



In this seminar session, [Rainer Thiele \(Kiel Institute\)](#) examined the literature on how development aid can benefit donor and recipient countries simultaneously based on "mutual benefit" approach. As a response [Jochen Steinhilber \(BMZ\)](#) assessed what this approach means in the context of current political realities and inter-ministerial coordination, drawing on Germany's practical policy experience. The seminar created an analytical and critical discussion platform aimed at bringing together academic findings and the needs of policy-making in the field.

Jochen Steinhilber assessed the pressures facing Germany's development policy and the practical implications of **"mutual benefit" approach**. He reported that Germany is facing serious budget cuts for 2025 and that development policy is grappling with debates over its legitimacy in the public eye. Therefore, he emphasized that the concept of mutual interest requires clearly defined perspectives from both donor and partner countries. Steinhilber stated that donors explicitly putting their own interests on the table makes negotiations more realistic and clarifies expectations in partner countries. He reminded that Global South countries have options in a multipolar world and build their relationships accordingly. On the other hand, he stated that development policy cannot be solely interest-driven or solely based on normative values, and that this balance must be re-established in each specific case. While acknowledging that aid can have economic outcomes such as improving the investment climate, diversifying supply chains, and attracting skilled labor, he stressed that the BMZ should not become a "foreign trade ministry." A key point raised by Steinhilber was that long-term environmental and social costs should not be ignored for the sake of short-term gains.

Highlighting the strategic importance of long-term partnerships, Steinhilber stated that Germany's establishment of "long-term partnerships based on trust" would be decisive for its international role in a period of intensifying geopolitical competition. He said that working with "difficult partners" in particular is becoming an increasing necessity. He also noted the important role of coordination between ministries, describing the establishment of the National Security Council as a significant institutional step toward developing a more strategic culture among ministries. Steinhilber concluded by stating that German development policy would evolve into a more strategic structure in the future, focusing more on multilateral and measurable areas.

Rainer Thiele summarized the research conducted with his colleagues at the Kiel Institute, which is based on a systematic review of more than 200 empirical studies. The study examines under what conditions development cooperation can be considered a **"mutually beneficial"** investment from the perspective of donor countries. In this presentation, Thiele emphasized that, especially at a time when ODA budgets are declining in many OECD countries and public support is weakening, the question of whether aid also provides returns for the donor is becoming increasingly critical. The study defines mutual benefit based on three criteria: providing tangible benefits to the donor country, increasing the welfare of the recipient country, and these two effects not necessarily having to occur simultaneously. Key findings emerging from the literature they reviewed include strong evidence that aid-for-trade increases donor exports, aid for physical and social infrastructure directly encourages foreign investment, and aid can be used as a tool to gain access to critical raw materials. While covering economic benefits, the research also highlights the short-term diplomatic alignment (especially in UN votes), but this does not always create an impact that is accepted and sustainable in the recipient society. Moreover, he summarized the mixed evidence on security and stability benefits. While aid could prevent the recurrence of conflict and reduce irregular migration by strengthening basic public services, programs involving only income transfers could increase migration in the short-term. Thiele concluded his presentation by stating that, in general, the mutual interest framework offers a more realistic and politically sustainable approach than narrow "donor interest" or narrow "recipient welfare" perspectives.

In the discussion section, participants raised questions particularly on issues such as transparency, the role of strategic interests, the influence of the younger generation, and linking migration to aid. The initial questions debated whether clearly stating national interests would be beneficial in bilateral negotiations. Steinhilber emphasized that hiding interests was unrealistic and that partner countries already knew that donors had interests, stressing that transparency strengthened cooperation. Thiele added that, due to shrinking budgets, clearly defining strategic priorities was both practical and necessary. Finally, one of the most intensely debated topics among participants was framing aid as a tool for reducing migration. Some questions highlighted that treating migration as a "result to be reduced" is a normative and political choice, whereas migration can have positive long-term effects for both donor and recipient countries. At this point, Thiele stated that the literature indicates that migration dynamics are multidimensional and that the effects of aid

vary depending on the context; Steinhilber noted that due to public and political pressures, the issue of migration has become an inevitable policy priority in practice.

Overall, the seminar demonstrated that today's development cooperation faces both quantitative and qualitative challenges due to budgetary constraints and increasing geopolitical expectations. Discussions showed that the “mutual interest” approach offers a practical half-way path, but that this will only become meaningful if donor interests are expressed transparently, long-term trust-based relationships are strengthened, and evidence-based prioritization is implemented. Both speakers emphasized that aligning strategic objectives with real development impact is a fundamental condition for a more effective and sustainable development policy in the future.

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