

# When aid brings conflict, not relief

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Although you might expect that providing aid to impoverished villages in the Philippines could only bring them relief, a University of Illinois study found that the villages that qualified for some forms of aid actually saw an increase in violent conflict.

"Interestingly, those municipalities that were eligible to receive aid but didn't accept it saw the largest increase in violence," said U of I economist Ben Crost. "During what's called the social preparation phase, it becomes known that the village is eligible for aid. Insurgent forces from the communist New People's Army or a Muslim separatist group attack and then the village drops out of the program because they are intimidated. That's why the places that didn't participate saw the most violence."

Between 2003 and 2008, more than 4,000 villages received aid through a flagship community-driven development program in the Philippines. The program used an arbitrary threshold of 25 percent to determine the poverty level at which communities qualified to receive aid.

"Only the 25 percent of the poorest municipalities qualified to receive aid," Crost explained. "Those above the threshold are barely too rich to get it, and the others are just poor enough to get it. That means that these places should be comparable in all respects with the one exception that these slightly poorer places were much more likely to receive aid than the slightly richer places. So they were almost the same in poverty levels and in background levels of violence." The same, until they became eligible for aid, that is.

"The way they targeted it with this arbitrary 25 percent cutoff allowed us to compare places that were just below the cutoff to places that were just above it," Crost said.

Aid data from the World Bank were analyzed with data on conflict in the Philippines that was provided by his co-author from Stanford University, Joe Felter.

Ironically, projects anticipated to be most appreciated by the people receiving them may place them at a higher risk of being attacked. "We think that one mechanism that explains our results is that the insurgents actually tried to derail the project," Crost said. "They didn't want it to succeed. The insurgents had an incentive to strike and try to sabotage the program before it ever took off because its success would weaken their support in the population. We know that some of the municipalities actually dropped out of the program for this reason - because they were worried about insurgent attacks."

Crost's recent research is looking for ways to provide aid to those who need it that doesn't also make them visible targets that are easy to attack. He said that because of the very public participation component in the community-driven development program, it was easier to derail.

"The aid in this case was given for improvements in infrastructure," Crost said. "We need to find a more hidden way to give aid. One program we're looking at now is conditional cash transfers, in which poor families get money if they do things like send their kids to school or have them vaccinated. These programs are popular in many developing countries. We have found some suggestive evidence that this kind of aid led to a decrease in violence—or at least we don't find any evidence that it leads to an increase like we saw in this study."

Crost said that, unfortunately, most of the evidence that has come out

since this paper was published points in the same direction. "There's evidence on U.S. food aid and on the national rural employment guarantee scheme in India, which is a huge anti-poverty program. Both of these studies found the same effect - that conflict increases in the places that get aid."

**More information:** "Aid Under Fire: Development Projects and Civil Conflict" was published in a recent issue of *American Economic Review* and written by Benjamin Crost, Joseph Felter, and Patrick Johnston.

Provided by University of Illinois at Urbana-Champaign

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