

AIDING PEACE: DONOR BEHAVIOR IN CONFLICT-AFFECTED COUNTRIES

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Abstract

Despite prominent claims by international development organizations that they run highly conflict-sensitive operations, little is known about how the international community acts and reacts to the dynamics of civil war peace processes. This study hypothesizes that during peace processes foreign aid donors are motivated by four primary factors: their own strategic interest, their organizational flexibility, positive cooperative events, and negative conflictual events. Using subnationally-geocoded foreign aid information, and relying on extensive interviews in Kinshasa and Eastern Democratic Republic of the Congo, we examine the extent to which these four factors encourage or discourage substantial changes in foreign aid donors' development assistance. The results show that while both conflictual and cooperative events influence changes in the foreign aid of all donors, their direction of shift is sometimes counterintuitive. Donors reward cooperation by giving more aid, but they also reward conflict by giving more aid. Within the population of donors, those with strategic interest in the DRC make larger shifts – negative and positive – in subnational foreign aid allocation response to cooperative events but smaller shifts in response to conflict events. Organizational flexibility, on the other hand, leads to donors to more targeted responses, reward cooperative behavior with increased aid and responding to conflict by decreasing aid. This analysis is a first step towards a comprehensive coding and analysis of foreign aid dynamics during peace processes.

1. Introduction¹

The 2011 World Development Report (WDR 2011) makes a definitive and compelling argument: successful economic development depends crucially on addressing the challenges of political violence. International actors, asserting an understanding of this dynamic, boldly claim that their policies are “conflict sensitive,” or are responsive to the evolving conflict and cooperation dynamics of a conflict-affected country (International Alert, Saferworld, and FEWER 2004). Conflict sensitivity is widely considered to be a prerequisite for effective peacebuilding, statebuilding, and, ultimately, economic development in war-torn countries (OECD-DAC 2007). A casual perusal of the news suggests that in many violent contexts some international actors are indeed responsive to conflict dynamics both in word and in deed. And these first impressions could be correct. They could also be incorrect. To date, unfortunately, there is a dearth of systematic analyses of international behavior in conflict-affected contexts.

As a community of academics and practitioners, we do not have answers to some basic questions. Given that foreign assistance is one of the primary tools that international actors use to influence conflict-affected states, do international actors allocate development assistance in conflict sensitive ways?² More specifically, is foreign assistance responsive to the ebbs and flows of peace processes? Or is foreign assistance largely exogenous to the process, instead being driven by donor-specific considerations such as bureaucratic characteristics or political imperatives?

Several challenges have inhibited our understanding of whether international actors are in fact responsive to peace processes. First, most of the literature on the allocation of foreign assistance focuses exclusively on generic development assistance across all developing country contexts (e.g., Alesina and Dollar 2000) without explicitly addressing the dynamics of conflict-affected contexts. Second, this literature examines aid allocation processes exclusively at the country-level, typically on an annual basis (or in five year increments). Such an approach allows for only basic cross-country correlations that cannot adequately capture the complexities of peace processes within countries. Third, the literature on foreign assistance is bifurcated between those studying “development” assistance on the one hand and those studying “peacebuilding” or “humanitarian”

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² In the larger project on which this paper is based, we explicitly compare development assistance to peacebuilding and humanitarian assistance. For tractability in this paper, we focus exclusively on changes in development assistance.

assistance on the other hand.³ Scholars of development aid allocation largely consider whether donors give aid in response to strategic interest or foundational recipient needs (Alesina and Dollar 2000; Berthélemy and Tichit 2004; Dreher, Nunnenkamp, and Thiele 2011; Hoeffler and Outram 2011).

Some scholars of peacebuilding consider micro-level dynamics of foreign assistance in individual countries but mostly lack comprehensive data on the landscape of assistance in a particular country over time. Peacebuilding scholarship and policy agree that international aid is effective when it is relevant to micro-level political and conflict dynamics, but do not explain why some donors achieve local relevance, at least temporarily, and others do not (Autesserre 2014; Campbell, Chandler, and Sabaratnam 2011; Doyle and Sambanis 2006). We are thus left with two distinct literatures that do not engage each other closely. But they should.

There are important reasons to consider the behavior of international actors during peace processes. As much research shows (e.g., Fearon 2004), over the past 15 years there have been fewer and fewer new conflicts. Instead, and alarmingly, existing conflicts are becoming more difficult to resolve, dragging on much longer than wars in earlier eras. These war-affected countries have difficulty achieving basic development targets, as shown by their overwhelming presence among countries that failed to achieve all of the Millennium Development Goals (MDGs) (WDR 2011). International actors are allocating increasing amounts of aid to support development in these conflict-affected countries, but little is known about their patterns of allocation or their relationship to violent conflict mitigation or peaceful cooperation among political actors, expected conditions of longer-term development (Collier et al. 2003).

In this paper, we contend that international actors may be motivated by four primary factors, and that there is variance across actors in how these factors matter. On the donor side, foreign aid allocation may be motivated by their strategic interest in a particular recipient country and the degree of organizational flexibility that the donor possesses. On the recipient side, we contend that the behavior of donors is motivated by negative events (such as violent conflict, botched elections, protests, or corruption scandals) and cooperative events (such as free and fair elections, peace agreements, and durable ceasefires). These four factors provide a framework for understanding how donors behave in the context of war-to-peace transitions. We expect that the more these factors come together, the more likely donors are to alter their behavior.

We theorize about and empirically model a variety of possible donor behaviors, but emphasize the determinants of *shifts* in allocation patterns. Using subnational geographically coded project-level development assistance data, coupled with complementary data conflict and cooperation, we estimate a variety of statistical models of the determinants of the allocation process. The unit of analysis is all potential bilateral and multilateral donors providing development aid – paired

³ Of course, there are other possible tools international actors can employ such as military assistance or trade sanctions. But in this study, we focus on the distinctions between more traditional forms of economic assistance, dividing them into categories of development, peacebuilding, and humanitarian assistance, with this paper emphasizing development assistance.

with the first order administrative districts in DRC followed on an annual basis. We thus consider each donor's yearly subnational allocation patterns in the Democratic Republic of the Congo (DRC). Although this paper presents our quantitative analysis from the DRC, it draws on a broader multi-method research project that uses semi-structured interviews in each of four case study countries (DRC, Nepal, Sudan, and South Sudan) along with geo-coded project level aid allocation data. We will also conduct survey experiments to examine the generalizability of our theory beyond our case study countries.⁴

We find that donors often shift their aid allocation patterns dramatically when they have a significant strategic interest in the country. Donors with organizational flexibility also lead to important shifts in aid allocation, although these shifts are generally targeted to incentivize cooperation and reduce aid in the face of conflict. We discuss the various patterns in the following pages.

The remainder of this paper proceeds as follows. We first outline the four key factors that we hypothesize explain subnational development allocation behavior in war-to-peace transitions. We argue these factors should all increase the likelihood that donors are responsive to the ebbs and flows of the peace process, encouraging them to shift their aid allocation patterns in substantial ways. We then detail the research design that guided the quantitative data collection. While not the primary emphasis of this paper, we also briefly discuss some of the fieldwork recently completed in Kinshasa and Eastern DRC. We then report on some preliminary results, derived from this first cut at the data, and discuss their potential implications. We conclude by explaining the next steps that we intend to take and the potential implications of our research findings thus far.

2. Theory and Hypotheses

What factors motivate changes in the amount of the development aid that international donors allocate to countries attempting to successfully navigate war-to-peace transitions? What leads a donor to change or not to change its behavior in the face of conflictual and cooperative events in the country? The existing literature on donor behavior focuses overwhelmingly on strategic interest of foreign aid donors. More recent literature has begun to identify organizational feedback loops that define an organization's flexibility. Although the literature's discussion of these two factors provides insight into general aid allocation patterns, it does not as yet emphasize the subnational dynamics in particular country environments, such as war-affected countries.

As our key interest is in whether donors are responsive to the ups and downs of a peace process, in this paper we focus our attention on large shifts in foreign aid, rather than simply the levels of allocation to a recipient country. For example, we consider how donors respond to the occurrence of conflict or cooperation events – do they shift the amounts of development assistance up or down? We begin by

⁴ The results for the other countries and methods will be reported on in the larger project.

identifying the independent hypothesized effect of each of our four independent variables: strategic interest, organizational flexibility, conflictual events, and cooperative events. We then describe more complex relationships between the variables including two crucial interactions.

2.1 Donor and Recipient Level Factors Affecting Allocation

2.1.1 Strategic Interest

Existing literature largely explains donor aid allocation behavior as a function of the strategic interest of donors. It measures strategic interest in terms of colonial ties and the similarities in the UN voting practices between a specific donor and a specific recipient country (Alesina and Dollar 2000). By arguing that donor aid allocation decisions are motivated more by the strategic interest of the donor than the humanitarian need of the recipient, this literature provides important insights into the general motivations for donor behavior. We expect that strategic interest should also play an important role during war-to-peace transitions. And yet its role is not straightforward.

On the one hand, strategic interest could lead to less change in overall levels of development assistance because donors are committed to investing in a country even in the face of setbacks or cooperative events. In such cases, *donors may simply recognize the need to stay the course and maintain relatively steady levels of development funding*. On the other hand, donors with high strategic interest in a country may pay more attention than other donors to the ebbs and flows of a peace process and exercise all available policy levers, including shifting development aid up or down, in order to influence the dynamics of the war-to-peace transition. In such cases, *we may observe donors increasing or decreasing resources frequently over time*. In the empirical tests that follow, we consider which of these views, if any, finds more support.

2.1.2 Organizational Flexibility

Scholarship on the political economy of international aid has identified a structural flaw that it argues is at the root of ineffective aid: the broken feedback loop between the international donor and local recipient (Gibson et al. 2005; Martens et al. 2002). The governing structures of bilateral and multilateral donors mandate them to allocate particular amounts of aid to a particular country. Based on reports from the country representatives of each donor, possibly accompanied by external evaluations, the governing structures of bilateral and multilateral donors decide whether or not their aid was successful. The local people, organizations, and often even the governments that receive the aid have no authority to say whether or not the allocated aid was effective (Campbell 2011).

The broken information feedback loop between the aid recipient and the aid decision-maker leads most donors to measure whether or not they spend the amount of aid allocated, not whether the allocated aid is relevant to the country dynamics or has the intended effect on them (Ebrahim 2005). Some donors, however, have developed more innovative contracting procedures and country-

based feedback mechanisms that allow them to adjust the location and focus of their aid to make it more relevant to the evolving country dynamics (Campbell, forthcoming). These donors imbed flexibility into their aid allocation and rely primarily on their country office to make decisions about how this flexibility should be used.

We base our categorization of donor flexibility on the degree to which donor country-based contracting procedures are fixed at the time of allocation, or whether the country office retains some authority to decide when and where the aid is allocated. We also make the distinction between donors who assess their success based solely on whether or not their aid recipients comply with their contractual agreement, on whether the aid project is relevant to the evolving context. While it is unlikely that country offices will be permitted to alter the overall type of aid allocated (e.g., peacebuilding, humanitarian, or development), organizational flexibility could enable them to alter the amounts and location of aid. Thus, *if donors have substantial organizational flexibility, then we should observe more changes – positive or negative – in the amount of development aid.*

2.1.3 Positive Recipient Country Developments

Donors may change their sub-national allocation behavior solely in response to headquarters decisions that are completely detached from the country context. Or, they may change their sub-national aid allocation behavior in response to events within the country context. Donor strategy and policy documents widely claim that they do the latter, basing their country strategies and allocation decisions on an analysis of the country context that they regularly update (OECD-DAC 2011; OECD-DAC 2007b). Indeed, donors maintain country strategies and global agreements, such as the New Deal for Engagement in Fragile States (International Dialogue on Peacebuilding and Statebuilding 2011), which obligate them to be responsive to the dynamics on the ground.⁵ By focusing on positive cooperative events that donors themselves identify as important, we assess the degree to which donors meet their own requirements for responsiveness to the context.

Cooperative recipient country developments include events directly related to the peace process negotiations, such as the signature of peace agreements, the integration of former armed groups into the government, the implementation of ceasefire agreements, and others. They might also include the implementation of the key provisions in peace agreements and related reforms, such as high impact reforms in the justice, security, governance, or financial sectors. Finally, they could

⁵ The New Deal for Engagement in Fragile States is an agreement between bilateral and multilateral donors and conflict-affected states, establishing a series of five peacebuilding and statebuilding goals that these actors agreed to pursue together as well as the conditions of their partnership in this effort. These shared goals include: “Legitimate Politics - Foster inclusive political settlements and conflict resolution; Security - Establish and strengthen people’s security; Justice - Address injustices and increase people’s access to justice; Economic Foundations - Generate employment and improve livelihoods; Revenues & Services - Manage revenue and build capacity for accountable and fair service delivery.” <http://pbsbdialogue.org/documentupload/49151944.pdf> [Accessed 26 August 2015].

include important conflict prevention events, such as the initiation of new inclusive dialogue processes, and disarmament of new armed groups.

We focus on the average intensity of cooperative and expect that the increasing intensity of cooperative events will also increase the likelihood that donors will respond in part because donor headquarters will also notice these events. Given that donor behavior change in response to factors in the country is likely to be difficult, particularly if the change cannot be predicted and explicitly planned for, it is important to select an indicator of change that is more likely to elicit a change in donor behavior.

Cooperative events can have high or low intensity. For very intense cooperative events, we expect that donors will see these developments as strong progress towards peace, which may signal that donor assistance is not needed as severely. Based on this logic, *we could observe larger decreases in aid in response to very intense cooperative events.* Alternatively, *donors could increase their aid in response to very intense cooperative events* to reward ‘good performers’ and ensure that cooperative gains are consolidated, forming the institutional basis for sustainable peace (High Level Panel 2004; Doyle and Sambanis 2006).

2.1.4 Negative Recipient Country Developments

Conflict events can also have an intensity ranging from low to high. We expect that higher intensity conflict events will be harder for donors to overlook. As a result, *we could observe that higher intensity conflict events lead to higher negative shifts in development aid.* We expect that donors will be able to overlook lower-intensity conflict events. As a result, *we could observe that lower intensity conflict events lead to unchanged levels of development aid.*

Sheer numbers of reported conflict events ought to alter the behavior of donors in response to the conflict. *Because high numbers of conflict events signal both significant in-country need as well as significant in-country risk, it is likely that some donors will respond by withdrawing aid from some areas and others will respond by increasing aid to other areas.*

2.2 Interactions – Events, Donor Characteristics, and Donor Behavior

Above, we outlined our basic expectations for the four key factors in our theory. In our empirical tests we consider each of these in additive fashion. We also contend that several of these dimensions work together. Below, we unpack four basic interactive relationships and provide preliminary tests in the empirical section.

We expect that the effect of conflict events on donor behavior is conditioned by strategic interest. As discussed above, a donor’s strategic interest in a recipient seems to lead the donor to focus more headquarters and country level attention on the recipient. This intensified focus combined with a donor’s expressed commitment to the country encourages donors to take the ‘long-view’ on a country’s war-to-peace trajectory, overlooking proximate infractions in exchange for longer-term influence and hoped for progress. Consequently, we expect that *the more strategic interest a donor has in a recipient country, the less change we will see in the amount of development aid at the sub-national level in response to conflict events.*

We also expect that the effect of cooperative events on donor behavior is conditioned by strategic interest. Because donors with strategic interest invest a large amount of aid in a particular country, we expect that the increased intensity of cooperative events will signal that the country environment is increasingly propitious for donor aid, leading donors with strategic interest to reward the recipient government, one of their priority development partners, with increased aid. Thus, we expect that *the more strategic interest a donor has in a recipient country, the more positive change we will see in the amount of development aid at the sub-national level in response to cooperative events.*

We expect that the effect of negative and positive events on donor behavior is also conditioned by organizational flexibility. Organizational flexibility enables the donor organization to shift its aid after its initial allocation commitment. Thus, we expect that *the more organizational flexibility a donor possesses, the more change we will see in the amount of development aid at the sub-national level in response to cooperative events.* We also expect that *the more organizational flexibility a donor possesses, the more change we will see in the amount of development aid at the sub-national level in response to conflictual events.*

3. Research Design

We are interested in understanding how donors shift their development assistance during peace processes. Our dependent variable is large shifts in development assistance, which we code dichotomously and implement using logistic regression models.

Foreign aid flow data was drawn from two sources: the AidData portal (Tierney et al 2011) and The Financial Tracking Service (FTS) managed by the UN Office for the Coordination of Humanitarian Affairs.⁶ Aid is measured in U.S. dollars standardized to be in constant year 2000 dollars. For each of the aid projects, we geographically coded the precise locations of the aid activities so that we could analyze how aid to distinct subnational geographical areas may have been affected by conflict and cooperation dynamics. The geocoding was based on the methodology outlined and implemented in Findley et al (2011) and Strandow et al (2011), which codes the locations of projects at a variety of precision levels. For purposes of analysis, we aggregate lower-level precision codes to the first order administrative district level.

We categorize aid into three distinct areas: development, humanitarian, and peacebuilding assistance. We created these categories by aggregating the sector

⁶ The Financial Tracking Service (FTS) is “a global, real time database that records all reported international humanitarian aid contributions.” The data are self-reported by donors and recipient organizations. For more information, see: <https://fts.unocha.org/pageloader.aspx?page=AboutFTS-uctrl>AboutFTS> [Accessed 14 August 2015]. AidData’s core 3.0 database includes geocoded data from country aid information management systems (AIMS), the Organization for Economic Cooperation and Development’s (OECD) Creditor Reporting System (CRS), the World Bank’s Mapping for Results, as well as other sources, see: <http://aiddata.org/about-our-data> [Accessed 14 August 2015].

purpose codes from AidData and OECD CRS (OECD-DAC 2013). For the humanitarian category, we also use the FTS data, which we analyze separately from the AidData to ensure that data are not duplicated. In this paper we only consider development aid, but moving forward, we expect to provide more explicit comparisons of how each of the general areas of aid (i.e., development, humanitarian, and peacebuilding) and their amounts increase or decrease in relation to each other, and in relation to shifts in the geographic location of the aid.

The dependent variable measures shifts in the overall amount of development aid that a donor allocates to first order administrative districts in the DRC. We measure aid *shifts* rather than *levels* because we want to understand whether donors make qualitatively large changes in aid during the course of peace processes, and what motivates those changes. Aid shifts are defined as the changes that are in the top and bottom 5th and 7th percentiles of aid changes. Consistent with the theoretical discussion above, we expect aid allocation during peace processes to be based on four sets of factors: donor strategic interest, donor flexibility, and conflictual and cooperative events. We consider the measurement of each in turn below.

We measure strategic interest by whether a donor identifies a recipient country as a core development, economic, or strategic priority. In our interviews with a broad range of donors in the Democratic Republic of the Congo (DRC), many donors argued their financial support and political engagement over the long term was a manifestation of their strategic interest in the DRC and gave them influence over the policies and practices of government officials.⁷ The data for this dichotomous measure is collected through interviews with the donor representative in the country as well as examination of documentation produced by donor headquarters that identifies its top priority countries. A donor is coded as having strategic interest in a particular recipient country when interviews and donor documentation identify the country as one of its top priority countries. This is a more precise and nuanced measure of strategic interest than the one contained in the widely cited Alesina and Dollar (2000) measure of strategic interest, which relies solely on UN voting affinity between the two countries and a colonial presence of the donor. We currently do not code changes in strategic interest over time, but aim to do so in the future.

We measure organizational flexibility by whether or not the donor has the procedural flexibility to alter the sector, location, or amount of funding for a specific project after the initial envelope of funds have been allocated. A donor is coded as having high or low flexibility. A donor has high flexibility when the country office is procedurally able to alter the sector, location, or amount of funding for a specific project after the initial allocation decision. A donor has low flexibility when the country office has no or limited ability to adjust the sector, location, or amount of funding for a specific project after the initial allocation decision. We code this dichotomous variable using data obtained through interviews with the donors in our case study countries, official donor documents detailing their procedures, and OECD-DAC peer reviews.

⁷ Interviews with donors, Kinshasa and Goma, Democratic Republic of the Congo (DRC), April 2015.

We code conflictual and cooperative events by using continuous variables created by the Integrated Crisis Early Warning System (ICEWS) Dataset (Boschee et al. 2015). The ICEWS dataset is a product of automated text analysis of 30 million news stories over the past thirteen years, with global coverage. The news stories are classified into event categories based on the CAMEO (Conflict and Mediation Event Observations) taxonomy, which provides information about the type of event and its characterization relative to other similar events. Although media based data have known biases, for our purposes those biases are not as problematic. Namely, media based data represent what is known about violence, not what violence actually happened. Because we are interested in donor behavior, reporting bias is less of an issue, because donors are reacting and responding to what they learn about violence, not necessarily what actually happened.

The conflictual events and cooperative events in the CAMEO classification have a numerical value describing its intensity, ranging from negative 10 to positive 10, using Goldstein's (1992) Conflict-Cooperation Scale. The negative values signify the hostility of an event, with -10 capturing higher hostility and -1 lower hostility (ICEWS variable "hosscaleav"). The positive values represent the cooperative nature of the event with 10 capturing higher cooperation and 1 capturing lower cooperation (ICEWS variable "coopscaleav"). For each first order administrative district and year, we have coded the average intensity of conflict and cooperation events that we use to estimate shifts in foreign aid allocation. To consider conflict separately, we also use a variable of the total number of conflict events in the UCDP geo-referenced event dataset (UCDP GED, 2012).

As discussed in the theory section above, we expect that changes in donor behavior are motivated not just by events on the ground, but by events that receive high levels of international media attention. Because ICEWS relies on media data, the intensity measures are also a measure of how media reports on certain events. This is arguably one of the most appropriate uses of event data, which measures the number of a particular type of events reported in the media, not the number of that type of event that actually takes place.

At this stage, we estimate logistic regression models with clustered standard errors. A next step will be to consider causal identification strategies to provide greater confidence in the hypothesized relationships. Additionally, we will include additional variables, such as distance to capital among others, which could help explain aid allocation.

4. Results

4.1 Baseline results

We estimated a set of models that consider the effects of four factors – strategic interest, organizational flexibility, conflictual events, cooperative events – on aid shifts. We then estimate additional models that interact strategic interest with

cooperative and conflictual events and then organizational flexibility with cooperative and conflictual events. Table 1 shows the logistic regressions of negative and positive aid shifts on each of the posited factors.

Table 1: Baseline Statistical Results for DRC, Logistic Regressions

Variables	(1) Neg. Aid Shift	(1) %Δ Pr Prob	(2) Pos. Aid Shift	(2) %Δ Pr Prob
Strategic Interest	1.259*** (0.144)	206.0% (0→1)	1.278*** (0.161)	206.2% (0→1)
Org. Flexibility	0.505*** (0.158)	61.7% (0→1)	0.700*** (0.175)	94.7% (0→1)
Avg Intensity Coop Events	0.120** (0.0474)	9.4% (-+sd/2)	0.199*** (0.0661)	15.9% (-+sd/2)
Avg Intensity Conf Events	-0.0862*** (0.0227)	-14.9% (-+sd/2)	-0.0599* (0.0348)	-10.6% (-+sd/2)
Total Conflict Events	-0.00199 (0.00289)	-5.2% (-+sd/2)	0.00475*** (0.00121)	13.3% (-+sd/2)
Constant	-3.672*** (0.161)		-3.808*** (0.209)	
Observations	7,917		7,917	

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The results in Table 1 show that donors with strategic interest are much more likely to shift their aid in large negative *and* positive directions. The result is both substantively and statistically meaningful with percent changes in predicted probabilities ranging representing nearly 200% increases in both. Above, we suggested that donors with strategic interest might stay the course, largely maintaining constant aid flows, or they might shift their aid to account for the ups and downs of peace processes. These results in Table 1 suggest that donors with strategic interest do not stay the course but instead proactively adjust their aid both up and down during war-to-peace transitions.

Donors with high organizational flexibility are also more likely to shift their aid in large negative *and* positive directions. The result is both substantively and statistically meaningful, although positive aid shifts (95 percent change in predicted probability) are more likely than negative aid shifts (62 percent change in predicted probability). These results support our expectation that donors with higher organizational flexibility are more likely to behave ‘flexibly’ by shifting their aid in both positive and negative directions. The increased probability that organizational flexibility leads to positive aid shifts than to negative aid shifts runs counter to expectations, however, indicating that donor country offices have greater capacity

(and possibly higher incentives) to increase rather than decrease the funds available to them.

Cooperative and conflict events are both associated with shifts in donor behavior in most cases. The more intense the cooperative event, the more likely the donor is to increase and decrease its aid, although the former is significant at the 0.01 level and the latter is only significant at the 0.05 level. An increase in aid accords with our expectation that donors may use aid to reward cooperative actions by domestic actors, increasing their aid flows to continue to incentivize good behavior. A decrease in aid also accords with our expectation that donors may see such times as optimal times to draw down their aid, shifting their attention elsewhere.

In relation to the intensity of conflict events, the higher the intensity of conflict events, the less likely are large negative shifts in development aid. This runs counter to expectations. We would expect that the more intense the conflict, the less development aid a donor provides because they view 'peace' as a prerequisite for development. The finding in relation to large positive shifts is only significant at the 0.1 level.

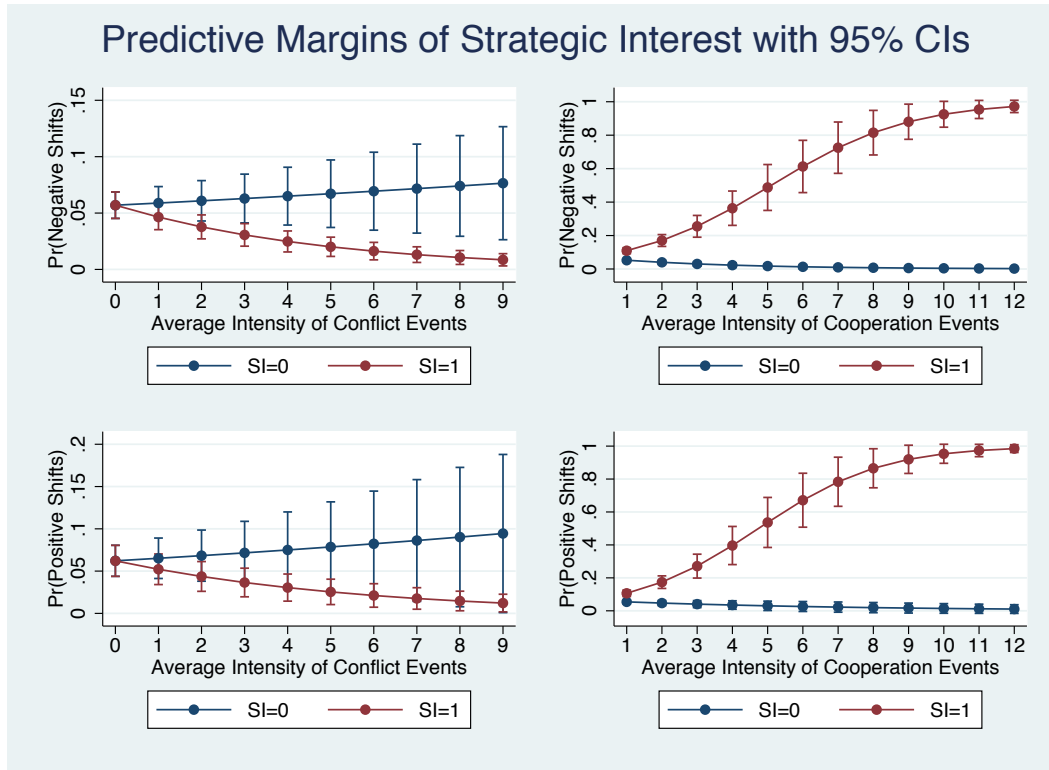
The raw number of conflict events – as measured by UCDP – is associated with positive shifts in aid. This, too, runs counter to expectations. We would expect that more conflict events would lead to a reduction in development assistance. Instead, our results show the opposite, perhaps reflecting the tendency of donors to respond to the media pressure that often accompanies conflict events by pouring more money into the country, including development aid. The finding in relation to negative aid shifts in response to the total number of conflict events is, surprisingly, insignificant.

4.2 Interaction results

We estimated a set of additional models that interacted (1) strategic interest with cooperative and conflict events and (2) organizational flexibility with cooperative and conflict events. In each of these interaction models, we included the full set of variables reported on in Table 1, and report the basic marginal effects in Figures 1 and 2.

Figure 1 shows that there are some important interactive effects between strategic interest and conflict/cooperation. Some interesting refinements on the baseline model become evident when explicitly modeling the interactions. Focusing on conflict events, the left two panels show that as the average intensity of the conflict events increases, the probability of large negative and positive shifts in aid clearly decreases for donors with strategic interest. This confirms expectations that in comparison to other donors, donors with strategic interest are more likely to sustain their aid levels in spite of increases in violent conflict. As the average intensity of the conflict events increases, donors without strategic interest, however, are more likely to both increase and decrease the amount of aid they provide.

Figure 1: Predictive Margins of Strategic Interest Given Conflict and Cooperation



The right two panels focus on cooperation events, showing that as the average intensity of cooperative events increases, the probability of both large negative and positive aid shifts increases for donors with strategic interest. For donors without strategic interest, however, as the average intensity of cooperative events increases, the probability of both large negative and positive shifts decreases slightly. Overall, these results show that donors with strategic interest are more likely to be responsive to cooperative events than to conflictual events. In response to cooperative events, however, donors with strategic interest seem to be as likely to increase their development aid as they are to decrease their development aid.

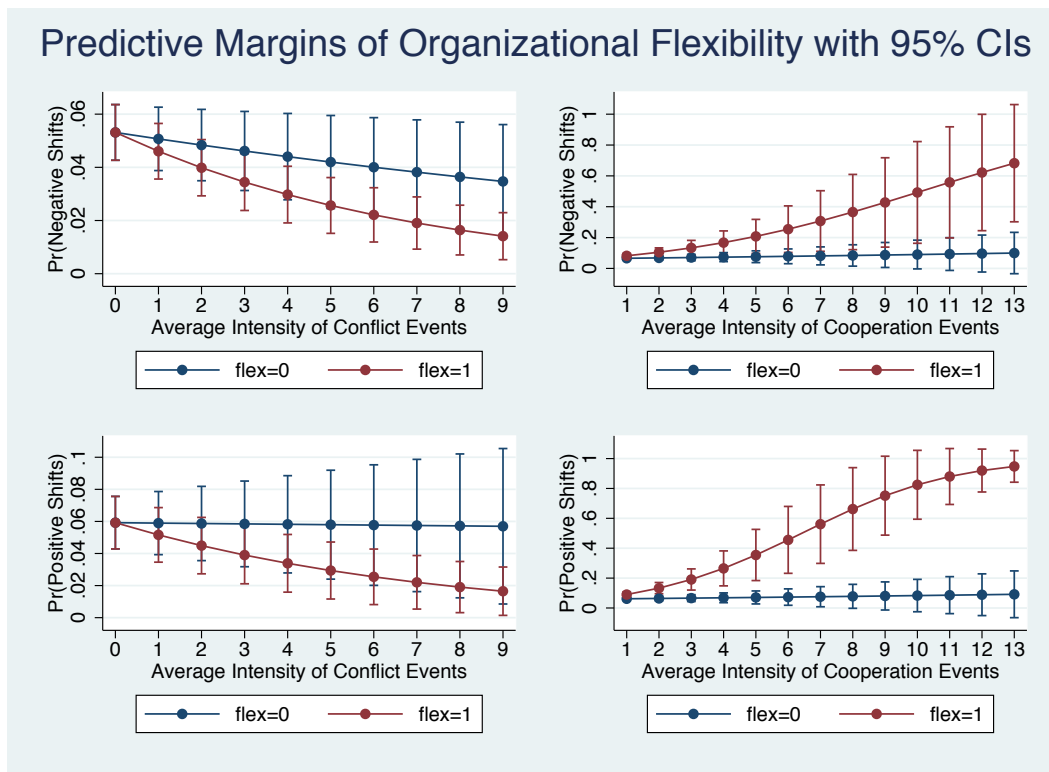
Figure 2 shows that there are also important interactive effects between organizational flexibility and conflict/cooperation. The panel on the upper left shows that as the average intensity of the conflict events increases above 5, donors with organizational flexibility are more likely to decrease their development aid. The panel on the bottom left, however, does not show strong interactive effects between organizational flexibility and increases in development aid. This supports our expectation that donors with organizational flexibility would respond in a more targeted way, decreasing their development aid to locations that experience high levels of violent conflict.

The interactive effects between organizational flexibility and cooperation events are also important, as shown in the two panels on the right. The bottom right panel shows that as the average intensity of cooperative events increases, donors

with organizational flexibility are more likely to increase the amount of development aid to those specific locations. This, again, confirms our expectation that organizational flexibility leads to targeted changes in aid allocation.

The upper right panel shows that when the average intensity of cooperation events is at the top of the scale, donors with organizational flexibility are likely to decrease the amount of development aid allocated. This result may be explained by a potential donor desire to support high-need areas. High levels of cooperation could signal that donor support is no longer needed.

Figure 2: Predictive Margins of Org. Flexibility Given Conflict and Cooperation



5. Conclusion

In this paper we examine the influence of strategic interest, organizational flexibility, cooperative events, and conflict events on changes in the amount of development aid that donors allocate at the sub-national level. Overall our findings indicate that donors are much more sensitive to both conflict and cooperative events than many existing assessments of international aid claim. They tend to reward increased cooperation intensity with more development aid and sanction increased conflict intensity with less development aid.

We find that donors with strategic interest change the amount of development assistance they allocate more often in response to the increasing intensity of cooperative events, in both positive and negative directions, and less often in response to the increasing intensity of conflict events than donors without strategic interest. This confirms expectations that donors with strategic interest are more likely to continue their aid in response to conflict. The findings in relation to cooperative events could be explained by the desire of donors with strategic interest to quickly shift to other non-development types of assistance once a country demonstrates high levels of domestic cooperation.

We find that donors with organizational flexibility are more likely to make more targeted aid shifts. Donors with organizational flexibility are more likely than other donors to decrease the amount of development aid to a location when the average intensity of conflict events increases there. Donors with organizational flexibility are also much more likely than other donors to increase the amount of development aid allocated to a location when the average intensity of cooperative events increases there. These findings support our expectation that the delegation of decision-making to the donor country office (i.e., organizational flexibility) leads donors to be more responsive to sub-national conflict and cooperation in the country.

There are a number of tasks that we have yet to complete for this paper. In its final form, this paper will synthesize our findings about the behavior of donors between 1990 and today in DRC, Nepal, Sudan, and South Sudan (See Results for Nepal and Sudan in the Annex). It will therefore include the data from Nepal, Sudan, and South Sudan in addition to the data that we currently present on the DRC.

We will also develop alternative measures for our dependent variable, allowing us to investigate the changes in humanitarian, peacebuilding, and budgetary aid; changes in the location of aid in relation to specific conflictual or cooperative events; and potential differences between aid allocated directly to the government and through other channels of delivery outside of government (Deitrich 2013), including by exploring allocations that go directly to the capital versus those that go to decentralized locations.

In addition to addressing the issues listed above, future iterations of this paper will integrate control variables. On the country side, we will integrate sub-national controls that measure humanitarian, development, and peacebuilding need; general socio-economic and governance measures, such as those associated with the PRIO grid data; and measures of government priorities and potential patronage ties (Briggs 2014; Jablonski 2014). On the donor side, we will integrate measures of the number of other donors in a particular sector, which may help to explain donor decisions to sustain or shift sectors. Finally, we will integrate data from our interviews with approximately 160 people in DRC, Sudan, South Sudan, and Nepal.

We expect that once complete, the paper will make the following contributions. This research should show that donors are much more conflict sensitive than much of the peacebuilding and development literature assumes. Much of the literature on international peacebuilding and development has criticized donors for being insensitive to the particular needs and dynamics of recipient countries. Painting international donors as motivated solely their supply-

driven bureaucracies and international agendas, this literature argues that donors are so detached from the context that they fail to both understand conflict dynamics and act on them (Autesserre 2014; Ferguson 1994; Barnett et al. 2007). This literature may have come to these conclusions in part because it has not systematically examined the changes in donor behavior over time at the subnational level. The findings from this paper should help fill this crucial gap in the literature, shedding light on the precise ways in which donors respond to subnational conflict and cooperation dynamics and why.

The quantitative literature on international peacebuilding finds that a low level of hostility between the warring parties and a strong state capacity are necessary for international actors to contribute to sustainable peace in a particular country (Doyle and Sambanis 2006, 73-83). By failing to identify the more micro-level shifts in conflict and cooperation in countries with varying levels of state capacity and inter-group hostility, this literature has not accounted for multiple potential determinants of the sustainable peace that they observe. This paper should help to fill this gap by presenting a micro-level analysis that reveals how donors engage with violent conflict and peaceful cooperation, and by exploring potential implications of this behavior for the evolution of a country's transition from civil war to sustainable peace.

This paper should also make important contributions to the existing quantitative literature on aid allocation. It should provide much needed nuance to the arguments about donor behavior by unpacking the patterns of behavior of all types of aid at the subnational level and the causal mechanisms that contribute to the heterogeneity of the donor behavior observed at this level. It should also provide a more detailed analysis of the different types of donors who operate in conflict-affected countries, reaching beyond traditional categories of Western/Non-Western donors to describe the characteristics that determine the heterogeneous behavior of donors both within and between these categories.

This paper should also contribute to our understanding of the possible effect of donor behavior in conflict-affected countries. It is possible that responsiveness to conflict and cooperative dynamics may not be the most important criterion for effective sub-national aid. Sustained support to conflict-affected institutions, in the face of upturns and downturns of conflict, may be a more effective strategy to alter the behavior of local institutions. Our case study research in the DRC, Sudan, and Nepal will help illuminate these more qualitative dynamics of the relationship between international aid and local institutions.

In addition to filling crucial gaps in the current literature on international aid and peacebuilding, the findings from this study have the potential to contribute to donor policy. As several donors commented during our interviews, people tend to study the behavior of conflict actors not donors. Donor behavior, they argued, has an important influence on the dynamics of conflict and cooperation and merited much more study. By providing a systematic analysis of sub-national donor behavior during war-to-peace transitions, this paper should inform ongoing debates about the reform of the international humanitarian, development, and peacebuilding financing architecture, which are particularly concerned with how

current financing arrangements influence outcomes in fragile and conflict-affected countries.

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Annex

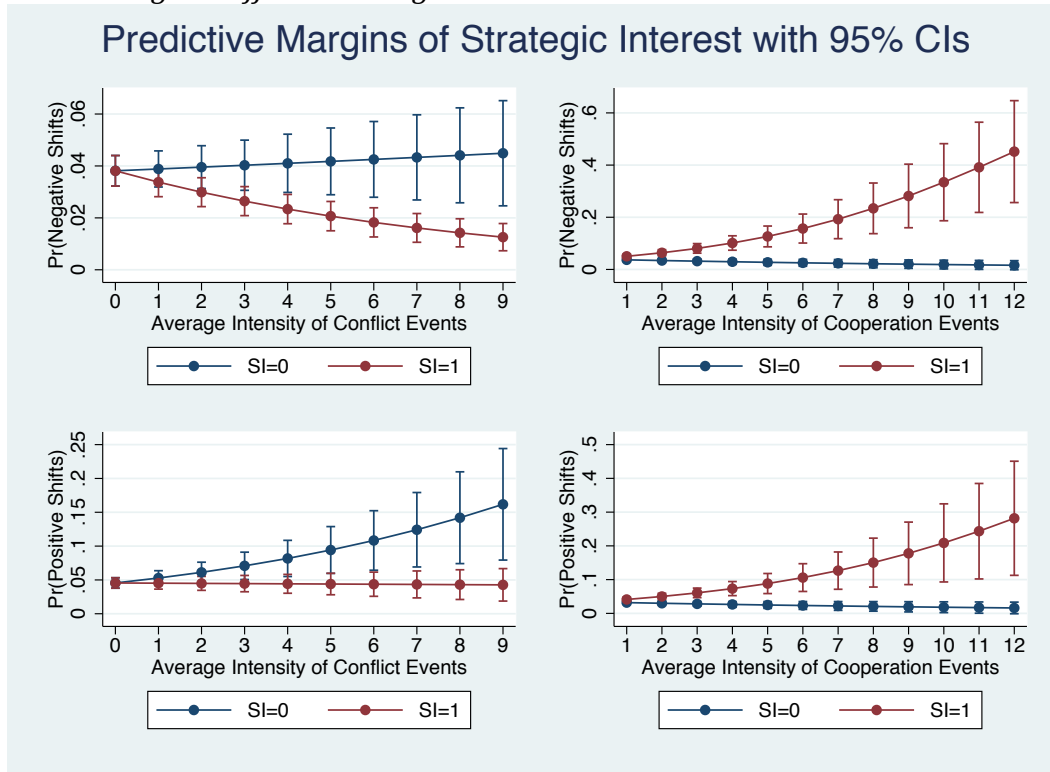
Multinomial Probit: DRC, Sudan, Nepal

VARIABLES	DRC		NEPAL		SUDAN	
	(1) Neg. Aid Shift	(3) Pos. Aid Shift	(4) Neg. Aid Shift	(6) Pos. Aid Shift	(7) Neg. Aid Shift	(9) Pos. Aid Shift
Strategic Interest	1.038*** (0.121)	1.066*** (0.130)	0.922*** (0.284)	0.990*** (0.232)	0.615*** (0.106)	0.566*** (0.108)
Org. Flexibility	0.476*** (0.127)	0.594*** (0.137)	0.423 (0.283)	0.0267 (0.262)	0.548*** (0.0947)	0.570*** (0.0959)
Avg Int Coop Events	0.107*** (0.0339)	0.158*** (0.0457)	0.400** (0.196)	0.906*** (0.148)	0.0452*** (0.0169)	0.0293 (0.0208)
Avg Int Conf Events	-0.0687*** (0.0170)	-0.0544** (0.0238)	0.165*** (0.0573)	-0.0378 (0.0461)	-0.0146 (0.00986)	0.0617*** (0.0137)
Total Conflict Events	-0.000542 (0.00162)	0.00347*** (0.000980)	0.00124 (0.00102)	-0.00314** (0.00144)	0.00377 (0.00437)	0.0304*** (0.00366)
Constant	-2.860*** (0.116)	-2.961*** (0.144)	-3.109*** (0.399)	-3.314*** (0.245)	-2.880*** (0.0778)	-2.850*** (0.0840)
Observations	7,917	7,917	1,740	1,740	17,502	17,502

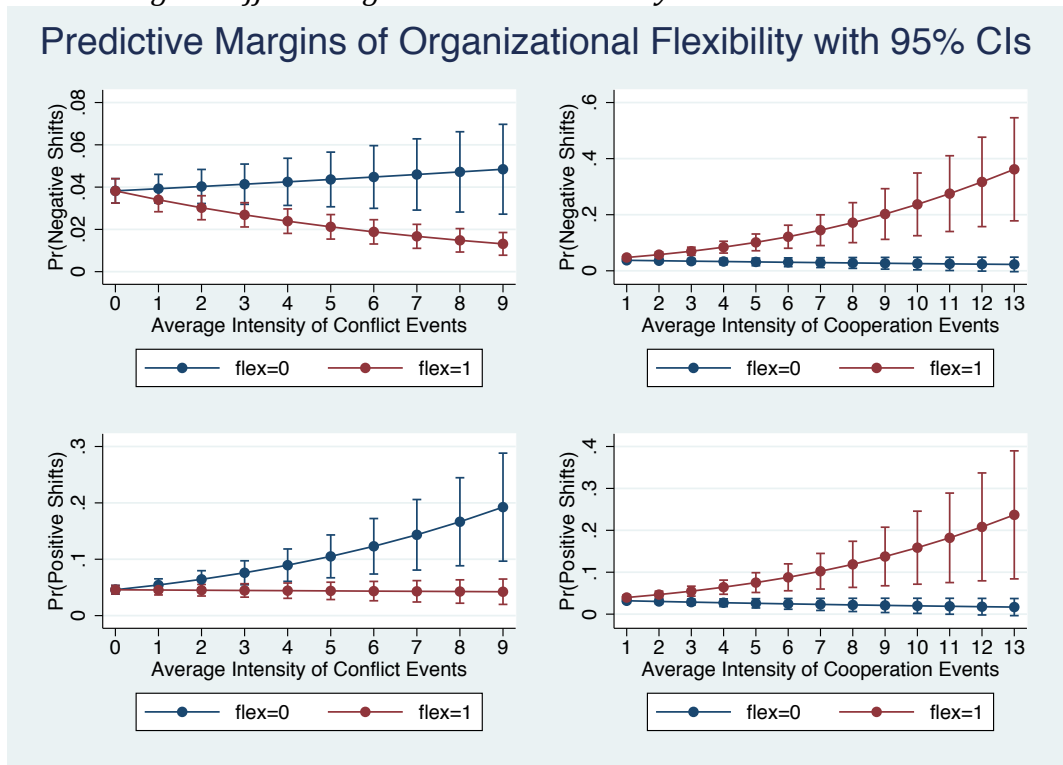
*** p<0.01, ** p<0.05, * p<0.1

Sudan: Marginal Effects Plots

Sudan Marginal Effects: Strategic Interest

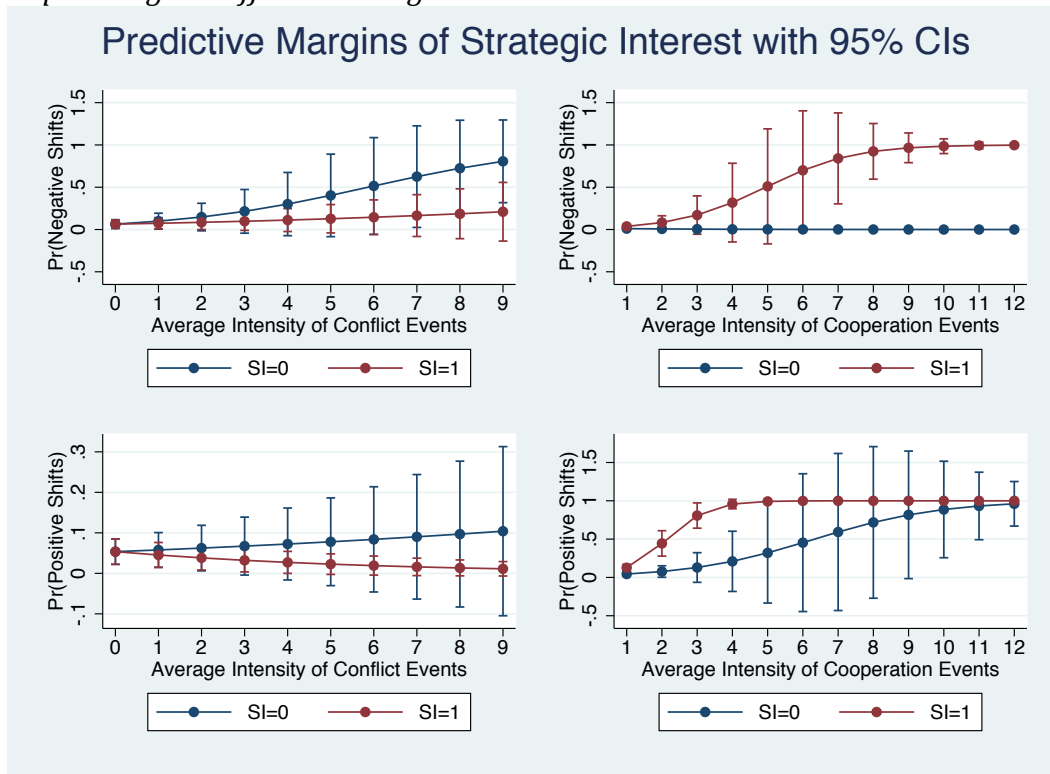


Sudan Marginal Effects: Organizational Flexibility



Nepal: Marginal Effects Plots

Nepal Marginal Effects: Strategic Interest



Nepal Marginal Effects: Organizational Flexibility

