Killing with Kindness?
The Effects of Foreign Aid on Violence In Africa

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The Recent Public Face of Foreign Aid

Add celebrity diplomacy to the mix

The economist rock star
.....and the rock star economist

And the message is:
--give more aid!!
Whereas some believe...
Others think the opposite...
For Peace: The Hope Of Foreign Aid

- We fight against poverty because hope is an answer to terror (Bush 2002)
- [T]he U.S. Government provides foreign assistance so other nations can build their capacity to combat terrorism in their territory (Congress. Hearing 2008)
- My national security strategy recognizes development as not only a moral imperative, but a strategic and economic imperative (Obama 2010)

- *Does aid increase or decrease violence in Africa?*
Foreign Aid and Civil War

AID SHOCKS AS PRECIPITANTS
Why Shocks $\rightarrow$ War

- **Aid Shocks**: Rapid, severe decreases in foreign aid
- **Donors cut off aid due to**:
  - Other political priorities
  - Lack of coordination
  - Could be inadvertent

- **Recipients**
  - Even following shocks, should be a low-cost “deal” short of war
  - But governments can’t uphold deals with opposition groups
  - Aid likely to rebound and government will have to renege
Evaluating the Effects of Aid Shocks

- **Dependent variable:** armed conflict onset
  - Uppsala Conflict Database measure
  - 25 or more battle deaths

- **Key independent variable:** aid shocks
  - Bottom 15\textsuperscript{th} percentile of aid shocks
Defining Aid Shocks

Distribution of Changes in Aid

- Lowest 15 Percent (Coded as Aid Shocks)
- Upper 15 Percent (Coded as Positive Aid Shocks)

Changes in Aid over GDP

Density (Number of observations at a given level of Aid Change)
The Volume of Aid Shocks Over Time

Aid Shocks per Year

Number of Aid Shocks


Year
The impact of aid shocks has been as large and as frequent as income shocks faced by developed countries during the two World Wars, the Great Depression and the Spanish Civil War” (Brookings).
Key Result

- Aid shocks increase the likelihood of conflict significantly and robustly
- Negative shocks to aid flows most important
- Results on Sub-Saharan Africa are extremely robust

- All else equal, the probability of conflict more than doubles with an aid shock (roughly 125% increase)
- (Full Statistical Results Here)
- (Case Examples Here)
Which Aid Shocks Matter?

The Estimated Effect of Aid Shocks with Different Cut-offs

Estimated Aid Shock Coefficient

Percentile Cutoff for Aid Shocks
Aid Dependence?

Estimated Effect of Aid Shocks by Quantiles of Aid Dependence

Coefﬁcient of Aid Shock

Mean Aid Dependence (with 10th and 90th Quantiles)

Proportion of Observations with Aid Shocks

Percentiles of Aid Dependence included in each Model (moving window)
Foreign Aid and Terrorism

SECTORS OF AID
What about Aid and Terrorism?

- Central expectation of scholars and policymakers
  - Aid for education, health, and other sectors should reduce terrorism

- Why should sectoral aid reduce terror?
  - Sectoral aid can be targeted at improving the lives of citizens
  - Sectoral aid strengthens civil society and efficient governance
  - Sectoral aid can help governments carry out counterterrorism

- But these expectations have not been tested
Evaluating the Effects on Terrorism

- **Dependent variable: Terrorist Events**
  - ITERATE database
  - Transnational Terrorism

- **Key independent variable: types of aid**
  - Conflict Prevention, Education, Health, Agriculture, Governance, Civil Society, Budget, Transport
Results of Statistical Tests

- Key Results
  - Education, health, civil society, governance, and conflict aid all reduce terrorism.
  - Budget, agriculture, transport, and other types of aid do not have such an effect.
  - Results for Sub-Saharan Africa are the strongest.
  - All else equal, the expected number of terrorist events decreases by 20-50% for each additional $25 in aid per person.

(Full Statistical Results Here)
Conclusions & Policy Implications

- **Foreign Aid to Africa:**
  - Aid shocks are strongly correlated with armed conflict onset
  - Aid to sectors appears to decrease terrorism

- **Aid shocks are avoidable!**
  - Individual donors could be more careful when withdrawing aid
  - Need more transparency to coordinate aid giving/withdrawing

- **Aid allocation by sectors is possible!**
  - Certain sectors may be much more important
  - Education, conflict, and other types of targeted aid beneficial