

STRATEGIC ALLOCATION OF FOREIGN AID

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question(s)

Are aid patterns between developed and developing countries simply a function of strategic considerations?

How do we map strategic considerations?

extant approaches to modeling strategic interest

Consensus is that strategic interest takes precedence over humanitarian ones in country level foreign aid allocation

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- Alliances (e.g., Schraeder et al. 1998)

- UN Voting Scores (e.g., Dreher and Fuchs 2015)

- Common IGO Membership (e.g., Bermeo 2008)

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Alesina and Dollar (2000):

unfortunately the measurement of what a “strategic interest” is varies from study to study and is occasionally tautological

a new measure of strategic relationships

Knowing something about the relationship between i and j as well as between i and k may reveal something about the relationship between i and k

data for strategic interest variable

Political Strategic Interest

COW Alliances (Gibler 2009)

UN Voting Data (Strezhnev 2012)

IGOs (Pevehouse 2004)

latent space analysis

$$\theta_{i,j} = a_i + b_j + \gamma_{i,j} + z_i' z_j$$

where $\theta_{i,j}$ is the dyadic variable of interest

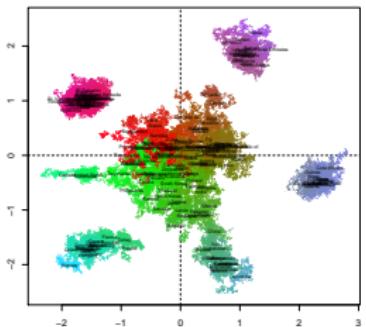
a_i estimates sender effects

b_j estimates receiver effects

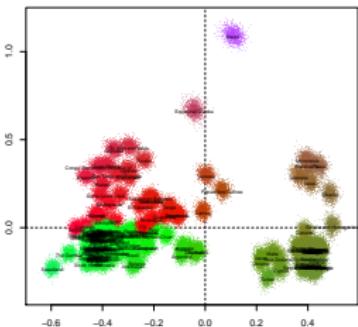
$z_i' z_j$ is the bilinear effect which estimates the latent space

We estimate the model via Gibbs sampling using the full conditionals of the parameters

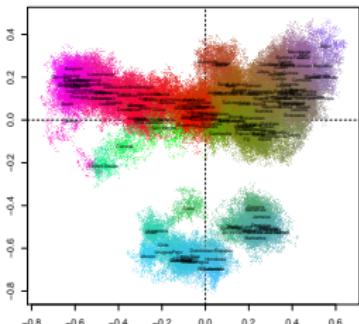
latent space of political strategic interest measure: 2005



Alliances



UN voting



dimension reduction

Next we estimate the euclidean distance between the posterior positions of every country for every year

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We estimate a PCA for each year separately and use the first principal component for each year as our measure of strategic interest

dependent variable & sample

Data for foreign aid flows taken from the AidData project (Tierny et al. 2001).

We use the country level aggregated version of this database to create a directed-dyadic dataset of total aid dollars committed

We focus on the 18 most active senders and 167 receivers of aid flows from 1975 to 2006

measuring humanitarian interest

Life expectancy at birth (Banks 2013)

measuring humanitarian interest

Life expectancy at birth (Banks 2013)

Number of Natural Disasters (EM-DAT 2009):

measuring humanitarian interest

Life expectancy at birth (Banks 2013)

Number of Natural Disasters (EM-DAT 2009):

- Ten or more people reported killed

- A hundred or more people reported affected

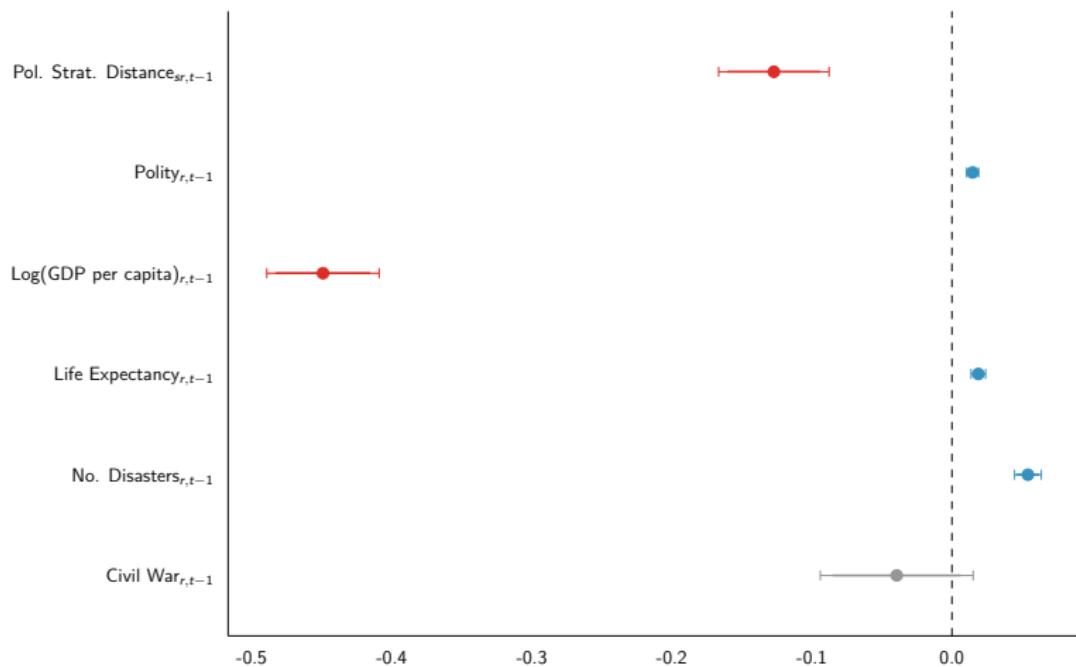
- Declaration of a state of emergency

- Call for international assistance

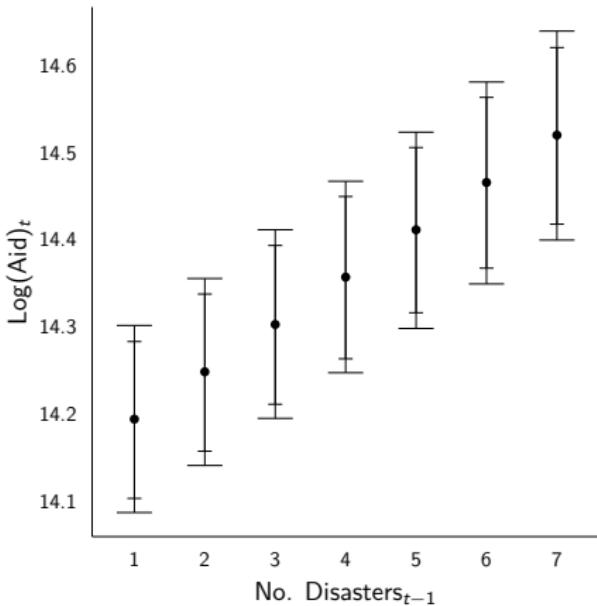
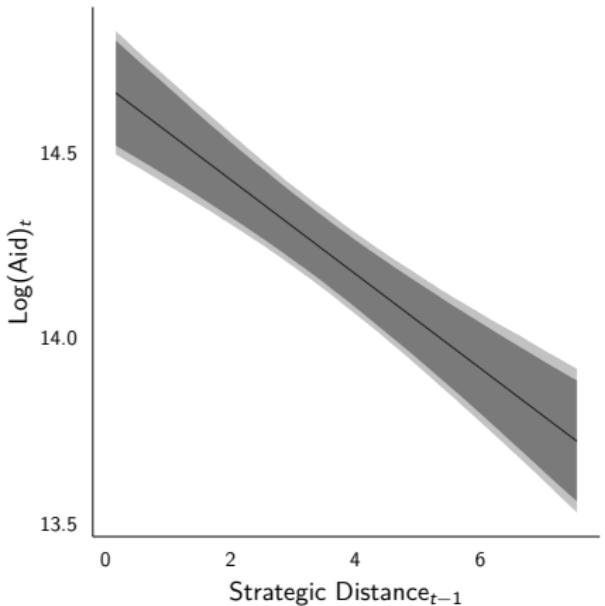
aid model specification (1)

$$\begin{aligned} \text{Log}(Aid)_{sr,t} = & \beta_1(\text{Pol. Strat. Distance}_{sr,t-1}) \\ & + \beta_2(\text{Colony}_{sr,t-1}) + \beta_3(\text{Polity}_{r,t-1}) \\ & + \beta_4 \text{Log}(\text{GDP per capita}_{r,t-1}) + \beta_5(\text{Life Expect}_{r,t-1}) \\ & + \beta_6(\text{No. Disasters}_{r,t-1}) + \beta_7(\text{Civil War}_{r,t-1}) \end{aligned}$$

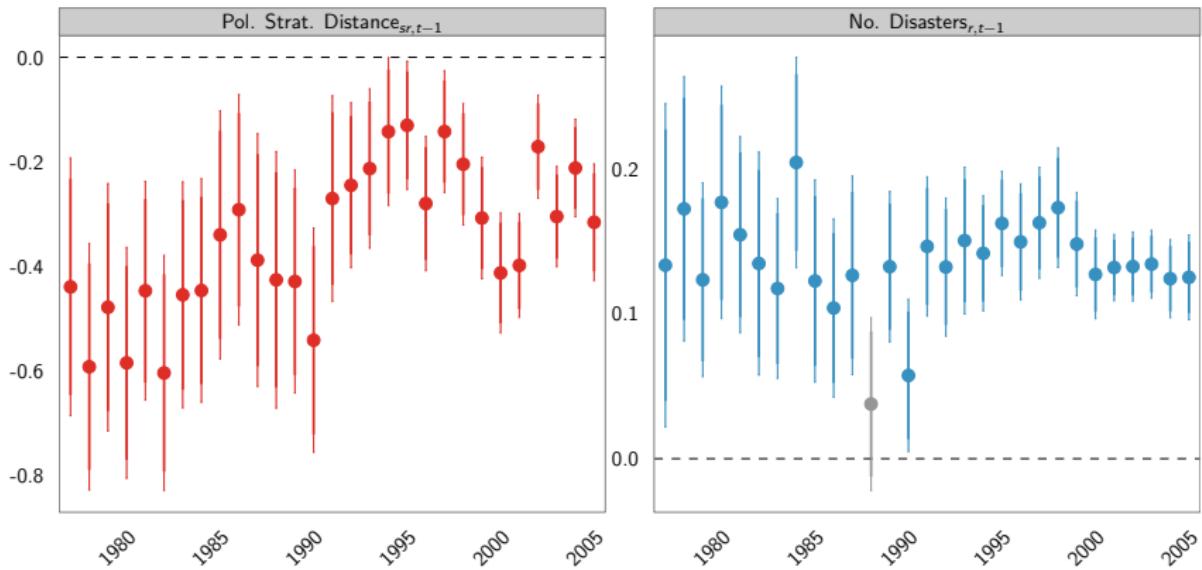
aid model results



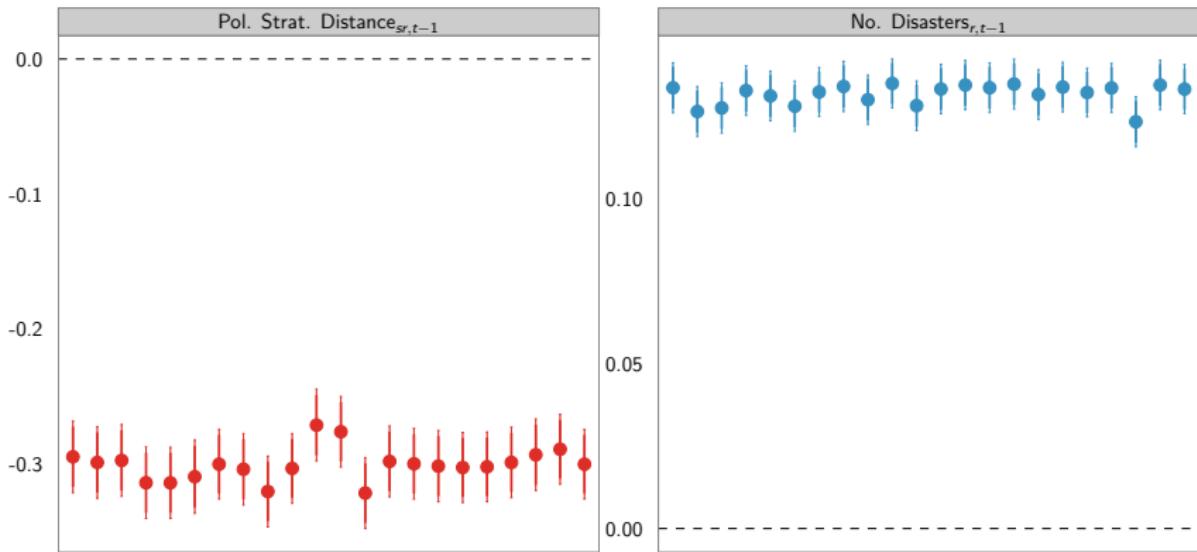
substantive effects



temporal contingencies?



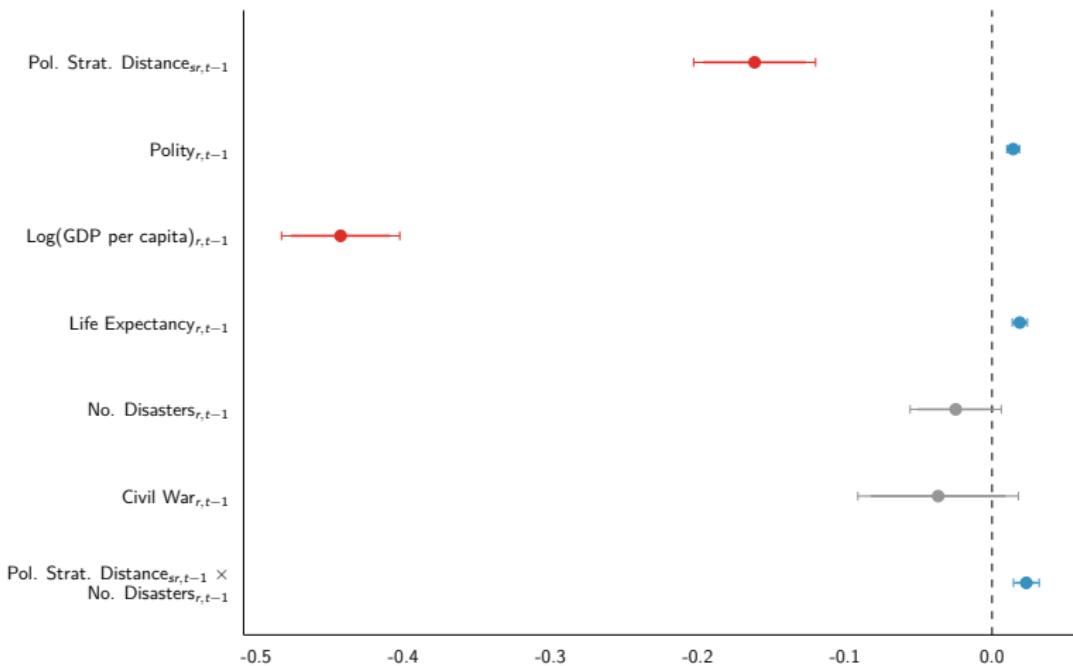
donor country contingencies?



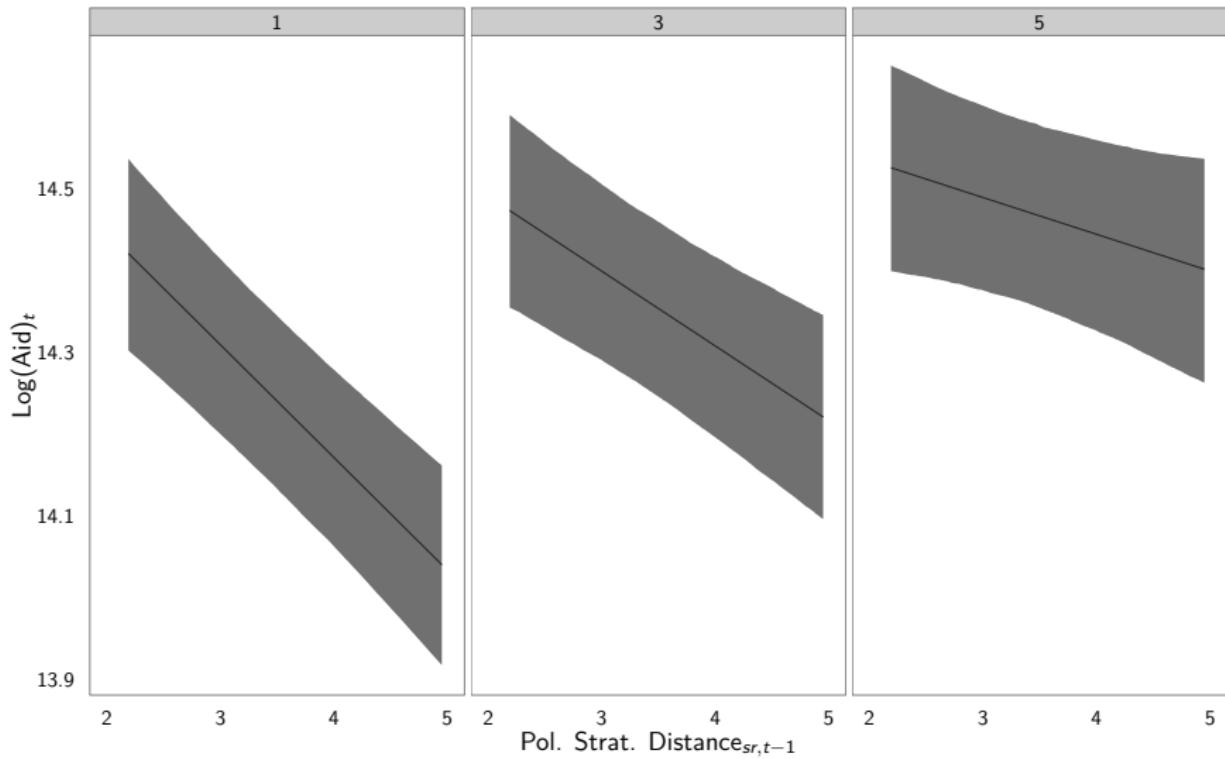
aid model specification (2)

$$\begin{aligned} \text{Log}(Aid)_{sr,t} = & \beta_1(\text{Pol. Strat. Distance}_{sr,t-1}) \\ & + \beta_2(\text{Colony}_{sr,t-1}) + \beta_3(\text{Polity}_{r,t-1}) \\ & + \beta_4 \text{Log}(\text{GDP per capita}_{r,t-1}) + \beta_5(\text{Life Expect}_{r,t-1}) \\ & + \beta_6(\text{No. Disasters}_{r,t-1}) + \beta_7(\text{Civil War}_{r,t-1}) \\ & + \beta_8(\text{Pol. Strat. Interest}_{sr,t-1} \times \text{No. Disasters}_{r,t-1}) \end{aligned}$$

incorporate interaction



interactive effects



contribution

A novel measure of strategic interest that better captures the decision making process behind foreign aid

A more nuanced picture of how countries disperse aid allocations

NEXT STEPS?