

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



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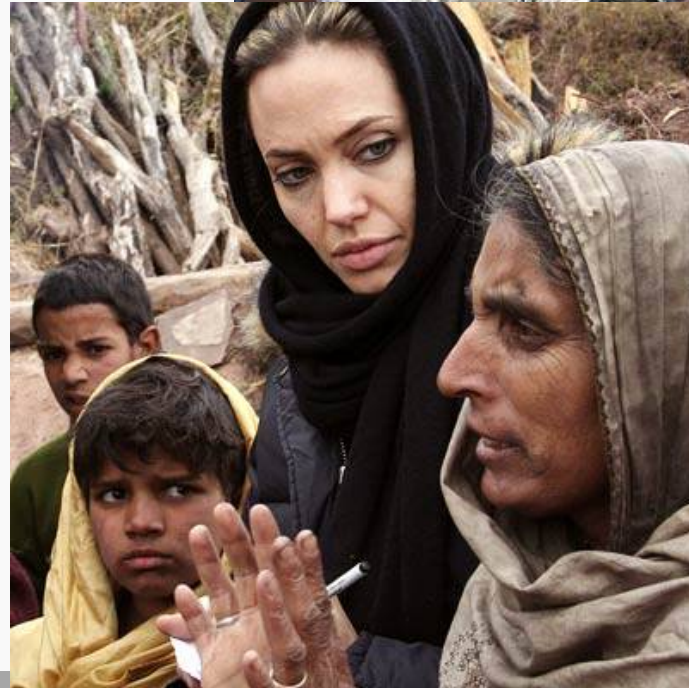
# The Recent Public Face of Foreign Aid



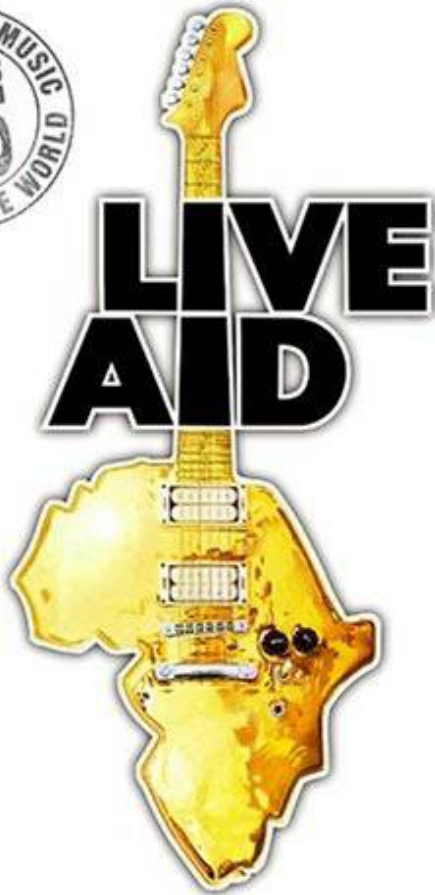
**The economist rock star  
....and the rock star economist**

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

**Add celebrity diplomacy to the mix**

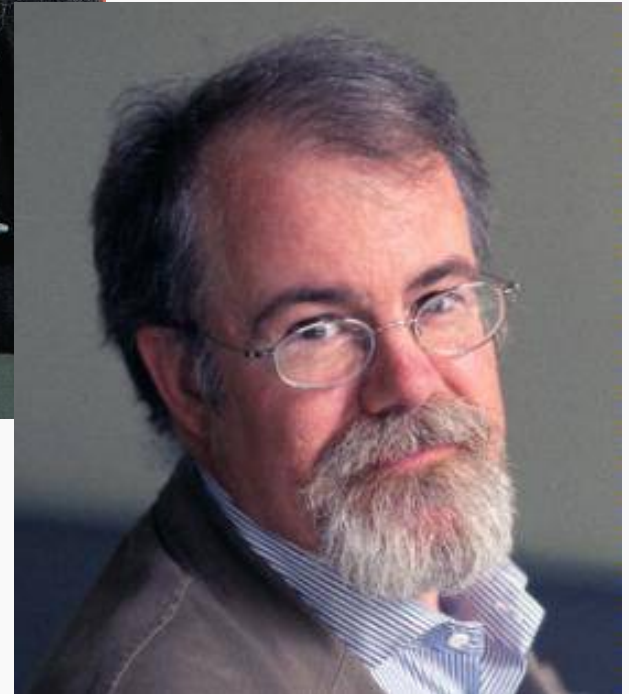
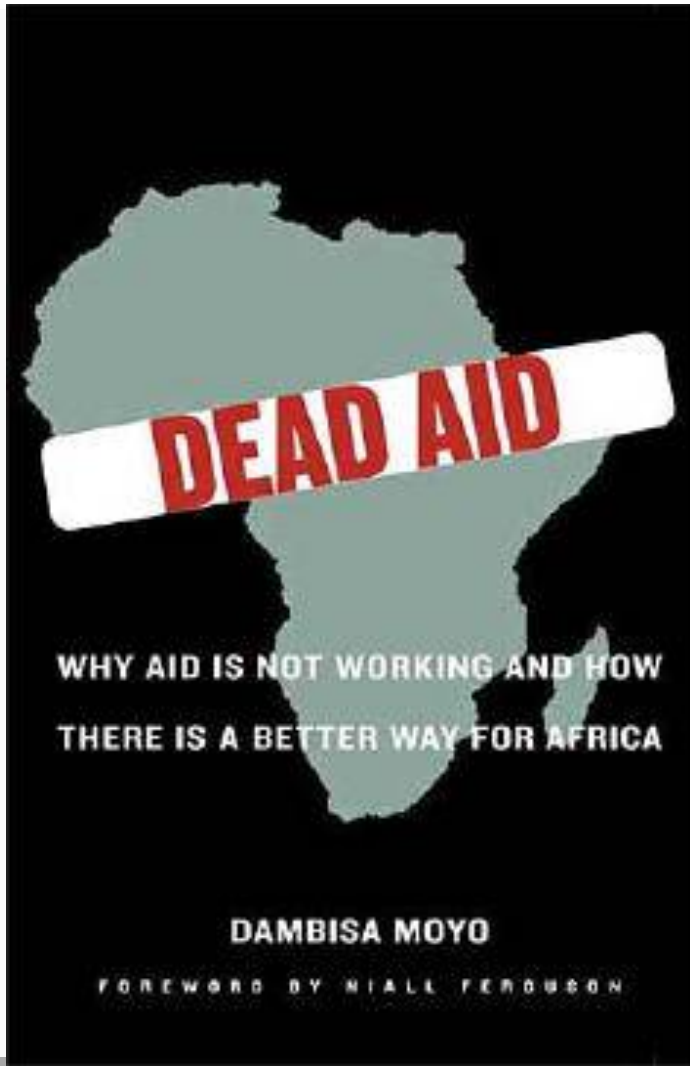


Whereas some believe...





# 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

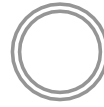
# Evaluating the Effects of Aid Shocks



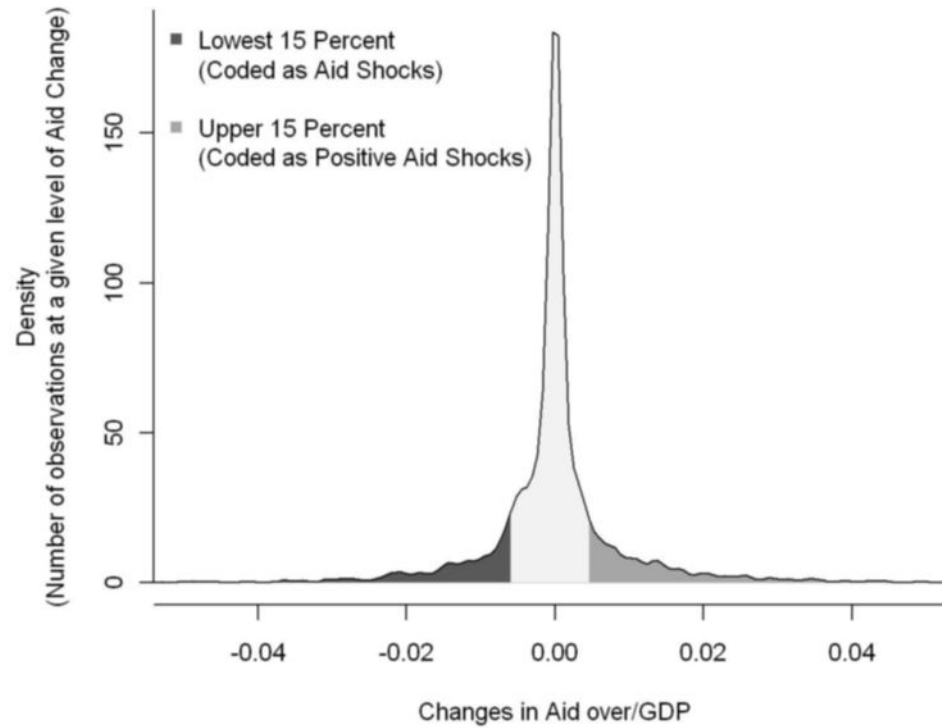
- Dependent variable: armed conflict onset
  - Uppsala Conflict Database measure
  - 25 or more battle deaths
- Key independent variable: **aid shocks**
  - Bottom 15<sup>th</sup> percentile of aid shocks



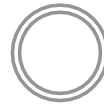
# Defining Aid Shocks



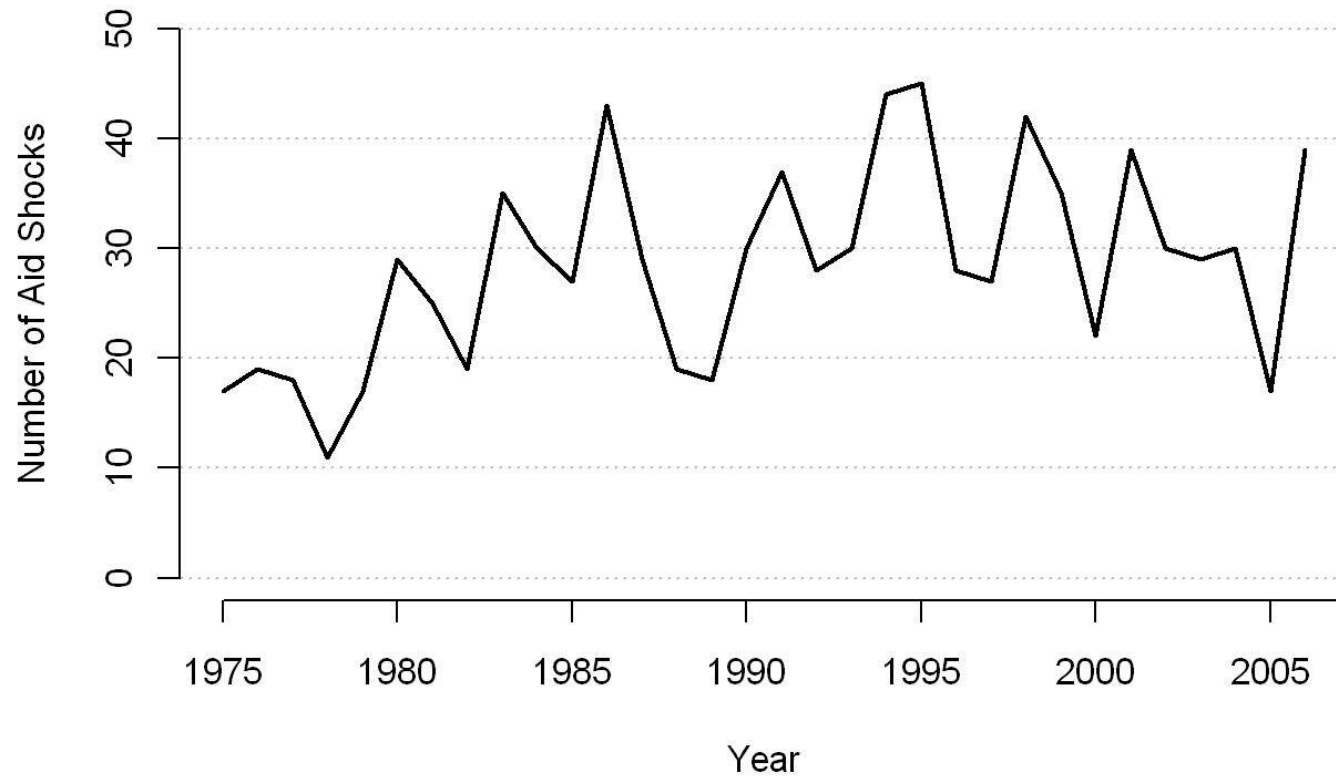
**Distribution of Changes in Aid**



# The Volume of Aid Shocks Over Time



**Aid Shocks per Year**



# How Relevant Are Such Shocks?



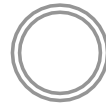
- The impact of aid shocks has been
  - “as large and as frequent as income shocks faced by developed countries during the two World Wars, the Great Depression and the Spanish Civil War” (*Brookings*).

# Results of Statistical Tests

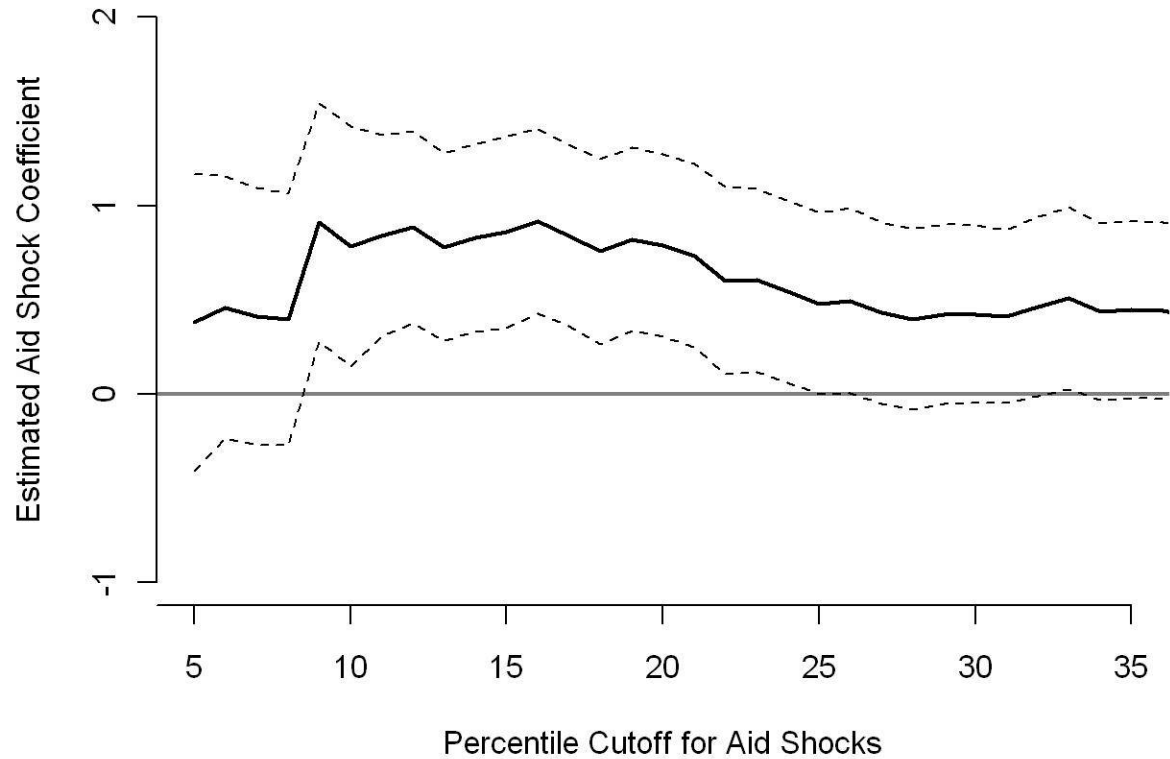


- Key Result
  - Aid shocks increase the likelihood of conflict significantly and robustly
  - Negative shocks to aid flows most important
  - Results on Sub-Saharan Africa are extremely robust
  
  - All else equal, the probability of conflict more than doubles with an aid shock (roughly 125% increase)
  - (Full Statistical Results Here)
  - (Case Examples Here)

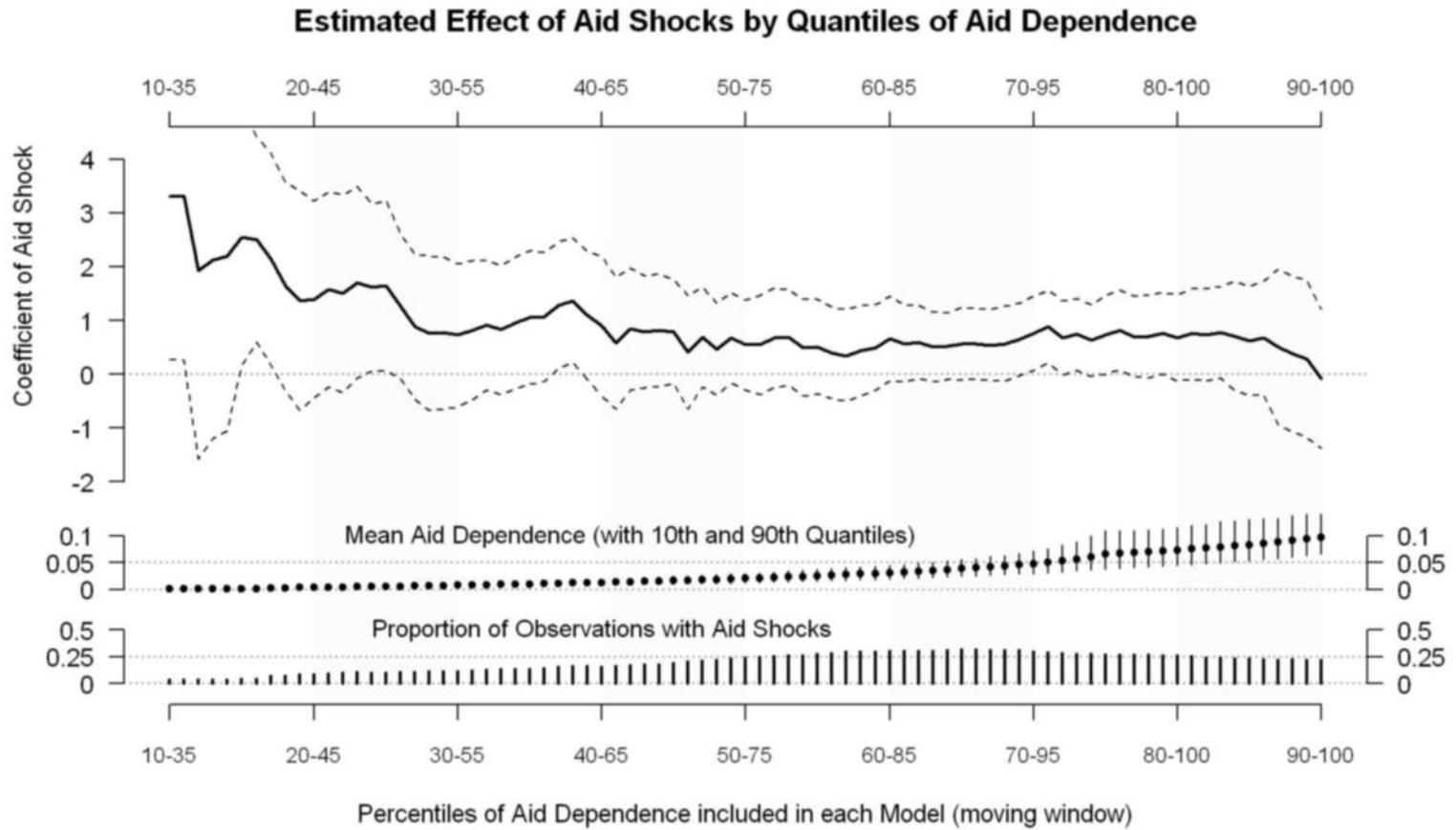
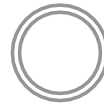
# Which Aid Shocks Matter?



**The Estimated Effect of Aid Shocks with Different Cut-offs**



# Aid Dependence?





# Foreign Aid and Terrorism



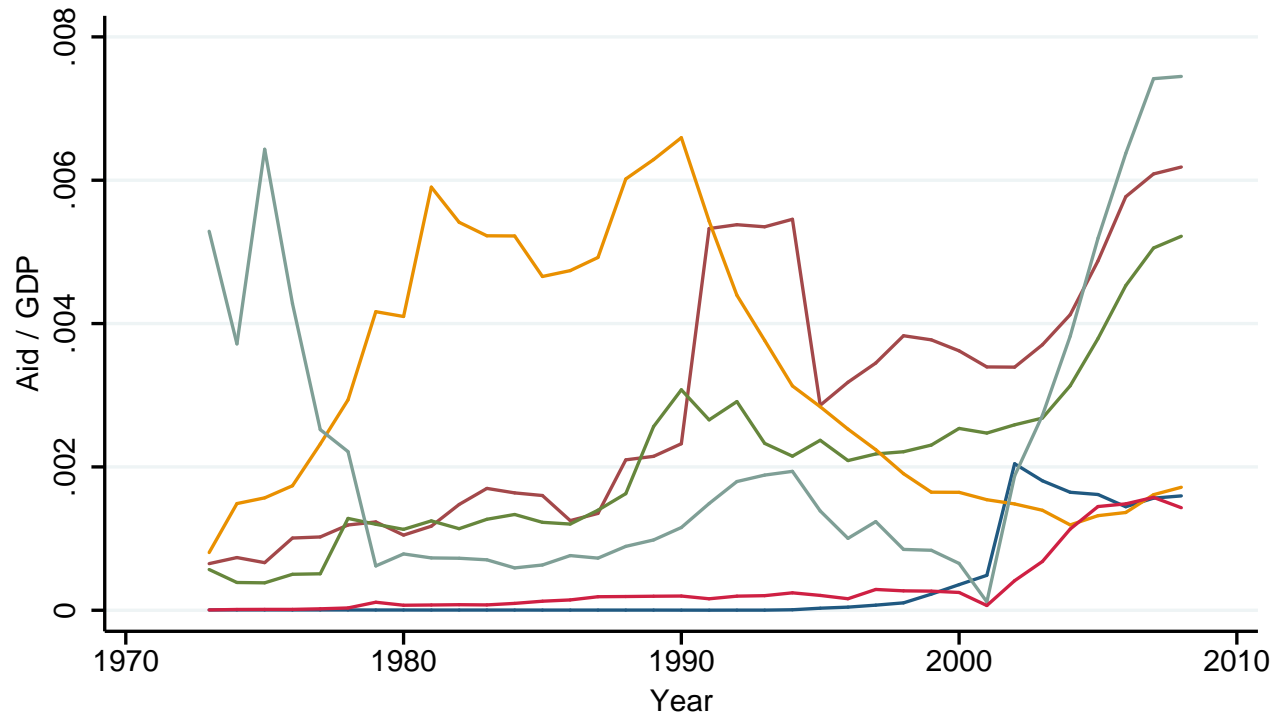
SECTORS OF AID

# 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



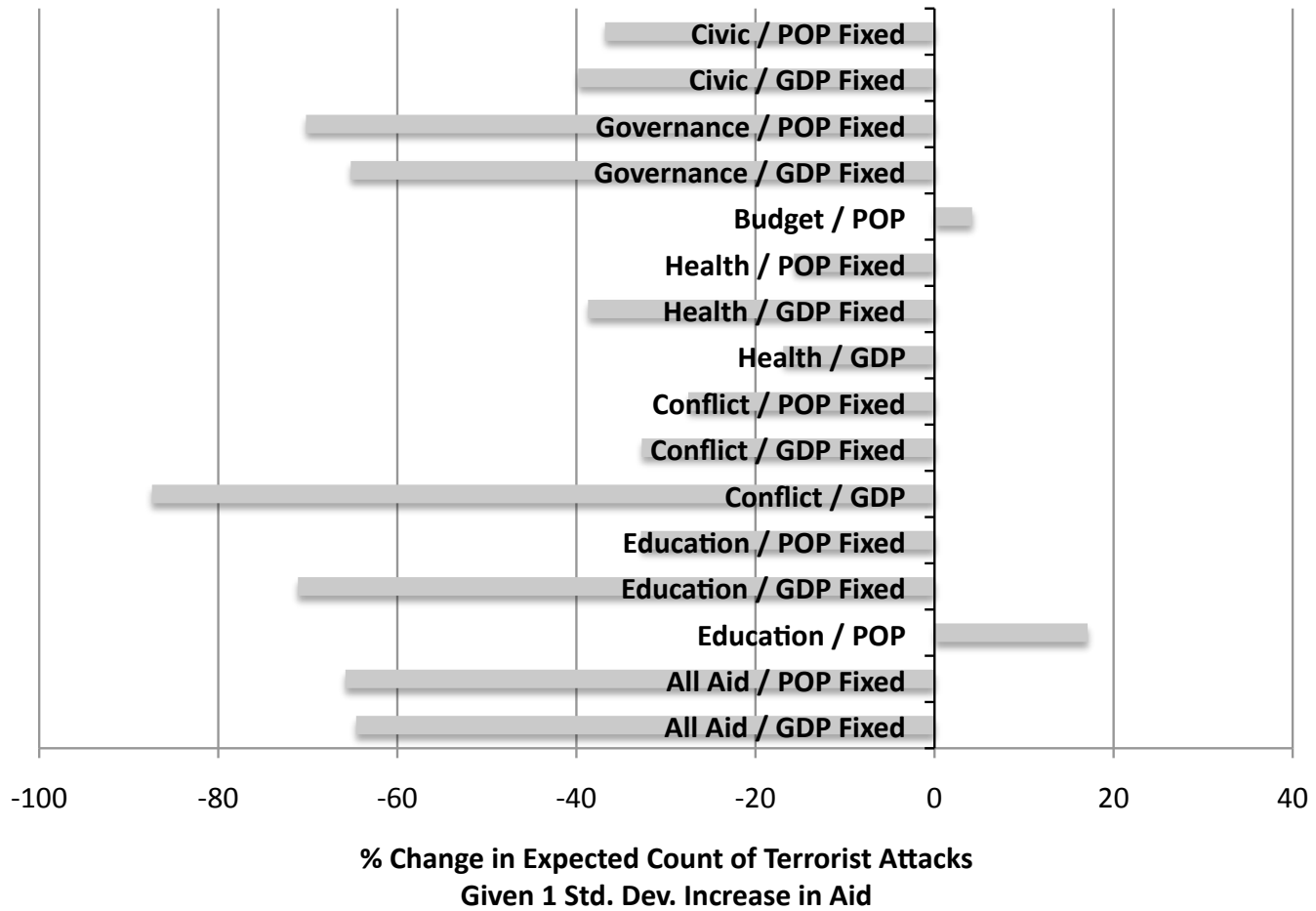
- Dependent variable: Terrorist Events
  - ITERATE database
  - Transnational Terrorism
- Key independent variable: **types of aid**
  - Conflict Prevention, Education, Health, Agriculture, Governance, Civil Society, Budget, Transport

# 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