Global Change, Peace & Security

Does foreign aid alleviate violent tensions?

Jaroslav Petík [ab]

[a] Department of Political Sciences, Masaryk University, Brno, Czech Republic [b] Centre for Peace and Conflict Studies, University of Sydney, NSW, Australia

Online Publication Date: 01 October 2008

PLEASE SCROLL DOWN FOR ARTICLE

REVIEW ARTICLE

Does foreign aid alleviate violent tensions?

Jaroslav Petřík[a,b]*

aDepartment of Political Sciences, Masaryk University, Brno, Czech Republic; bCentre for Peace and Conflict Studies, University of Sydney, NSW, Australia

Throughout most of its history, donors have perceived official development assistance (ODA) as a potentially helpful and mostly harmless form of intervention. Despite some destructive consequences, it was not until the late 1990s when the donor community realised that badly designed and insensitively implemented ODA can be just as disastrous to the recipient society as poorly executed military interventions or indiscriminate economic sanctions. Increasing interest in the impact of economic assistance on conflict made all major donor agencies adopt guidelines to avoid harming recipient societies and to maximise the positive impact of their aid on peace. This paper summarises the key literature on the role of ODA in ongoing conflicts as well as in times of peace, focusing on the influence of aid on violent tensions in the recipient societies. It traces the evolution of ideas which led to the recognition that aid can do harm. It argues that many of these connections, seemingly obvious, are unclear and likely to produce unmet expectations, and hence frustration.

Keywords: official development assistance; foreign aid; conflict; structural violence; intervention

Introduction

Of the multitude of ways in which the West intervenes in the developing world, some are seen as more controversial than others. Although military interventions or economic sanctions are subject to decisions of the highest political body in the international arena (i.e. the UN Security Council), foreign aid policies are being decided on in peripheral agencies and some of the least funded government departments.

That is not to say that foreign aid has never been a subject of controversy. However, until very recently the debate only questioned whether both the donor and the recipient are getting enough for the money spent. The general public largely continues to see aid as a positive form of intervention. The proportion of official development assistance (ODA) to gross domestic product (GDP) per capita is used to describe 'good international citizens', whereas bulky military budgets are a sufficient proof of aggressive foreign policies and malicious intentions. The worldwide media applaud commitments such as those made at Gleneagles in 2005 (where world leaders pledged 0.7% of GDP to ODA)[1] and denounce governments who then fail to turn these promises into reality. Such crude indicators disregard the fact that enhanced military

---

*Email: jaroslav.petrik@arts.usyd.edu.au

1 This commitment is by no means new – the UN has been urging its member states to meet such a target since the 1960s. See Graham Hancock, *Lords of Poverty: The Free-Wheeling Lifestyles, Power, Prestige and Corruption of the Multi-billion Dollar aid Business* (London: Macmillan, 1989), 187.

capability may provide for a greater engagement in peacekeeping operations, while much of the so-called aid may well be spent inside the donor country through contracting its own companies to undertake projects in the target country.[2]

During the late 1990s, governmental and non-governmental aid agencies became increasingly aware of the fact that foreign aid, although given with good intentions, might have disastrous unplanned consequences. Research proliferated, describing cases of humanitarian and development aid fuelling ongoing conflicts or reinforcing submerged tensions to the breakpoint of open violence. The development community realised, in the words of James K. Boyce, that '[a]id is not like water, which sprayed on the flames or members of conflict invariably helps to extinguish them. Indeed, it can be more like oil. Appropriate aid can diminish the risks of conflict, but inappropriate aid can fuel it'.[3]

This paper describes the evolution of ideas that led to this recognition. Rather than a comprehensive literature review, which would hardly be possible given the limited length, it focuses on the emergence and development of ideas about foreign aid as a form of intervention, describing broader background behind the present concept of Peace and Conflict Impact Assessment (PCIA) or conflict-sensitivity approach, introduced into the work of aid agencies in the late 1990s and shortly after 2000. It also briefly touches on a few of the implications of this shift, some of which are seen as negative and opposed by aid agencies themselves.

Early arguments against foreign aid and their reflections in current debate

For most of its history, ODA was used as a technical tool and thus seen as largely non-political.[4] It was, however, used for political purposes, especially during the Cold War. Therefore, until the 1990s, most criticisms of foreign aid focused on its effectiveness in terms of economic impact. The original purpose of ODA was to trigger economic development, based on Keynesianism and Rostow's take-off model. While this goal was achieved in the Marshall Plan, later efforts that followed in other countries mostly failed. Researchers have long been trying to explain this and a multitude of works ranging from academic publications to agency reports have been produced as a result. No common answer has been agreed upon.

In one of the explanations, William Easterly draws a dichotomy between 'searchers' and 'planners'. While the latter work from distant offices with little knowledge of the ground situation, the former are locals who work their way out of their woes. It is the searchers who are most likely to be successful, but the planners staff the aid agencies and sit on the money.[5] Steven Radelet argues that although much money has been squandered, major successes have also been achieved.[6] Jeffrey D. Sachs believes that poverty can easily be eradicated with

---

2 Author's interview with Major General (Retired) Tim Ford (AO), former Head of Mission of the United Nations Truce Supervision Organisation (UNTSO) in the Middle East and Chief Military Adviser in the Department of Peacekeeping Operations at UN Headquarters, November 2007, Sydney. It should be mentioned that some organisations make a big effort to promote a more nuanced understanding of foreign aid policies, most notably the Center for Global Development with its Commitment to Development Index (CDI), which includes indicators like contribution to peacebuilding – see *Commitment to Development Index 2007* (Washington DC: Center for Global Development, 2008), http://www.cgdev.org/section/initiatives/_active/cdi/ (accessed July 21, 2008).

3 James K. Boyce, 'Beyond Good Intentions: External Assistance and Peace Building', in *Good Intentions: Pledges of Aid for Postconflict Recovery* (Boulder, CO: Lynne Rienner, 2000), 367–82.

4 This is especially valid for multilateral agencies. Article III, Section 5(b) of the Articles of Agreement of the World Bank specifies that the Bank shall make loans 'with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations'.

5 William Easterly, *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: The Penguin Press, 2006).

6 Steven Radelet and William Easterly, *The Effectiveness of Foreign Aid* (New York: Council on Foreign Relations, 2006), http://www.cfr.org/publication/12077/ (accessed March 16, 2007).

relatively little funds, but wealthy nations lack the political will to do so.[7] Paul Collier, while also sceptical about the effect of ODA on growth, maintains that targeted use of foreign aid into certain sectors can be beneficial, especially in countries with good governance and in post-conflict situations.[8]

A different objection on the economic terms was raised by a group mostly comprising sociologists and representatives of the then emerging non-governmental organisations (NGOs). They pointed to the fact that the macro-economic indicators that are used to measure the effectiveness of foreign aid, most notably the growth of GDP, fail to describe the situation of the people on the ground. This initiative gained its momentum in the 1970s, when poverty reduction partly replaced economic growth as a principal aid objective. Although we might today see this shift as positive, it was compromised in the beginning of the 1980s when many authors started to point to the growing dependency of the recipient communities on external aid, undermining their will and ability to achieve economic independence and sustainability. These concerns were one of the key reasons leading to the first significant decline in the levels of aid flows. Today, the original point of this debate has lost much of its momentum as aid agencies accepted most of its arguments and adopted adequate measures.[9] The core argument, however, continues to live in the works of Amartya Sen, who reaches beyond economic indicators and introduces an opposing concept of 'development as freedom'. Rather than economic growth, he sees development as an expansion of choices and opportunities, leading to larger freedoms.[10]

Some anthropologists and sociologists criticise the structures of power through knowledge and the disregard for indigenous practices by the donors, pointing to the detrimental effects of a top-down approach to aid.[11] Certain sociologists who took up this line of criticism go so far as to label the whole development enterprise as violent in its nature.[12] Philosophers ask whether citizens of rich countries are morally obliged to give away a part of their wealth to the poor[13] or not.[14] A notable contribution has been made by Thomas Pogge, who extended Rawls's theory of distributive justice beyond national borders.[15] In a later paper, Pogge rejects the notion that poverty is caused purely by domestic causes and supports the point that wealthy nations have a moral obligation towards the poor.[16] Together with Sanjay G. Reddy, he is critical of the statistical methods used to measure the levels of poverty and argues that

7 Jeffrey D. Sachs, *The End of Poverty: How We Can Make It Happen in Our Lifetime* (London: Penguin Books, 2005).

8 Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It* (New York: Oxford University Press, 2007), 99–123.

9 The present Human Development Index, used by the United Nations Development Program in its Human Development Reports, is very elaborate and includes many diverse variables such as accessibility to health services, education, etc.

10 Amartya Sen, *Development as Freedom* (Oxford: Oxford University Press, 1999).

11 Mark Hobart, ed., *An Anthropological Critique of Development: The Growth of Ignorance* (London, New York: Routledge, 1993). A breakthrough in this debate was the founding of an inter-university network of European anthropologists in 1985, parallel to developments in American agricultural science and rural sociology. See Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies* (Chicago, IL: The University of Chicago Press, 1999), 96.

12 Smitu Kothari and Wendy Harcourt, 'Introduction: The Violence of Development', *Development* 47, no. 1 (2004): 3–7. A special issue of the journal *Development* has been published to present this view in 2004, titled 'The Violence of Development'. For deeper roots of this debate see works of Ashis Nandy, such as *Science, Hegemony and Violence: A Requiem for Modernity* (Tokyo, Japan: United Nations University, 1988). Particularly strong on the issue of anthropology and development is French literature. See Jean-Pierre Olivier de Sardan, *Anthropology and Development: Understanding Contemporary Social Change* (London: Zed Books, 2005).

13 Peter Singer, 'Famine, Affluence, and Morality', *Philosophy and Public Affairs* 1, no. 3 (1972): 229–43.

14 Jan Narveson, 'Welfare and Wealth, Poverty and Justice in Today's World', *The Journal of Ethics* 8, no. 4 (2004): 305–48. Since Singer's article this debate has been ongoing, mainly on the pages of *Philosophy and Public Affairs* and *The Journal of Ethics*.

15 Thomas Pogge, 'An Egalitarian Law of Peoples', *Philosophy and Public Affairs* 23, no. 3 (1994): 195–224.

16 Thomas Pogge, '"Assisting" the Global Poor', in *The Ethics of Assistance: Morality and the Distant Needy*, ed. Deen K. Chatterjee (Cambridge: Cambridge University Press, 2004), 260–88.

the World Bank's figures are largely understated (which can be seen as a continuation of the debate described earlier).[17]

Even though the scope of criticisms of foreign aid is wide in academic literature, public opinion remains largely intact. Different labels continue to be applied – military, economic and diplomatic intervention is described as highly politically contentious, whereas ODA is regarded as harmless, with the only risk of being ineffective. To an extent it shares a common position with humanitarianism, which used to be revered for its neutrality and still is, among some members of the public and humanitarian agencies themselves. After the events in Biafra, Rwanda and the Balkans, humanitarianism is undergoing a huge debate that challenges its very basis of neutrality and impartiality.[18] As ODA's raison d'être is seen as primarily economic, little attention has been given so far to its impact on the security situation of the societies it targets.

Development cooperation and its impact on violent conflict

During the late 1990s, the development community came to realise that the impact of development aid can go far beyond the dichotomy of 'effective' vs. 'ineffective yet harmless'. During an ongoing conflict, aid inescapably becomes a part of the 'war economy' and can directly exacerbate the hostilities.[19] In times of peace, aid can reinforce and aggravate existing tensions and thus contribute to the outbreak of conflict.[20] This section summarises literature on the role of development cooperation in violent conflict and describes the emergence of PCIA and other instruments that introduce conflict sensitivity into aid agencies' projects.

It is impossible to evaluate the role of foreign aid in conflict without acknowledging the debate over humanitarian assistance. This mostly revolves around the definition of 'civilians', who are to be protected under international law and the Geneva conventions, and a flood of agencies committed to impartiality. David Rieff wades through the shallow waters between non-combatants, civilian workers contributing to the war economy, refugees and, most important, the unquestioned status of innocence assigned to 'victims of war'.[21] Fiona Terry lists the most eloquent cases where a well-intended humanitarian effort eventually enabled more carnage: refugee camps of the victims of war which turned into recruitment grounds for militants of revenge – Afghanis in Pakistan, Nicaraguans and Salvadorians in Honduras, Cambodians in Thailand and Rwandans in Zaire. Regarding Cambodia, Terry writes: 'Humanitarian aid, ostensibly given to people in need because they are members of humanity, helped to revive and sustain a military force which showed the least regard for humanity'.[22]

This polemic can be confronted with the discussion over economic sanctions, where the latest buzzword is 'smart sanctions', reflecting the efforts of intervening governments to affect directly those in power, leaving the 'innocent bystanders' untouched. Some researchers, on the other hand, argue that it may well be these very 'innocent bystanders' who are the optimal

---

17 Thomas Pogge and Sanjay G. Reddy, *How Not to Count the Poor* (New York: Columbia University, 2005), http://ssrn.com/abstract=893159.

18 Michael Maren, *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity* (New York: Free Press, 1997); David Rieff, *A Bed for the Night: Humanitarianism in Crisis* (London: Vintage, 2002); Fiona Terry, *Condemned to Repeat? The Paradox of Humanitarian Action* (Ithaca, NY: Cornell University Press, 2002); and David Kennedy, *The Dark Sides of Virtue: Reassessing International Humanitarianism* (Princeton, NJ: Princeton University Press, 2004).

19 Mary B. Anderson, *Do No Harm: How Aid Can Support Peace – Or War* (Boulder, CO: Lynne Rienner, 1999).

20 Peter Uvin, *Aiding Violence: The Development Enterprise in Rwanda* (West Hartford, CT: Kumarian Press, 1998), 231.

21 Rieff, *A Bed for the Night*.

22 Terry, *Condemned to Repeat?*, 154.

targets of economic sanctions as their spending has the greatest effect on policy.[23] Moreover, as the events after 2006 in the Gaza Strip have shown, the idea of smart sanctions is turning out to be a failure.[24]

While humanitarian assistance is meant to relieve immediate suffering inflicted by violent conflict, and provide opportunities for the non-combatants to survive, the purpose of development cooperation is to foster economic growth, achieve sustainable development and meet MDGs.[25] It is used regardless of whether the recipients' underdevelopment is caused by conflict, but lately one of the key objectives for ODA has become the prevention of conflict from recurring. Development cooperation is also used in regions where the conflict is still ongoing, although often on a limited scale. These situations are where not only ODA policies face the same dilemmas as humanitarian aid, but also where the dilemmas become clearest, yet they often both precede and succeed the resolution of the conflict.

Good examples of the development cooperation–conflict dynamic were given in the late 1990s by Mary B. Anderson and Peter Uvin. Anderson published a book entitled *Do No Harm: How Aid Can Support Peace—Or War*, which summarises the results of the Local Capacities for Peace Project (LCPP). The key message of the book is that while social groups are divided by cleavages along which violent tensions build up and eventually erupt into a conflict, these warring sides at the same time remain connected by links that invite cooperation and peace. Aid workers need to differentiate between the two and understand the way their work interacts with each of them, consciously adjusting their policies so that they weaken the former and strengthen the latter (labelled as 'local capacities for war' versus 'local capacities for peace').[26]

The immediate effects of foreign aid feeding into the conflict described in this book include the possibility of diverting aid resources into firearms procurement, which can happen illegally (through theft and looting) or legally (through taxes and fees required from the aid agencies by the government, who is often one of the warring parties). More seriously, transferring the responsibility for providing the survival of civilians onto aid agencies frees the government's hands to use all its funds to run the war (the so-called substitution effect of aid). Another example of the indirect consequences of aid on conflict is creation of jobs dependent on the continuation of war

---

23 Solomon Major and Anthony J. McGann, 'Caught in the Crossfire: "Innocent Bystanders" as Optimal Targets of Economic Sanctions', *Journal of Conflict Resolution* 49, no. 3 (2005): 337–59.

24 Amid concerns about the deteriorating humanitarian situation in the Gaza Strip as major international donors cut off their aid to the Palestinian Administration after Hamas's victory in the January 2006 elections, the EU introduced a 'Temporary International Mechanism' (TIM) in July 2006 to provide basic humanitarian assistance directly to the Palestinians in need, while bypassing local institutions controlled by the Palestinian Authority (PA). An EU-commissioned report named the scheme a success (Gruppo Soges S.p.A Consortium, *Interim Evaluation of the Temporary International Mechanism (TIM) – Final Report* (European Union, 2007)), and EU replaced TIM in February 2008 with a three-year development programme titled PEGASE (cooperating with the PA). Despite the international blockade of the PA the Palestinians have actually received more aid than ever before ('The Paradoxical Effect of Palestinian Sanctions', *The Economist*, March 22, 2007), but these policies have so far failed to dissolve the support for Hamas, force it to adopt more moderate policies, or prevent the occurrence of extreme economic hardship (especially after Israel finally sealed all border crossings into Gaza in reaction to Hamas's violent takeover of the Gaza Strip in June 2007; worsening economic indicators have been noticed before). One might argue that the Palestinian case is especially tricky in this regard, but there are general concerns over the feasibility of the smart sanctions concept. See Arne Tostensen and Beate Bull, 'Are Smart Sanctions Feasible?', *World Politics* 54, no. 3 (2002): 373–403.

25 In the so-called complex political emergencies of the contemporary world, however, the line between relief and development aid is becoming increasingly blurred; see Philip White and Lionel Cliffe, 'Matching Response to Context in Complex Political Emergencies: "Relief", "Development", "Peace-building", or Something In-between?', *Disasters* 24, no. 4 (2000): 314–42. Although it is necessary to study all forms of interventions as one interconnected issue, due to the limited scale of this paper focus is primarily on development aid.

26 Anderson, *Do No Harm: How Aid Can Support Peace – Or War*, 23–35. For a broader theoretical underpinning of this argument, see Amartya Sen, *Identity and Violence: The Illusions of Destiny* (London: Allen Lane, 2006), who argues that identity is a much more complex web of factors than one generally tends to see. Single dimensions of identity are often exploited by political actors to instigate or fuel social conflict.

(such as truck drivers for aid agencies, security providers, hotel and restaurant keepers), which then dissuades the motivation of particular individuals to end the conflict.[27]

This idea can be confronted with the decades-old debate between Johan Galtung and one of his students Herman Schmid, who opposes the view of most peace researchers who see polarisation as dangerous, while integration is regarded as a desirable means to achieve peace. Schmid asserts that integrative methods seldom lead to the resolution of conflict and maintains that '[c]onflict is immanent in human society and struggle for power will never be eliminated by science'.[28] This debate still resonates today, with Mary B. Anderson adopting Galtung's position and Edward N. Luttwak advocating an extreme form of Schmid's view, suggesting that warring parties should be allowed to carry out their fights to the end at any expense, as war has in all its horrors a virtue of resolving political conflicts.[29]

Another important concept that Anderson introduces is the three phases of conflict, where development assistance is likely to contribute to its resolution during the initial and the final stages, due to the surprise of the immediate cruelty of violence or the fatigue of never ending atrocities respectively. In the middle stage, mutually committed atrocities have been too grave to allow the parties to forgive one another, as the desire for revenge remains too strong.[30]

The issue here is not only resolution of the present conflict, but also factors that may add new dimensions to the existing conflict and open new fronts for further unrest. For example, Daniel P. Sullivan painted the dynamics of ongoing conflict in Afghanistan as a backdrop against which the Taliban emerged and grew. He compared the conditions present at the fall of Najibullah's communist government in 1992 to a tinderbox, which was then set aflame when high expectations from the subsequent political regime did not materialise.[31] Fire spread with the help of oxygen and fuel – extremist ideology taught in madrassas and external support, mainly from Pakistan.[32]

---

27 In Sierra Leone, the system of development enterprise rendered aid agencies incapable of meeting the needs of a population ravaged by civil war. While the agencies' mandate expanded, their budgets dwindled; yet they still remained dependent on the donor governments for funds as well as Sierra Leone's government for permission to operate. Moreover, the conflict has been badly misrepresented as a 'standard' civil war, oblivious of the fact that many of the atrocities against the civilian population, including looting and burning villages, was being done by the government forces. This ignorance, along with previously mentioned clash of interests, prevented aid agencies from admitting that they could not deliver to the needy and drove them into devising strategies to cover up their failure. These included conflating the numbers of people in need with those who were accessible; accepting the hurdles for operation as given and immutable or legitimising the downsizing of food rations by the policy of preventing aid dependence, based on a mistaken assumption of impending conflict resolution. Perhaps the most important, aid disbursements were not being tracked and monitored and thus some 60-odd percent are estimated to have been diverted into fuelling the warfare. David Keen, 'Aid and Violence, with Special Reference to Sierra Leone', *Disasters* 22, no. 4 (1998): 318–27.

28 Herman Schmid, 'Peace Research and Politics', *Journal of Peace Research* 5, no. 3 (1968): 217–32. For debate between Schmid and Galtung see also Johan Galtung, 'Violence, Peace, and Peace Research', *Journal of Peace Research* 6, no. 3 (1969): 167–91; and Johan Galtung, 'Cultural Violence', in *Peace by Peaceful Means: Peace and Conflict, Development and Civilization* (Oslo: International Peace Research Institute, 1996), 196–210. For the latest input into this discussion see the special issue of *Journal of Peace Reaseach* titled 'Polarisation and Conflict' (45, no. 2) and Sen, *Identity and Violence*. More evidence seems to support the view that integration helps resolve conflicts rather than hinder their resolution. See Sean Byrne and Michael J. Ayulo, 'External Economic Aid in Ethno-Political Conflict: A View from Northern Ireland', *Security Dialogue* 29, no. 4 (1998): 421–34.

29 Edward N. Luttwak, 'Give War a Chance', *Foreign Affairs* 78, no. 4 (1999): 36–44. While Luttwak argues against all intervention, Richard K. Betts continues to believe that intervention can be an effective instrument of bringing peace, but rejects the imperative of impartiality and limitedness. See Betts, 'The Delusion of Impartial Intervention', *Foreign Affairs* 73, no. 6 (1994): 20–33.

30 Anderson, *Do No Harm*, 20–2.

31 Sullivan employed the 'J-curve' theory devised by James Davies in 1969 in the so-called Graham Report. It is also used by Scott Atran in his analysis of suicide terrorism (see later).

32 Daniel P. Sullivan, 'Tinder, Spark, Oxygen, and Fuel: The Mysterious Rise of the Taliban', *Journal of Peace Research* 44, no. 1 (2007): 93–108. The role of religious education might be overstated for Taliban militancy, even though it seems to be crucial in the recruitment of suicide bombers, see C. Christine Fair, 'Who Are Pakistan's Militants and Their Families?', *Terrorism and Political Violence* 20, no. 1 (2008): 49–65.

Both of these concepts (capacities for war and peace as well as the three phases of conflict) have been adopted by the development community and expanded beyond actual conflict. As societies are not static, but dynamic in their nature, they repeatedly go through times when tensions are ripe for a conflict to break out. Anderson herself addresses this issue, stressing the role of 'flashpoints', or events that trigger open violence.[33]

Furthermore, the local capacities for war and peace continue to exist in societies at times of peace: One can even expect them to be somehow more covert than in wartime, where many of these 'fault lines' would become manifest through open clashes and could thus easily be identified. In this sense, it would be more difficult for aid workers to identify the cleavages and adjust aid policies accordingly. If we add the commonly mentioned impediments to having a deep understanding of the recipient society (such as short-term contracts of aid workers, little power over the overall policies in the hands of the people on the ground, lack of consultancy with local population, etc.),[34] we see how difficult it becomes for the aid policies designers to adjust the projects according to all these nuances.

A brilliant example of this inability has been described by Peter Uvin in his book *Aiding Violence: The Development Enterprise in Rwanda*. He goes far beyond the standard arguments raised against the inadvertent impact of humanitarian agencies' involvement with Hutu refugees, pointing out that the development enterprise was present in Rwanda long before the genocide, and exploring its role in the events leading up to the events of 1994. He found that

> aid financed much of the machinery of exclusion, inequality, and humiliation; provided it with legitimacy and support; and sometimes directly contributed to it. ... [B]y and large, aid was an active and willing partner in the construction of structural violence in Rwanda, as it is elsewhere in Africa.[35]

He lists examples such as hunger for land by the aid agencies, insensitive to the value of land for the population, which is largely dependent on subsistence farming. Given that Rwanda is the most densely populated inland country in Africa, grabbing big areas for the construction of buildings to be used by aid agencies, with little compensation to the land owners, is very likely to alienate a considerably sized group of people, especially when the majority of these development projects, according to Uvin, turn out to be ineffective. An even more compelling example is the consistent recruitment of predominantly Tutsi local staff by the aid agencies, despite occasional eruptions of racist violence soon after Rwanda's independence until the 1990s.[36] Sometimes these atrocities were so serious that agencies were forced to evacuate; after their return they would find their local staff dead or missing. The usual response was to hire new Tutsi staff.[37] The massive foreign presence in Rwanda (foreign aid accounted for up

---

33 J.G. Bock and M.B. Anderson, 'Dynamite under the Intercommunal Bridge: How Can Aid Agencies Help Defuse It?', *Journal of Peace Research* 36, no. 3 (1999): 325–38.

34 Besides William Easterly, the most eloquent critics of 'development enterprise' or 'development industry' include Steve Weissman, ed., *The Trojan Horse: A Radical Look at Foreign Aid* (Palo Alto, CA: Ramparts Press, 1975); Hancock, *Lords of Poverty*; Reusse, *The Ills of Aid*; and Giles Bolton, *Poor Story: An Insider Uncovers How Globalisation and Good Intentions Have Failed the World's Poor* (Toronto: Key Porter Books, 2007).

35 Uvin, *Aiding Violence*, 231.

36 First post-independence small pogroms against Tutsis occurred in 1959, resulting in the death of hundreds. In 1960–61, after the elections brought to power Parmehutu, a radically anti-Tutsi party, scores of Tutsis fled the country. Their attempts to regain power militarily through guerrilla assaults launched across from Uganda resulted in Tutsi massacres killing 10,000–15,000 between 1963 and 1964. Between 40% and 70% of the surviving Tutsi population fled. Open hostilities then transformed into an 'institutionalised structure of discrimination', occasionally surfacing. In 1972–73, for example, in an attempt to defuse popular discontent, the Kayibanda regime orchestrated mass campaigns to implement quota policies strictly: thousands of Tutsi youth were expelled from schools, adults lost their jobs and thousands were killed. Uvin, *Aiding Violence*, 19–39.

37 Uvin cites an example TRAFIPRO, the largest Swiss cooperative managed by the Swiss Development Cooperation agency, which lost 99% of its Tutsi employees in the 1973 violence. 'Yet the next year the same agency recommended increasing its assistance and "rwandanizing" the project, without so much as mentioning the risk of further marginalization of the Tutsi.' Uvin, *Aiding Violence*, 38.

to 80% of Rwanda's public spending) led to the creation of a whole new social group, referred to by the locals as Bazungu. Comprising of government officials and aid agencies' staff, these expatriates as well as locals acted as role models for the peasant youth, but at the same time conveyed a message of superiority whenever they visited rural areas. Just as they were looked up to by the farmers as successful and rich, they looked down on the farmers as unsuccessful, poor and, above all, illiterate and ignorant.[38]

It is hardly imaginable that Rwanda would be a unique case; Uvin maintains that these negative effects are mostly fallout from how the development enterprise is structured and how it functions – i.e. the very nature of the official aid system. Arnim Langer investigates horizontal inequalities[39] that accounted for the outbreak of violence in Côte d'Ivoire.[40] Interestingly enough, he does not focus on the role of foreign aid in the creation of these inequalities,[41] even though the total volume of ODA into Côte d'Ivoire slightly exceeds that of Rwanda.[42]

A different example of devastating consequences of development cooperation on a latent conflict is Sri Lanka. In 1977, after the Government of Sri Lanka (GOSL) abandoned the socialist economic model and switched to a market economy, the country started to receive massive assistance from multilateral agencies, largely to support the Accelerated Mahaväli Development Program, a US$1.5 billion project to optimise the use of Sri Lanka's longest river.[43] The project was followed by a resettlement programme bringing scores of ethnically Sinhalese farmers into areas that until then were predominantly Tamil. This resettlement is today still cited by Tamil representatives and independent academics as one of the major sources of grievances that led to the armed conflict between the two ethnic groups.[44] More recently, after the donors realised

---

38 This point can be seen as a part of a wide family of criticisms focusing on the 'bad example' that foreign aid (especially through expatriate workers) sets for the local population, perhaps most eloquent is Hancock's book in 1989 (Hancock, *Lords of Poverty*). Although one would think that over the almost 20 years since Hancock released his book, foreign aid has come a long way, a recent Giles Bolton book suggests the opposite (Bolton, *Poor Story*). On the one hand, the importance of such an influence can be illustrated by the 'rising and unfulfilled expectations theory' or J-curve. On the other hand, given that many aid programmes take place in societies below poverty line and/or in armed conflict, asking foreign workers to adopt exactly the same lifestyle as the locals would effectively mean putting their lives at risk. Given that most of the local population themselves live in everyday danger, foreigners who do not speak the local language and do not fully comprehend the complexities and intricacies of the situation in the field would hardly survive outside protected compounds. Therefore, a certain gap in income and lifestyle between aid expatriates and local population is inevitable; however, in many cases the affluence of aid agencies' regional offices and employees is unnecessarily exaggerated.

39 Horizontal inequalities refer to those between cultural groups, whereas vertical inequalities intersect the whole societies irrespective of various groups. For a full description of this concept, see Frances Stewart, *Horizontal Inequalities: A Neglected Dimension of Development* (Oxford: Queen Elizabeth House, 2002). Generally, the term can be seen as polarisation, which is the common term in wider literature.

40 Arnim Langer, *Horizontal Inequalities and Violent Conflict: The Case of Côte d'Ivoire* (Oxford: Centre for Research on Inequality, Human Security and Ethnicity (CRISE), 2004).

41 Centre for Research on Inequality, Human Security and Ethnicity at Oxford University, where Langer is based, has done a lot of very good work on the relationship between horizontal inequality and violent conflict; foreign aid is, however, often left out of the analysis.

42 OECD, *OECD.Stat Extracts*, http://stats.oecd.org/wbos/ (accessed March 2008). It must be noted though that the population of Côte d'Ivoire is about twice the size of Rwanda, its GDP is almost four times as big and its annual budget revenues are 4.5 times higher than Rwanda's. The same amount of foreign aid thus has a considerably lower role for Côte d'Ivoire CIA, *The World Factbook* (Washington DC: CIA, 2008), https://www.cia.gov/library/publications/the-world-factbook/ (accessed March 23, 2008); and OECD, *Development Aid at Glance: Statistics by Region: Africa* (France: OECD, 2008).

43 During the span of the project (1978–83) Sri Lanka received US$587 million from multilateral donors (OECD, *OECD.Stat Extracts*).

44 See for example Patrick Peebles, 'Colonization and Ethnic Conflict in the Dry Zone of Sri Lanka', *The Journal of Asian Studies* 49, no. 1 (1990): 30–55 and N. Serena Tennekoon, 'Rituals of Development: The Accelerated Mahaväli Development Program of Sri Lanka', *American Ethnologist* 15, no. 2 (1988): 294–310. Jonathan Spencer describes how Sri Lanka's development projects, including the Mahaväli Scheme, were used to promote and spread Sinhalese culture over others. 'rituals and symbols employed in these idioms were almost invariably Sinhala and Buddhist, just as the recipients of new land and new opportunities were more often than not also Sinhala and Buddhist.' Jonathan Spencer, 'A Nationalism without Politics? The Illiberal Consequences of Liberal Institutions in Sri Lanka', *Third World Quarterly* 29, no. 3 (2008): 611–29, 622.

the potential for harm, aid started to be allocated to Tamil areas too – but that brought another dilemma. In the Wanni region, which used to be the largest LTTE-controlled area until the recent military offensive launched by GOSL in January 2008 after the cease fire agreement collapsed in 2006, aid agencies had to cooperate directly with LTTE on aid distribution. LTTE, holding a tight sway over the region and its population, was able to exert a considerable level of control over the projects implemented. Vance Culbert, who conducted research in this area in 2003, concluded that '[b]y establishing effective governance and claiming ownership of the reconstruction process in the Wanni, the LTTE has sought new sources of legitimacy'.[45] He warns that negative effects of intervention can be minimised, but never fully eliminated, and asserts that the transition from relief to development assistance requires a legitimate polity. Writing in 2005, he asked: '[I]f there is a resumption of the conflict, in what ways will relief and development organisations have contributed to new capacities for war?'[46]

The donor governments have tried employing aid as a direct instrument to promote peace, through the so-called peace conditionality. Although certain successes have been achieved, for example in Bosnia and Herzegovina,[47] donors are seldom unequivocal about the conditions to which warring parties should adhere for the aid to be maintained, and insufficiently coordinated to ensure their full impact.[48] Paul Collier suggests that aid could be much more effective if donors were tougher in their conditionality,[49] but James Boyce explains that peace conditionality is likely to work only in specific circumstances, namely where the recipient country is in an 'open' power situation (i.e. having more groups competing for power). The impact will be lower in 'closed' power situations where one group dominates and almost impossible in 'fragmented' power situations where state-level authorities are completely absent.[50] This observation is interesting in the light of the current increase in Chinese aid to Africa, which is largely unconditional. China has been consistently criticised by the international community and NGOs in particular for undermining Western efforts to induce good policies in the recipient governments, especially during the Darfur crisis and, Chinese reluctance to support sanctions against the Sudanese government in the Security Council.[51] One might deduce that while the impact of peace conditionality increases with 'open power' situations in the recipient country, a similar situation within the donor community has an adverse effect.

In Sri Lanka, such conditionality has been employed as the main incentive in a peace process brokered by Norway, starting with a Cease Fire Agreement (CFA) signed by both parties to the conflict, GOSL and LTTE, on 22 February 2002. Issues related to aid disbursement, project decision-making mechanisms and implementation remained at the core of disagreements that eventually resulted in a collapse of the whole peace process. For example, in a letter to the prime minister explaining its withdrawal from the peace talks in June 2003, the LTTE listed its exclusion from a donor conference in Washington as one of the reasons. Later tensions intensified over the paralysed North East Reconstruction Fund (NERF), which was meant to

---

45 Vance Culbert, 'Civil Society Development versus the Peace Dividend: International Aid in the Wanni', *Disasters* 29, no. 1 (2005): 38–57, 53.

46 Ibid. 55.

47 James K. Boyce, 'Aid Conditionality as a Tool for Peacebuilding: Opportunities and Constraints', *Development and Change* 33, no. 5 (2002): 1025–48.

48 An exception could be Sri Lanka, where the donors' response to renewed violence was quite united, but this is far from a success story.

49 Collier, *The Bottom Billion*, 99–123.

50 Boyce, 'Aid Conditionality as a Tool for Peacebuilding', 131–32.

51 See for example 'China's Hu Visits Cameroon, Pledges $100 million', *Reuters*, January 31, 2007, http://www. alertnet.org/thenews/newsdesk/L31737154.htm (accessed April 21, 2008) and Chris Alden, 'China in Africa', *Survival* 47, no. 3 (2005): 147–64. For an alternative view see 'Africa, China's New Frontier', *Times Online*, February 10, 2008, http://www.timesonline.co.uk/tol/news/world/africa/article3319909.ece (accessed April 21, 2008) and Fergus Hanson, *The Dragon Looks South* (Sydney, Australia: Lowy Institute for International Policy, 2008), http://www.lowyinstitute.org/PublicationGet.asp?i=814.

be the chief funding mechanism for post-war reconstruction of the Tamil areas, and the rejection of Post-Tsunami Operational Management Structure (P-TOMS) by the Supreme Court of Sri Lanka.[52]

Current level of 'conflict sensitivity' of aid agencies

Recognition of the facts described here resulted in a debate within the development community, governmental and non-governmental, initiated in the mid-1990s. Participants in the debate introduced various theoretical concepts, some of which have been translated into practical policy tools and instruments adopted by major donors. The bulk of the work has been done by several competing epistemic communities,[53] so there is now some dispute over the ownership of the original concept.[54] Chronologically, it seems that the first contribution was made in 1994 by Mary B. Anderson and her LCPP project (mentioned earlier), which was later renamed as the Do No Harm Project (DNH) and continues today under the auspices of CDA Collaborative Learning Projects, an off-shoot of the Collaborative for Development Action, Inc., a small consulting agency founded in 1985.[55] Almost parallel was the development of 'Peace and Conflict Impact Assessment' (PCIA), coined by Kenneth D. Bush in 1996.[56] These two basic concepts were then taken by others and extended beyond minimising the harm that could be done when aid is used insensitively, to maximising the positive impact of development cooperation on peace. Various interpretations range from a toolbox for project planning to criteria for project evaluation; and from a framework for contributing to peace building to a method of screening the impact of the conflict on the project itself.[57] Therefore, a number of other concepts evolved, each one stressing different aspects of the issue and many of them claiming to be the most comprehensive.[58]

Thania Paffenholz identifies three stages in the evolution of the PCIA concept. The first phase, dated 1996–98/99, stressed the original dimension of PCIA – conflict assessment. It was characterised by the spread of PCIA from project-level assessment within local and international NGOs to macro-policy-level assessment within a variety of other organisations. Among donors, OECD and EU were already discussing the issue, culminating in guidelines published in 1997 and 2001. The second phase (1999–2003/04) saw a shift towards practical issues – development and introduction of various PCIA analytical tools, largely inspired by peace research. Many aid organisations adapted the fledgling approaches to their needs or developed their own, which led to some terminological confusion. This resulted in the third phase (2003/04 onwards), the evolution of the term PCIA and its re-labelling (mostly as conflict-sensitivity or similarly).[59]

Results of the work done by epistemic communities are summarised in several handbooks and resource packs, used by governmental and non-governmental aid agencies as background

---

52 It should be stressed that besides slow progress in development cooperation the peace process stumbled over other issues as well, including numerous breaches of the CFA by both parties. The dynamics of the use of development cooperation in the international involvement in Sri Lankan's peace process will be explored further in detail in R. Nimalan Karthikeyan and Jaroslav Petřík, 'Foreign Aid to Sri Lanka: Supporting Peace or War?' (submitted).

53 Nikola Hynek, 'Epistemic Communities and Their Role in (World) Politics', *Czech Journal of Political Science* 11, no. 2 (2004): 134–48.

54 Kenneth D. Bush, *Fighting Commodification and Disempowerment in the Development Industry: Things I Learned About PCIA in Habarana and Mindanao* (2005), 7–8.

55 Anderson, *Do No Harm* (Cambridge, MA: Collaborative Learning Projects, 2007), http://www.cdainc.com/cdawww/project_profile.php?pid=DNH&pname=Do%20No%20Harm (accessed July 22, 2008).

56 Kenneth D. Bush, *Good Practices for the Peace and Conflict Impact Assessment (PCIA) of Development Projects* (CIDA for the OECD DAC Task Force on Conflict, Peace and Development Cooperation, 1996).

57 Alex Austin, Martina Fischer and Oliver Wils, eds., *Peace and Conflict Impact Assessment. Critical Views on Theory and Practice* (Berlin: Berghof Research Center for Constructive Conflict Management, 2003).

58 Bush, *Fighting Commodification and Disempowerment*.

59 Thania Paffenholz, *Third-Generation PCIA: Introducing the Aid for Peace Approach* (Berlin: Berghof Research Center for Constructive Conflict Management, 2003).

for their own conflict-sensitivity guidelines.[60] Apart from Mary B. Anderson's and Kenneth D. Bush's handbooks and training materials,[61] a few other organisations or NGO consortia offer similar resources. Perhaps the most compact of these is the entitled *Conflict-Sensitive Approaches to Development, Humanitarian Assistance and Peacebuilding: A Resource Pack* and was compiled by a consortium of partner organisations under the leadership of International Alert, Saferworld and FEWER and authored by Adam Barbolet, Rachel Goldwyn, Hesta Groenewald and Andrew Sherriff. It introduces and defines the concept of conflict sensitivity (drawing upon multiple approaches like PCIA, Do No Harm, etc.); provides a tool for conflict analysis; advises on the application of the analysis of the project at both the programme and sectoral levels and finally, suggests some strategies for institutional adaptation to 'mainstream' (i.e. implement) conflict sensitivity by the donor agencies.[62] Being developed through consultations with hundreds of individuals and agencies, including local agencies of the aid-receiving and conflict-affected countries themselves, this publication is particularly strong on the side of incorporating indigenous knowledge and traditional practices.[63]

The other two resource bundles adopted a very different approach – similar to what the computer world calls 'open source philosophy'. *Berghof Handbook for Conflict Transformation*, compiled by the Berghof Research Center for Constructive Conflict Management, offers a set of separate papers, authored by various people and categorised into five sections. The papers are much more loosely connected and mostly written in a more academic way than the conflict-sensitivity resource pack, which is very practically oriented. On the other hand, the Berghof Handbook remains dynamic and new papers are being added into the sections without the need to rewrite what has already been published.[64]

The first of such collections, compiled by Conflict Prevention and Post-Conflict Reconstruction Network (CPR Network), is entitled *CPR Compendium of Operational Tools for Peacebuilding*. The Network adopted an even looser approach than the Berghof Research Center, collecting papers from various sources published by different organisations. Rather than authoritatively categorised, they are 'labelled' by 22 different subjects like Gender & Conflict, Natural Resources & Conflict, Justice, etc. The compendium is updated regularly with new resources being added, resulting in a library of multiple articles on similar topics.[65]

In the governmental sector, virtually all major donors have adopted some kind of guidelines to control conflict sensitivity of their projects (see Tables 1 and 2); besides that, all OECD donors are advised to observe the DAC guidelines published in 1997 and updated in 2001. As this paper is being written, DAC is reviewing a working draft of the *Guidance on Evaluating Conflict*

---

60 A brief overview of the guidelines is available in OECD, *Guidance on Evaluating Conflict Prevention and Peacebuilding Activities. Working Draft for Application Period* (OECD, 2008), 71–4.

61 Mary B. Anderson, *Do No Harm*; *The Do No Harm Handbook (The Framework for Analyzing the Impact of Assistance on Conflict)* (Cambridge, MA: CDA Collaborative Learning Projects, 2004), http://www.cdainc.com/cdawww/pdf/manual/dnh_handbook_Pdf.pdf; *Do No Harm: Training Documents* (Cambridge, MA: CDA Collaborative Learning Projects, 2007), http://www.cdainc.com/cdawww/project_profile.php?pid=DNH&pname=Do%20No%20Harm (accessed July 22, 2008); and Kenneth D. Bush, *Hands-on PCIA: A Handbook for Peace and Conflict Impact Assessment (PCIA)* (2003), http://action.web.ca/home/cpcc/attach/Hands-On%20PCIA%20–%20Handbook%20X%20–%20BUSH%20Final%20Author%5C's%20Version1.pdf.

62 Adam Barbolet, Rachel Goldwyn, Hesta Groenewald, and Andrew Sherriff, *Conflict-sensitive Approaches to Development, Humanitarian Assistance and Peacebuilding: A Resource Pack* (London, UK: comp. a consortium of International Alert, Saferworld and FEWER, 2006) http://www.conflictsensitivity.org/node/8.

63 Adam Barbolet, Rachel Goldwyn, Hesta Groenewald, and Andrew Sherriff, *The Utility and Dilemmas of Conflict Sensitivity* (Berlin: Research Center for Constructive Conflict Management, 2005), http://www.berghof-handbook.net/uploads/download/dialogue4_barbolet_etal.pdf.

64 Martina Fischer and N.N. Beatrix Schmelzle, ed., *Berghof Handbook for Conflict Transformation* (Berlin: Research Center for Constructive Conflict Management, 2008), http://www.berghof-handbook.net.

65 Conflict Prevention and Post-conflict Reconstruction Network, *CPR Compendium of Operational Tools for Peacebuilding*, http://cpr.web.cern.ch/cpr/compendium/default.asp (accessed July 10, 2008).

Table 1. Peace and Conflict Impact Assessment (PCIA) documents adopted by bilateral government aid agencies.

Agency	Country	Name of document	Year adopted
Canadian International Development Agency (CIDA)	Canada	Programming for Results in Peacebuilding: Challenges and Opportunities in Setting Performance Indicators (by Anne-Marie Laprise)	1998
Royal Danish Ministry of Foreign Affairs (Danida)	Denmark	Voldelige konflikter i udviklingslandene	February 2000
Department for International Development (DFID)	United Kingdom	Conducting Conflict Assessments	January 2002
Australian Agency for International Development (AusAID)	Australia	Peace, Conflict and Development Policy	June 2002
German Federal Ministry for Economic Cooperation and Development (BMZ); German Society for Technical Cooperation (GTZ)	Germany	Peace-Building, Crisis Prevention and Conflict Management: Technical Cooperation in the Context of Crises, Conflicts and Disasters (GTZ); Sector strategy for crisis prevention, conflict transformation and peace-building in German development cooperation: Strategy for Peace-building (BMZ)	2002; June 2005
Japan International Cooperation Agency (JICA)	Japan	JICA Thematic Guidelines on Peacebuilding Assistance	November 2003
United States Agency for International Development (USAID)	United States	Conducting a Conflict Assessment: A Framework for Strategy and Program Development	August 2004
Norwegian Agency for Development Cooperation (Norad)	Norway	Strategic Framework: Peacebuilding – a Development Perspective (Norwegian Ministry of Foreign Affairs)	August 2004
New Zealand's International Aid & Development Agency	New Zealand	Preventing Conflict and Building Peace	February 2005
Swedish International Development Cooperation Agency (SIDA)	Sweden	Manual for Conflict Analysis	January 2006
Swiss Agency for Development and Cooperation (SDC)	Switzerland	Conflict-Sensitive Programme Management: Integrating Conflict Sensitivity and Prevention of Violence into SDC Programmes	February 2006
Austrian Development Cooperation (ADA/OEZA)	Austria	Peacebuilding and conflict prevention: Policy document	April 2006
French Development Agency (AFD)	France	Les interventions des bailleurs dans les situations de sortie de conflit ou de fragilité: éléments de bilan et perspectives	September 2006

Table 1. Continued.

Agency	Country	Name of document	Year adopted
Irish Aid	Ireland	Unit for Conflict Analysis (special unit established under the Department of Foreign Affairs)	2006
Development Assistance Committee (DAC), Organisation for Economic Cooperation and Development (OECD)	Association of Bilateral Donors	Conflict, Peace and Development Co-operation on the Threshold of the 21st Century; Helping prevent violent conflict: Orientations for External Partners; Principles for Good International Engagement in Fragile States and Situations; Guidance on Evaluating Conflict Prevention and Peacebuilding Activities	1997; 2001; 2007; 2008

Table 2. Peace and Conflict Impact Assessment (PCIA) documents adopted by multilateral government aid agencies.

Organisation	Department	Name of document	Year adopted
European Union (EU)	European Commission	Checklist for root causes of conflict	January 2002
International Bank for Reconstruction and Development (IBRD)	Conflict Prevention and Reconstruction Unit	Conflict Analysis Framework	October 2002 (announced); April 2005 (released)
United Nations (UN)	United Nations Development Program, Bureau for Crisis Prevention & Recovery	Conflict-related Development Analysis	October 2003

Prevention and Peacebuilding Activities, a 100-page comprehensive manual to implement PCIA evaluation in the project cycle.

A common basis of these guidelines is some kind of conflict analysis. They then differ in methodology of the analysis and subsequent implementation of its results in the project cycle, adjusting for particular measures tailored to individual needs of each agency. The World Bank, for example, conducts country strategic planning to ensure that its Poverty Reduction Strategy Papers do not exacerbate conflict, using a checklist of risks and an analysis of specific variables. In terms of methodology most agencies combine desk studies with field research, usually performed by separate teams of evaluators. Recently, there has been a recognition that even PCIA research should be carried out in a sensitive way so that it does not disrupt the project or jeopardise the relationship between expatriates and local agency staff or the aid workers and local population.[66]

Agencies that are not included in the tables either do not have their own guidelines to ensure conflict sensitivity or have similar instruments diffused within several documents. A recent report for Norwegian Agency for Development Cooperation suggested Norad adopts a coherent

---

66 Bush, *Fighting Commodification and Disempowerment*, 11.

policy for conflict sensitivity.[67] Australian Agency for International Development (AusAID), on the other hand, often mentions the importance of the 'do no harm' approach and includes conflict-sensitivity measures in various guidelines, such as gender equality in conflict areas. Although Australia was a member of the core group of nations contributing to OECD Fragile States policy, its own document published in 2002 is rather vague.[68] Also, most of the documents listed were preceded by earlier attempts – the Swiss Development Agency, for example, mentions in its Peacebuilding Guidelines that it first introduced conflict-sensitive approaches in a working document in 2000.[69] The table attempts to collect documents closer to what would be called conflict-sensitivity guidelines, adopted by government agencies.

What should naturally follow at this point is an assessment of the tools adopted and their effectiveness. Indeed, since conflict-analysis and PCIA instruments have been introduced into the work of aid agencies, the demand for research and evaluation related to conflict is on the rise[70] and much work is being done on existing projects.[71] However, besides the length limitations of this paper, the field is still far too young and dynamic to allow a comprehensive analysis; moreover, such analysis would best be left to those with first-hand experience with conducting PCIA workshops in particular projects with agency staff. Good attempts to analyse the progress so far are being made by the Berghof Research Center for Constructive Conflict Management[72] and the World Bank.[73]

Indirect impact: mixed record

The previous sections concluded that the relationship between ODA and conflict is by no means unproblematic, especially as a conditionality incentive, and described how donors adapted to these facts. Even though much progress is being made, donors often continue to believe that if development cooperation fails to bring peace directly, it can still contribute indirectly through poverty reduction, promotion of trade, etc. However, research provides a mixed record on both the role of ODA in economic development and the subsequent role of economic factors in fostering peace. The first area of concern falls into the debate over efficiency of aid mentioned earlier. The primary concern of this paper is the ability of aid to defuse violent tensions, so it is assumed that aid does achieve its primary objectives and focus is on their subsequent impact on conflict.

An increasing amount of research suggests that conflict is more likely to erupt in very poor countries. Collier's seminal work for the World Bank, in which he and his team coined the term 'conflict trap',[74] updated in his latest book, supports this hypothesis with sound statistical evidence. Collier estimates that with every extra one percent in the country's income,

---

67 Nora Ingdal, Amina Singh, and Jan-Petter Holtedahl, *Report on Conflict Sensitivity of Norwegian NGOs' Development Assistance in Nepal* (Oslo: Norwegian Agency for Development Cooperation, 2007), 3.

68 It should be noted though that it is now working with NZAID on Principles for Good International Engagement in Fragile States. *AusAID Annual Report* (Canberra: Australian Agency for International Development, 2006); and *Solomon Islands Transitional Country Strategy* (Canberra: Australian Agency for International Development, 2006).

69 SDC, *Prévention des crises et consolidation de la paix: le rôle de la Coopération au Développement* (working document 5/2000, Berne, 2000). See *Peacebuilding: SDC Guidelines* (Berne: Swiss Agency for Development and Cooperation, 2003), 12.

70 Interview with Huma Haider, a consultant for DFID, Leuven, Belgium, July 2008.

71 Thania Paffenholz, *More Field Notes: Critical Issues when Implementing PCIA* (Berlin: Berghof Research Center for Constructive Conflict Management, 2005).

72 Particularly the Dialogue Series.

73 See for example Jonathan Goodhand and Bart Klem, *Aid, Conflict, and Peacebuilding in Sri Lanka 2000–2005* (Colombo: The Asia Foundation, 2005) for a case-study evaluation or *Toward a Conflict-sensitive Poverty Reduction Strategy: Lessons from a Retrospective Analysis* (Washington DC: World Bank, 2005) for a comparative evaluation of more countries.

74 Paul Collier et al., *Breaking the Conflict Trap: Civil War and Development Policy* (New York: World Bank, 2003).

the probability of that country sliding into civil war drops by one percent. He compares the situation of countries in the bottom billion to Russian roulette: statistically, the risk of a civil conflict breaking out is 1:6 in every year.[75] Among the few who have dared to contest this connection is Marta Reynal-Querol, who remodelled Collier's statistics by removing OECD countries from the sample. The resulting correlation between conflict and poverty was much less clear. Reynal-Querol discovered that conflict is, instead, strongly related to the weakness of state institutions.[76] A single example like this does not undermine other research, which continues to support systematically Collier's hypothesis.[77] It shows though that the suggested connection might be somehow more complicated than some academics claim. Collier's suggestions are still very valuable, for example his call for heavy investment in the construction industry after conflict, which would provide employment for young men, a crucial recruitment pool for rebel groups.

A completely different story is the relationship between poverty and terrorism. Conventional wisdom holds that poverty and inadequate education are among the root causes of terrorism and many of the donors' policies follow this argument. This approach is most clearly demonstrated when the United States renewed all its foreign aid to Pakistan as a response to 9/11, which was previously suspended in reaction to Pakistan testing its nuclear weapon.[78] However, terrorism in Pakistan has little to do with low income and poor education.[79] This also holds true elsewhere. In a series of Lionel Robbins Lectures, Alan B. Krueger of Princeton University presented very strong statistical evidence ruling out the hypothesis that terrorism stems from poverty and ignorance.[80] He found that terrorists actually tend to be richer and more educated than the rest of the society they live in. He also investigated the theory that while terrorists themselves might be better-off, they are simply more capable individuals motivated by the plight of the generally disadvantaged communities in which they live, and the relative deprivation theory devised by T.R. Gurr.[81] Krueger first pointed to research that undermines the 'deprivation-aggression hypothesis', used as a bedrock in the US hate crime literature.[82] He then extrapolated the argument further and presented statistics of both origin and target countries of terrorist attacks. He found that neither GDP per capita nor lagged GDP growth are related to the origin of terrorists, but both these variables are positively correlated with the target countries. Literacy rate showed no connection with either origin or target countries. In a study on the origin of foreign insurgents in Iraq, literacy showed no association, whereas GDP per capita showed a very slight positive

75 Collier, *The Bottom Billion*, 20, 32.
76 Marta Reynal-Querol, 'National Security: Deterring and Surviving Civil Conflicts', Security for Development: Confronting Threats to Survival and Safety. The Ninth Annual Global Development Network Conference, 27 January to 3 February 2008, Brisbane, Australia.
77 One example of an earlier research is Valpy Fitzgerald, 'Global Linkages, Vulnerable Economies and the Outbreak of Conflict', *Development* 42, no. 3 (1999): 57–64; a later case study that supports Collier's hypothesis is Mohammad Zulfan Tadjoeddin and Syed Mansoob Murshed, 'Socio-economic Determinants of Everyday Violence in Indonesia: An Empirical Investigation of Javanese Districts, 1994–2003', *Journal of Peace Research* 44, no. 6 (2007): 689–709.
78 Most of this aid is military. The United States Government Accountability Office has estimated that of the $10.5 billion that the US has spent in Pakistan between 2002 and 2007, $5.8 billion was specifically for the Federally Administered Tribal Areas (FATA) border region, of which 96% reimbursed Pakistan for its military operations. OECD, *OECD.Stat Extracts*. Nevertheless, large development projects have also been started, like the $83 million Education Sector Reform Assistance (ESRA) Program. See *Education Sector Reform Assistance (ESRA) Program: Best Practices, Success Stories, and Lessons Learned during Program Implementation* (United States Agency for International Development, 2007); and CIA, *The World Factbook*.
79 Fair, 'Who Are Pakistan's Militants and Their Families?'.
80 Alan B. Krueger, *What Makes a Terrorist: Economics and the Roots of Terrorism. Lionel Robbins Lectures* (Princeton, NJ and Oxford: Princeton University Press, 2007).
81 T. R. Gurr, *Why Men Rebel* (Princeton, NJ: Princeton University Press, 1970).
82 Krueger, *What Makes a Terrorist*, 16–25.

correlation. Moreover, the Gini coefficient that rates the level of income inequality within a given country, proved unrelated as well.[83] Of the variables tested, fewer civil liberties turned out to be strongly positively correlated with the origin of terrorist, whereas the status of an occupied country showed only slight correlation (which lightly supports Pape's argument about suicide terrorists).[84] Despite the empirical strength of this research, the choice of its basic unit of analysis (national state) is questionable. Horizontal inequalities might be much more prevalent between ethnic and/or religious groups rather than among states; due to scarce statistical data available for analysis of entities other than national states, little research has been done in this regard so far.

Similar results have been reached when trying to explain suicide terrorism.[85] It seems that even support for terrorism (or political violence) is not negatively, but positively correlated with the level of income and education.[86] On the other hand, some research found that social welfare policies may reduce both international and domestic terrorism.[87] But there is a big difference between foreign aid and welfare. Donors are far from willing to give, or capable of providing, extensive welfare themselves, and supporting a government in doing so does not necessarily result in success. The Gaza Strip is a clear example where the continuous support of the Palestinian Authority in order to enable Fatah to deliver essential services to the Palestinians failed to prevent the victory of Hamas in the 2006 elections.[88]

Another theory holds that peace is promoted through increased trade. The classical liberal hypothesis is that mutual commercial exchange reduces the utility of warfare and thus the partners' motivation to go to war with each other. Another view suggests that complex relationships, including trade ties, result in more conflicts that can eventually break out into war.[89] The latest research shows that the liberal hypothesis holds true only for democratic states, but democracies 'are already so unlikely to initiate military conflict that the constraining effect of trade ... is smaller than the effect of changing a state's regime'.[90]

When it comes to individuals' decisions, it seems that economic factors play a much less significant role than it was believed. An analysis of opinion polls in the Palestinian territories shows that only those who rank economic improvement as their top priority are more likely to support diplomatic methods for solving the conflict. However, the vast majority of Palestinians do not consider economic improvement as the most important issue. Moreover, almost half of those who support diplomacy also support attacks against Israel.[91]

---

83   Ibid., 53–104.
84   Robert A. Pape, 'The Strategic Logic of Suicide Terrorism', *American Political Science Review* 97, no. 3 (2003): 343–61.
85   Alan B. Krueger and Jitka Malečková, 'Education, Poverty and Terrorism: Is There a Causal Connection?', *Journal of Economic Perspectives* 17, no. 4 (2003): 119–44; Pape, 'The Strategic Logic of Suicide Terrorism'; and Claude Berrebi, 'Evidence about the Link Between Education, Poverty and Terrorism among Palestinians', *Peace Economics, Peace Science and Public Policy* 13, no. 1 (2007).
86   Mark Tessler and Michael D.H. Robbins, 'What Leads Some Ordinary Men and Women to Approve of Terrorist Acts Against the United States?', *Journal of Conflict Resolution* 51, no. 2 (2007): 305–28.
87   Brian Burgoon, 'On Welfare and Terror: Social Welfare Policies and Political–Economic Roots of Terrorism', *Journal of Conflict Resolution* 50 (2006): 176–203.
88   Even though the reasons for Fatah losing the election were multiple and complex, widespread corruption was among those cited most often; a phenomenon to which large amounts of aid are likely to contribute. See for example Jaroslav Petřík, 'EU Official Development Aid to the Palestinian Authority and the Rise of Hamas', *Central European Journal for International and Security Studies* 1, no. 1 (2007): 113–31.
89   Katherine Barbieri, *The Liberal Illusion: Does Trade Promote Peace?* (Ann Arbor, MI: University of Michigan Press, 2002).
90   Christopher F. Gelpi and Joseph M. Grieco, 'Democracy, Interdependence, and the Sources of the Liberal Peace', *Journal of Peace Research* 45, no. 1 (2008): 17–36.
91   Gil Friedman, 'Commercial Pacifism and Protracted Conflict: Models from the Israeli-Palestinian Case', *Journal of Conflict Resolution* 49, no. 3 (2005): 360–82.

Conclusion

This paper shows that the development community has come a long way over the 60 years of its existence. Some of these lessons gave aid workers the realisation that being insensitive to political realities in the recipient communities can exacerbate existing tensions or even create new cleavages that can eventually erupt into open violence. That in itself is a big improvement. However, it also brings certain consequences seen by some as undesirable.

First, the realisation that aid should work 'in and on conflict' rather than 'around' conflict implies that foreign aid could and should be included in a broader set of tools to address issues of security. David J. Kilcullen, a leading counterinsurgency strategist, includes development cooperation into the third (economic) pillar of counterinsurgency, together with humanitarian assistance.[92] The resulting 'securitization', which aid agencies increasingly face, is seen by some as undermining the original purpose of aid by compromising long-term goals of poverty reduction for short-term objectives of national security interests.[93]

Second, as aid workers have themselves long urged, is an increased need for more and better coordination with other intervening bodies to prevent conflicting activities. On the one hand, this is a necessary step towards the desired whole-of-government approach. On the other hand, it means that aid agencies will lose some of their freedom in making decisions to politics, [94] as coordination involves compromises.[95] Moreover, recognising the complexity of the undertaking, demonstrated by the shift towards the whole-of-government approach and the ever-expanding mandate of peacebuilding into virtually all sectors of society,[96] leads to a very comprehensive engagement of the international community, which some see as a form of neo-imperialism. Indeed, a tension continues to exist between the imperative of minimal interference and the need for fundamental social, political, legal and economic changes.[97] In the minimalist mode, aid is prone to ignore or reinforce existing structural violence, which is ineffective or even harmful in the long run. In the comprehensive mode, aid aims to modify the delicate fabric of traditions and structures on which the whole society rests. And the methods employed to bring such a change can sometimes be just as drastic as the existing inequalities. Agencies might then end up apologising, like Australia said 'sorry' to the generations it had stolen. This kind of 'interventionist trap' does not of course apply solely to development aid, but to the full arsenal of interventions that constitute the relations between the global North and South.

Balancing between the minimalist and comprehensive modes of development aid requires the skill of an experienced tightrope walker. The higher the rope, the more lethal every wrong step. One would like to believe that the arsenal of knowledge provided to aid workers

---

92 David J. Kilcullen, *Counterinsurgency in Iraq: Theory and Practice* (Quantico, VA: Marine Corps Base, 2007).

93 See for example, Oxfam America, *Smart Aid: Why US Foreign Aid Demands Major Reform* (Boston: Oxfam America, 2008).

94 Many think that development cooperation should be largely independent from political decisions, as the recent debate over the reform of US foreign aid structure has shown. Nancy Birdsall, Stewart Patrick, and Milan Vaishnav, *Reforming U.S. Development Policy: Four Critical Fixes* (Washington DC: Center for Global Development, 2006). I hope that this paper has sufficiently explained why foreign aid cannot and should not be free of politics. Kenneth Bush and Thania Paffenholz themselves maintain that 'PCIA is fundamentally, and inexorably, *political*'. Bush, *Fighting Commodification and Disempowerment*, 11; and Paffenholz, *More Field Notes*, 5.

95 Thania Paffenholz observed that 'Every intervening actor wants coordination but nobody wants to be coordinated!', Paffenholz, *Designing Transformation and Intervention Processes* (Berlin: Berghof Research Center for Constructive Conflict Management, 2004), http://www.berghof-handbook.net/uploads/download/paffenholz_handbook.pdf.

96 Mark Duffield, for example, argues that what we in the West now see as 'complex political emergencies' is no more complex than it used to be, but it is our own engagement on multiple levels which constitutes what we see as a growing complexity.

97 For more discussion about the implications of the shift of foreign aid towards security see Jaroslav Petřík, *Securitization of Official Development Aid: Analysis of Current Debate* (Leuven, Belgium: IPRA, 2008), http://soc.kuleuven.be/iieb/ipraweb/papers/Securitization%20of%20Official%20Development%20Aid.pdf.

might equip them to walk the rope, but skills can seldom be acquired outside trial and error. Unfortunately for the target countries, in the case of foreign aid it is not the tightrope walker who gets injured or killed when a mistake is made. As this paper has shown, some of the assumptions about the relationship between foreign aid and conflict, which then determine ODA policies in conflict situations, are unclear and likely to produce unmet expectations, and hence frustration.

Acknowledgements