

8 **For Germany, alongside and apart from humanitarian emergency relief (which is not the subject of this paper), a stronger opportunity-oriented approach could be applied to the key priority areas of the new BMZ reform plan as follows, if one takes the state of development and conflict research on conditions and prospects for success as a basis:**

- **Effective and sustainable poverty reduction** succeeds almost exclusively where good governance is in place; only the promotion of basic education appears to be relatively independent of this in terms of its impact. Good governance here means more than merely the technical conduct of elections, as autocratic structures often foster structural poverty, malnutrition and massive inequalities. In this respect, purely humanitarian engagement without ambition for societal change must be clearly distinguished from the attempt to durably reduce poverty. Only the latter constitutes "development," and it will succeed only in countries with reliable institutions that are perceived as just and responsive. In a number of countries, such at least rudimentarily democratic conditions exist in part, and strong societal and political forces are working to deepen them. In those cases, there is an opportunity to pursue the promotion of rule of law and democracy with a higher ambition for active change, rather than merely defending democracy and "shrinking spaces."
- **The promotion of security, stability and peace** likewise depends on influential actors on the ground, both where conflict plays out openly and in neighboring countries, throwing their full weight behind it and pursuing promising strategies against violent aggressors. Where these conditions are met, there is the opportunity for external support to have a chance of success. In many conflict regions, these preconditions do not exist today; the sobering track record of European actors in the Central Sahel should continue to serve as a cautionary tale. Elsewhere, however — for instance in Ukraine and Syria — European governments can work with genuine local partners in government, business and civil society. Positive prospects for success additionally require, beyond promising local conditions, a willingness by donors to invest substantively and over the longer term, strong integration of civilian and military instruments, and close integration with wider efforts of statecraft. For preventive security engagement, shorter-term and more manageable investments are also viable, but the demands for a differentiated understanding of the local political landscape, close civil-military integration and political steering (rather than trying to achieve political success with largely technical tools) are equally high if genuine prospects of success are to be achieved.

- **Sustainable and equitable economic growth** is the most effective path to lasting poverty reduction, but external support for it also requires a level of good governance and positive enabling conditions, for example with regard to markets. Economic cooperation can also facilitate access to scarce raw materials or intermediate products or promote market access for donor exports. The former mechanism is plausible but barely studied to date. Export promotion is more likely to succeed in countries above a certain prosperity threshold, particularly when investments flow into economic infrastructure (transport, telecommunications, energy, financial markets) or social infrastructure and improved governance. The macroeconomic benefit for donors, however, remains modest.
- **Investments in global public goods** such as mitigating climate change or reducing risks from pandemics, highly infectious diseases or anti-microbial resistance (AMR) have worked best through multilateral channels so far. There, the barriers to impact are lowest and the prospects for success highest. Climate mitigation projects aimed at CO_2 reduction also produce significant return flows benefiting the economies of donor countries, though the benefit to individual donors likely follows market dynamics at least in part — and there are only some specific niches in which Germany remains competitive. Climate adaptation measures are rapidly growing in importance but have been less widely researched in terms of their conditions for success. Health investments pay off as very modest precautionary investments directly for donors as well, whose globally interconnected economies are extremely vulnerable to health-related disruptions.

Interests and Cooperation

German development cooperation is under massive pressure to change. Long-standing partners, above all the United States, are increasingly withdrawing or setting new priorities that contradict Germany's own goals. The Bundestag majority is providing fewer resources for the fourth consecutive time, and the largest governing faction is demanding a much stronger alignment of development with the interests of the German economy.

In politics and among the public, there is still broad support for the fundamental ideas of solidarity with the vulnerable and of Germany's self-interest in the prosperity, freedom and security of others. At the same time, there are strong doubts about the effectiveness of the instruments and the fairness of Germany's contribution in the midst of a global economic redistribution phase in which Germans feel they are on the losing side.

Development Minister Reem Alabali-Radovan responded to these challenges in January 2026 with a "Reform Plan" entitled "Shaping the Future Together Globally," which outlines not a radical change of course, but many smaller changes intended to make German development cooperation "more strategic, more focused and more partnership-oriented."[1] Inevitably, many details of the planned changes remain to be specified in implementation.

This paper, published in German in early March 2026, aims to contribute to the ongoing discussion[2] and the necessary decisions by taking up the critical questions in politics and society and contrasting them with the answers from the relevant fields of research. How can development cooperation better meet the expectations of the German public? What can it mean to better serve German interests while also becoming more effective for the various target groups in partner countries? What can development policy learn from the findings of relevant research for the implementation of its reforms?

The focus is not on humanitarian emergency relief, which operates according to different principles, lies primarily outside the portfolio responsibility of the BMZ, and is discussed in detail elsewhere. Instead, this paper addresses the other components of so-called development cooperation: vital investments in global public goods such as mitigating climate change or reducing pandemic risks; strategic, often short-term support for partner states driven by Germany's own foreign, security or trade policy interests; and development- and sustainability-oriented support for partner states.

The starting point is an appeal for modesty and realism. Neither does the bulk of investments declared as ODA have realistic prospects of making fundamentally transformative contributions to economic and social development — that is, to sustainably growing prosperity in partner countries — nor does a broad majority of the population or the political class expect this. Local conditions are too volatile, genuine change too difficult. The electorate can see this at home in Germany, under far easier conditions than in many recipient countries. The simplified notion of the birth of development cooperation after the Second World War — that prosperity could be effectively exported through financial transfers and the superior expertise of "more highly developed" societies, and that this would automatically benefit the former donor countries — has proven true only for a minority of target countries, among them Germany itself in the context of the US Marshall Plan.

The starting point is an appeal for modesty and realism.

It has been long established that fundamental preconditions for development success such as functioning markets and efficient, public-interest-oriented governance can only be promoted through development policy interventions if a set of challenging preconditions are met on the side of local partners. Moreover, there is no donor-side development consensus: state-capitalist or neo-feudal regimes, including on the donor side, deliberately deploy their power at the

expense of other states and consciously forgo mutual benefits. The German public and its politicians feel this harsh reality too — and therein lies an opportunity for a more honest, more realistic development policy.

What Do Germans Want from Development Cooperation?

Any interpretation of survey data on development policy must begin with the reminder that for the vast majority of the population, this policy field ranks among the less prioritized topics. It barely touches everyday life, quite unlike health, education, pensions, the economy, domestic security, or even new technologies, environmental pollution, climate change and the increasingly concrete fear of war and violence. This is all the more true in times of uncertainty and crisis: the large majority feels ever greater pressure to manage their own lives and to help out in their immediate social neighborhoods. The increasingly threatening global situation is experienced by many as a massive source of pressure on their own lives,[3] yet it is not an area in which the individual experiences agency. It is thus a source of burden, yet little attention remains for the more abstract question of how Germany should engage in the world out there — let alone for the complicated details of development cooperation.[4]

Against this backdrop, there are two key findings that stand out from the methodologically sound population surveys of recent years:

- The population in Germany continues to see itself as bearing responsibility for a solidarity contribution on behalf of people and countries in need — a goal "one can be proud of," say 79 percent of all respondents and even 71 percent of the segment that the research institute More in Common describes, in their basic attitudes toward polity and politics, as the "Angry."[5] However, large majorities also judge the current scale of development cooperation as disproportionate compared to other industrialized countries (63 percent); most support the spending reductions made by both the previous and the current German governments (55 percent). The desire for savings is particularly strong among certain population groups: 74 percent and 81 percent respectively of people whom More in Common categorizes as the "Disappointed" or "Angry" were in favor of cuts last year. Against this strong and loud opinion, the remaining roughly two-thirds of the population offer no comparably strong pushback: across all other segments, opinion is divided, and nowhere is there an energetic majority in favor of the status quo.[6] In a fall 2025 Körber Foundation survey, a narrow majority does favor "more international engagement" by Germany, but only 7 percent of those support "more financial engagement."[7]

- Yet the widely shared elements of a desired vision for German development policy continue to combine altruism with self-interest. Large majorities want Germany to stand up for human rights and democracy, against wars and conflicts, against hunger and disease, for the rights of women and girls worldwide. Large majorities also want Germany to work toward fewer refugees coming to Germany, greater security for Germany, and the opening up of new markets for German companies. Which of these principles prevails appears to depend on the framing of the question — when asked about goals, the largest majorities sometimes favour goals such as "human rights and democracy," and in other formulations "opening up new markets" or "strengthening international security so that there are fewer wars and conflicts." How much Germany spends on specific countries should primarily be guided by their "level of need" (61 percent) rather than by the "benefit or harm to Germany" (33 percent), however — but such specific questions must be treated with great caution given social desirability bias and the widespread perception of the instruments' ineffectiveness. More interesting is that even among the population segments most critical of the state and the government, large majorities support humanitarian and solidarity-oriented goals (around 70 percent for humanitarian emergency relief, about two-thirds for education, over 50 percent for infrastructure investment — compared to even larger majorities among most other population groups).[8]

A political showdown between a normatively driven and a self-interested development policy thus caters to only very limited target audiences. The vast majority wants both: engagement that works — both to do good where our help is most urgently needed, and to promote legitimate self-interests. Many seem to believe that development cooperation to date has been exclusively about doing good; this misperception reflects the tradition of official government communication for decades, regardless of governing party or minister in charge. It is this impression that 71 percent of respondents push back against when they demand that Germany should "put its own interests more to the fore," while the majorities cited above want, in comparable proportions, to "do good" as well. Anyone who openly advocates for balance counteracts this one-sided impression: representing one's own interests in the world, including vis-à-vis poorer countries, is legitimate and also contributes to strengthening one's own credibility from the perspective of partners — just as discharging moral responsibility as an above-average wealthy society does.

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At least as important for restoring public support — and considerably more difficult than what is primarily a change in narrative — would be to counter the impression of aimlessness and ineffectiveness. Clear majorities characterize Germany's approach in the world as "humane" (58 percent) rather than "cold-hearted" (37 percent) and approve of this — but they also see it as "aimless" (58 percent) rather than "strategic" (38 percent). Overwhelming majorities across all population groups attest that German development policy is "in need of reform" (80 percent), suspect "too much corruption" (80 percent), describe it as "too bureaucratic" (78 percent), and believe it "benefits only foreign governments and does not reach the people" (74 percent).

Criticism from the "Global South"

The existing practice of Western development policy is not only attacked at home but has also been subject to at times fundamental criticism from the very societies that should be its primary beneficiaries.

Structurally unequal economic relations and knowledge hierarchies as well as the legacies of colonialism preserve extreme competitive disadvantages for a large proportion of the world's countries, the scale of which far exceeds what development cooperation can address.[9] Imposed objectives, particularly the Western-driven agenda of economic liberalization and globalization in the late 20th century, have seriously harmed weaker economies.[10] Particularly for the least developed countries, dependence on development aid has become a trap, as governments are thereby less accountable to their own people than to donors — whose funds moreover distort local markets and, under weak institutional frameworks, foster corruption.[11] Weak institutions are also one of the most important reasons why decades of development cooperation in many countries have not led to self-sustaining economic growth[12] — while the strengthening of these institutions was at times at odds with the dominant development agenda, at times impeded by enduring dependency relationships, and at times blocked by the extractive interests of local elites.

Beyond demands for reform of the global economic order in general and of development cooperation in particular, countries of the Global South have taken a number of independent countermeasures such as expanding South-South cooperation or monetary emancipation (e.g., in West Africa, the protracted abolition of the "Franc CFA"[13]). These are, however, moving only extremely slowly and have had very limited impact to date — unsurprisingly, given both the structural disadvantages of their protagonists and the often ambivalent role of their own economic and political elites.

The new "donor diversity" in the development financing market therefore represents, for many recipient governments, a pragmatic middle path toward strengthening their own position. The Western monopoly offer of the 1990s and 2000s — not perfectly but increasingly integrated — has been supplanted in particular by China, but in individual areas also by the Gulf States, Turkey, and Russia (private security services), while the "Western" offer has become increasingly fragmented and is downsizing quickly. This creates new negotiating space that is being used with growing assertiveness: European development cooperation is in fierce competition with other donors.[14]

Financial Burden-Sharing in Practice

In 2025, Germany contributed the second-largest share of development financing worldwide, just barely ahead of the United States. Per preliminary OECD figures, Germany's investment amounted to 29.09 billion USD, while the United States ended up with 28.95 billion USD during the year in which the administration gutted its aid agency.

China, the world's second-largest economy after the United States, does not participate in the OECD statistics, but scholarly estimates for 2022 put the volume of ODA-equivalent resources at between five and eight billion USD, which would have corresponded to 6th or 13th place — similar to the Netherlands, Canada, Norway or Sweden.[15] Estimates for 2026 project that this massive imbalance between G7 countries and China will not change, since the trend on all sides, including in China, is pointing downward – unlike in the financing of the UN system and other forms of economic and political influence.[16]

The role of other growing economies such as the Gulf States and Turkey also remains modest in the global frame, though increasingly influential within their respective regional and thematic priorities: according to OECD figures, Turkey recently invested 7.5 billion USD (2025), Saudi Arabia 5.6 billion (latest available figures from 2024), the United Arab Emirates 3.4 billion (2025), and Qatar 910 million USD (2025) – all growing in recent years. Overall, however, the contribution of "new" donors outside the OECD's Development Assistance Committee ("DAC") has been fairly stable for over ten years at a total of approximately 10 percent of what the "traditional" DAC donors contribute.[17]

Existing Allocation Patterns Are Often Not Supported By Evidence

Beyond these fundamental questions and changes, the shrinking resources overall for all aspects of development cooperation also raise a purely quantitative question of whether the existing allocation logics and the underlying assumptions of donors about economies of scale and impact can still hold — if they ever did. In many developing countries, private remittances from migrants living and working in wealthier countries contributed significantly more to the population's welfare and to economic output than all development funds combined — and that was before the recent cuts. Together with the new donor diversity, the financial leverage available to donors to pursue any objectives has certainly not grown.

In important sectors such as global health, moreover, an infrastructure is collapsing that had been financed almost solely by the United States. Without it, some projects funded by other donors can no longer operate at all, let alone achieve critical mass to maintain their previous level of impact.

Furthermore, sluggish allocation patterns persist that are too slow to respond to the disappearance of critical preconditions for successful initiatives. As one example, Mali was until 2023 among the largest recipient countries of civilian peace and security investments worldwide, even though the prospects for such projects had evaporated at the very latest with the

coups of 2020 and 2021. At 270 million USD annually between 2021 and 2023, this amounted to approximately 20 USD per capita of the people directly exposed to the conflict — four times as much as in Sudan, the deadliest war during this period, and twice as much as during the peak phase of stabilization in the Syrian opposition areas, for which donors invested only about 10 USD per exposed person.

In northern Nigeria, by contrast — one of the few conflict zones where comparatively significant successes in the fight against Boko Haram and other armed groups have been achieved in recent years[18] — per capita investment was just under 2 dollars. In the West African coastal states of Ghana, Togo, Benin and Côte d'Ivoire, which are credited with far better prospects for success than the Central Sahel states or Sudan, donors invested the same 5–7 dollars per exposed person as in Sudan — roughly a third as much as in the Central Sahel, where the prospects for success were already minimal during the period under review.[19]

Sluggish allocation patterns persist that are too slow to respond to the disappearance of critical preconditions for successful initiatives.

Similar findings emerge using other metrics — whether related to total population or to projected casualty figures — and comparable examples exist across other sectors of development policy. Funding is obviously not a perfect predictor of impact on its own; nor are there standard solutions for addressing such diverse conflicts or pursuing development goals.

There is, however, scarcely any robust research or evaluation evidence that would justify such extreme disparities and the associated expectations of success — on the contrary: the failure in Mali, for example, is well documented, and so are its causes, which lie principally in unfavorable political conditions. The same applies to other conflicts and to a range of development investments — particularly those that depend for their success on competent, independent and public-interest-oriented political and rule-of-law institutions.

The allocation patterns of donor investments thus demonstrate very clearly that donors would do well to assess their own influence on development and conflict dynamics far more modestly than has apparently been the case. For "more is more, regardless of how unfavorable the conditions" is evidently not a valid rule of thumb. On the contrary: local and regional enabling conditions are decisive for what opportunities external actors have to exert any kind of influence on political and economic dynamics on the ground. This fundamental insight, documented a thousandfold in development research and synthesized for the conflict domain once more in the many inquiries and lessons learned studies about Afghanistan 2002-2021, should become a far stronger guiding principle of future prioritization.[20]

And if the ambition in some countries is not at all to contribute in a tangible way and within foreseeable timeframes to development or peace overall, but rather, for example, to save lives on an ad hoc basis or to keep channels of communication open with certain governments, then greater honesty is called for: in such cases, what is taking place is not development cooperation or conflict management, but humanitarian aid or diplomacy, supported by strategically-motivated investments. The OECD counts such engagement as part of development financing as well, but the crucial point is that they be designed and communicated honestly and realistically. For then these projects must and may be conceived quite differently, and their success must be measured against their actual objectives.

Opportunity-Driven Development in Practice

Taking the state of development and conflict research on conditions and prospects for success as a basis, a number of opportunities for prioritizing more strongly based on opportunities for success measured against specific, explicit and operational goals would present themselves across the four priority areas of the BMZ reform plan. Humanitarian emergency relief, while part of development financing in the sense of the OECD definition of "official development assistance (ODA)," is not examined in greater detail here — nor is it in the BMZ reform plan.

Goal No. 1: Poverty, Hunger and Inequalities incl. Democracy, Rule of Law & Civil Society

German development policy sets itself the same primary goal as before: to reduce poverty, hunger and inequality — both as an expression of the solidarity-based responsibility of one of the world's wealthiest nations, and in the self-interest of a country whose "future — our peace, our security and our prosperity — depend[s] decisively on our relationships and partnerships with the Global South," as Development Minister Reem Alabali-Radovan writes in the foreword: "International solidarity is not a moral luxury, but a strategic necessity."

The plan continues: "Poverty, hunger and inequalities are not laws of nature and can be overcome." Whether development cooperation possesses effective tools to substantially accelerate or even initiate a locally led poverty reduction strategy is, however, highly contested in development economics. For the demonstrably most effective tool against poverty is economic growth — but only if it reaches all strata of the population, that is, if per capita income rises durably and inequality declines. Promoting economic growth, however, is assigned by the new BMZ strategy to Goal No. 3, economic cooperation (→ page 15). Under Goal No. 1, the BMZ is thus concerned with other forms of poverty reduction, specifically food security and basic education.

Under real-world conditions in many partner countries, however, ensuring food security faces a similarly mixed track record and the same demanding conditions for success as the promotion of broad-based economic growth. In principle, food security measures have worked; data from recent decades demonstrate that an increase in development expenditure equivalent to 10 percent of the recipient country's economic output lifts, on average, 0.06 percent of the affected population out of absolute poverty.[21] Ten percent of the recipients' economic output, however, would already require the bulk of global ODA funds for the least developed countries alone: 10 percent of LDC economic output amounts to approximately 150 billion USD per year according to UN figures, while the OECD puts the total volume of all development expenditure (ODA) for 2024 at 212 billion USD.[22]

Fighting poverty requires strong institutions. Where local forces work to expand democracy and rule of law, they should receive more active support.

Accordingly, the real track record is rather bleak: the number of hungry people has risen in recent years, instead of declining as envisaged under the Sustainable Development Goals (No. 2). This is partly attributable to the COVID-19 pandemic and Russia's invasion of Ukraine, but also to an overall investment volume by the donor community that experts assess as insufficient to achieve the necessary economies of scale. The agriculture and food security sector has since faced enormous further cuts; the European Union's Joint Research Centre projects a decline of 81 percent in global funding — a catastrophic outlook for many millions of people, reflecting the dominant role of the United States before the dismantling of USAID.[23] At the same time, it is well established in the relevant literatures that development cooperation can make effective contributions to the longer-

term improvement of food security only in well-governed countries — meaning that in many of the countries whose populations most urgently need help, this form of support works far less effectively.[24]

The other impact pathway prioritized by the BMZ — through basic education — rests on a somewhat stronger evidence base. Targeted support for national education programs increases school attendance. Attendance alone, while saying little about learning outcomes and thus the quality of education,[25] does measurably affect income. A frequently cited finding holds that an additional year of primary education in low-income countries leads to approximately 10 percent additional income later in life.[26]

With the exception of basic education, effective poverty reduction and hunger alleviation thus depend fundamentally on those in power governing well. Good governance should not be trivially equated with the occasional conduct of elections or even with the guarantee of democratic freedoms, but with genuinely public-interest-oriented policy, which is best ensured durably through effective relationships of accountability to the population — that is, genuine democracy and the rule of law. Autocratic structures, whether in sham democracies or dictatorships, often foster structural poverty, malnutrition and massive inequalities.

If the Federal Government therefore wishes to contribute, beyond short-term humanitarian engagement, to the lasting reduction of poverty, malnutrition and extreme inequality, this will succeed under conditions of scarce development investment only in countries with reliable institutional frameworks that are perceived as just and responsive — that is, substantively democratic. In a number of countries, such frameworks exist in part, and considerable societal and political forces are working to entrench them more firmly. In those cases, there is an opportunity to pursue the promotion of the rule of law and democracy with a higher ambition for positive change, rather than merely the defensive protection of democracy and "shrinking spaces," as the reform plan's present goal is framed in very cautious terms.[27]

Goal No. 2: Security & Violence Reduction

"It is in Germany's and Europe's security interest to strengthen societal resilience and human security in other countries as well, in order to address crises and prevent violent conflict," the BMZ reform plan states in justifying the high priority assigned to "peace and stability." So far, so clear: insecurity and instability outside Europe affect Europe and Germany in varying ways and to varying degrees.

War, displacement and repressive rule force people to flee, with massive direct impacts on both transit and host countries. War- or repression-driven displacement is, moreover, harder to influence than economically motivated migration: empirical studies show, particularly for war- and repression-driven flight, that "push" factors explain significantly higher shares of migration decisions than "pull" factors on the side of host countries.[28] Short periods of extremely high arrival numbers have brought high costs and massive political shifts in European host countries, but also waves of willingness to help, especially toward war refugees. A core idea behind what in Germany is the uniquely vague notion of "fighting the root causes of displacement" ("*Fluchtursachenbekämpfung*") lies in violence reduction and prevention as a means of avoiding or reducing such refugee waves.

The "import" of terrorist networks and attacks is the exception today. Most terrorist groups based outside Europe confine themselves today to local political objectives and accordingly carry out their attacks in their home regions. Security authorities and researchers alike locate the primary sources of the terrorist threat in Europe in domestic networks, above all far-right networks and ideology-free ("nihilistic") motivations. Islamist-motivated terrorism plays a lesser role and, notably, cannot be reduced through development policy interventions in conflict regions outside Europe.

Through commodity prices and disrupted supply chains, instability, violence and war directly affect the economies of donor countries as well. Not only oil and gas prices, but other commodities too, produce such effects. As other raw materials gain importance for increasingly central elements of modern economies — for example for solar energy or battery technology — such vulnerabilities will continue to grow. Beyond this, insecurity along trade routes directly affects production and supply chains as well as prices: the disruptions in food markets following the start of Russia's invasion of Ukraine in 2022, rising oil prices in response to violence around the Persian Gulf, longer flight routes around Russia, and supply risks in the semiconductor sector in the event of a war over Taiwan are but a few examples.

In response to all these challenges, German development policy "addresses structural causes of fragility through crisis prevention and conflict management, in order to prevent new crises and defuse existing ones. It participates in reconstruction and supports countries and communities in partner regions in receiving and providing for refugees," according to the BMZ reform plan.[29] The focus is to be narrowed to priority regions (the EU neighborhood, North Africa and the Middle East, the Sahel and the Horn of Africa), to war and displacement, and support for reconstruction and social protection is to be strengthened; investment in analysis and strategic foresight as well as early warning is also to be increased.

The state of research offers clear pointers in this field for a further sharpening of the intended priorities. It also highlights the risks should this sharpening fail to materialize. The key question is how to implement the idea, deeply rooted in German development cooperation, of addressing "structural causes of fragility." Intuitively and therefore communicatively compelling, the track records of both structural prevention of violent conflict and "overcoming" fragility are more than mixed. With an investment volume that no recipient country in the world can even contemplate in the years ahead, a coalition of over 60 states failed, in Afghanistan between 2002 and 2021, to overcome the "structural causes of fragility," and in the Sahel region and the Horn of Africa the record is no better. The reason is simple: fragility, according to OECD definitions, is understood very broadly in practice, and "thus the concept of fragility, in practice, describes with little precision the normality of weak state institutions."[30] To fundamentally overcome this normality under conditions of a conflict or post-conflict situation — that is, to make weak institutions vastly stronger — is a political Herculean task that far exceeds the capabilities of development cooperation.

The best prospects for effective crisis prevention lie with "operational" rather than "structural" approaches.

A more promising starting point begins with realistic ambitions. The "security interest of Germany" invoked at the outset of the reform plan evidently does not require transformative restructuring in all countries suffering from weak institutions combined with more or less regular political violence. On the contrary, the reform plan reveals a clear focus not only on geographic proximity to Europe, but also on extreme instability or violence. This is eminently sensible, and it is an opportunity to lean more heavily than before, alongside and within the framework of reconstruction, on the concept of "operational prevention": that is, working to mitigate the very specific drivers of violence that, in the foreseeable future, are likely to trigger or escalate the risks that threaten one's own interests or goals.[31] That this can succeed has been demonstrated by, among others, the United States in the 2010s in several cases in point (e.g., electoral violence in Burundi), even if both the practical prioritization of operational conflict and violence prevention and its scholarly study remain in need of further development.[32]

Conflict situations also require particular attention — not least against the background of a concerned public — to the risks of unintended consequences. This is not a technical exercise, but rather an area in which development cooperation cannot be apolitical. Financial flows and political advantages are the subject of political contestation between competing power centers and can thereby themselves become drivers of violence, especially in countries with weak institutions. This makes it especially difficult to design preventive or reconstruction aid strictly

according to the needs and wishes of local partners ("local ownership") — for one must simultaneously be mindful that "concentrated financial flows often become military targets and increase casualty figures,"[33] while "effectiveness depends on comprehensive, sustained approaches that address both short-term stabilization requirements and longer-term governance reforms."[34] Often these reforms cannot be forced, meaning the implication is not only greater investment in good governance but also greater self-restraint in confining cooperation to truly constructive partners.

Where key drivers of conflict, particularly in intra-state conflicts, lie in the unjust distribution or inadequate provision of services to certain regions or population groups by the government, genuine remedy is indeed effective and is therefore violently opposed by rebel groups or systematically undermined by otherwise interested elites: successful expansion of basic services in previously underserved regions leads to shorter wars, but this requires the effective provision of security — otherwise the new service structures become targets of violence, as they threaten the authority of armed rebel groups. "Services" can be broadly defined here and very much includes the provision of security. Thus, a well-known study shows that infrastructure investments specifically aimed at better connecting "disconnected" areas to economic centers had positive effects.[35]

Overall, the Federal Government is well advised to use the pressure to prioritize and the scientific evidence to give more concrete shape to its chosen path of promoting peace, security and stability. Precisely under conditions of conflict and instability, there are no long-term reliable enabling conditions for the structural transformation of political and economic systems; rather, the task is to navigate by sight with a horizon of several years. Countries in which plausible preconditions for success for the respective context-adapted goal package exist should receive preference in the allocation of scarce resources over those partners where the intended common path toward peace and stability rests on barely tenable foundations.

Constructive governance does not result from external coercion. We can only limit our support to partners who already govern constructively.

More prevention is important, and from a financial standpoint alone a far smarter investment than (necessary) reconstruction only. But here too, the aim must be to invest more selectively in operational prevention opportunities rather than in the endless and fruitless elimination of structural causes of fragility or conflict, for which the available resources fall far short. In both prevention and reconstruction, even more than in development cooperation overall, analysis and program design must delve far below the nation-state level. Small-scale and locally tailored initiatives — whose totality is at the same time scaled up sufficiently overall and flanked by astute macroeconomic interventions — so as to influence the political incentives of actors as directly as possible, can make the outbreak of violence significantly less likely, shorten ongoing conflicts, and facilitate the reconstruction of a viable peaceful polity.

Goal No. 3: Economic Cooperation for Sustainable and Equitable Growth

"Economic growth is a fundamental basis for prosperity, social security and sustainable, equitable and peaceful development," the BMZ writes, adding: "Through its development policy engagement, the BMZ creates the enabling conditions for development-conducive private sector engagement, equitable trade relations, local value creation and thus broad-based growth in partner countries."[36]

Broad-based economic growth is indeed one of the keys to sustainable development. However, more recent, methodologically compelling studies find only small effects of external development cooperation on broad-based growth, or none at all.[37] The causes lie in the multitude of ways in which partner countries are structurally disadvantaged in global economic competition, in particular weak institutions. Where significant growth does occur — for example

driven by raw materials exports — it rarely benefits the majority of the population. One of the more optimistic studies estimates that an additional percentage point of growth would require external aid equivalent to approximately 10 percent of the recipient country's economic output.[38] As with food security (page 13), the donors' stated objectives are thus receding ever further from reach as development investment declines: to move from the current average of approximately 4.4 percent economic growth across the 45 LDCs to the Doha Agenda's growth target of 7 percent, at least 400 billion USD would need to flow into growth-enhancing measures in the 45 poorest countries alone.[39] For comparison: total development expenditure by OECD donors in 2024 reached only 215 billion dollars.

The BMZ specifically intends to focus on promoting "diversified and resilient supply chains and markets" with developing and emerging countries as well. Given the increasing use of economic dependencies as a political lever (weaponization of supply chains), this is a particularly pressing issue for the European economies. In the past, donors have already responded to the discovery of new raw material deposits in developing countries with markedly increased development investment. Whether this has led to measurable economic advantages for the respective donors, however, is unclear. Moreover, key enabling conditions for capturing such effects are likely evolving very dynamically at present, which overall supports the impression of a considerable research gap, as Heidland and colleagues note.[40]

By contrast, the economic benefit of development for the German economy, a goal with plenty of political support in parliament, is considerably better investigated by development economists. The BMZ reform plan does well to temper expectations here, at least implicitly. First, export promotion and additional opportunities for profitable direct investment in partner countries are fundamentally plausible impact pathways in this regard — for example, through the direct awarding of development-cooperation-financed contracts to companies from the donor country, which of course directly increase export revenue in very specific economic sectors such as energy and infrastructure. Long-term advantages can arise through strong growth in the partner country, if purchasing power rises and people and businesses can in future afford more high-quality goods and services from the donor country — provided correspondingly competitive offerings in global market comparison.

Empirical studies consistently find positive export effects benefiting the donor, and above all through the most direct and short-term channel: as a result of tied procurement. This implies, however, that the scale of these positive effects is necessarily smaller than the respective volumes of bilateral aid payments, and the overall economic effect for the donor economy is accordingly very small. Of a total volume most recently (2024) of just under 0.6 percent of German economic output that at least indirectly benefited a recipient country (and did not remain in Germany, for example as reception and care costs for refugees),[41] only a limited share can flow into contracts for the German economy. For Germany, the most optimistic studies, based on data for 1978–2011 overall — that is, beyond tied procurement and over many years — arrive at an estimate of approximately 83 cents of additional exports per USD of development investment actually spent in the partner country. These effects benefited, during the period under review, in particular companies in mechanical engineering, transport and electrical equipment manufacturing, metals, food processing and services. The research team itself notes that Germany was very competitive on the world market in these sectors for considerable portions of the study period — which is no longer the case to the same extent today.[42]

Development cooperation can support donor exports, but with only very limited effects on the donor economy.

In addition, it should be noted that tied procurement is never economically beneficial for the recipient side, since donor-country suppliers are never the most cost-efficient under conditions of "captive" markets: the efficiency of development investments suffers, and the donor side sacrifices part of the development impact in favor of its own economy. Nonetheless, there can be economic benefits for the recipient side that offset the obligation to purchase at inflated prices from the donor — for example, if an infrastructure project contributes to durably higher

economic growth in the recipient country. Tied procurement can, however, also serve only one-sidedly the donor and the interests of narrowly defined local elites on the recipient side; corruption risks can be enormous.

Likewise, positive effects on donor exports to recipients from trade-facilitating infrastructure investments are demonstrable. The extreme case is again Japan, which systematically aligns its development investments with the promotion of its domestic economy. After decades of refining this practice, the Japanese government extracts approximately 1.10 dollar in export revenue for every dollar of specifically trade-facilitating development investment, while in the case of France only about 60 cents per dollar flow back.[43] An older study attempts to quantify the average relationship and finds that a doubling of trade-related development aid brings the donor approximately 3 percent more exports.[44]

By contrast, universally valid, empirically demonstrable effects of any kind of development cooperation on direct investment from donor countries do not exist. The available studies do make clear, however, that under certain contextual conditions a positive effect can likely be measured, attributable to improved investment conditions for donor-country companies. This can apparently be the case when development investments flow into countries above a certain prosperity threshold and there specifically into certain forms of infrastructure (transport, telecommunications, energy, financial markets),[45] and particularly into social infrastructure and improved governance.[46] This "vanguard effect" — development cooperation as a "vanguard" for subsequent commercial direct investment from the donor country — is best documented for Japan.[47] Economists point out, however, that in such studies a particular methodological risk cannot be entirely excluded: that what is actually being captured is the reverse relationship — that is, the positive effect of growing direct investment from the donor country on development cooperation with the recipient country.[48]

In the area of promoting broad-based economic growth and the donor-side economy as well, the design therefore depends on finding individual niches — countries and sectors — where the intended effects are realistic. Across the board, research shows that investments in social/political and physical infrastructure are most closely associated with growth successes — but these in turn succeed only where they are driven forward with determination by local governments.

Goal No. 4: Strategic Alliances to Strengthen Global Solutions and the Multilateral System

"Global challenges such as climate change, pandemics and conflicts," the BMZ argues in the reform plan, "can only be solved as a global community of solidarity. Strengthening international cooperation and the multilateral development system are therefore declared goals of the reform process." For genuine global public goods such as the Earth's climate and protection against highly infectious diseases or, for example, antimicrobial resistance (AMR), this is correct; for conflicts, this framing can apply only in part (and encounters narrow practical limits given the manifold ways in which global multilateral conflict resolution forums remain blocked).

For global public goods in the narrower sense, research strongly supports the continuation or reinforcement of the priority placed on multilateral investments, which is also what the reform plan announced. Even more so than in other fields of development cooperation, it is more efficient in these areas to channel scarce donor resources through joint multilateral instruments, in order to bring specialized expertise from a single source to bear while simultaneously avoiding the disadvantages of fragmented bilateral projects.

The health sector is the best example of this; successes in the fight against infectious diseases are well documented — and currently at particular risk, especially due to the US withdrawal from individual areas such as the global vaccine alliance GAVI. On the topic of vaccination, both the impact and the mutual benefits for populations, partner governments and the donor side are most clearly traceable.[49] For the fight against antimicrobial resistance (AMR), compelling models of the economic risks over the next 25 years as well as plausible return-on-investment models exist, though as yet few comprehensive evaluations of the impact of initial interventions.[50] With regard to pandemics, the risks as well as the prospects for success are equally evident: a widely cited study estimates the economic benefit of a single US dollar invested in pandemic preparedness at over 1,000 USD for the benefit of the United States alone, should another COVID-19-scale pandemic occur within the next ten years. In terms of both the costs and the benefits, much depends on the assumptions made in such models, but the underlying relationship is plausible. Unlike "traditional" infectious diseases, which spread more slowly, the case of COVID-19 has shown, however, that it was precisely not those measures that had been prioritized as pandemic preparedness in previous years and tracked in widely used indices that contributed most to a countries' score of high resilience. Instead, research concludes that societal trust, trust in governments, low perceptions of corruption and good governance overall were the most important reasons why some countries weathered COVID-19 significantly better than others.[51]

In fighting the climate crisis, the largest share of existing efforts is devoted to so-called mitigation — that is, the attempt to limit climate change, for example by reducing CO_2 emissions through the transition to renewable energy. Increasingly, climate adaptation — that is, strengthening the resilience of particularly threatened regions in coping with the consequences of climate change — is also playing a growing role.

With regard to mitigation, its effectiveness is clearly demonstrated: the main objective of reducing CO_2 emissions is being achieved, and the more that is invested here in a targeted manner, the more emissions decline. In rapidly growing economies, however, this effect is offset by further emissions growth, which explains the overall low gross efficiency of these investments. Thus Wei (2025) finds a gross CO_2 reduction of only 0.03 percent per additional percent of climate finance.[52] As a relatively technology-intensive field, high proportions of the spending flow back to benefit donors — though primarily to those that are globally competitive suppliers of renewable energy technologies.

In climate adaptation, relatively little has been invested to date, and accordingly the body of evidence and the generalizable evidence for impact remain modest and inconsistent. Locally specific and context-dependent impact is nonetheless widely observed; different studies highlight, for example, climate-adapted agriculture as particularly effective.[53]

In the area of global public goods, then, not every development investment has the same prospects for impact and success: the geographic context always matters, as do the specific enabling conditions and the type of intervention. Research and evaluation practice offer a wealth of pointers for a more strongly opportunity-oriented steering of future investments.

Opportunity-Driven Development: A Pathway Out of Crisis

The starting position for development cooperation may appear rather unfavorable in many respects: budget cuts, lack of trust, criticism from the partner side. Yet in this crisis there may actually lie an opportunity, for the need to prioritize confronts development policy with difficult decisions — and in the German case, both public opinion and the politics of the governing coalition create tailwinds for a more honest, more realistic and also tougher prioritization of those investments that offer the greatest prospects for both doing good and concretely benefiting Germany and Europe.

Development and conflict research, but also the evaluation practice of development cooperation itself, offer a wealth of evidence to identify those particular investments that meet these criteria in each particular case. Much of this evidence could be leveraged far more than it currently is for allocation and program design decisions; some evaluations and research projects could also be oriented more strongly toward producing such decision-relevant findings.

This analytical paper could only address the enormous breadth of the research literature across nearly the full range of development cooperation in a highly selective, cross-cutting manner. In part, individual examples or illustrative sub-topics were deliberately singled out. The result is thus neither a comprehensive literature review nor a systematic and complete synthesis of the state of research — but hopefully a stimulus for thought on how a more strongly opportunity-oriented form of development cooperation, aligned with conditions and prospects for impact and success, might take shape.

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Acknowledgements

For this paper, the author is particularly indebted to development economics, development policy and conflict-related research, as well as to GPPi colleagues Andreas Heinemann-Grüder, Jakob Hensing, Melissa Li and Julian Lehmann for exceptionally helpful comments and suggestions on an earlier draft, and to Alicia Blázquez and Lotte Buschenhagen from the Strategic Communications and Advocacy Lab for a series of stimulating discussions on the topic. Oliver Read and Oliver Jung helped with typesetting and made the online publication possible.

The paper was financially supported by More in Common UK in cooperation with the Strategic Communications and Advocacy Lab.

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