

Comparative Global Aid politics and Assistance of Traditional Donors and Neo-Donors

Shahnawaz Qadri^{*1} and Muzammil Ahad Dar²

¹Department of Political Science, School of Social Sciences, University of Kashmir, Jammu & Kashmir-190006, India.

²Kumaraguru College of Liberal Arts and Science (KCLAS), Bharathiar University, Tamil Nadu, Coimbatore 641049, India.

Received: 23 Jan. 2025; Revised: 4 Feb. 2025; Accepted: 20 May. 2025.

Published online: 1 Jun. 2025

Abstract: Humanitarian aid suffers as many contingent aspects of global politics receive much attention. Although countries receive assistance for developmental purposes, as foreign capital flow, investment by private/commercial Banks, but 'effectiveness of development aid' very often becomes blurred. Aid allocation depends on recipient merit and the donors' interests-whether commercial interests. Neo-Realism proposes rational choice outcomes to either power maximization or security maximization. Foreign aid to poor countries aims to eradicate global inequality and aid assistance usually targets improving human lives of poor countries. Many aid instruments focus on various targets areas/sectors however, the main concern remains either economic growth, as IMF aims, or human development. Removing global inequality to ensure global justice has to do with problem of distribution. An important way of weighing success of aid assistance is to understand the interest and purposes involved in humanitarian aid through understanding the politics of aid.

Keywords: Equal position, Aid Politics, Neo-Donors, Humanitarian Aid, scaling distribution, Desert, Affirmative action, liberal Hegemony, Intended effects.

Introduction

Humanitarian aid suffers as many contingent aspects of global politics receive much attention. The world has caught into the paradox of deprivation as global annual spending on armaments increases. It has reached to \$US 1800 billion-ten times greater than needed to address global hunger. Sending every child to school worldwide costs approximately one week's spending on armaments. The UNESCO's 2017 report approximates around 262 million children without school, worldwide. World Health Organization (WHO) estimated \$3.2 billion urgent need required to combat global child hunger as millions die annually due to malnutrition. Despite foreign aid provided over up to \$9 trillion and an average of \$152.3 billion in Official Development Assistance (ODA) covering 173 countries, human deprivation continues. Foreign aid assistance as institutionalized program started as a cold war politics. The US and Soviet Union started their aid politics, *allocated* economic recovery programmes to wedge the world into their respective camps motives of national interests of donor countries. This has made the concept of humanitarian aid paradoxical one.

Contemporary aid assistance has become more and more structured and varied. In the politics of international aid assistance new development enlarged and expanded the community of donors, however questions regarding humanitarian aid persists. Critical global issues such as, hunger, child mortality, and extreme poverty, education and health persist worldwide. How has different schemes of aid as way of world wealth distribution effectuated overall profile of recipient countries, raise their level of economic and human development a case of global justice or perpetuated liberal hegemony of international

* Corresponding author E-mail: shahfaiz97@gmail.com

economic structures? Conceptualizing global justice and the politics of humanitarian aid demand walking around *motives and needs*¹ of assistance aligned with ethical principles and political dynamics to understand international response to human suffering and inequality.

This paper examines the instrument of foreign aid, the politics and objective usefulness of foreign aid through the examination of mechanism and purpose of aid delivery and governance to make an assessment of achievements and objective usefulness of foreign aid. *Comparative global aid politics and assistance* seeks to understand mechanism, purpose of foreign aid delivery, the governance structure, and most importantly how nation's motives and needs act to achieve rational outcomes effectively of aid assistance whether for national interests or global justice. For that purpose, the case for neo-donors: China, India and Arab Countries will be discussed.

Foreign Aid Assistance

Foreign aid² can take many forms either as assistance, donation, or a loan (as per Organization Economic cooperation and Development (OECD) definition)³. An investment for infrastructure development, rehabilitation in the form of material and non-material help also are recognized as aid assistance. In emergency situations like natural calamities or disasters or war international sympathy flows involving help either monetarily or sending manpower. Recent example; this sympathy through coordination of countries with international organizations, especially UN, to pressure Israel for providing safe passage for medical and other aid-loaded trucks to war hit Gaza and Rafah victims. The team also called upon Israel for *compliance with international humanitarian law*⁴.

International Foreign assistance to Pakistan during flood-2023⁵ and Kerala flood-2018 August international aid⁶, Indonesian earthquake in 2015, Haiti- Hurricane called *Mathew* and the case of developed countries like USA Hurricane Harvey in Texas, international help also came in. These are all cases or examples of Humanitarian Assistance.

Apart from the humanitarian assistance in calamities, foreign aid extends to war zone areas/countries. The US and India played a crucial role in providing assistance for reconstruction and rehabilitation to Afghanistan and sub-Saharan regions. American Aid agency USAID involved training programmes to agrarian field in Mozambique. Foreign aid efforts for better health, further intensified by the Covid-19 pandemic, have led to increased investments in the health sector. Such efforts also aim to improve the lives of people in countries struggling with major health disasters such as HIV/AIDS, Malaria, and Polio. In South Asia, India and Pakistan is a classic example of Polio eradication, a major health concern

¹ Dreher, Axel, Valentin Lang, and Bernhard Reinsberg. "Aid Effectiveness and Donor Motives." "World. Development", vol. 176, 2024.

² <https://www.sciencedirect.com/science/article/pii/S0305750X23003194>

³ <https://corporatefinanceinstitute.com/resources/economics/foreign-aid/>

³ OECD. (2018). Official development assistance – definition and coverage. OECD

[https://www.oecd.org/en/data/indicators/net-oda.html#:~:text=Definition-Official%20development%20assistance%20\(ODA\)%20is%20defined%20as%20government%20aid%20designed,for%20military%20purposes%20are%20excluded](https://www.oecd.org/en/data/indicators/net-oda.html#:~:text=Definition-Official%20development%20assistance%20(ODA)%20is%20defined%20as%20government%20aid%20designed,for%20military%20purposes%20are%20excluded)

⁴ <https://www.pbs.org/newshour/world/un-health-agency-head-calls-for-safe-passage-of-humanitarian-aid-in-gazaions> , PBS News, April 2024

⁵ Britannica, The Editors of Encyclopaedia. "Pakistan Floods of 2010". Encyclopedia Britannica, 21 Mar. 2023 . <https://www.britannica.com/event/Pakistan-Floods-of-2010>. (Accessed 30 June 2024)

⁶ Express Web Desk. (2018). Kerala floods: Why foreign donations have triggered a controversy. The Indian Express.

under WHO (UN)⁷. India was declared ‘*polio free nation in 2014*’ (and 2011) (India was certified as polio-free by the World Health Organization in 2014) and ‘*Pakistan to be in 2023*’, ‘*ongoing*’.

Foreign aid is defined in multiple ways. The DAC first defined ODA in 1969, refined the definition in 1972⁸. The standard working definition is advocated by DAC (Development Assistance Committee) of OECD (Organization for Economic Cooperation and Development) through measurement of resource flows to developing countries since 1961. OECD uses ODA as the key measure practically for all aid targets and aid performance assessments. DAC has listed recipient countries and institutions for suitable audit of aid performance. As per DAC, ODAs are those flows to countries and territories on the DAC list of recipients and to multilateral institutions which are:

1. Provided by official agencies, including state and local governments, or by their executive agencies; and
2. Each transaction is:
 - a) administered for the promotion of economic development and welfare of developing countries as its main objective; and
 - b) concessional in character and conveys a grant element of at least 25% (calculated at a rate of discount of 10%).

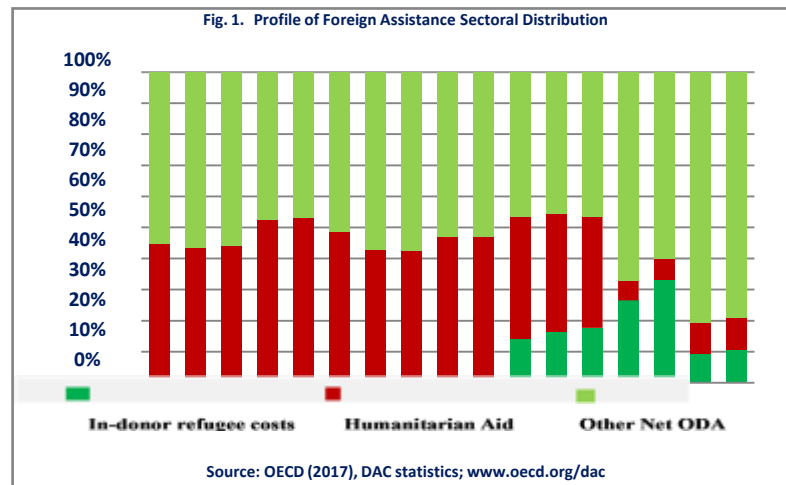
Foreign Assistance Sectorial Distribution

Foreign aid is provided world over; however, the largest recipient of development assistance is largely located in Africa in addition extended to South Asia (**Fig.1**). Donations (ODA and others) are for many purposes and bilateral or multilateral sectoral assistance programs or capacity building Programme in target countries have also been introduced. Additionally, Multiple funding institutions have prioritized funding health sector challenges like malaria eradications, Polio, HIV/AIDS. Covid-19 exposed lack of world coordination and the incapacity and unpreparedness to fight against new type of diseases and the need to improve research in health sector. Funding in Education sector has helped donors not only to improve human lives and achieve targets. It has widened the scope of the idea of humanitarian aid apart from the common idea of aid for food. Mallala Youfzai and Malala Fund -2013 efforts although extend beyond funding is a vocal figure in advocating assistance in education sector especially of girl child. In the fiscal year 2023 Malala Fund made nearly \$14 million (\$39.7 million Cumulative amount invested) of investment as grants to organizations in 9 key programme countries and 8 other areas under the initiative of ‘*Education Champion Network and Girl Programme Fund and Fellowship*’. ‘*Malala Fund*’, received a significant backing from numerous high-profile partners. Apple supported education programs of the *Malala Fund* through ‘*Gulmakai Network*’ in regions like Afghanistan, Pakistan, Lebanon, Türkiye, and Nigeria. This partnership extended educational opportunities to over 100,000 girls⁹. These efforts are part of a broader initiative to address the educational barriers faced by girls globally.

⁷.Progress Toward Poliomyelitis Eradication — Pakistan, January 2022–June 2023." "Morbidity and Mortality" Weekly Report", vol. 72, no. 33, 18 Aug. 2023. <https://www.cdc.gov/mmwr/volumes/72/wr/pdfs/mm7233a1-H.pdf> (accessed on 30/06/2024)

⁸.OECD. (2018). Official development assistance – definition and coverage. OECD

⁹. Malala Fund Publishes 2022 Annual Report." "Report", 6 Sept. 2022. <https://malala.org/newsroom/malala-fund-publishes-2023-annual-report> (accessed on 30/06/2024)



Evolving Foreign Aid Governance

'Paris Declaration 2005' proved to be a critical milestone in the foreign aid governance. 'Performance assessment' as an instrument, in the governance of aid, has become a priority rule for aid reallocations. Foreign aid governance in the last over six decades has focused on different target areas and largely classified into four to five phases. As shown in the (Fig.2) during 1960s-1970s, donor countries extended wholesome aid mainly for nation-building, promoting production capacity and basic human needs. The second phase from 1980s onwards foreign aid was more on issues like macroeconomic stabilization,

Structural adjustment and debt reduction of recipient countries.

During the early phase of 1945, up to 1990s in foreign assistance cold war politics acted as an instrument. The aid determination, distribution and allocation were politically motivated by cold war politics instead of humanitarian effort. In the third phase-1990s, end of cold war, international system from high-politics shifted to low-politics in the background of Soviet Union collapse and global economic liberalization. This shift made donors to focus on political transition, economic recovery and reform throughout Eastern Europe and the former Soviet Union entities. In these phases, foreign aid determination, distribution and allocation was politically motivated by cold war politics instead of humanitarian effort. In the third phase-1990s, end of cold war, international system from high-politics shifted to low-politics in the background of Soviet Union collapse and global economic liberalization. This shift made donors to focus on political transition, economic recovery and reform throughout Eastern Europe and the former Soviet Union entities. In these phases, foreign aid assistance had become a casualty of high-politics, played a determinant in foreign aid assistance during cold war, and then shifted to US dominated world order featured with low-politics necessity of neo-liberal order of trade liberalization. Up till the early years of 21st century, foreign aid assistance was inadequate in terms of clear orientation with additional faults in delivery system which affected donors' target completion challenges¹⁰.

¹⁰<https://www.britannica.com/money/foreign-aid>.

(Fig.2) Foreign aid governance in last six decades

1960-1970	Aid for nation building, production capacity and basic human needs
1980s	Donors focused on macroeconomic stabilization, structural adjustment and debt reduction
1990s	Soviet Union collapsed and Economic Liberalization, donors more focused on political and economic transition in East Europe & former Soviet Union
2000 Onward	UNOs MDG & first-time donor countries shifted focus to poverty reduction, social infrastructure, including health education sanitization & importantly on Effective Aid Governance and performance-based aid allocation

To mitigate inadequacies series of aid effectiveness initiatives were offered intended to develop coherence in governance, streamline aid orientation and limit the politics of foreign aid. In 2002 ‘*International Conference on Financing for Development in Monterrey*’, Mexico, (‘*Monterrey Consensus*’) was followed by a *High-Level Forum* on Harmonization in Rome in 2003. ‘*Paris Declaration 2005*’ and ‘*Accra Agenda for Action 2008*’, wherein more than 100 developing and developed countries devised a broader aid effectiveness methodology to be adhered by all by 2010¹¹. The *Paris Declaration* formulated five central pillars like Programme Ownership by recipient countries, Target Alignment, Harmonization, Managing for Results and donor-recipient ‘*Mutual Accountability*’¹². Accra Agenda affirmed ‘*responsibility commitment*’ aid effectiveness initiative to enhance target oriented and transparent foreign ‘*aid governance*’¹³.

Global Institutional Donors

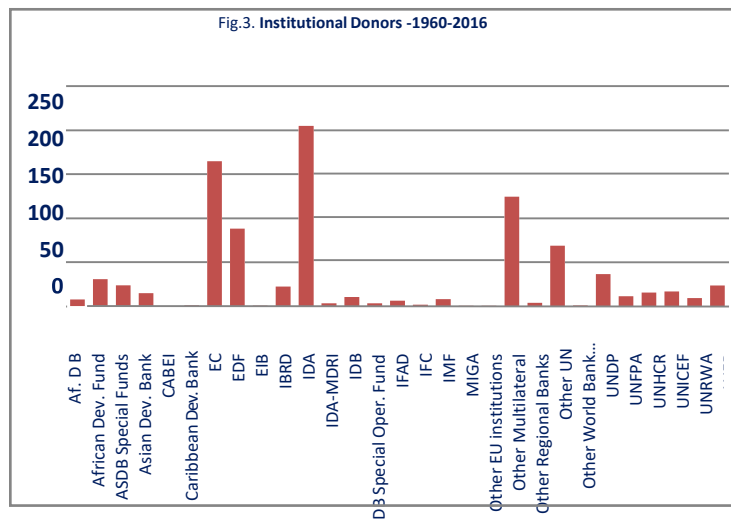
Apart from Government to Government foreign assistance, private International Institutions and individual donors (**Fig.3**) have become good mechanism offering foreign aid disbursement. During 1960- 2016, institutions have doled out over US\$ 9 04 billion equivalents to nearly 10% of the total global disbursement. Prominent institutional donors like IDA, EDF, EC and UN agencies disbursed more than 75% of their total institutional payments. Foreign assistance by private institutions, individuals have also made phenomenal contribution in the domain. Foundations like ‘*Melinda-Bill Gates Foundation*’, ‘*Macarthur Foundation et al*’ are listed as reputed donor agencies. Bill Gates mission eradication of Polio in South Asia-Indian (India was certified as polio-free by the World Health

¹¹. Brown, S. (2016). Whatever Happened to the Aid Effectiveness Agenda? Ottawa: Centre for International Policy. Studies.

¹² OECD (2005), Paris Declaration on Aid Effectiveness, OECD Publishing <http://dx.doi.org/10.1787/9789264098084-en>

¹³ OECD (2008), Accra Agenda for Action, OECD Publishing, Paris, <https://doi.org/10.1787/9789264098107-en> .

Organization in 2014 and 2011) and especially Pakistan to be Polio free by 2023 achievement in the field of health sector. The 2022–2026 ‘*Global Polio Eradication Initiative (GPEI) Strategic Plan*’s’ stated goal of interrupting all WPV1 transmission worldwide by the end of 2023¹⁴.



Foreign Aid Donors: Who are they?

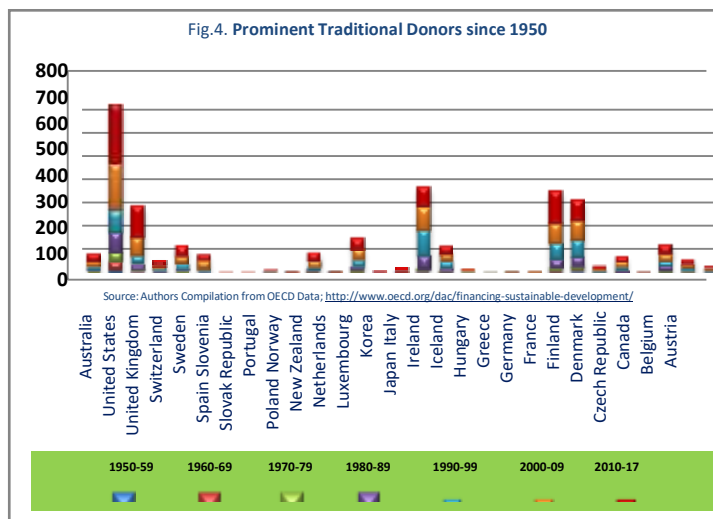
Foreign Aid donor countries are classified on three broad categories. First, the early European and North America as donors along with Australia, New Zealand and Japan. Second, International Institutional Donors who of late have played a big financial assistance role. Third classification lists several developing countries, while continue to receive aid, emerged as ‘*Neo-Donors*’ over the last three decades.

Conventional Donors: Fig.4. Traditional Donors since 1950

First, the early donors or conventional donor countries (Fig.4, & 4a) as pioneers of foreign aid in the post-World War-II followed by

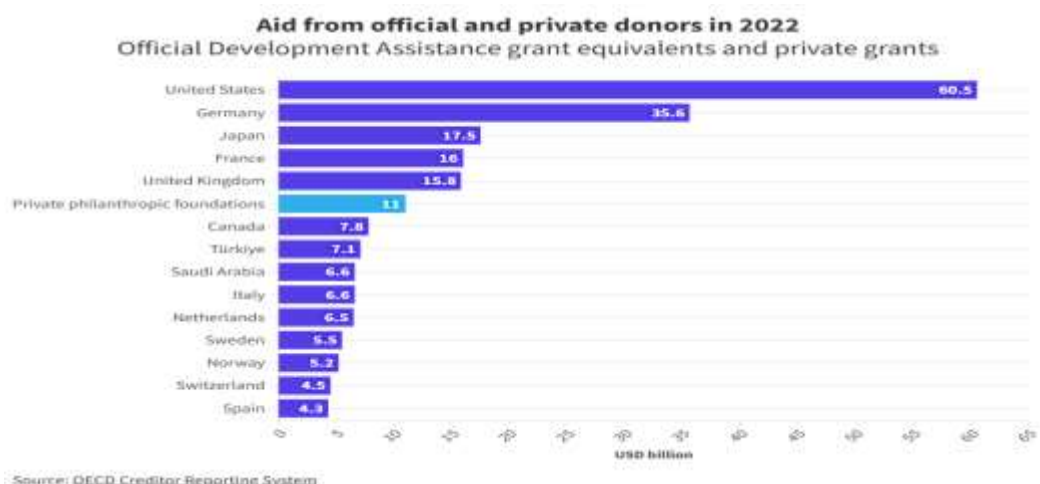
Australia, New Zealand and Japan and later joined by South Korea. OECD data lists twenty-nine top

donor countries of the world since 1950. These have been largest donors of the world in the last around 70 years.



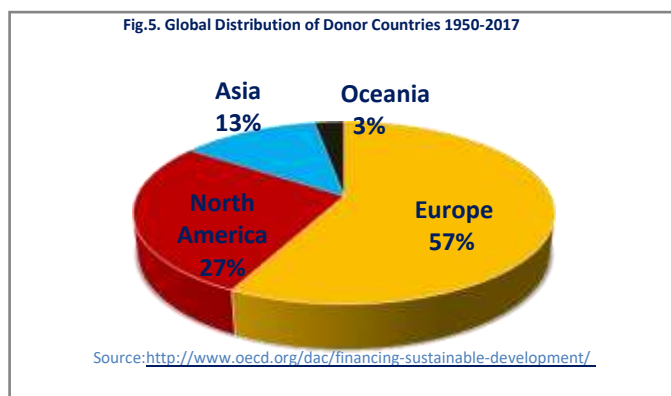
¹⁴"Progress Toward Poliomyelitis Eradication—Pakistan, January 2022–June 2023." "Morbidity and Mortality Weekly Report", vol. 72, no. 33, 18 Aug. 2023. <https://www.cdc.gov/mmwr/volumes/72/wr/pdfs/mm7233a1-H.pdf> (accessed on 30/06/2024)

(Fig.4a)¹⁵



US-Russia: Comparative Politics of Humanitarian Aid

The United States is followed by Japan, Germany, France and Britain have cumulatively provided over US\$ 2000 billion-largest foreign aid during 1950-2017. The United States is the single largest donor today with an annual average of around US\$ 35 billion assistance. On the other hand, nearly 85% of the traditional donor countries are from Europe (Fig.5), with 57% aid share outnumbering donor countries from other regions¹⁶.



Since Russia's invasion in February 2022, Ukraine has become 'top most' recipient of U.S. aid especially in war assistance. By April 2024, the U.S. Congress voted five bills offering \$175 billion ongoing aid to Ukraine substantially for military purposes. Other countries, like NATO members, Nordic Countries, European Union (EU), have also send aid packages to Ukraine addressing the war in

¹⁵ Finance for sustainable development | OECD

<https://www.oecd.org/en/topics/policy-issues/finance-for-sustainable-development.html>

¹⁶ Hennessy, Jack, et al. "Donor versus Recipient Preferences for Aid Allocation: A Systematic Review of Stated-Preference Studies." Social Science & Medicine Volume 334, October 2023, 116184 pp.

doi: <https://doi.org/10.1016/j.socscimed.2023.116184>.

Ukraine¹⁷. The UK provided €9.1 billion in military aid, with €4.8 billion allocated for delivery. Germany has been a significant donor, with €17.7 billion in military commitments since February 2022, of which €9.4 billion have been allocated to specific military packages¹⁸. The combined aid from Nordic Countries approximate to €19.03 billion in which Denmark, Finland and Norway, especially have taken military '*centric-approach*'¹⁹.

Compared to earlier humanitarian aid received the present situation has necessitated aid determination based on the politics of war. It is evident that Ukraine has become a frontline of the West, and most beneficiary of western aid, to militarily engage Russia and weaken its resources. Allocation of aid and subsequent increase is more situated as war aid than humanitarian one. Much of the U.S. aid is directed for rebuilding Ukraine's defense systems to produce *counter offensive against Russia*.

American Enterprise Institute found that Ukraine aid is funding defense manufacturing in more than seventy U.S. cities. Biden administration agreed to provide Ukraine with a long list of defense capabilities to improve Ukraine's defense profile. In early 2024, the US supplied ATACMS (long-range precision missiles), and earlier in summer 2023, allowed its European allies to provide Ukraine with U.S.-made F-16s. The Western leaders condemn Russia's action an illegal war of aggression on NATO's frontier and argued it will encourage adventurism from other powers, especially China. Russia and China, as rivals of the west, consider West's increased support to Ukraine in its war against Russia as part of western hegemony²⁰.

Since 1945, the mechanism, delivery and allocation of aid was determined by the friction of cold war between US and Soviet Union. In the block politics, aid usually followed the principles of alliance configuration-a principle wherein allocation was modelled as part of alliance politics. During cold war US as donor supported its allies through Marshall Plan whereas Soviet Union helped economic aid through Molotov scheme. The West is supporting Ukraine in its war against Russia and has increased aid substantially for military purposes rather than humanitarian one. Cold war factored on high politics shaping alliance configuration acted as an instrument of governance largely made distribution or determined aid allocation to countries.

Foreign Assistance: The Case of Neo Donors

Over the past three decades, China, Taiwan, Arab Countries, India, Brazil, Turkey and even Venezuela and many more countries while receiving foreign aid, have emerged as foreign aid donors and have earned the name as *Neo-donors* or neo-foreign aid donors (**Fig. 6**)

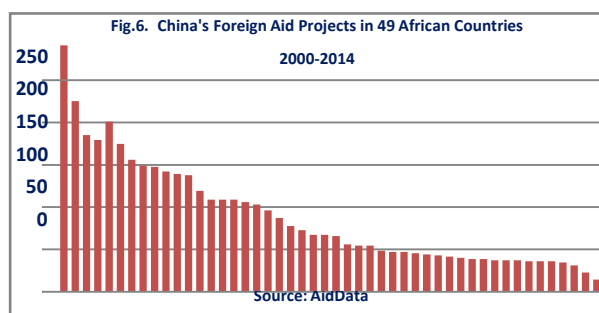
¹⁷Jonathan, and William Merrow. "Here's How Much Aid the United States Has Sent Ukraine." Council on Foreign Relations, 9 May 2024 (Updated on 11 Mar.2025) <https://www.cfr.org/article/how-much-us-aid-going-ukraine>

¹⁸<https://www.ifw-kiel.de/publications/ukraine-support-tracker-data-20758/>

¹⁹Alam, Hasibul. (2024). A Comparative Analysis of Nordic Countries' Responses to the Ukraine-Russia War 10.29013/EJHSS-24-3-24-34.

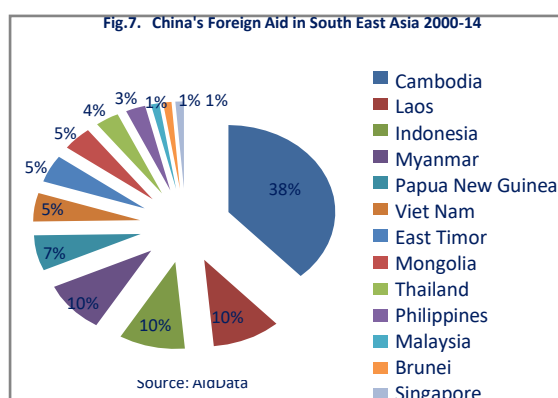
[AComparativeAnalysisofNordicCountriesResponsestotheUkraine-RussiaWar.pdf](#)

²⁰. Jonathan, and William Merrow. "Here's How Much Aid the United States Has Sent Ukraine." Council on Foreign Relations, 9 May 2024 (Updated on 11 Mar.2025) <https://www.cfr.org/article/how-much-us-aid-going-ukraine>



China's Foreign Assistance and its politics

China has emerged as a big donor country of the century²¹. Chinese foreign assistance out flow remains less transparent (most cited Chinese assistance data is from Aid Data-a research lab at Virginia-based College of William & Mary). As per AidData (**Fig. 7**), China's official foreign assistance, including concessional and non- concessional state financing, from 2000-2014 was estimated US\$ 354 billion for around 140 countries while the United States committed US\$



394.6 billion hence elevating China in big donor club. Areas like Africa and Asia are China's top foreign aid recipients. Central and South American and Caribbean countries also fall in China's primary aid locations. However, foreign assistance programme in Central America, Caribbean and South Pacific Islands like Solomon Island, Vanuatu, Papua New Guinea, Kiribati, Tuvalu and Nauru remains significant as China uses large donations to influence the Island nations to decline their political franchises to Taiwan²². Beginning with 20 million Swiss Franc aid to Egypt during 1956 Suez Crisis, China's foreign assistance has grown manifold. Critical China watchers however, blame China's foreign aid as the politics of debt trap.

Providing assistance for huge infrastructure projects and variety of monopoly trade concessions ultimately drives the recipients into *debt trap*. Sri Lankan's Hambantota Port deal has been very often cited example of this debt trap and China-Pakistan corridor-CPEC or China's alleged land grab in

²¹Xu, Zhicheng, and Yu Zhang. "Lightening up Africa: The Effects of Chinese Aid on the Economic Development in Africa." China Economic Quarterly International, vol. 2, no. 3, 2022, pp. 178–189, <https://www.sciencedirect.com/science/article/pii/S2666933122000363>

²² Squires, N. (2006). Violence fuelled by chequebook diplomacy between China and Taiwan. New Zealand Herald NZME Publishing Ltd.

Djibouti.

China's Politics of Aid:

Soon after receiving South-China Sea/ Nine Dashes negative Hague verdict in July 2016, China quickly waived off all outstanding loans on Cambodia to preempt ASEAN country's negative joint statement. It also offered aid to Philippines, whose newly elected President, Rodrigo Duterte, made overtures to Beijing. China's top ten aid recipients are mostly challenged countries whose vulnerability seems to have been traded. China is also helping Russia in the war with Ukraine, the 'accusation made by the US'. The United States alleges that China has been bolstering Moscow's war capabilities by providing essential components. The US Secretary of State Antony Blinken made a statement: 'What's not happening is the provision of actual arms by China to Russia for use in Ukraine'. Blinken also clarified that approximately 70% of the machine tools and 90% of the microelectronics imported by Russia come from China indirectly help Russia in its war against Ukraine.

South Asia (**Fig.8**) traditionally seen as *India's strategic backyard* has become China's

primary focus. China's economic help to South Asian neighbours, loan to Sri Lanka \$4.6 billion in 2020, even during the pandemic, Maldives \$1.1 to \$1.4 billion and others. Pakistan has become an important instrument of influence in South Asia in between China and India. Pakistan's weak position acts a leverage for China to dominate South Asia especially against Indian influence²³.

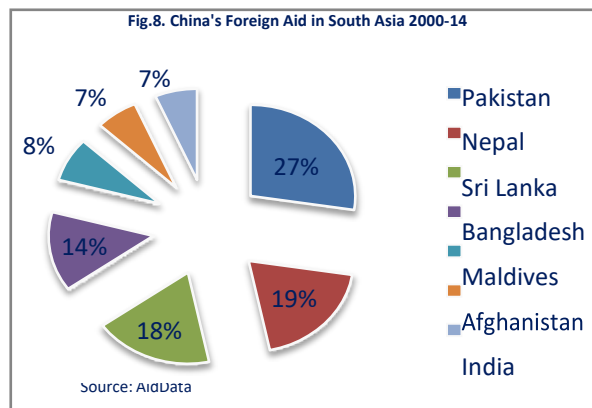


FIGURE 9
Top Sources of FDI in Focus Countries



Source: See Appendix 6.

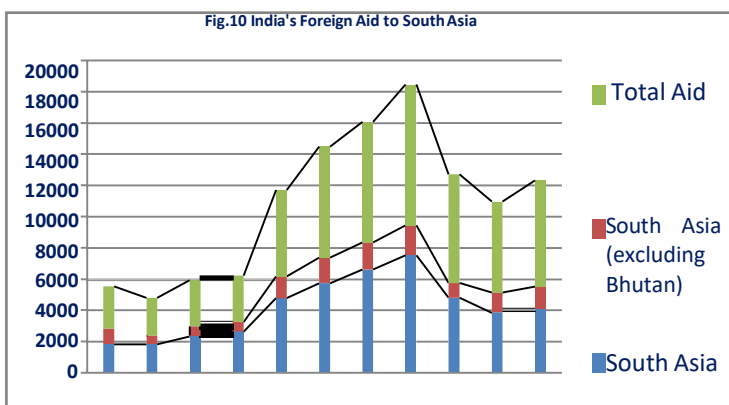
²³Pal, Deep. "China's Influence in South Asia: Vulnerabilities and Resilience in Four Countries". October 2021.

https://carnegie-production-assets.s3.amazonaws.com/static/files/202110-Pal_SouthAsiaChina_final1.pdf

Appendix 6²⁴

India from Recipient to (Neo-) Donor: India's Long Journey

India is bolstered to a neo-donor status through its exceptional role played in the delivery and governance of foreign aid (**Fig.10**). India proved to be a classic example of foreign aid doling out assistance to conventional donors too, apart from conventional recipients, and also refused foreign aid assistance. As part of South Asian nations India too has been victims of traditional threats as well as foreign intervention. During early years of cold war, Pakistan received major aid assistance and was able to improve its defense capability through the military aid received from the US. The 'high politics of friction between Soviet Union and the US largely benefited Pakistan. The US *war on terror* in Afghanistan, Pakistan was the beneficiary. However, India's rise as soft power bolstered India from a recipient to (neo-) donor status. India's soft power approach in the reconstruction and rehabilitation of Afghanistan-2001 proved to be a benchmark-a strategic response-to the politics of humanitarian aid assistance. India also was quick to response to providing medical emergency services during Covid-19 pandemic. India refused to receive aid assistance on several occasions of need. It refused the American offer of US\$150,000 aid for Uttarakhand flood victims in 2013. In August 2018 Kerala flood generated huge global concern and UAE offered to donate Rs. 700 Cr. and Thailand also proposed support which India politely declined²⁵. India also modified its laws relating to foreign aid assistance with a purpose of streamlining the delivery and governance of foreign aid.



Foreign Aid: India's Soft Power Diplomacy

During 2009-10, India provided US\$ 383.01 million in foreign aid and loans to South Asian countries with the exception of Pakistan²⁶. In 2015-16, India's foreign assistance amount expanded to US\$ 1.149 billion. Curiously, India a recipient of foreign aid however, has contributed more than double what it

²⁴. Appendix 6

Foreign Investment & External Debt (FIED) Division, Statistics Department, Bangladesh Bank; Government of Nepal, Ministry of Industry, Commerce and Supplies, Department of Industry, Planning, Monitoring & Industrial Statistics Section, Industrial Statistics for FY 2019/20

<https://www.doind.gov.np/uploads/notices/Notices-20210424190332609.pdf> ;

“Annual Report 2017,” Central Bank of Sri Lanka, 2018;

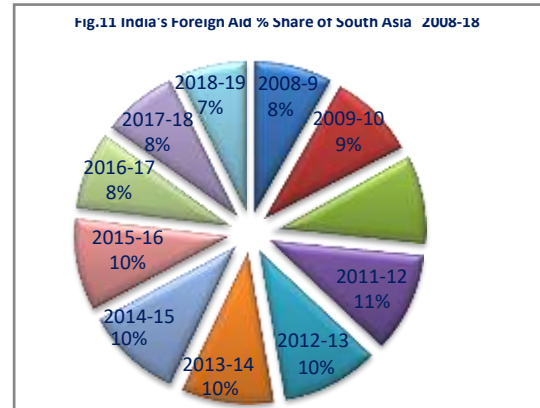
<https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2017>;

“Annual Report 2020,” Central Bank of Sri Lanka, April 2021, <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2020> .

²⁵ Express Web Desk. (2018). Kerala floods: Why foreign donations have triggered a controversy. The Indian Express

²⁶ Bhogal, P. (2016, Nov 07). The Politics of India's Foreign Aid to South Asia. Global Policy

received as foreign aid. India received a total foreign aid of US\$ 0.35 billion, but disbursed US \$1.2 billion as aid to Bhutan-74.6%; Afghanistan-9.1%; Sri Lanka-6.6%; Nepal-4% and 2.8% each to Bangladesh and Maldives (**Fig.11**)²⁷. India's aid allocation pattern remaining similar over a decade. Bhutan has been India's favorite aid destination in South Asia²⁸. In terms of quantitative aid receipt and disbursement, in 2015-16, India received US \$ 21.4477 billion in aid and donated as much as US \$ 77.1965 billion- the three times over it received²⁹. India's aid diplomacy in South Asia neighborhood dates back to 1950s *Regional Soft Power Diplomacy* under the Colombo Plan³⁰. Initiated as a regional multilateral cooperation module against communist rise, Colombo Plan provided a platform to India's aid support in the region. Though Indian aid remained modest, India continued to be the fifth largest donor and largest developing country donor in the neighborhood beginning with assistance to Nepal during Royal Nepal coup in early 1950s³¹.



Indian aid programme has evolved now. India now officially refuses to accept aid other than ODAs or private / government aid for health sector etc. but doles out disaster relief aid where ever needed. On the other hand, India has clearly emerged as donor country officially and philosophically extending humanitarian and disaster relief grants and carefully crafting Indian aid programme to paddle India's soft diplomacy for regional as well as global strategic purposes.

Cyclone Aid to Pakistan: India's Curious Case

Pakistan Floods of 2010, considered as worst in Pakistan's history by late July-August 2010 had affected approximately 20 million people, a total humanitarian crisis. Estimates suggest number of casualties ranged from 1,200-2,200, while about 14 million people without homes. Estimates suggest a year after cyclone had hit Pakistan international aid by different countries, humanitarian organizations, and private

²⁷ Source: <https://thewire.in/diplomacy/foreign-aid-budget-nepal-sees-jump-downward-trend-southias-share>

²⁸ Upadhyay, S. (2018, February 7). Preserving India's Diplomatic Influence on a Shoestring Budget. *The Diplomat*

²⁹ Mitra, D. (2018). Foreign Aid Budget: Nepal Sees a Jump, but a Downward Trend in South Asia's Share Diplomacy Feature, *The WIRE*.

³⁰ Lowe, D. (2010). The Colombo Plan and 'soft' regionalism in the. Alfred Deakin Research Institute

³¹ Dut, S. (1980). Indian Aid to Co-Developing Countries. *Economic and Political Weekly*, 15 (14), 667-678.

individuals had reached \$1.3 billion³². In this 2010 Cyclone in Pakistan UNO had called for over US\$ 460 million aid relief fund. India also quickly offered US\$ 5 million in assistance which was rejected due to bilateral hostility. However, India, increased the aid amount to US\$ 25 million, placed the aid under United Nations which finally although indirectly reached to Pakistan³³. This made India the 9th biggest donor (larger than China) to Pakistan³⁴.

Indian Assistance to USA:

Apart from force donations to Pakistan and humanitarian assistance to developed countries like USA and Japan, India has steadily projected herself as a donor country ready to shoulder international responsibility and leadership. Among neo-donors India has played a significant role in aid assistance programmes. It emerged as an important foreign aid provider even to traditional donors. India through army aircraft on September 13, 2005, supplied 25 tons of relief to US Air Force base in Little Rock, Arkansas, for the victims of Hurricane Katrina in New Orleans. In 2023, India also extended aid to its neighboring rival, Pakistan, during the floods. India's role during the Covid-19 pandemic received international acclaim, with UN Secretary-Antonio Guterres praising India for its effective precautions tackling Covid-19 and providing medical relief, helping fight against Covid-19³⁵.

India's World Food Aid:

The World Food Program (WFP), major provider of food assistance around the world recognized India its 15th largest donor. In 2009, Nicole Menage, procurement Head of World Food Program-HQ in Rome, praised India for providing food rice at cheap well below market price to World Food Program (WFP) for the purpose to feeding starved people in more than 22 countries, including Liberia and Sierra Leone in West Africa, Haiti in the Caribbean, and Laos and East Timor in Asia. This way India enabled WFP to save US\$ 43 million to be utilized for other crisis purposes³⁶.

The Less Discussed Arab Donors-Arab World

³². Britannica, The Editors of Encyclopedia. "Pakistan Floods of 2010". Encyclopedia Britannica, 21 Mar. 2023, <https://www.britannica.com/event/Pakistan-Floods-of-2010> . Accessed 30 June 2024

³³ Esselborn, P. (2010). Why is it so hard for Pakistan to accept Indian aid? Berlin: DW News.

³⁴ Josua, A. (2010). Pakistan flood: India among top 10 aid-givers. Islamabad: The Hindu.

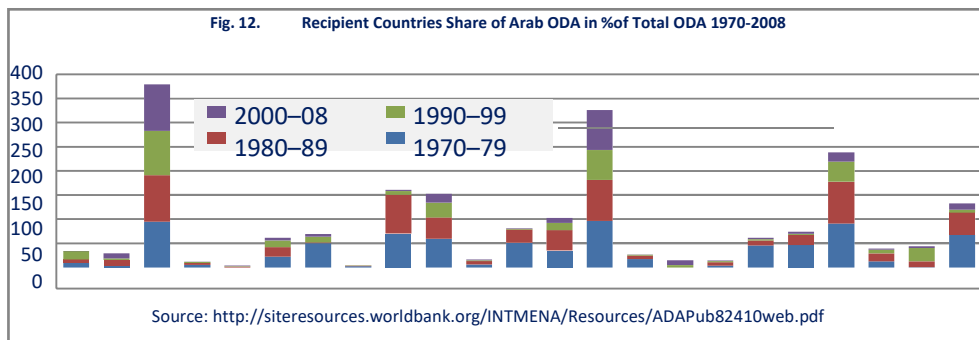
³⁵. Press Trust of India. "UN Secretary-General Antonio Guterres." 2020 News <https://www.indiatoday.in/india/story/un-chief-antonio-guterres-salutes-india-for-helping-others-in-fight-against-covid-19-1668295-2020-04-18>

³⁶. Skullerud, R. (2009). WFP Food Procurement Chief Praises India For 'Humanitarian Exception'. World Food Programme (WFP). WFP.

Foreign assistance programme by Arab countries holds phenomenal increase worldwide. In September 2014, UN Secretary General Ban Ki- Moon honored Kuwait for its role as a humanitarian leader in the Arab world and beyond³⁷. UAE in 2013 contributed US\$ 5.89 billion in foreign aid and was crowned the world's highest humanitarian donor that year³⁸.

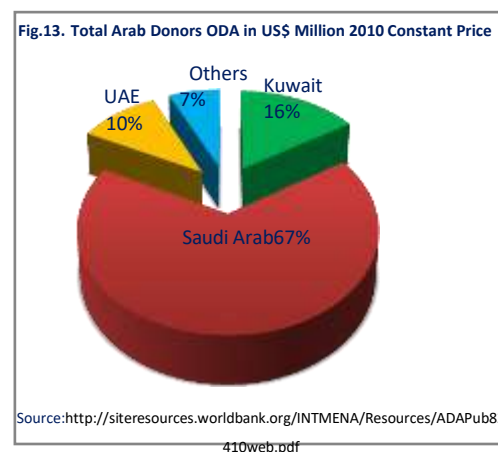
In 2017, UAE aid increased up to US\$ 4 billion and became world's largest donor of Official Development Aid in terms of relative to its national income. Over past 10 years, Saudi Arabia alone extended nearly \$33

billion in global aid³⁹. As per OECD data, in terms of providing regional assistance Saudi Arab also emerged as the biggest



donor from the Arab world extending 67% followed by Kuwait 16%, UAE 10% and Others 7%. Kuwait has introduced significant initiatives for improving aid governance model while enhancing aid assistance as well. It started Kuwait Fund for Arab Economic Development in 1961. Following Kuwait model,

the UAE in 1971 founded the Abu Dhabi Fund for Arab Economic Development called Abu Dhabi Fund⁴⁰. The Arab ODA (Fig. 12 & 13⁴¹) is dominated largely by Saudi Arab, Kuwait, UAE, Oman, Qatar and is much more organized. These Arab donors have offered assistance to poor countries of sub-Saharan Africa countries like Mali, Mauritania, Senegal, Somalia, and Sudan. In Asia such as Cambodia, Bangladesh, Nepal, Pakistan, Sri Lanka, Tajikistan, and Vietnam. During 2023 floods, Saudi Arabia offered substantial aid assistance to Pakistan. Pakistan has received special attention when it comes to aid



³⁷. Minor, A. (2014). Measuring Development Finance from Arab Donors. William & Mary's Global Research Institute.

³⁸. Dali-Balta, S. (2015). The United Arab Emirates leads countries of the world in foreign humanitarian aid. The International Federation of Red Cross and Red Crescent Societies (IFRC).

³⁹. Abdulmalik, A. I. (2018). GCC nations deserve global recognition over foreign aid. Saudi Research & Publishing Company.

⁴⁰. Neumayer, E. (2002). Arab-related Bilateral and Multilateral Sources of Development Finance: Issues, Trends, and the Way Forward. London School of Economics. Blackwell Publishing.

⁴¹

assistance. Saudi Arabia in collaboration with the US as part of cold war politics helped Afghanistan's fight Soviet invasion through Pakistan.

The aspect of humanitarian aid and the target area, Asia in particular and South Asia in general have become a confounding triangularity between the US, China and India. Derek Grossman mentions that New Delhi's 'goodwill' against 'aggressive attitude by China' and the America's Asia focused South Asia concern has 'intensified strategic confrontation in the South Asia region'. Amid this concern China's aggressive attitude further cements India-US strategic cooperation in the region. The aid politics by these donors may fail to achieve purposive results when it comes to humanitarian aid. China's u turns from peaceful rise to achieving strategic motives through economic penetration and infrastructure policies will further aggravate India and the US hampering the motives of international humanitarian aid.

Foreign Aid Performance: Field Reports

Linda Polmann- a freelance journalist working for two Dutch newspapers, in her TEDx Talks based on her ground reporting, analyses what's wrong in foreign aid delivery on ground. Citing UN report, Linda points out that there are over seventy donor countries who host foreign aid and a competing number of over thirty-seven thousand foreign aid agencies working in worst hit war ridden zones like Sierra Leone, Congo, Ivory Coast, Liberia, Sudan, Ethiopia, Afghanistan and Haiti- the locations Linda calls them as darling aid destinations for donor countries/organizations. Based on her field reporting, Linda finally concludes that the foreign aid is an industry. More than the goal of delivering positive development interventions to the worst affected people, Linda confesses, these donor industries, with industrial zeal, literally distribute hundreds of billions of dollars to all the perpetrators of war crime, middle men and brokers and very little reach to the deprived target constituency. Further, Linda explains, since hundreds of billions of dollars are rolled out every year, more and more donor agencies compete increasingly with each other to stake claim of the pie. Most such donors, without any strategic planning, doll out higher and higher money to project their donor agency's good work so that they are again eligible for higher grants⁴². Several other aid workers, academics and field investigators do corroborate to similar findings. Dr. Maliha Chishti- former Director, Hague Appeal for Peace at the United Nations and a researcher specializing in war and post-conflict peace building, shares her similar findings in

Source: <http://siteresources.worldbank.org/INTMENA/Resources/ADAPub82410web.pdf>

⁴². .Polmann, L. (2011, Jun 28,). What's Wrong with Humanitarian Aid? A Journalist's Journey. TEDx Hamburg Hamburg: TEDx.

Afghanistan. Maliha goes further to say that the whole foreign aid industry works on profit basis too with every dollar being rolled out, nearly US\$7- US\$10 comes back to the donor countries⁴³. Similar voices of concern citing Dutch aid agency work on an Indian village⁴⁴; by Abhishek Parajuli and Masako Yonekawa's field narrative of 2004 tsunami ravaged Indonesia; 1990s war ravaged Congo where more than 6 million people died and people flee even today and all the aid were siphoned off by armed rebels to buy more weapons and finally Fukushima 2011 nuclear disaster in Japan⁴⁵ tell similar stories to the extent of saying that aid hurts more than benefits. Contrary to this material aid distribution and the reports of their agonizing counter productiveness, there are positive experiences too in the field of eradication of disease through foreign aid programmes. Joe Cerrell's experience in Ghana in eradicating Guinea worms through Bill Gates aid programme⁴⁶. Also, David Walton's experience in Haiti dealing with child mortality and other disease during Haitian earth quake where billions of dollars were donated but apparently only 0.09% reached the target needy group. At the end however, Walton shares the joy of hospital building citing the need for infrastructure and capacity building which could reverse the vicious circle of aid into positive intervention modules too⁴⁷.

Conclusion

Although countries receive assistance for developmental purposes, as foreign capital flow, investment by private/commercial Banks, Foreign aid as Official Development Assistance is largely provided by governments and by multilateral financial institution-example-World Bank. Number of regional development banks like Inter-American Development Bank, the African Development Bank, and the Asian Development Banks also offer some '*concessional loans*' to support development. Asian Infrastructure Investment Bank (AIIB) introduced by Chinese Government in 2016 provide infrastructure development loan to facilitate development in Asia. The US who is a dominant player in the politics of foreign aid did not join the initiative. The US-China acrimony and in fact the "unsuccessful" attempt by the US to convince its alliance partners to stay away from AIIB made the politics of foreign aid further complicated. Foreign aid as bilateral aid further accrues to politics behind the aid/assistance. Bilateral Aid assistance has increased and the share of bilateral assistance ('foreign aid granted by one government directly to another government') by advanced industrialized world as per

⁴³ . Chishti, M. (2016, Mar 3). Foreign Aid: Are we really helping others or just ourselves? TEDx UTSC. Toronto: TEDx UTSC.

⁴⁴ Parajuli, A. (2017, Feb 27). Friendly Fire: How Foreign Aid Hurts Development. TEDx Oxford. TEDx Oxford.

⁴⁵ . Yonekawa, M. (2012, Aug 18). Does Aid REALLY Help People? TEDxWasedaU. WasedaU: TEDxWasedaU

⁴⁶ Cerrell, J. (2013, Oct 25). In defence of foreign aid. TEDxASL

⁴⁷ . Walton, D. (2013, Jan 30). Breaking the cycle of failure in Haitian foreign aid. TEDxBeaconStreet

bilateral figure increased \$143 billion in 2016 to in 2022. The bilateral aid saw further hype due to Ukrainian war involving bipolar world politics-legacy of cold war. Whereas refugee costs fell (of including ODA for in-donor) by 6.2% in 2023 compared to 2022 and amounted to USD 31 billion, representing 13.8% of DAC member countries' total ODA, down from 14.7% in 2022.

Intended effects of aid (Axel Dreher et al, 2024): However, many research argue that the 'effectiveness of development aid' very often becomes blurred. Effectiveness and allocation of foreign aid assistance are proportionate to *intended effects* the donors want largely determined by donor motives and recipient needs-either economic development, human development. Aid allocation also depends upon recipient merit and the donors' interests-whether commercial interests or defense maximization. During cold war aid to different countries was motivated by these calculations. The *Marshal Plan* vs. *Molotov* aid programme were intended to maximize security. The US provided aid with the help of Saudi Arabia through Pakistan to bleed the white Russians in Afghanistan. Afghanistan's motive coincided with the US's defeating Soviet Union. While as Pakistan's motives to help Afghanistan to win strategic depth against India. Post-cold war era in Eastern Europe and other parts the US was more concerned with economic. The cold war politics which impacted the nature of international system into high politics effected largely the governance and politics foreign aid assistance. The bi-polar system maintained by the US-Soviet Union block-ism factored governance and politics of foreign aid assistance into three domains:

1. Selection of countries/areas,
2. Aid allocation on sectors/areas and impacted aid allocation to countries and
3. Amount distribution of aid to those countries/regions.

Humanitarian aid and the purposes of assistance largely are identifiable with motives of donors and needs of the recipient countries. An important way of weighing success of aid assistance is to understand the interest and purposes involved. These motives drawn from interests of both donors and of recipient's countries are outcomes of rational actor-states choices. Neo-Realism proposes rational choice outcomes to either power maximization or security maximization as basic motive. It also visualizes needs of the poor recipient countries to remove economic deprivation, enhance and secure security capability ultimately to increase the power status in the global politics. Aid assistance for war purposes very often defeat the real motive of humanitarian aid. As pointed out earlier foreign aid through investment, loan,

private investment, FDI etc. international aid to poor countries aims to eradicate global inequality aid assistance usually targets improving human lives of poor countries. Many aid instruments focus on various targets areas/sectors however, the main concern remains either economic growth, as IMF aims, or human development. Removing global inequality to ensure global justice has to do with problem of distribution.

Rawls *original position* (Theory of Justice 1971) hypothesises the problem of how distribution principle would bring maximum benefits to remove hunger, poverty, inequality. The rise of North-South global inequality debate that the advanced industrialized countries perpetuate inequality through controlling international economic structure including principles of distribution. Secondly, foreign aid motives targeting economic growth only or emphasizing focus on economic growth without human development-with justice, democracy as development (Amartya Sen) also risks the purpose of humanitarian aid for improving overall health of recipient countries.

To further scratch into the principle of distribution as fair (Rawls justice as fairness) contemporary political theorist's line of argument fluctuate between '*value and morality, reward and desert*'. Hayak argues '*it is a mistake to over-moralize economic rewards*. Hayak produces an argument that it is wrong to project that '*economic rewards reflect people's merits, or moral desert*'. Hayek's claim was '*all can't be assured an equal position*' in the distribution principle. In principle that would amount to '*state control all conditions*' of individual's life which is the *opposite of freedom*⁴⁸. So equal distribution principle brings into question the fair principle with respect to resources and rights and freedoms. In this respect some deserve more not morally which is merit principle but the distribution principle itself becomes fair or just by that way. The argument that global justice and the distribution of world income has to do with merit based on the contribution of developing countries to world income which they claim is less than the developed one gets washed away. It can also be pointed out that foreign aid in this scenario becomes the responsibility of the industrialized world to compensate the poor world.

Another line of argument comes from '*welfare state liberals*' who believe distribution principle as '*taxing the rich to help the poor*' as just, *surprisingly* share Hayek's argument that distribution or

⁴⁸ Sandel, Michael J. "The Tyranny of Merit: What's Become of the Common Good?" Penguin, Chapter 5. (e-copy)

economic rewards are not a result of merit or desert⁴⁹.

In the midst of such scenario humanitarian aid is reduced to two motive indices of domination-status quo and non-status quo involving the politics of domination and hegemony. Powerful countries/conventional donors especially try to maintain hegemony over global politics by regulating economic system and legitimize power structure through aid assistance gestures while minting control who gets and what in international aid. Playing though such tactics conventional donors reduce aid assistance motives for maintain status quo. Newly emerging donors in the same way try to challenge the status quo-ist global politics domination, however, try to raise their power position and raise their power status by playing the politics of humanitarian aid; aid for seeking legitimacy to dominate the world politics like of conventional donors. China and India have used soft power humanitarian aid as an instrument to niche into the status of conventional donors and increase their power status. In this respect, humanitarian aid and the target to improve live of the people in poor countries is very often used as an ethical code to strengthen liberal hegemony by infusing liberal order into the recipient nations like IMF, WB private aid assistance, investment, loaning, etc. also aiding countries to restructure their political and economic systems on patterns of market oriented liberal international economic system.

There have been positive results of foreign aid particularly in health, education, sanitation and some degree of local level capacity building. In the larger philosophical and normative level, foreign aid remains controversial and very often used for political and economic gains of donors while there is a correlation between donor countries/organizations with that of recipient countries elite which has way laid the benefits of foreign aid from the needy.

The US based '*Global Financial Integrity (GFI)*' and the Centre for Applied Research at the Norwegian School of Economics found that in 2012, developing countries received a total of US\$1.3trillion, including all aid, investment, and income from abroad. In that same year, some US\$3.3trillion flowed out of them to developed countries. Developing countries rather sent back US\$ 2 trillion more to the rest of the world than they received. Apparently, since 1980, net outflows from developing countries add up to an eye- popping total of US\$16.3trillion – that's how much money has

Ibid.⁴⁹

For further discussion see (Oatley, Thomas. "International Political Economy". 6th ed., International Student ed., Routledge, 2019. Chapter.14.)

been drained out of the global south over the past few decades. Alex Dreher, Heidelberg University, empirically establishes that non-permanent members of United Nations Security Council (UNSC), soon after becoming UNSC members have negotiated more foreign assistance to their countries- a case of quid pro quo. At the philosophical and normative level, the entire *Centre-Periphery* school of thought and *Dependency Theory* protagonists like Hans Wolfgang, Paul Baran and Andre Gunter Frank, Immanuel Wallerstein et al explain how the periphery (developing world) subsidizes the economic prosperity of the industrialized North- a case so amply and empirically tested to be correct. The great American Saying No *lunch is Free* is indeed true. Estonian economist Rugnar Nursk, Peruvian critique José Carlos Mariátegui et al have advocated indigenous growth as the best way.