



PHENOMENON OF ‘FOREIGN AID AND ASSISTANCE’ IN THEORETICAL DISCOURSE: OLD AND NEW APPROACHES

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Abstract

This paper provides a comprehensive examination of the evolution of foreign aid and assistance within international relations theory, tracing its development from early informal, religious, and philanthropic efforts to modern, institutionalized, and state-led mechanisms. The author critically reviews major theoretical frameworks-including realist, liberal, modernization, dependency, neoliberal institutionalist, postcolonial, and sustainable development approaches-highlighting their perspectives on the motivations, effectiveness, and consequences of aid. The discussion is enriched with empirical data, case studies, and references to key scholars such as Morgenthau, Keynes, Nye, Sen, and Sachs. The thesis also addresses contemporary trends such as the increasing complexity of the global aid architecture, the role of the International Development Association (IDA), and the emergence of non-Western donors. Special attention is given to interdisciplinary approaches in evaluating aid, including comparative, conflict, strategic, environmental, and non-Western studies. The work concludes by advocating for recipient-centered, sustainable, and inclusive models of aid in a multipolar world.

Keywords: Foreign aid, international assistance, theoretical frameworks, realism, liberalism, modernization theory, dependency theory, neoliberal institutionalism, postcolonial theory, sustainable development, International Development Association (IDA), aid effectiveness, comparative studies, conflict studies, strategic studies, environmental aid, non-Western donors, global development, recipient-centered models.



Introduction

Foreign aid and assistance have long been integral components of international relations, evolving in response to global economic shifts, geopolitical transformations, and theoretical advancements. Historically, foreign aid has been deployed as a tool for economic development, humanitarian relief, and strategic diplomacy, often influenced by the political interests of donor states. Over time, theoretical frameworks guiding foreign assistance have undergone significant revisions, transitioning from classical modernization theories and dependency perspectives to contemporary paradigms such as the sustainable development approach and international cooperation. The purpose of this paper is to critically examine both traditional and modern theoretical perspectives on foreign aid, assessing their effectiveness in addressing global inequalities and fostering sustainable growth. By analyzing empirical data and case studies, the paper will explore the motivations behind aid distribution, the role of international organizations, and the impact of emerging economic powers in reshaping aid dynamics. The discussion will highlight the transition from conditional, donor-driven assistance toward more inclusive, recipient-centered models that prioritize long-term development over short-term relief. This study will contribute to the broader discourse on international aid by evaluating the evolving nature of assistance strategies and their implications for global development. Through a comparative analysis of old and new approaches, the paper will assess whether contemporary models of aid delivery are better suited to meeting the challenges of an increasingly interconnected world.

When the evolution of foreign aid and assistance's theoretical framework is examined throughout different states' attitudes, the attention should also be allocated to historical context of foreign aid in global politics. The transformation of international relations system as well as changes in economic context happened in different levels in regions, which had both direct and indirect influence on development of specific regions and states. With such trends, the roles of donors and philanthropists also transformed. The 19-20th centuries could be considered as the commencing point in practicing foreign aid and assistance; however, such transfers and international help was not considered as formal due to the reason that aid was mostly directed by religious



missions, philanthropists, or as part of imperial agendas. Before modern state-led foreign aid systems took shape, religious organizations were among the primary agents providing assistance across borders. Missionaries were often the first to introduce basic healthcare and education to many communities in Africa and Asia, especially before the establishment of formal colonial governments¹. These actors were the primary providers of international assistance, and their efforts were generally aimed at humanitarian concerns, such as alleviating suffering, promoting education, and providing healthcare.

The institutionalization of international aid as well as the nature of assistance evolved from informal philanthropic and religious efforts to more structured, state-led mechanisms. Such practices evolved because of increasing involvement of governments and international organizations in aid distribution that also reflected in broader transformations in the global political and economic order. These developments demanded theoretical frameworks to analyze the motivations, implications, and effectiveness of foreign aid. As a result, various traditional theories emerged, each offering distinct perspectives on the role of aid in international relations. The following section examines these theoretical foundations which have shaped foreign aid policies and practices over time.

The first and one of the foremost significant theories of foreign aid was considered as a tool for political influence and strategic interests by Hans Morgenthau in his academic work “A Political Theory Of Foreign Aid”. Scholar argues that states do not provide aid solely out of altruism but rather to advance their own political and strategic interests. Furthermore, he in his work indicated six types of foreign aid, which are humanitarian foreign aid, subsistence foreign aid, military foreign aid, bribery, prestige foreign aid, and foreign aid for economic development – and it is the task for country to identify which type of foreign aid is appropriate to the concrete situations². The emphasis of his ideas regarding foreign aid as a tool of national interest also lies on foreign assistance

¹ Selhausen, F.M. (2019). Missions, Education and Conversion in Colonial Africa. African Economic History Working Paper Series No. 48. University of Sussex, p. 7.

² Morgenthau, H. (1962). A Political Theory of Foreign Aid. The American Political Science Review, vol. 56, p. 309.



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as an instrument of power politics that are, indeed, used to maintain influence over recipient states. With such, foreign aid is “a more potent political weapon” for donor countries that influences recipient country immediately and patently³. The next theoretical perspective within foreign aid practice is liberal one, which, in turn, highlights that aid is a mean to promote global cooperation and economic growth. Initial efforts to allocate international assistance in face of religious missions, philanthropy, and humanitarian aid could be explained through liberal lens, where moral responsibility, international cooperation, and the role of non-state actors in international affairs are key priorities when foreign aid is granted. John Maynard Keynes played a pivotal role in shaping the modern economic framework of foreign aid by advocating for international financial cooperation to ensure global stability. He also contributed to the Bretton Woods System, which underscored the necessity of structured financial assistance in preventing economic crises and fostering long-term growth. Keynes argued that economic aid and financial support were essential not only for the recovery of war-torn economies but also for maintaining a balanced and sustainable international economic order. His perspective meant that foreign aid, when strategically implemented, could serve as a stabilizing force against economic downturns and geopolitical uncertainties. The establishment of international institutions such as the International Monetary Fund (IMF) and the World Bank reflected his idea of a regulated economic system where aid and financial assistance function as mechanisms for both crisis management and development. On the other hand, Joseph Nye also enriched liberal theory of foreign aid through introduction of the concept of “soft power”, where aid can be used to foster positive influence and cooperation. Soft power, according to Joseph Nye, is a nation's ability to achieve its goals by persuasion rather than force or money and yet, in this concept, foreign aid becomes a key instrument of soft power, allowing donor states to coercively influence by fostering goodwill, economic cooperation, and cultural ties with recipient nations⁴. In this context, foreign aid as a tool of soft

³ Morgenthau, H. (1962). A Political Theory of Foreign Aid. *The American Political Science Review*, vol. 56, p. 309.

⁴ Nye, J. S. (2004). *Soft Power: The Means to Success in World Politics*. New York: Public Affairs. Retrieved from



power, spreads ideological values such as democratic governance, market-oriented reforms, and liberal initiatives that, in own turn, underline core values and foreign policies of donor country.

Two other theories indicating foreign aid allocation are modernization and dependency theories. Modernization theory that emerged in the post-World War II era considered foreign aid in face of investments as pivotal in facilitating transformation from "traditional" to "modern" stages of economic and social progress by providing the necessary capital, technological advancements, and expertise to help nations industrialize and modernize their economies⁵. From the perspective of dependency theorists, foreign aid is seen as a mechanism that perpetuates global inequalities by reinforcing the power dynamics between donor countries and the Global South and this theory offers a more critical lens through which the role of foreign aid examined in the process of development. André Gunder Frank, a leading proponent of this theory, says that aid perpetuates a cycle in which developing nations remain economically and politically subordinate to wealthier states and here foreign aid functions not as a tool for self-sufficiency but as a means of maintaining the hierarchical global order, ensuring that recipient states remain reliant on donor nations for financial and technical assistance⁶.

In contrast, the practice shows new approaches within theoretical perspectives of foreign aid and assistance, which are neoliberal institutionalism, postcolonial theory, and sustainable development approach. Neoliberal institutionalism, as articulated by Robert Keohane in "After Hegemony" (1984), argues that international institutions such as the IMF and World Bank enhance aid effectiveness by fostering cooperation, reducing uncertainty, and promoting accountability in recipient states⁷. These institutions aim to ensure that financial assistance contributes to long-term development rather than short-term

https://www.academia.edu/23620658/Soft_Power_the_Means_to_Success_in_World_Politics_Joseph_S_Nye_Jr?source=swp_share

⁵ Rostow, W. W. (1960). *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge University Press, pp. 4-16.

⁶ Frank, A. G. (1966). *Capitalism and underdevelopment in Latin America: Historical studies of Chile and Brazil*. Monthly Review Press, New York, pp. 4-17.

⁷ Keohane, R. O. (1984). *After hegemony: Cooperation and discord in the world political economy*. Princeton University Press, pp. 85-109.



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geopolitical objectives. However, critics argue that such institutions often impose economic policies that align with donor interests rather than addressing the structural challenges of developing nations. Postcolonial Theory presents a critical view of foreign aid, emphasizing its role in sustaining historical power imbalances. Edward Said's "Orientalism" (1978) highlights how Western narratives justify foreign aid as a means of 'modernizing' and 'civilizing' the Global South, reinforcing the notion that recipient states are dependent and incapable of autonomous development⁸. Expanding this perspective, Arturo Escobar, in "Encountering Development" (1995), argues that development aid serves as a political instrument that entrenches 'Western economic and governance models', shaping local economies in ways that maintain dependency rather than fostering self-sufficiency⁹. While postcolonial theorists emphasize aid's function as a mechanism of control, the sustainable development approach offers a contrasting perspective that focuses on human empowerment and long-term capacity-building. Amartya Sen in "Development as Freedom" (1999), emphasizes the focus of aid from economic growth to expanding individual freedoms, arguing that true development occurs when people have access to education, healthcare, and democratic participation¹⁰. Sen advocates for aid programs that enhance social opportunities at the grassroots level rather than reinforcing macroeconomic dependency. Similarly, Jeffrey Sachs in "The End of Poverty" (2005), mentions that large-scale aid programs — if well-managed — can eliminate extreme poverty, particularly in Africa, by investing in infrastructure, healthcare, and education¹¹. His contributions to the Millennium Development Goals (MDGs) and later the Sustainable Development Goals (SDGs) underscore the potential for aid to function as a transformative tool when aligned with the specific needs of recipient communities.

As a contemporary trend in transformation of International Aid System (and due to – scholars' awareness towards more comprehensive research on the given issue) and approaches to evaluate the process, the role of International

⁸ Said, E. W. (1978). *Orientalism*. Pantheon Books, New York, pp. 31-49.

⁹ Escobar, A. (1995). *Encountering development: The making and unmaking of the Third World*. Princeton University Press, pp. 21-54.

¹⁰ Sen, A. (1999). *Development as freedom*. Oxford University Press, pp. 3-4.

¹¹ Sachs, J. (2005). *The end of poverty: Economic possibilities for our time*. Penguin Press, pp. 208-209.



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Development Association's (IDA) within the World Bank system in an increasingly complex global aid over the period of two decades should also be mentioned. With establishment in 1960 and its grants and low-interest loans for over 30-40 years and possibility of no repayment terms, the IDA assists states to enhance the lives and invest in their future with more prosperous communities across the globe¹². By considering aid architecture, it should also be highlighted that the process of international aid transaction has witnessed more fragmentation. The situation of current times shows that recipient countries have been facing multiple challenges related to requirements of reports, updates, financial and project audits as well as other assessments. Here, it could also be underlined that IDA's global footprint includes "the ability to convene various stakeholders, including governments, civil society organizations, and other development partners, facilitate better coordination and alignment of efforts", while also playing a vital role in providing much-needed concessional finance to countries at high and moderate risk of debt distress, thereby fostering debt sustainability and promoting sustainable development¹³.

With aforementioned information, modern research considers interdisciplinary objectives to assess the effectiveness and consequences of international aid as well, which are:

- **Comparative Studies and Aid:** Examines cross-country differences in aid effectiveness, institutional frameworks, and local ownership – aid being allocated differently by diverse international actors, including countries themselves, based on specific values and motivations could be imprinted in comparative analyses.
- **Conflict Studies and Aid:** Investigates the role of aid in conflict prevention, peacebuilding, and post-conflict reconstruction – aid, as it is argued in Leonhardt's analysis, has the characteristic not only inadvertently subsidize

¹² World Bank. (n.d.). What is IDA? World Bank Group.

[https://ida.worldbank.org/en/about#:~:text=The%20International%20Development%20Association%20\(IDA,prosperous%20communities%20around%20the%20world.](https://ida.worldbank.org/en/about#:~:text=The%20International%20Development%20Association%20(IDA,prosperous%20communities%20around%20the%20world.)

¹³ World Bank. (2024, May 13). IDA's Role in an Increasingly Complex Global Aid Architecture. World Bank Group.

<https://www.worldbank.org/en/news/feature/2024/05/13/ida-s-role-in-an-increasingly-complex-global-aid-architecture>



war economies but also support peacebuilding through trust-building and alternative livelihoods¹⁴.

- Strategic Studies and Aid: Analyzes how aid is used as a tool of foreign policy and international relations – international donors allocating foreign aid could impact on securing alliances, market access, or geopolitical influence¹⁵.
- Environmental Studies and Aid: Explores the integration of environmental sustainability and climate resilience into aid programs – aid architecture being affected by climate financing signals how poverty could be linked to each other and increase sustainability and resilience.
- Non-Western Approaches to Aid: Highlights alternative models and philosophies of aid, particularly from emerging donors such as China and India and South-South cooperation, which includes the idea of prioritizing infrastructural enhancements and trade partnership, while the Western approach is focused of governance reforms¹⁶.

In conclusion, the theoretical evolution of foreign aid and assistance reflects the complexities of international aid and its broader implications for global development. While realist perspectives emphasize aid as a tool of power and influence, liberal and neoliberal institutionalist approaches argue for its role in fostering economic stability and international cooperation. At the same time, modernization theory views aid as a possibility for progress, while dependency theory and postcolonial one exposes its function in maintaining structural inequalities between the donor and recipient countries. Modern discussions on foreign aid, especially within the sustainable development framework, challenge traditional donor-led models by advocating for inclusive, recipient-centered

¹⁴ Leonhardt, M. (2000). The Challenge of Linking Aid and Peacebuilding. International Alert, p. 3.
https://inee.org/sites/default/files/resources/doc_1_Challenge_linking_aid_and_peacebuilding.pdf

¹⁵ Othman, R. (2025, February 12). The Role of Foreign Aid in Achieving Foreign Policy Goals. Arab American University, p. 133.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5075522

¹⁶ Tafana, K. & Beceren, E. (2022, September 9). THE IMPACT OF FOREIGN AID ON POVERTY REDUCTION: AN INTERNATIONAL LITERATURE REVIEW. PressAcademia. Journal of Economics, Finance and Accounting, pp. 134-135.

<https://dergipark.org.tr/tr/download/article-file/2669714>



approaches that emphasize human rights empowerment, capacity-building, and long-term resilience rather than economic subordination. Scholars like Amartya Sen and Jeffrey Sachs provide critical overview into how aid can be restructured to align with social freedoms and sustainable growth, moving beyond immediate financial transfers to address fundamental barriers to development. The rise of new economic powers and geopolitical shifting further indicate that the future of foreign aid will not be determined solely by Western institutions but by a more multipolar world order. As aid mechanisms continue to enhance, the main challenge lies in restructuring foreign assistance in a way that will prioritize self-sufficiency and equitable growth rather than reinforcing dependency or serving strategic interests. The evolving nature of international aid demands a critical assessment of both the motivations beside its allocation and the mechanisms through which it is controlled. In this case, the effectiveness of foreign aid is dependent on its capacity to foster long-term development that is autonomous, sustainable, and responsive to the challenges faced by the recipient states within an increasingly interconnected global system.

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