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Strategic Aid: Explaining The Motives And Choices Of International Donors

Onur Sen

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STRATEGIC AID: EXPLAINING THE MOTIVES AND CHOICES OF INTERNATIONAL DONORS

by

ONUR SEN

Under the Direction of Charles Hankla, PhD

ABSTRACT

Foreign aid, as one of the most “baffling” concepts of international politics according to Hans Morgenthau, is studied by scholars from various fields without a conclusive consensus on its causes. This dissertation project aims to understand and explain foreign aid motivation and distribution of major donor countries. As a multipurpose foreign policy tool, foreign aid is often associated with negative consequences at the recipient end such as causing corruption, sustaining authoritarian leaders in power and prolonging civil wars. However, in reality we observe more and more countries starting their own development assistance programs with increasing funds. It is this puzzle between negative findings associated with foreign aid in scholar works and positive approach of donor governments that this project is addressing. There is a need to understand the actual motives of donors in order to make sense of their foreign aid policies. In this dissertation, I
use a mixed method approach that combines a quantitative study of foreign aid motivation and distribution of thirty donor countries with highest aid budgets from 2002 to 2013 and a case study of Turkey with in-depth analysis of its foreign aid policy. A sound theoretical categorization of major donor countries is a gap in the literature. I address this gap by creating an eclectic typology of donors based on their power index and regime type. This typology enables me to categorize donors as (i) major powers, (ii) emerging major powers, (iii) middle powers, and (iv) regional middle powers. The findings support the argument that foreign aid is a function of security and economic interest for major power while emerging major powers mainly emphasize economic interest. Middle powers consider needs of the recipients more than any other category. Regional middle powers’ motivation is mainly related to their targeted soft power policies. While regional middle powers distribute their foreign aid regionally, all other donor categories distribute aid globally. The case study of Turkey as a regional middle power suggests that Turkey uses foreign aid together with other foreign policy tools in order to increase its soft power in targeted regions.

INDEX WORDS: Foreign aid, ODA, Power hierarchies, Regime type, Targeted soft power, Turkey
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by

ONUR SEN

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Doctor of Philosophy

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STRATEGIC AID: EXPLAINING THE MOTIVES AND CHOICES OF INTERNATIONAL DONORS

by

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Georgia State University
August 2018
DEDICATION

I dedicate this dissertation to my family for their support to pursue my dreams.
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This dissertation project, I consider as one of the biggest accomplishments of my life, took several years of hard work and dedication on my side. Along the way, there were several individuals and institutions that without their support, I could not have got to this point. I would like to take this opportunity to acknowledge them.

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1 INTRODUCTION

This dissertation project is about bilateral official development assistance (ODA) motivation and distribution of major foreign aid donor countries. In the field of international relations, flows of goods, services, finances, immigrants, refugees or even information are widely studied by scholars in order to find patterns and causes of these patterns explaining such complex phenomenon. Foreign aid is also one of these flows between countries as well as between countries and non-state actors, and multilateral organizations. As one of the main purposes of the field is to understand and explain the causes of any type of exchanges between countries from trade to tourism, from immigration to investments, from drug trafficking to arms sales, understanding the flow of foreign aid from donors to recipients is an equally important inquiry of interest that is often understudied by scholars of IR.

Rhetorically, donor countries claim that, as the name “official development assistance” refers, recipient countries are in the earlier stages of economic development and they are in need of foreign financial support in order to economically develop. The hope is that the recipient countries use foreign aid funds for infrastructure, transitioning to market economy, making necessary structural adjustments and eventually these reforms will help them graduate from “developing country” league. Proponents of foreign aid such as Jeffrey Sachs argue that most people in developing countries live in a “poverty trap” where they are unable to escape extreme poverty to fulfill their potential as citizens to help their country economically develop. By managing financial support of foreign governments in a “right” way, people can be rescued from poverty trap and set on their way to prosperity. Opponents of foreign aid such as William Easterly argue that foreign aid does not help people of developing countries to reach prosperity, on the
contrary, it delays the necessary structural reforms by making these countries dependent of foreign aid. Therefore, foreign aid does more harm than good as in the case of Sub-Saharan African states where billions of dollars of foreign aid have not helped economic development of these countries.

Most of the literature on foreign aid revolves around this generic discussion of whether foreign aid is a “good” or “bad” thing. On the one hand, there is one economics approach that foreign aid is necessary to provide basic finances for development projects in the developing world until the necessary institutions are created to escape the poverty trap. This approach is also supported by the moral duty of people in the developed world where they feel the necessity of helping people of the developing world living in extreme poverty. The globalization and easy access to information from all over the world strengthen the case that problems in one part of the world are not any more limited to the country of origin and the consequences can be observed globally. The underdevelopment of certain parts of the world creates safe-heavens for terrorism, human and drug trafficking, diseases, and similar other negative outcomes that are easily trespassing borders of countries and regions. Therefore, global economic development and alleviating the inequalities in development level between countries is a global responsibility and foreign aid is one mean of reaching this goal.

On the other hand, there is another economics approach that developing countries need to climb the latter of development by their own means and will eventually create the necessary institutions and make structural adjustments to reach prosperity. Providing foreign aid slows down the process by making these countries dependent on it and sustaining the status-quo. Every developed country of the modern day was once a developing country and they managed to reach
prosperity without the financial support of foreign governments. Although it is harder to morally justify this approach as the suffering of people in extreme poverty are more and more visible with the advancements of communication technologies, from a purely economics perspective there is theoretical and empirical support to this argument. Both the case for and against foreign aid receives scholar interests without an empirical conclusion to the discussion.

Other than the effects of foreign aid on economic development, scholars of various fields such economics, international political economy, international relations and sociology study the effects of foreign aid on civil war duration, corruption, democracy, gender equality, public health, trade, and so on with mixed findings. Although there are studies that show association of foreign aid with desired positive outcome such as helping better democratic performance in recipient countries, more often than not, foreign aid is found “guilty” of prolonging civil wars, financing corrupt leaders or sustaining inequalities.

If a conclusive positive relation between foreign aid and economic development is still lacking in the literature, and there are increasing number of studies which claim foreign aid corresponds to negative outcomes in recipient countries, then why in reality we observe donor countries still contributing billions of dollars to their foreign aid funds and more and more new countries starting their own ODA programs? It is this puzzle between negative findings related to foreign aid in academic studies and positive approach of donor governments on foreign aid that creates the curious inquiry of interest for this dissertation project.
One way to approach this puzzle is to use foreign aid as dependent variable and seek causal mechanisms behind countries’ decision to start ODA programs and how much they contribute to these funds. Rather than studying effects of foreign aid, this project studies causes of foreign aid. This study is not the first of its kind as several other scholars of economics and international relations previously addressed causes of foreign aid over the last half century. Building on the accumulated knowledge on causes of foreign aid, with this dissertation I add my humble contribution to our understanding of foreign aid and relations between states in general.

In doing so, I raise two related research questions: “Why do donor countries contribute to bilateral official development assistance (ODA) funds?” and “what are the determinants of bilateral official development assistance distribution for donor countries? In other words, I try to understand the motivation and distribution of foreign aid from traditional and emerging donors. The literature includes several studies with similar research questions to mine without a conclusive finding on the topic. The puzzle previously put forward has existed since the first studies on this topic in the 1960s and will continue to exist long after this study. However, this dissertation makes important theoretical contribution to our approach of donor-recipient relations, conceptual contribution to our understanding of international relations and empirical contribution to explain causes of foreign aid.

Most studies on causes of foreign aid are quantitative regression analysis conducted by scholars of economics. These studies typically compare variables related to interests of donors and needs of recipients. Most of the findings support the argument that donors give foreign aid because they have some kind of a national interest over the recipient country that they hope to use foreign
aid as a tool to help fulfill this national interest. There are studies, although few, that find needs of recipient countries as main determinants of foreign aid for certain types of donors. Although these studies find significant empirical results with the model they use, I find this kind of studies lacking theoretical reasons and therefore misguided from an international relations perspective.

The idea of separating donor interest from the needs of the recipient and comparing marginal effects of the two approaches by creating a model that assumes donor interest and recipient needs are unrelated from one-another can yield misleading results. Based on international relations approaches, addressing the needs of the recipient can be the interest of the donor. All of the major theories of international relations, namely Realism, Liberalism and Constructivism, accept the fact that the relation between states is a function of their interests. The disagreement between them originates from the definition of interests and whether or not interests change over time and space. Since foreign aid is a part of the relations between states, I can claim that foreign aid is also a function of countries’ interest even when it is given to meet recipient needs.

There are studies that argue middle power countries, such as Canada, Australia, Sweden, are less self-interested than major powers and their foreign aid motivation is purely based on the needs of the recipient. Although they find statistically significant empirical support to this argument, I reject to conclude that foreign aid does not help national interests of the middle powers. An in-depth knowledge on middle power politics suggests that such countries’ national interests are different than major powers. While major powers define their national interest in terms of security and economics, middle powers’ national interest is to keep the status-quo in the international system by helping alleviation of global inequality and promoting liberal democratic
governance. By using foreign aid to address needs of developing countries, middle powers are in fact fulfilling their national interest of sustaining the current international order that they relatively benefit from. So, from studies that show some countries give foreign aid purely to help recipient countries, we cannot conclude recipient need triumphs donor interest. We can only conclude that they fulfill another aspect of national interest other than security and economic interest.

Another problematic side of the existing studies on causes of foreign aid is the way donor countries are categorized. In the earlier studies when most of the foreign aid donors were developed democratic countries, scholars categorized them as assumingly self-interested and selfless ones. Later as more countries started their ODA programs, donors were classified as traditional and emerging ones, without a clear-cut definition between them. Development Assistance Committee (DAC) of OECD is another way of categorizing donors as DAC vs. non-DAC members. In all these studies, scholars found statistically significant differences in foreign aid motivations for different groups of donors. Although there is empirical support for such differences, theoretical explanation on why we should expect to observe different foreign aid motivations for say DAC vs. non-DAC members is still lacking in the literature. The theories of international relations can help build a better categorization of donor countries and provide necessary theoretical support for the empirical findings of differences in foreign aid motivation of donors from each category.

This project addresses these two problems of former studies by creating a unique typology for donor categorization based on theoretical insights from Realist, Liberal and Constructivist approaches of IR. All of these approaches accept that interests are the main determinants of countries’ behaviors in the international system. For Realist approach of IR, national interests of a
country are security and economic interests and they do not change over time or space. States are the main actors to fulfill these interests and every state is responsible for its own security and economic interests.

Liberal approach of IR agrees with Realism that the states are the main actors in the international system and they are responsible for executing their national interests. However, for Liberals these interests do not necessarily cause conflict in the international system. By creating liberal democratic institutions, states can overcome the negative consequences of anarchy and pursuit of national interests. Therefore, for them creating and sustaining a liberal world order based on institutions is the main national interest for countries.

Constructivists, on the other hand, while accepting the importance of interest in explaining state behavior, they argue that these interests are socially constructed and can change over time and space. Therefore, state interest can be defined other than purely security and economic terms. Countries care about norms, ideas, culture, reputation and so on as much as they care about their military and economy.

Based on these insights from three major IR theories, I develop an eclectic typology that takes into account security and economic interests, liberal democratic interests as well as ideational and cultural interests of countries. Foreign aid as a relation between countries is a function of interests of donor countries. However, all three versions of state interest can plausibly be the reason behind foreign aid policies of donors. A country can give foreign aid to a recipient where it sees security or economic interest, or it can do so to sustain liberal democratic order, or for an ideational
reason such as increasing its international status. The typology I created in this study enables me to test these different interests of countries in each category of donors while giving foreign aid. This makes an important theoretical contribution to the literature on foreign aid by laying a theoretical foundation for different causes of foreign aid.

The eclectic typology categorizes donor countries based on their power index and regime types. Rather than arbitrarily grouping donors such as traditional and emerging ones or DAC vs. non-DAC members, I develop a theoretical methodology to categorize donors. This way, I can theoretically justify why I should expect donors in different groups have different interests in their foreign aid policies. From the IR literature, I know that power matters in international affairs. Powerful countries have the will and the means to shape the international system or for Constructivist they have the power to “write the story” for the international community, while weaker states try to survive in this system created by the powerful ones. Similarly, the IR literature, particularly the Liberal theory, suggests that democratic and autocratic states behave differently in the international system. Therefore, I grouped donor countries based on their power index and regime types as (i) powerful and democratic, (ii) powerful and less democratic, (iii) less powerful and democratic, (iv) less powerful and less democratic.

In the typology, powerful and democratic countries are named as “major powers” and I expect them to have the will and the means to govern the international system. These are countries that have created this liberal democratic order and they are the ones that benefit most from it. Therefore, based on the Realist approach, I expect their foreign aid motivation to be a function of their security and economic interests.
Countries in the powerful and less democratic category are “emerging major powers”. These countries are potential challengers of the existing order. At this stage, they are still focusing on their economic development with a potential to turn their economic gains to military power in the future as Realist theory predicts. Therefore, I expect that economic interest is the main determinant of foreign aid for these countries.

Less powerful democratic countries are “middle powers” that relatively benefit from the status-quo in the international system; therefore, within their means they are working to sustain the current system. For them underdevelopment, inequality among states, non-democratic regimes are threats to the international order. Following an international behavior as predicted by Liberal theory, these countries use foreign aid to alleviate inequalities among states and promote democratic governance. So, I expect these countries to emphasize recipient needs and performances while distributing their foreign aid.

Less powerful and less democratic countries are named as “regional middle powers” in the typology and these countries are neither powerful enough to have an influence on global security and economic matters nor democratic enough to promote and sustain liberal democratic order. Their scope is more regional, and they aim to be influential on countries that are culturally similar to themselves. They can be defined as regional leaders in need of followers. As Constructivist theory predicts, these countries emphasize on ideas, norms and culture within their region to gain status. Therefore, they use foreign aid as a tool to increase their soft power and influence over targeted countries that they have cultural affinity.
To test the hypotheses that I developed from this eclectic typology of foreign aid donors, I use a data set that contains country dyads of top 30 foreign aid donors matched with the rest of the countries in the world from 2002 to 2013. My dependent variable is foreign aid amount and my independent variables are bilateral total trade, differences and similarities in UN General Assembly votings, religious affinity, colonial relation, distance, GDP/capita, population, growth rate and democracy score. I use a random effects model regression to test my hypotheses as the data is cross sectional time series with time-invariant variables.

The estimation results support the hypotheses that bilateral trade and security interests are significant determinants of foreign aid for major powers. For emerging major powers as expected by the theory, foreign aid is mainly a function of bilateral trade flows. The variable measuring security interests is not significant for emerging major powers. The countries in the middle power category give less foreign aid to countries with higher GDP/capita, indicating they distribute more foreign aid to poorer countries. They also give more foreign aid to countries with higher population. Among variables measuring performances of recipients, growth rate of the recipient is not significant for middle powers. However, democratic performance is a determinant of aid for middle powers as they give less foreign aid to more autocratic countries. For regional middle powers, as expected distance is significant and negatively correlated with foreign aid indicating that these countries give more foreign aid to recipients in their regions. Also, as predicted by the theory they give more foreign aid to countries that are culturally similar to themselves, as both religious affinity and colonial ties are significant and positively correlated with foreign aid.
One of the unique contribution of this dissertation is the introduction of “targeted soft power” concept to the literature. Regional middle powers use foreign aid to increase their targeted soft power defined as attractiveness of a country toward a particular nation, public or a group of individuals in order to gain recognized power status and influence policies in line with national interests of the home country. Due to targeted soft power-seeking policies, regional middle powers give more foreign aid towards countries in their targeted regions that they have cultural affinity. The results of the regression estimation support this argument. Since this is a new concept and the theory behind it is more limited than Realist and Liberal explanations for other categories of donors, I see it necessary to do an in-depth case study of one of the donors in regional middle powers category. I choose Turkey as most-likely case to investigate the reasons behind empirically supported theory of targeted soft power.

I conduct an in-depth case of Turkey’s foreign aid policy from 2002 to 2013 by using a process tracing method based on in-person interviews and secondary resources. I try to find the reasons behind why Turkey gives foreign aid to culturally similar countries. As a regional middle power, Turkey is in the category of less powerful and less democratic foreign aid donors. Therefore, it does not have the means to challenge the global order or promote liberal democratic values. However, as a result of the “new” foreign policy vision under AKP government since 2002, Turkey wants to be a regional leader and an influential and active agent within its targeted region. As a part of this new foreign policy doctrine, I argue that foreign aid is used to increase targeted soft power of Turkey. In addition to foreign aid, I list ten different tools that Turkey uses during the AKP government to increase targeted soft power of the country, and its influence and status within a targeted region.
This dissertation is structured in the following way. Chapter 1 starts with the research question and significance of the study. This part includes why studying causes of foreign aid matters in international relations and how this study makes a unique contribution to our understanding of foreign aid and relations between states. Then it continues with a discussion on power and power hierarchies in the international system to lay down the theoretical foundation to justify the categorization of donors. It is followed by a literature review to summarize the previous studies and name the variables used to explain causes of foreign aid. It then develops the eclectic typology of foreign aid motivation and distribution and lists the hypotheses to be tested.

Chapter 2 includes quantitative analysis of causes of foreign aid. It starts with explaining the data and empirical methodology and continues with regression model specification. Following part explains the results of regression analysis for all four categories of donors and makes cross-category comparisons for select independent variables.

Chapter 3 contains in-depth case study of Turkey’s foreign aid policy. It starts with description and history of Turkish foreign aid and continues with the new foreign policy doctrine of Turkey. After mentioning different tools that Turkey uses to increase its targeted soft power, the chapter discusses how Turkey uses foreign aid as a targeted soft power tool. The conclusion part of the dissertation summarizes the study and makes future research suggestions related to foreign aid motivation and distribution.
2 CHAPTER 1: THEORY

2.1 Research Question and Significance of the Study

Foreign aid as a foreign policy tool has attracted a lot of scholarly interest in the recent decades. Many studies show the relation between foreign aid and democracy, foreign aid and civil wars, foreign aid and development. In these studies scholars used foreign aid as independent variable, and by using various data sets tried to find answers to the question of “does foreign aid work?”, “does it help democratization?”, “does it shorten the duration of civil wars or prolong them?” or “does it help economic growth in developing countries?”

Several of these studies suggest that foreign aid does more harm than good such as prolonging civil wars or helping authoritarian and corrupt leaders to stay in power while not making significant contribution to development or democracy level of the recipient country. Despite these negative consequences more and more countries contribute to the global official development assistance (ODA) with increasing funds. In 2014, global aggregate ODA reached $169B with several new donor countries’ contributions. (OECD) The puzzle here is that if foreign aid does not yield the expected results such as economic development or better democratic performance in the recipient countries, why do we observe more and more countries starting their foreign aid programs with increasing funds?

This dissertation project addresses this puzzle by using foreign aid as the dependent variable. Rather than studying foreign aid as a cause and search for its effects, I study foreign aid as an effect and search for its causes. In other words, my goal is to understand why countries give
foreign aid. Because if we understand the motivation of donor countries, only then we can answer questions like “does it work or not?”, “who does it work for?” or “what purpose does it serve?”

Former studies on this topic mostly focus on “traditional donors”, which are defined as members of Development Assistant Committee of OECD (DAC-OECD). Recently, more research is conducted on “emerging donors” that are not members of DAC-OECD and whether or not their foreign aid policy is different than traditional ones. While majority of the ODA funds flow from traditional donors, the share of emerging donors has been rising within the last decade. According to OECD data, in 2011, traditional donors distributed $135B corresponding to 90% of the total funds while emerging donors donated $14B corresponding to 10%. In 2014, with more than two-fold increase, foreign aid funds from emerging donors reached $32B (19%), while traditional donors’ share shrank to 81% with $137B in absolute amount. This pattern of dramatic increase in ODA contribution from emerging donors makes it an interesting topic to be systematically analyzed.

In this project, I am trying to answer two main questions. The first one is “why donor countries contribute to bilateral official development assistance (ODA) funds?” The second question is “what the determinants of bilateral official development assistance distribution for donor countries are?” Neither of these questions are unique in the literature. Indeed, since late 1970s several scholars of international relations and political economy have been seeking answers to these questions. While in-depth case studies on the topic helped developing theories, various Large-N studies with different theoretical models and data sets have contributed to our understanding of foreign aid donor behavior.
Although there is a relative consensus on the literature that countries give foreign aid because it serves their national interest, a clear-cut conclusion is still lacking about what is that particular national interest that makes countries donate multi-million dollars to foreign countries. Is it related to material resource-based interests such as national security or economic returns or more normative-based interests such as overall development of the world and liberal democratic world order? Or do donor countries seek international status and prestige by contributing to foreign aid funds without any immediate material return? Despite the consensus that countries give foreign aid due to national interest, the multi-dimensional and loaded concept of national interest makes it difficult to name the real motivation behind foreign aid.

In the literature, early studies on foreign aid motivation and distribution mainly focus on major foreign aid donors of the time which are classified as “traditional donors” in later studies. These studies contributed to the foundation of donor-interest vs. recipient-need model and tested the hypotheses developed from this model. Most studies support donor interest model and propose that donor countries give foreign aid to the countries where they expect a security or economy related return to their investment. Other studies that support recipient need model suggest that countries give foreign aid based on need and economic or democratic performance of the recipient countries. With the introduction of the concept of “emerging donors” in 2000’s, several scholars analyzed the differences and similarities between emerging donors and traditional ones.

Typically, members of DAC-OECD are classified as traditional donors and donors that are not members of DAC-OECD are named as emerging donors. However, this classification is
problematic, and the conclusions based on “DAC vs. non-DAC” type of studies fail to capture the divergence in aid motivation of donors. Among earlier members of DAC-OECD there are countries that are fundamentally different from each other in terms of population, size of the economy, size of the military, geography and several other quantifiable measures of power. For example, studying the United States and Luxembourg in the same basket as traditional DAC members does not tell us much about their aggregate foreign aid motivation.

Another critique of these studies is that recent DAC members such as South Korea or Poland started their foreign aid program within the last decade, while members like the UK or France have been giving foreign aid for over a century. However, in most of these studies new members and founding members of DAC are all considered as “traditional donors”. Rather than assuming this on-going problematic classification of countries under traditional donors category, this dissertation proposes a new method of grouping DAC-OECD members.

Among donors that are not members of DAC-OECD, there are significant demographic and power differences; therefore, all countries that recently started their foreign aid programs cannot be studied under the general classification of “emerging donors”. The size of the economy, size of the military, geographic location, population and regime type can all plausibly affect the foreign aid motivation of a country. For example, the aid motivation of China as an emerging donor cannot be expected to be similar to that of Qatar as an emerging donor due to several demographic and political differences between the two countries. Therefore, similar to DAC-OECD member, there is a necessity to regroup the non-DAC members of donor countries based on different criteria than being or not being a DAC-OECD member.
One of the unique contributions of this dissertation to those decades long research questions on foreign aid motivation is to propose an alternative classification of foreign aid donors in a new theoretical model. The theoretical model developed here rejects the mainstream two-dimensional DAC vs. non-DAC classification and proposes a four-dimensional typology based on power index and regime types of foreign aid donors.

The theoretical argument of this study is based on three assumptions. The first one is as the literature on foreign aid proposes countries give foreign aid as a part of their national interests. The second assumption is that foreign aid is a multipurpose foreign policy tool affected by foreign policy determinants of donor countries. The third assumption is since foreign aid is a limited resource, donor countries are strategic about prioritizing certain national interests.

Since foreign aid is limited resource and can be used as a multipurpose foreign policy tools by donor countries, its causes are affected by donors’ foreign policy determinants. The IR literature proposes that regime type of a country and where it is situated in the power hierarchy determine its foreign policy priorities. Therefore, I argue that causes of foreign aid and its distribution is a function of power and regime type of the donor country. The typology based on power index and democracy scores of donors developed in this study helps me categorize donor countries and propose hypotheses on causes of foreign aid for each donor category.

Another contribution of this study is to add value-based explanation of foreign aid distribution to the traditional interest-based and need-based ones. This requires adding new
variables to the mainstream donor-interest vs. recipient-need model. In order to test the new model, this study creates a unique dyadic data set by combining several existing ones. Related to the value-based explanation of foreign aid, the new concept of “targeted soft power” is introduced in this dissertation. This makes a conceptual contribution to the centuries long conceptualization of power in international relations.

The case study on Turkey following the quantitative analysis of foreign aid donors is also a unique one in terms of its theoretical and empirical depth and significance. Consequently, this dissertation makes theoretical, empirical and conceptual contribution to decades long debates on foreign aid motivation and our overall understanding of international relations.

The dissertation follows an outline that starts with a discussion on the contested concept of power in international relations literature. Based on unidimensional and multidimensional faces of power debate and the related concept of soft power, I develop the conceptual and theoretical foundation of the dissertation. Then I discuss power with “adjectives” by focusing on power hierarchies literature in international relations in order to lay the foundation for a unique classification of foreign aid donors.

Following the theoretical foundation, I propose a typology that divides major foreign aid donors into four distinct categories based on their power index and regime types. Based on the typology, I develop a set of hypotheses related to the scope and motivation of foreign aid behavior. I test these hypotheses with a data set that is created by merging several existing data sets on characteristics of donor and recipient countries. After the results of the quantitative analysis of
foreign aid motivation of donors, the dissertation concludes with a case study of Turkey as an emerging foreign aid donor. I follow a process-tracing method with interviews and secondary resources for this in-depth analysis of foreign aid policy of Turkey.

2.2 Power in International Relations

Despite their fundamental differences on theoretical, conceptual and methodological issues, one commonality among established International Relations approaches such as Realism, Liberalism, Constructivism, Feminism, Post-Modernism is that power matters in IR. The other consensus in the IR literature is that definition of the concept of power is controversial. From the beginning of the field in early 20\textsuperscript{th} century till today, the debate on power has preoccupied scholars of IR without yielding a commonly agreed definition. That caused many scholars to use operationalization of power, as opposed to definition, in order to use the concept in their analysis. This part focuses on a revision of the literature on power in IR following Baldwin’s seminal work “Power and International Relations” (2002), which compares national power and relational power approaches.

Although not agreed as “the definition of power”, a frequently used one is Robert A. Dahl’s definition of power which is A causing B to do something that B would not do otherwise (1957). Despite its critiques, this definition is a good starting point for discussing power. Embedded in the definition, A must have some kind of leverage over B to make B do something that B would not do otherwise. Majority of IR scholars define this leverage in terms of resources such as military, wealth, population and territory. This “power as resources” or also known as “national power”
approach is the dominant view of power particularly among Realist scholars (Morgenthau, 1948; Waltz, 1979; Mearsheimer, 2001).

National power approach is a unidimensional understanding of power with the goal of measuring it. In Kenneth Waltz’s Structural Realist theory, the organizing principle of international structure is anarchy, states as unit of analysis are unitary and similar; therefore, distribution of capabilities explain the outcomes in international relations. This requires measuring capabilities or power resources of states and ranking them accordingly. Defining power unidimensional in terms of resources that can be measured such as military, wealth or population is a practical way in this approach. Similar definition of power is utilized in Mearsheimer’s Offensive Realism, which emphasizes particularly on military power and sees states as power maximizers with hegemonic tendencies. Most indexes of national power, the Correlates of War Project (Singer, 1979) being the most well-known one, use military, economy and demographics to measure power of a country.

On the other hand, “power as a relationship” or “relational power” approach, according to Baldwin can be traced back to Lasswell and Kaplan’s (1950) work “Power and Society”. In this approach, “power is an actual or potential relationship between two or more actors (persons, states, groups, etc.), rather than a property of anyone of them” (Baldwin, 2002). So, actor A at least partially causes a change in actor B’s beliefs, attitudes, preferences, opinions, expectations, emotions and predispositions to act. The dimensions of power include its scope, domain, weight, costs and means. He particularly emphasizes scope, referring to the aspect of actor B’s behavior
affected by actor A, and domain, referring to the number of other actors subject to actor A’s influence.

The unidimensional understanding of power in national power approach enables scholars to measure power by measuring power resources. On the other hand, the multidimensional nature of relational power complicates measuring overall power of an actor as it factors in other dimensions of power such as scope and domain that are lacking a standardized way of measuring. The difficulty in measuring overall power in a multidimensional understanding of power is pointed out by Dahl (1963) as he states that “it is difficult enough to estimate relative influence within a particular scope and domain; it is by no means clear how we can “add up” influence over many scopes and domains in order to arrive at total, or aggregate, influence”.

Although other dimensions of power typically favored by Constructivist theory of IR with Wendt (1999) dividing IR theories by those that focus on “brute material forces” and others on “ideas and cultural contexts”, decades ago Lasswell and Kaplan (1950) include respect, rectitude, affection and enlightenment in understanding of power. Similarly, Dahl (1963) lists information, friendship, social standing and the right to make laws as sources of power together with material sources. Therefore, norms, values, ideas and cultural contexts are embedded in relational understanding of power.

Reactions to Dahl’s definition of power triggered “faces of power” debate in Political Science literature in the second half of the 20th century. While in Dahl’s approach those who have the power to initiate policy proposals are considered as having power, in Bachrach and Baratz’s
“second face of power”, being able to successfully suppress some issues from consideration is also seen as a form of power. Finally, Lukes (1974) proposes a “third face of power” as actor A’s influencing preferences, wants and thoughts of actor B in order to get actor B to do something that actor B would not do otherwise.

Baldwin (2002) applies faces of power debate to international relations as he sees first face of power in countries’ ability of agenda setting and influencing decision makers in other countries. The second face of power can be observed when a country can suppress an agenda item despite other countries. And the third face power happens when a country influences decision making in another country by affecting its preferences, wants and thoughts. The concept of “soft power” coined by Joseph Nye (1990; 2004; 2007; 2011) is very much a fruit of this half century long debate on faces of power. Although Nye claims to be influenced by Bachrach and Baratz’s the second face of power, his definition of soft power incorporates the second and the third face of power that “soft power is the ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes” (Nye 2011: 20).

The concept of power in Political Science and particularly in IR literature is loaded and contested concept. Even in power as resources approach of unidimensional view of power, defining and measuring power is difficult and open to discussion. The multidimensional view of power that includes scope and domain further complicates defining and measuring. As the definition or measurements of power depends on the context so does its use in analytical studies. Following Sil and Katzenstein’s (2010) analytic eclecticism approach in this dissertation, I use
both national power and relational power approach as I see them complementary as opposed to contradictory.

2.3 Power Hierarchies in the International System

In IR literature the discussion over the contested concept of power gets further complicated when “power” is used with “adjectives”. Concepts like superpower, great power, major power, middle power and regional power are often used by scholars and policy makers usually without a clear-cut difference among them. The picture gets even more confusing when countries are divided into “emerging” and “traditional” ones within their debatable hierarchical position as in “emerging middle powers” or “traditional great powers”.

Before any kind of systematic analysis, a scholar of IR needs to clarify his/her understanding of unidimensional or multidimensional power, identify the countries within each hierarchical categories and label them with the right “adjective” and then group them into emerging and traditional ones. In this dissertation, based on the accumulated knowledge on power hierarchies in IR literature, I put forward a theoretical classification of countries in terms of their power status in order to develop my hypotheses.

Within the discussion on hierarchical rankings of countries based on their power, there is a relative consensus on definition of superpower or at least which countries are classified as superpowers. Before the first World War Britain and France, during the Cold War the United States and the Soviet Union and since the end of the Cold War the United States classified as superpowers is commonly accepted in IR literature. These superpowers, also known as “hegemonic powers” or
“hegemons” are countries that have the means and the will to shape and govern the international system. Buzan and Wæver (2003) differentiate great powers from others in their regional security complex theory (RSCT) that great powers have an impact on the global level with their material resources, formal recognition of the power status by other great powers and repercussions on the operation of the international system.

If one of the goals of IR as an academic field is to make predictions about the future of the international system, most scholars predict that there will be a shift from today’s unipolar international system to a multipolar one with regional poles emerging and gaining influence within their respective regions. Therefore, it is not surprising that various scholars of IR in this century study regions, regional powers, rising powers and emerging regional powers (Katzenstein, 2005; Acharya, 2007; Hurrell, 2007; Zakaria, 2008, Buzan and Wæver, 2003) while several leading academic journals in the field such as International Affairs (2006), Third World Quarterly (2013), Review of International Studies (2010) publish special issues on these topics.

Often used interchangeably “regional power” and “middle power” concepts are harder to define and be used in systematic analysis. In his 2010 article “How to compare regional powers: analytical concepts and research topics”, Detlef Notle discusses ways regional and middle powers are differentiated in IR literature. He states that since some countries in middle power category show characteristics of a regional power or great power, “there is general lack of analytical instruments to identify and to compare regional powers, and to differentiate regional powers from great powers and middle powers”. Notle notes the difficulty in clearly differentiating between middle powers and regional powers, and proposes the concept of leading regional power, which is
defined by “its power resources, self-conception, and leadership”. In addition to leadership and influence in international forums, regional powers have a responsibility for the maintenance of order in their region.

As opposed to unidimensional, resource-based understanding of regional power, which defined regional powers based on their military capabilities, higher GDP and larger population, Notle sees regional power status as a self-created identity that depends on recognition of other states. Therefore, great power, middle power or regional power status is a “social category that depends on the recognition of this status and the corresponding power hierarchy by other states”. For Notle, recognition of regional power presupposes the corresponding material resources, which is similar to Schirm’s (2010) definition of regional power that combines power resources and the perception of the regional power by other states.

Combining several similar definitions in the literature (Schoeman, 2003; Schirm, 2010; Destradi, 2010; Notle, 2010), a regional power can be defined as geographically, economically, politically and culturally interconnected to a limited region, a regional power has the recognized self-conception of a leading role and influence in regional affairs with necessary material, organizational and ideological resources.

The concept of “middle power” and which countries qualify as one has been a matter of discussion in IR literature for relatively longer time than the discussion on “regional power”. Holbraad (1984) observes that there are “states weaker than the great powers in the system but significantly stronger than the minor powers and small states”. Keohane (1969) defines middle
powers by their behavior as “a state whose leaders consider that it cannot act alone effectively, but may be able to have a systemic impact in a small group or through an international institution”.

Carr (2014) summarizes three main approaches in defining middle powers, i.e., their position, their behavior and their identity. Defining middle powers by their position is similar to resource-based definition of regional powers that defines power by measurable variables such as size of military and defense spending, size of the economy and population. This definition is open to similar criticism as any unidimensional definition of power. Cooper, Higgott, and Nossal (1993) proposes the behavioral approach that defines middle powers by “their tendency to pursue multilateral solutions to international problems, their tendency to embrace compromise positions in international disputes and their tendency to embrace notions of “good international citizenship” to guide their diplomacy”. For some scholars, middle power status is a politically constructed identity by political elites (Hynek, 2007). Following Baldwin’s power as a relationship approach, Carr (2014) proposes the systemic impact approach in defining middle powers by “their ability to alter or affect specific elements of the international system in which they find themselves”.

There is a growing literature that compares “traditional” middle powers and “emerging” middle powers (Jordaan, 2003; Sandal, 2014; Onis and Kutlay, 2017). Following Cooper, Higgott and Nossal’s (1993) behavioral definition of middle powers, Jordaan (2003) lists characteristics of traditional middle powers and compares those with emerging middle powers. While defining middle powers, he refuses the idea that these countries are entirely selfless “good international citizens”. Although their self-interest is not as direct and immediate, middle powers have “an interest in global stability, controllability and predictability, a conservative strategy that has the
effect of perpetuating the status quo, entrenching (and exacerbating) existing inequalities in power and wealth to their relative benefit”. Therefore, they are involved in global conflict resolution efforts and strong supporters of international institutions which legitimize and perpetuate the status quo in the international system. Foreign policy behavior of these “wealthy, stable, egalitarian, social democratic” traditional middle powers is a reflection of their domestic practices. Combining several characteristics attributed to traditional middle powers, it can be argued that middle powers are democratic, stable, relatively wealthy multilateralists, that promote and preserve the existing international order usually through institution and coalition building.

As opposed to status-quo preserver role of traditional middle powers, emerging middle powers typically defined as “reformist”. These “second-generation middle powers” as Sandal (2014) names them, “refine international norms and play an active role in changing the power configuration through partnerships and alliances with their counterparts in other regions”. As opposed to “good international citizens” image of traditional middle powers, the emerging ones challenge the existing international system and advocate for radical global change.

Jordaan (2003) lists characteristics of emerging middle powers as “semi-peripheral, materially inequalitarian and recently democratised states that demonstrate much regional influence and self-association”. It can be concluded that pro-status-quo traditional middle powers with their global scope emphasize sustainability of the existing international system through international institutions, while reformist emerging middle powers with their regional scope seek radical changes in the international system with their independent foreign policies.
2.4 Literature on Foreign Aid Motivation and Distribution

Although material gifts, donations, bribes between states have a longer history, systematic and institutionalized foreign aid which has become synonymous with official development assistance (ODA) and defined as “grants or loans that are given to a country or territory with development as the goal with at least a 25% grant element” (DAC) is a relatively new phenomenon in international relations.

It is generally accepted in the literature that systematic and institutionalized foreign aid is a byproduct of the Cold War. In Carol Lancaster’s words foreign aid began as a “temporary expedient of Cold War diplomacy”. She also claims that “if there had been no Cold War threat, the United States—the first and, for most years, the largest aid-giving country—might never have initiated programs of aid or put pressure on other governments to do so.” (2007, p.5). Beginning of scholarly work on foreign aid also corresponds to the same period when foreign aid is used to gain influence over recipient countries during the bi-polar world of Cold War (Liska, 1960; Morgenthau, 1962; McKinlay and Little, 1977). Since the early examples of academic studies on foreign aid in the 1960s and 1970s, causes of foreign aid have been a contested issue among scholars. Although several systematic analyses of foreign aid have generated a considerable amount of accumulated knowledge on the topic, the multidimensional and changing nature of global aid activities made it difficult to reach a conclusive consensus on the topic.

In his seminal work “A Political Theory of Foreign Aid”, Morgenthau says that “of the seeming and real innovations which the modern age has introduced into the practice of foreign policy, none has proven more baffling to both understanding and action than foreign aid” (1962,
p. 301). More than a half century since Morgenthau’s article, despite comprehensive data sets, advancements in econometrics methods, and in-depth case studies of foreign aid donors from various parts of the world, the “baffling” concept of foreign aid and its causes is still a topic of debate among scholars of economics and international relations with varying theoretical approaches.

In this part, I will put forward a comprehensive review of literature on causes of foreign aid starting with earlier systematic analyses of aid mainly from the Realist approach of IR reflecting Cold War politics and continuing with studies that reflect the Liberal view. I will also review more recent studies explaining foreign aid from a Constructivist perspective. Understanding the existing knowledge on aid from three major approaches of IR is instrumental for the theoretical model that I develop in the following part of this dissertation.

Earlier scholar works on Realist view of foreign aid are pioneered by Morgenthau’s article where he defines aid as “the transfer of money, goods and services from one nation to another” (1962, p. 301). He suggests six types of foreign aid namely, humanitarian, subsistence, military, bribery, prestige, and foreign aid for economic development. Of all these six type, he claims “much of what goes by the name foreign aid today is in the nature of bribes” (p. 302). He acknowledges that giving bribes in return for political favors is not new in diplomacy; however, after World War II bribery in the form of foreign aid is justified as supporting economic development of the recipient. Most of the studies during earlier periods of research on causes of foreign aid finds support to the Realist view of Morgenthau, which is not surprising given the security-oriented understanding of theory and practice of international relations during the Cold War.
The Realist approach that sees foreign aid as completely selfinterested policy of donors in order to gain influence in Cold War politics is challenged by the Liberal view that suggests foreign aid is given to enhance the socio-economic development of recipient countries, which is also the rhetoric used by donor countries. The first study to systematically analyze explanatory power of these opposing views was by McKinley and Little (1977 and 1978), where they developed “donor interest vs. recipient needs” model which is still used as the mainstream model in studying foreign aid motivation.

Although limited in time-period studied and only focuses on US foreign aid, this study is the pioneer work that quantitatively analyzes causes of foreign aid. They study US foreign aid distribution from 1960 to 1970 by using the donor interest and recipient need model. For them, recipient need model is premised on the assumption that “the amount of aid allocated to a stated is in proportion to its need, and the distribution of aid will reflect the relative needs of the recipient states” (p. 237). The donor interest model assumes that “the distribution of aid will reflect the extent to which the recipients are identified with, and further, the interest of the donor” (p. 238).

After statistically testing hypotheses derived from the two models, they did not find any support for the hypotheses from the recipient model and reached to the conclusion that humanitarian criteria do not have any direct impact on US aid distribution. On the other hand, they found strong confirmation for the donor interest model. Although the support for economic interest of the US is limited, hypothesis related to US security interested was strongly supported. They
reached to the conclusion that would support the Realist theory’s prediction that US aid allocation is mainly driven by its security interest (p.248).

Another classical example of work from earlier quantitative studies on foreign aid motivations Maizels and Nissanke (1984) analyze bilateral and multilateral aid flows to 80 developing countries in 1969-70 and 1978-80. Looking at two different types of aid flows, they reach to a similar conclusion as prior research that bilateral aid is allocated according to perceived economic, political and security interests of donors. However, their findings for multilateral donors support the recipient need model (p.891).

Other scholars supporting the realist view of foreign aid motivation includes Robert Gilpin that states “the primary motives for official aid by individual governments have been political, military, and commercial” (Gilpin, 1987, p. 312). Similarly, Steven Hook who defines foreign aid as “money transferred on concessional terms by the governments of rich countries to the governments of poor countries” (Hook, 1995, p. 14) supports the view that foreign aid practices, at their core, are motivated by national interest.

Several other studies that uses donor interest and recipient need model to analyze foreign aid motivation during the Cold War find support to the Realist view of security, political and economic interest of the donor country is the main determinant of aid. Among them Alesina and Dollar (2000), studied bilateral aid flow from 12 traditional donor countries for five-year periods from 1970-1974 to 1990-1994. They mainly focus on characteristics of the recipient countries based on the variables such as trade openness, democracy, civil liberties, colonial status, FDI and
population. Their findings show that colonial past and voting patterns in the UN has more explanatory power for aid distribution than political or economic institutions of the recipient, which supports the donor interest model. An interesting finding is that a non-democratic former colony gets more aid than a democratic non-former colony (p.55).

Another study testing the recipient need model is Alesina and Weder’s (2002) analysis of relation between corruption and aid. They study both bilateral and multilateral donors from 1975 to 1994 and reached to the conclusion that “there is no evidence that…aid goes disproportionally to less corrupt governments” (p.1126). In other words, the data does not support that less corrupt governments receive more aid or more corrupt governments receive less aid.

Neumayer (2003) studied 21 DAC countries from 1985 to 1997 to answer the question of whether or not human rights records of the recipient country is determinant in aid allocation of donors. He looks at human rights records as a determinant at two stages. The first stage is gate-keeping stage where it is determined which countries receive aid. At the second stage, how much aid will be allocated to a recipient country is determined. While he found that civil and political rights played a significant role at gate-keeping stage, respect for human rights did not appear to be significant in donor’s aid allocation at the second stage. This conclusion again supports that recipient need model does not explain aid distribution.

With the end of the Cold War, bi-polar explanations of international relations were not relevant anymore. During the 1990’s and early 2000’s, while one view questions the necessity of foreign aid overall as it reflects the security calculations of the Cold War and no more necessary
in a unipolar world, another view sees the end of the Cold War as an opportunity for foreign aid to be distributed based on its initial justification of economic development and finally fulfill its promises for the recipient countries. While Lancaster (2007) observes that foreign aid was not a priority of foreign policy community in 1990’s, Brautigam and Knack (2004) sees a decrease in aid to authoritarian regimes that were of strategic importance during the Cold War. Bearce and Tirone (2010) observe a push for economic reform tied to foreign aid in recipient countries. Indeed, studies that cover period of the end of Cold War into the new millennium find support to the Liberal view of foreign aid supporting economic and political development of recipients.

Among scholars who find support for recipient need model, Gouder (1994) analyzes Australian aid distribution using a similar model as Maizels and Nissanke. He takes into consideration all the variables in recipient need and donor interest and reaches to the conclusion that as opposed to the previous studies, which found support only to donor interest model, Australian aid distribution is a function of both its security and economic interests as well as poverty and human development index of the recipient country. Therefore, in the case of Australia recipient interest also has an explanatory power about aid allocation.

In another study Dollar and Levin (2006) study aid allocation from 1984 to 2003 for both bilateral and multilateral donors. They use GDP per capita, democracy and rule of law as variables related to recipient need model and colonial heritage, export share and distance as variables related to donor interest model. They find statistically significant negative relation between aid and GDP per capita, meaning that poverty is positively correlated with aid distribution. Moreover, countries with stronger rule of law receive more bilateral and multilateral aid. They also find that while
colonial heritage and distance are significantly related to aid distribution, export shares do not have any significant relation (p.2044).

One of the most comprehensive studies of aid allocation is conducted by Berthelemy (2006) where he studies 137 recipient countries and 22 donors from DAC from 1980 to 1999. He finds support for donor interest model in the sense that all bilateral donors target their assistance to their most significant trading partners. However, donors also give more aid to recipients with better governance indicators like democracy which supports recipient need model. He confirms that there is a negative relation between aid allocation and GNP per capita and population and a positive relation between aid allocation and democracy and trade shares. Another unique finding of his research is that while some donors (like Switzerland, Austria, Ireland and Nordic countries) are more altruistic in their aid allocation, others (like Australia, France, Italy, Japan and the US) are more egoistic.

Following the terrorist attacks of September 11, 2001, security concerns were one more time at the center of attention in world affairs. Similar to the Cold War period, the war on terror gave a reason to the US and major powers of the world to make security as the main priority at the expense of other interests. In the post-9/11 world, as Bermeo states “scholars and development activists have hypothesized that following the terrorist attacks of 11 September 2001, foreign aid will again be diverted from development and increasingly used for nondevelopment, geopolitical purposes that result in allocation patterns resembling those of the Cold War more than those observed in the 1990s”. (Bermeo, 2017, p. 737).
The composition of the international system in the 21st century has gotten further complicated with newly emerging power hubs in various regions of the world. One international area that we observe effects of this new composition is bilateral official development assistance. In addition to countries that have been giving systematic and institutionalized foreign aid since the Cold War era, mainly United States and its relatively richer allies, emerging economies such as China, South Korea, Poland, Turkey, Mexico, that used to be recipients of foreign aid, started their own aid programs.

The emergence of new donors started a new wave of research agenda in the foreign aid literature. As opposed to the classical studies that focus on traditional aid donors, most of which are DAC members, and try to find the motives behind foreign aid policies, the more recent studies of foreign aid compare the “emerging” donors with “traditional” donors. In most of these studies DAC members that have somewhat converged their foreign aid policies under DAC principles are studied as traditional donors and donors that are not DAC members and have recently started their own foreign programs are considered as emerging donors. While some studies compare these two blocks of countries and seek similarities and differences in their foreign aid behavior (Dreher, Nunnenkamp and Thiele, 2011; Manning, p. 2006; Rowlands, 2012; Zimmermann and Smith, 2011), other studies analyze aid motivation of individual emerging donors such as South Korea (Chun, Munyi, and Lee, 2010; Kim and Oh 2012), Brazil (Bruges, 2014), India (Chanana 2009), China (Woods, 2009), Turkey (Fidan and Nurdun 2009; Ozkan, 2013).

Despite the fact that these studies find support for both divergence and convergence in foreign aid motivations of old and new generation of donors, there are still several gaps in the
literature. Conceptually, a clear-cut definition of which countries are classified as traditional and which ones are emerging donors is still lacking. While being a DAC member or not is typically used to make the distinction between new and old donors, there are several donors that recently started their development programs but have become DAC members. By this categorization these new donors are also classified as traditional donors. Similarly, there are countries that have a longer tradition of foreign aid than some DAC countries but since they are not DAC members, they are classified as new donors.

Theoretically, we still do not have a grand theory, or even a mid-range theory, to explain why we should expect the new donors to act differently, or similarly, compared to the old donors. Empirical results from different and incomparable models can show statistically significant similarities and differences between old and new donors’ foreign aid policies but their contribution to our general understanding of foreign aid behavior is limited without theoretical explanations. The changing nature of power and economic balances of the world and its reflections on development assistance architecture require a change in our analysis of foreign aid that captures motivations of old and new generation of donors.

In addition to the Realist and Liberal approaches to foreign aid during and after the Cold War, recently some scholars study foreign aid using theoretical insight from the Constructivist approach of IR. As opposed to rational choice explanations of Realism and Liberalism, Constructivism explains the international relations as a socially constructed phenomenon where states and non-state actors interact in the international society based on ideational, normative and cultural factors.
Lancaster (2007) summarizes the Constructivist view of foreign aid as “the expression of a norm that has evolved in relations between states that rich countries should provide assistance to poor countries to help the latter better the quality of lives of their peoples” (p. 4). For her foreign aid, defined as “a voluntary transfer of public resources, from a government to another independent government, to an NGO, or to an international organization (such as the World Bank or the Un Development Program) with at least a 25 percent grant element, one goal of which is to better the human condition in the country receiving the aid” (p.9), is a policy tool in the hands of donor countries that can be used for multiple purposes. She suggests that the international norm that richer governments should provide resources to help poor countries “did not exist in 1950” but became “widely accepted and uncontested” by 2000s (p. 5).

The Constructivist view of foreign aid as a norm is supported by David Lumsdaine’s book titled “Moral Vision in International Politics” (1993), where he discusses how moral values can alter the tenor of international affairs by explaining the roots and evolution of foreign aid. He refuses the Realist view of foreign aid by stating that “many converging lines of evidence show that economic foreign aid cannot be explained on the basis of donor states’ political and economic interests, and humanitarian concern in the donor countries formed the main basis of support for aid” (p. 3). Similarly, Alison Brysk (2009) in “Global Good Samaritans” suggests that countries construct their identity in the international society as “good citizens” by following humanitarian internationalism norm with value-oriented foreign policies involving foreign aid (p. 5).
Tomohisa Hattori’s (2001) article titled “Reconceptualizing Foreign Aid” is an influential scholar work with a unique conceptualization of foreign aid that sees giving aid as creating a social relation between donor and recipient. He bases his arguments on works of two anthropologist, Sahlins and Mauss. Sahlins proposes three types of resource allocation as economic exchange, redistribution and giving. Hattori classifies foreign aid in the third category as a gift from donor to recipient that is, unlike the other two forms of allocations, most commonly unreciprocated. His first insight about foreign aid is that it emerges from a material inequality between donor and recipient. Secondly, the basic role of foreign aid as unreciprocated giving is, prior to other policy objectives, to affirm the social relation in which they are extended. While for Realism foreign aid is reinforcing, for Liberalism it is mitigating and for World System Theory it is worsening the underlying material inequality, Hattori suggests that the role of foreign aid is “to mark or signal a social hierarchy” (p. 639).

The literature on foreign aid affirms Morgenthau that it is a “baffling” phenomenon used for multiple purposes by donor countries. In this plethora of explanations on causes of foreign aid and motivations of donors, Maurits van der Veen (2001), summarizes seven broad frames for foreign aid policy. Among them “security” increases donor’s physical security and supports allies. “Power/influence” helps donors increase their leverage over others. “Wealth/economic self-interest” furthers economic interests of donors by supporting their export industries. “Enlightened self-interest” produces global public goods and stability. “Reputation/self-affirmation” establishes and expresses a certain identity and improves international status and reputation. “Obligation/duty” fulfills historical or positional obligations. “Humanitarianism” provides humanitarian relief (p. 10).
I categorize various causes of foreign aid in the literature under three major theories of IR. From a Realist perspective, donor countries give foreign aid to increase their physical security, material leverage over others and further their economic interests. A Liberal approach would suggest that based on “enlightened self-interest”, donors give foreign aid with the purpose of producing global public goods, stability and alleviating problems stemming from global inequality. Finally, for Constructivist view, donors follow an international norm to establish a certain identity in the international society with the goal of improving their status and reputation. These three categories of donor motivation based on the literature on foreign aid constitutes the main pillars of the theoretical argument I put forward in the following section.

2.5 Theoretical Argument

The goal of this dissertation is to systematically analyze and explain foreign aid motivation and distribution of donor countries. One of the main promises of this dissertation is to develop a unique categorization of donor countries. In the literature, donors have been categorized based on being a member of DAC-OECD or not, being a traditional or emerging donor, or their geographic locations such as Nordic countries or global North-South. Most of the categorizations of donors in previous studies are rather arbitrary and do not provide any theoretical reasons about why we should expect donors in different categories to have different aid motivations. As opposed to mainstream categorizations of donor countries, this study proposes a new model that classifies them based on their power index and regime type. The typology put forward in this section helps me develop a new set of hypotheses to be tested with new variables and data set. Based on the
literature discussed in the previous sections, I divide donor countries into four groups and propose hypotheses related to their aid motivation and distribution.

One thing commonly agreed in the literature and also one of the basic assumption of my theoretical argument is that countries give foreign aid with the goal of pursuing their national interests. The second assumption related to my argument is that foreign aid is not a policy itself but a multipurpose foreign policy tool; therefore, determinants of foreign policy of a country are also determinants of its foreign aid behavior. The third assumption is that although foreign aid is a multipurpose tool, with their limited foreign aid resources, donor countries need to be strategic about which national interest they prioritize while distributing aid.

Based on these three assumptions donor countries prioritize security and economy related interests, soft power related interests or interests related to recipient needs and performances while making their foreign aid distribution decisions. The theoretical argument of this dissertation suggests that which national interest is prioritized by a donor country is a function of its regime type and where it is situated in the power hierarchy. All of the major theories of international relations agree on the fact that power is a key variable in explaining the outcome in international politics. Both unidimensional or multidimensional understanding of power suggest that power is one of the main causes of most effects we observe in the international realm. Therefore, it can be argued that foreign aid policy of a country is also a function of its power. Similarly, there is a major literature on regime types and its effects on how states behave in their relations with one another. So, it is plausible that foreign aid policies are affected by countries’ regime type. If power
status and regime type are two main determinants of international behavior, then foreign aid behavior of countries must lay at the intersection of these variables.

As summarized in the review of the literature on foreign aid, three major approaches of IR propose different causes of foreign aid and scholars find support for these different causes depending on donors they focus, models they use or time periods they cover. I suggest that causes of aid proposed by three IR approaches can be valid depending on where the donor country is situated in the categorization based on its power index and regime type. So instead of trying find which explanation of foreign aid is more valid for donors, I try to develop a typology that explains which donors prioritize which explanation of foreign aid. In other words, rather than testing the validity of each explanation of foreign aid, I test which explanation fits the best on different donor types.

Based on which category a donor country lands depending on its power index and regime type, I try to find out whether it prioritizes security and economic interests (Realist), needs and performances of recipients (Liberal) or international norm-based reputational/soft power reasons (Constructivist). Since this typology combines foreign aid explanations of three IR theory, I call it an “eclectic typology of foreign aid motivation and distribution”.

Donor countries with high power index and democracy score have been giving foreign aid since early years of the Cold War. These “traditional donors” with their relatively higher aid budget are the creators of liberal democratic order and their foreign policy goal is to sustain their global
dominance within the existing world order. One of the tools they use is their foreign aid program and they prioritize their global security and economic interest while distributing their foreign aid.

Donors with high power index score but authoritarian regimes or regimes with major democratic deficits are potential challengers of the existing liberal democratic order. Their long term foreign policy goal is to challenge and possibly create a world order that would benefit their national interests more than the existing one. Therefore, one of the tools they use to increase their global influence is through providing foreign aid. At this stage of development, these “emerging donors” prioritize their economic development. Eventually they can use this economic development to build military capabilities to challenge the status quo preserver liberal democratic major powers. The theoretical expectation for this category of donors is that they prioritize advancing their economic interests with their foreign aid programs.

Low power, democratic donors, on the other hand, are typically liberal democratic middle powers that are subscribers of the liberal democratic status quo and their foreign policy priority is to sustain and promote the existing order since they see less developed non-democratic countries as threat to the liberal democratic world order. Therefore, the theoretical expectation for donors in this category is that they want to improve economic and democratic performances of recipient countries. Although in the literature this type of foreign aid is seen as “self-less” aid by “good global citizens” since it prioritizes recipient needs, it fulfills the national interests of middle power donors.
Donor countries with low power index scores and authoritarian regimes are neither powerful enough to challenge the global status quo nor promoters of liberal democratic values since they do not have the military or economic capabilities or liberal democratic domestic orders. Their foreign policy scope is more regional, and they prioritize increasing their regional power status. These countries are “emerging regional powers” in need of recognition of their status. This requires winning hearts and minds of countries and peoples in their targeted regions. They follow a foreign policy to increase their targeted soft power and their foreign aid policy is a reflection of this. The theoretical expectation for this category of donors is that they distribute their foreign aid to culturally similar countries within targeted regions to get the most soft power return for their investments.

The following two sub-sections explain the details of the typology, theoretical reasons why we should expect donors in each category to have different priorities for foreign aid, and the donor interest vs. recipient characteristics model that includes variables of interest to be tested.

2.5.1 An Eclectic Typology of Foreign Aid Motivation and Distribution

Instead of two-dimensional DAC vs. non-DAC members or traditional vs. emerging comparison of foreign aid donors, I propose a four-dimensional typology while grouping donor countries in order to explain their foreign aid motivation and distribution. This requires a clear ranking of countries by their power and regime type. To start with the latter, I divide major foreign aid donors into two groups as established democratic countries in one group, and autocratic countries and countries with major democratic deficits in the second group. I use Freedom House democracy scores for this classification which is the most common way of ranking countries’
democracy level in the literature. In addition to its typical 0 to 7 scoring, where a score of 0 refers to most democratic and 7 refers to most autocratic, Freedom House now lists countries’ overall democracy score from 0 to 100 where a score of 0 refers to most autocratic and 100 refers to most democratic. Using this new scoring, I classify a country as highly democratic if its Freedom House score is 81 or above. And if a country’s score is 80 or below, I group that country as poorly democratic.

As discussed earlier, power is a contested concept in international relations literature and ranking countries based on their power is always open to discussion and critiques. However, in order to develop my typology, it is necessary for me to group countries based on their status in the power hierarchy. I do so by assuming that power is unidimensional and can be measured by quantifiable variables such as military and economy. Using this power-as-resources approach, I created a “power index” and grouped countries as high and low power index scores. In doing so, I used military spending as a proxy for military power and GDP for economic power. Since I am trying to create a power ranking of countries based on these two variables, I used an average of their normalized military spending and GDP. Normalization of values for military spending and GDP is necessary to make their distribution similar so I can use their average to create power index scores.

For military spending, I used Stockholm International Peace Research Institute (SIPRI)’s military spending data base (2016). And for GDP, I used World Bank’s World Development Indicators data set (2016). The original GDP and military spending amounts are shown in million US dollars for 2016 US dollar values. After normalization, the distributions are comparable with
values between 0 and 1. I ranked donor countries based on their power index scores by averaging normalized values for GDP and military spending. On the left side of the table below donor countries are ranked based on their power index scores and on the right-hand side donors are ranked based on their overall democracy scores.

Table 1 Donor Ranks Based On Power Index and Democracy Score

<table>
<thead>
<tr>
<th>Country</th>
<th>Power Index Score</th>
<th>GDP</th>
<th>Normalized GDP</th>
<th>Military Spending</th>
<th>Normalized Spending</th>
<th>Country</th>
<th>Democracy Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>0.361</td>
<td>18624</td>
<td>0.2971</td>
<td>611</td>
<td>0.4263</td>
<td>Sweden</td>
<td>100</td>
</tr>
<tr>
<td>China</td>
<td>0.1643</td>
<td>11199</td>
<td>0.1786</td>
<td>215</td>
<td>0.1500</td>
<td>Norway</td>
<td>100</td>
</tr>
<tr>
<td>Japan</td>
<td>0.0554</td>
<td>4940</td>
<td>0.0788</td>
<td>46</td>
<td>0.0321</td>
<td>Finland</td>
<td>100</td>
</tr>
<tr>
<td>Germany</td>
<td>0.0420</td>
<td>3477</td>
<td>0.0555</td>
<td>41</td>
<td>0.0286</td>
<td>Canada</td>
<td>99</td>
</tr>
<tr>
<td>France</td>
<td>0.0388</td>
<td>2465</td>
<td>0.0393</td>
<td>55</td>
<td>0.0384</td>
<td>Netherlands</td>
<td>99</td>
</tr>
<tr>
<td>UK</td>
<td>0.0379</td>
<td>2647</td>
<td>0.0422</td>
<td>48</td>
<td>0.0335</td>
<td>Australia</td>
<td>98</td>
</tr>
<tr>
<td>India</td>
<td>0.0376</td>
<td>2263</td>
<td>0.0361</td>
<td>56</td>
<td>0.0391</td>
<td>N. Zealand</td>
<td>98</td>
</tr>
<tr>
<td>Russia</td>
<td>0.0343</td>
<td>1283</td>
<td>0.0205</td>
<td>69</td>
<td>0.0481</td>
<td>Luxembourg</td>
<td>98</td>
</tr>
<tr>
<td>S. Arabia</td>
<td>0.0271</td>
<td>646</td>
<td>0.0103</td>
<td>63</td>
<td>0.0440</td>
<td>Denmark</td>
<td>97</td>
</tr>
<tr>
<td>Italy</td>
<td>0.0246</td>
<td>1585</td>
<td>0.0256</td>
<td>28</td>
<td>0.0195</td>
<td>Japan</td>
<td>96</td>
</tr>
<tr>
<td>S. Korea</td>
<td>0.0238</td>
<td>1411</td>
<td>0.0225</td>
<td>36</td>
<td>0.0251</td>
<td>Switzerland</td>
<td>96</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.0220</td>
<td>1796</td>
<td>0.0286</td>
<td>22</td>
<td>0.0153</td>
<td>Ireland</td>
<td>96</td>
</tr>
<tr>
<td>Australia</td>
<td>0.0180</td>
<td>1204</td>
<td>0.0192</td>
<td>24</td>
<td>0.0167</td>
<td>Belgium</td>
<td>95</td>
</tr>
<tr>
<td>Canada</td>
<td>0.0174</td>
<td>1529</td>
<td>0.0244</td>
<td>15</td>
<td>0.0105</td>
<td>Germany</td>
<td>94</td>
</tr>
<tr>
<td>Spain</td>
<td>0.0151</td>
<td>1237</td>
<td>0.0197</td>
<td>15</td>
<td>0.0105</td>
<td>UK</td>
<td>94</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.0121</td>
<td>863</td>
<td>0.0138</td>
<td>15</td>
<td>0.0105</td>
<td>Spain</td>
<td>94</td>
</tr>
<tr>
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<td>0.0105</td>
<td>348</td>
<td>0.0056</td>
<td>22</td>
<td>0.0153</td>
<td>Austria</td>
<td>94</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.0093</td>
<td>777</td>
<td>0.0124</td>
<td>9</td>
<td>0.0063</td>
<td>France</td>
<td>90</td>
</tr>
<tr>
<td>Poland</td>
<td>0.0069</td>
<td>471</td>
<td>0.0075</td>
<td>9</td>
<td>0.0063</td>
<td>Italy</td>
<td>89</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.0067</td>
<td>668</td>
<td>0.0107</td>
<td>4</td>
<td>0.0028</td>
<td>USA</td>
<td>86</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.0058</td>
<td>514</td>
<td>0.0082</td>
<td>5</td>
<td>0.0035</td>
<td>Poland</td>
<td>85</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.0051</td>
<td>467</td>
<td>0.0074</td>
<td>4</td>
<td>0.0028</td>
<td>S. Korea</td>
<td>84</td>
</tr>
<tr>
<td>Norway</td>
<td>0.0051</td>
<td>371</td>
<td>0.0059</td>
<td>6</td>
<td>0.0042</td>
<td>Brazil</td>
<td>78</td>
</tr>
<tr>
<td>Austria</td>
<td>0.0038</td>
<td>390</td>
<td>0.0062</td>
<td>2</td>
<td>0.0014</td>
<td>India</td>
<td>77</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.0035</td>
<td>306</td>
<td>0.0049</td>
<td>3</td>
<td>0.0021</td>
<td>Turkey</td>
<td>32</td>
</tr>
<tr>
<td>Finland</td>
<td>0.0029</td>
<td>238</td>
<td>0.0038</td>
<td>3</td>
<td>0.0021</td>
<td>Qatar</td>
<td>24</td>
</tr>
<tr>
<td>Ireland</td>
<td>0.0028</td>
<td>304</td>
<td>0.0048</td>
<td>1</td>
<td>0.0007</td>
<td>Russia</td>
<td>20</td>
</tr>
<tr>
<td>Qatar</td>
<td>0.0026</td>
<td>152</td>
<td>0.0024</td>
<td>4</td>
<td>0.0028</td>
<td>U.A.E.</td>
<td>17</td>
</tr>
<tr>
<td>N. Zealand</td>
<td>0.0022</td>
<td>184</td>
<td>0.0029</td>
<td>2</td>
<td>0.0014</td>
<td>China</td>
<td>14</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>0.0006</td>
<td>58</td>
<td>0.0069</td>
<td>0.3</td>
<td>0.0002</td>
<td>S. Arabia</td>
<td>7</td>
</tr>
</tbody>
</table>
Four-dimensional categorization of donor countries as a function of their power index and democracy scores yield the typology below.

<table>
<thead>
<tr>
<th>Power Index</th>
<th>Democracy Score</th>
<th>Distribution</th>
<th>Democracy Score</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Major Powers</td>
<td>Global</td>
<td>Emerging Major Powers</td>
<td>Global</td>
</tr>
<tr>
<td></td>
<td>US</td>
<td></td>
<td>China</td>
<td></td>
</tr>
<tr>
<td></td>
<td>France</td>
<td></td>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>UK</td>
<td></td>
<td>India</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td></td>
<td>Motivation</td>
<td>Economy</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Middle Powers</td>
<td>Motivation</td>
<td>Regional Middle Powers</td>
<td>Regional</td>
</tr>
<tr>
<td></td>
<td>Sweden</td>
<td>Global</td>
<td>Brazil</td>
<td>Targeted</td>
</tr>
<tr>
<td></td>
<td>Finland</td>
<td>S. Korea</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>Poland</td>
<td>Saudi Arabia</td>
<td>Soft Power</td>
</tr>
<tr>
<td></td>
<td>Luxembourg</td>
<td>Spain</td>
<td>U.A.E.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Australia</td>
<td>Belgium</td>
<td>Qatar</td>
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</tr>
<tr>
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<td>Switzerland</td>
<td>Canada</td>
<td></td>
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<tr>
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<td>Netherlands</td>
<td>Austria</td>
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</tr>
<tr>
<td></td>
<td>New Zealand</td>
<td>Ireland</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Figure 1 An Eclectic Typology of Foreign Aid Motivation and Distribution*

In this typology, top 30 contributors (OECD, 2015) of official development assistance are divided into four categories based on a function of their power index and democracy score:

- **Major Powers**: A country with a democracy score of 81 or more and power index score of more than 0.03.
Emerging Major Powers: A country with a democracy score of less than 80 and power index score of more than 0.03.

Middle Power: A country with a democracy score of 81 or more and power index score of less than 0.03.

Regional Middle Power: A country with a democracy score of less than 80 and power index score of less than 0.03.

Following the theoretical argument of this dissertation which proposes that the way countries behave in the international arena is a function of their power status and regime type, I expect countries in each category to converge on their foreign policy behavior with other countries in their respective categories while diverge from countries in other three categories. Since foreign aid is a foreign policy tool for country to fulfill their national interests, I expect a similar pattern in their foreign aid policies that I summarize in the following section.

2.5.1.1 Major Powers

Realism, as the dominant theory of IR particularly during the Cold War years, is used to explain foreign aid motivation of major donor countries and studies from the Cold War period typically find support for Realist explanation of foreign aid. For Realism, states as main actors in international relations make rational choices to pursue their national interest defined as maximizing their relative military and economic power in an anarchic international system (Waltz, 1979). Similar to any other foreign policy behavior of countries, it can be argued that foreign aid
policy is also motivated by security and economic interests, and the earlier studies of causes of foreign aid find strong support to this explanation.

Based on my operationalization of major powers, countries in this category are well-established functioning democracies with high military and economic power. These are also the countries that created the existing global order, which gives them relative advantage towards fulfilling their security and economic interests. By definition major powers have the will and capabilities to shape the international system towards their national interest. As predicted by the hegemonic stability theory (Keohane, 1984, Gilpin, 1987) of the Realist approach, these countries under the leadership of hegemon will use diverse foreign policy tools to sustain the existing international order and fulfill their major power commitments globally. Therefore, with their relatively higher foreign aid budget, major powers distribute their foreign aid globally. Since their national interest is to sustain their economic and military superiority globally, as predicted by Realist approach, their foreign aid motivation is purely a function of their security and economic interests. Therefore, I hypothesize that:

\[ H_1. \text{ The scope of foreign aid for major powers is global.} \]

\[ H_{2a}. \text{ Major powers distribute their foreign aid towards countries where they have a higher economic interest.} \]

\[ H_{2b}. \text{ Major powers distribute their foreign aid towards countries where they have a higher security interest.} \]
2.5.1.2 Emerging Major Powers

Countries in this category are potential challengers of the countries in the major powers category. The power transition theory of the Realist approach predicts that increasing capabilities of a small group of countries that are dissatisfied with the existing order is likely to increase the probability of war and destabilize the international order (Organski, 1958, Lemke, 2002). Since the international status-quo defined by major powers is not favoring their national interest, these countries will potentially seek reforming the international order. In order to do so, they need relatively symmetrical capabilities compared to existing major powers. Although they will eventually need the military capability to challenge major powers, they initially need the economic means to develop that military capability. Therefore, at this stage their primary interest is economic development. Among several tools they use towards this end, foreign aid motivation of emerging major powers is mainly economic. Due to their demographic endowments and the size of their economy, similar to major powers, countries in this category have a global scope in their foreign aid distribution. Therefore, I hypothesize that:

\[ H_3. \text{The scope of foreign aid for emerging major powers is global.} \]

\[ H_4. \text{Emerging major powers distribute their foreign aid towards countries where they have a higher economic interest.} \]

2.5.1.3 Middle Powers

Liberal approach of IR, similar to Realism, assumes that states, as the main actors in an anarchic international system, are pursuing their national interests. However, for them the negative consequences of anarchy and pursuit of national interests can be alleviated by creating liberal
democratic world order through institutions. Therefore, the national interest for countries, according to Liberal view, should be creating a world order that is governed by democratic institutions, creating and respecting global norms such as human rights regime.

Often labeled as “good international citizens”, countries in middle power category follow a less ambitious foreign policy than major or emerging major powers. Their national interest is to sustain the status-quo defined by major powers as they relatively benefit from the current international order. As predicted by Liberal approach, middle powers see less developed and non-democratic regimes that do not respect universal human rights regime is a threat to the international system. Therefore, their national interest is to help those countries to economically develop and democratically perform better. They envision a world with relatively developed liberal democratic countries, so they can eliminate challenges to the international status-quo. One of the tools they use to reach this goal is their foreign aid directed globally towards economically least developed countries that suffer from democratic deficits and human rights violations. Therefore, I hypothesize:

H5. The scope of foreign aid for middle powers is global.

H6a. Middle powers distribute their foreign aid towards countries that are economically least developed.

H6b. Middle powers distribute their foreign aid towards countries that perform better in terms of democratic and economic growth to reward their progress.
2.5.1.4 **Regional Middle Powers**

Constructivist approach of IR sees national interest as a social construct that can change over time and space. Anarchy, as defining principle of international system for Realists and Liberals, is “what states make of it” for Constructivists (Wendt, 1992). Norms, identities, interests and behaviors of political agents are socially constructed in the international society (Onuf, 1989, Adler, 1997). Similar to other socially constructed norms in international relations that affect state behavior, foreign aid motivation of donors can be a result of an international norm that emerged with the last half century. As Lancaster (2007) states “history reflects the development of an international norm that the governments of rich countries should provide public, concessional resources to improve the human condition in poor countries” (p. 5).

I expect to observe the effects of this newly emerged international norm on foreign aid motivation of countries in regional middle power category. Countries in this category, also named as “emerging middle powers” or “second generation middle powers”, are not as powerful as emerging major powers that are potential challengers of existing major powers but powerful enough to challenge the status-quo in their regions as opposed to status-quo preserver middle powers. They have the economic and military capabilities as a leading power but lacking the recognition of their regional middle power status by the countries in their region. Since their national interest is to gain this status recognition primarily in their region, their foreign policy is determined to win the “hearts and minds” of states, nations and individuals within their region. In other words, in order to project themselves as regional powers with growing influence, they start their foreign aid program because according to international norms that is what rich and reputable countries do.
The reputation and status of a country finds place in “soft power” concept of Joseph Nye, where he defines it as attractive power to co-opt other to what you want by persuasion rather than coercion. He adds that “the ability to establish preferences tends to be associated with intangible assets such as an attractive personality, culture, political values and institutions, and policies…” (Nye, 2004, p. 6). Countries in regional middle power category are lacking the democratic institutions of middle powers with higher soft power capacities; and therefore, use foreign aid as a tool to gain “targeted soft power” over states. I define targeted soft power as attractiveness of a country towards a particular nation, public or a group of individuals in order to gain recognized power status and influence policies in line with national interests of the home country.

In the original conceptualization of soft power Nye in fact emphasizes the importance to specify the conditions in which soft power leads to desired outcomes. He states that “all power depends on context-who relates to whom under what circumstances-but soft power depends more than hard power upon the existence of willing interpreters and receivers (p. 15-16). He also claims that culture is a source of soft power “in places where it is attractive to others” (p. 11). So I argue that regional middle powers’ main motivation for giving foreign aid is to increase their reputation, status and soft power within their targeted regions. Since they are lacking other sources of soft power, and they have a limited foreign aid budget, they distribute their foreign aid strategically to countries that are historically and culturally similar to themselves as they see more “willing interpreters and receivers” in these societies. By channeling their foreign aid funds strategically targeted countries that they have historical and cultural connection with, regional middle powers
try to gain regional recognition of their power status within their respective regions. Therefore, I hypothesize:

\[ H_7. \text{The scope of foreign aid for regional middle powers is regional.} \]

\[ H_8. \text{Regional middle powers distribute their foreign aid towards countries that are culturally and historically similar to them.} \]

Every country is concerned about its security and economic interest, wants to live in a just and stable international order and cares about its reputation and soft power. However, foreign aid is a scarce resource, which requires donor countries to prioritize certain goals over others. The goal of this dissertation is to understand which purpose of foreign aid is a priority for which type of donor country. The typology developed here, and the hypotheses put forward enable me to test the explanatory power of variables developed from major IR theories for each donor category. I use the donor interest vs. recipient characteristics model in order to systematically study the explanatory power of variables for different categories of donors.

2.5.2 Donor Interest vs. Recipient Characteristics Model

The hypotheses developed from the four-dimensional typology is summarized in the figure below which is a modified version of the mainstream donor interest-recipient need model:
In the original model recipient needs are measured by its GDP/capita or population. However, other recipient related variables such as recipient’s democracy level and economic growth rate is also considered as “recipient needs” while in fact these are related to “recipient performances”. Therefore, I renamed the model as “donor interest vs. recipient characteristics”, where characteristics involve variables related to needs as well as performances of recipient countries.

Among characteristics of recipient countries, need based variables are measured by recipient country’s GDP/capita and population. It is plausible to argue that donors channel their
foreign aid towards countries with poor economic conditions, and countries with higher population attract more foreign aid. I use World Bank “GDP/capita (current US$)” data set for the years of interest to measure poverty level of recipient countries. I also use World Bank “Population, total” data set for population level of recipient countries.

For performance related variables, I argue that donors reward recipient countries with more foreign aid as recipient countries show progress with their democracy level and economic growth. To measure the changes in democracy level of recipient countries, I use Freedom House score which ranges from 1 to 7, where a score of 1 means most democratic and a score of 7 means least democratic. For economic growth variable, I use World Bank’s “GDP growth, annual %” data set.

I divided donor interest into two categories as interest-based and value-based variables. Interest-based explanation follows the mainstream motivation of foreign aid which argues that donor countries channel their aid towards countries where they expect an immediate material return in terms of economy or security. Based on this argument, it is plausible that donors give more foreign aid to recipient countries that they have higher trade volume. I use World Integrated Trade Solution (WITS) data to measure bilateral trade flows between donors and recipients.

It can also be argued that donors give more foreign aid to countries where they have some sort of a security interest. Although it is relatively more difficult to objectively measure a country’s security interest, I use similarity and differences in UN General Assembly voting as a proxy for security interest. I retrieved this data titled “United Nations General Assembly Voting Data, Version 18.0” from Harvard Dataverse, which includes ideal point differences between countries.
The second pillar of donor interest model is related to value-based motivation of foreign aid. As opposed to the first pillar which includes motivations related to immediate material returns for foreign aid investment, value-based motivation of foreign aid is related to soft power returns. Based on targeted soft power concept, it is plausible to argue that donors seek to increase their soft power or attractiveness among recipients by using foreign aid as a tool. By strategically channeling their limited foreign aid funds towards recipients that are culturally and historically most similar to themselves, donors expect highest return for their investment in terms of soft power and influence.

Although cultural and historical similarity is more difficult to quantify than other variables in the model, using proxies can help overcome this problem. Despite the multidimensional nature of culture, I use religion dimension of culture as a proxy for measuring it. I assume that countries with same religion are also culturally similar; and therefore, use religious similarity as a proxy for cultural similarity. There are studies in the literature that uses religious similarity as a proxy for cultural affinity and study its effect on trade relations between states (Guo, 2004; Linders et al, 2005; Lee and Park, 2016).

It can be argued that donors give more foreign aid towards countries that are religiously similar to themselves. I use Association of Religion Data Archives (ARDA)’s “Cross-National Socio-Economic and Religion Data, 2011” to measure religious similarity. For similar reasons as cultural similarity, donors plausibly give more foreign aid towards countries that they have historical ties. Historical tie is another multidimensional variable that is difficult to quantify. I use
colonizer-colony link and having a common colonizer as proxies for historical tie and used CEPII’s “The GeoDist” data set to measure it.

I divided scope of foreign aid for donor countries into two as global and regional. While I expect major powers, emerging major powers, and middle powers to distribute their foreign aid globally, I propose that regional middle powers distribute it regionally. I use CEPII’s “The GeoDist” data set, which includes bilateral distance between countries. Finally, my dependent variable is a continuous variable of bilateral official development assistance amount between donor and recipient country. The most comprehensive data on bilateral ODA is provided by Aid Data of William & Mary. It is a public data based accessible through aiddata.org. The latest version of the data set, “AidData Core Research Release, Version 3.1” includes 1.5 million development finance activities between 1947 and 2013 and covers 96 donors.

Searching for causes of foreign aid and its distribution, this project develops a new typology that explains foreign aid as a function of power hierarchy status and regime type of donor countries. It proposes a unique way of categorizing foreign aid donors and develops a new set of hypotheses that includes variables from the mainstream donor interest-recipient need model as well as new variables from targeted soft power concept. To test those hypotheses, it also creates a new data set by merging several existing ones. Finally, it seeks support for targeted soft power thesis with a most-likely case of Turkey, which is the most theoretical and empirical in-depth study of Turkey’s foreign aid policy. Overall, this dissertation makes important theoretical, empirical and conceptual contribution to the literature on foreign aid as well as power in international relations.
CHAPTER 2: QUANTITATIVE ANALYSIS

3.1 Introduction

This part of the dissertation includes regression analysis of the impact of variables from donor interest-recipient characteristics model on foreign aid amount of four categories of donor countries. Need-based, performance-based, interest-based and value-based variables are analyzed to explain the motivation of foreign aid activities of major powers, emerging major powers, middle powers and regional middle powers. I use a random effect model to estimate the effect of my independent variables on foreign aid by using a unique data set created through combining several data set from various sources.

My expectation is to observe different causes of foreign aid for different categories of donors. For the major powers category of donors, I expect that security as well as economic interest to be the main determinants of foreign aid. The results of random effects estimation support the expectation that major powers give more foreign to recipient where they have higher volume of bilateral trade. Also, major powers give less foreign aid to countries with whom their votes in the UN Security Council are less compatible and therefore they have a lower security interest.

For emerging major powers that are emphasizing on their economic development at this stage and are not yet as much concerned about influencing the security configuration of the world as current major powers, I expect to observe more emphasis on their economic relations with recipient countries as a determining factor for their foreign aid allocation. The data supports this hypothesis that emerging major powers give significantly more foreign aid to countries that they
have higher bilateral trade flow. Unlike current major powers, similarity in UN Security Council voting is not a significant determinant of foreign aid for emerging major powers.

Middle powers, usually labeled as “good international citizens” are expected to be less self-interested in their foreign aid motivations. Therefore, I expect to observe that recipient needs, and performances should be the main determinants of aid for middle powers. The data supports that recipients with higher GDP/capita receive less aid from middle powers while recipients with higher population receive more aid indicating that poorer recipients and highly populated recipients need more aid and middle powers emphasize this need in their aid allocation. Moreover, as expected middle powers value positive democratic performances of recipients by giving significantly more aid towards countries that are more democratic.

I argue that countries in regional middle powers category differ from middle powers in their foreign aid motivations. Unlike the recipient performance-oriented approach of the latter, regional middle powers’ main goal in giving foreign aid is to increase their soft power within their targeted regions. Therefore, I expect donors in this category to distribute aid regionally and towards countries that they have a cultural similarity. Two value-based variables that I use as proxies for cultural similarity, religious affinity and colonial relation, are both significant determinants of foreign aid for regional middle powers.

The remaining of this part explains the creation of the data set and how the variables are measured, put forwards model specifications, and discusses the results of regression analysis in depth.
3.2 Data and Empirical Methodology

3.2.1 Data

To test the hypotheses that I developed from donor interest-recipient characteristics model, I created a unique data set by merging several data from different sources. My data includes dyadic official development assistance amount, which is my dependent variables, and nine independent variables. Five of my independent variables are dyadic that measures the relations between the donor and the recipient country and four of them are related to the characteristics of the recipient. The dyadic independent variables include total trade volume, difference in UN General Assembly voting, religious affinity, colonial ties and distance between donors and recipients. The variables related to recipient characteristics are GDP/capita, population, democracy score, and annual growth rate.

Starting with my dependent variable, I created a dyadic data set based on dyad-year by merging data set from AidData.org and OECD statistics. AidData is a project of William & Mary University that publicly provides the most up-to-date and comprehensive data on foreign assistance projects worldwide. I used three data sets from AidData for my project. The main data set I used is called “AidData Core Research Release, Version 3.1” which is published in 2016 and includes development assistance commitments information for over 1.5 million development finance activities from 96 donors between 1947 and 2013. This data set included 26 of the 30 donor countries that I am interested in this project, with the exception of China, Russia, Turkey and Qatar.
The other data set I retrieved from AidData is “AidData’s Global Chinese Official Finance Dataset, 2000-2014, Version 1.0” which includes “the known universe of overseas Chinese official finance between 2000-2014, capturing 4,373 records” (aiddata.org). The third data set I used from AidData project is “Qatar TUFF Donor Dataset, Version 1.0”, which “covers aid flows from 136 Qatari projects to 13 recipients across the Middle East and Africa from 2010-2013” (aiddata.org). Although this data set does not cover all the years and recipients studied in this project, it is the most comprehensive data set available on Qatar’s foreign aid.

For the data on Russia and Turkey’s ODA, I used OECD statistics website. Although neither of these countries are members of DAC-OECD, they report their foreign aid activities to OECD. The data on Turkey is comprehensive and includes all recipient countries under study from 2002 to 2013. However, the data on Russia includes all recipient countries but only from 2011 to 2013. After retrieving the ODA data for Turkey and Russia, I converted it to the same format as AidData before I merged the two data sets. I created a comprehensive data set of official development assistance from the 30 donors that I am interested in this dissertation, by merging the “thin” version of AidData set, which only includes donor name, recipient name, year and committed amount of aid in US Dollars with the data sets on China, Russia, Turkey and Qatar. In this dyadic data set, I matched 30 donor countries with 160 recipient countries for 12 years between 2002 and 2013 which gave me the final data set for my dependent variable with 57,600 observations. This data set includes donor name, recipient name, donor and recipients Correlates of War codes, year and amount in US dollars. Descriptive statistics for the dependent variable is summarized in the table below.
Among my independent variables, I retrieved data for bilateral trade from the World Integrated Trade Solution (WITS), which is a data set created by the World Bank in collaboration with the United Nations Conference on Trade and Development (UNCTAD). This publicly available database “contains merchandise trade exports and imports by detailed commodity and partner country data” (WITS). Its values are recorded in US dollars and includes more than 170 countries since 1962. I used dyadic data by matching 30 donor countries with 160 recipient countries for 12 years period under study. The original data set coded exports and imports separately for each dyad. I coded a new variable for total amount of trade between countries by adding gross exports and gross imports between donors and recipients.

I use similarity and difference in UN General Assembly voting as a proxy for security interest among donor and recipient countries. I retrieved this data titled “United Nations General Assembly Voting Data, Version 18.0” from Harvard Dataverse (Voeten, Strezhnev, and Bailey, 2009). This data set contains Affinity of Nations scores and ideal point estimates derived from UN General Assembly votes until 2015. I used the absolute difference between donors’ and recipients’ ideal point estimates as a measure of affinity between donors and recipients. For this variable, higher score means bigger difference between ideal points of countries in a dyad, and therefore a higher security threat. Contrarily, a lower difference between their ideal points refers to a lower security threat.

One important independent variable of interest is religious similarity between donors and recipients. This variable is particularly important because it is one of the proxies that I use to measure value-based motivations of foreign aid which is one of the unique contributions of this
study. I created a dyadic data set to measure religious affinity between the donor and recipient country based on the Association of Religion Data Archives (ARDA)’s “Cross-National Socio-Economic and Religion Data, 2011”. This data set includes the majority religious affiliation covering 253 countries and territories. I recoded main religion of countries in my data set into eight groups as 1. Christian 2. Muslim 3. Buddhist 4. Hindu 5. Jewish 6. Atheist 7. Shinto 8. Other. Then created a religious affinity variable where if donor and recipient belong to the religion category it is coded as 1, otherwise as 0.

The remaining two dyadic data, distance and historical ties, is retrieved from Centre d’Etudes Prospectives et d’Informations Internationales (CEPII). The distance variable is calculated based on the distance in kilometers between geographic coordinates of the donor and recipient country’s capital cities. I use colonial relation as a proxy for historical tie between donor and recipient. CEPII data set contains dummy variables indicating whether the two countries have had a common colonizer after 1945, have ever has a colonial link or have had a colonial relationship after 1945 and are currently in a colonial relationship. I created a colonial tie variable which is coded as 1 if any of the above mentioned colonial relations exist between a donor and recipient and 0 otherwise.

The data includes four sets of variables related to recipient characteristics. The ones that are measuring recipient needs are their GDP/capita and population. I retrieved these two data sets from “World Development Indicators DataBank” of the World Bank. The GDP/capita is coded for 160 countries in US dollars for the 12 years of interest and population variable shows these recipient countries’ population for those years. I included two variables, growth rate and
democracy scores, to measure recipient performance. Annual growth rate data is retrieved from “World Development Indicators DataBank” of the World Bank and shows the percentage change in the size of the recipient country’s economy. To measure democracy level of the recipient, I use Freedom House score, which is coded from 1 to 7 with 1 being the “most democratic” and 7 being the “most autocratic”. Both of these variables reflect the changes in growth rate and democracy score of the 160 recipient countries from 2002 to 2013.

While merging the data, I added Correlates of War (COW) country codes to each data set. This way, I make sure the data sets are merged correctly, without the problems rising from different spellings of country names. The COW project does not keep records for smaller countries therefore some of the island states does not have a COW code and dropped from the data set. Similarly, I did not see it necessary to match donor countries with one-another as they are typically not recipients of foreign aid. Therefore, I dropped the donor countries from the recipient country list. I also dropped disputed territories such as Palestine and Taiwan from the data set. Then I merged the data set that includes the independent variables with the data set that includes the dependent variable (foreign aid amount) based on their COW codes. Then I created a variable called panelid that is gives each dyad an id number based on donor’s and recipient’s COW code. The final set contains the following ten variables:

- amount = Total amount of ODA in US Dollars (Dependent Variable)
- totaltrade = Total amount of bilateral trade in US Dollars
- idealdiff = The absolute difference between ideal points
- colonyrel = Colonial relationship between donor and recipient
- relaff = Religious affinity between donor and recipient
- distcap = Distance between capital cities of donor and recipient
- gdp_capita = GDP/capita of recipient
- population = Population of recipient
- growth = Annual growth rate of recipient
- fhscore = Freedom House score of recipient

### 3.2.2 Summary Statistics

**Table 2 Summary Statistics for Major Power Donors**

<table>
<thead>
<tr>
<th></th>
<th>Major Powers Country Pairs</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>S.D.</td>
<td>Min</td>
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<tr>
<td>Log of Aid Amount (DV)</td>
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<td>5.02</td>
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<tr>
<td>Log of Total Trade</td>
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<td>Log of Ideal Difference</td>
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<td>0.83</td>
<td>-6.90</td>
</tr>
<tr>
<td>Religious Affinity</td>
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<td>0</td>
</tr>
<tr>
<td>Colonial Relation</td>
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<td>0.33</td>
<td>0</td>
</tr>
<tr>
<td>Log of GDP/Capita</td>
<td>7.89</td>
<td>1.38</td>
<td>4.71</td>
</tr>
<tr>
<td>Log of Population</td>
<td>15.22</td>
<td>2.10</td>
<td>9.17</td>
</tr>
<tr>
<td>Log of Growth</td>
<td>1.45</td>
<td>0.84</td>
<td>-4.70</td>
</tr>
<tr>
<td>Democracy Score</td>
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<td>1.88</td>
<td>1</td>
</tr>
<tr>
<td>Log of Distance</td>
<td>8.71</td>
<td>0.72</td>
<td>4.08</td>
</tr>
</tbody>
</table>

**Table 3 Summary Statistics for Emerging Major Power Donor**

|                                | Emerging Major Powers Country Pairs |         |         |
|                                | Mean          | S.D.    | Min     | Max     |
| Log of Aid Amount (DV)         | 17.35         | 3.37    | 9.13    | 27.60   |
| Log of Total Trade             | 18.61         | 2.97    | 5.69    | 25.38   |
| Log of Ideal Difference        | -0.95         | 1.19    | -6.90   | 1.28    |
| Religious Affinity             | 0.21          | 0.40    | 0       | 1       |
| Colonial Relation              | 0.13          | 0.33    | 0       | 1       |
| Log of GDP/Capita              | 7.89          | 1.38    | 4.71    | 11.41   |
| Log of Population              | 15.22         | 2.10    | 9.17    | 19.34   |
| Log of Growth                  | 1.45          | 0.84    | -4.70   | 3.99    |
| Democracy Score                | 3.54          | 1.88    | 1       | 7       |
| Log of Distance                | 8.71          | 0.72    | 4.08    | 9.88    |
### Table 4 Summary Statistics for Middle Power Donors

<table>
<thead>
<tr>
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<th>Mean</th>
<th>S.D.</th>
<th>Min</th>
<th>Max</th>
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<tbody>
<tr>
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<td>2.50</td>
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<td>21.66</td>
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<td>24.37</td>
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<td>Religious Affinity</td>
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<td>1</td>
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<tr>
<td>Colonial Relation</td>
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<td>Log of GDP/Capita</td>
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<td>1.38</td>
<td>4.71</td>
<td>11.41</td>
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<td>Log of Population</td>
<td>15.22</td>
<td>2.10</td>
<td>9.17</td>
<td>19.34</td>
</tr>
<tr>
<td>Log of Growth</td>
<td>1.45</td>
<td>0.84</td>
<td>-4.70</td>
<td>3.99</td>
</tr>
<tr>
<td>Democracy Score</td>
<td>3.54</td>
<td>1.88</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Log of Distance</td>
<td>8.71</td>
<td>0.72</td>
<td>4.08</td>
<td>9.88</td>
</tr>
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</table>

### Table 5 Summary Statistics for Regional Middle Power Donors

<table>
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<th>S.D.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log of Aid Amount (DV)</td>
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<td>2.85</td>
<td>7.50</td>
<td>22.53</td>
</tr>
<tr>
<td>Log of Total Trade</td>
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<td>2.99</td>
<td>4.60</td>
<td>24.40</td>
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<tr>
<td>Log of Ideal Difference</td>
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<td>1.05</td>
<td>-6.90</td>
<td>1.19</td>
</tr>
<tr>
<td>Religious Affinity</td>
<td>0.39</td>
<td>0.48</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Colonial Relation</td>
<td>0.09</td>
<td>0.29</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Log of GDP/Capita</td>
<td>7.89</td>
<td>1.38</td>
<td>4.71</td>
<td>11.41</td>
</tr>
<tr>
<td>Log of Population</td>
<td>15.22</td>
<td>2.10</td>
<td>9.17</td>
<td>19.34</td>
</tr>
<tr>
<td>Log of Growth</td>
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<td>0.84</td>
<td>-4.70</td>
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<tr>
<td>Democracy Score</td>
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<tr>
<td>Log of Distance</td>
<td>8.71</td>
<td>0.72</td>
<td>4.08</td>
<td>9.88</td>
</tr>
</tbody>
</table>
3.2.3 Model Specifications

In this study I try to explain foreign aid amount with nine dependent variables for dyad of countries from 2002 to 2013. Therefore, I am using a panel data set that is cross sectional (country dyads) time series (2002-2013). In the literature on political science panel data sets are commonly estimated by fixed effects and random effects models.

Fixed effects model is preferred to avoid omitted variable bias. If there are omitted variables that are correlated with the variables in the model, fixed effects models may help to solve this problem. The assumption is that the effect of omitted variables on the dependent variable is fixed from one time to a later time so fixed effects model partials out the effects of time-invariant variables with time-invariant effects. In a random effects model, on the other hand, the assumption is that omitted variables are statistically independent of all the observed variables. The choice of fixed effects model addresses omitted variables bias at the expense of omitting observed time-invariant variables while the choice of random effects model includes coefficients of time-invariant variables at the expense of omitted variable bias.

My theoretical model necessitates including three time-invariant variables which are distance between donors and recipients, religious affinity and colonial relation. All of them are variables of interests; therefore, their coefficients need to be included in the results. Risking the omitted variables bias, I chose random effects model to estimate the relation between my independent variables and foreign aid amount.
The following random effects model was estimated:

\[
\ln(\text{amount})_{ijt} = \beta_0i + \beta_1j \ln(\text{totaltrade})_{ijt-1} + \beta_2j \ln(\text{idealdiff})_{ijt-1} + \beta_3j (\text{relaff})_{ijt-1} + \\
\beta_4j (\text{colonyrel})_{ijt-1} + \beta_5j \ln(\text{gdpcapita})_{jt-1} + \beta_6j \ln(\text{population})_{jt-1} + \beta_7j \ln(\text{growth})_{jt-1} + \\
\beta_8j (\text{fhscore})_{jt-1} + \beta_9j \ln(\text{distcap})_{ijt-1} + e_{ijt},
\]

where \(\ln(\text{amount})\) equals the natural logarithm of aid amount from country \(i\) to country \(j\) in year \(t\); \(\ln(\text{totaltrade})\) equals the natural logarithm of total trade flow between country \(i\) and country \(j\) in year \(t-1\); \(\ln(\text{idealdiff})\) equals the natural logarithm of ideal point difference between country \(i\) and country \(j\) in year \(t-1\); (relaff) is a dummy variable that equals 1 if country \(i\) and \(j\) have the same religious affiliation in year \(t-1\); (colonyrel) is a dummy variable that equals 1 if there is colonizer-colony relation between country \(i\) and \(j\) or if country \(i\) and \(j\) have a common colonizer in year \(t-1\); \(\ln(\text{gdpcapita})\) equals the natural logarithm of GDP/capita of country \(j\) in year \(t-1\); \(\ln(\text{population})\) equals the natural logarithm of population of country \(j\) in year \(t-1\); \(\ln(\text{growth})\) equals the natural logarithm of annual growth percentage of country \(j\) in year \(t-1\); (fhscore) ranges from 1 to 7 where 1 equals country \(j\) is highly autocratic and 7 equals country \(j\) is highly democratic in year \(t-1\); \(\ln(\text{distcap})\) equals the natural logarithm of distance between capital cities of country \(i\) and \(j\) in year \(t-1\); and is \(e_{ijt}\) the residual.

### 3.3 Estimation Results

This section includes random effects estimation results for four donor categories and comparison of the categories with one-another in detail. Regression results presented in Table 6
compares random effects estimation of donor interest vs. recipient needs model for major powers, emerging major powers, middle powers and regional middle powers.

As predicted by the theory, at the aggregate level donors in each category prioritize different motivations for their foreign aid policies. While major powers’ aid policy is influenced by their security and economic interests, emerging major powers prioritize their economic interests over security. Middle powers follow a less self-interested foreign aid policy by emphasizing on needs and performances of recipients. Regional middle powers, on the other hand, try to increase their targeted soft power by distributing foreign aid to culturally similar countries within their respective regions.

In Table 6, the first column shows the names of the independent variables, the constant, number of observations and R-squared. The remaining four columns shows the estimated coefficient of each independent variable on the log of foreign aid amount for each donor category. The number in parentheses under each coefficient shows the standard error. *, **, and *** denote significance at 10%, 5% and 1%, respectively.
Table 6 Foreign Aid Motivation and Distribution Random Effects Model Estimates

<table>
<thead>
<tr>
<th></th>
<th>Major Powers</th>
<th>Emerging Major Powers</th>
<th>Middle Powers</th>
<th>Regional Middle Powers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log of Total Trade</td>
<td>0.232***</td>
<td>1.085***</td>
<td>0.112***</td>
<td>0.096</td>
</tr>
<tr>
<td></td>
<td>(0.041)</td>
<td>(0.083)</td>
<td>(0.018)</td>
<td>(0.064)</td>
</tr>
<tr>
<td>Log of Ideal Diff.</td>
<td>-0.145**</td>
<td>-0.126</td>
<td>0.063</td>
<td>-0.249**</td>
</tr>
<tr>
<td></td>
<td>(0.055)</td>
<td>(0.084)</td>
<td>(0.041)</td>
<td>(0.082)</td>
</tr>
<tr>
<td>Religious Affinity</td>
<td>-0.435**</td>
<td>-0.591</td>
<td>0.110</td>
<td>0.791**</td>
</tr>
<tr>
<td></td>
<td>(0.138)</td>
<td>(0.433)</td>
<td>(0.092)</td>
<td>(0.265)</td>
</tr>
<tr>
<td>Colonial Ties</td>
<td>0.814***</td>
<td>-2.067***</td>
<td>3.143***</td>
<td>0.773*</td>
</tr>
<tr>
<td></td>
<td>(0.203)</td>
<td>(0.427)</td>
<td>(0.237)</td>
<td>(0.362)</td>
</tr>
<tr>
<td>Log of GDP/Capita</td>
<td>-0.334***</td>
<td>-1.078***</td>
<td>-0.456***</td>
<td>-0.075</td>
</tr>
<tr>
<td></td>
<td>(0.062)</td>
<td>(0.164)</td>
<td>(0.039)</td>
<td>(0.106)</td>
</tr>
<tr>
<td>Log of Population</td>
<td>0.661***</td>
<td>-0.856***</td>
<td>0.404***</td>
<td>0.148</td>
</tr>
<tr>
<td></td>
<td>(0.058)</td>
<td>(0.132)</td>
<td>(0.033)</td>
<td>(0.086)</td>
</tr>
<tr>
<td>Log of A. Growth</td>
<td>0.003</td>
<td>0.037</td>
<td>0.007</td>
<td>-0.172</td>
</tr>
<tr>
<td></td>
<td>(0.018)</td>
<td>(0.116)</td>
<td>(0.017)</td>
<td>(0.057)</td>
</tr>
<tr>
<td>Democracy Score</td>
<td>-0.095**</td>
<td>0.226*</td>
<td>-0.075**</td>
<td>0.143</td>
</tr>
<tr>
<td></td>
<td>(0.035)</td>
<td>(0.091)</td>
<td>(0.025)</td>
<td>(0.088)</td>
</tr>
<tr>
<td>Log of Distance</td>
<td>0.052</td>
<td>0.808**</td>
<td>-0.412***</td>
<td>-1.408***</td>
</tr>
<tr>
<td></td>
<td>(0.109)</td>
<td>(0.233)</td>
<td>(0.069)</td>
<td>(0.196)</td>
</tr>
<tr>
<td>Constant</td>
<td>4.084</td>
<td>9.104</td>
<td>12.382</td>
<td>19.048</td>
</tr>
<tr>
<td></td>
<td>(1.293)</td>
<td>(3.043)</td>
<td>(0.851)</td>
<td>(2.229)</td>
</tr>
</tbody>
</table>

N. of Observations  
5849  1005  13851  1351

R2  
0.56  0.47  0.31  0.31

Since the dependent variable is natural logarithm of foreign aid amount, the coefficients for independent variables with natural logarithms are interpreted with the following formula:

\[ Y = [(1.01)\beta_1 - 1] \times 100 \]

So, I can interpret one percentage change in X results in \(100(1.01\beta_1 - 1)\) percentage change in Y while holding all other variables constant. For \(\beta_1\) less than 10, \(100(1.01\beta_1 - 1)\) can be approximated by \(\beta_1\).
In interpreting the coefficients for independent variables where the level of variable is used instead of natural logarithm, the formula below is used:

\[ Y = (e^{\beta_1} - 1) \times 100 \]

With this formula I can interpret one unit increase in X results in \(100(e^{\beta_1} - 1)\) percent change in Y while holding all other variables constant.

For the major powers category, the first hypothesis (H1) expects these countries distribute their foreign aid globally, therefore geographic proximity is not expected to be relevant for these countries’ aid distribution. As expected, log of distance between donors and recipients is not significant for major powers supporting H1.

I expect that major powers give foreign aid based on their security and economic interests. To start with the latter, I hypothesize that the higher the trade volume between a major power donor and a recipient, the higher the aid amount is between them (H2a). The estimation results show that a 1% increase in the log of trade amount between a major power donor and a recipient causes 0.23% increase in the log of aid amount.

For security interest of major powers, I use similarity and difference in their UN General Assembly votes measured by the difference between their ideal points. A higher number indicates lower compatibility between a donor and a recipient and vice versa. Therefore, I hypothesize that a higher number in ideal point difference between a donor and a recipient indicates lower security interest and therefore lower aid amount between the two (H2b) The estimation results for major
power donors shows that a 1% increase in the log ideal point difference causes 0.14% decrease in the log aid amount supporting H_{2b}.

For emerging major powers, it is expected that the scope of their foreign aid distribution is global (H_3). Indeed, the estimation results show that the further a recipient country from an emerging major power, the higher foreign aid it receives. For every 1% increase in the log of the distance between an emerging major power and a recipient, the log of aid amount increases by 0.8%. I also argue that emerging major powers prioritize their economic interests more than their security interests. Therefore, I hypothesize that the higher the trade amount between an emerging major power and a recipient, the higher the aid amount between them (H_4). The estimation results supports H_4 that 1% increase in the log of total trade between an emerging major power donor and a recipient causes 1.08% increase in the log of aid amount. As a proxy for security interest, difference in ideal points is not significant for this category of donors as predicted.

Donors in the middle power category are expected to distribute their foreign aid globally (H_5) and their motivation is expected to be less self-interested and more in-line with needs and performances of the recipients. The estimation results show that middle power donors give less aid to countries as the distance increases. A 1% increase in the log distance between a middle power and a recipient causes a 0.41% decrease in the log of aid amount. Although this hypothesis is not supported by the data, the negative effect of distance for middle power donors is significantly less than regional middle powers.

The other variables of interest for middle powers donors are related to recipient needs and performances. It is expected that the higher the need of a recipient of country, the more aid it receives from a middle power donor (H_{6a}). I use GDP/capita and population of the recipient
country as proxies to measure need. I expect to see that countries with lower GDP/capita receives more foreign aid from middle powers. Similarly, countries with higher population are in need of more aid; therefore, the middle powers give more aid to recipients with higher population. The estimation results show that 1% increase in the log of the GDP/capita of a recipient country causes a 0.45% decrease in the log of aid from a middle power donor. And for every 1% increase in the log of population of a recipient country, the log of aid amount increases 0.4%.

The performance of a recipient country is measured by its economic performance proxied by its annual growth rate and democratic performance proxied by Freedom House democracy score. I expect that better economic and democratic performances of the recipients attract more foreign aid from middle powers rewarding their positive performances (H6B). I propose that the higher the growth rate of a recipient country, the more foreign aid it receives from middle powers. A higher freedom house score indicates more autocratic regimes; therefore, I argue that the higher the freedom house score of a recipient country, the less foreign aid it receives from a middle power. Although the estimation results show that the growth rate of a recipient country is not a significant indicator of foreign aid by middle powers, they support the argument that more autocratic regimes receive less foreign aid from middle power donors. Every 1 unit increase in freedom house score of a recipient causes a decrease of 7.78% in the log of the aid amount.

I argue that regional middle power donors’ motivation for giving foreign aid is related to their desire to increase their soft power capacities in their targeted regions. With the aim of increasing their targeted soft power, these donors give more foreign aid to recipients that are culturally similar to themselves. Since I argue that regional middle power donors distribute their aid regionally, I expect that a negative and significant relation between distance and aid amount
for regional middle power donors (H7). The results show that 1% increase in the log of distance between a regional middle power donor and a recipient causes 1.4% decrease in aid amount.

I use religious affinity and colonial relation as proxies to measure cultural similarity. I expect that regional middle powers give more foreign aid to countries that belong to the same religious affiliation as themselves and they also give more foreign aid recipients that they have a colonizer-colony relation or a common colonizer. Indeed, the results point to a strong support for this hypothesis. Since religious affinity is a dummy variable, a value of 1 indicates the donor and recipient country’s belonging to the same religious affiliation, and a value of 0 indicates otherwise. Belonging to the same religious affiliation with a regional middle power donor causes a 120% increase in the log of aid amount for a recipient country.

Similarly, colonial relation is a dummy variable where a value of 1 indicates a colonizer-colony relation between the donor and the recipient or having a common colonizer, and a value of 0 indicates otherwise. For a recipient country that was colonized by or had a common colonizer with a regional middle power donor, the log of aid amount increases by 115%.

3.4 Cross-Category Comparison of Donors on Select Independent Variables

3.4.1 Effect of Economic Interest on Foreign Aid

Based on the literature on foreign aid, it is plausible to argue that bilateral trade volume between countries affect the amount of bilateral aid. Although it can be expected that economic relations to be significant for most donor countries, the marginal effect economic relations on foreign aid is expected to vary for different donor categories. According to the theoretical argument
of this study, major and emerging major powers emphasize on their economic interests while distributing their foreign more than middle and regional middle powers.

For major powers, which have the capacity to govern the international system, both their economic and security interests are expected to be significant explanations of their foreign aid distribution. On the other hand, emerging major powers are still at the earlier stages of realizing their potential to influence global governance. Therefore, at this stage, they prioritize economic development over increasing their influence on security matters. The graphs below compare the marginal effect of total bilateral trade flows between donors and recipients for major powers, emerging major powers, and middle powers, where the regression estimation found a significant relation.

Estimated margin effect of trade on foreign aid of major powers indicates that 1 unit increase in the log of total trade amount between a major power and recipient causes a 26% increase in real aid amount. While for emerging major powers the marginal effect of trade on aid is significantly higher that 1 unit increase in the log of total trade corresponds to 196% increase in foreign aid. This supports the argument that economic interest is a stronger foreign aid motivation for emerging major powers than major powers. It is also significant for middle powers but the emphasis on economic relations as a motivation for aid is much smaller with a unit increase in the log of bilateral trade causes only 12% increase in foreign aid. The bilateral trade is not a significant determinant of foreign aid for regional middle power donors.
Figure 3 Estimated Marginal Effect of Trade on Foreign Aid for Major Powers

Figure 4 Estimated Marginal Effect of Trade on Foreign Aid for Emerging Major Powers
3.4.2 Effect of Security Interest on Foreign Aid

Similar to economic interest, the literature suggests that security interest of a donor country can affect its foreign aid motivation and distribution. Major powers, governing the international system, have security all around the world; therefore, their global distribution of aid is expected to be affected by their security interests. I expect these donors to give more foreign aid towards countries that they share a common security interest.

Using ideal point difference, which is calculated based on similarity and differences in UN General Assembly voting, I expect to see less foreign aid given by major powers to countries that they have a higher ideal point difference. I do not expect security interest to be significant for emerging major powers as they prioritize economic interests and for middle powers as they prioritize needs and characteristics of recipients. The data supports my expectations that while

![Predictive Margins with 95% CIs](image-url)
ideal point difference is not significant for emerging major powers and middle powers, it is significant for major powers with 1 unit increase in the log of ideal point difference causing a 15% decrease in real aid amount.

Ideal point difference is also significant for regional middle powers. It can be explained as since these countries give foreign aid to culturally similar countries within their targeted regions, it is plausible that the recipient countries are those that vote similarly with these donors in the UN General Assembly. For every 1 unit increase in the log of ideal difference between a regional middle power donor and recipient, the real aid amount decreases by 28%.

Figure 6 Estimated Marginal Effect of Ideal Point Difference on Foreign Aid for Major Powers
3.4.3 Effect of Democracy Score on Foreign Aid

In the literature foreign aid conditionality includes promoting democratic practices in recipient countries. Democratic foreign aid donors are expected to give more foreign aid to countries that are democratically performing better. I hypothesize that middle powers that prioritize recipient performances give more foreign aid to countries with higher democracy scores and less aid to autocratic countries.

The data supports this hypothesis as marginal effect of 1 unit increase in Freedom House score of a recipient country corresponds to 8% decrease in real aid amount. Similarly, democratic donors in major powers category give 10% less aid for every 1 unit increase in Freedom House score. The regression results show that donors with less democratic regimes give more aid towards less democratic recipients. A 1 unit increase in Freedom House score of a recipient country causes
25% increase in foreign aid from emerging major powers. Although not statistically significant, there is a positive relation between Freedom House score and foreign aid for regional middle power donors as they give 15% more aid for every 1 unit increase in Freedom House score.

From this I can conclude that democratic donors give more foreign aid to countries that are democratically performing better while non-democratic donors give more foreign aid to less democratic recipients.

Figure 8 Estimated Marginal Effect of Democratic Performance of the Recipient on Foreign Aid for Democratic Major Power and Middle Power Donors

Figure 9 Estimated Marginal Effect of Democratic Performance of the Recipient on Foreign Aid for Non-Democratic Emerging Major Power and Regional Middle Power Donors
3.4.4 Effect of Distance on Foreign Aid

In the literature, the relationship between distance of a recipient from a donor is expected to be negatively correlated with the foreign aid amount. However, in my model I expect major powers, emerging major powers and middle powers to give foreign aid globally while regional middle powers to distribute their foreign aid regionally. Indeed, regional middle powers give 309% less foreign aid for every 1 unit increase in the log of distance between donor and recipient. Distance have a negative impact of foreign aid amount of middle powers as well, although much less so than regional middle powers. For middle powers every 1 unit increase in the log of distance causes 50% decrease in real aid amount.

Emerging major powers give 124% more foreign aid for every 1 unit increase in the log of the distance indicating that they give more foreign aid to countries outside of their region. Although not statistically significant the relation between distance and foreign aid is also positive for major powers further supporting that major powers give foreign aid globally.

![Figure 10 Estimated Marginal Effect of Distance on Foreign Aid for Major Power and Emerging Major Power Donors](image-url)
3.5 Conclusion

In this part of the dissertation I test the hypotheses from the eclectic typology of foreign aid motivation and distribution with a cross sectional time series data set that includes foreign aid from top 30 donor countries matched with the rest of countries in the world from 2002 to 2013. Between fixed effects and random effects model I could use to analyze this panel data, I choose random effects model to include time-invariant independent variables of interests.

The results supported the theoretical expectations. Donor in major power category prioritize their security and economic interests while distributing their foreign aid. For emerging major powers, on the other hand, economic interest is the main determinant of foreign aid while security interest is not a significant factor as predicted by the theory. Middle power donors aim to preserve the status-quo of the international system therefore are expected to address problems related to inequality among states and autocratic governance. As expected they emphasize on recipient needs and democratic performances while making their foreign aid distribution decisions. Finally,
regional middle powers that are less democratic and less powerful want to increase their targeted soft power within their regions. As expected they give more foreign aid to countries that are culturally similar to themselves. Also, the further away a recipient country the less foreign aid it receives from a regional middle power supporting the argument that regional middle powers distribute their foreign aid regionally.

The eclectic typology developed in this study provides a sound theoretical foundation to group countries based on their power index and regime type. As a future research suggestion, this very same typology can be used to study other types of flows between countries such as trade, immigration and tourism. It is plausible to argue that countries categorized based on their power index and regime type can have different priorities in trade and can follow different policies for immigration and refugee acceptance.

This following chapter focuses on one of the regional middle powers as most-likely case to explain the path causing Turkey giving more foreign aid to culturally similar countries. Another future research can compare a regional middle power with a traditional middle power and explain causal paths that result in different outcomes in foreign aid motivation. Similarly, more case studies can be conducted comparing and contrasting donors from different categories of the eclectic typology.
4 CHAPTER 3: CASE STUDY

4.1 Introduction

“Those that have their eyes on Turkey, excitingly waiting for news from Turkey, in Baghdad, Damascus, Beirut, Amman, Cairo, Tunisia, Sarajevo, Skopje, Baku, Nicosia, and all other sister capital cities and friendly nations, I dearly send you my greetings!” said Recep Tayyip Erdogan while delivering his victory speech to the crowd gathered in front of AKP’s headquarters after his party secured an unprecedented victory with 49.83% of votes in 2011 general elections. Perhaps this greeting was a manifestation of the new foreign policy of “New Turkey”, a country traditionally allied with the West, reimagining and extending its foreign policy priorities. It was a manifestation of a “new geopolitical imagination” by being an active agent in global affairs, being a rising power in its region and being an equal partner of the West while rediscovering the long-time forgotten East.

Within this new approach to foreign policy, one of the tools that Turkey used to reach its active agent position was contributing to official development assistance (ODA) funds with increasing amounts over the last 15 years. Based on the general research questions of this dissertation this chapter focuses on the case of Turkey as emerging donor by answering the questions of “Why did Turkey become a foreign aid donor?” and “What are the priorities of Turkey while distributing its foreign aid?”. As the theoretical argument of this dissertation suggests emerging regional powers with ambitious foreign policy goals, want to increase their soft power over targeted geographies and nations. Therefore, together with other foreign policy tools, they strategically channel their foreign aid funds towards those targeted nations with whom they have a cultural and historical connection.
This dissertation develops an eclectic typology of foreign aid motivation and distribution of donors. This eclectic approach incorporates plausible causes of foreign aid based on Realist, Liberal and Constructivist approaches of IR. For Realism states are the main actors pursuing their national interests within anarchical structure of the international system. Their national interests are defined by security and economic terms and they are constant over time and space. Following this understanding of national interest, I expect that major powers distribute their foreign aid based on their security interests and economic relations with recipients.

Emerging major powers, on the other hand, as potential challengers of the current system focus on their economic development that can be turned into military development to challenge the major powers in the future. At this state, I expect them to focus on their economic relations with recipients while distributing their foreign aid.

Middle power donors relatively benefit from the existing international order; therefore, their national interest is to sustain the liberal democratic order as Liberal theory of IR would predict. Since they see underdeveloped and less democratic countries as a threat to the status-quo, they prioritize recipient needs and characteristics on their foreign aid decisions.

Regional middle power donors are either less powerful and less democratic than other three categories of donors. Therefore, they neither have the means to challenge or preserve the security and economic structure of the international system nor have the liberal democratic institutions that
they can preserve and promote. However, these countries still have a rather large foreign aid programs that cannot be explained by Realist or Liberal approaches.

Constructivist approach of IR proposes that ideas, norms and culture matter in explaining the outcome in international relations and these are subject to change over time and space. Based on the ideational approach of Constructivist theory, I argue that regional middle powers want to increase their status and influence over their targeted regions. Since they do not have the hard power tools of major and emerging major powers, and they are lacking the liberal democratic institutions of the middle powers, they use various other tools to gain influence in their regions. And one of the tools they use to gain status is foreign aid. By strategically allocating their foreign aid towards countries that are culturally similar to themselves, they want to maximize the soft power gains from this policy.

Among major donors of ODA, Turkey has relatively low power index and democracy score. This is why in power index-regime type typology, Turkey falls in the category of regional middle powers. Turkey, as a rising power in its region, follows a value-based foreign policy in order to be recognized as a regional power particularly among nations where it has cultural and historical connection. Therefore, Turkey is a most-likely case of a donor country with foreign aid motivation mainly explained by “targeted soft power” defined as attractiveness of a country toward a particular nation, public or a group of individuals in order to gain recognized power status and influence policies in line with national interests of the home country.
In the eclectic typology based on power index and democracy level provided in this dissertation, the unique contribution is related to regional middle power donors and targeted soft power argument for their aid motivation. As opposed to mainstream security-economic interest and recipient need models, this study provides an alternative value-based argument for aid motivation in regional middle powers category. With an in-depth case study of one of the cases in this type, I try to refute explanatory power of alternative hypotheses and seek support for the targeted soft power hypothesis.

In this deductive theory testing, I use the case of Turkey as a regional middle power and emerging foreign aid donor which provides me a most-likely case to test targeted soft power hypothesis. For George and Bennett (2005) most-likely cases in a typology are those that “a single variable is at such an extreme value that its underlying causal mechanism, even when considered alone, should strongly determine a particular outcome” (p. 253). In this case study analysis, I expect to find support to the argument that targeted soft power is the main determinant of the dependent variable, i.e. foreign aid for regional middle powers. Therefore, in this most-likely case of Turkey, cultural and historical similarity is expected to explain the causal mechanism and refute alternative hypotheses related to security-economic interests and recipient characteristics.

This chapter starts with a summary of Turkey’s foreign aid journey from a recipient to a donor country. It continues with changes in foreign policy of Turkey under the AKP government since 2002. This part includes the “new geopolitical imagination” and the “Strategic Depth” effect on Turkish foreign policy. The following two parts discuss the tools that Turkey uses to generate targeted soft power and how foreign aid comes into the picture within the strategy of targeted soft
power. Last part of the chapter discusses how the Turkish case relates to the generalizable hypotheses driven from targeted soft power theory of foreign aid by emerging donors.

4.2 History of Turkish Foreign Aid

The history of Turkish foreign aid donations dates back to the Ottoman era. There are several historical records indicating that the Ottoman Sultans granted foreign aid to countries around the world including the ones in Europe such as Poland and Ireland. However, modern Turkish Republic has traditionally been an aid recipient country and still listed as one according to Development Assistance Committee (DAC) of OECD, despite in the recent decade it has become one of the top donors of ODA outside of the DAC-OECD. Starting in the late 1940’s,

Turkey received significant amount of ODA ($150M) under the Marshall Plan. From 1950’s onward, the USA, Germany and Japan were the major contributors of foreign aid inflow to Turkey. Musa Kulaklikaya and Rahman Nurdun (2010), based on the DAC-OECD data, summarize the amount of foreign aid during the period of 1960 to 2007 from the USA, Germany, and Japan as $2.4B, $2.8B and $1.5B, respectively. As of 2005, Turkey received $12.5B aid as loans and grants from the USA. Starting from 1970’s to 2000, through Japan International Cooperation Agency (JICA), Japan allocated $286M in technical assistance to Turkey. Through Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ), within the framework of German-Turkish Technical Cooperation, Germany delivered €271M of technical assistance as of 2003. In addition to these three top donors, Turkey received aid from multilateral donors, mainly from UNDP. Technical assistance received from UNDP reaches $33.12M as of 2000 (Fidan and Nurdun, 2008).
In the 1980’s during the ANAP (Motherland Party) government under the Prime Ministry of Turgut Özal, Turkey experienced a wave of economic development, opening up to the world economy, domestic reforms and a shift in its foreign policy priorities. The current AKP government leaderships often calls the Turgut Özal era as a reference point for their domestic and foreign policy actions. As a part of opening up to the world and enhancing positive image of the country, in June 5th of 1985, Turkey delivered the first foreign aid package of the modern republic era. $10M worth of comprehensive aid package was sent to Gambia, Guinea, Guinea Bissau, Mauritania, Senegal, Somalia and Sudan by the State Planning Organization to be used on institutional capacity building. As mentioned in several resources (Kulaklikaya and Nurdun, 2010, Fidan and Nurdun, 2008), from the beginning, one of the goals of Turkish foreign aid was to contribute to the positive image of the country (later called as soft power).

The end of the Cold War brought about substantial changes in the international system. As a country allied with the Western block and instrumental as a buffer zone between the Soviet Union and the West during the Cold War, Turkey and its foreign policy was affected by this changing environment. Turkey reshaped its foreign policy in a way to interact with the newly independent countries of the Caucasus and Central Asia, which were out of reach within the geopolitics of the Cold War. Turkey saw this as an opportunity to reach to those country, where it has historical and cultural ties. One way to interact with those countries was to contribute to their transition from centrally planned economy to market economy. To realize this opportunity, one of the tools that Turkey used was to provide foreign aid. Therefore, the first destinations of initial Turkish foreign aid were these newly emerging republics in the Caucasus and Central Asia.
Considering the new geopolitics emerged after the end of the Cold War, effective coordination of Turkish foreign aid required further institutionalization. To meet this goal, in January 24th, 1992 Council of Ministers decided to establish Turkish International Cooperation and Coordination Agency (TIKA). In the founding documents, the scope of TIKA activities were limited to the Caucasus, Central Asia and the Balkans. Main target was the Turkic (Turkish speaking) countries, namely Kazakhstan, Tajikistan, Uzbekistan, Turkmenistan, Azerbaijan and Kyrgyzstan, with whom Turkey believes to have “a shared social memory and culture” (tika.gov.tr). Since the beginning, targeting these Central Asian republics, which Turkey sees as “one nation containing different countries”, linguistic, historical and cultural similarity have been a determining factor in Turkey’s foreign aid distribution. This pattern is still valid in TIKA’s activities today as stated in TIKA’s website:

“In a process that started in the 2000’s, the world became globalized and the influence of the globalization was perceived in many areas, from the East to the West. In parallel to the acceleration achieved on the subject of development in the countries with whom we share the same language, the projects that TİKA carried out in these regions have turned into projects that increase the institutional capacities. The projects that our country and TİKA realize for the ancestral lands with the proper pride of being the inheritors of a common history still continue.”

Following its mission of reconnecting with the Caucasus and Central Asia, during early 1990’s TIKA activities mainly focused on this region with 86.5% of the total ODA delivered to the newly independent countries. Following the wars in Bosnia and Kosovo, around half of Turkey’s foreign aid was shifted to the Balkans for reconstruction and humanitarian reasons.
Turkey’s ODA stayed relatively low with only $89M in 2002. Pinar Ipek (2015) divides Turkish ODA program into three periods. The first period was from 1992 to 2001, where the scope and amount of Turkish ODA was very limited. The second period was from 2001 to 2004, starting from the year when TIKA’s administrative status changed to the year when Turkish ODA was harmonized with the DAC’s classification and reporting. And the third period is from 2004 to today, when Turkish ODA substantially increased both in absolute amount and the regions covered. This chapter mainly focuses on the second period of transition phase in tandem with other transitions in Turkish foreign policy and the third period when Turkey became one of the main contributors of international development assistance.

When established in 1992, TIKA was a technical aid organization under the Ministry of Foreign Affairs to respond to the restructuring, adaptation and development needs of the Turkic Republics in the former Soviet Union territories. It was managed by the State Planning Organization of Turkey and ODA figures were recorded by the Turkish Statistical Institute (TURKSTAT). In May 12th, 2001, “The Law on the Organization and Tasks of the Turkish Cooperation and Development Administration Directorate” was put into force making TIKA to become an organization under the Prime Ministry of Turkey (tika.gov.tr).

In November 2002, Justice and Development Party (AKP) secured a victory with 34.28% of the votes and formed a single party government. With the new AKP government, a wave of change in Turkish foreign policy started which was also a turning point for Turkish official development assistance. Within the “new foreign policy” doctrine under the AKP, Turkey gradually expanded its reach to various parts of the world with the goal of becoming an active
agent and regional power. The changes in Turkish foreign policy under AKP will be discussed in the following part in detail.

One of the main differences that came about in the early years of the AKP government was to name TIKA as the main government institution for coordinating ODA activities of Turkey including calculation of the amount of ODA in accordance with DAC guidelines. Due to TIKA’s increased budget together with accurate data collection and reporting methods, there was a substantial increase in Turkish ODA as of 2004. Most documents and interviews conducted point out that prior to the changes in data collection and reporting in 2004, Turkish foreign aid amounts were underreported and did not reflect the assistance and in-kind support provided by several organizations (Kulaklikaya and Nurdun, 2010, interviews conducted). Ever since, Turkish ODA continuously increased as shown in the graph below.

![Figure 12 Changes in Turkish ODA from 2002 to 2015](image)
Turkish foreign aid was only $85M in 2002 with Kazakhstan being the top beneficiary of Turkish ODA. After taking over the task of calculating Turkish ODA from TURKSTAT, first TIKA report of Turkish ODA with DAC guidelines in 2005 shows that the ODA figure for that year was $339.15M. Central Asia region was still the main recipient of Turkey’s foreign aid with $195.46M (Fidan and Nurdun, 2008). Within a decade after the change in TIKA administrative status in 2001, Turkish ODA reached $2.3B which is an increase by 27 folds. $1.3B of Turkish ODA at the time, was from government funds while the rest of it was from non-governmental resources (Kardas, 2013). According OECD, Turkish ODA has reached $3.9B as of 2015. During the same period, TIKA expanded its operations to new geographical regions by opening up Program Coordination Offices. While TIKA only had international 12 offices, within a decade in 2012 TIKA had 33 offices. Today TIKA has 58 Program Coordination Offices in 56 countries across 5 continents (tika.gov.tr).

Figure 13 TIKA Program Coordination Offices
Main reasons for this sharp increase in Turkish ODA within less than two decades can be summarized as: (1) as a result of economic growth that took place during that period Turkey could dedicate more funds to ODA; (2) the changes in calculation and reporting of ODA based on DAC guidelines; (3) the geographical expansion of TIKA, mainly in the Middle East and Africa; (4) being able to incorporate assistance projects of other governmental and non-governmental organizations in ODA calculations.

During my field research in Turkey, an interviewee said that “Turkish foreign aid has increased in the last decades simply because Turkey got richer”. The statistics show that Turkish economy performs better under single-party governments as opposed to coalition governments and the AKP era was not an exception. Indeed, Turkish economy enjoyed positive GDP growth rates from 2002 to 2016 with the exception of 2009 (due to the global economic crisis). Turkish economic growth rates during those years were way above the OECD and the EU averages.

Figure 14 Economic Growth Rates from 2002 to 2016
For example, during the years of 2010 and 2011 right after the global economic crisis of 2008, the average GDP growth in the EU was 2.1% and 1.7%, while Turkish economic growth for the same years were 8.4% and 11.1%, respectively (Worldbank). So, was “getting richer” the only reason why Turkish contribution to global development assistance increased after 2002 (from $89M to $6.9B) or were there other changes happening in Turkey during this period that can be attributed to increasing ODA?

4.3 The New Turkish Foreign Policy

In November 2002, following the economic crisis of 2001 in Turkey, the AKP as a new political party branded as conservative democrats, blending neo-liberal economic policies with conservative political Islam rhetoric gained majority of votes (34.28%) to form a single-party government. The government followed an extensive economic and social reform process in line with the EU accession process and resulted in substantial economic growth, which helped the AKP to win four consecutive elections and stay as the ruling party till this day.

In addition to the reforms in economic and social areas, one can observe unprecedented changes in Turkish foreign policy orientation and rhetoric during this period. In addition to visions of top party leaders such as Recep Tayyip Erdogan (Prime Minister of Turkey 2003-2011, President of Turkey 2014-today) and Abdullah Gul (Prime Minister of Turkey 2002-2003, Deputy Prime Minister and Minister of Foreign Affairs 2003-2007, President of Turkey 2007-2014), several other party elites contributed to the changes in Turkish foreign policy during the AKP government.
Turkish scholar Pinar Ipek (2015), based on Goldstein and Keohane’s theoretical approach, attributes the changes in Turkish foreign policy to the convergence of principled and causal beliefs of AKP elites. She points out three major actors in AKP government who were influential on shaping AKP’s foreign policy vision.

The first one is Ahmet Davutoglu (Chief Advisor of Foreign Policy to the Prime Minister 2003-2009, Minister of Foreign Affairs 2009-2014, Prime Minister 2014-2016). Coming from an academic background, Davutoglu in his book “Strategic Depth: Turkey’s International Position” (2001) formulated a new foreign policy approach for Turkey, which was the blueprint for Turkish foreign policy under the AKP government.

The second one, Ibrahim Kalin (special advisor to Recep Tayyip Erdogan during his Prime Ministry and Presidency), is also coming from an academic background and draws a map of the changing international environment and Turkey’s position in his writings.

The third one is Hakan Fidan (President of TIKA 2003-2006, Deputy Undersecretary of the Prime Minister’s Office 2006-2009, currently Head of the National Intelligence Service), who also holds a Ph.D. in Political Science. According to Ipek, the changes in Turkish foreign policy was a function of Davutoglu’s principled beliefs, that defines the social purpose of foreign policy, being shared and supported by this group of AKP elites. The following part will discuss in detail what was the road map for Turkish foreign policy drawn by these elites often referring to their own writings and statements.
Ahmet Davutoğlu’s seminal work “Strategic Depth” has been the blueprint for the “new Turkish foreign policy” during the AKP government. He was one of the few academics who had the chance to actually practice his theory in real world by holding positions of foreign policy advisor to the Prime Minister and later Minister of Foreign Affairs. The idea of Strategic Depth is rather a simple one. Turkey, due to its unique geographic location between Asia, Europe and Africa as well its historical and cultural ties inherited from the Ottoman era, has the responsibility to be an active agent in its region. Turkey’s foreign policy cannot be reduced to one dimension or one region like the West, as it has been the case during the Cold War.

Davutoğlu in an article he wrote for Insight Turkey in 2008, puts forward five principles of Turkey’s new foreign policy: (1) a balance between security and democracy to have a chance to establish an area of influence in its environs; (2) zero problem policy toward Turkey’s neighbors; (3) developing relations with the neighboring regions and beyond; (4) following a multi-dimensional foreign policy; (5) following a rhythmic diplomacy.

He also defines three methodological principles within this new foreign policy as: (1) a visionary approach to the issues of the “crisis oriented” attitude that dominated foreign policy during the entire Cold War period; (2) a policy based on a consistent and systematic framework around the world; (3) the adoption of a new discourse and diplomatic style, which has resulted in the spread of Turkish soft power in the region (Davutoğlu, 2010). These principles propose a new vision orientation within a systematic framework that utilizes not only tools to realize security and economic interests but also value and soft power-based rhetoric and actions. It requires to solve
long lasting problems with neighboring countries as well as being a mediator in regional conflicts and active involvement in international issues and organizations.

During his post as Minister of Foreign Affairs, Davutoglu wrote another article to Center for Strategic Research (2011) where he summarizes the strengths of Turkish Foreign Policy. Firstly, he states that the new Turkish foreign policy “is formulated with reference to a holistic understanding of historical trends and a sense of active agency”. Turkey’s “historical depth, geographical positioning and rich legacy in international affairs” enables it to formulate a foreign policy through “a solid and rational judgment of the long-term historical trends and an understanding of where we are situated in the greater trajectory of world history”.

Secondly, Turkey can build a “proactive foreign policy” as it has established a stable and peaceful domestic order. Since Turkey has established the security-freedom balance, now it is “more self-confident about its international position, and is trusted by its neighbors and the international community”. And thirdly, Turkey is reintegrating with its neighbors and consolidating ties with its region. He claims that one of the strengths of the new Turkish foreign policy is reconnecting with the people in its region “with whom we shared a common history and are poised to have a common destiny”.

In the same article, he states that Turkey is following a value-based foreign policy while defending its national interests by assuming “the responsibilities of a global actor” and being recognized “as a wise country in the international community”. While becoming a wise country, he continues that Turkey needs “new instruments which might be missing in Turkey’s traditional
foreign policy toolkit”. He gives examples of restructuring the Foreign Ministry and opening new embassies, as well as involvement in new areas such as international development assistance, peacemaking and mediation.

Indeed, Turkey opened 30 new embassies, 24 of which was in Africa. Turkish ODA increased from $85M to $6.9B. And during a data collection for another research project I found 40 newspaper entries from 2007 to 2009 about Turkey mediation role in regional conflict such as between Israel and Syria, Israel and Palestine, Hamas and Fatah, Shiites and Sunnis in Iraq, Afghanistan and Pakistan, USA and Iran, and the EU and Iran. Also, Turkey hosted international events such as International Conference on Africa, UN Summit on Least Developed Countries and UN Conference on Mediation.

Another influential policy maker Ibrahim Kalin, although less visible than Davutoglu and never actually hold an office other than being chief foreign policy advisor to President Erdogan, has also contributed to the “new foreign policy” of Turkey as much as Davutoglu, if not more. In his writings, he often emphasizes the changes in power centers in the world and the declining importance of the West in world affairs.

In a 2009 article in Insight Turkey, he claims that today the world order has no center or multiple centers and “the center(s) of the world are up for grabs, and there are no self-proclaimed winners on the horizon”. He envisions a Turkey that has a potential to “grab” one of those multiple centers with a new vision and geographical imagination in the 21st century. He also claims that Turkey, which he defines as “a modern country larger than a nation-state and smaller than an
empire”, still has power and responsibilities over “Turks, Arabs, Persians, Kurds, Bosnians, Macedonians and others in its vast neighborhood”. Putting Turkey in a central position in the region due to its history, geography and culture is mirroring Davutoglu’s “Strategic Depth” vision for Turkish foreign policy.

Given the current international balance of power is favoring a few developed states while alienating a good part of the world, he forecasts that “new geo-political and geo-cultural maps” will emerge for “new regional and global perspectives”. According to Kalin, these changes will create opportunities for countries like Turkey due to its history and geography. The principles he puts forward for Turkish foreign policy includes a new imagination, a different geo-strategic map and a new set of tools. The new imagination contains moving ahead of the “bridge” country image to a central position. The new geo-strategic map means engaging with previously ignored regions of the world while maintaining relations with traditional partners. And the new set of tools entitles moving beyond the traditional hard power-oriented tools to ones that meet the changing nature of the international environment such as soft power generating tools of foreign policy. His use of the concept of soft power is rather broader than the original definition of Joseph Nye. He suggests that “soft power in the non-Western world…is grounded in some larger concepts of cultural affinity, historical companionship, geographical proximity, social imagery and how all of these create a sense of belonging”.

As can be seen from the writings of the architects of the new Turkish foreign policy, Turkey is being branded as a wise country, regional power, central country, active agent, emerging donor, and mediator with multi-dimensional, proactive and rhythmic foreign policy and zero-problems
with neighbors policy. This branding has gotten serious attention from the international community, particularly from the West, which wants to show Turkey as “model” for countries in the region going through political transitions. In this sense, the government has been trying to manage the perception and image of the country towards a positive direction both in its region as well towards the international community. It can also be said that these principles and actions in foreign policy had positive influence on the domestic audience which contributed to consecutive electoral success of the government.

All these transitions in foreign policy did not happen without any criticism. Many scholars and political elites in the opposition call this new foreign policy as Neo-Ottomanism and consider it as bringing back the imperialistic engagement of the Ottoman Empire with its region. Several criticized it as being utopic, impractical and unachievable given the structure of the international system, realities of the region and capabilities of Turkey. Some claims that Turkey is overreaching beyond its capacity and setting unrealistic goals and most of the time failing to realize them.

Whether the new Turkish foreign policy is a success story or just window dressing with no substantial results is beyond the scope of this dissertation. The purpose of this part is to give some background information about the changes in Turkish foreign policy principles and methods and to set the stage for analyzing where international development assistance stands in this new approach. As the main argument of the dissertation is that foreign aid policies of emerging donors must be explained in the context of their broader foreign policy perspectives, an understanding of new approaches to Turkish foreign policy is a relevant one.
4.4 Tools of Targeted Soft Power for Turkey

Originally defined by Joseph Nye as “the ability to attract and co-opt other to what you want”, soft power lays in the center of new geo-political imagination, rhythmic, proactive and multidimensional foreign policy of Turkey, as repeatedly stated in Turkish foreign policy rhetoric. In addition to increasing its military capabilities and economic growth, Turkey has invested a considerable amount of resources on soft power generating policies and institutions over the last decade. In line with primary resources of soft power which are “the attractiveness of a country’s culture, political notions and policies”, Turkey has been following a foreign policy particularly rooted in this value-based definition of power.

Cultural attractiveness is particularly emphasized by Turkish foreign elites. For example, Ibrahim Kalin (2011) notes that “Turkey’s soft power is different from that of other countries in its form and content. Turkey’s soft power potential, which extends from the Balkans and the Middle East to inner parts of Central Asia, emerges from the cultural and historical experience it has inherited”. Similarly, influential International Relations scholar Meliha Altunisik (2008) praises increasing soft power of Turkey in its region by stating that “it is clear that in recent years Turkey’s soft power in the region has increased. Thus, Turkey’s military and economic might in the region is now supported by its soft power, particularly through its increasing attractiveness and its ties with conflicting actors in the region”.

Cultural affinity and geographical proximity are two main pillars of Turkish soft power policies. Therefore, it can be argued that Turkey tries to increase its soft power in a targeted fashion. Targeted soft power aims to increase attractiveness of a country towards a particular
nation, public or a group of individuals with the goal of creating friendly relations in order to influence policies in line with national interests of the home country. This part of the chapter focuses on tools that Turkey has been using in order to gain targeted soft power in line with the new Turkish foreign policy.

During the period that is studied in this dissertation, Turkey has created several government institutions while redefining the roles of the existing ones in line with its targeted soft power policies. Public diplomacy efforts were in the center of this policy supported by several governmental and non-governmental institutions such as TIKA (Turkish International Cooperation and Development Agency), the Ministry of Foreign Affairs, the Ministry of Tourism and Culture, The Presidency for Turks Abroad and Related Communities, TRT (the Turkish National Broadcaster), Anadolu Agency (Turkish semi-governmental news agency), Kizilay (the Turkish Red Crescent), the Yunus Emre Foundation (the Turkish cultural foundation), and several non-governmental organizations. With the goal of increasing coordination among these institutions towards a common goal of increasing Turkey’s targeted soft power with political, diplomatic, economic and cultural activities, The Office of Public Diplomacy under the Prime Minister’s Office was founded in January 2010 with the motto of “Turkey has a message and a story to share” (kdk.gov.tr). The mission of the Office of Public Diplomacy as stated on their website is:

“Public diplomacy aims at increasing the visibility and effectiveness of Turkey in international public opinion, as one of the most important tools of Turkish foreign policy and soft power capacity. Office of Public Diplomacy is responsible for providing the coordination between the public agencies and civil organizations for the accurate and efficient promotion and
presentation of Turkey. The public diplomacy activities, which have a central importance for the promotion and perception management of Turkey, and which stretch over a large area as varied as diplomacy, foreign aid, science and technology, economy, higher education, tourism, culture, arts and media, provide for the recognition of Turkey’s new potentials by the world public opinion. The accurate recognition of Turkey at different segments of the world necessitates medium and long term systematic efforts. Office of Public Diplomacy contributes to such efforts by coordinating the different activity items listed above”.

Within the last decade and a half, Turkey mobilized newly founded and redefined institutions towards the goal of increasing its targeted soft power. Towards this end, Turkey used several political, diplomatic, economic and cultural tools. One of the most effective tools Turkey utilized was its increasing contribution to international official development funds. Traditionally a recipient of foreign aid, Turkey has become one of the major donor countries within a relatively short period of time. The increase in Turkey’s foreign aid and how it is used as a tool to generate soft power towards targeted nations will be discussed in detail in the next part of this chapter.

This part of the chapter mainly focuses on tools which are different than foreign aid but have contributed to targeted soft power policy of Turkey. I summarized the ten most visible tools used by Turkey during this period, namely expanding diplomatic missions, in-bound foreign students, bidding or staging sports mega events, foreign country visits by Turkish officials, mediation and facilitation efforts, refugee in-takes, bidding or holding UNSC non-permanent seat, export of Turkish soap operas, TRT and Anadolu Agency, and the growth of Turkish Airlines.
4.4.1 Diplomatic Missions

One of the activities that Turkey pursued over the last 15 years was to increase its diplomatic missions. Increasing official representation of Turkey abroad was one of the tools that was emphasized in multi-dimensional foreign policy vision of Ahmet Davutoglu as he states that “our axis is in Ankara, and our horizon is 360 degrees” (kdk.gov.tr). During this period number of Turkey’s diplomatic missions increased from 163 in 2002 to 228 in 2015. These missions include 134 embassies, 81 consulates generals, 12 permanent missions and 1 office of trade. The total number of foreign missions is expected to reach 252 with the establishment of new embassies and consulates. The highest number of increase in Turkish diplomatic missions happened respectively in Africa and Asia. In 2002, among 54 countries in Africa, Turkey only had 12 embassies and 2 consulates. In 2015, this number increased to 39 embassies and 4 consulates.

With 29 new missions established across the continent, Africa is the top priority of targeted regions of for the new Turkish foreign policy. By declaring 2005 as “the year of Africa”, Turkey has already announced its interest in Africa. Ever since, in addition to increasing the number of diplomatic missions in the continent, number of visits by Turkish officials and businessmen, foreign aid, foreign direct investment, total trade and number of flights by Turkish Airlines to African countries have substantially increased. With 15 new missions Asia takes the second place for new Turkish diplomatic missions, reaching 39 embassies, 25 consulates and 1 office of trade. The changes in regional distribution of Turkish diplomatic missions can be found below.
In addition to diplomatic missions, which operates under the Ministry of Foreign Affairs, Turkey also opened several TIKA offices, which operates under Presidency. The TIKA offices will be discussed in the next part of the chapter.

### 4.4.2 In-bound Foreign Students

Number of foreign students in higher education has been used as one of the indicators of a country’s attractiveness in several indexes. Increasing number of foreign students in a country is correlated with a country’s soft power. Economically developed countries have traditionally been top destinations for international students mainly because of their high quality higher education institutions, available scholarships for international students as well as overall attractiveness of
With the effects of globalization, the demand for students to study abroad is higher than ever. Countries classified as emerging economies have started to be popular destinations for students seeking education away from their home countries. Emerging economies see this as an opportunity to contribute to their positive image and invest resources towards attracting foreign students. Turkey as an emerging economy is no exception to this. Based on the goal of creating an international network of individuals with a positive view of Turkey, being educated in Turkish higher education institutions is seen as an effective tool.

According to UNESCO data base on in-bound internationally mobile students, the number of foreign students in Turkey has increased from 18,337 in 2002 to 72,178 in 2015, approximately 300% increase (Unesco.org).

![Figure 16 In-Bound Foreign Students from 2002 to 2015](image-url)
The highest increase in absolute number of foreign students in Turkey was from Asia region which includes the Middle East. While the number of students from Asia was 10,504 in 2002, it reached 51,597 in 2015. The number of students from Africa region reached 9,125 in 2016 from only 376 in 2002. The highest percentage increase in foreign students in Turkey has been from this continent. In the same period, foreign students from Europe, despite its geographic proximity, did not show any dramatic change with 5,367 in 2002 and 5,497 in 2009. With increasing availability of scholarships to students from Eastern Europe and the Balkans, number of foreign students from Europe reached to 10,435 in 2015. As can be seen in the graph, number of foreign students in Turkey by region shows a correlation with the regions where Turkey is seeking targeted soft power.

![Figure 17 Percentage of In-Bound Foreign Students by Continent in 2002 and 2015](image)

In order to attract more foreign students Turkey has launched “Turkey Scholarships” in 2012, coordinated by Presidency for Turks Abroad and Related Communities under the Prime Ministry. The Presidency for Turks Abroad and Related Communities was founded in April 2010 with the goal of strengthening economic, social and cultural relationship between Turks living
abroad and their home country of Turkey as well as with people of foreign nations that are culturally related to Turkey (ytb.gov.tr).

One division of the presidency provides grants to people of Turkish origin living abroad with grant type funds. During one of the interviews I conducted at the presidency, an expert stated that “for example, a woman with Turkish origin living in Germany wants to start a day care for children of Turkish origins and the main language of the day care will be Turkish, then she can apply for a grant from our presidency”. The second division of the presidency directs funds towards people of related communities which are not of Turkish descent but “culturally similar” to Turkey. And the third division’s role is to manage Turkey Scholarships, which provide monthly stipend, accommodation and health care for foreign citizens to study at undergraduate or graduate level in Turkish universities.

Reaching over 100,000 applications from 160 countries in 2016, currently 16,000 foreign students are enrolled in Turkish universities with Turkey Scholarships (kdk.gov.tr). The in-bound international students to Turkey are mainly originating from Central Asia, Africa and the Balkans, which is correlated with the targeted regions that Turkey is seeking to increase its soft power. As stated in the website of the presidency as well as repeatedly mentioned during the interviews conducted, the main goal of this initiative is to create a network of “voluntary ambassadors” of Turkey, who can contribute to the soft power of the country in their respective communities.

### 4.4.3 Bidding for Sports Mega Events

Staging sports mega events has always attracted countries not only because of its
immediate economic contribution but also its positive effect on country’s image worldwide. During the event, which typically lasts for about a month, millions of foreigners and accredited media personnel visit the country that contributes to national income. However, more than its economic benefits, countries want to host these events as a way of reaching out to hundreds of millions of sports fans all over the world. These events are not only seen as a sports event but also an opportunity to communicate the culture of the host country to the world community. The expectations about facilities that a country should provide in order to be selected for these events are in rise which increases the cost of being a host country. Although many authorities claim that the revenues generated during the event does not cover the cost of facilities built to host the event, countries increasingly interested in staging such events.

Traditionally, economically developed nations bid and stage sports mega events. However, in recent decades, emerging economies are also interested in being a host country. Despite its short term economic costs, emerging economies, seeking to increase their international status, see these events as a long-term investment towards increasing their soft power. There is a limited literature that study the impact of staging sports mega events on soft power of the country (Grix, 2012, Grix and Houlihan, 2014, Dember and Wloch, 2014). These studies focus on cases such as Germany hosting FIFA Soccer World Cup in 2006, Britain hosting the 2012 Olympic and Paralympic Games and Poland hosting UEFA Euro 2012 Soccer Championship. As a part of these countries broader goal of gaining soft power, these scholars study press reports and find a correlation between hosting these events and increasing leveraging the country’s image.
Within the last decade, Turkey as an emerging economy seeking to increase its international status, have repeatedly applied to host sports mega events such as FIFA Soccer World Cup, UEFA Euro Soccer Championship, and Olympic and Paralympic Games.

Table 7: Sports Mega Events Bids and Applications

<table>
<thead>
<tr>
<th>Bid</th>
<th>Application</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer Olympics</td>
<td>Summer Olympics</td>
<td>2000</td>
</tr>
<tr>
<td>S. Olympics/UEFA Soccer</td>
<td>S. Olympics/UEFA Soccer</td>
<td>2008</td>
</tr>
<tr>
<td>UEFA Soccer</td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Summer Olympics</td>
<td>UEFA Soccer</td>
<td>2020</td>
</tr>
<tr>
<td>UEFA Soccer</td>
<td></td>
<td>2024</td>
</tr>
</tbody>
</table>

Although never been selected to stage a sports mega event, since 2002, Turkey hosted more than 100 international sports organizations such as the Mediterranean Games, U-20 Soccer World Cup, Universiade Winter Games, which are minor sports events but necessary for countries to show their preparedness to host the mega events. Turkish then Prime Minister Recep Tayyip Erdogan showed the enthusiasm of the country to host the Olympic Games during his opening speech at the 2013 Mediterranean Games in Mersin by stating that “Actually we, as Turkey, are rehearsing in Mersin. As we host the biggest sports organization of Mediterranean in Mersin, we also prepare for 2020 Istanbul Olympics”. Willingness of Turkey to stage a sports mega event is in line with its overall strategy of increasing its soft power and during its bids to host these events, Turkey is seeking support especially from nations and individuals that are within its targeted public diplomacy efforts.
4.4.4 Official Visits to Foreign Countries

Other than opening 65 new diplomatic missions during the period studied in this chapter, official visits to foreign countries have reached an unprecedented high. Mainly Prime Minister, and later President Recep Tayyip Erdogan made 305 visits to 93 countries in 5 continents from 2003 to 2014 (kdk.gov.tr). As a part of proactive and rhythmic diplomacy policies of the government, an average of 28 foreign country visits per year was reached, which is substantially higher than any other government official in the history of Turkey. To put the numbers in a perspective, President of the United States Barack Obama made 52 international presidential trips to 58 countries from January 2009 to January 2017. Russian President Vladimir Putin visited 50 countries during his first two terms from May 2000 to March 2008.

During majority of these visits, President Erdogan typically accompanied by a group of select businessmen, signed bilateral trade or partnership agreements as well as agreements on lifting visa requirements with 28 more countries. Although Germany and USA are the top two countries that President Erdogan visited, with 15 and 14 visits respectively, the highest increase in official visits were to Asian (including the Middle East) and African countries. There were 102 visits to 31 countries in Asia (14 of them were to the countries in the Middle East), excluding 30 visits to 7 Turkic countries of Central Asia. In the same time period, there were 24 visits to 12 African countries.
The total number of visits to Asia, Africa, the Middle East and Turkic countries has been significantly more than the visits to Europe and America combined. Similar to the regional distribution of new diplomatic missions opened during the last 15 years, the direction official visits by Turkey is correlated with its targeted regions where it is seeking to increase its soft power.

### 4.4.5 Mediation and Facilitation Efforts

As a part of active and multidimensional foreign policy, Turkey was involved in regional conflicts as mediator or facilitator. Geographically located closer to one of the most conflict prone regions of the world, due to its cultural affiliation inherited from the Ottoman era, as well as its proximity and ability to talk the conflicting parties, Turkey was able to bring the parties to the table with mediator or facilitator role in protracted regional conflicts. Turkey, while trying to resolve its own conflicts with its neighbors under “zero problem with neighbors” rhetoric, Turkey
undertook third-party roles in conflicts such as in Iraq, Afghanistan, Pakistan, Israel, Syria, Lebanon, Iran, the Balkans and Africa. The table below summarized eleven most visible third-party roles that Turkey pursued between 2002 and 2013 (AKP Ar-Ge Vizyon, 2013).

**Table 8 Mediation and Facilitation Efforts from 2002 to 2013**

<table>
<thead>
<tr>
<th>Conflict</th>
<th>Role</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iraq</td>
<td>Mediation/Facilitation</td>
<td>2005/2010</td>
</tr>
<tr>
<td>Afghanistan/Pakistan</td>
<td>Tripartite Summit</td>
<td>2007</td>
</tr>
<tr>
<td>Israel/Syria</td>
<td>Facilitation</td>
<td>2008</td>
</tr>
<tr>
<td>Lebanon Presidential Election Crisis</td>
<td>Facilitation</td>
<td>2008</td>
</tr>
<tr>
<td>Philippines Mindanao Peace Process</td>
<td>Facilitation</td>
<td>2009</td>
</tr>
<tr>
<td>Bosnia/Serbia</td>
<td>Tripartite Summit</td>
<td>2009</td>
</tr>
<tr>
<td>Croatia/Serbia</td>
<td>Tripartite Summit</td>
<td>2010</td>
</tr>
<tr>
<td>Iran Nuclear Program</td>
<td>Turkey/Brazil Initiative</td>
<td>2010</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>Facilitation</td>
<td>2010</td>
</tr>
<tr>
<td>Palestine Al-Fatah/Hamas</td>
<td>Facilitation</td>
<td>2011</td>
</tr>
<tr>
<td>Horn of Africa</td>
<td>Mediation/Facilitation</td>
<td>2012</td>
</tr>
</tbody>
</table>

As can be seen in the table, most of the mediation and facilitation roles that Turkey was involved was between countries that Turkey has a cultural connection. The motivation behind these initiatives was not only Turkey trying to make its region more peaceful and stable, but also increasing Turkey’s soft power in these target regions and nations. Third party roles of Turkey also follow a similar pattern for other soft power generating actions of Turkey in terms of its targets.
4.4.6 Refugee intake

According to the latest data available at UNHCR as 2016, there are 22.5 Million refugees under UNHCR mandate worldwide. Majority of the countries in the world have legal responsibilities to accept refugees under 1951 Convention Relating to the Status of Refugees and the 1967 Protocol. 148 countries are signatories to one or both of these instruments (UNHCR.org). Despite being a signatory to the convention and/or the protocol, accepting refugees have been a matter of countries’ own discretion and most of the time countries do not fulfill this responsibility. This has been most visible during the refugee crisis due to the ongoing conflict in Syria since 2011. Particularly, the European Union countries, despite their emphasis on human rights and human security as well as their geographic proximity, have been lacking behind in accepting Syrian refugees.

Turkey, on the other hand, baring its economic and political costs, have been a safe haven for Syrian refugees since the beginning of the crisis. Turkey fulfills its duty by the international law with a “non-refoulement” and “non-rejection at the border” policy and provides “temporary protection” for refugees from Syria. As of 2016, Turkey is hosting 2,773,827 Syrian refugees, which places Turkey on top of the list for refugee intake (UNHCR.org). Approximately, 12% of refugees worldwide is currently hosted by Turkey. In refugee population, Turkey is followed by Pakistan (1,576,771), Lebanon (1,035,701) and Iran (978,120), which is summarized in the table. The total number of refugee is Europe region is 1,625,002. As of 2014, the European Union countries have granted protection status to only 120,000 Syrian refugees.
By accepting highest number of refugees from Syria, Turkey not only meets its obligations under international law and international human rights and human security norms but also fulfills a moral duty. This generous policy of Turkey goes a long way towards winning the hearts and minds of Syrian people in need, and also it is appreciated by the countries in the region and the world community at large. The political elites in Turkey are proudly announcing their refugee policies to the domestic audience and during international summits, which makes the refugee intake one of the main generators of soft power for Turkey, particularly towards its targeted populations where Turkey has historical and cultural ties.

4.4.7 Bidding or Holding a UNSC Non-Permanent Seat

The United Nations Security Council is composed of 15 members of which 5 of them are permanent and 10 of them are non-permanent members, that are elected by the General Assembly for two-year terms. The countries are divided into 5 geographical categories based on the United
Nations regional groups. Each regional group has a quota for how many seats they can hold in the Security Council. The African Group, the Asia-Pacific Group, the Eastern European Group, the Latin American and Caribbean Group and the Western European and Others Group have 3, 3, 2, 2, and 5 seats respectively. However, since the Asia-Pacific, The Eastern European and the Western European Group already include one or more permanent members there are 2, 1, and 2 seats respectively to be elected as non-permanent members.

Holding a non-permanent seat at the Security Council means having a vote on resolutions brought to the attention of the Security Council. Despite non-permanent members’ votes are not as determining as permanent members’ votes since they do not have veto power, holding a seat in the Security Council has always been interesting for many countries due to its prestige and contribution to a countries image among the international community.

Turkey, as a part of its new foreign policy doctrine, has been trying to acquire more active roles in international organizations. Turkish President Erdogan in several occasions stated that “the world is bigger than 5” referring to the 5 permanent members of the Security Council and criticized the current composition of the United Nations for favoring the strong countries after World War II and not reflecting the power distribution of this century. For him, a new structure of the Security Council should include emerging regional powers like Turkey. To this end, Turkey, which has not hold a non-permanent seat since the 60’s, submitted its candidacy for the position twice within the last decade. In 2008 UN Security Council elections, Turkey was elected to hold a non-permanent seat with 151 votes out 192 ballots together with Austria in the Western European and Others Group. After holding a non-permanent seat in 2009-2010, Turkey once again declared its
candidacy in 2014, only to lose to New Zealand and Spain (UN.org).

Table 9 UNSC Non-Permanent Seat Voting in 2008 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Votes</th>
<th>Country</th>
<th>Votes</th>
<th>Votes</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Round 1</td>
<td></td>
<td>Round 1</td>
<td>Round 2</td>
<td>Round 3</td>
</tr>
<tr>
<td>Turkey</td>
<td>151</td>
<td>New Zealand</td>
<td>145</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>133</td>
<td>Spain</td>
<td>121</td>
<td>120</td>
<td>132</td>
</tr>
<tr>
<td>Iceland</td>
<td>87</td>
<td>Turkey</td>
<td>109</td>
<td>73</td>
<td>60</td>
</tr>
</tbody>
</table>

*Required majority 129 votes

Turkey sees holding a non-permanent seat in the Security Council as an opportunity to represent not only its own national interest but also as a way to represent the interests of the less powerful countries and nations in its region. Despite its limited influence on resolution votes, being a non-permanent member contributes to the image and soft power of Turkey, particularly towards targeted nations that Turkey claims to “be the voice of” in the UN Security Council.

4.4.8 Export of Soap Operas

Promoting a country’s culture and values through movie and TV show industry is not a new practice. The Hollywood was an effective tool in the hands of US government during the Cold War to gain worldwide attractiveness to liberal Western values and the Hollywood effect is still relevant today. Within the last decade, Turkey has also started to use this tool particularly through its high-quality production soap operas. According to Turkish Ministry of Culture and Tourism, 70 Turkish soap operas are broadcast in 75 countries across the world as of 2014. Omer Celik, then Minister of Culture and Tourism states that “soap opera exports grew by 4.5% globally, whereas
our country’s figures surpassed 20% by the end of 2013. He also adds that “Soap opera export figure was not even 10 thousand dollars in 2004 but rose to around 200 million dollars by the end of 2012. In the framework of 2023 vision, Turkey aims to reach 1 billion dollars in this young and creative industry”. In addition to its contribution to the country’s economy, “reaching some of the highest ratings in the countries they are broadcast, Turkish soap operas contribute to Turkey’s image as a strong means of soft power” as stated in the website of the Office of Public Diplomacy.

Table 10 Soup Opera Exports by Country

<table>
<thead>
<tr>
<th>Targeted Regions</th>
<th>Targeted Regions</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Lebanon</td>
<td>Germany</td>
</tr>
<tr>
<td>Albania</td>
<td>Macedonia</td>
<td>Austria</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Malaysia</td>
<td>Czechia</td>
</tr>
<tr>
<td>U.A.E.</td>
<td>Egypt</td>
<td>China</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Uzbekistan</td>
<td>Estonia</td>
</tr>
<tr>
<td>Bosnia Herzegovina</td>
<td>Pakistan</td>
<td>Croatia</td>
</tr>
<tr>
<td>Brunei</td>
<td>Romania</td>
<td>Sweden</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Syria</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Algeria</td>
<td>Tunisia</td>
<td>Japan</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Oman</td>
<td>Korea</td>
</tr>
<tr>
<td>Morocco</td>
<td>Jordan</td>
<td>Latvia</td>
</tr>
<tr>
<td>Georgia</td>
<td>Yemen</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Iraq</td>
<td>Ukraine</td>
<td>Hungary</td>
</tr>
<tr>
<td>Iran</td>
<td>Greece</td>
<td>Russia</td>
</tr>
<tr>
<td>Montenegro</td>
<td></td>
<td>Slovakia</td>
</tr>
<tr>
<td>Qatar</td>
<td></td>
<td>Slovenia</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td></td>
<td>Thailand</td>
</tr>
<tr>
<td>Kuwait</td>
<td></td>
<td>Taiwan</td>
</tr>
<tr>
<td>Libya</td>
<td></td>
<td>Vietnam</td>
</tr>
</tbody>
</table>
The successful export of Turkish soap operas is also recognized as soft power generation tool by Turkish diplomatic elites. Ibrahim Kalin, in a 2009 article on Turkey in the Middle East, starts the article with an anecdote that “on two separate visits to the Arab world recently, I was asked about Turkish soap operas shown on Arab TV. My hosts were surprised that I didn’t know much about the programs, the characters in them or their stories”. He also gives the example of Layla Abu Shama, a social worker from Saudi Arabia who states that Turkish soap operas are popular among Arab women because “these programs deal with topics that correspond to their own personal issues and aspirations”.

Although Turkish soap operas are exported worldwide from China to Latin American countries, more than 50% of the countries that they are most popular are majority Muslim countries and more than 60% of the countries are in Turkey’s targeted soft power regions. As agreed by Turkish officials as well as viewers from importing countries, Turkish soap operas are used as an effective tool of targeted soft power generators.

4.4.9 Anadolu Agency and TRT

Anadolu Agency (AA) is Turkey’s national press agency and TRT (Turkish Radio and Television Corporation) is the national broadcasting channel of Turkey. Both plays an essential role in Turkey’s public diplomacy particularly within the framework of new Turkish foreign policy. AA was founded by Mustafa Kemal Ataturk in 1920 with main tasks of informing domestic audience about the on-going Turkish War of Independence and shaping public opinion about Turkey’s fight for independence in the world. Traditionally broadcasting in line with the policies of the government, today AA is one of the tools that the government uses to broadcast Turkey’s
voice abroad (Sancar, 2015). By 2020 on its centenary of foundation, the agency is aiming to become one of the five most influential news agencies in the world (kdk.gov.tr). Following the government’s goal of becoming a regional power, AA increased its broadcasting languages to 10 within the last 8 years. Currently, in addition to Turkish/Azerbaijani, it is broadcasting in English, Arabic, BCS (Bosnian, Croatian, Serbian), Russian, Kurdish, French, German, Spanish, Albanian and Macedonian, and Persian.

Table 11 Broadcast Languages of Anadolu Agency

<table>
<thead>
<tr>
<th>Language</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabic</td>
<td>2012</td>
</tr>
<tr>
<td>Russian</td>
<td>2012</td>
</tr>
<tr>
<td>Kurdish</td>
<td>2012</td>
</tr>
<tr>
<td>BCS</td>
<td>2012</td>
</tr>
<tr>
<td>English</td>
<td>2013</td>
</tr>
<tr>
<td>French</td>
<td>2014</td>
</tr>
<tr>
<td>German</td>
<td>2014</td>
</tr>
<tr>
<td>Spanish</td>
<td>2014</td>
</tr>
<tr>
<td>Persian</td>
<td>2015</td>
</tr>
<tr>
<td>Macedonian/Albanian</td>
<td>2015</td>
</tr>
</tbody>
</table>

It has offices in 35 countries and representatives in 86 countries (kdk.gov.tr). Other than 4 main languages of Europe, all of the languages that the agency broadcasts are in Turkey’s immediate neighborhood where it has strong cultural ties. Therefore, AA’s expansion of broadcasting strategy follows the path where Turkey is seeking targeted soft power.

Similar to AA, TRT, founded in 1964, is an effective media tool in the hands of the government that is used to broadcast “Turkey’s story” to the world. Currently, in addition to its 15 television channels and several national and international radio channels, TRT websites trt.net.tr
and trt.world.com are available in 35 languages. With the goal of reaching 250 million people in 27 countries in the Balkans, Central Asia, the Middle East, and the Caucasus, in 2009 TRT launched TRT Avaz, aiming to reach Turkic Republics of Central Asia, TRT Kurdi, broadcasting in Kurdish and TRT Al-Arabiya, targeting the Middle East (Sancar, 2015). Following the government’s targeted soft power strategy, TRT is an effective tool in increasing Turkey’s soft power in the region.

4.4.10 Growth of THY

Turkish Airlines (THY) is arguably the most recognizable national brand of Turkey. National brands, according to Gaye Asli Sancar (2015), “serve as tools to communicate the public diplomacy” by contributing to “the familiarity, reputation, and quality of the country in question all over the world”. Several brands are associated with their country of origin, such as IKEA of Sweden, Nokia of Finland or Samsung of Korea. Turkish government in recent years put special emphasis on the growth of THY and as its flag-ship carrier, it is used as an economic, political and soft power tool, and “one of the dynamos of Turkey’s active foreign policy” (kdk.gov.tr). Awarded as best airline in Europe for four consecutive years, THY now flies to 264 destinations, 219 of which are international. While flying to 55 countries in 2002, THY increased its destination countries to 108 in 2015, which makes it the airlines that flies to the highest number of countries in the world.

In addition to its contribution to Turkey’s economy with 11.1 billion dollars revenue and 603 million dollars net operating profit in 2013, it is used as a soft power tool following a growth strategy in line with the priorities of Turkish foreign policy. The highest increase in THY flights
was observed to the targeted regions of Turkish foreign policy particularly in Africa, the Middle East and Asia. Since 2002, destinations in Africa increased from 4 to 42, in the Middle East from 111 to 34 and in Asia from 15 to 45 (kdk.gov.tr).

![Number of International Flights by Region in 2002 and 2015](image)

**Figure 20 Number of International Flights by Region in 2002 and 2015**

According to Sancar (2015), as a soft power tool, THY has responsibilities towards “communicating Turkey’s messages and introducing guests to Turkish culture and modernity in the best way possible”. THY promotes itself and the country through sponsorships. Recently, THY commercials were seen during Super Bowl broadcasting, which is the most viewed sports event in the world. Also, THY is the official sponsor of Barcelona and Manchester United soccer teams, which have arguably the highest numbers of fans all over the world. With full support of the government at its disposal, THY continues to grow and contributes to targeted soft power strategy of the new Turkish foreign policy.
4.5 Turkish Foreign Aid as a Targeted Soft Power Tool

As Turkey went through an unprecedented change in its foreign policy under the AKP government since 2002, increasing its soft power particularly towards targeted regions has been an important part of this foreign policy transition. Following a value-based foreign policy with “new geo-political imagination”, Turkey has prioritized soft power generating policies and invested resources to brand the country as a rising economic, military and soft power hub in the region. In addition to other soft power generating policies followed by the government since 2002, official development assistance was added to Turkey’s foreign policy toolkit and have been an integral part of the targeted soft power policy.

Based on the contextual background given in previous parts of this chapter, foreign aid policy of Turkey since 2002 and how it is used as a targeted soft power generating tool will be analyzed. By mainly referring to Turkish policy makers, interviews conducted and TIKA activity reports, this part of the chapter will test the theoretical relation between foreign aid and targeted soft power theory.

With its new foreign policy doctrine, Turkey has been more aggressive and ambitious about its economic and security interests. However, one can argue that the most unprecedented change in Turkish foreign policy was adding the soft power pillar next to already existing hard power pillars. While Turkish economy enjoyed positive growth rates within the last decade and a half, and Turkish army is stronger than ever, the government put special emphasis on increasing
Turkey’s soft power as a third pillar, which is seen as essential if Turkey would upgrade to “developed countries club”.

Ironically, although they often refer to “soft power” in their speeches and policy papers, Turkish foreign policy elites do not agree with Joseph Nye’s original definition of soft power. For example, Ibrahim Kalin (2011) rejects Nye’s definition and comes up with his own by stating that:

“The Turkish soft power, however, cannot be explained by the sticks and carrots of American-style international relations. As much as Joseph Nye deserves credit for explaining the intricacies of modern power, soft power in the non-Western world involves more than packets of economic incentives or diplomatic gestures. It is grounded in some larger concepts of cultural affinity, historical companionship, geographical proximity, social imagery and how all of these creates a sense of belonging”.

From statements of Turkish foreign policy elites, as well as empirical evidence from analysis of Turkish foreign policy since 2002, one can reach to the conclusion that Turkey has been trying to increase its soft power towards targeted states, nations or groups of individuals. As opposed to original definition of soft power by Nye, in which he equates soft power of a country with its overall attractiveness, targeted soft power theory proposes that a country can increase its attractiveness among a particular audience. Based on this understanding of soft power, Turkey has been using soft power generating tools in a targeted fashion, and its foreign aid policy is not an exception to this. As Turkey formulates a foreign policy based on its unique definition of soft power, which can be labeled as “Turkish Soft Power Model”, its foreign aid policy also follows a
“Turkish Development Assistance Model” that differs from traditional donors of DAC-OECD. Deputy Prime Minister Veysi Kaynak, who supervises activities of TIKA, states in foreword of 2015 TIKA activity report that:

“Recent crises reflect how mainstream models of development aid, being so implemented in narrow frameworks which tend to be unfair, patronizing and mechanistic have caused existing problems to become deeper and more chronic rather than ensuring welfare and peace to the people. ’Turkish Development Assistance Model’ incorporates cooperation with the establishment of ties of affection through concrete projects delivered in Somalia, Iraq, Afghanistan and several other brother countries in light of principles which prioritize people.”

The Turkish model of foreign aid is neither purely based on security or economic interest of Turkey nor needs and democratic performances of the recipient countries. Rather Turkey’s goal with its development assistance policy is to create a network of states, nations and groups of individuals that has a positive view of Turkey and willing to support Turkey towards reaching its ambitions of becoming a regional power and an active agent in international affairs. In doing so, Turkey focuses on a targeted audience that is historically, geographically or culturally similar to itself as it expects to see the highest return for its investment in terms of soft power. In a policy analysis to the German Marshall Fund, Turkish scholar Saban Kardas (2013) states that:

“While in some cases, Turkey’s assistance is motivated by purely global humanitarian considerations….in other cases, Turkey supports cultural projects and works towards the goal of reconnecting with the countries with which it shares a common, cultural, and historic heritage. The
emphasis that Foreign Minister Ahmet Davutoğlu places on Turkey’s historic responsibility towards civilizational kin has provided added impetus for channeling aid to specific regions”.

This is not to say that donor interest or economic needs of the recipient is completely irrelevant to Turkey’s foreign aid policy. Indeed, Turkey channels its funds to countries that are in need of foreign aid such as Syria or Somalia, and eventually there may be a return of this investment to Turkish economic or security interests in the long term. However, this return is expected to happen through the network that Turkey is trying to build by increasing its soft power among the targeted audience.

Targeted nature of Turkish foreign aid is evident when TIKA activities are analyzed from 2002 to 2015. Cultural affinity and historical ties are the main determinants of Turkish aid during this period. The countries that Turkey has cultural and historical connections can be grouped in three categories: Countries within former Ottoman Empire territories, countries that Turkey has religious or linguistic similarity, and countries with in-need minorities that are religiously similar to Turkey.

The countries in the former Ottoman territories are within immediate neighborhood of Turkey such as the Middle East and North Africa, the Balkans and Caucasia. The countries that Turkey has religious or linguistic similarity are mainly majority Muslim countries in Africa and Turkic (Turkish language speaking) countries in Central Asia and countries where Muslim minority is in-need of aid are mainly located in Asia. Countries and groups of individuals within these three categories are the main targets where Turkey is trying to increase its soft power and
they also show the direction of Turkish foreign aid. The empirical data in the remaining of the chapter also supports this argument.

Turkey’s official development assistance (ODA) has increased by forty-five-fold from $85M in 2002 to $3.9B in 2015. This dramatic increase due to new foreign policy vision of the government ranked Turkey among top donor countries in the world. Although not a member of DAC-OECD, with $3.9B Turkey ranks number 10, surpassing most traditional donors and all of the emerging donors that are members of DAC-OECD.

**Figure 21 ODA Amount for Turkey and DAC-OECD Members in 2015**

The World Bank sets the goal for donor countries to contribute to global development assistance funds at the rate of 0.7% of their Gross National Income (GNI). Most traditional donors cannot meet this goal as of 2015. Major economies USA, Japan and France fall short in this goal.
with 0.17%, 0.22% and 0.37% respectively. In this category, Turkey ranks number 10 with 0.5% in ODA as a % of GNI in 2015.

**ODA/GNI RATIO (2015: %)**

![ODA/GNI Ratio for Turkey and DAC-OECD Members in 2015](image)

Among countries that are not members of DAC-OECD but report their ODA to this institution, Turkey ranks number 3 in absolute among after Saudi Arabia and U.A.E. In 2015, Turkey was named “the most generous country” in the world in terms of its humanitarian aid as a % of GNI (Tika.gov.tr)

Despite being an upper-middle income country according to the World Bank classifications, Turkey’s remarkable contribution to global development assistance funds in the last decade and half is a reflection of its new and ambitious foreign policy doctrine that prioritizes increasing country’s soft power. However, as opposed to the original definition of soft power
which refers to overall attractiveness of a country, Turkey’s soft power policy follows a path that prioritizes certain states, nations and groups of individuals. Empirical evidence supports this thesis when the direction of Turkish ODA is analyzed in depth.

At the global level, Turkey’s foreign aid is mainly directed to the Middle East, Sub-Saharan Africa, and South and Central Asia. In 2015, these regions received $2.9B, $395M and $256M respectively. Despite several developing countries that are in need of foreign aid in East Asia, and Central and South America, these regions only received $6M and $19M respectively.

![Figure 23 Regional Distribution of Turkish ODA in 2015](image)

One can argue that this is the case due to relative geographical distance. Therefore, analyzing Turkey’s aid distribution at country level can be a more explanatory alternative to regional level.
In 2015, top recipients of Turkey’s ODA were countries within Turkey’s targeted soft power policy. The table below shows top 10 recipients of Turkish foreign aid, which are Syria, Somalia, Kyrgyzstan, Albania, Afghanistan, Palestine, Bosnia and Herzegovina, Macedonia, Kazakhstan, and Sudan.

**Figure 24 Top 10 Recipients of Turkish ODA in 2015**

All of these are countries that Turkey has historical and cultural similarities. Among these countries Syria, Albania, Palestine, Bosnia and Herzegovina, and Macedonia are not only majority Muslim countries but also situated within former Ottoman territories, where Ottoman legacy is still visible. Kyrgyzstan and Kazakhstan are among Turkic (Turkish speaking) countries in Central Asia, which have been one of the main directions of Turkish foreign aid since the collapse of the Soviet Union and foundation of TIKA. Somalia and Sudan are top two beneficiaries of Turkish aid in Africa and both of them are majority Muslim countries. Finally, Afghanistan, as a majority
Muslim country has been one of the main recipients of Turkish aid as well as Turkish military has been active in peacebuilding efforts in this country. Due to the ongoing civil war in Syria, this country received the highest amount of foreign aid from Turkey with $2.6B. Turkey shares a 911 km (566 miles) border with Syria and currently hosting more than 3 billion Syrian refugees.

It can be argued that Turkey naturally has more economic and security interest with countries in its immediate neighborhood. Therefore, it is not increasing its soft power in those targeted countries, but it is the hard power interests of Turkey that determine the direction of its aid. However, this argument can be refuted when distribution of Turkish foreign aid is analyzed among countries that are not within Turkey’s immediate neighborhood. Turkish ODA to Sub-Saharan African countries is a natural experiment opportunity to test this theory.

Sub-Saharan African countries have never been a part of the Ottoman Empire and geographically are not within the immediate neighborhood of Turkey. These countries neither a major trading partner of Turkey nor a major threat to Turkish security. Despite the fact that most of the countries in Sub-Saharan Africa are in need of foreign aid with 33 of them being classified as Least Developed Countries (LDC) by the UN, there is a major difference in the amount of aid they receive from Turkey.

For example, while Somalia as an LDC received $314.82M in 2015, another LDC Mozambique only received $0.04M. Naturally one questions the main cause of this dramatic difference in Turkish ODA among Sub-Saharan African countries. The alternative explanations such as economic relations, security interest, former colonial tie, geographical proximity and need
for foreign aid are also constant in this natural experiment. The only variance that determines the dependent variable, i.e. foreign aid amount from Turkey, is religious composition of the recipient country.

Table 12 ODA Distribution to Least Developed Sub-Saharan African Countries in 2015

<table>
<thead>
<tr>
<th>Majority Muslim</th>
<th>ODA (Million USD)</th>
<th>Not Majority Muslim</th>
<th>ODA (Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burkina Faso</td>
<td>0.91</td>
<td>Angola</td>
<td>0.08</td>
</tr>
<tr>
<td>Chad</td>
<td>0.48</td>
<td>Benin</td>
<td>0.3</td>
</tr>
<tr>
<td>Comoros</td>
<td>0.98</td>
<td>Burundi</td>
<td>0.04</td>
</tr>
<tr>
<td>Djibouti</td>
<td>3.94</td>
<td>C.A.R.</td>
<td>0.43</td>
</tr>
<tr>
<td>Gambia</td>
<td>12.67</td>
<td>D.R. Congo</td>
<td>0.14</td>
</tr>
<tr>
<td>Guinea</td>
<td>0.54</td>
<td>Eritrea</td>
<td>0</td>
</tr>
<tr>
<td>Mali</td>
<td>0.71</td>
<td>Ethiopia</td>
<td>0.71</td>
</tr>
<tr>
<td>Mauritania</td>
<td>12.7</td>
<td>Guinea-Bissau</td>
<td>0.23</td>
</tr>
<tr>
<td>Niger</td>
<td>8.9</td>
<td>Lesotho</td>
<td>0.02</td>
</tr>
<tr>
<td>Senegal</td>
<td>7.54</td>
<td>Liberia</td>
<td>1.27</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>0.6</td>
<td>Madagascar</td>
<td>0.05</td>
</tr>
<tr>
<td>Somalia</td>
<td>314.82</td>
<td>Malawi</td>
<td>0</td>
</tr>
<tr>
<td>Sudan</td>
<td>21.96</td>
<td>Mozambique</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rwanda</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sao Tome and Principe</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>South Sudan</td>
<td>0.72</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tanzania</td>
<td>0.35</td>
</tr>
<tr>
<td></td>
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<td>Togo</td>
<td>0.09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Uganda</td>
<td>0.31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zambia</td>
<td>0.07</td>
</tr>
</tbody>
</table>
Among 33 LDC in Sub-Saharan Africa, top 10 recipients of Turkish foreign aid are Burkina Faso, Comoros, Djibouti, Gambia, Liberia, Mauritania, Niger, Senegal, Somalia and Sudan, all of which are majority Muslim African nations with the exception of Liberia. Liberia exception ($1.27M) can be explained by the aid package sent to countries affected by Ebola virus that included Guinea, Sierra Leone and Liberia. Empirical data strongly supports that similarity in faith is the main determinant of Turkey’s foreign aid distribution among least developed Sub-Saharan African countries.

A similar pattern can be observed among least developed countries in Asia with Afganistan, Bangladesh and Yemen as majority Muslim countries receiving higher amounts of aid with $56.78M, $2.41M, and $0.79M respectively. Only country that is not majority Muslim LDC but receives higher amount of foreign aid from Turkey is Myanmar with $3.67M. Turkish aid in Myanmar is directed towards Muslim minority (4.3% of the population) facing religious based persecution and some being displaced from their villages in Eastern Myanmar.

Turkish aid in Eastern Europe and Balkans are also mainly targeted towards majority Muslim nations in former Ottoman territories with Albania ($85.73M), Bosnia and Herzegovina ($25.96M), Macedonia ($25.55M), Kosovo ($9.86M) and Ukraine ($8.82M). Ukraine, although not a Muslim majority country, receives higher amount of aid from Turkey due to the conflict in Crimea where Crimean Tatars that has ethnic and religious connection to Turkey make up 12.2% of the population.
When Turkish foreign aid flows analyzed in 2002-2015 period, empirical data strongly supports the targeted soft power theory. Indeed, Turkey channeled its ODA towards countries, nations and groups of individuals that it wants to increase its influence through increasing Turkey’s attractiveness. Historical, cultural, and ethnic relationship have been the main determinant of Turkish foreign aid distribution. As opposed to economic and security interest explanations as well as needs of the recipient country thesis, Turkey directed its foreign aid flows based on soft power generation policy of the government. Expecting influence through creating friendly relations with states, nations and groups of individuals in targeted regions, foreign aid has become of the soft power generation tools among several others for the government during this period.

4.6 Conclusion

Turkish foreign policy has gone through a dramatic shift under the AKP government since 2002. Following the global trend of decreasing importance of hard power and increasing importance of soft power, Turkey diversified its foreign policy tool kit with its “new geopolitical imagination and “the Strategic Depth” doctrine. While focusing on economic growth and strengthening its military capabilities, Turkey added increasing its soft power as a third pillar with the goal becoming an active agent in its region.

Soft power, defined as attractiveness of a country to influence other countries through persuasion as opposed to coercion, refined by Turkish foreign policy elites. Instead of increasing its overall soft power globally, Turkey focused on certain states, nations and groups of individuals. The tools that Turkey uses to generate soft power are mainly directed towards these prioritized regions. During this period, Turkish foreign aid emerged as one of the most important instruments
of soft power generation. With its limited resources, Turkey strategically chose regions where foreign aid is believed to bring highest return for investment in the form of attractiveness and influence through persuasion.

Turkish foreign policy elites see soft power as a tool of influence through creating a network of friends and a sense of belonging. This perception of soft power shaped the new Turkish foreign policy. Turkey’s historical and cultural heritage has become the main determinants of its soft power generation policy. In order to make sense of Turkish foreign aid policy, one must understand the changes in bigger picture of Turkish foreign policy. Therefore, it cannot be explained only by mainstream donor interest-recipient need model. Value-based distribution of foreign aid in order to increase a country’s soft power in targeted regions suggests an alternative to the traditional model. This alternative model can help explain similar patterns in foreign aid policies of emerging donors with similar foreign policy approach.
5 CONCLUSION

Why do countries give billions of dollars of their tax payers’ money to foreign countries? This question lays at the center of this dissertation project. Domestic constituencies often criticize their government for investing funds to foreign countries in the name of official development assistance, while it can be used to alleviate poverty among their own populations. Scholars of economics and international relations often associate foreign aid with negative outcomes such as corruption, civil wars, and inequalities in the recipient countries. Despite the lack of a conclusion that foreign aid actually helps the recipient country and domestic criticism against foreign aid, why do we observe governments give more and more foreign aid and why several new countries start their own development assistance programs? In this study, I try to address this puzzle.

I believe that before we study the effects of foreign aid, we need to understand the motivation behind it. That is the reason why I use foreign aid as a dependent variable try to find causes of it by studying top 30 foreign aid donor countries with a unique typology and data set. I address the lack of theoretical foundation behind existing explanations of foreign aid by developing an eclectic typology incorporating Realist, Liberal and Constructivist approaches of international relations.

I argue that as in the case of any relation between states, foreign aid is also a function of interest of donor states. However, the difference in the causes of foreign aid stems from divergence in the understanding of interest for particular donor groups. Three main approaches of IR define national interest differently and in reality, this divergence exists depending on the position of a country in the international system. Based on these divergent interests of countries, I propose that
foreign aid motivation differ for a donor depending on its status in the international system and its regime type. As opposed to arbitrarily categorizing donor countries, I categorize them into four groups based on their status in the power hierarchy and their regime type. This eclectic typology enables me to theoretically justify why I should expect countries in each category to diverge in their foreign aid motivation from countries in other categories.

The eclectic typology includes four group of donors which are (i) major powers (powerful and democratic), (ii) emerging major powers (powerful and less democratic), (iii) middle powers (less powerful and democratic), (iv) regional middle powers (less powerful and less democratic). After categorizing donor countries in a theoretically sounds way, I can propose hypotheses for different motivations of foreign aid for each category based on three main IR approaches.

Following the Realist approach, I propose major powers to prioritize their security and economic interest, while emerging major powers as potential challengers of major powers to initially prioritize economic interest. Based on Liberal approach of IR, I propose middle powers as status-quo preservers to emphasize recipient needs and performances to alleviate challenges to international system stemming from global poverty and undemocratic regimes. Pursuing Constructivist approach, I propose regional middle powers, lacking the means to challenge the international system and promoting liberal democratic order, to use foreign aid as a tool to increase their influence and status, attract followers to their regional leadership and; therefore, give more foreign aid to countries that are culturally similar to themselves in their targeted regions.
The random effects regression model that I use to test these hypotheses support my expectations for each category of donors. Indeed, major powers give foreign aid because of their security and economic interests, emerging major powers prioritize only their economic interests, middle powers consider needs and performances of recipients and regional middle powers give more aid to culturally similar countries in their targeted regions. I recommend this eclectic typology to be used to develop hypotheses for causes of other types of flows between countries such as trade, immigration and refugees. I also see it necessary to conduct more in-depth and comparative case studies between donors from different categories of the typology.

I conducted an in-depth case study of Turkey as a regional middle power donor country by using data from in-person interviews and secondary resources to see the causal path of why Turkey gives more foreign aid to culturally similar countries. This study is the first of its kind on Turkey’s foreign aid in terms of its sounds theoretical foundation and empirical richness. More of such in-depth analysis of foreign aid policies of countries are necessary to develop better theoretical arguments regarding causes of foreign aid.

As mentioned at the introduction of this study, the puzzle between scholar work on foreign aid and practice of governments existed as long as the foreign aid between countries existed and will continue to endure long after this study. However, I believe that the eclectic typology created, the theoretical backing of hypotheses developed, conceptual contribution of targeted soft power, and empirical results of regression analysis and the case study help to fill some of the gaps in the literature on foreign aid and international relations in general.
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