

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



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The Recent Public Face of Foreign Aid

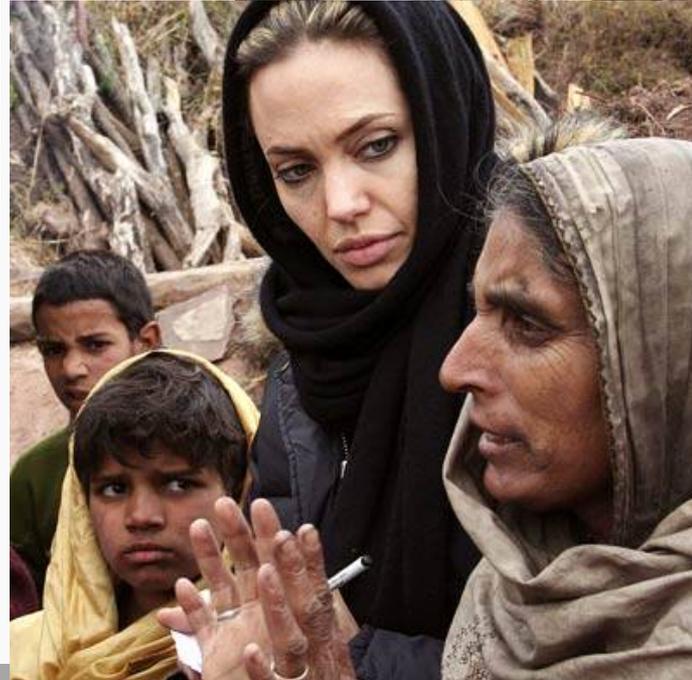
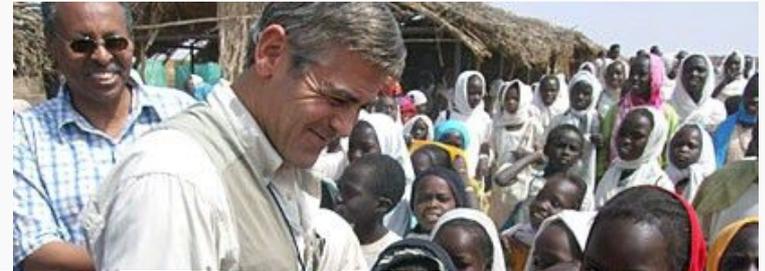


Add celebrity diplomacy to the mix

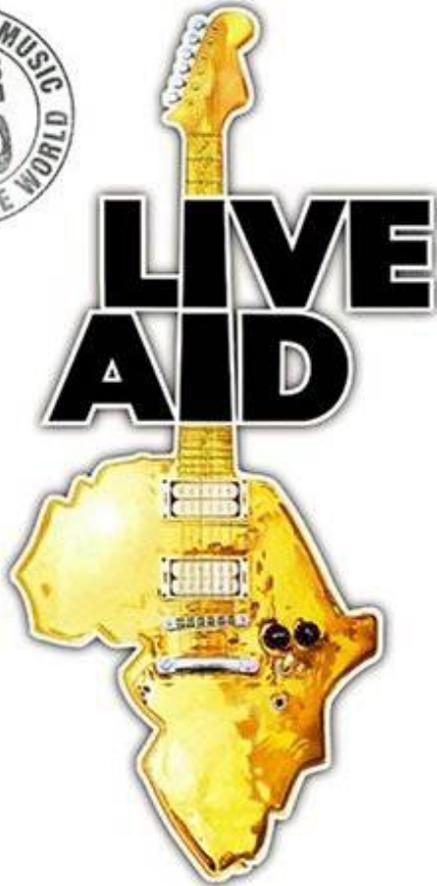


**The economist rock star
....and the rock star economist**

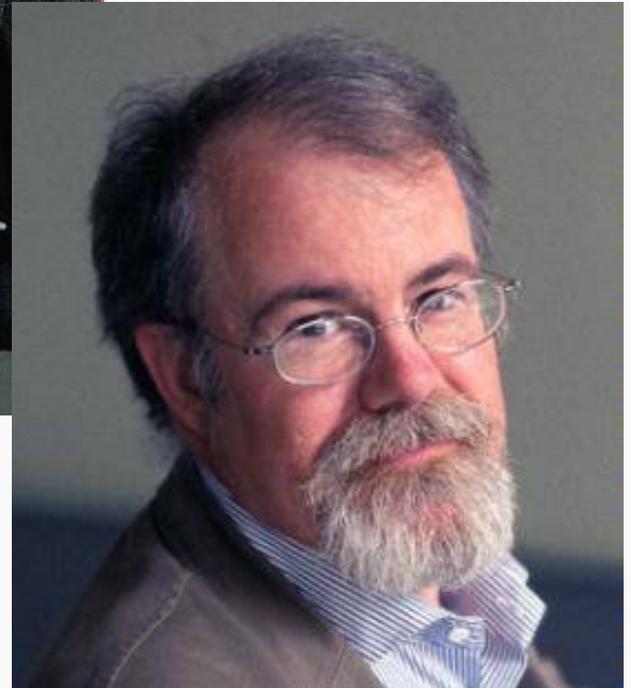
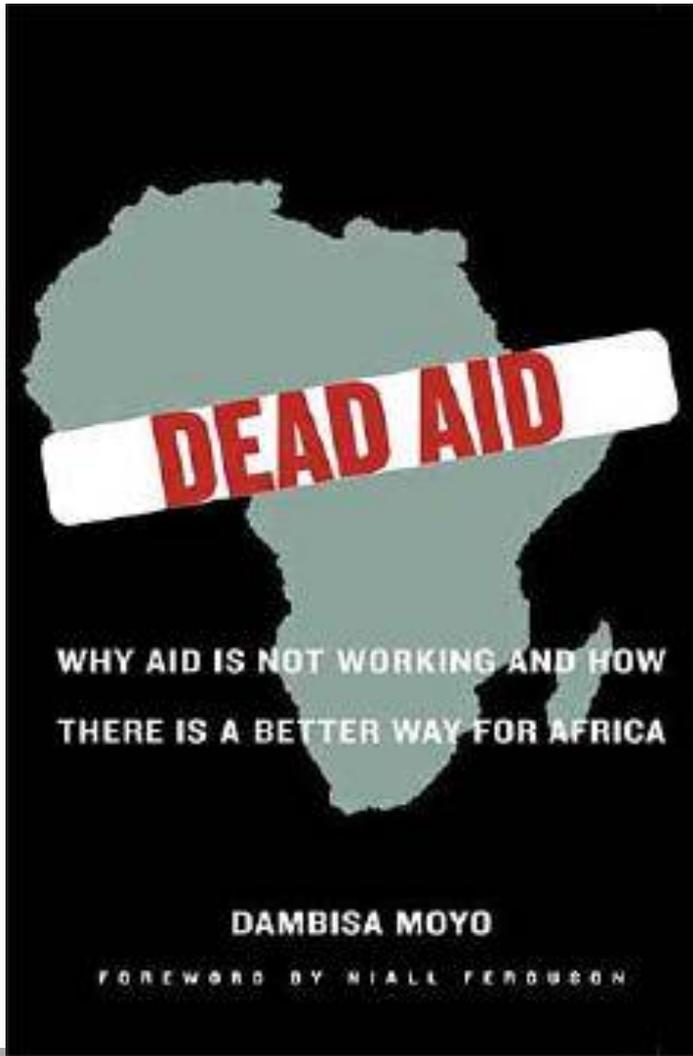
And the message is:
--give more aid!!



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 → 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

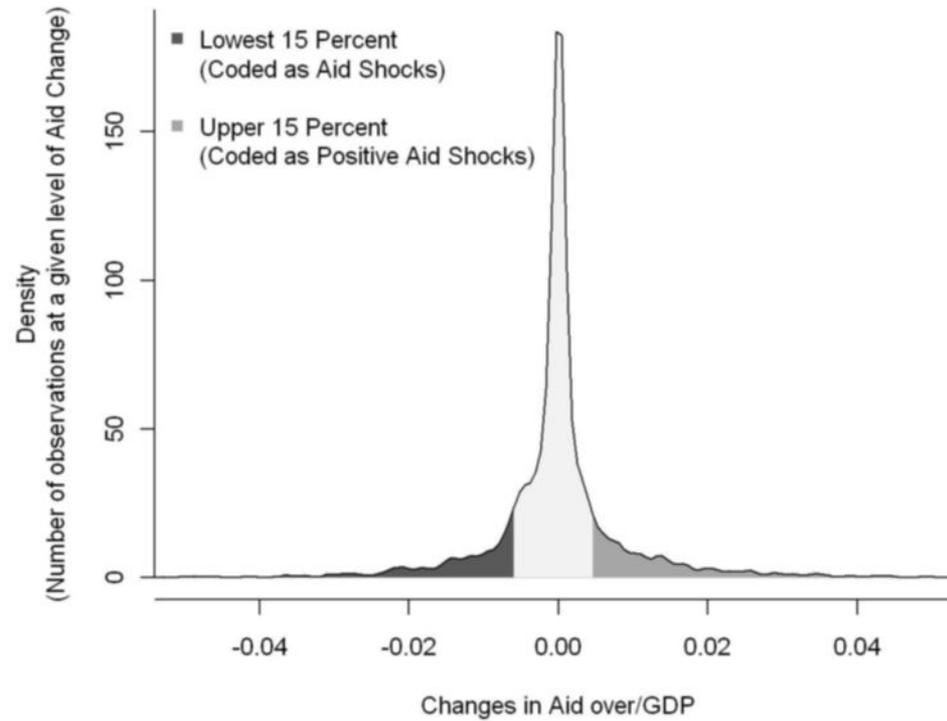


- Dependent variable: armed conflict onset
 - Uppsala Conflict Database measure
 - 25 or more battle deaths
- Key independent variable: **aid shocks**
 - Bottom 15th percentile of aid shocks

Defining Aid Shocks



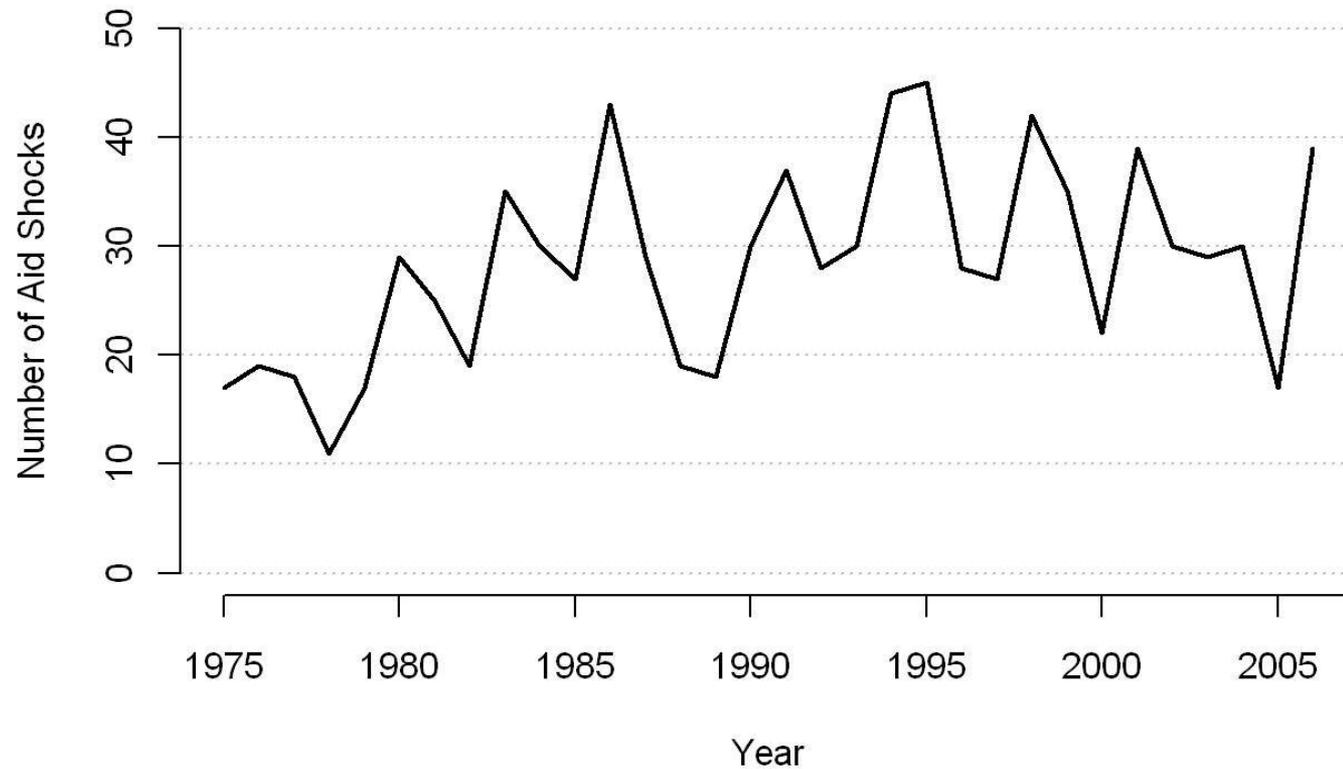
Distribution of Changes in Aid



The Volume of Aid Shocks Over Time



Aid Shocks per Year



How Relevant Are Such Shocks?



- 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*).

Results of Statistical Tests



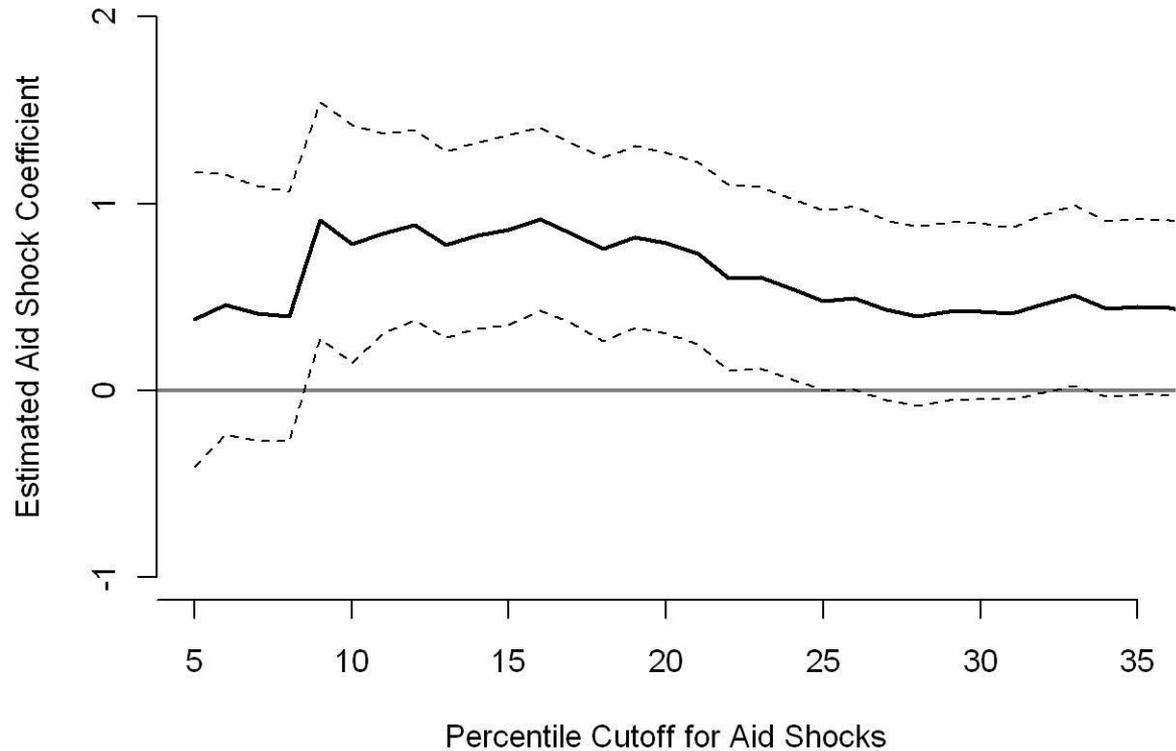
- Key Result
 - Aid shocks increase the likelihood of conflict significantly and robustly
 - Negative shocks to aid flows most important
 - Results on Sub-Saharan Africa are extremely robust

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

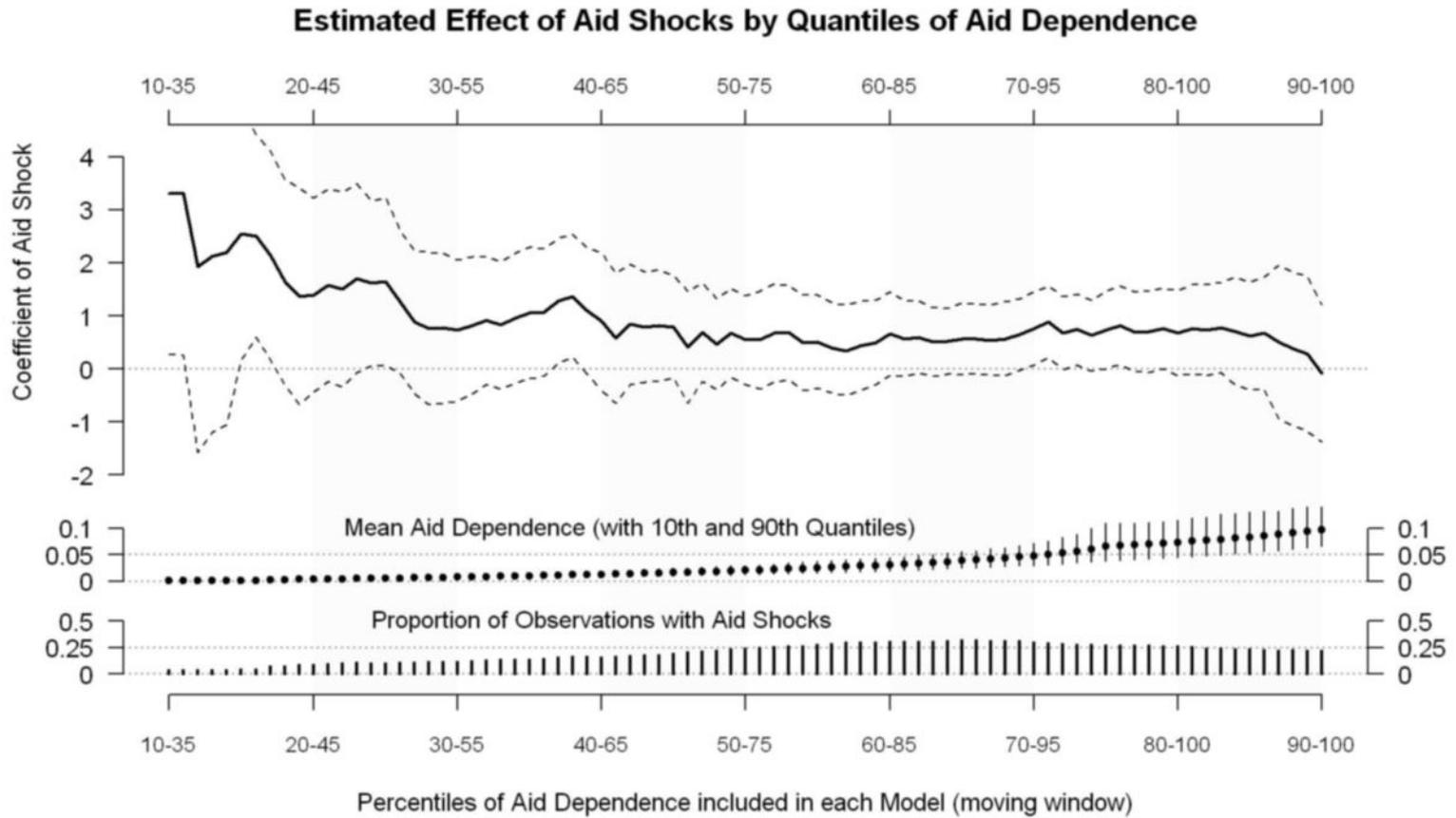
Which Aid Shocks Matter?



The Estimated Effect of Aid Shocks with Different Cut-offs



Aid Dependence?



Foreign Aid and Terrorism



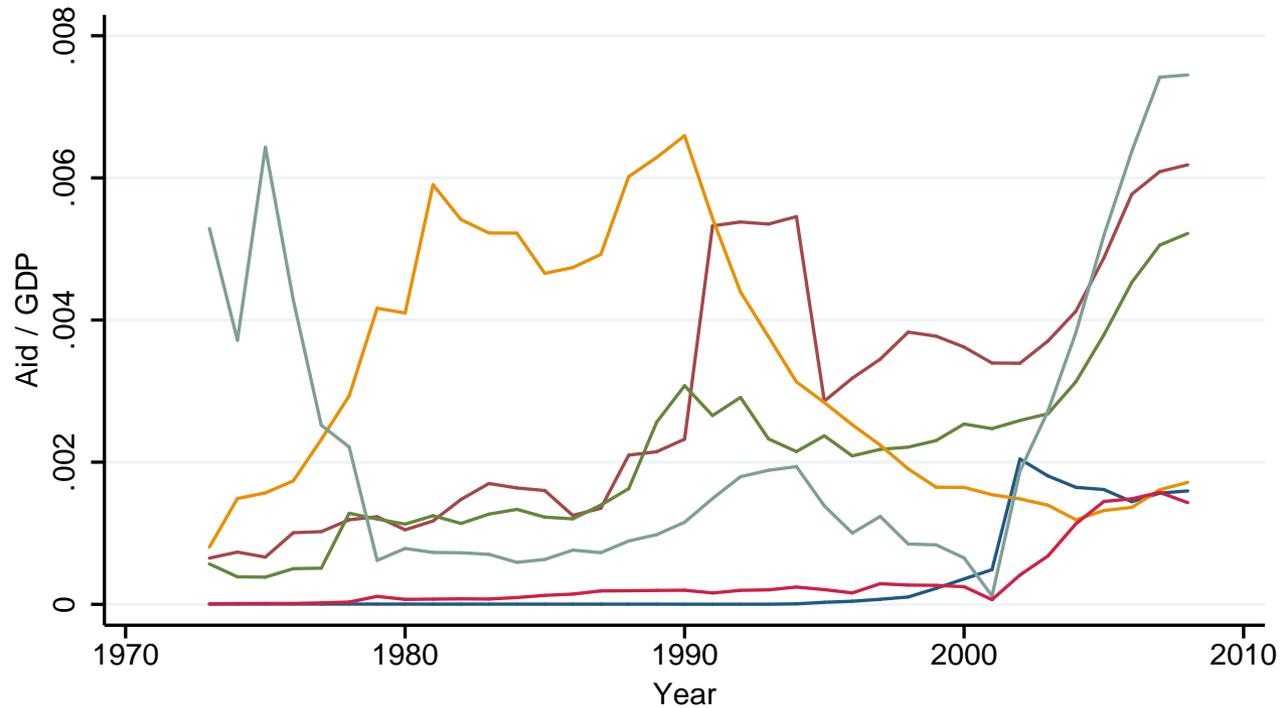
SECTORS OF AID

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

Allocation of Aid by Sectors



Evaluating the Effects on Terrorism



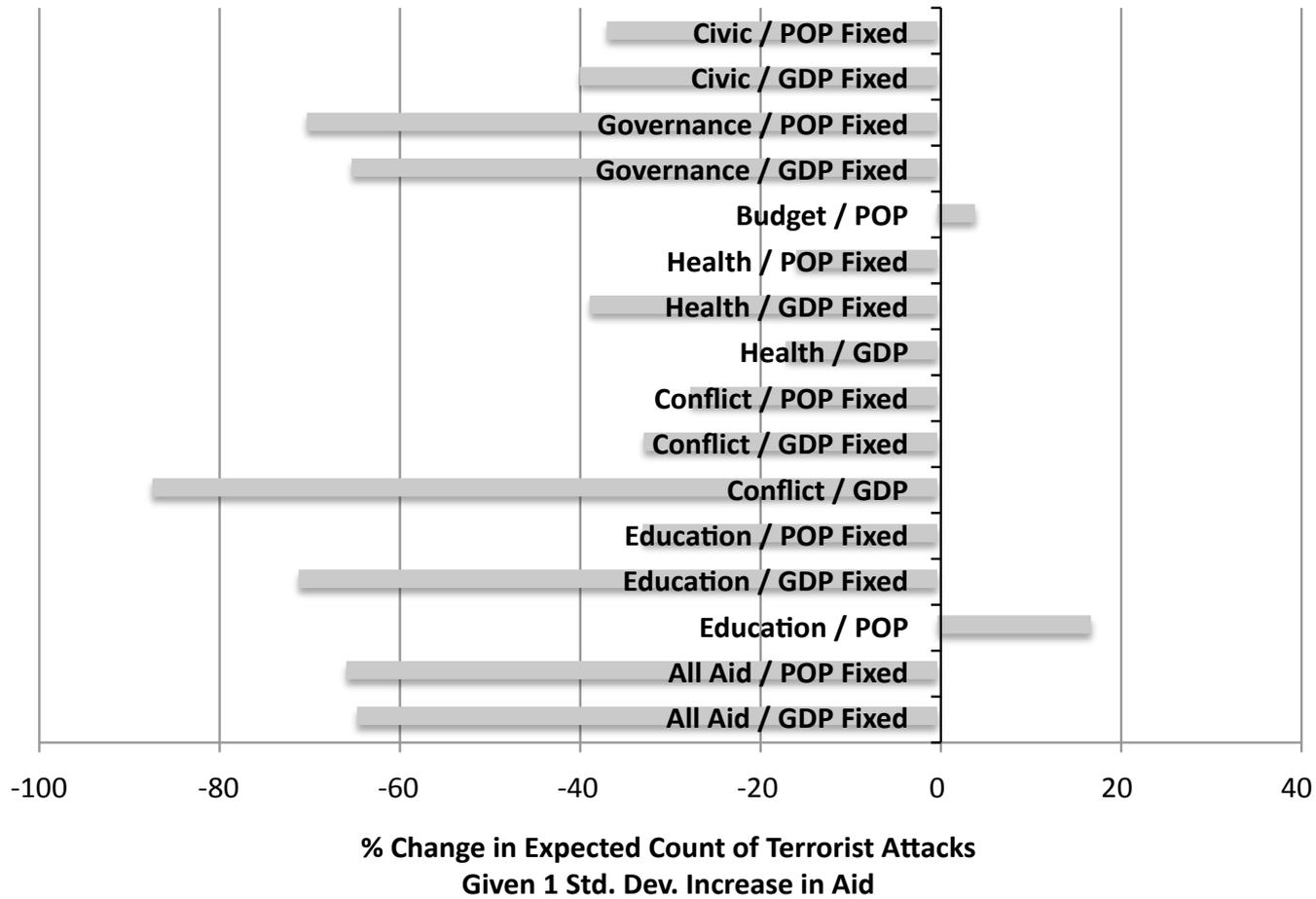
- Dependent variable: Terrorist Events
 - ITERATE database
 - Transnational Terrorism
- Key independent variable: **types of aid**
 - Conflict Prevention, Education, Health, Agriculture, Governance, Civil Society, Budget, Transport

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)

Substantive Effects



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