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Foreign Aid

Instructor Information

Name: Mike Denly

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Office: Allen 1035

Office Hours: Tuesdays 10am-1pm

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Course Information

Abbreviation: Bush 689

CRN: 50985

Time: Wednesday 2:25-5:15pm

Room: Allen 1058

Credit Hours: 3

Website: canvas.tamu.edu

1. Course Description

This Master's-level course provides an overview of the role of foreign aid in international development. The course begins by surveying the major development paradigms/frameworks and their pitfalls: modernization, dependency theory, and principal-agent theory. Then, we examine the major ideas, including the Washington Consensus, the importance of institutions, searchers vs. planners, community-driven development, social protection, and the rise of randomized control trials. In the process, the course will explore the role of the various actors (e.g., World Bank, IMF, regional development banks, traditional bilateral donors, China), relevant political economy considerations, and the long-run efficacy of foreign aid. To tackle the latter, the course will notably explore the complicated relationship between foreign aid and corruption—not just at the theoretical level, but also through exploration of auditing, procurement, and social accountability controls. Many classes include guest lectures from leading scholars or aid practitioners, thereby enabling students to engage with the authors of key works and/or policymakers for their careers.

2. Course Learning Outcomes

Upon successful completion of the course, students will be able to:

- Understand the basics of foreign aid and not be subject to misinformation on foreign aid
- Understand how to apply causal inference methods that underpin the aid literature
- Be prepared to interview at aid agencies, so that they can hopefully undertake successful careers in foreign aid

3. Course Requirements

3.1. Prerequisite Coursework

Students must have graduate classification in order to register for the course. It will also be helpful to have already previously taken Quantitative Methods in Public Management I (Bush 631) or have some background in statistics, but a statistics background is not a formal course requirement.

3.2. Attendance, Quizzes, and Participation

All students must come to class prepared, having completed the readings before class. At the beginning of each class, I will give everyone a five-question, multiple-choice quiz.

The quiz serves three purposes. First, the quiz will help keep track of attendance and serve as a commitment device for students to attend class and on-time. Even if students miss both questions on the quiz but are present for class, they will receive full credit toward attendance for the respective class. Overall, attendance will account for 5% of students' final grades.

Second, because the quiz will cover the main points from the required reading, the quiz will serve as a reward: you should receive 100% every time if you read. To give students some cushion for bad days, extenuating circumstances, or university-excused absences, I will drop your lowest 2 scores. I will make no other accommodations should you miss class for any reason or arrive late and miss the quiz. In total, students' average quiz score will comprise 20% of your final grade.

Third, the quiz will help ensure students are ready to discuss the material and do not rely entirely on my lecture to learn the materials. The material is challenging, and passive learning will generally not suffice for students to perform well in the course. Because participation comprises 15% of the final grade, I will post a 0-15 cumulative score for the semester on Canvas for each student after the fourth class and gradually update it during the semester, as appropriate. This way, the final participation grade will not come as a surprise to students at the end of the semester, and students may address me early if they have any concerns. As stipulated in the Policies section of this syllabus, I will make every possible effort to ensure that students feel comfortable participating. To ensure that you receive good grade for participation, please try to make at least one meaningful contribution to discussion each class.

4. Policies

4.1. Grading Rubric

- Attendance: 5%
- Class Participation: 15%

- Exam: 20%
- Homework: 10%
- Presentation: 10%
- Quizzes: 20%
- Mock Interview: 20%

4.2. Grading Scale

- >89.5 (A)
- 79.5-89.5 (B)
- 69.5-79.5 (C)
- 59.5-69.5 (D)
- < 59.5 (F)

4.3. Grade Rounding

The above grading scale already incorporates very generous grade rounding, not to mention the multitude of extra credit opportunities. Accordingly, there will be no additional rounding of grades under any circumstance.

4.4. Grade Appeals

If you would like to appeal your grade on any assignment, you must make the request to me in writing, over email, within 5 days of receiving your grade. In your grade appeal, you must specify the reason(s) why you think I misgraded the assignment. Acceptable reasons include those pertaining to the concepts and material covered during the course. I will not consider requests for grade changes that are not germane to the course.

4.5. Communication, Canvas Discussions, and How to Reach the Professor

If you have questions about homework, class material, or exams, I would kindly ask that you publicly post the question to the respective Discussion on Canvas so that everyone can see it. This way, all of the students will be able to benefit from my responses as well as those of the other students. Additionally, you are more than welcome to ask coursework-related questions during office hours, and you are welcome to reach out to me over email for any other matters. I will endeavor to respond within 24 hours during the work week.

4.6. Office Hours

All students are welcome and encouraged to visit the professor during office hours. Given that many students may want to attend, kindly book the office hours in advance using the [online booking tool](#). Of course, if no one has booked the time slot in advance, students may feel free to drop by the professor's office (if in person) or click the Zoom link (if remote office hours). Office hours will take place in person, unless communicated otherwise. If you are unable to attend my office hours due to a class or work conflict, please email me to book an appointment. I would be delighted to meet with you at other times, providing that you make an appointment with me. I will not provide office hours help with assignments that are late.

4.7. Absences

The university views class attendance and participation as an individual student responsibility. Students are expected to attend class and to complete all assignments. Please refer to [Student Rule 7](#) in its entirety for information about excused absences, including definitions, and related documentation and timelines.

4.8. Late Homework

Unless you receive prior approval from me, I will not accept late assignments without grade penalties, and I will discount most other late assignments as follows:

- 1-15 minutes: 0% (grace period for last-minute issues)
- 15 minutes-24 hours late: -10%
- 24-48 hours late: -25%
- more than 2 days late: -50%
- more than 5 days: no credit offered

4.9. Homework Policies

Please consult the individual assignments for relevant instructions for each homework assignment. Regardless of whether the assignment specifies that group work is acceptable, students must submit their own copies of their work on Canvas—i.e., no group submissions.

If students need help with a particular question, please first write to the whole class on the respective Canvas Discussion thread (see above). Alternatively, I would be very happy to meet with you during office hours, which [you should book ahead of time](#). Provided that that you attended class or missed it due to an excused absence (see above), I am generally very happy to help! To prepare you for the real world beyond the classroom, I will not provide additional make-up training during office hours if you missed class for a non-excused absence, and I will not provide assistance on homework that is late or due within 12 hours. Get help early and often from Canvas discussions, your classmates, and my office hours. If

you have a class, work, or other professional conflict with my office hours, please write to me ahead of time and I'll happily schedule a meeting with you outside of office hours.

4.10. Readings

Unless otherwise specified, please read the entire article in the required readings. Students' choices to read the optional readings will not enable them to receive extra credit. The optional readings are more to orient students with the material that I will cover in lectures.

4.11. Presentations

Students will be required to read one extra book and make a 20-30 minute presentation on the book. Opportunities for potential student presentation are available throughout the syllabus. Selections for specific books will be on a first-come, first-served style basis. Students can claim their choice on the respective Canvas discussion thread.

4.12. Students Rights and Responsibilities

- You have a right to a learning environment that supports mental and physical wellness.
- You have a right to respect.
- You have a right to be assessed and graded fairly.
- You have a right to freedom of opinion and expression.
- You have a right to privacy and confidentiality.
- You have a right to meaningful and equal participation, to self-organize groups to improve your learning environment.
- You have a right to learn in an environment that is welcoming to all people. No student shall be isolated, excluded or diminished in any way.

With these rights come these responsibilities:

- You are responsible for taking care of yourself, managing your time, and communicating with the instructor if things start to feel out of control or overwhelming.
- You are responsible for acting in a way that is worthy of respect and always respectful of others.

4.13. Personal Pronoun and Name Preferences

Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. All students are encouraged to place a paper name tag in front of them in class, signalling their preferred name and gender pronoun.

4.14. Make-up Policy for Exams

Students will be excused from attending class on the day of a graded activity or when attendance contributes to a student's grade for the reasons stated in [Student Rule 7](#), or other reason deemed appropriate by the instructor (see above). Please refer to [Student Rule 7](#) in its entirety for information about makeup work, including definitions, and related documentation and timelines. Absences related to Title IX of the Education Amendments of 1972 may necessitate a period of more than 30 days for make-up work, and the timeframe for make-up work should be agreed upon by the student and instructor" ([Student Rule 7, Section 7.4.1](#)). "The instructor is under no obligation to provide an opportunity for the student to make up work missed because of an unexcused absence" ([Student Rule 7, Section 7.4.2](#)). Students who request an excused absence are expected to uphold the Aggie Honor Code and Student Conduct Code (see [Student Rule 24](#).) Per [Student Rule 7](#), students will only be allowed to make-up exams in the case of university-excused absences, and I will not provide make-up exams for absences that are not university-approved. Please read Student Rule 7 in its entirety for relevant rules and regulations.

4.15. Disability Policy

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides reasonable accommodation for their disabilities. If you believe you have a disability requiring an accommodation, please contact Disability Services (<http://disability.tamu.edu>). Provided that I receive an accommodation letter from Disability Services, I will be more than happy to accommodate any disability, and I would encourage students to contact me individually with that letter, if applicable. I will not provide disability accommodations without a letter from Disability Services under any circumstances.

4.16. Academic Dishonesty/Plagiarism Statement

As commonly defined, plagiarism consists of passing off as one's own the ideas, words, writings, etc., which belong to another. In accordance with the definition, you are committing plagiarism if you copy the work of another person and turn it in as your own, even if you should have the permission of the person. Plagiarism is one of the worst academic sins, for the plagiarist destroys the trust among colleagues without which research cannot be safely communicated. If you have any questions regarding plagiarism or any other form of academic misconduct, please consult the Aggie Honor System Office website <http://www.tamu.edu/aggiehonor> or the latest version of the Texas A&M University Student Rules, under the section "Scholastic Dishonesty." <http://rules.tamu.edu>. Always remember: "An Aggie does not lie, cheat or steal, or tolerate those who do."

You can learn more about the Aggie Honor System Office Rules and Procedures, academic integrity, and your rights and responsibilities at aggiehonor.tamu.edu. Importantly: "Texas A&M University students are responsible for authenticating all work submitted to an instructor. If asked, students must be able to produce proof that the item submitted

is indeed the work of that student. Students must keep appropriate records at all times. The inability to authenticate one's work, should the instructor request it, may be sufficient grounds to initiate an academic misconduct case" (Section 20.1.2.3, Student Rule 20).

4.17. Generative Artificial Intelligence

Artificial Intelligence (AI) text generators and natural language processing tools (colloquially, chatbots—such as ChatGPT), audio, computer code, video, and image generators are explicitly prohibited for quizzes and exams. The professor discourages the use of these tools in the completion of homework assignments. However, as a last-resort measure (i.e. after checking online forums, your classmates, etc.), students may use generative AI tools for coding help on homework. In such instances, these technologies should not be used without appropriate attribution, and students may not use generative AI to perform the write-up of any assignment. Submitting work with a significant percentage of AI-generated content can be considered academic misconduct under Texas A&M University Student Rule 20. Exceptions including pre-existing software additions, such as spelling and grammar checkers, which are acceptable. The professor may use AI detection tools like GPTZero at random to detect the possibility of academic misconduct in the writing of homework.

4.18. Title IX and Statement on Limits to Confidentiality

Texas A&M University is committed to fostering a learning environment that is safe and productive for all. University policies and federal and state laws prohibit gender-based discrimination and sexual harassment, including sexual assault, sexual exploitation, domestic violence, dating violence, and stalking. With the exception of some medical and mental health providers, all university employees (including full and part-time faculty, staff, paid graduate assistants, student workers, etc.) are Mandatory Reporters and must report to the Title IX Office if the employee experiences, observes, or becomes aware of an incident that meets the following conditions (see [University Rule 08.01.01.M1](#)):

- The incident is reasonably believed to be discrimination or harassment.
- The incident is alleged to have been committed by or against a person who, at the time of the incident, was (1) a student enrolled at the University or (2) an employee of the University.

Mandatory Reporters must file a report regardless of how the information comes to their attention – including but not limited to face-to-face conversations, a written class assignment or paper, class discussion, email, text, or social media post. Although Mandatory Reporters must file a report, in most instances, a person who is subjected to the alleged conduct will be able to control how the report is handled, including whether or not to pursue a formal investigation. The University's goal is to make sure you are aware of the range of options available to you and to ensure access to the resources you need. Students wishing to discuss concerns in a confidential setting are encouraged to make an appointment with [Counseling and Psychological Services \(CAPS\)](#). Students can learn more about filing a report, accessing supportive resources, and navigating the Title IX investigation and resolution process on the

University's [Title IX webpage](#).

4.19. Statement on Mental Health and Wellness

Texas A&M University recognizes that mental health and wellness are critical factors that influence a student's academic success and overall well-being. Students are encouraged to engage in healthy self-care by utilizing available resources and services on your campus. Students who need someone to talk to can contact Counseling & Psychological Services (CAPS) or call the TAMU Helpline (979-845-2700) from 4:00 p.m. to 8:00 a.m. weekdays and 24 hours on weekends. 24-hour emergency help is also available through the National Suicide Prevention Hotline (800-273-8255) or at suicidepreventionlifeline.org.

4.20. TAMU Writing Center

The University Writing Center (UWC) is here to help you develop and refine the communication skills important to your success in college and beyond. The UWC provides this help in a welcoming atmosphere that respects all Aggies backgrounds and abilities. Our trained peer consultants are available to work with you on any kind of writing or speaking project, including research papers, lab reports, application essays, or creative writing, and at any stage of your process, whether you're deciding on a topic or reviewing your final draft. You can also get help with public speaking, presentations, and group projects. We can work with you in person at our Evans or BLCC locations or via Zoom or email. To schedule an appointment or to view our handouts, videos, or interactive learning modules, visit writingcenter.tamu.edu. If you have questions, need help making an appointment, or encounter difficulty accessing our services, email uwc@tamu.edu.

5. Class Schedule, Readings, and Homework

Week 1: What is Foreign Aid and Who Are the Players? (January 17)

Class:

- The origins of foreign aid
- Bretton Woods: the creation of the IMF and World Bank
- The role of foreign aid in foreign policy
- Aid types: bilateral, multilateral, and earmarked
- OECD DAC donors
- China and the Belt and Road Initiative (BRI)
- Budgetary outlays on foreign aid

Required Readings:

- Truman, Harry. 1947. “Second Inaugural Address (Four Points Speech).”
 - Watch the [video](#) or [read the transcript](#).
- Riddell, Roger. 2007. *Does Foreign Aid Really Work?* Oxford: Oxford University Press
 - Read: Chapters 2-3.
- Apodoca, Clair. 2017. “[Foreign Aid as a Foreign Policy Tool](#).” *Oxford Research Encyclopedia of Politics*. Oxford: Oxford University Press.
- Ingram, George. 2019. “[What Every American Should Know About Foreign Aid](#).” Brookings Institution.
- Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael Tierney. 2022. *Banking on Beijing: The Aims and Impacts of China’s Overseas Development Program*. Cambridge: Cambridge University Press.
 - Read: only Chapter 1 [Canvas]

Optional Readings:

- Bennon, Michael, and Francis Fukuyama. 2022. “[The Obsolescing Bargain Crosses the Belt and Road Initiative: Renegotiations on BRI Projects](#).” *Oxford Review of Economic Policy* 38(2): 278–301.
- Eichenauer, Vera, and Bernhard Reinsberg. 2017. “[What Determines Earmarked Funding to International Development Organizations? Evidence from the New Multi-Bi Aid Data](#).” *Review of International Organizations* 12: 171-197.
- Tierney, Michael et al. 2011. “[More Dollars than Sense: Refining Our Knowledge of Development Finance Using AidData](#).” *World Development* 39(11): 1891-1906.
- Mongenthaeu, Hans. 1962. “[A Political Theory of Foreign Aid](#).” *American Political Science Review* 56(2): 301-309.

Week 2: Should Foreign Aid Exist? Poverty Traps, Searching, Planning, Dependency, and Ideology (January 24)

Class:

- Poverty traps
- Searching versus planning
- Dependency theory
- Micro versus macro approaches on aid
- Methods primers: field experiments and external validity

Potential Student Presentations:

- Collier, Paul. 2007. *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It?* Oxford: Oxford University Press.
- Deaton, Angus. 2013. *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton: Princeton University Press.

Required Readings:

- Sachs, Jeffrey. 2005. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Books.
 - Read: Chapter 1 (Pages 5-25)
- Easterly, William. 2006. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Books.
 - Read: Chapter 1 (Pages 1-30) [Canvas]
- Moyo, Dambisa. 2009. *Dead Aid: Why Aid Is Not Working and Why There Is Another Way for Africa*. London: Allen Lane
 - Read: Chapter 5 (Pages 74-76) [Canvas] and [Paul Collier's review of the book](#)
- Banerjee, Abhijit, and Esther Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* New York: Public Affairs.
 - Read: Chapter 1 (Pages 1-16) [Canvas]

Optional Readings:

- Cohen, Jessica, and Pascaline Dupas. 2010. “[Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment.](#)” *Quarterly Journal of Economics* 125(1): 1–45.
- Cohen, Jessica, and William Easterly. 2009. “Introduction: Thinking Big versus Thinking Small.” In *What Works in Development? Thinking Big and Thinking Small* Eds. Jessica Cohen and William Easterly. Washington, DC: Brookings Institution Press. Chapter 1, pages 1-23.
- Dupas, Pascaline. 2014. “Getting Essential Health Products to their End Users: Subsidize, but How Much?” *Science* 345(6202): 1279-1281.
- Kraay, Aart, and David McKenzie. 2014. “[Do Poverty Traps Exist? Assessing the Evidence.](#)” *Journal of Economic Perspectives* 28(3): 127-148.
- Ravallion, Martin. 2012. “Review: Fighting Poverty One Experiment at a Time: A Review of Abhijit Banerjee and Esther Duflo’s ‘Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty’.” *Journal of Economic Literature* 50(1): 103-114.
- Ravallion, Martin. 2020. “Should the Randomistas (Continue to) Rule?” In *Randomized Control Trials in the Field of Development: A Critical Perspective*. Eds. Florent Bédécarrats, Isabelle Guérin, and François Roubaud. Chapter 1, pages 47-78.

- Rosenstein-Rodan, Paul. 1943. “[Problems of Industrialisation of Eastern and South-Eastern Europe](#).” *Economic Journal* 53(210/211): 202-211.

Week 3: Aid Allocation I: Principal-Agent Theory, Bureaucracy, and Who Gets What? (January 31)

Class:

- The (augmented) principal-agent framework
- Which countries receive foreign aid and why?
 - Governance
 - Donors’ strategic interests
 - Cold War
 - Post-9/11 period
- Aid finance types: concessional and market-based
- Aid delivery methods: bypass or engage
- Aid allocation within countries
- Methods primer: reading a regression table

Potential Student Presentation:

- Swedlund, Haley. 2017. *The Development Dance: How Donors and Recipients Negotiate the Delivery of Foreign Aid*. Ithaca, NY: Cornell University Press.

Required Readings:

- Long, Abby. 2015. “[10 Things to Know About Reading a Regression Table](#).” *EGAP Methods Guides* Accessed: January 12, 2024.
 - Read: the Abstract, Sections 1-4 & 8, and play with the [Shiny App](#)—especially if you have not previously taken statistics.
- Bermeo, Sarah. 2017. “[Aid Allocation and Targeted Development in an Increasingly Connected World](#).” *International Organization* 71: 735-766.
- Dietrich, Simone. 2021. *States, Markets, and Foreign Aid*. Cambridge: Cambridge University Press.
 - Read: Chapter 1 (Pages 1-35)
- Denly, Michael. 2023. “[Bureaucratic Autonomy and Donor Strategic Interest in Multilateral Foreign Aid: Rules vs. Influence](#).” Working paper.
- Briggs, Ryan. 2021. “[Why Foreign Aid Does Not Target the Poorest](#).” *International Studies Quarterly* 65(3): 739–752.

Optional Readings:

- Hawkins, Darren, David Lake, Daniel Nielson, and Michael Tierney. 2006. *Delegation and Agency in International Organizations*. Cambridge: Cambridge University Press.
- Vivalt, Eva, and Aidan Coville. 2023. “[How Do Policymakers Update their Beliefs?](#)” *Journal of Development Economics* 165(103121): 1-14.

Week 4: Aid Allocation II: Legitimacy and Public Opinion (February 7)Class:

- Citizen perspectives on aid in donor countries
- Citizen perspectives on aid in recipient countries
- Elite perspectives on aid in recipient countries
- Political credit-claiming
- Methods primer: interactions (part 1)

Required Readings:

- Clark, William Roberts, and Matt Golder. 2023. *[Interaction Models: Specification and Interpretation](#)*. Cambridge: Cambridge University Press.
 - Read: Pages 1-2 and xxi-xxii from the Preface (in that order)
- Prather, Lauren. 2024. “[Ideology at the Water’s Edge: Explaining Variation in Public Support for Foreign Aid](#).” *World Development* 176(106472): 1-14.
- Baldwin, Kate, and Matthew Winters. 2023. “[Foreign Aid and Political Support: How Politicians’ Aid Oversight Capacity and Voter Information Condition Credit-Giving](#).” *World Politics* 75(1): 1-42.
- Findley, Michael, Adam Harris, Daniel Nielson, and Helen Milner. 2017. “[Who Controls Foreign Aid? Elite Versus Public Perceptions of Donor Influence in Aid-Dependent Uganda](#).” *International Organization* 71(4): 633-663.

Optional Readings:

- Bearce, David, and Brandy Joliff Scott. 2019. “[Popular Non-Support for International Organizations: How Extensive and What Does This Represent?](#)” *Review of International Organizations* 14: 187–216.
- Cruz, Cesi, and Christina Schneider. 2017. “[Foreign Aid and Undeserved Credit Claiming](#).” *American Journal of Political Science* 61(2): 396-408.
- Dietrich, Simone, Minhaj Mahmud, and Matthew S. Winters. 2018. “[Foreign Aid, Foreign Policy, and Domestic Government Legitimacy: Survey Experimental Evidence from Bangladesh](#).” *Journal of Politics* 80(1): 133-148.

- Milner, Helen, Daniel Nielson, and Michael Findley. 2016. “[Citizen Preferences and Public Goods: Comparing Preferences for Foreign Aid and Government Programs in Uganda.](#)” *Review of International Organizations* 11: 219–245.
- de la Cuesta, Brandon, Helen Milner, Daniel Nielson, and Stephen Knack. 2019. “[Oil and Aid Revenue Produce Equal Demands for Accountability as Taxes in Ghana and Uganda.](#)” *Proceedings of the National Academy of Sciences* 116(36): 17717–17722.

Required Aid Data Assignment:

1. Download [aid data from the OECD DAC](#) for the 1990-2020 period.
2. Document the total aid commitments levels for the top 5 bilateral donors in the data, using a line graph.
3. Document the total aid commitment levels for the top 5 multilateral donors examined in the data, using a line graph.
4. Using line graphs, disaggregate your results for each individual donor.
5. Present a tables of the top 5 donors, including both bilateral and multilateral ones.
6. Present a table of the top 5 recipients, including both bilateral and multilateral ones.

Ensure that all of your results are presented in deflated/constant dollars, so as to take into account potential inflation. Please complete this assignment with another classmate, one of whom should have previously taken Bush 631 with me. Both students will receive the same grade on the assignment, but please both submit your assignment on Canvas before the start of class.

Students may complete the assignment in R, Excel, or Stata. If students choose to complete the assignment in R or Stata, they must submit the data file as an Excel or CSV file as well as include a Word Document or .pdf file that responds to the individual questions to complement the coding file. If using R, the easiest way to complete the assignment would be through a Quarto document. If using Stata, it may be easiest using Stata Markdown. If using Excel, please make separate tabs for each plot on the Excel file to complement the Word document or .pdf file explaining the results.

Week 5: Aid Effectiveness and Growth I: Modernization, Institutions, and Politics (February 14)

Class:

- Guest lecture from Professor David Bearce, Texas A&M University
- The aggregate long-term effect of foreign aid on economic growth
- The short-term effect of foreign aid on growth
- The moderating effect of institutions of aid on growth

- The Cold War's effect on the aid-growth nexus
- Methods primer: interactions (part 2)
- Methods primer: instrumental variables

Required Readings:

- Bearce, David, and Daniel Tirone. 2010. "[Foreign Aid Effectiveness and the Strategic Goals of Donor Governments.](#)" *Journal of Politics* 72(3): 837-851.
- Arndt, Christiane, Sam Jones, and Finn Tarp. 2015. "[Assessing Foreign Aid's Long-run Contribution to Growth and Development.](#)" *World Development* 69: 6-18.
 - Read the instrumental variables primer on Canvas prior to reading this article.
- Clark, William Roberts, and Matt Golder. 2023. [Interaction Models: Specification and Interpretation](#). Cambridge: Cambridge University Press.
 - Read: pages 15-27.
- Burnside, Craig, and David Dollar. 2000. "[Aid, Policies, and Growth.](#)" *American Economic Review* 90(4): 847-868.
- Kraay, Aart. 2012. "[How Large Is the Government Spending Multiplier? Evidence from World Bank Lending.](#)" *Quarterly Journal of Economics* 127(2): 829-887.
 - Read: pages 829-834 ("Introduction")

Optional Readings:

- Arndt, Christiane, Sam Jones, and Finn Tarp. 2016. "[What Is the Aggregate Economic Rate of Return to Foreign Aid?](#)" *World Bank Economic Review* 30(3): 446-474.
- Burnside, Craig, and David Dollar. 2004. "[Aid, Policies, and Growth: Revisiting the Evidence.](#)" Policy Research Working Paper; No. 3251. Washington, DC: World Bank.
- Dalgaard, Carl-Johan, and Henrik Hansen. 2017. "[The Return to Foreign Aid.](#)" *Journal of Development Studies* 53(7): 998-1018.
- Temple, Jonathan, and Nicolas Van de Sijpe. 2017. "[Foreign Aid and Domestic Absorption.](#)" *Journal of International Economics* 108: 431-443.

Week 6: Aid Effectiveness and Growth II: Paths and Silver Bullets (February 21)

Class:

- The value of Western advice and best practices
- The Washington Consensus
- The Augmented Washington Consensus

- Structural adjustment
- The Strategic Compact
- The Highly-Indebted Poor Countries Initiative (HIPC)
- The Millennium Development Goals (MDGs)
- The Sustainable Development Goals (SDGs)

Potential Student Presentations:

- Sharma, Patrick. 2017. *Robert McNamara's Other War: The World Bank and International Development*. Philadelphia: University of Pennsylvania Press.
- Wolfensohn, James. 2010. *A Global Life: My Journey Among Rich and Poor, from Sydney to Wall Street to the World Bank*. Public Affairs: New York.

Required Readings:

- Acemoglu, Daron, and James Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* New York: Crown Books.
– Read: only pages 63-69 (“The Ignorance Hypothesis”) [e-book on library website]
- Williamson, John. 2000. “[What Should the World Bank Think about the Washington Consensus?](#)” *World Bank Research Observer* 15(2): 251-264.
- Rodrik, Dani. 2006. “[Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform.](#)” *Journal of Economic Literature* 44(4): 973-987.
- Easterly, William. 2019. “[In Search of Reforms for Growth: New Stylized Facts on Policy and Growth Outcomes.](#)” NBER Working Paper.

Optional Readings:

- Grier, Kevin, and Robin Grier. 2021. “[The Washington Consensus Works: Causal Effects of Reform, 1970-2015.](#)” *Journal of Comparative Economics* 49(1): 59-72.
- Estevadeordal, Antoni, and Alan M. Taylor. 2013. “[Is the Washington Consensus Dead? Growth, Openness, and the Great Liberalization, 1970s–2000s](#)” *Review of Economics and Statistics* 95(5): 1669–1690.
- Marchesi, Silvia, and Emanuela Sirtori. 2011. “[Is Two Better than One? The Effects of IMF and World Bank Interaction on Growth.](#)” *Review of International Organizations* 6: 287–306.
- Easterly, William. 2007 “[Was Development Assistance a Mistake?](#)” *AEA Papers and Proceedings* 97(2): 328-332.

Week 7: Exam (February 28)

Class:

- Exam

Week 8: Aid Effectiveness, Democratization, and Fungibility (March 6)

Class:

- The aid curse
- The aid-democracy nexus
- Elite capture of foreign aid

Potential Student Presentation:

- Natsios, Andrew. 2024. *Guns Are Not Enough: Foreign Aid in the National Interest*. Unpublished Manuscript.
 - Professor Natsios, who was the head/Administrator of USAID, has very kindly agreed to attend the presentation.

Required Readings:

- Altincekic, Ceren, and David Bearce. 2014. “[Why There Should Be No Political Foreign Aid Curse](#).” *World Development* 64: 18-32.
- Bermeo, Sarah. 2016. “[Aid Is Not Oil: Donor Preferences, Heterogeneous Aid, and the Aid-Democratization Relationship](#).” *International Organization* 70(1): 1-32.
 - Read the whole article, except only skim the “Modeling Foreign Aid” section (Pages 8-12)
- Andersen, Jorgen Juel, Niels Johannessen, and Bob Rijkers. 2022. “[Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts](#).” *Journal of Political Economy* 130(2): 388-425.

Optional Readings:

- Jones, Sam, and Finn Tarp. 2016. “[Does Foreign Aid Harm Political Institutions?](#)” *Journal of Development Economics* 118: 266-281.
- Van de Walle, Dominique, and Ren Mu. 2007. “[Fungibility and the Flypaper Effect of Project Aid: Micro-Evidence for Vietnam](#)” *Journal of Development Economics* 84(2): 667-685.
- Van de Sijpe, Nicolas. 2013. “[Is Foreign Aid Fungible? Evidence from the Education and Health Sectors](#).” *World Bank Economic Review* 27(2): 320-356.
- Wright, Joseph. 2009. “[How Foreign Aid Can Foster Democratization in Authoritarian Regimes](#).” *American Journal of Political Science* 53(3): 552–571.
- Feyzioglu, Tarhan, Vinaya Swaroop, and Min Zhu. 1998. “[A Panel Data Analysis on the Fungibility of Foreign Aid](#).” *World Bank Economic Review* 12(1): 29-58.

Week 9: Spring Break – NO CLASS (March 13)**Week 10: Aid Effectiveness, Project Outcomes, and Corruption (March 20)**Class:

- Guest lecture from Daniel Boyce, Former Practice Manager in Public Financial Management for the Europe & Central Asia and Latin America Regions at the World Bank (To Be Confirmed)
- Input-based financing
- Results-based financing
- Audits
- Procurement
- Isomorphic mimicry and best practices
- Methodological primer on matching

Potential Student Presentation:

- Levy, Brian. 2014. *Working with the Grain: Integrating Governance and Growth in Development Strategies*. Oxford: Oxford University Press.

Required Readings:

- Kenny, Charles. 2017. *Results, Not Receipts: Counting the Right Things in Aid and Corruption*. Washington, DC: Center for Global Development.
 - Read: Chapter 1 (Pages 1-17)
- Fukuyama, Francis, and Francesca Recanatini. 2021. “[Corruption, Elites, and Power: An Overview of International Policy Efforts to Improve the Quality of Government?](#)” *Oxford Handbook of the Quality of Government* Oxford: Oxford University Press. Chapter 22: 471-494.
- Olken, Benjamin. 2007. “[Monitoring Corruption: Evidence from a Field Experiment in Indonesia.](#)” *Journal of Political Economy* 115(2): 200-249.
 - Read: Pages 200-207
- Denly, Michael. 2024. “[Aid, Institutions, and the Potential of Anti-Corruption.](#)” Working paper.

Optional Readings:

- Dávid-Barrett, Elizabeth, and Mihály Fazekas. 2020. “[Anti-Corruption in Aid-Funded Procurement: Is Corruption Reduced or Merely Displaced?](#)” *World Development* 132(105000): 1-13.

- Olken, Benjamin, Junko Onishi, and Susan Wong. 2014. “[Should Aid Reward Performance? Evidence from a Field Experiment on Health and Education in Indonesia.](#)” *American Economic Journal: Applied Economics* 6(4): 1-34.

Week 11: Aid Effectiveness, Project Outcomes, and Bureaucrats (March 27)

Class:

- Guest lecture from Dr. Mirko Heinzel, London School of Economics
- Macro/country-level determinants of aid outcomes
- Micro/project-level determinants of aid outcomes
- Bureaucrats’ contributions to aid effectiveness
- Earmarked funding and its impact on aid bureaucracies and effectiveness
- Methods primer: standard natural experiments

Potential Student Presentation:

- Weaver, Catherine. 2008. *Hypocrisy Trap: The World Bank and the Poverty of Reform*. Princeton: Princeton University Press.

Required Readings:

- Bulman, David, Walter Kolkma, and Aart Kraay. 2017. “[Good Countries or Good Projects? Macro and Micro Correlates of World Bank and Asian Development Bank Project Performance.](#)” *Review of International Organizations* 12: 335–363.
- Heinzel, Mirko. 2022. “[International Bureaucrats and Organizational Performance: Country-Specific Knowledge and Sectoral Knowledge in World Bank Projects](#)” *International Studies Quarterly* 66(squac013): 1-13.
- Heinzel, Mirko, Ben Cormier, and Bernhard Reinsberg. 2023. “[Earmarked Funding and the Control–Performance Trade-Off in International Development Organizations.](#)” *International Organization* 77(2): 475-495.
- Clark, Richard, and Noah Zucker. 2024. “[Climate Cascades: IOs and the Prioritization of Climate Action.](#)” *American Journal of Political Science*

Optional Readings:

- Einhorn, Jessica. 2001. “[The World Bank’s Mission Creep.](#)” *Foreign Affairs* 80(5): 22-35.
- Ashton, Leigh, Jed Friedman, Diana Goldemberg, Mustafa Zakir Hussain, Thomas Kenyon, Akib Khan, and Mo Zhou. 2023. “[A Puzzle with Missing Pieces: Explaining the Effectiveness of World Bank Development Projects](#)” *World Bank Research Observer* 38(1): 115–146.

- Honig, Dan. 2019. “[When Reporting Undermines Performance: The Costs of Politically Constrained Organizational Autonomy in Foreign Aid Implementation.](#)” *International Organization* 73(1), 171–201.
- Winters, Matthew. 2019. “[Too Many Cooks in the Kitchen? The Division of Financing in World Bank Projects and Project Performance.](#)” *Politics and Governance* 7(2): 117-126..

Week 12: Aid Effectiveness and Civil Conflict (April 3)

Class:

- Guest lecture from Professor Michael Findley, University of Texas at Austin
- Winning hearts and minds through foreign aid
- The direct, indirect, and conditional effects of aid on war
- Capture of foreign aid by non-state actors (e.g., rebel groups)

Potential Student Presentation:

- Trisko Darden, Jessica. 2020. *Aiding and Abetting: U.S. Foreign Assistance and State Violence*. Stanford: Stanford University Press.

Required Readings:

- Berman, Eli, Jacob Shapiro, and Joseph Felter. 2015. “[Aid for Peace: Does Money Buy Hearts and Minds?](#)” *Foreign Affairs* [Canvas]
- Findley, Michael. 2018. “[Does Foreign Aid Build Peace?](#)” *Annual Review of Political Science* 21:359–84.
- Carnegie, Allison, Kimberly Howe, Adam Lichtenheld, and Dipali Mukhopadhyay. 2022. “[Winning Hearts and Minds for Rebel Rulers: Foreign Aid and Military Contestation in Syria.](#)” *British Journal of Political Science* 52(3): 1333-1354.

Optional Readings:

- Berman, Eli, Jacob Shapiro, and Joseph Felter. 2011. “[Can Hearts and Minds Be Bought? The Economics of Counterinsurgency in Iraq.](#)” *Journal of Political Economy* 119(4): 766-819.
- Girod, Desh. 2012. “[Effective Foreign Aid Following Civil War: The Nonstrategic-Desperation Hypothesis.](#)” *American Journal of Political Science* 56(1): 188-201.
- Findley, Michael, Joseph K. Young, Daniel Strandow, and Olgahan Cat. 2023. “[Aiding War: Foreign Aid and the Intensity of Violent Armed Conflict.](#)” *International Studies Quarterly* 67(squad048): 1-15.
- Child, Travers B. 2023. “[Losing Hearts and Minds: Aid and Ideology.](#)” *Journal of Conflict Resolution* 67(2-3): 457-493.

- Child, Travers B. 2019. “[Conflict and Counterinsurgency Aid: Drawing Sectoral Distinctions.](#)” *Journal of Development Economics* 141(102245): 1-13.
- Campbell, Susanna, and Gabriele Spilker. 2022. “[Aiding War or Peace? The Insiders’ View on Aid to Postconflict Transitions.](#)” *Journal of Politics* 84(3): 1370-1383.
- Sexton, Renard, and Christoph Zürcher. 2024. “[Aid, Attitudes, and Insurgency: Evidence from Development Projects in Northern Afghanistan.](#)” *American Journal of Political Science*
- Zürcher, Christoph. 2017. “[What Do We \(Not\) Know About Development Aid and Violence? A Systematic Review.](#)” *World Development* 98: 506-522.

Week 13: Reducing Poverty through Social Protection (April 10)

Class:

- Guest lecture from Arthur Alik-Lagrange, Senior Poverty Economist at the World Bank
- Unconditional cash transfers (e.g., Give Directly)
- Conditional cash transfers (e.g., Bolsa Familia, PROGRESA/Oportunidades)
- Workfare programs
- Poverty targeting methods: proxy-means test, household economy analyses, etc.
- Approaches in fragile states

Required Readings:

- Alik-Lagrange, Arthur, Sarah K. Dreier, Milli Lake, and Alesha Porisky. 2021. “[Social Protection and State–Society Relations in Environments of Low and Uneven State Capacity.](#)” *Annual Review of Political Science* 24: 151-174.
– Read the article and listen to this [VoxDev](#) podcast.
- Baird, Sarah, Craig McIntosh, and Berk Özler. 2011. “[Cash or Condition: Evidence from a Cash Transfer Experiment.](#)” *Quarterly Journal of Economics* 126(4): 1709–1753.
- Egger, Dennis, Johannes Haushoffer, Edward Miguel, Paul Niehaus, and Michael Walker. 2022. “[General Equilibrium Effects of Cash Transfers: Experimental Evidence From Kenya.](#)” *Econometrica* 90(6): 2603-2643.

Optional Readings:

- Lake, Milli, Robert Pierotti, and Arthur-Alik Lagrange. 2023. “[Resilience, Vulnerability, and Social Isolation: Barriers to Poverty Reduction in War.](#)” *International Studies Quarterly* 67(squad075): 1-15.
- Alik-Lagrange, Arthur, Nicolas Buehren, Marcus Goldstein, and Johannes Hoogeveen. 2023. “[Welfare Impacts of Public Works in Fragile and Conflict-Affected Economies:](#)

[The Londö Public Works in the Central African Republic.](#)” *Labour Economics* 81(102293): 1-19.

- Banerjee, Abhijit, Rema Hanna, Benjamin Olken, and Diana Sverdlin Lisker. 2024. [“Social Protection in the Developing World.”](#) *Journal of Economic Literature*
- Ravallion, Martin. 2016. *The Economics of Poverty: History, Measurement, and Policy* Oxford: Oxford University Press

Week 14: Aid Compliance, Conditionality, and Externalities (April 17)

Class:

- Guest lecture from Iván Besserer, Senior Social Safeguards Specialist at the World Bank’s International Finance Corporation (To Be Confirmed)
- External determinants of aid compliance
- Bureaucratic determinants of aid compliance
- Environmental and social safeguard policies

Potential Student Presentations:

- Buntaine, Mark. 2016. *Giving Aid Effectively: The Politics of Environmental Performance and Selectivity at Multilateral Development Banks*. Oxford: Oxford University Press.
- Park, Susan. 2022. *The Good Hegemon: US Power, Accountability as Justice, and the Multilateral Development Banks*. Oxford: Oxford University Press.
- Tello, Rodolfo. 2015. *Social Safeguards: Avoiding the Unintended Impacts of Development*. Arlington, Virginia: Amakella Publishing.

Required Assignment:

- Based on Dambisa Moyo’s *Dead Aid* and what you have learned in the course, write 4 double-spaced pages in 12-point font documenting (a) what remains true; (b) what Moyo exaggerated or took out of context; and (c) what we know more about now given that the book was initially published in 2009. Students can determine how they would like to structure the assignment. Please work independently on this assignment—i.e., do not work with others. Relatedly, you will note that there is no Canvas discussion regarding this assignment.

Required Readings:

- Girod, Desh, and Jennifer Tobin. 2017. [“Take the Money and Run: The Determinants of Compliance with Aid Agreements.”](#) *International Organization* 70(1): 209-239.

- Wolfram, Catherine, Edward Miguel, Eric Hsu, and Susanna Berkouer. 2023. “[Contracting Structures in Public Procurement: Evidence from Donor-Funded Electrification in Kenya](#).” NBER Working Paper.
 - Watch [the presentation](#) or read the paper
- International Consortium of Investigative Journalists. 2015. “[Evicted and Abandoned: The World Bank’s Broken Promise to the Poor](#).”
 - Read the main findings and watch a few of the videos
- Denly, Michael. 2023. “[Preventing the Negative Externalities of Development](#).” Working Paper.

Optional Readings:

- Reinsberg, Bernhard, Thomas Stubbs, and Kentikelenis, Alexander. 2022. “[Unimplementable by Design? Understanding \(Non-\)Compliance with International Monetary Fund Policy Conditionality](#).” *Governance* 35: 689-715.

Week 15: Aid and the Participation Quandary (April 23)

Class:

- Beneficiary participation in foreign aid
- Community-driven development
- Community-driven reconstruction
- The role of non-governmental organizations (NGOs) in aid

Potential Student Presentation:

- Agarwal, Sanjay, and Warren A. Van Wicklin. 2020. *How, When and Why to Use Demand-side Governance Approaches in Projects*. Washington, DC: World Bank.

Required Readings:

- Casey, Katherine. 2018. “[Radical Decentralization: Does Community-Driven Development Work?](#)” *Annual Review of Economics* 10: 139-163.
- Samii, Cyrus. 2023. “[Revisiting Community-Driven Reconstruction in Fragile States](#).” UNU-WIDER Working paper.
- Baldwin, Kate, Dean Karlan, Christopher Udry, and Ernest Appiah. 2023. “[How Political Insiders Lose Out When International Aid Underperforms: Evidence From a Participatory Development Experiment in Ghana](#).” *World Development* 169(106296): 1-14.
 - Read the article or listen the [VoxDev podcast](#).

Optional Readings:

- Björkman, Martina, Damien de Walque, and Jakob Svensson. 2017. “[Experimental Evidence on the Long-Run Impact of Community-Based Monitoring](#).” *American Economic Journal: Applied Economics* 9(1): 33-69.
- Fearon, James, Macartan Humphreys, and Jeremy Weinstein. 2009. “[Can Development Aid Contribute to Social Cohesion after Civil War? Evidence a Field Experiment in Post-Conflict Liberia](#).” *American Economic Review* 99(2): 287-291.
- Pritchett, Lant, and Michael Woolcock. 2004. “[Solutions when the Solution is the Problem: Arraying the Disarray in Development](#).” *World Development* 32(2): 191-212.

In Lieu of a Final Exam: Mock Job Interview

Many students take this course because they see working in foreign aid as a viable career option. In this light, there will be no final exam but a mock interview for the same entry-level job at the World Bank that I received when I was 26 years old and had recently completed my Master’s degree. We will schedule the mock interviews individually during exam week.

Acknowledgement

Some of the material above draws from Professor Matt Winters’ 2014 foreign aid syllabus, which he has posted on his [website](#). Thank you, Matt!