

Foreign Aid and Conflict

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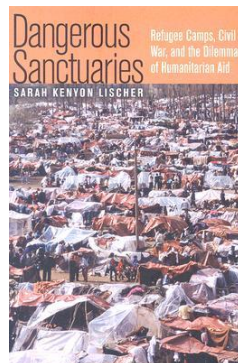
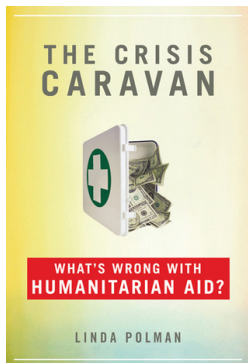
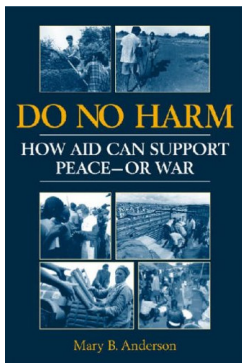
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- However, there are also a number of concerns associated with foreign aid:
 - For the typical aid project, evaluation of the impacts of the project are too often non-existent or poor.
 - Even if evaluated, there may still be unintentional consequences that are not measured.

Aid and Conflict?

- Anecdotal evidence suggests that humanitarian aid may fuel conflict.

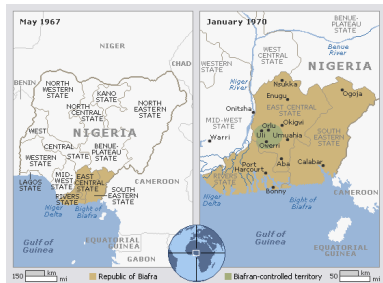


Aid and Conflict?

“Experience shows that even when it is effective in doing what it is intended to do. . . aid too often also feeds into, reinforces, and prolongs conflicts. Again and again aid workers tell how their aid is distorted by local politics and is misappropriated by warriors to support the war. Again and again war victims report that aid is enriching warlords or strengthening the enemy.” (Anderson, 1999, p. 37)

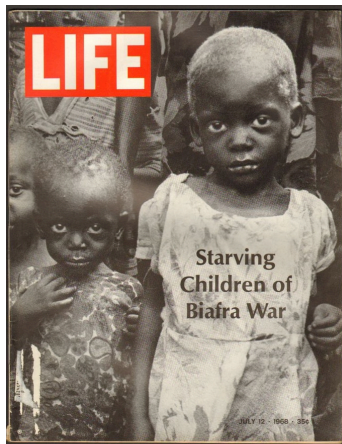
Humanitarian Aid and Conflict: The Biafran Example

- In 1967, Nigerian state of Biafra tries to secede, led by Odumegwu Ojukwu.
- Civil war breaks out between Biafra and Nigeria.
- By 1968, Biafra's territorial control shrinks significantly.



Humanitarian Aid and Conflict: The Biafran Example

- Biafran leader Odumegwu Ojukwu gained income and resources because of humanitarian aid.
- Food aid fed his army, while import tariffs and transportation fees were charged to aid organizations.
- In 1970, Ojukwu flees and Biafra surrenders.
- Some argue the aid caused the war to continued for 1–2 years longer than it otherwise would have.



Humanitarian Aid and Conflict: The Rwandan Example

- Following the 1994 Rwandan genocide, nearly a million Hutu Rwandese fled to Eastern Zaire (e.g., Goma).
- Aid and refugee camps financed and protected Hutu militia.
- This allowed them to regroup, strengthen, and undertake attacks in Rwanda and Eastern Zaire against ethnic Tutsis.



Humanitarian Aid and Conflict: The Rwandan Example

- In response, the Rwandan government armed ethnic Tutsis (Banyamulenge) in Eastern Zaire, leading to the 1996 Banyamulenge Rebellion.
- A coalition of Tutsis and rebels led by Laurent Kabila take control of the Eastern part of Zaire in 1996.
- This was the beginning of the first and second Congo wars.
- Hutu militia (FDLR) remain in the region today and continue to be the source conflict.



Humanitarian Aid and Conflict: Concerns and Channels

- Aid shipments and other resources are often stolen en route.
- Aid recipients can be 'refugee warriors'.
- Even when aid reaches its intended recipients, it may be 'taxed' *ex post*.
- Aid workers often have to work with rebel groups to distribute aid.
 - Groups are often hired to provide protection.
 - May be perceived as the ones providing the assistance, increasing their legitimacy.

- How do we know if these stories are **representative**?

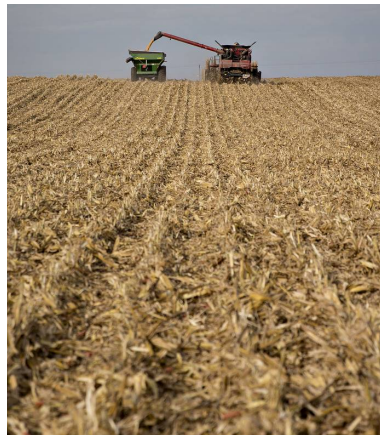
- How do we know if these stories are **representative**?
- How do we know if these stories are **causal**?

Challenges facing any statistical analysis

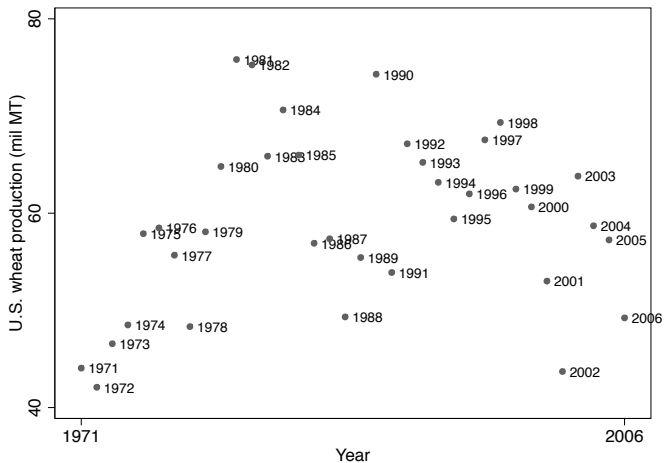
- 1 The provision of aid is endogenous to conflict:
 - Need is greater when there is conflict.
 - Delivery is more difficult when there is instability or conflict.
- 2 Provision is also correlated with things that are related to conflict:
 - Poor governance, poverty, malnutrition, natural disasters, etc.

Statistical Strategy, Part 1

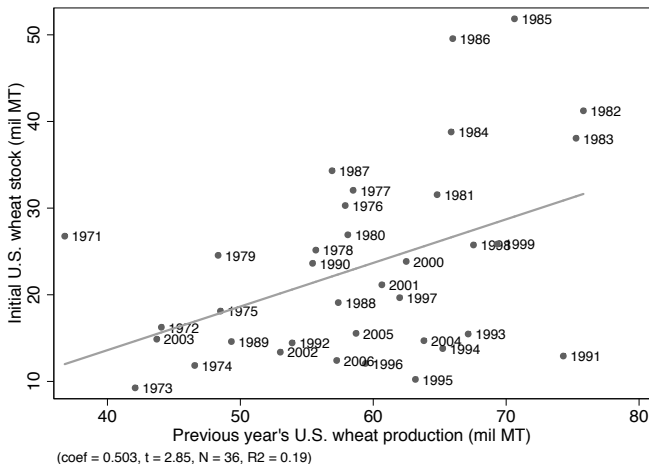
- Focus on U.S. wheat aid.
- Exploit variation that is due to weather shocks that affect production.
- In the years following a wheat boom, government reserves accumulate, and more food aid is given.
- This variation is exogenous to the conditions in receiving countries.



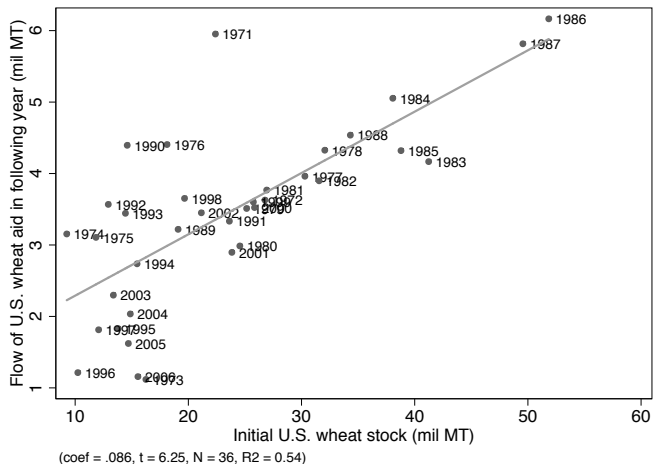
U.S. Wheat Production over Time



Wheat Production and Total Wheat Reserves



Total Wheat Reserves and Wheat Aid

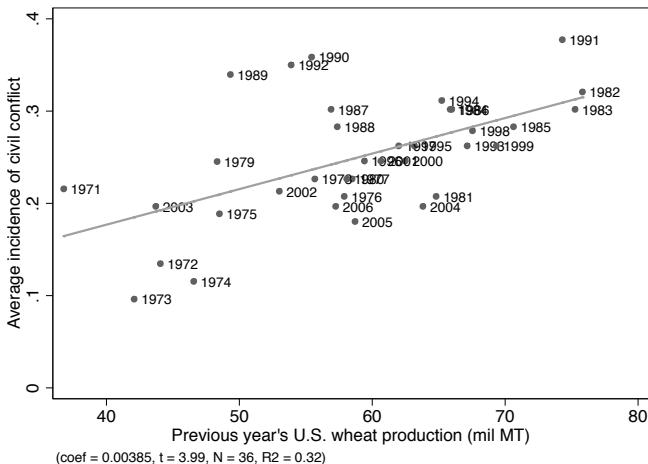


Statistical Strategy, Part 2

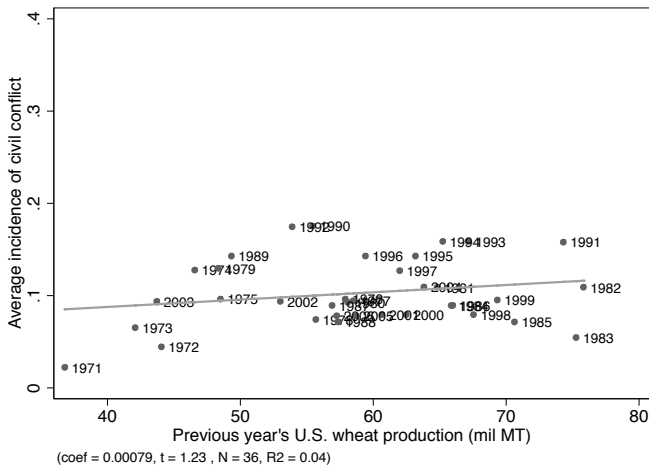
- Wheat aid is not distributed to all countries equally.
- Some countries are regular recipients of U.S. wheat aid and others are not.
- Those who tend not to receive U.S. wheat aid provide a natural comparison group that can be used as a 'control'.



Regular U.S. Food Aid Recipients



Irregular U.S. Food Aid Recipients



Assessing the Magnitudes of the Estimates

- If the average country received 10% more U.S. wheat aid, its conflict incidence would increase by 4%.

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 - ② The estimated effects are for food aid that is 'in kind'.
 - Increasingly, food assistance has become cash-based.
 - It is possible that these effects are very different.

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 - ② The estimated effects are for food aid that is 'in kind'.
 - Increasingly, food assistance has become cash-based.
 - It is possible that these effects are very different.
 - ③ Effects likely depend on what precautions are taken during distribution.