Syllabus

International Development Policy

(Internationale Entwicklungspolitik)

Master lecture

Summer semester 2027

(as of October 27, 2026)

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1. General information

1.1 Course content

This course offers insights into the politico-economic analysis of international development policies. Students will obtain an overview on the state of the art of empirical research on development aid and other international development policies. The course discusses the determinants of aid allocation, up-to-date methods for evaluating aid effectiveness at the macro and micro level, the role of conditionality, and potential reasons for the ineffectiveness of aid projects. It also covers non-state development actors, international development organizations, and so-called new donors such as China and India. More specifically, the course covers the following topics:

Chapter 1	Introduction
Chapter 2	Bilateral aid giving
Chapter 3	Multilateral aid giving
Chapter 4	China and other emerging donors and lenders
Chapter 5	Poverty targeting and political capture of aid within countries
Chapter 6	Aid effectiveness
Chapter 7	Side effects of aid
Chapter 8	Development finance beyond aid
Chapter 9	Trade policy
Chapter 10	Migration policy
Chapter 11	Humanitarian assistance
Chapter 12	Contemporaneous topic

1.2 Course goals

Students learn to analyze international development policies with politico-economic theories and empirical methods.

1.3 Prerequisites

There are no formal requirements, but knowledge in the following areas is highly recommended: econometrics, microeconomics, macroeconomics, and development economics. We recommend that students take the following classes in preparation of this course:

- M.WIWI-QMW.0004.Mp: Econometrics I
- M.WIWI-VWL.0138.Mp: Quasi-Experiments in Development Economics

We strongly advise against participation if you have never taken an econometrics course before!

1.4 Credit points

6 ECTS-LP (lecture: 2 SWS; exercise session: 2 SWS).

1.5 Registration

Please register via FlexNow.

2. Course overview

2.1 Description of the teaching and learning methods

The lecture is supplemented by self-study based on provided materials and literature. The accompanying exercise session complements the lecture content. It provides a refresher for interpreting regression outputs. Research papers presented in the lecture will be discussed thoroughly with regard to content, methodology and their links to general debates in international development policy. The exercise session will also practice the writing of policy briefs to develop students' skills in policy analysis and communication. **The course language is English.**

2.2 Meetings

Lecture (*Vorlesung*):

- Every Monday, 14:15-15:45, see EXA for room
- First lecture: Monday, April 12
- Last lecture: Monday, July 12
- No lecture on May 17

Guest lecture (*Vorlesung*):

- Guest lecture (tba)

Exercise session (*Übung*):

- Session 1: Thursday, April 15, 14:00 c.t.-16:00 c.t., see EXA for room
- Session 2: Thursday, April 29, 14:00-16:00 c.t., see EXA for room
- Session 3: Thursday, May 13, 14:00-16:00 c.t., see EXA for room
- Session 4: Thursday, June 10, 14:00-16:00 c.t., see EXA for room
- Session 5: Thursday, July 1, 14:00-16:00 c.t., see EXA for room
- Session 6: Thursday, July 15, 14:00-16:00 c.t., see EXA for room

Blocked exercise session for presentation of the policy reports (*Übung*):

- Friday, July 2, 9:00-18:00 s.t., see EXA for room
- Saturday, July 3, 9:00-15:00 s.t., see EXA for room
- **Participation at the blocked exercise session is mandatory**.

Communication:

Instead of emails, we will use the two communication fora on Stud.IP (one for content-related and one for organizational questions)

2.3 Examination and grading of the module

The grading consists of two components:

- Final exam (duration: 60 minutes) [4C]
- Policy report (drafting, oral presentation, and discussion of another student's report) [2C]

Exam date:

- **Monday, July 19, start: 14:15**, see EXA for room

2.4 Course materials

- We will read 1-2 research papers per lecture. The required readings are announced below.
- Supplementary course materials will be announced at the beginning of each lecture and/or published on Stud.IP.
- Exercise questions will be announced during the tutorial and/or published on Stud.IP.

3. Reading list

[Note: Papers with a (*) are mandatory readings for the exam]

Chapter 1 Introduction

- Statement of the "problem"
- Stylized facts

References:

Doucouliagos, Hristos (2019). The Politics of International Aid. In: *The Oxford Handbook of Public Choice*, Volume 2. Edited by Roger D. Congleton, Bernard Grofman, and Stefan Voigt. Oxford University Press.

Chapter 2 Bilateral aid giving

Required readings:

(*) Faye, Michael and Paul Niehaus (2012). Political Aid Cycles. *American Economic Review* 102(7): 3516–3530.

Other references:

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

Bueno De Mesquita, Bruce and Alastair Smith (2009). A Political Economy of Aid. *International Organization* 63(2): 309–340.

Chong, Alberto and Mark Gradstein (2008). What Determines Foreign Aid? The Donors' Perspective. *Journal of Development Economics* 87(1): 1–13.

Fuchs, Andreas, Axel Dreher and Peter Nunnenkamp (2014). Determinants of Donor Generosity: A Survey of the Aid Budget Literature. *World Development* 56: 172–199.

Hoeffler, Anke and Verity Outram (2011). Need, Merit, or Self-Interest—What Determines the Allocation of Aid? *Review of Development Economics* 15(2): 237–250.

Milner, Helen V. and Dustin H. Tingley (2010). The Political Economy of US Foreign Aid: American Legislators and the Domestic Politics of Aid. *Economics & Politics* 22(2): 200–232.

Chapter 3 Multilateral aid giving

Required readings:

(*) Kersting, Erasmus K. and Christopher Kilby (2016). With a Little Help from My Friends: Global Electioneering and World Bank Lending. *Journal of Development Economics* 121: 153-165.

Other references:

Dreher, Axel and Martin Gassebner (2012). Do IMF and World Bank Programs Induce Government Crises? An Empirical Analysis. *International Organization* 66(2): 329–358.

Dreher, Axel and Stefanie Walter (2010). Does the IMF Help or Hurt? The Effect of IMF Programs on the Likelihood and Outcome of Currency Crises. *World Development* 38(1): 1–18.

Dreher, Axel, Jan-Egbert Sturm and James Raymond Vreeland (2009). Development Aid and International Politics: Does Membership on the UN Security Council Influence World Bank Decisions? *Journal of Development Economics* 88(1): 1–18.

Dreher, Axel, Jan-Egbert Sturm and James Raymond Vreeland (2009). Global Horse Trading: IMF Loans for Votes in the United Nations Security Council. *European Economic Review* 53(7): 742–757.

Kuziemko, Ilyana and Eric Werker (2006). How Much Is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations. *Journal of Political Economy* 114(5): 905–930.

Lang, Valentin F. and Andrea F. Presbitero (2018). Room for Discretion? Biased Decision-making in International Financial Institutions. *Journal of Development Economics* 130: 1–16.

Chapter 4 China and other emerging donors and lenders

Required readings:

(*) Dreher, Axel and Andreas Fuchs (2015). Rogue Aid? An Empirical Analysis of China's Aid Allocation. *Canadian Journal of Economics* 48(3): 988–1023.

(*) Dreher, Axel, Andreas Fuchs, Roland Hodler, Bradley C. Parks, Paul A. Raschky and Michael J. Tierney (2019). African Leaders and the Geography of China's Foreign Assistance. *Journal of Development Economics* 140: 44–71.

Other references:

Asmus, Gerda, Andreas Fuchs and Angelika Müller (2017). BRICS and Foreign Aid. AidData Working Paper No. 43. Williamsburg, VA: AidData at College of William & Mary.

Budjan, Angelika J. and Andreas Fuchs (2021). Democracy and Aid Donorship. *American Economic Journal: Economic Policy* 13(4): 217–238.

Dreher, Axel, Andreas Fuchs and Peter Nunnenkamp (2013). New Donors. *International Interactions* 39(3): 402–415.

Dreher, Axel, Andreas Fuchs, Bradley C. Parks, Austin Strange and Michael J. Tierney (2018). Apples and Dragon Fruits: the Determinants of Aid and Other Forms of State Financing from China to Africa. *International Studies Quarterly* 62(1): 182–194.

Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J. Tierney (2022). *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program*. Cambridge, UK: Cambridge University Press. [Note that a digital copy of the book is available via SUB]

Fuchs, Andreas, and Krishna Chaitanya Vadlamannati (2013). The Needy Donor: An Empirical Analysis of India's Aid Motives. *World Development* 44: 110–128.

Horn, Sebastian, Carmen M. Reinhart, and Christoph Trebesch (2021). China's Overseas Lending. *Journal of International Economics* 133: 103539.

Horn, Sebastian, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch (2023). Debt Distress on China's Belt and Road. *AEA Papers and Proceedings* 113: 131-34.

Wellner, Lukas, Axel Dreher, Andreas Fuchs, Bradley C. Parks, and Austin Strange (2025). Can Aid Buy Foreign Public Support? Evidence from Chinese Development Finance. *Economic Development and Cultural Change* 73(2): 523-578.

Chapter 5 Poverty targeting and political capture of aid within countries

Required readings:

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

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

Other references:

Asatryan, Zareh and Annika Havlik (2019). The Political Economy of Multilateral Lending to European Regions. ZEW-Centre for European Economic Research Discussion Paper 19-046. Mannheim, Germany: ZEW.

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

Öhler, Hannes, Mario Negre, Lodewijk Smets, Renzo Massari and Željko Bogetić (2017). Putting Your Money Where Your Mouth Is: Geographic Targeting of World Bank Projects to the Bottom 40 Percent. *PLoS ONE* 14(6): e0218671.

Chapter 6 Aid effectiveness

Required readings:

(*) Galiani, Sebastian, Stephen Knack, Lixin Colin Xu and Ben Zou (2017). The Effect of Aid on Growth: Evidence from a Quasi-experiment. *Journal of Economic Growth* 22(1): 1–33. [not relevant: "Smoothing Method" on pdf-page 14-15]

Other references:

Burnside, Craig and David Dollar (2000). Aid, Policies, and Growth. *American Economic Review* 90(4): 847–868.

Clemens, Michael A., Steven Radelet, Rikhil R. Bhavnani and Samuel Bazzi (2011). Counting Chickens When They Hatch: Timing and the Effects of Aid on Growth. *Economic Journal* 122(561): 590–617.

Doucouliagos, Hristos and Martin Paldam (2008). Aid Effectiveness on Growth: A Meta Study. *European Journal of Political Economy* 24(1): 1–24.

Doucouliagos, Hristos and Martin Paldam (2009). The Aid Effectiveness Literature: The Sad Results of 40 Years of Research. *Journal of Economic Surveys* 23(3): 433–461.

Dreher, Axel and Sarah Langlotz (2020). Aid and Growth. New Evidence Using an Excludable Instrument. *Canadian Journal of Economics* 3(3): 1162–1198.

Dykstra, Sarah, Amanda L. Glassman, Charles Kenny and Justin Sandefur (2019). Regression Discontinuity Analysis of Gavi's Impact on Vaccination Rates. *Journal of Development Economics* 140: 12–25.

Chapter 7 Side effects of aid

Required readings:

(*) Nunn, Nathan and Nancy Qian (2014). US Food Aid and Civil Conflict. *American Economic Review* 104(6): 1630–1666.

(*) Rohner, D., Sunde, U., Vanden Eynde, O., Wright, A. L., & Zeng, J. R. (2026). Aiding peace or conflict? The impact of USAID cuts on violence. *Science*, *392*(6799), eaed6802.

Other references:

Acht, Martin, Toman Omar Mahmoud and Rainer Thiele (2015). Corrupt Governments Do Not Receive More State-to-State Aid: Governance and the Delivery of Foreign Aid through Non-state Actors. *Journal of Development Economics* 114: 20–33.

Blattman, Christopher, Julian C. Jamison, and Margaret Sheridan (2017). Reducing Crime and Violence: Experimental Evidence from Cognitive Behavioral Therapy in Liberia. *American Economic Review* 107(4): 1165-1206.

Bjørnskov, Christian (2010). Do Elites Benefit from Democracy and Foreign Aid in Developing Countries? *Journal of Development Economics* 92: 115–124.

Christian, Paul and Christopher Barrett (2024). Spurious Regressions and Panel IV Estimation: Revisiting the Causes of Conflict. *Economic Journal* 134(659): 1069–1099.

Collier, Paul and Anke Hoeffler (2002). Aid, Policy and Peace: Reducing the Risks of Civil Conflict. *Defence and Peace Economics* 13(6): 435–450.

Crost, Benjamin, Joseph Felter and Patrick Johnston (2014). Aid Under Fire: Development Projects and Civil Conflict. *American Economic Review* 104(6): 1833–1856.

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

Gehring, Kai, Lennart Kaplan, and Melvin H.L. Wong (2022). China and the World Bank—How Contrasting Development Approaches Affect the Stability of African States. *Journal of Development Economics* 158: 102902.

Isaksson, Ann-Sofie and Andreas Kotsadam (2018). Chinese Aid and Local Corruption. *Journal of Public Economics* 159: 146–159.

Kersting, Erasmus and Christopher Kilby (2014). Aid and Democracy Redux. *European Economic Review* 67: 125–143.

Lang, Valentin (2021). The Economics of the Democratic Deficit: The Effect of IMF Programs on Inequality. *Review of International Organizations* 16(3): 599-623.

Nielsen, Richard A., Michael G. Findley, Zachary S. Davis, Tara Candland, and Daniel L. Nielson (2011). Foreign Aid Shocks as a Cause of Violent Armed Conflict. *American Journal of Political Science* 55(2): 219-232.

Chapter 8 Development finance beyond aid

Required readings:

TBA

Chapter 9 Trade policy

Required readings:

(*) Cheong, Juyoung, Do Won Kwak, and Haishan Yuan (2017). Trade to Aid: EU's Temporary Tariff Waivers for Flood-hit Pakistan. *Journal of Development Economics* 125: 70–88.

(*) Kis-Katos, Krisztina, and Robert Sparrow (2015). Poverty, Labor Markets and Trade Liberalization in Indonesia. *Journal of Development Economics* 117: 94-106.

Other references:

Baghdadi, Leila, Inmaculada Martínez-Zarzoso and Habib Zitouna (2013). Are RTA Agreements with Environmental Provisions Reducing Emissions? *Journal of International Economics* 90(2): 378–390.

Cali, Massimiliano and Dirk Willem Te Velde (2011). Does Aid for Trade Really Improve Trade Performance? *World Development* 39(5): 725–740.

Dragusanu, Raluca, Daniele Giovannucci and Nathan Nunn (2014). The Economics of Fair Trade. *Journal of Economic Perspectives* 28(3): 217–236.

Hühne, Philipp, Birgit Meyer and Peter Nunnenkamp (2014). Who Benefits from Aid for Trade? Comparing the Effects on Recipient versus Donor Exports. *Journal of Development Studies* 50(9): 1275–1288.

Pahl, Stefan and Marcel P. Timmer (2019). Do Global Value Chains Enhance Economic Upgrading? A Long View. *Journal of Development Studies* (2019): 1–23.

Rodrik, Dani (2018). What Do Trade Agreements Really Do? *Journal of Economic Perspectives* 32(2): 73–90.

Subramanian, Arvind and Shang-Jin Wei (2007). The WTO Promotes Trade Strongly, but Unevenly. *Journal of International Economics* 72(1): 151–175.

Chapter 10 Migration policy

Required readings:

(*) Fuchs, Andreas, André Gröger, Tobias Heidland and Lukas Wellner (2023). The Effect of Foreign Aid on Migration: Global Micro Evidence from World Bank Projects. Kiel Working Paper No. 2257. Kiel, Germany: Kiel Institute for the World Economy.

Other references:

Clemens, Michael A. and Hannah M. Postel (2018). Deterring Emigration with Foreign Aid: an Overview of Evidence from Low-income Countries. *Population and Development Review* 44(4): 667–693.

Dreher, Axel, Andreas Fuchs and Sarah Langlotz (2019). The Effects of Foreign Aid on Refugee Flows. *European Economic Review* 112: 127–147.Lanati, Mauro and Rainer Thiele (2018). The Impact of Foreign aid on Migration Revisited. *World Development* 111: 59–74.

Lanati, Mauro and Rainer Thiele (2018). Foreign Assistance and Migration Choices: Disentangling the Channels. *Economics Letters* 172: 148–151.

Lanati, Mauro and Rainer Thiele. 2020. Foreign Assistance and Emigration: Accounting for the Role of Non-transferred Aid. *World Economy* 43(7): 1951-1976.

Chapter 11 Humanitarian assistance

Required reading:

(*) Eisensee, Thomas and David Strömberg (2007). News Droughts, News Floods, and U.S. Disaster Relief. *Quarterly Journal of Economics* 122(2): 693–728.

Other references:

Andrabi, Tahir and Jishnu Das (2017). In Aid We Trust: Hearts and Minds and the Pakistan Earthquake of 2005. *Review of Economics and Statistics*, *99*(3): 371-386.

Ballesteros, Luis, Michael Useem and Tyler Wry (2017). Masters of Disasters? An Empirical Analysis of How Societies Benefit from Corporate Disaster Aid. *Academy of Management Journal* 60(5): 1682–1708.

Bommer, Christian, Axel Dreher and Marcello Perez-Alvarez (2019). Home Bias in Humanitarian Aid: The Role of Regional Favoritism in the Allocation of International Disaster Relief. *Journal of Public Economics* 208 (2022): 104604.

Drury, A. Cooper, Richard S. Olson and Douglas A. Van Belle (2005). The Politics of Humanitarian Aid: U.S. Foreign Disaster Assistance, 1964–1995. *Journal of Politics* 67(2): 454–473.

Fink, Günther and Silvia Redaelli (2011). Determinants of International Emergency Aid—Humanitarian Need Only? *World Development* 39(5): 741–757.

Fuchs, Andreas and Hannes Öhler (2020). Does Private Aid follow the Flag? An Empirical Analysis of Humanitarian Assistance. *World Economy* 44(3): 671–705.

Fuchs, Andreas and Samuel Siewers (2025). International Humanitarian Assistance. In: Richard Jong-A-Pin and Christian Bjørnskov, *Elgar Encyclopedia of Public Choice*. Edward Elgar. Forthcoming.

Kahn, Matthew E. (2005) The Death Toll from Natural Disasters: The Role of Income, Geography, and Institutions. *Review of Economics and Statistics* 87(2): 271–284.

Raschky, Paul and Manijeh Schwindt (2012). On the Channel and Type of Aid: The Case of International Disaster Assistance. *European Journal of Political Economy* 28(1): 119–131.

Chapter 12 topic

Required readings:

TBA

Disclaimer: Dates and contents subject to change!