

Politics and the Effectiveness of Humanitarian Aid

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Does the source of Non-Government Organization (NGO) funding affect how effective these groups may be in achieving their goals? Some organizations and scholars argue that accepting funds from governments and other political entities reduces their autonomy and makes it more difficult for them to operate in politically sensitive areas. In contrast, other groups happily accept funds from these governmental sources. This project examines the efficacy of humanitarian NGOs as a function of their funding sources, with a particular focus on civil conflict. I argue that due to differences in the incentives and ability of private and public donors to hold NGOs accountable for their activities, organizations which receive funding primarily from private donors are less accountable than are organizations which receive funds primarily from public donors. Due to these differences in accountability, I further argue that publicly funded NGOs should be more effective in achieving their goals than privately funded organizations. This argument is tested using an original dataset on the activities of three of the most prominent humanitarian NGOs for the period from 2004-2007, and finds that publicly funded organizations do in fact exhibit greater levels of aid effectiveness than privately funded organizations. Furthermore, there is some evidence that aid from privately funded organizations may in fact make crises worse, rather than improving them. The results of this study have implications not only for scholars interested in aid efficacy organizations and scholars, but most importantly for the individuals whom they seek to assist, whose lives and welfare critically depend on effective and efficient assistance.

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PREFACE

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1.0 INTRODUCTION

On January 7th, 2010, a massive earthquake struck the Caribbean island nation of Haiti. At 7.0 on the Richter scale, it was the strongest earthquake in that region in at least 200 years¹, and the consequences were devastating. According to the World Health Organization, over 200,000 individuals were killed, and thousands more injured. Compounding the losses was the fact that much of the country's infrastructure, including critical public services and hospitals, were also destroyed.²

As has happened with great frequency following highly publicized natural disasters to this scale, the global community immediately sprang into action. In the 15 days following the earthquake, private donors pledged more than \$528 million to 40 US non-profit groups alone, outpacing aid that was given in response to the Asian tsunami (\$163 million in nine days) and 9/11 (\$239 million in 10 days). In fact, the rate of Haitian response was second only to the aid effort that followed the devastation of Hurricane Katrina, in which Americans gave more than \$580 million in eight days.³ Though these figures represent a significant amount of funding, they were but one piece of a much larger puzzle. By some estimates, once all the private and public

¹ National Geographic News January 13, 2010. "Haiti Earthquake 'Strange', Strongest in 200 Years". Available at <http://news.nationalgeographic.com/news/2010/01/100113-haiti-earthquake-red-cross/> Accessed March 31, 2012.

² World Health Organization. January 2011. "Haiti earthquake: one year on." Available at <http://www.who.int/hac/crises/hti/highlights/january2011/en/index.html>. Accessed March 31, 2012.

³ The Chronicle of Philanthropy. January 27, 2010. "Donations to Help Haiti Exceed \$528-Million, Chronicle Tally Finds." Available at <http://philanthropy.com/article/Donations-to-Aid-Haiti-Exce/63756/>. Accessed March 31, 2012.

donations were accounted for, a total of approximately \$4.5 billion was committed or contributed to Haitian relief, with approximately \$1.5 billion coming from private donors and \$3 billion coming from public sources.⁴

Yet despite the tremendous response by donors and aid groups, Haiti continues to face significant problems more than two years after the quake. Over 550,000 people, or almost one-third of those displaced by the disaster, still live in temporary settlements. Only about half of the debris from quake has been removed, and in October 2010 an additional public health crisis erupted in the form of a cholera outbreak that affected as many as 514,000 individuals.⁵ The continuing crisis in Haiti, which persists despite the commitment of so many funds and the efforts of thousands of humanitarian organizations, seems in many ways to parallel another perceived tragedy in the world of international aid. Easterly (2006) calls it a “tragedy” that trillions of dollars in development assistance has seemingly spurred so little significant progress in improving the living standards of millions living in poverty. This tragedy of humanitarian aid has led to a significant question about its ability to deliver relief, and led many to ask “is humanitarian aid effective”?

The answer to this question may appear at first blush to be obvious. The distribution of food to individuals facing famine, or the provision of medical services to those best by disease or injury, would on its face seem to be inherently beneficial. One complicating factor in assessing humanitarian aid’s effectiveness is the lack of a standard metric by which to measure success. Are the ongoing issues in Haiti representative of a failure of humanitarian aid? What would Haiti look like without the assistance of humanitarian organizations – the counterfactual scenario,

⁴ David Roodman. January 12, 2011. “Haiti Earthquake Relief Facts.” Available at <http://blogs.cgdev.org/globaldevelopment/2011/01/haiti-earthquake-aid-facts.php>. Accessed March 31, 2012.

⁵ CBC News. January 5, 2012. “Special Report | Haiti earthquake.” Available at <http://www.cbc.ca/news/world/story/2012/01/05/f-haiti-topix.html>. Accessed March 31, 2012.

difficult to observe once aid is already in place but perhaps the most accurate way to assess its benefit or cost.

It is the possibility of costs beyond the simple need for funding that may be surprising to many who believe that humanitarian action, due to its nature and purpose, is inherently beneficial. The experience in Haiti, however, is simply one episode in a long line of humanitarian crises in which aid scholars and practitioners have been forced to question whether aid is not only ineffective, but may actually in some instances cause more harm than benefit.

Humanitarian aid has been a contentious issue in international politics almost since the dawn of the humanitarian movement. Two of the most influential figures in that movement, Florence Nightingale and Henry Dunant, founder of the International Committee of the Red Cross, had very different opinions on its appropriateness, with Dunant advocating for aid at all costs and Nightingale arguing that “voluntary efforts, which reduced the expense faced by war ministries, merely made it easier for governments to engage in wars more often and for longer” (Polman 2010, 3-4) This debate has also taken on a renewed salience in the last few years. On March 4, 2010, the BBC aired a documentary by their World Service’s Africa editor, Martin Plaut, which indicated that up to 95% of the approximately \$100 million raised by 1985’s Band Aid for the purposes of humanitarian relief in Ethiopia was actually used by domestic military groups to purchase arms and continue their military efforts. This report prompted a vociferous response from Band Aid’s organizer, Bob Geldof, as well as several charitable organizations.⁶ Though the BBC stood by its reporting, it ultimately issued an apology to Geldof for giving the impression that that it was Band Aid funds that were diverted. However, it also maintained the main thrust of the report, noting that “that there was evidence from a number of sources that the

⁶ BBC. March 7, 2010. “BBC holds firm over Ethiopia famine funds report.” Available at <http://www.guardian.co.uk/media/2010/mar/07/bbc-holds-firm-ethiopia-famine-funds>. Accessed August 17, 2011.

TPLF had diverted money intended for famine relief and that some of this was spent on weapons”.⁷ This was but one of an increasing chorus of inquiries and criticisms targeted at humanitarian efforts, and which has given rise to questions about the effectiveness of humanitarian aid.

1.1 HUMANITARIAN AID AND DONOR ACCOUNTABILITY: THE ARGUMENT IN BRIEF

The issue of the effectiveness of humanitarian aid is at the heart of this dissertation. I argue that humanitarian aid from non-governmental organizations (NGOs) may be effective, but its ability to improve the lives of those it seeks to help is impacted by the source of the organization’s funding. Aid from organizations which receive the majority of their funds from public sources, such as states and inter-governmental organizations (IGOs) should be more effective than aid from groups which receive their funds predominantly from private sources.

I argue that this discrepancy is attributable to differences in the way in which humanitarian NGOs are held accountable by their donors. In this argument, humanitarian activities convey two sets of benefits upon recipients. The first are private benefits, such as the provision of food and medical assistance, which are enjoyed only by those individuals who are direct beneficiaries of the aid. These direct benefits should positively impact the health of recipients by addressing many of the threats affecting their welfare. The second set of benefits, by contrast, is public in nature – they affect all members of a recipient population, whether they

⁷ BBC. November 4, 2010. “BBC apologizes to Geldof for Band Aid slur.” <http://www.telegraph.co.uk/news/uknews/8035539/BBC-apologises-to-Bob-Geldof-for-Band-Aid-slur.html>. Accessed August 17, 2011.

receive direct benefits or not. These public effects of humanitarian aid may be conceptualized as negative externalities associated with aid activities. Drawing on the literature on humanitarian aid, I highlight a number of ways in which aid organizations may negatively affect crises via these type of negative externalities and argue that the true measure of a humanitarian intervention should be evaluated using the net of the direct private benefits plus the indirect public costs.

The possibility that these aid activities may negatively impact those they seek to assist provides the foundation for the necessity of accountability. One of the ways in which the possibly detrimental effect of humanitarian efforts on crises could be reduced is by aid donors holding NGOs accountable for their actions and forcing them to alter their behavior to reduce activities which lead to deleterious outcomes. However, I argue that there will be variations in donors' ability to hold NGOs accountable.

Private donors face obstacles in their ability to effectively hold the NGOs to which they donate accountable. These donors likely have little incentive to actively monitor the activities of NGOs once the donation has been made, in part because the donor receives private benefits with their donation which may satisfy their motivation for giving and negate the need for further action. Private donors also are hampered in their ability to monitor NGOs on a number of fronts, including the ability to obtain the information necessary to assess what activities NGOs are conducting in the crisis zone (which frequently occurs far from where the donor is located) and the ability to accurately interpret the information even if it is obtained. Finally, private donors will be limited in their ability to sanction NGOS who they feel are not performing adequately. While these donors can sanction NGOs by threatening to withhold future funds (Grant and Keohane 2005), private donors are constrained in this ability due to the collective action problem

(Olson 1965). The large number of private donors to any NGO means that the ability of any single donor to change an NGO's behavior by withholding future donations is limited by the high number of additional donors. The only way these donors can thus punish the NGO in any significant way is by banding together to collectively withhold funds. Due to fact that the ability of groups to engage in this collective action decreases as group size increases, however, this is difficult for private donors to do. These impediments to monitoring and sanctioning of NGOs by private donors means that the ability of the donors to hold NGOs accountable should be low, and thus the ability of these donors to reduce the presence of negative externalities associated with aid activities by sanctioning particular groups is similarly low.

Public donors, in contrast to private donors, enjoy greater abilities to not only monitor but also sanction NGOs which should also increase their ability to hold these NGOs accountable. Intra-governmental competition for resources means that aid dollars that are donated to NGO agents by states are highly contested, providing an incentive for states to make sure that the funds are used effectively or risk losing the funds to other purposes. States also possess the means by which to independently gather information about NGO activities and the institutional expertise necessary to assess the impact the NGOs are having upon the recipients as well as the operational environment. The field offices of groups such as the U.S. Agency for International Development (USAID) and their contacts with other organizations such as the World Bank allow for observation of NGO activities in the field, resources beyond the grasp of many private donors. USAID also has institutional expertise in program evaluation which can assist them in assessing whether particular activities may be beneficial, and also whether there may be possible externalities which could detract from the aid program's ability to improve recipient welfare. Finally, states are also privileged in their ability to sanction NGOs relative to private donors. The

large sums that public entities give to NGOs, oftentimes orders of magnitude larger than private donations, increases the potential penalty to NGOs should any individual state threaten to withhold future funds, providing a significant incentive to change behavior. The smaller pool of state donors relative to private donors will also allow them to more easily overcome the collective action problem to collectively sanction NGOs whose efforts may be found to be detrimental to aid recipients or otherwise improve their activities.

In sum, the enhanced ability of public donors to hold NGOs accountable for both the direct and indirect effects of aid should allow for publically funded NGOs to outperform privately funded organizations by increasing efficiency and minimizing the negative externalities which detract from aid effectiveness, enhancing the beneficial aspects and increasing aid effectiveness overall.

1.2 THE STRUCTURE OF THE DISSERTATION

The argument is presented in five sections. Chapter 2.0 discusses the existing literatures on humanitarian and development aid. After covering the current critiques of humanitarian aid, I show how many of these questions may be addressed by including some of the approaches and results found in the development aid literature. I also outline how this project expands existing theory to introduce my argument regarding donor heterogeneity and variance in NGO accountability, as well as the benefits of testing this and other arguments of humanitarian aid effectiveness in a qualitative manner.

Chapter 3.0 presents the theory relating aid effectiveness to the accountability each organization faces relative to its donors. The chapter begins by discussing various factors which

may impact the effectiveness of humanitarian aid, including a way by which we may conceptualize of evaluating aid effectiveness and the role NGO neutrality and independence may have in changing an organization's effectiveness. The focus then turns to creating a framework of NGO accountability and highlights the ways in which this differs for privately and publicly financed organizations. The key distinction comes down to the monitoring and sanctioning capability of each type of donor; private donors are argued to face low incentives to monitor the organizations to which they donate, and also face steep obstacles to their ability to effectively monitor their activities and effectively sanction groups which are found to be underperforming. Public donors, by contrast, have a greater incentive as well as increased capability to monitor the organizations to which they donate, and a more pronounced ability to sanction poorly performing organizations. Due to these differences, I present a number of hypotheses which relate to the predicted ability of publicly financed aid to better assist recipients of humanitarian aid than aid from privately funded organizations.

These hypotheses are tested in Chapter 4.0 . Using an original dataset on three of the largest humanitarian aid organizations – the International Red Cross, Oxfam International, and Médecins sans Frontières – for the period from 2004-2007, I evaluate the relative effectiveness of each type of organization using econometric estimations of aid on measures of public health such as life expectancy. The findings suggest support for the hypotheses: aid from the publicly funded organization, here represented by the International Red Cross, does appear to be more effective in improving public health than aid from the privately funded Oxfam International and Médecins sans Frontières. Somewhat surprisingly, aid from the latter two organizations actually appears to *decrease* public health, suggesting that the fears of some aid skeptics regarding aid's

ability to harm recipients may be well-founded. These results prove robust to a number of alternative estimations, also discussed in this section.

Chapter 5.0 presents the result of a survey aimed at assessing the behavior and beliefs of private donors relative to the groups to which they contribute. The results are largely supportive of the idea that private donors engage in little oversight, when measured as the amount of time engaged in doing research or their knowledge about the operations and effectiveness of their preferred organizations. Based on their reactions to a hypothetical scenario it appears that donors are willing to engage in sanctioning type behavior, but the lack of incentives and information are the key impediments keeping them from effectively keeping organizations accountable for their activities.

The final section, Chapter 6.0 , summarizes the argument and reviews the findings. In this section I also provide a number of potential policy implications that these findings on NGO funding source and aid effectiveness may have for aid practitioners, including ways in which accountability may be increased and aid made more effective. I also offer a number of potential avenues for future research building upon the material presented here before concluding.

2.0 FOREIGN AID: BENEFIT OR HINDRANCE?

As the pace and scope of globalization increases the prominence of NGOs as global actors, it places a premium on understanding the effect of these organizations on the international landscape, including the humanitarian organizations at the heart of this project. In the vanguard of this type of analysis have been questions regarding how NGOs impact the environments in which they operate and to whom, if at all, they are accountable for their actions. A chorus of voices has become prominent in questioning the activities, behaviors and motivations of humanitarian NGOs, including accusations that they may be ineffective at best, harmful at worst. However, questions of whether humanitarian NGOs are effective in delivering assistance and improving the lives of those they seek to serve have been of an implicit nature; the overt question has been about the process of aid delivery, rather than its impact. While intuitively better processes should yield better outcomes, it is not true that humanitarian aid is necessarily effective at improving lives simply because it is given to fulfill a humanitarian imperative. Overall, scholars and practitioners of humanitarian aid have been forced to recognize that while “humanitarians used to believe that only good consequences could follow from their good intentions, but this cheery and charitable outlook has yielded to the more sobering awareness that bad outcomes can, indeed, result from actions carried out by the pure of heart” (Barnett 2003, 402). As has been seen from the literature on foreign economic assistance there are a multitude of conditions which can impact aid’s ability to generate its intended effect.

This dissertation builds upon this new awareness and the work that has already been done on humanitarian and development aid effectiveness with both theoretical and methodological contributions. Drawing on existing theories of how humanitarian aid may affect conflict, and also which factors – most specifically accountability – impact aid’s effectiveness, I argue that organizations which are most accountable should be those whose aid operations are most effective. Furthermore, increased accountability should also reduce the presence of undesirable externalities of aid which may in fact make crises worse. However, I also argue, as an extension to existing theory, that not all NGOs face the same level of accountability, but that accountability should vary according to whether their donors are public (such as governments) or private (individuals). Empirically the dissertation applies many of the quantitative methods utilized in the study of development aid to assess the effectiveness of humanitarian aid and assess the assertion that aid effectiveness should vary by donor type. This quantitative analysis is a departure from the standard methodology of studying humanitarian assistance, which has been predominantly qualitative.

To build the argument, the chapter first examines the contemporary discussion on humanitarian aid, including the incentives governing NGO behavior and their theorized impacts on the areas in which they work. The following section presents the analogous literature on development aid to show various ways in which aid’s effectiveness has been debated, while the final section combines the preceding sections and provides a discussion of how they relate to the central argument of the dissertation.

2.1 EXAMINATIONS OF HUMANITARIAN AID

The increased awareness of possibly negative outcomes associated with humanitarian aid has elicited criticism along two general lines. The first examines the incentives that motivate humanitarian NGOs and the manner in which they respond to crises. The second looks at the way in which these operations affect the crises in which the NGOs are operating, including possible means by which those operations could in fact exacerbate conflicts or disasters.

Those who are critical of the manner in which NGOs, both humanitarian and developmental, respond to crises tend to argue that NGOs pursue their institutional interests in matters such as image and fundraising rather than actually acting based on the needs of threatened populations. Hancock (1989) argues that many in the field of development and relief actually use their causes for personal gain; they increase their wealth and prestige by attending conferences in internationally desirable locations and drawing large salaries while nominally addressing the actual needs of the poor. He critically calls these types of actors “lords of poverty”. This is similar to the criticism Polman (2010) offers when she labels humanitarian efforts as “crisis caravans”, a “caravanary of humanitarian aid organizations [which] treks, apparently by common agreement, from one humanitarian territory to the next” (12). The motivating factor for these organizations, she argues, goes beyond a humanitarian imperative. Rather, these organizations catch “contract fever”, in which they privilege the acquisition of new contracts above nearly all else. These contracts are obtained in part through cozy relationships with the media and the inflation of statistics regarding the size of the needy population and distortion of other key facts, and may occur even in cases where the organizations are aware that their efforts may hurt more than they help.

These organizational incentives for humanitarian organizations to emphasize the needs of the recipients, perhaps even to the point where they mislead donors, has led to donors' increasing unwillingness to implicitly trust aid organizations. Smillie and Minear (2004) suggest that this skepticism comes about due to the fact that "many of those assessing needs are the ones who submit project proposals and spend the money, and this is thought to constitute a conflict of interest. NGOs, it is said, might exaggerate the number of people in need because their institutional survival depends on donations and grants: the more the merrier" (204). The problem is severe enough that Mukesh Kapila, former UN Resident and Humanitarian Coordinator for the Sudan, has said that "of all the major worldwide public endeavors, the financing of the global humanitarian system is the most primitive, based on little rationality and even less accountability" (203).⁸

Financial incentives mean that NGOs go to locations which should bring the most publicity and may also expand their operations to cover areas not traditionally within their purview in order to obtain funding. As with any other organization, the constant need for funds is a strong motivator: "Few NGOs have ever seen a contract they didn't like, or a problem they didn't believe they could solve. The first priority of an NGO, like any bureaucracy, is its own survival" (Maren 1997, 278).

Taken together, this often cynical view of the incentives and goals of NGOs would suggest that their initial priority is not in fact the need of the recipients but instead the NGO's ability to earn funds and engage in operations. Under this framework the individual need is simply a vehicle for NGO self-preservation and enrichment. There are contrary perspectives, and Bütthe, Major, and de Mello e Souza (Forthcoming), in one of the first empirical examinations of

⁸ It is interesting that Smillie and Minear, who provide the quote, go on later to argue that the problem is not due to too little accountability, but the wrong types of accountability and to the wrong people.

NGO activities, do find that aid is distributed primarily in response to recipient needs.⁹ However, the cynical perspective is well entrenched in the literature, and it is likely that the debate over NGO motivations and responses will continue to be debated well into the future.

A similar debate has been ongoing regarding the actual effects of humanitarian aid on recipient populations. In one of the most public examples of this debate, during the Rwandan conflict Médecins sans Frontières' (MSF) France feared that they were providing medical treatment to *genocidaires* who would then return to killing, prompting the organization to withdraw lest it become unwittingly complicit in the genocide. This episode prompted questions of “what humanitarian aid represents, and at what point it loses its sense and becomes a technical function in the service of evil” (Terry 2002, 2). These concerns are part of a larger “Humanitarian Dilemma”, a debate between the moral imperative of humanitarian organizations to provide aid to those in need and the potential for this aid to result in negative externalities and unintended consequences (Väyrynen 1999).

There have been numerous arguments made as to how aid may have indirect negative consequences on humanitarian crises, particularly (but not limited to) during civil conflicts.¹⁰ Luttwak argues that humanitarian action by NGOs unequivocally interferes with the natural processes of war and exacerbates conflict by creating “refugee nations” and inserting material aid that may supply active combatants (1999, 43-4). Humanitarian assistance may also free resources that would otherwise be used for non-combat purposes in a substitution effect for

⁹ Their study is however limited to development organizations and encompasses only one year of operations.

¹⁰ It should be noted that there are also competing arguments as to how aid may in fact indirectly reduce the severity or duration of humanitarian crises, in addition to its presumed direct effect of improving the welfare of those affected by the crisis.

either rebels or governments, allowing these groups to use the resources to instead support their war efforts (See as an example Anderson 1999a; Goodhand 2000).

Aid or its benefits may also be directly transferred from humanitarian agencies to combatants in the form of rents or payment for services. In the chaotic environment of a conflict zone, aid organizations may end up becoming dependent on local military forces for protection or access, a fact which can be leveraged by the belligerents for support (Le Billon 2000; MacFarlane 2001). Aid generally tends to be highly visible and predictable as well (Slim 2004, 12), thus leaving it subject to coercive action on the part of the combatants. In situations such as the Soviet conflict in Afghanistan, aid was routinely manipulated and subject to corruption and political favoritism. As an example, up to 40% of food aid from cross-border programs was given directly to rebels in the form of “taxation” (Goodhand 2002, 842-3). This is different than aid from governments, which Collier and Hoeffler (2002, 437) argue is “difficult for a rebel organization to capture *during* a conflict,” (italics theirs) as most goes directly to government coffers and projects. The notable exception is food aid, which rebels can capture by threatening distribution channels.

Assistance can also be indirectly transferred from aid agencies to combatants through civilian populations, where it may be collected as taxes or confiscated outright. Civilians in territory held by rebels, including those opposed to the rebel cause, may be reluctant to publicize such operations to aid agencies for fear of reprisals (Kalyvas 2006), creating situations in which agencies possibly have little control or specific knowledge regarding where these transfers are taking place. Insurgents or rebels also use their ability to blend into the population for strategic purposes (DeMars 1995, 4), making it difficult to distinguish legitimate civilian economic actors from those supporting or actively engaged in the war (Goodhand 2000, 61). This also may be a

consideration in refugee camps, which Terry (2002) argues can unwittingly give safe haven to or provide services for disguised combatants.

Aid can also affect the incentives for settling a conflict. Individuals who profit from the conflict, such as employees of foreign groups working in the conflict zone, or those receiving rents who face a loss of income with peace, have an economic incentive to continue fighting (MacFarlane 2001, 15; Goodhand 2000). It may also be used by rebel elites to motivate combatants to continue fighting by making continued conflict more profitable than peace (Regan and Norton 2005; Ballentine and Nitzschke 2003).

The presence of humanitarian aid may also extend conflict by affecting the likelihood that a conflict will reach what Zartman describes as a “hurting stalemate” (1995). According to Zartman, governments and rebels may be more likely to negotiate a settlement to conflict when they have reached a stalemate that inflicts costs on both parties, making a negotiated outcome preferable to the status quo. If humanitarian intervention alters the amount or degree of suffering experienced by one or both sides, it may alter the actors’ relative valuations of the status quo and make a negotiated peace less attractive.

The infusion of assistance also has the ability to potentially exacerbate underlying social tensions if it is perceived to be biased in the manner in which it is distributed or causes conflict over its distribution or other resources. Hyndman (2009) found that tsunami aid in Aceh, Indonesia, ignited tensions between those who were victims of the tsunami and those who had suffered from the longstanding civil conflict. Tsunami victims were characterized by some as ‘the lucky ones’ in light of the fact that post-conflict reintegration aid was only 2.5% of the total aid allocated for tsunami relief (94). Aid may also legitimize actors or processes directly

involved in the conflict, making them or their cause appear to be worthwhile and increasing supporting (Anderson 1999a; Le Billon 2000; MacFarlane 2001; Goodhand 2002).

Not all believe that aid makes crises worse. There are also arguments that it could perhaps have beneficial consequences. Borton (1998) argues that although some diversion of aid to the combatants can occur any effects that may result are minimal. MacFarlane echoes this opinion, arguing that the viewpoint that aid can sustain or exacerbate conflict is “overblown” (2001, viii), and highlights another perspective which he terms “*conflict transformation*”, arguing that aid can help bring about peace (63-4). Keen (1998, 320), also argues that aid can shorten or prevent conflict, particularly “where it relieves a subsistence crisis that is encouraging people to take up arms in pursuit of sustenance”. Others have argued that economic compensation to warring parties can help bring about peace and cease-fire agreements, as reportedly was the case with some factions in Burma (Ballentine and Nitzschke 2003).

Overall the findings on the aid’s effect on crises are mixed. Some militaries have taken measures to avoid supplying their enemies under the belief that such actions will exacerbate the fighting.¹¹ Goodhand (2002, 842) argues that NGO activity in Afghanistan helped exacerbate and sustain the conflict, while Vayrynen argues that assistance appears to have sustained and prolonged crises in Kampuchea, Sudan, Liberia, and the Great Lakes region of Africa (1999, 184). Conversely, DeMars argues that although humanitarian action had a role in influencing the course of the Ethiopian conflict of the late 1970’s, it neither prolonged nor resolved it (1995, 2).

¹¹ As an example, British forces in Malaya distributed cooked rather than raw rice rations so that they had to be consumed immediately and could not be distributed to the fighters hiding within the jungle (After smart weapons, smart soldiers 2007). During World War I, the Entente powers were afraid that aid provided to civilians in Belgium and Germany by the Belgian Relief Commission might in fact be diverted to the German military (MacFarlane 2001, 1).

Finally, Keen (1994, 204) has pointed to “Operation Lifeline” in Sudan as one example of aid actually having a beneficial effect upon conflict.

Perhaps more striking than the fact that there is no clear consensus on whether or not aid is bad for crises is the fact that this question has assumed such prominence over the question of whether aid is actually effective. Roberts and Hofmann (2004) suggested that despite numerous efforts at increasing technical competence and accountability in the humanitarian sphere, “knowledge of the impact of humanitarian interventions in alleviating suffering and ultimately reducing mortality in the health and other sectors remains limited”.

Questions of aid’s effectiveness are not merely limited to its direct intended effect: to improve the health and well-being of those threatened by crisis. The debate on how aid affects environments more broadly is a question of the unintended consequences of aid. Both types of effects, however, are relatively understudied, particularly from a quantitative perspective. One such effort was undertaken by Seybolt (2007), who used large scale quantitative analysis to assess the effectiveness of humanitarian military interventions and found that under particular conditions these types of efforts could be beneficial for recipients. These types of quantitative analyses are useful in determining broad trends and are the standard method of assessing aid’s efficacy in the literature on development aid, which can be a useful analogue for studying the effectiveness of humanitarian aid. It may be enlightening not only in its methodological contribution, but also in the ways aid’s efficacy has been altered by circumstances and the diversity of findings on whether aid is in fact effective or not. The next section therefore presents a brief discussion of the literature on development aid and the ways in which aid’s effectiveness has been addressed and analyzed.

2.2 FINDINGS ON FOREIGN DEVELOPMENT AID

Studies on foreign development assistance can broadly be categorized as belonging to one of two groups: what determines aid distributions, and is aid effective at generating economic growth within the recipient country? These categories are not mutually exclusive, and a number of studies have drawn on both to construct theoretical arguments regarding aid's effectiveness (or lack thereof), but these tend to be the two dominant themes within the literature.

Likely the most frequently cited piece in the area of determinants of aid allocation is the work by Alesina and Dollar (2000), who find variation in aid patterns which can be explained by varying donor motivations for giving aid. Roughly, the Nordic states are classified as giving for the most altruistic reasons, countries with strong colonial histories such as Britain and France tend to give to their former colonies, and other states such as the U.S. give for strategic reasons such as currying political favor or military access. This heterogeneity in donor allocation is reinforced by Collier and Dollar (2002), who argue that current aid does not fully realize its potential for poverty reduction due to distortions in aid giving patterns, advocating instead for aid giving along a "poverty-efficient" distribution model. The size of aid projects has also been found to be related to the bureaucratic structure of the donor; donors with more fragmented administrative structures tend to give smaller aid packages on a project level (Kilby 2011).

The findings on aid effectiveness, which have traditionally consisted of large-n quantitative analyses of the statistical relationship between aid and economic growth, have been what may charitably be described as a mixed bag. Studies such as Boone (1996) found that aid did not help the poor or increase investment, but could contribute to a growth in government. This finding was later challenged by others, including Hansen and Tarp (2001), who found that

aid could in fact induce economic growth, though the estimated effect was sensitive to model specifications and the role of investment.

A number of studies fall somewhere in the middle of these two extremes. Aid may be effective, but it needn't always be effective. Some of the mixed results likely came about due to what appears to be a highly conditional relationship between aid and growth: there is evidence that aid is "*conditionally* effective. There are circumstances in which it reduces poverty...and circumstances in which it assists policy reform. In the past, much aid was less effective than it could have been because its allocation did not heed these circumstances" (Collier and Dollar 2004, italics in original).

If the effect of aid is truly dependent on mitigating conditions, which factors can make aid more or less effective? Burnside and Dollar (2000) find that the types of economic policies utilized by the recipient country can affect aid's ability to generate growth. Countries which implement pro-growth monetary and fiscal policies seem to realize increased economic growth when receiving development assistance, but countries with poor policy environments do not see these benefits.

Aid conditionality is another factor which may impact on aid efficacy. Though conditionality has been criticized on some grounds for failing to induce actual policy changes (and in some cases causing a decrease in social expenditures, according to some critics) there is potential that conditionality which merely stipulates that specific targets must be met while leaving actual policy changes to the recipient governments might actually be more effective than forced policy changes from abroad (Collier et al. 1997). Svensson (2003) recommends a similar type of reform for aid conditionality, in which aid allocations would occur after economic

reforms and based on actual performance, overcoming a strong bias in donor countries to distribute aid even when conditionality has not been met.

Donor incentives may also impact conditionality's ability to translate aid into growth by decreasing the recipient's *a priori* belief about the donor's willingness to actual enforce aid conditions. Bearce and Tirone (2010) argue that donor incentives to give aid during the Cold War was high, since in many cases donors were giving for purposes other than facilitating economic growth, and recipients therefore had little reason to implement structural reforms. When these donor incentives decreased following the end of the Cold War, recipients took donor threats of aid conditionality enforcement more seriously, leading to their finding that aid in this period actually generated economic growth while aid given during the Cold War did not, on average.

Time may also be a factor affecting the relationship between aid and growth. One explanation for why so many studies find a weak link between aid and growth may be that aid's effect may be staggered over time. Dividing aid into segments that should have short term effects, long term effects, and no effect on growth (such as humanitarian aid) Clemens, Radelet and Bhavnani (2004) are able to identify a strong relationship between aid and growth in the short term, an effect other studies may be missing by pooling all three types.

The question of whether or not aid is fungible has also been argued to be a key factor in whether aid flows will translate into recipient economic growth. Pack and Pack (1993) find that aid is in fact fungible in their study of the Dominican Republic, arguing that this aid diversion from pro-growth expenditures reduces its ability to generate increases in GDP.¹² This permissive view of aid fungibility is echoed by Feyzioglu, Swaroop and Zhu (1998), who also find that

¹² It is notable that this finding is in opposition to an earlier study of Indonesia done by the same authors, Pack and Pack (1990) where they argue that aid is *not* fungible.

recipients are able to divert aid given for economic growth to other purposes. Bermeo (2011) contests this understanding of aid fungibility, suggesting that in fact donors can enforce some degree of aid conditionality and its not simply another source of non-tax revenue which can be used for nearly any purpose, as has been suggested by scholars such as Morrison (2009).

Even these studies which posit aid conditionality are not without their detractors. For example, Rajan and Subramanian (2005) run a cross-sectional analysis of aid effectiveness and find that even after accounting for endogeneity “there is no robust positive relationship between aid and growth”, even with respect to factors such as time horizons, types of aid and its purposes, who gives it or whether it’s given to countries with good or bad institutions (18).

There has also been a rather public debate anchored in competing books from prominent aid scholars, each of whom acknowledged that in many ways aid had failed to foster development but offered markedly different ways of making it more effective. Sachs (2005) offered a development path centered on the Millennium Development Goals (MDG) that he helped construct at the United Nations. This would entail a multifaceted approach targeting issues from public health to infrastructure while also entailing a massive increase in the size of aid flows from the developed to developing nations to overcome the lack of capital which kept the latter set of countries from experiencing economic growth. Easterly (2006) responded to Sachs’ approach, which he characterized as “top down”, with a development process more focused on facilitating entrepreneurship in recipient countries, which he called “bottom up”. The proper role for aid in Easterly’s framework was not for it to be administered by international organizations, but for it to support individuals in these countries as they sought to address the needs of their communities, from which economic growth would then take place. Finally, Collier (2007) entered the arena with an approach that somewhat straddled those advocated by

his two predecessors. Aid was not effective, in his estimation, because of various “traps”, such as bad governance and civil conflict, which aid by itself could not overcome. The key, then, to fostering development was to utilize other types of policies, including military interventions, in combination with aid to help increase its ability to stimulate growth.

Though in many of these studies of aid’s effectiveness the picture is frequently bleak from the perspective of aid’s ability to induce growth (or at least highly conditional), the findings do not suggest that aid actually makes bad situations worse. Put another way, the alternative hypothesis against which the aid is being measured is that aid has no statistically discernible effect. The worst outcome is that aid is simply ineffective, and that there is a massive opportunity cost and financial waste to spending aid without improving the lives of those in poverty.

There rather benign model of aid giving is changing, however, with a burgeoning body of work arguing that rather than simply being inefficient, like humanitarian aid the worst case scenario for development aid may be that it makes countries worse off. Moyo (2009) entered the debate between Sachs, Easterly and Collier to argue that aid was in fact making Africa worse off, rather than better. She argues that aid creates dependence and other disruptions leading to decreased economic performance among aid recipients, declaring the aid to be “dead”. Others have gone even further. Bueno de Mesquita and Smith (2009a, 2009b; 2010) have a series of articles examining the effects of foreign aid on regime change and democratization in the recipient country, in line with an earlier working paper by Smith (2006) where he argues that aid can in fact even be “pernicious”. Drawing on selectorate theory (Bueno de Mesquita et al. 2003) they argue that leaders can utilize foreign aid to remain in office by using aid for purposes other than economic growth, such as paying off potential rebel groups or allies and thwarting

democratic reforms. In some cases this may even be undertaken with the full knowledge of the donor country.

There have been other possible externalities associated with aid, although these have been painted in a more positive light. Collier and Hoeffler (2002) found that although aid has no direct impact upon civil conflict onset, it may reduce the likelihood of experiencing a civil war if it can increase domestic economic growth and reduce dependence on primary commodities. Savun and Tirone (2012) find a more direct causal linkage between development assistance, arguing that aid can help recipient governments weather exogenous economic shocks that might otherwise precipitate a civil conflict.

The variety in the findings on whether aid is or is not in fact effective, and the scope conditions which can affect its ability to fulfill its goals, reinforces that it should not simply be assumed that humanitarian aid always improves the welfare of recipients. This assumption has been challenged theoretically, but there is generally a dearth of empirical evidence assessing its validity, a void which is addressed by the dissertation. The theoretical and empirical means by which it does so are the focus of the next section.

2.3 THE RELEVANCE OF DEVELOPMENT AND HUMANITARIAN AID TO THE STUDY OF HUMANITARIAN AID EFFECTIVENESS

Many of the criticisms of foreign aid discussed in this chapter have a few common elements. The first is that many of the suggested deficiencies in the humanitarian network could be addressed by increased accountability. Indeed, a current lack of accountability is highlighted as a primary concern among many scholars. The second issue is that while there has been much

theorizing on the possible effects of aid, there is little empirical evidence showing what effects aid actually engenders in crisis situation.

The argument presented here addresses the issue of accountability and effectiveness by applying some of the lessons from the literature on development assistance. As seen from the work of Bearce and Tirone (2010), when donors are willing to enforce accountability – in their work accountability comes in the form of aid conditionality – aid is effective in achieving its goals. When donors are lax in holding recipients accountable, then aid shows little beneficial effect. This logic should also apply to humanitarian organizations – when donors to international NGOs hold the organizations to which they donate accountable for how funds are used, those funds should be used more effectively than if the donors fail to exercise oversight. This argument comports with the logic proposed by Grant and Keohane (2005) who argue that one of the groups which can hold NGOs accountable are donors. The emphasis on donor accountability in humanitarian action is also increased due to the fact that “the field of humanitarian intervention is not overseen by any regulatory body, neither certification nor licensure is required to practice, and there is no formal system of evaluation of either individual or organizational performance” (Waldman 2001, 589). In short, if donors don’t hold NGOs accountable, it’s not clear who else can.

Greater accountability should also have the potential to reduce the negative externalities suggested by aid scholars. As an example, donors could prevent NGOs from engaging in direct aid transfers to rebels. In this manner, greater accountability seems like a beneficial proposition on a number of fronts. What is unique about the theory presented here is that it extends these logics to examine what factors influence donors’ willingness and ability to hold NGOs accountable. The donors in Bearce and Tirone (2010) were a largely homogenous group: state

donors of bilateral economic development aid.¹³ The world of humanitarian aid donors is, by contrast, a highly diverse group, running the gamut from private individuals to nation states and everything in between. I argue that given such disparate actors there should be significant differences in their ability to hold NGOs accountable, for reasons and by methods detailed in Chapter 3.0 . In so doing, I combine a number of existing literatures while also advancing the theoretical understanding to include considerations of donor variation and how that may affect aid efficacy through differences in accountability.

The second primary contribution of this project is empirically oriented. As discussed previously, scholars and practitioners have shown great concern for the possibility that humanitarian aid may in fact have as great a propensity to make countries worse off as it does to improve their situation. There are numerous arguments suggesting means by which aid can in fact make crises such as civil wars worse, in direct opposition to the intentions of those organizations delivering aid and services. These arguments have also drawn on case study analyses to find situations in which the proposed mechanism appears to have been observed in the relevant circumstances. The final determination about whether aid systematically makes situations worse appears uncertain, however, with numerous competing positions on whether aid is a net good or bad for recipients in crisis.

This is where the studies of foreign aid broadly can help address this fundamental question of humanitarian aid. The question of whether foreign aid makes crises worse is inherently a question of overall trends, and not isolated instances. That aid has possibly on certain occasions contributed to the deterioration of particular crises seems likely based on the existing literature done in this area. What is not clear is whether these are isolated instances or

¹³ Not all states are the same, of course, but in many ways they share many more similarities than differences, particularly when compared to individuals and other NGOs as discussed later in Chapter 3.0 .

representations of a broader overall trend, a determination which can be best assessed by looking at humanitarian aid more broadly in a similar type of analyses as has been undertaken with development aid. Much of the ambiguity surrounding the relationship between aid and crisis may be due to the qualitative nature of the analysis. Overall, the fact that most of the findings have been inductively formed means that “conclusions regarding the impact must be tentative...the analysis is not one of strict cause and effect but instead lies in the realm of plausibility and informed argument” (MacFarlane 2001, 13). One must address the question of the counterfactual: “whether the local actions fueling the crisis would have been abandoned or modified earlier if only limited humanitarian assistance, or none, had been available to its victims” (Väyrynen 1999, 179). This is the primary benefit of the quantitative analysis; by comparing cases where aid was dispensed with cases sharing similar characteristics, the econometric estimations can get in part to the this question of the counterfactual to determine trends and determine how aid impacted recipient welfare.

It also allows for the examination of the question which has seemingly (and surprisingly) been neglected in much of the humanitarian aid literature: is humanitarian aid effective? The existing studies looking at whether or not aid is bad for crises is tangentially related to this question since it would presumably detract from aid’s efficacy if it did extend conflicts or transfer resources to rebel groups. It is still possible under even these pessimistic scenarios that aid may be effective in increasing welfare despite these occurrences, however. The question is therefore not whether aid can make things worse, but rather does aid do more harm than good? Humanitarian aid practitioners and donors may be willing to accept some negative externalities if on the whole their efforts improve the lives of those they assist. If these negative effects

overwhelm the positive benefit conferred by aid, however, then that would be a serious blow to the humanitarian network overall.

Like many of the theories of development aid effectiveness, this dissertation also assumes that aid's effect will likely be impacted by particular conditioning factors, including the interests and motivations of aid donors derived from the theoretical discussion. I argue that humanitarian aid from NGOs can be effective, but that this effect will be differ depending on whether the NGO derives its funds from public or private sources. Exactly why this distinction matters, and the means by which I identify exactly how to understand what it means for aid to be effective, are the basis of Chapter 3.0 .

3.0 A THEORY OF DONOR COMPOSITION, NGO POLITICS AND HUMANITARIAN EFFECTIVENESS

Given the diversity in the literature on aid generally and humanitarian NGOs more directly, the question of whether the efforts of humanitarian organizations are effective is still open. In addressing this question, I argue that humanitarian aid can in fact be effective, but as with other types of foreign assistance, the effectiveness of humanitarian aid may be conditional on different factors. Specifically, I argue that NGOs which receive funds primarily from private donors face lower levels of accountability to their donors than do NGOs which receive funds from and work with states. This decreased accountability means that the negative externalities associated with humanitarian action are more pronounced for privately funded organizations, and therefore their aid efforts are less effective than those of their publicly funded counterparts. Furthermore, publicly funded NGOs enjoy additional benefits through their association with states which also makes them more effective. This is in opposition to the position adopted by NGOs; rather than increasing their effectiveness and ability to deliver services, independence from state funding should *decrease* the success of their programs.

This argument is developed through the following sections. First, I discuss the various ways in which NGO effectiveness can be conceptualized, and argue that the most appropriate metrics are those which measure general social welfare, including direct and indirect effects of aid. Second, I discuss how the principles guiding humanitarian activities may work to make aid

less effective, particularly since they can affect the manner and to degree to which these organizations are held accountable. Third, I provide a working concept of donor-NGO accountability analyze the incentives, preferences and ability of each type of actor relative to the accountability process. The fourth section summarizes the argument and provides hypotheses derived from the theory, concluding the chapter.

3.1 FACTORS IMPACTING NGO EFFECTIVENESS

There has been a spirited debate among practitioners and scholars of humanitarian action about the effectiveness of such undertakings. Beginning primarily with the genocide in Rwanda, and reinforced by subsequent perceived failures in Somalia, Sudan, Liberia, Sierra Leone and Afghanistan, among others, there has been a question about why the international community failed “to protect the victims, to respond effectively to their needs and to navigate the political challenges involved” (Davis 2007, 1). Such introspection contains echoes of the criticism of development aid put forth by Easterly (2006), who calls the fact that the West has spent \$2.3 trillion on foreign aid over a period of 50 years and is yet still unable to get basic necessities such as cheap medicines and mosquito netting to those most in need a “tragedy” (4) . The question facing humanitarians in the wake of these failures can be seen as a similar tragedy: how and why had the international community failed, despite the efforts of so many dedicated professionals and volunteers and the expenditure of massive amount of resources? Before we can understand the determining factors into why humanitarian interventions may succeed or fail, it is important to conceptualize of how to differentiate between the two. While it may seem to be obvious at first blush, the question of how to measure and understand NGO effectiveness is thornier than it

may seem initially. This section provides a theoretical framework which can be used to assess the effectiveness of NGO interventions, and also discusses the impacts of direct and indirect effects of humanitarian aid, as well as the effect that NGO legitimacy may have on the organizations' efforts.

3.1.1 Conceptualizing NGO Effectiveness: Direct and Indirect Effects

Humanitarian NGOs seek to protect and provide relief, such as access to food and medical attention, to individuals facing existential threats like civil conflicts or natural disasters. The most obvious way to measure effectiveness might seem then to be a simple count of how many individuals were assisted by the organization. Save the Children International's Annual Review for 2008, for example, states that since 2005 they have "worked to give children affected by conflict a good education. We have improved the quality of education for more than 10 million children. We have also helped more than 1 million children enroll in school, and will continue working to reach our goal of getting 3 million children into the classroom" (International Save the Children Alliance 2009, 6). Others draw attention to individuals, allowing you to "sponsor" that person with a donation. For example, World Vision International has profiles of children in need of support, allowing you to sponsor them for \$35 per month.¹⁴ This type of reporting has an intuitive appeal; the numbers are easy for the aid organization to collect and report, and easy for donors to interpret.

However, this type of reporting does not necessarily convey any information about how effectively these individuals were assisted. How, if at all, were their educations improved? The

¹⁴ http://donate.worldvision.org/OA_HTML/xxwv2DoChildSearch_B.jsp? Accessed August 17, 2011.

provision of services does not necessarily mean that those services had a positive impact. This can also be true when the services are medical in nature. Simply reporting the number of individuals treated does not convey whether their health was improved. Studies of new medical treatments are not concerned with how many individuals receive the treatment, but how well those who were treated responded. Treating large numbers of people with ineffective drugs will do little to improve their overall health, though it would make an organization which merely reported the breadth of services seem highly competent.

A more useful measure of effectiveness would therefore include information on outcomes, rather than merely the quantity of treatment delivered. How did individuals respond to treatment, and at what cost was that treatment delivered? For example, aid agencies can evaluate how their patients responded to certain medications or immunizations, or how many individuals were still suffering from malnutrition following the establishment of a food delivery program. Various practices could be evaluated based on success rates and costs, with those programs that were both more effective and less expensive being judged to be the most effective.

Though the informational requirements of this approach are steeper, the basic concept is still relatively straightforward, on par with the evaluation of many different types of programs. What outcome, Y, came about as a result of input X? As an example, Project Hope has run numerous programs around the world aimed at promoting the use of oral rehydration therapy (ORT) as a means of reducing deaths from diarrhea. Following workshops aimed at instructing local health providers in the proper use of ORT, the workshop organizers assessed how well the participants incorporated the material presented by traveling to the remote health clinics and

observing whether the necessary facilities had been established, and speaking with local residents.¹⁵

This approach measures the direct effect of aid provision: the improvement (or lack thereof) of those individuals receiving treatment. Such a process conveys information about the effectiveness of particular techniques or practices, and in a controlled experiment where other factors which may affect the outcome are controlled for this is a suitable approach. It may not be appropriate, however, if there are possible externalities from the treatment which may affect not only those individuals receiving the treatment, but also those who are excluded from it.

In the case of humanitarian aid, there are likely numerous externalities which could impact the true effect of aid. Positive impacts of aid could be reinforced throughout the entire population by providing timely treatment of communicable diseases, preventing them from spreading to a larger portion of the population. Toole and Waldman (1990) point to these types of diseases as some of the main sources of mortality among refugees and displaced populations: “measles, diarrheal diseases, and acute respiratory tract infections...accounted for 50% to 95% of all recorded refugee deaths during the emergency phases in Thailand, Somalia, Sudan and Malawi” (3298). Other communicable diseases are also present, though less lethal. Highlighting the role aid can play, the mortality rate from Cholera in a camp in Somalia in 1985 was 25%, largely due to “insufficient and inadequately trained staff”; the mortality rate was only 2.4%, by contrast, in seven nearby camps where better trained community health workers were present (Toole and Waldman 1990, 3298). If the analysis of aid’s role was limited to the individuals who received individual vaccinations it is likely that the broader community benefits of containing or otherwise avoiding having a localized outbreak of a communicable disease turning into an

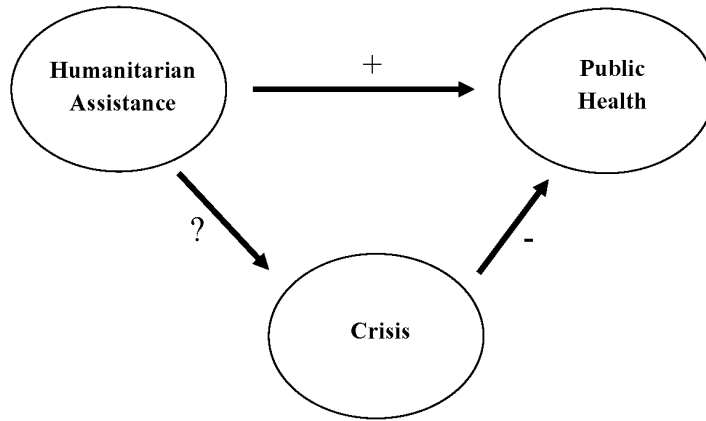
¹⁵ This information was conveyed to me during a personal discussion with a physician associated with the Project Hope effort and numerous other public health initiatives in the developing world.

epidemic would be missed. Under this scenario the true impact of aid would be underestimated, downplaying its beneficial aspects.

Given the many ways in which humanitarian aid is theorized (though not yet definitively empirically proven) to affect conflicts in Chapter 2.0 , it is also possible that similar but negative societal impacts may exist as an outgrowth of aid provision. These potentially negative consequences must also be accounted for when assessing the effectiveness of humanitarian action because one of the founding principles of medicine is *primum non nocere*, or “first, do no harm”.¹⁶ If the intervention is effective in improving the welfare of a limited population but induces detrimental consequences for others, it may be a pyrrhic victory. In light of these highly plausible competing externalities which can upwardly or downwardly bias estimations of the effect of aid if limited to only individuals receiving treatment, I argue that the proper metric by which aid effectiveness should be evaluated is one which encompasses the welfare of the entire population, and not simply those who are the direct beneficiaries of the aid efforts. Such a metric will allow for an accounting of the direct and indirect costs and benefits of the aid activities in a way that the other two proposed measures do not.

The importance of accounting for both types of effects can be seen in Figure 3-1.

¹⁶ Cognizant of this concern, Mary Alderson (1999b), a prominent aid practitioner and analyst, used it in the title of her book discussing how aid might unwittingly support conflicts.



3-1 Direct and Indirect Effects of Humanitarian Aid

Humanitarian assistance, as represented in the figure, can be conceptualized of as a private good; it is both rivalrous (meaning that consumption by one individual reduces the amount of aid available for consumption by others) and excludable (benefits bestowed upon one individual need not be available to all individuals). This private good may be thought of as the “direct benefit” of aid enjoyed by those who are actual aid recipients, represented by the upper arrow in Figure 3-1. Assuming that individuals who receive aid do in fact benefit from its provision, then it follows that this relationship is positive.

It is the question of the “indirect benefits” that complicates the analysis. What is the effect of humanitarian activities on those who are not aid recipients? Are there aid externalities, and are these externalities negative or positive? These externalities can be conceptualized of as public goods – they are non-rivalrous and non-excludable, so all individuals in a population are affected relatively equally. This would be the case, for example, if aid provision in fact extended the duration of a conflict or worsened its intensity, each of which could have detrimental effects on public health. It is known from studies such as Ghoborah, Huth and Russett (2003), Li and Wen (2005), and Iqbal (2010) that crises like civil conflicts worsen public health, which also makes sense from an intuitive perspective. The question of the relevance of the indirect benefits

therefore comes down to the relationship between humanitarian aid and crisis itself. If humanitarian aid does in fact worsen crises, as has been theorized by others, then it could exacerbate the negative effects that the crisis has upon public health, a detrimental effect visited upon the entire population. This may serve to offset and even counteract the positive benefits of aid enjoyed by the individuals who receive aid directly.

To use an example, suppose one was looking at changes in life expectancy in a country receiving humanitarian aid following a natural disaster, and hypothetically the increase in life expectancy enjoyed by aid recipients was equal to 1 and the negative effect of the crisis upon public health was equal to a decrease in life expectancy equal to half a year. If one were only to look at aid's effect on its direct beneficiaries, the intervention could be judged a success in that it increased life expectancy. However, from a social welfare perspective the overall result could be negative, particularly if only a small portion of the population were actual aid recipients, as the society as a whole would see its life expectancy decrease while only a few benefited from an increase.

Given these dynamics, it seems clear that a true understanding of the effectiveness of humanitarian aid must incorporate a view of the general societal welfare, and not simply that of those individuals who directly benefit from the aid itself. This in fact mirrors, somewhat intuitively, the logic motivating the criticism of prior aid failures at the beginning of this section. Humanitarian aid is not argued to have failed because it did not yield a single benefit for any individual; it would defy logic to believe that in every case there was no individual or group whose lives and security were not positively impacted by aid. However, aid is still argued to have failed because in totality the benefit to the population was negligible. It is the same situation with development aid; Easterly argues that development aid has failed not because one

cannot find singular instances (and possibly millions of them, over the long history of development aid flows) where aid improved economic well-being, but because it has not improved the welfare of the majority. Reflective of this concept, the effectiveness of development aid is measured predominantly using aggregated measures of economic well-being in the form of national growth rates. From the argument presented here it seems logical that the effectiveness of humanitarian aid should also be measured using aggregated statistics.

Yet this is not the norm when it comes to humanitarian action. Though as discussed before humanitarianism as a whole is occasionally evaluated based on collective outcomes, individual agencies largely make arguments about their effectiveness based on measurement methods such as the amount of resources expended or number of individuals served. Why does this disjuncture exist? I argue it exists due to the incentives facing NGOs from their donors, but that these incentives are not uniform. There is a difference in the way that public donors, such as states, hold NGOs accountable for their actions, and the way that private donors hold NGOs responsible. These and other incentives facing NGOs will affect their behavior and, by extension, their effectiveness. It is these dynamics which are the focus of the following sections.

3.1.2 NGO Legitimacy, Neutrality, and Effectiveness

One clear set of factors which have a direct relationship between aid and outcome is the sincerity and intent of the organization. Unfortunately it is not the case that all humanitarian NGOs are earnest in their efforts; though in theory organized around a principle of assistance, it is not unheard of to find that “inefficiency, opportunism and even corruption does occur among such agencies which have often been given ‘soft’ money by donors and monopoly privileges by the state” (Brett 1993, 271). Indeed, some NGOs may be formed for interests of a more personal

nature rather than for truly social and altruistic purposes. Many of these organizations have been given the derisive moniker of “MONGO”, or “My Own NGO”.¹⁷

Assuming that the NGO is operating in good faith, it is possible that some aid effectiveness may differ as a result of differences in technical expertise, operational capacity, or access to resources. Some organizations may simply be better than others, for myriad reasons.

NGOs argue that legitimacy is one tool in their arsenal which assists them in their efforts. What determines NGO legitimacy? Frequently NGOs derive legitimacy from their principles and voluntary nature (Edwards and Hulme 1996, 966-967). For humanitarian organizations, there are four principles which serve a primary role:

humanity, which posits the conviction that all people have equal dignity by virtue of their membership in humanity, impartiality, which directs their assistance is provided based solely on need, without discrimination among recipients, neutrality, which stipulates that humanitarian organizations must refrain from taking part in hostilities or taking actions that advantage one side of the conflict over another, and independence, which is necessary to ensure that humanitarian action only serves the interests of war victims, and not political, religious or other agendas (de Torrente 2004, 4)

While these principles help define humanitarian action theoretically, they also serve an additional purpose as “operational tools” which can assist organizations in essential tasks, such as gaining access to threatened populations by obtaining the agreement of local warring parties as well as the trust of the populations themselves (5). Gaining the acquiescence of the local parties is an essential component because aid organizations are subjected to high risk when entering conflict zones, lacking the ability to defend themselves militarily. Therefore, their safety and ability to deliver services is dependent upon the cooperation of the government and

¹⁷ Not all MONGOs are vanity projects or simply vehicles for self-promotion; some may be undertaken by individuals who are dissatisfied with existing organizations or programs and believe that they can do better (Polman 2010)

local groups. Unfortunately, subscribing to neutrality and independence is not sufficient to always ensure the safety of aid workers. The website of the Charity and Security Network lists 28 incidents in 2010 in which aid workers were abducted and/or killed while engaging in humanitarian relief efforts.¹⁸ This includes the deaths of 10 members of the organization International Assistance Mission in Afghanistan. They were killed by the Taliban, who accused the group of ‘spying for the Americans’ as well as ‘preaching Christianity’.¹⁹ Governments may also use their ability to limit the access of aid agencies as a political tool, as Médecins sans Frontières’ argues happened when they were expelled from Sudan. MSF argues that this was retaliation for the International Criminal Court’s indictment of Sudanese President Omar Al-Bashir and happened despite their “binding and publicly communicated policy to refrain from any cooperation with the aforementioned Court, a policy based on the recognition that humanitarian activities must remain independent from political and judicial pressure”. Their conclusion was that “today more than ever, it seems that we must relentlessly explain the principles of neutrality, impartiality and independence that guide our choices as a humanitarian organization” (2010, 5).

Even the International Red Cross, explicitly named as a type of “impartial humanitarian organization” and granted particular privileges within the Geneva Conventions, the primary documents of International Human Rights law, does not always receive full access to threatened populations. Instead, their access may be conditioned in part on the government’s determination of whether or not they would be found to be in violation of the conventions or other applicable laws (Jo and Thomson 2009).

¹⁸ Available at http://www.charityandsecurity.org/background/Aid_Workers_Killed_Abducted_2010. Accessed July 10, 2011.

¹⁹ CBC News. August 7, 2010. “10 aid workers killed in Afgahnistan.” Available at <http://www.cbc.ca/news/world/story/2010/08/07/aid-workers-killed-afghanistan.html>. Accessed July 10, 2011.

One of the ways in which these organizations attempt to maximize their legitimacy is by attempting to subscribe to the principle of neutrality, highlighted above as one of the foundational elements of humanitarian action. I argue that for these organizations, neutrality may be a double-edged sword. It may increase their legitimacy, but it may also work against their effectiveness. This is due to the fact that neutrality, in its purest form, dictates that NGOs cannot discriminate between perpetrators and victims in cases where civil violence is endemic. For instance, Marion Harroff-Tavel of the ICRC argues that “distinguishing between the ‘innocent’ and the ‘guilty’ would be unworkable as it would require humanitarian organizations to presume guilt in advance of any judicial process. The ICRC is not a tribunal and its delegates are not judges. Furthermore, the organisation’s role is precisely to protect those people on whom states or groups may seek to take revenge” (2003, 4). While this position may be normatively and medically justifiable, it can have severe repercussions on the larger dynamics of the conflict as organizations can potentially become unwilling accomplices of various domestic groups engaged in violence.

Neutrality may also be a principle that is unobtainable in practice. The suggested mechanisms by which humanitarian aid can impact the larger operational environment of a crisis discussed in Chapter 2.0 can operate through a number of diverse channels, including political, economic, and social processes. However, each derives from the fact that humanitarian crises are a complex web of these diverse factors, and each can have an effect on, and be affected by, the presence of humanitarian actors and assistance. This means that despite their best intentions and principles, each humanitarian intervention is as much a political, economic and social intervention as it is a medical intervention. The neutrality doctrine, however, largely forces aid organizations to disregard these other dynamics by putting them out of the purview of the

mission, hamstringing the organization's ability to mitigate the effects they have on these additional channels.

Disregarding these effects can severely constrain an organization's ability to assess the broader effects of its efforts, particularly since there is no such thing as an apolitical crisis; even those crises which apparently have their roots in geological factors have been argued to have political elements. Famines, for example, have been shown by Sen (1981) to have their roots in political and economic factors. It is the policies of the Mugabe regime, and not geological causes such as drought, which have resulted in famines in Zimbabwe, once known as the "breadbasket of Africa".²⁰

Despite the problematic nature of neutrality discussed here, NGOs still place it at a premium. How do they seek to manage and increase it in the face of threats? That is the focus of the next section.

3.2 NGO INDEPENDENCE AND DONOR COMPOSITION

As outlined in section 3.1.2, NGOs have theoretical and practical reasons to zealously defend their legitimacy and neutrality. While these can be functional tools which enhance NGOs' ability to deliver services, they can also possibly detract from the effectiveness of humanitarian action by increasing the negative externalities associated with humanitarian aid.

In order to maintain their neutrality, some organizations have argued that they must also maintain their independence, particularly from associating with states. From the perspective of

²⁰ New York Times. August 7, 2007. "Zimbabwe's Man-Made famine." Available at <http://www.nytimes.com/2002/08/07/opinion/zimbabwe-s-man-made-famine.html?pagewanted=all&src=pm>. Accessed August 22, 2011.

these NGOs, accepting funds from or other otherwise working with states can be threats to their neutrality and independence. States can infringe on NGO operations in a number of ways. First, the degree to which NGOs accept funds from or otherwise interact with states can threaten their perceived neutrality and potentially subject NGOs to politicization by state donors (Barnett 2009). If these organizations are seen as being politically affiliated with particular states, it could be used to deny them entry to particular crises or make them targets once present.

Affiliation or cooperation with states could also reduce the operational autonomy and independence that NGOs argue are critical to their success. NGOs fear becoming overly bureaucratized, maintaining that it would reduce their ability to respond effectively to changing conditions in the field. This makes affiliations with state donors problematic, since such relationships generally require an increasing level of reporting standards and information that make bureaucratization more likely (Edwards and Hulme 1996). Furthermore, NGOs also believe that they would lose an essential element of what makes them unique – and effective – if they become too enmeshed with the state. When NGOs simply become service providers competing amongst themselves for contracts from the state, “NGOs can no longer choose who to work for or what to provide – NGO discretion is absent” (Davis 2007, 7). MSF makes this argument in their 2009 annual report by stating that “the continued contribution of millions by people around the world who support MSF financially is key to our ability to bring medical assistance to those who need it urgently, and for keeping interference from political, military or economic agendas at bay.” (6).

For organizations which maintain the position that state affiliation or funding reduces the political neutrality of an organization, or otherwise constrains its autonomy, maintaining independence from states is a boon to operational success and a general benefit. What isn't

recognized are the costs of this independence; that is, what are NGOs giving up in their efforts to maintain distance from state donors or collaborators?

I argue that one such cost is realized in the form of NGO accountability. Private donors are functionally quite different than public donors, and this difference should lead private donors to hold NGOs much less accountable for performance than their public counterparts, which should lead to decreased output effectiveness. Additionally, public entities can also bestow NGOs with operational advantages which can also increase effectiveness. The differences between private and public donors, and their impacts on NGO accountability and effectiveness, are addressed in the following sections.

3.3 NGO ACCOUNTABILITY

As a response to the concerns over the potential negative impacts of humanitarian action, there has been a call for increased accountability of NGOs and other aid providers. While as recently as 1996 NGO accountability was a relatively undeveloped area of research (Edwards and Hulme 1996, 967), in the period since then it has become the new watchword for humanitarian action. Questions regarding the structure, desirability, and importance of accountability have proliferated in the academic literature, with few areas of consensus. Brett (1993) argues that NGO accountability is critical to ensuring that these organizations fulfill their appointed roles and serve the social interest. Davis (2007) argues that accountability, while important, is a procedural, rather than a moral issue, even though increased accountability would mean that aid actors “will no longer be able to abuse their power and exploit the people they are there to help, and that they will no longer act in the West as if they are champions of the poor and abused,

while behaving like uncaring paternalists on the ground” (1). Others argue that while a greater understanding of NGOs is important since “the general importance of non-profit organizations in humanitarian assistance is widely acknowledged, yet the actual impact of their work remains difficult to evaluate” (Bruderlein and Dakkak 2010, 3).

NGO accountability could not only help curb potential abuses of power and reduce the negative externalities of aid, but also make aid efforts more effective, as some have argued has been the case with development aid. Easterly (2006) argues that one of the reasons development aid has not been as effective as it could – or should – be is a general lack of accountability from international donors to recipients in their local environments. Similarly, Bearce and Tirone (2010) have shown that development aid can in fact induce economic growth when aid donors can credibly threaten to hold recipients accountable for the manner in which aid is utilized, potentially punishing them by withholding future aid. When such threats are not credible, however, aid does not in fact increase growth.

Questions of accountability, like questions over effectiveness, require a definition of accountability. What does accountability mean in the world of humanitarian action? At its essence, the humanitarian system is one of principals and agents, where the donors serve in the role as principal and the NGOs are their agents. Within this system, we can understand accountability through the approach advanced by Edwards and Hulme (1996), who define it as “the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions” (967). This is consistent with the definition utilized by Grant and Keohane (2005): accountability occurs when “some actors have the right to hold other actors to a set of standards, to judge whether they have fulfilled their

responsibilities in light of these standards, and to impose sanctions if they determine that these responsibilities have not been met” (29).

Functionally within the principal-agent framework of aid donors and humanitarian NGOs, this can be recognized as the donors’ ability to hold the NGOs responsible for their ability to increase the welfare of those individuals affected by a humanitarian crisis. This assumes that donors give to NGOs for the purposes of humanitarian relief, an assumption that will hold in certain cases but may not apply in others; as it will be argued below, this assumption may not explain the motivations of particular private donors.

There are a number of ways in which donors can hold the NGOs accountable. Grant and Keohane (2005) propose that NGOs could be sanctioned either by donors’ ability to withhold funds through either “fiscal” or “market” accountability, by other NGOs through “peer” accountability, or in part by “reputational” accountability, where an organization’s concern over how it is publicly perceived can affect its behavior.

However, these accountability mechanisms can only increase the effectiveness of NGO aid if the organizations are accountable for the quality of their output. If output is not the central concern of aid donors, or they lack the ability to truly discern what types of aid (or aid organizations) are effective, it is difficult to determine which factors contribute to or detract from the general welfare or which actors are responsible. As will be discussed in the following sections, of the many types of accountability mechanisms utilized in humanitarian aid, evaluation of actual outcomes is one of the least utilized. To understand why this is, I now turn to a discussion of the incentives, preferences and capabilities of NGOs, private donors, and public donors as it relates to the issue of accountability in the humanitarian principal-agent nexus.

3.3.1 NGO incentives and preferences regarding accountability

Who holds NGOs accountable? There are three types of groups with whom NGOs interact who might be able to hold these organizations accountable: aid recipients, other NGOs, and NGO donors. As I will argue below, each group has different abilities to hold NGOs accountable. The differences between these groups in their innate ability to hold NGOs accountable are made increasingly relevant given the NGOs' incentives to minimize their overall level of accountability. As is true of nearly all agents in the principal-agent framework, NGOs have an incentive to maintain maximum autonomy and minimize accountability (Brett 1993, 292). In each case, it appears that NGOs do exactly this with respect to the various actors who could serve to hold them accountable for their effectiveness.

3.3.1.1 Aid recipients and other NGOs

The first potential group which might hold NGO accountable are the beneficiaries of NGO aid programs, who interact directly with the agencies. As Brett (1993) argues, however, aid recipients are in a highly disadvantaged position vis-à-vis aid agencies and thus in a poor position to hold them accountable. Beneficiaries “come as supplicants rather than equals and have little information about the NGOs' resources or actions. They are aware of the services that the agencies provide in their immediate areas, but not of the costs involved, the way decisions are arrived at or what is happening elsewhere” (292-293).

Another group which could hold NGOs accountable is other NGOs. This falls under the concept of “peer accountability” discussed by Grant and Keohane (2005), where organizations serve to monitor and evaluate aspects of the operational performance of their peers and can reward effective action with cooperation, for example, or sanction poorly performing

organizations with isolation. As concern over the negative externalities of aid has increased, the number of organizations whose purpose is to improve accountability among NGOs has also increased. However, these organizations generally do not evaluate aid outcomes but other types of performance, such as the ratio of overhead expenses to program expenses for individual charities or how well organizations subscribe to humanitarian ideals.

Charitynavigator.org is one such organization. It ranks charities based on a number of different criteria, such as program expenses, administrative expenses, fundraising expenses, and fundraising efficiency. They also claim to measure accountability and transparency, with the former defined as “an obligation or willingness by a charity to explain its actions to its stakeholders”, and the latter as “an obligation or willingness by a charity to publish and make available critical data about the organization”.²¹ However, the information they use comes from the organization’s website and 990 filings, which lists information such as board members, privacy policy, audited financial statements, whistleblower policy and CEO compensation.²² Nowhere among the discussion of accountability, transparency, or the ranking of the charities does the ability of the organization to actually deliver meaningful and effective services come into play. Rather, accountability is related to process and management, not effectiveness.

Another organization which purports to advance NGO accountability is the INGO Accountability Charter, which was founded in 2003. There are 23 members of the charter, including Oxfam International, World Vision International, Greenpeace, and Amnesty International. According to Jeremy Hobbs, Executive Director of Oxfam International, “The Charter is an important first step in demonstrating our accountability to our stakeholders. The reporting process provides an opportunity to evaluate our work and reaffirm our vision. It is a

²¹ <http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1093>. Accessed August 21, 2011.

²² <http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1093>. Accessed August 21, 2011

flexible accountability tool that we can confidently recommend to our partners and allies regardless of their size or structure."²³ Evaluation takes place via a report assessing compliance with the organization's charter, adopted in 2005, which calls for identification of shared principles, policies and practices, enhancing transparency and accountability, and improving communication with stakeholders, as well as the performance and effectiveness of member organizations.²⁴

So what does the member report cover? From the Oxfam International Report for 2009-2010, there are five general areas on which organizations are reviewed: Strategy and Analysis; Organizational Profile (which includes a brief breakdown of funding sources); Report Parameters; Governance, Commitments, and Engagement Governance; and Data on Performance.²⁵ This final category includes areas such as self-reporting standards and processes of evaluation, as well as statements on how the organization integrates gender and diversity into its programs and the amount of CO² and other greenhouse gas emissions. Nowhere, however, is it clearly delineated how Oxfam is held accountable by its stakeholders, nor is any information which describes the actual progress of the organization in numeric terms which would describe exactly how and where funds were spent for the purposes of evaluating the efficiency of the programs provided. Rather, the bulk of the report focuses primarily on compliance with principles and the breakdown of funding rather than output and empirical results. When funds or locations are mentioned they are aggregated in such a way as to make determination of what was spent where and for what purpose impossible.

²³ Available at <http://www.ingoaccountabilitycharter.org/>. Accessed July 11, 2011.

²⁴ The full text of the charter is available at <http://www.ingoaccountabilitycharter.org/wpcms/wp-content/uploads/INGO-Accountability-Charter.pdf>. Accessed July 11, 2011.

²⁵ The full report is available at <http://www.ingoaccountabilitycharter.org/wpcms/wp-content/uploads/OI-INGO-AC-GRI-Report-2009-10-Final.pdf>. Accessed July 11, 2011.

As a result of this structure, the organizational focus of the charter, which is meant to hold NGOs to account, seems to focus once again on an organization's conformity with humanitarian principles and its reputation rather than its performance. Even if an outside actor were to download the vetted report from the organization's website, it does not convey any information about how successful the aid efforts were, but rather information such as how well the organization complies with humanitarian principals or its CO2 emissions.

Given that these organizations are the norm, rather than the exception, the great majority of peer accountability present in the world of NGOs appears to be accountability of process and not accountability over results. This leaves donors as the final potential effective source of NGO accountability. The question is whether they can be more effective in holding organizations accountable for their actions than aid recipients or other NGOs?

3.3.1.2 NGO donors

In theory, donors certainly have the capability to hold NGOs accountable for outcomes. If the donor finds the NGO is not fulfilling its mission, it can simply withhold future funds and force the NGO to reform or go out of business, a mechanism termed "fiscal accountability" by Grant and Keohane (2005). Depending on the number of donors, this could also assume the form of "market accountability", where donors stop patronizing a certain organization just as they would a business, which has the same effect as withholding funds.

The need for donor oversight of NGOs is driven in part by an imperfect alignment in their preferences. The common element between them is that they both have an interest in providing humanitarian assistance and improving recipient welfare; that can be assumed in part by the principles of the NGO and its dedication to humanitarianism, and the fact that the donor chose to give to a humanitarian organization amid any number of competing alternatives. Since the donor

gave to a humanitarian organization rather than an animal rights organization, for example, then there is some interest on the donor's part in providing humanitarian assistance.

The donor/NGO relationship is complicated, however, by a competing interest held by the NGOs which is institutional in nature.²⁶ NGOs, as is common with other institutions, have strong interests in maintaining their operations and future solvency by acquiring funding to ensure that they can continue to provide services and, on the individual level, continue to have jobs. Some of these incentives were the subject of the criticisms of humanitarian organizations in Chapter 2.0 . Many of these criticisms argue that this need for funding detracts from NGOs' overall mission by causing them to adopt strategies which are antithetical to their mission of delivering aid and in some cases causing them to purposefully mislead donors about the state of a crisis or their operations, decreasing accountability.

NGOs adopt these strategies because the NGO marketplace is highly competitive, with many groups seeking funds and any number of potential alternatives for donors to choose from. For NGOs, this means that they have a structural incentive to avoid providing donors with any information which could reflect negatively on their performance, since doing so would generate a reduction in future donations. Each organization thus has a strong motivation to report only positive news and avoid anything that could reflect poorly on them. Linda Polman, a vocal critic of the "crisis caravan", as she has deemed organizations which travel from one crisis to another, argues that the since there are so many organizations, it does not make sense for any one organization to withdraw even if it knows that it is contributing to negative externalities, since a competitor would simply step in. Furthermore, she argues that when MSF France left Rwanda, citing its concerns over contributing to the genocide, it was roundly castigated by other aid

²⁶ Donors also possess their own set of personal preferences with regard to the issue of accountability, which are addressed in the following sections.

organizations, including other branches of MSF, for potentially jeopardizing future funding (2010, 37-38).

This premium on funding not only leads organizations to avoid publicizing poor results, it actually can cause them to disregard the results themselves. In the words of one aid worker during the Rwandan crisis, “Most of us gave no thought at all to the ethics of our aid provision...much of the discussion between headquarters and the field focused on contracts [to implement donor projects]: securing them, maintaining them, and increasing them. The pressure was on: ‘Get more contracts!’ How many contracts did we have? When were they up? What were the chances that they would be renewed? Were there any competitors” (Polman 2010, 36). This omnipresent concern for the financial welfare of the project is echoed in the words of another individual with extensive NGO experience whom I interviewed, who said of his experiences that “I have to say that when you’re working in the NGO, what you are thinking about all the time is “where is the money going to come for this?’ ...you’re constantly, just like a lawyer, thinking of how you’re spending every minute and whether you’ve got that ability to get paid for your salary. So you end up being highly focused on where the money’s coming from and intensely aware that there’s only so much money and the organization has very little to do outside its grants and contracts.”

This fierce inter-NGO competition for donor funds, as well as the NGOs’ desire to maintain autonomy and reduce oversight, contributes to their desire to reduce the amount of negative information transmitted to donors about their performance. If they do report information, it tends to come in the form of the first two types of accountability discussed in section 3.1: a strict count of individuals helped or monies spent, or some nominal sense of how effective the effort was at assisting direct beneficiaries. As stated before, these have the benefit

of being easy to count and intuitive for donors to understand. Furthermore, these direct effects are highly observable; deliver food to a hungry individual or orthopedic services to someone with a broken leg and it's easy to see the direct benefit that individual receives. What is less obvious, though no less important, are the potential negative effects which are spread out over a more diffuse population and difficult to observe, or if observed, attribute responsibility.

Overall, however, NGOs are better off avoiding the question of output all together, and many do, at least in a quantifiable and transparent sense. Organizations instead cite the need for ever increasing amounts of aid in order to bolster donations, using figures which “may also be vastly exaggerated by the aid agencies in whose interests it is to collect money, food, and medicine” even though “massive amounts of relief aid are often delivered without any reliable information on the number of people affected by the crisis” (Väyrynen 1999, 174) . Similarly, Bruderlein and Dakkak (2010) argue that ‘organizations are not judged by the delivery of their services but by the extent of their growth and recognition in the public opinion – meaning money and resources’ (14).

If recipients don't publicize results to donors to earn funds, then how do they market themselves? What is the product that they “sell” to donors to convince them to contribute? Many organizations market themselves on the basis of their reputation. Since donors are not the direct beneficiaries of aid activities, they are not the consumers of aid; the product they do consume is information about the aid organization, although as I argue this often isn't related to actual performance. In a crowded market with a multitude of NGOs, each clamoring for funds and publicizing the severity of crises and the need for immediate help in a manner which has led some to dub them “Lords of Poverty” (Hancock 1989), reputation can be a heuristic which time and resource constrained donors can utilize to determine to whom to allocate their funds. Those

organizations which have consistently over time been judged to have a good reputation gain market power relative to those whose reputations aren't as pristine.

To develop these reputations, though, aid organizations need not prove their effectiveness; in the words of an aid practitioner, 'we are awful are monitoring and evaluation. We don't have to prove anything. Saving children is good, and that's enough. We live on reputation...' (Bruderlein and Dakkak 2010, 14). In lieu of information on actual results, donors instead rely on trust: institutions with better reputations are more likely to be trusted, due to the fact that

Aid finance is donated and allocated by people who *trust* that the agency will use this money well. They *trust* that the agency is committed to the job, and will work to improve what they do within the limits of their capabilities. Hence, donors give money to projects that sound reasonable – that fit within their overall priorities, and are conducted by agents with track records and a reputation for genuine engagement (Davis 2007, 10. Italics in original.)

These reputations may be built on records of keeping overhead down and devoting more funds to operations, or being present at many crises, or any number of similar metrics – none, of which, however, are reflective of actual performance, since NGOs don't generally report that information. NGOs also have extensive public relations departments (Polman 2010), which carefully craft the information which is transmitted and manage their reputations. Therefore, although reputation is one way that organizations can be held to account punishing poorly performing NGOs through negative changes to their reputation (Grant and Keohane 2005), their active management of their reputations make this difficult. Furthermore, there is a great deal of stability over time associated with reputations, as organizations that are judged to be successful in the public eye are in fact successful from the perspective of reputation and competitiveness, regardless of whether they are actually effective in the field. The difficulty in challenging

reputation, coupled with the overall weakness in general accountability over outcomes highlighted in this section, presents a substantial problem: “Although the public pays attention only intermittently, NGOs have to maintain their reputations...however, as NGOs become stronger, with credibility that is not easily shaken even as they make false or prejudicial claims, their lack of such mechanisms of accountability...becomes a more serious issue” (Grant and Keohane 2005, 38).

NGOs’ institutional need for continued funding which can in some instances cause them to adopt strategies which potentially puts them at odds with the preference of their donors for effective aid delivery (or at least raises the specter that NGOs are possibly being duplicitous or less than honest). Donors must therefore be cautious in how much trust they place in the NGOs to which they donate. Competing interests generates the need for active monitoring and effective sanctioning, areas in which donors themselves may differ in their own interests and capabilities.

Taken together, there is to be a severe lack of general accountability relative to NGOs. Recipients are in poor position to hold the organizations responsible, their peers hold them accountable for process but not their results, and the organizations have structural reasons to withhold negative information from their donors about their performance, making it difficult for donors to actually hold the organizations accountable for outcome. The key question for the issue of donor-NGO accountability then becomes how willing and capable the donors are in undertaking their own efforts to determine the effectiveness of the organizations to which they contribute, and how much capacity they have to actually sanction groups which are judged to be ineffective or even counter-productive. As I will argue, these factors differ between private and public donors, each of whom is the focus of the following two sections.

3.4 PRIVATE DONORS AND NGO ACCOUNTABILITY

For the reasons discussed above, it is apparent that for donors to hold NGOs accountable they must be active and capable principles fully prepared to independently monitor the actions and effects of their agents, since their agents have strong interests in obfuscation. I argue that this is a great impediment to accountability when NGOs are funded primarily by private donors. In this case, accountability is reduced in three primary areas – the donors’ incentives to monitor the NGO and its effectiveness, donors’ ability to do so, and donors’ ability to sanction the NGO in cases where the NGO may not be fulfilling its mission to the donor’s satisfaction. Each of these elements will be discussed in the following sections.

3.4.1 Private Donors’ Incentives to Monitor NGO Activities

...a millionaire does not really care whether his money does good or not, provided he finds his conscience eased and his social status improved by giving it away... - George Bernard Shaw²⁷

Since it is costly for private donors to invest the time and energy necessary to monitor the effectiveness of the organization to which they donated funds, they must have an incentive to invest these resources. This incentive is dependent upon the commodity which the donor is “purchasing” with their donation; for instance, if donors give funds in order to facilitate the operations of the NGO, then they have an incentive to monitor the value of their purchase, in the form of the NGO’s output. This would be analogous to the traditional market-based exchange,

²⁷ Quoted in Harbaugh (1998b, 271).

where the NGO is the supplier and the donor is the consumer. However, on its face the relationship between producer and consumer in the humanitarian NGO realm is not between NGO and donor, but NGO and recipient populations, who as argued above are poorly positioned to hold NGOs accountable. Therefore, the donor is not a consumer, but may be seen as surrogates for the beneficiaries (Brett 1993).

The ability of private donors to act as surrogates for aid beneficiaries is linked to the interest donors have in the welfare of these populations. Given their role as donors it can be assumed that they are not indifferent to these welfare considerations, but is that their primary motivation for giving aid? Research on charitable donations would suggest it is not.

Changing the paradigm from principal-agent back to producer-consumer, it can be argued that donors are in a sense customers of NGOs since they receive benefits from their donations. We can treat charitable donations as commodities that the donor is “purchasing” at a cost to themselves. These commodities also potentially have benefits which may be either public or private. The public benefit assumes that both the donor and the recipient of NGO activity (which in some cases may also be the donor themselves) gain some benefit from the charitable donation. The private benefit assumes that the donor receives some sort of compensation from the act of donating, independent of the actual benefit conferred to the recipient of the NGO’s activities (Vesterlund 2006).

The model of aid giving as a public good is generally known as the altruistic model and was the initial theory of aid donation. The work of Olson (1965) led economists to begin to question the predictions of this classical model, particularly since, as a public good, theories of collective action would predict that charitable donations would be undersupplied. At the extreme, in fact, theory would suggest that donations would fall to zero as individuals acted as free-riders

and “in large economies virtually no one gives to the public good, hence making the Red Cross, the Salvation Army, and American Public Broadcasting logical impossibilities” (Andreoni 1990, 465). Faced with this empirical repudiation of this result, Andreoni introduced models of “impure altruism”, wherein donors receive a private benefit from giving such as a “warm glow”, or feeling of self-satisfaction from making the donation, and demonstrated theoretically that this effect dominated altruistic giving and better explained the empirical landscape of charitable donations (1989, 1990).²⁸

This finding that donors give primarily for private, rather than altruistic, motivations is supported by other findings in similar areas. Private benefits can be material, such as gifts or other membership benefits, or other opportunities that are only available with a donation to a particular group. Many governments also give tax-breaks for charitable donations, and donations have been shown to be influenced by tax changes and changes in income (Vesterlund 2006).

Beyond material rewards, donations may also bestow social benefits upon the donor. Harbaugh (1998b, 1998a) describes the “prestige” associated with donations that are publicized by a charity, and shows how donations increase when charities use categories of donations (such as “patron”) with clearly delineated amounts, an argument receiving support in an analysis of charitable donations of law school alumni. Rather than simply conveying a warm glow to donors, which he describes as an intrinsic benefit, the public nature of the donation – the prestige – has additional benefits, be they social or pragmatic, such as an opportunity to increase business

²⁸ One extension of this is also the “crowding out” effect, in which donations by governments increase the supply of the public good. Under crowding out, altruistic donors reduce their donations as governments contribute more, while imperfect donors continue to make their donations in order to receive the private benefit. Therefore, one of the tests of the public versus private benefits attributes of charitable donations is the extent to which government donations reduce their private counterparts (Vesterlund 2006).

relationships. In a similar vein, Glazer and Konrad (1996) present evidence consistent with their argument that donations are made, in part, to publicize the wealth and status of the donor.

Most interestingly for this analysis, Ribar and Wilhelm (2002) test the argument that donations to international charities display elements of “joy-of-giving”, their term for imperfect altruism wherein the donor receives a personal benefit from the act of donating. They test this on a sample of 125 international relief and development agencies, of the type under analysis in this project, which allows them to maximize the likelihood that donors would not be direct beneficiaries of the efforts of the aid agency. They find strong evidence in favor of joy-of-giving, in that donations were largely unaffected by levels of government contributions and were robust to a variety of other factors, including the overhead and expenses of the organization. Their ultimate conclusion is that “altruistic motivations behind contributions to international relief and development are extremely weak at the margin” (449).

The results of these studies, as well as others, led Vesterlund (2006) to conclude that “most empirical studies of survey or donation data find that on average the benefit appears to be private in nature” (568). Even her model, which relaxes some assumptions of the classical altruistic model and finds that high-profile or otherwise large donations actually generate additional donations – in opposition to a crowding out prediction and an alternative that would suggest more altruistic behavior – can also be seen as signaling elements of institutional quality. Assuming donors do care about output, large donations to particular organizations may be a way for donors to determine which organizations are worthy of receiving a donation, since every organization has an incentive to promote itself and thus the organizations themselves are of little value in conveying information about their own competencies.

Taken together, these results suggest that private donors may be poor surrogates for individuals involved in humanitarian crises abroad. When donors primarily give aid in order to capitalize on private benefits, they receive their benefits upfront and the benefits are themselves independent of the actual provision of aid. This means that private donors have little incentive to invest further time or money in pursuing information about the effectiveness of the aid organization, and similarly little incentive to withhold donations from aid organizations if they do determine that the aid is not being utilized as effectively as it possibly could be. Even the donors who are arguably the most altruistic are not in a position to act as surrogates; those individuals who bequeath donations to aid agencies upon their death may have the most altruistic motivations, given that they cannot expect to accrue any direct benefits to themselves. Since the donations occur after their death, however, the funds are effectively given without any donor oversight regarding the organization's output.

This means that organizations which receive funding primarily from private sources have relatively little *de facto* donor oversight as it relates to output. From an organizational perspective, therefore, it would be logical to expect that significant efforts would be devoted to the steps shown to increase donations, such as the use of tiered classifications of donors suggested by Harbaugh (1998b, 1998a), and also publicizing donations to allow donors to garner other prestige benefits such as signaling of income (Glazer and Konrad 1996) to attract other donors, using the donations as a sign of competence in a crowded NGO marketplace (Vesterlund 2006). Indeed, the 2009 Annual Report for MSF U.S. lists 19 pages of donors, identifying the amount of the donation in categories up to and above \$1 million, as the literature on charitable donations would suggest.

This donor preference for prestige dovetails nicely with the NGOs' concern for their reputations discussed in the previous section. Donors should derive greater prestige and other satisfaction from donations to organizations that have respected reputations, whereas donations to organizations with questionable reputations would bestow few social benefits. This also conforms nicely with Vesterlund's (2006) argument that donations follow large and public donations; if that is the sign of institutional quality, and donations to successful organizations convey prestige, then donors will follow the lead of other donors to capture potential network benefits.

This quite effectively removes output from much, if any, consideration of the donor-NGO relationship; donors care about social prestige and other benefits and NGOs need donations. The NGOs therefore cultivate reputations based on humanitarian principles in order to induce more donations.

This argument is pessimistic regarding the ability of donors to act effectively as surrogates for the recipients of NGO activities. Rather than maximizing the effectiveness of organizational output, donors seek to maximize their own utility from the social benefits conferred from their donations, and NGOs, knowing this, seek to maximize their reputations to increase donations. Nowhere in this equation is the maximization of the welfare of those affected by humanitarian crisis.

However, this is again not to say that donors are entirely devoid of concern for how effectively their donations are being used to help individuals in need, and it is possible that a subset of donors may find it worthwhile to investigate the activities of the aid organization and possibly withhold aid, or donate to another competing organization, if those efforts are found to

be wanting. How these donors may be constrained in these efforts is the focus of the following two sections.

3.4.2 Private Donors' Ability to Monitor NGO Activities

Private donors are severely constrained in their ability to independently monitor the actions of humanitarian NGOs, given that many of their operations occur overseas where the individual has no ability to personally observe the efforts of the organization. This is one of the reasons why trust is so important to the donor-NGO relationship; absent an ability to independently verify the effectiveness of the NGO, the donor has to rely on the NGO's self-reporting of its activities and overall self-evaluation. This is problematic, since as discussed previously NGOs do not have an incentive to accurately report either their needs or outcomes, given the need for donations as well as the desire to avoid information that could potentially make them look as though they were not using funds effectively. The physical distance between donor and aid activities also means that there is "little verifiable information about its actual outcomes: those that finance humanitarian aid may be passionately concerned with human suffering, but they are a long way away from the crisis and cannot minutely follow the experiences of its victims, or imagine what they want" (Davis 2007, 10). Even the most altruistic donor, despite her best efforts, may not be able to determine how (or how effectively) her donation is actually being used in the field.

If donors should be skeptical regarding the self-reporting of NGOs, what alternative sources of information might they utilize? The media is one potential alternative, but it is unlikely that the information they provide would be sufficient for donor evaluations. Some of this difficulty comes from the inherent chaos of a humanitarian crisis and perceived difficulties in determining what constitutes an appropriate measure of success and the challenge

of obtaining information on those indicators. If these efforts are undertaken they oftentimes take the form of qualitative evidence on whether or not participants found the efforts helpful (Bruderlein and Dakkak 2010). While such efforts are better than no effort at all, they cannot provide an overall perspective on the larger effects of the aid and whether or not it could have been used more effectively. Even if the media were to report on the crisis, it likely would be on the overall state of affairs rather than the effectiveness of any particular organization. As an example, National Public Radio's (NPR) report "One Year Later, Little Progress in Haiti's Rebuilding" interviews Jonathan Katz, an Associated Press Correspondent, who in speaking on the slow progress of recovery refers to "international groups", rather than any specific agency or its actions.²⁹ In a related story by NPR, "How Haiti's Aid Money is Being Spent," staffer Carrie Kahn reports that "There is a question about the accountability of [aid organizations]...the aid groups are accountable to their donors but you don't really get detailed accounts of what they do".³⁰ Given that it's not clear exactly what the aid organizations do, it's highly questionable how accountable they really are to their donors.

Media reports on the overall aid effort also convey little information about any one group, as each group can plausibly argue that while other organizations may be ineffective their efforts have been more beneficial. The opportunity for plausible deniability and the lack of a clear focus on any one organization by the media means that media reports, when available, are also of little assistance to donors in determining just how effective their preferred organization may or may not be in its response to the disaster.

²⁹ National Public Radio.. One Year Later, Little Progress in Haiti's Rebuilding. January 11, 2011. Available at <http://www.npr.org/templates/story/story.php?storyId=132863446&ps=rs>. Accessed July 13, 2011.

³⁰ National Public Radio. How Haiti's Aid Money is Being Spent. January 8, 2011. Available at <http://www.npr.org/2011/01/08/132760320/How-Haiti-s-Aid-Money-Is-Being-Spent?ps=rs>. Accessed July 13, 2011.

There is also a symbiotic relationship between media and humanitarian NGOs which calls into question the media's ability to impartially and accurately convey information about NGO operations. NGOs require media coverage to publicize the need for donations, while the media benefits from covering wide-spread disasters. The relationship and mutual benefits have evolved to such a point where journalists will actually fly with or participate in NGO missions, at the NGO's expense, in order to better facilitate the goals of each entity (Polman 2010).

Finally, even if all the relevant information were available to donors, they may not possess the technical expertise to accurately interpret and understand whether aid was actually effective or not. Mack (2002) argues that one of the reasons the academic community fails to connect with policy makers is that the latter are not versed in the statistical analyses utilized in the academic literature: "multivariate statistical analyses, while certainly relevant, are largely incomprehensible to the policy community...few if any policymakers have any idea what coefficients are, so even those who skip the technicalities in quantitatively oriented academic articles may still not understand what the results mean" (516-17). It is unrealistic to assume that the general population would have much better ability to draw accurate conclusions from raw data. Certainly some individuals whose training or interests provide them with the necessary skill-set would be able to do so were the information available. However, this would be the exception to the rule, and most donors would have to rely on the judgment of professionals, though as Mack suggests, even the professionals' reports may not be presented in a way which would allow donors to determine aid's effects.

Whether it be due to distance, the unreliability of self-reporting by NGOs, the lack of available media reports, or a donor's inability to interpret and make sense of technical reports, donors oftentimes do not have the tools at their disposal to accurately monitor and assess the

efficacy of humanitarian aid. Donors who would strive to undertake such an endeavor would more often than not find themselves stymied. Assuming that they were sufficiently motivated to expend the effort to monitor the NGO, and also had the means to do so, there is one final hurdle that must be overcome for donors to be effective auditors of NGO effectiveness: donors must be able to effectively sanction the NGO if they find that the NGO is not fulfilling its mission. This is the focus of the next section.

3.4.3 Private Donors' Ability to Sanction NGOs

How effectively can private donors sanction NGOs who they feel are not meeting their expectations? Or, to view it from an alternative perspective, how effectively can the principals exert control over their agents in the donor-NGO relationship?

Grant and Keohane (2005) argue that donors can hold NGOs accountable through one of two possible mechanisms, each of which is dependent upon the number of donors. If the number of donors is limited, they can exercise “fiscal accountability”, where donors can withhold funds directly and penalize the NGO for poor performance. As the pool of donors grows, however, then the NGO is subject to “market accountability”, where donors are more like consumers in a perfectly competitive market. Under both scenarios, however, it is unlikely that private donors will be able to exert much control over NGOs.

Many publicly funded NGOs draw on a large pool of donors, diminishing the impact of any individual donor. Formally, one could express the significance of an individual donor as

$$\frac{D_i}{D_n}$$

where D_i represents the value of the individual donation, and D_n is the total value of all donations. Expressed simply, the importance of any individual donor is equal to the value of his donation as a percentage of all donations. As D_i increases relative to D_n , the ability of an individual donor to punish the aid organization by withholding funds increases. However, as the number of donors increases, then even large donors become increasingly marginalized.

As the number of donors increase, therefore, the only way for donors to rebuke the NGO via the loss of donations would be by engaging in a joint action coordinated among a significant portion of the donor base. However, as Olson (1965) shows, this type of collective action becomes increasingly difficult as the group size increases. This leads to the conclusion that collective action of this nature is most effective in small groups; however, it is not necessary unless the size of the donor base increases. Therefore, collective donor action is least effective in the situations in which it would be most necessary.

As the pool of donors increases to a size where it resembles a competitive market, there is largely only one effective way by which the principals can withhold donations and coordinate their behavior. This mechanism is NGO reputation; if the NGO has a negative shock to its reputation, then donors will begin individually withholding their donations as a response, and the end result will be a large-scale reduction in NGO donations. However, even this isn't inviolable, since reputations can persist over time, and NGOs with solid reputations may even be beyond reproach by this mechanism (Grant and Keohane 2005, 38).

When the number of donors is large, therefore, the ability of any individual donor to hold NGOs to account through the power of the purse is limited, if non-existent. What if there was an organization which relied principally on a few key donors? That is, what if the 19 pages of donors to MSF U.S. was the exception, not the rule? Even under this scenario, individual private

donors face limits on their ability to hold NGOs accountable. Though the number of donors is smaller, there is still a pool of alternative funds from which the NGO can draw: other NGOs.

Many of the larger NGOs, such as MSF and Oxfam, have both horizontal and vertical intra-organization linkages with an international section and other national sections. Oxfam, for instance, has its International Secretariat, located in the United Kingdom, as well as 14 national affiliates in America, Australia, Belgium, Canada (and another section in Québec), France, Germany, Great Britain, Hong Kong, India, Spain, Ireland, Mexico, New Zealand, and the Netherlands, plus an observer organization in Japan. These sections also exchange financial resources; Oxfam UK, for instance, received nearly £23 million from other Oxfam sections in 2009, and approximately £14.6 million in 2009. It also sent out a total of approximately £4.4 million to other sections in 2009 (Oxfam Great Britain 2009, 57). Even limited sets of private donors may not only see their influence reduced by other donors to their particular section of the charity, but also any funding it receives from affiliated organizations abroad. This impact is reduced further still if the charity receives some form of government funding, which is usually larger than any individual private donations.

Based on this argument, it is unlikely that private donors can have much, if any, impact on the behavior of NGOs through the withholding of donations. Given that NGOs are generally the result of “entrepreneurial initiatives by activists”, and are not affiliated with any individual constituency which can hold them to account, there is a dearth of alternative mechanisms by which NGOs can be held accountable (Grant and Keohane 2005, 38).

Based on this analysis of relationship between private donors and NGOs as it relates to accountability, it appears that NGOs are subjected to little if any oversight by their private donors, particularly in the area of NGO effectiveness. Donors have little incentive to monitor

NGO effectiveness, and even less ability to do so or actually punish the NGO for inefficient operations. What little oversight there is seems to be related to the NGOs' reputation, rather than operational efficacy. This contributes to a situation in which NGOs, "by creating, maintaining and promoting self-designed accountability structures that are largely immune to external interference...have produced largely indestructible brands" (Bruderlein and Dakkak 2010, 8).

The accountability situation changes when the focus changes to the relationship between states and NGOs, which is the focus of the next section.

3.5 NGOS AND PUBLIC ENTITIES

I argue that public donors can affect the effectiveness of NGO activity through two different mechanisms. The first is through a greater degree of accountability for outcomes that NGOs encounter when their donors are primarily public donors rather than private. The second channel is through the additional benefits that NGOs can accrue by accepting funds from and otherwise cooperating with states. These two channels are discussed in the following sections.

3.5.1 Public Donors and NGO Accountability

I argue that public donors will be better able to hold NGOs accountable for their output than private donors. One reason to believe this is the case is the NGO preference for private donors on the basis that private donors give them more operational autonomy. Implicitly this indicates that NGOs feel constrained by state donors, which can only happen if the state donors, as principals, can exert some authority and accountability over the NGOs as their agents. If public donors were

as passive as private donors, then NGOs would have no reason to prefer private donors on functional grounds since there would be no difference between the two funding sources.

The argument is also made more explicitly in analyses of NGOs' operational relationship with states. Funding from, and cooperation with, states presents organizations with increased reporting requirements, so that "unit costs, quantifiable outputs, logical frameworks and detailed specifications of what 'partners' are to do, become organizational norms" (Hulme and Edwards 1997, 8). These elements are critical to establishing accountability over outcomes, as without such benchmarks and it is difficult to assess if aid efforts are effective or not. However, this is the type of "bureaucratization" which is detailed as a threat to NGO capacity and operations (Edwards and Hulme 1996). For proponents of the perspective that NGOs must be flexible, this also suggests that increased operational accountability as a result of partnering with states is a real phenomenon, and something which is antithetical to NGO effectiveness. These individuals view NGO autonomy as a critical element of NGO function and part of what makes them unique, in opposition to the "limited, logically framed, measurable outcomes favored and advocated by donors and the aid system generally" (Fowler 1993, 335).³¹

Why might states be more effective in creating the methods of accountability? Direct comparisons can be made between states and private donors in the areas of incentive and ability to monitor, as well as ability to sanction.

As discussed previously, individuals have little incentive to monitor NGO performance given the motivations individuals have for giving aid. Individuals are not accountable to others for the content or quality of their aid, though they do possibly receive reputational or other social

³¹ In opposition to the perspective that state associations reduce NGO effectiveness, Commins (1997) argues that World Vision International has not apparently been overly constrained even in light of its funding from and other relationships with states.

benefits for donations to charitable organizations. States, however, are accountable to their citizens for the manner in which resources are spent, since the majority of these resources come from the citizens themselves. As Bruderlein and Dakkak (2010) argue, “government donor agencies are accountable to, and their monies in some degree controlled by, the legislature, and ultimately, to taxpayers and citizens. This involves earmarked funds for special projects and preset goals as part of a political accountability” (21). Therefore, donors have a greater incentive to impose accountability on NGOs to whom they donate funds or otherwise establish a relationship because the states are themselves accountable to their own citizens.³²

States are also in a much better position to monitor NGO performance since states have more resources at their disposal and a bureaucratic structure in place which has technical expertise in aid administration. Furthermore, state aid is frequently the study of academics and other professionals whose expertise can inform states in regards to what avenues appear to be effective and which are not.³³ Relative to private donors, then, states have more institutional expertise and greater access to epistemic communities which can help them make determinations about aid effectiveness.

States also have greater access to information about events in the field since, unlike private donors, they may have their own programs or monitors in the affected areas. Rather than having to rely on self-reported information from the aid organizations or reports on aid operations from the media, states have the capacity to independently observe and assess the outcome of aid efforts in the theatre of the humanitarian crisis, creating a large information

³² However, this is not entirely beneficial, as it also provides an incentive to states to avoid publicizing the results of their assessment of NGO effectiveness, since the states don't want to be seen as having their proxies fail, or monies wasted (Bruderlein and Dakkak 2010).

³³ These analyses extend beyond simply develop aid to other types of state aid, such as democracy aid. See, for example, Finkel, Pérez-Liñán and Seligson (2007) and Savun and Tirone (2011).

advantage. Even if the state does not have its own monitor, it may have an operational partner that does, and who can convey information about the situation on the ground. For instance, the World Bank may have its own personnel in an area experiencing a humanitarian crisis which could provide information not only to its own decision makers, but those in specialized agencies in the United States, such as USAID.

States also possess a greater ability to sanction NGOs than do private actors. First, state donations are generally several orders of magnitude larger than private donations, so the loss of these funds would be felt more keenly than the loss of any individual private donation. This importance is further reinforced by the more limited number of public donors; the constellation of donor states and IGOs which donate to humanitarian organizations is relatively small, which increases the importance of any individual entity to recipient NGOs. Furthermore, the small number of donors helps overcome the collective action problem to make donor coordination easier. This is particularly true since many states share membership in joint intergovernmental organizations, which can regularize contact, facilitate information transmission, and under some circumstances even increase the similarity of state interests over time (Bearce and Bondanella 2007).

A state's ability to monitor and sanction NGOs is further facilitated by the state's legal authority over NGOs headquartered or otherwise operational within its borders. NGOs which were found to be violating laws on charitable fundraising, as an example, could have their charitable status revoked or other penalties imposed. Nationals who were found to be engaged in malfeasance overseas as part of an aid effort could also, under certain situations, be subject to criminal persecution by the home country. States are in a much more empowered position to sanction NGOs for poor performance than are private actors.

With increased incentive and ability to monitor NGO performance, as well as a much stronger ability to sanction NGOs which are found to not be fulfilling their obligations or otherwise not using aid effectively, states are in a much better position to monitor and enhance NGO effectiveness. This is not to say that states perform this role perfectly. As shown by Alesina and Dollar (2000), states give aid for any number of reasons, including strategic motivations which may detract from aid's effectiveness (see as an example Bearce and Tirone 2010). In the case of humanitarian aid, states could simply give aid in order to deflect criticism over perceived failures to address humanitarian crises more directly, such as through state military humanitarian interventions. In this way, states may achieve their intended goal simply with a publicized donation and not oversee the NGOs in the necessary manner. While this possibility exists, however, on average the multitude of advantages states have relative to private donors in their ability to hold NGOs accountable should mean that they perform this role more capably than their private counterparts.

Accountability is not the only benefit which may be bestowed upon NGOs through their association with states. States also possess additional advantages which may be beneficial to humanitarian aid efforts, which are discussed in the following section.

3.5.2 Public Donors and Additional Benefits to NGO Effectiveness

In addition to the gains in effectiveness NGOs can gain from greater levels of accountability to public donors, these donors can also grant additional benefits to NGOs which can improve the effectiveness of humanitarian operations.

The first of these benefits is coordination. Seybolt (2009) argues that the current humanitarian system suffers from insufficient coordination and planning, and that the system

could be improved through the creation of a network structure with vertical and horizontal linkages between states and NGOs. NGOs which choose to opt out of such a network, or otherwise eschew coordinating with states due to fears of politicization, detract from the overall effectiveness of humanitarian action and also inhibit the effectiveness of their own efforts. Coordination could also allow NGOs to benefit from the efforts of states and other entities, including in the provision of material goods and a reduction in the duplication of services, reducing waste and increasing the amount of resources available for distribution.

This coordination can be particularly useful as government entities possess specific technical knowledge that NGOs don't. For example, one of the reasons that USAID may choose to work with an NGO is that the NGO employs individuals with technical expertise in various health fields. USAID, by contrast, has technical expertise in project management and evaluation. Therefore, there can be a mutually beneficial relationship between the two entities as they draw on the others' strengths. The process of interacting with USAID through the proposal process can also force an organization to more critically evaluate its own plans than it might otherwise do without the need to formally present its plan for evaluation prior to funding.³⁴

The technical benefits that aid organizations can accrue from interactions with government agencies can extend beyond simple project management. As argued previously, the direct effects of aid are predominantly medical and related to resource availability and organizational competence in the medical field, while the negative consequences are related to politics, economic and social dynamics. Humanitarian NGOs may have excellent technical experts in the best practices regarding medical care, but states have superior information about the management of the political and socio-economic processes that can thwart aid efforts.

³⁴ These arguments are drawn in part based on my conversation with individuals with experience working with NGOs funded by USAID.

Working with states and gaining access to this knowledge should allow NGOs to reduce their negative effects on a crisis through more effective planning and awareness of other dynamics.

States can also help NGOs with their material needs as well. States can increase funding to NGOs not only from their own coffers, but by spearheading donation efforts which encourage and facilitate private donations to NGOs. One such example is the effort which encouraged private donors to donate to the International Committee of the Red Cross by texting “Haiti” to a specified number from their mobile phone in the wake of its massive earthquake. The mobile donation effort came about as a joint effort between the U.S. State Department, Mobile Accord/mGive Foundation, CTIA-The Wireless Association, and the Red Cross.³⁵ It was highly successful, raising over \$32 million dollars from mobile users by February 11, 2010, less than a month after the earthquake, \$15 million of which had already reached the Red Cross.³⁶

Finally, NGOs’ reliance on the permission of local groups to enter a conflict opens them up to extortion and other forms of rent extraction by these domestic groups (Goodhand 2000; MacFarlane 2001). If the NGO has a powerful state benefactor, it may discourage this type of graft in a number of ways. The NGO may be less willing to pay rents to local actors if they know that the public entity will take account of how the funds are spent, while private donors are less likely (and able) to do so. Additionally, local actors may be leery of making too many demands on NGOs with loose political affiliations for fear of inviting a military presence from the NGO’s benefactor.

³⁵ http://american.redcross.org/site/PageServer?pagename=%2Fntld_Haiti_text2help_faqs#Q17. Accessed July 15, 2011.

³⁶ Red Cross Raises more than \$32 Million via Mobile Giving Program. Available at: <http://www.redcross.org/portal/site/en/menuitem.94aae335470e233f6cf911df43181aa0/?vgnextoid=43ffe0b8da8b6210VgnVCM10000089f0870aRCRD>. Accessed July 15, 2011.

These factors, along with the increased accountability that public donors should bring to bear on NGOs discussed in the prior section, have strong implications for the relative effectiveness of aid from publicly funded organizations versus those who received funds from private sources. These differences, as well as a series of hypotheses based upon these arguments, are discussed in the next section.

3.6 DISCUSSION AND HYPOTHESES

To summarize the preceding discussion about the interactions between NGOs and donors, NGOs have an incentive to withhold damaging information regarding their activities in order to maximize donations and reduce the accountability they face from their principals, the donors. Because of this recalcitrance on the part of the NGOs, the onus is on the donors to actively monitor and evaluate the performance of their agents, the NGOs, and if necessary sanction them through various channels. Because there are significant differences in the ability of private and public donors to undertake these functions, there are subsequently stark differences in the degree of accountability NGOs face to private versus public donors. NGOs have little to no *de facto* accountability to private donors, as these donors can generally be characterized as pursuing private benefits from charitable donations and have little incentive to invest future time or other resources into investigating how effectively the NGO is utilizing donations. For donors who do pursue this path, the limited amount of information available to them, along with a probable lack of technical expertise in interpreting the data, should make it difficult for donors to determine whether or not NGOs are actually generating positive change. Finally, even if these donors did wish to hold NGOs to account by withholding future donations, this course of action is argued to

have little effect upon the NGO's behavior since the NGO has a number of possible alternative funding sources, reducing the significance of any individual donor.³⁷

The situation is different when it comes to NGOs and states. States have far greater institutional capacity to independently monitor NGO activities and have the technical and managerial expertise to undertake the analysis necessary to determine if the aid efforts are successful. The more limited number of public donors, combined with their greater resources, also gives public donors a greater capacity to influence NGOs behavior through financial means. Working with states also conveys other operational advantages upon NGOs, including greater inter-organization coordination and access to expertise in fields other than health to help attenuate the negative effects of aid endeavors.

Taken together, these arguments indicate that NGOs should face greater levels of accountability for the outcome of their actions when they are funded by public entities rather than private sources. This increased accountability should translate into enhanced performance as the direct benefits of aid should increase while the negative externalities should also diminish. This leads to Hypothesis 1:

Hypothesis 1: Aid from organizations which rely primarily on publicly sourced funding should result in greater increases in public health than aid from organizations which rely primarily on private funding

³⁷ In this regard private donors may be similar to the voters studied by Guisinger (2009), who found that even voters for whom trade policies should be highly salient often knew little of their representative's policy positions and were thus unable to hold representatives accountable for actions on trade policy.

The arguments relating the negative effects of humanitarian aid and civil conflict also suggest a conditional hypothesis. This conditional hypothesis on the relationship between aid and health during conflict situations is presented in Hypothesis 2:

Hypothesis 2: Aid from organizations which rely primarily on publicly sourced funding should result in greater increases in public health than aid from organizations which rely primarily on private funding when given during an active conflict.

One point to note about Hypotheses 1 and 2 is that the proposed relationship between aid types is purely relational to one another, and does not predict a directional coefficient relative to zero. That is, in each case the effect of publicly financed aid is hypothesized to be more positive than aid from privately funded organizations, but the hypotheses do not predict whether the effect of both or either types of aid will be positive or negative. As discussed in Section 3.1.1, it is conceptually possible for aid to have positive effects upon health, no effect, or negative effects. What determines the true effect of aid will be the net outcome of the proposed direct and indirect effects of aid. The types of effects suggested by the various perspectives are presented in Table 3-1. If the direct effect and positive indirect effect are more impactful than the possible negative externalities, then the net effect of aid upon social health will be positive. If the direct and indirect effects offset one another then it is possible that aid's observed effect will be statistically indistinguishable from zero. Finally, if the negative effects outweigh the positive, then it is possible that aid's overall effect will be negative.

Table 3-1 Possible Relationships Between Proposed Mechanisms and Health

Proposed Mechanism	Relationship Between Mechanism and Health	Theorized Impact Upon:	
		Conflict	Health
Direct aid distribution to civilians	Direct	0	+
Prevention of communicable disease outbreak through aid provision	Indirect	0	+
Aid relieves material needs causing groups to engage in combat	Indirect	+	+
Aid transmission to rebel groups conditional on laying down arms/ceasing combat	Indirect	+	+
Transmission of aid to rebel groups from aid agencies	Indirect	-	-
Transmission of aid from civilians to rebel groups	Indirect	-	-
Relieve financial pressures on rebels through aid "substitution" effect	Indirect	-	-
Provision of material and medical aid to combatants in refugee camps	Indirect	-	-
Aid reduces incentive for settling conflict by weakening material constraints/suffering of combatants	Indirect	-	-
Aid is utilized by rebel groups to compensate fighters	Indirect	-	-
Net Effect		?	?
0 denotes no effect, + denotes a beneficial effect, and - denotes a detrimental effect			

The proposed mechanisms linking aid and health in Table 3-1 are in many instances dependent upon the political, economic and social conditions at work in a civil conflict. Since conflicts are not the only type of humanitarian crisis, one question that could be raised is how the relationship between aid and health changes in other contexts. Does the difference in aid effectiveness between publicly and privately funded organizations persist in situations such as natural disasters, where the types of externalities generated by aid may be different than in ongoing conflicts?

The effectiveness of aid in natural disasters is a testable proposition, and in line with the logic of accountability which undergirds Hypotheses 1 and 2 it could be argued that publicly financed organizations should be more effective in these environments than privately financed since overall accountability is still higher. However, if the externalities of aid are different in disasters rather than conflicts, it is possible that these differences may be greater, smaller, or something in between. Predicting this type of relationship would require theoretical mechanisms

tying aid to disaster and by extension health which are related to but beyond the scope of this dissertation. In light of the ability to test aid and natural disasters, but in the absence of proposed theoretical mechanisms of the indirect ways in which aid may affect health following a natural disaster, I offer a testable corollary which follows the logic of the earlier hypotheses.

Corollary 1: Aid from organizations which rely primarily on publicly sourced funding should result in greater increases in public health than aid from organizations which rely primarily on private funding when given following natural disasters.

Once again, aid from publicly financed organizations is expected to be more effective, but this is a much less defined proposition given the lack of theorizing on aid and natural disasters.

This chapter has presented an argument about to the effectiveness of humanitarian NGOs. It began by defining a measure of effectiveness that measured the welfare of the entire population, rather than simply that of the group which actually received aid due to differences in the direct and indirect effects of aid. These indirect effects, and their potentially negative implications, are argued to be an outgrowth of NGO neutrality and independence, each of which can be affected by NGOs relationship with their donors and the degree of donor ability to hold NGOs accountable for the effects of their aid efforts. Private donors are argued to be less effective than public donors in holding NGOs accountable, which generated a series of testable statements indicating that aid from publicly funded organizations should be more effective than aid from privately funded organizations in a variety of different scenarios. These statements will be tested in Chapter 4.0 .

4.0 TESTING THE EFFECTIVENESS OF HUMANITARIAN ACTION

The theory developed in Chapter 3.0 suggests that publicly funded non-governmental organizations should be more effective than privately funded organizations, primarily due to differences these groups face regarding their level of accountability to their donors. The greater level of accountability that publicly funded donors face under the theory should translate into greater performance, a proposition which is encapsulated in a series of hypotheses and corollary presented in the preceding chapter. These are tested in this chapter using an original dataset on humanitarian aid, and the results are broadly supportive of the predictions: publicly funded organizations exhibit better performance than their privately funded counterparts. Somewhat surprisingly, the efforts of the privately funded groups appear to detract from, rather than improve, public health, a possibility discussed in Section 3.6.

The next section describes the construction of the dataset as well as the estimation technique. This is followed by a section discussing some diagnostics assessing particular qualities of the data itself, as well as considerations relating to possible complications relating to non-random selection of cases by NGOs. The results of each test of Hypotheses 1 and 2, as well as Corollary 1, are then presented. The final two sections discuss the results broadly and offer possible alternative explanations for the findings.

4.1 DATASET CONSTRUCTION

The analysis covers the period from 2004 through 2007, as this was the time period for which data for all three organizations are available. However, in some cases data for an individual organization are available before or after this period, and in those cases some analyses utilize these data in the statistical estimates. The data are recorded in country-year format, and include a global sample of non-OECD countries.³⁸

4.1.1 NGO Activities and Humanitarian Crisis Measures

To date, all indications suggest that there is no existing dataset recording the activities of humanitarian NGOs, and therefore this analysis utilizes an entirely novel dataset on the activities and finances of three of the most prominent humanitarian NGOs: the International Committee of the Red Cross (ICRC), Oxfam International, and Médecins Sans Frontières (MSF).³⁹ These three organizations possess a number of qualities which make them ideal cases for inclusion. The first is that they are among the most prominent organizations in the international landscape, among a “handful of major players...[who] dominate the international non-governmental landscape” (Stoddard 2003, 25).

Each of these organizations also employs fairly transparent reporting standards, which meant that the data were largely, available. This is a significant hurdle the world of NGOs; many organizations either do not publish or do not themselves possess the necessary information

³⁸ Given the structural differences between these countries and developing countries, including in the area of public health (Rudra and Tirone 2011), it would unduly bias the results to include them in the sample pool and they are therefore excluded.

³⁹ In some cases these figures may account for the activities of or support to national chapters of each organization.

on expenditures for specific country-years. As an example, two other organizations were contacted in attempts to obtain information on their activities. CARE International does not keep figures based on country-year expenditures, according to an email communication on September 27, 2010 from Cathy Rawlinson, Constituent Services Manager for CARE USA. Finally, Save The Children does not publish these types of figures and, in an email on November 4, 2010, from Brittan Horton, Manager, Operations Coordination & Regional Management, declined to provide them, instead sending regrets that senior management had determined that “at this time we are unable to provide the proper attention and time this request deserves”. This comports with the general difficulty of obtaining data on the activities of these organizations, information described by Dr. Peter Walker, Director of the Feinstein International Center and Irwin H. Rosenberg Professor of Nutrition and Human Security as “almost impossible to get” (email correspondence on December 10, 2009). Even organizations whose purpose is to improve NGO accountability do not have this type of information. In an email on February 11, 2010, Colin Hadkiss, an administrator at the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP: www.alnap.org) stated that “we do not have comprehensive data on activities of our member organizations: indeed with 62 Full Member and the wide variety of the activities...this would be a massive task”. When ALNAP did ask their members for this type of information, only 22 organizations responded.

These groups are also excellent candidates for inclusion because, as discussed in the previous chapter, each of the organizations represents an “ideal” type on the spectrum of public versus private financing. For instance, in 2004 MSF had a total income of €458.13 million, of which €102.89 million came from public institutional donors, for a total of 22%. €342.84 million came from private individuals and institutions, composing approximately 75% of

revenues (Médecins Sans Frontières 2004, 11).⁴⁰ The ICRC, by contrast, received total contributions of CHF 757.76 million in the same year, of which CHF 684.25 million came from governments and the European Commission (90%), CHF 44.38 million from international organizations, supranational organizations, national societies and public sources (5.9%), and just CHF 29.1 million from private sources (3.8%) (International Committee of the Red Cross 2005, 338). Oxfam International does not give specific measures of financial contributions in their annual report, but one of their largest affiliates, Oxfam U.K., does. Using Oxfam U.K. financial reports from 2001-2007, it was determined that on average approximately a quarter of funding comes from public sources, though that figure has a maximum of slightly over 50%. Therefore, Oxfam's funding profile is similar to that of MSF.

Turning to expenditures, data for the ICRC were available for the period from 2001 through 2009 in the Annual Reports for these years.⁴¹ I was therefore able to create *ICRC Aid*, which measures the amount of ICRC spending in billions of 2009 U.S. dollars.⁴²

The information for MSF was not as straightforward. MSF only began publishing consolidated financial reports beginning in 2004.⁴³ For 2003 and earlier, MSF international only released an "Activity Report" which detailed the nature of operations in individual countries, but

⁴⁰ The remaining 3% of income came from sources classified as "Other".

⁴¹ Data are actually available for much earlier periods as well, but coding was begun in that year due to the limitations of the other organizations.

⁴² The figures in the original reports for both the ICRC and MSF were listed in thousands of current Swiss Francs and thousands of current Euros, respectively. I deflated both into constant 2009 U.S. dollars using deflators from the "Deflators for Resource Flows from DAC Donors" published by the OECD and available at <http://www.oecd.org/dataoecd/43/43/34980655.xls>. These deflators were used for all conversions from current to constant values in the dataset. One possible alternative specification would be to deflate the measures by population to measure aid on a per-capita basis. However, while this is customarily done in studies on financial flows such as Official Development Assistance, it seems less relevant in this case. Civil conflicts and disasters may be highly localized, and therefore the actual number of citizens affected may fall short of the entire population. Deflating the aid measure by population may therefore understate the true relationship of aid relative to the number of beneficiaries, and therefore the aid measures here reflect total expenditures rather than per-capita flows.

⁴³ This was communicated in a phone discussion with Scotti McLaren, International Finance Officer at MSF, on August 6, 2010.

did not always relay expenditures for the combined MSF national sections. Therefore, the MSF was collected beginning in 2004; beginning in that year, *MSF Aid* measures the amount of MSF expenditures in a given country-year in billions of constant 2009 U.S. dollars.⁴⁴ For 2003 and earlier, the activity reports on lists expenditures for projects which received €3 million or more (in current funds), since figures were only available for projects above these spending levels. However, this information did allow for identification of countries in which MSF was operational but received less than the €3 million threshold.

The final aid organization, Oxfam, made data available for Fiscal Year 2001/2002 through 2006/2007.⁴⁵ This information was entered into the dataset as *Oxfam Aid*, which measures Oxfam expenditures in billions of constant 2009 U.S. dollars.

Each of the aid organizations only lists countries in which they were active in that year, meaning that only country-years for which expenditures were greater than zero are provided. In order to avoid selection bias, I therefore coded all country-years included in the sample but which are not listed as having receiving aid from that organization in that year as having received zero aid.

The fact that the NGO humanitarian responses measured above are not random, but deliberately chosen, presents a particular type of empirical issue which necessitates further information for accurate results. Thus, in addition to information on the activities of humanitarian organizations, this analysis also requires information on the presence of factors

⁴⁴ See Footnote 42.

⁴⁵ Financial information was sent in response to an emailed query by Francis Simpson on July 18, 2008. The figures were listed in current US dollars, and were transformed into thousands of constant 2009 U.S. dollars via the process outlined in Footnote 42. To create annual measures from the Fiscal Year data, I calculated the aid spending for a given year as half of the current year's spending plus half of the following year's spending. For example, spending in 2004 was calculated as one half of the 2003/2004 figure and one half of the 2004/2005 figure. For the first and final years of the time-series, the entire fiscal year figure was assigned as the value for the calendar year.

which contribute to humanitarian crises. Figure 4-1 presents the theorized relationship between crisis, NGO response and health.



4-1 Theorized Relationship between Crisis, NGO Response and Health

Within this framework, the NGO response and health outcome are both affected by the presence of a humanitarian crisis, while humanitarian responses are also believed to affect the crisis, ideally to reduce its severity and attenuate its effect on public health. Since this relationship indicates that the NGO response and Health Outcome are co-determined, it is imperative to include measures of humanitarian crisis in the estimations. Failure to do so would result in a classic case of omitted variable bias, wherein both the health outcome, as dependent variable, and NGO response, which is the independent variable, are both correlated with the error term, violating the Gauss-Markov parameters and inducing bias in the estimated relationship between NGO response and health outcomes.⁴⁶

⁴⁶ Specifically, the degree and direction of the bias would be a reflection of the relationship between humanitarian crises and public health. Since crises are detrimental to health, the coefficient on NGO responses

In this study, humanitarian crises are represented by data on conflict, both domestic and international, as well as natural disasters. There are a number of variables which measure civil conflict. The first is *Civil Conflict (Current)*, a dichotomous measure which assumes a value of 1 if there is a civil conflict which has a minimum of 25 and a maximum of 999 battle deaths in a given year. *Civil War (Current)* is a similarly dichotomous measure which represents the presence of civil violence which has exceeded 1,000 battle deaths since its inception. *Conflict (Current)* indicates whether there is any ongoing violence which exceeds 25 battle deaths in the country-year, including both civil conflicts and civil wars. Finally, *Civil Conflict (Prior)*, *Civil War (Prior)*, and *Conflict (Prior)* equal “1” if there is a positive observation for the relative indicator in the preceding five years.⁴⁷ Each of the conflict measures are taken from the Peace Research Institute of Oslo’s (PRIO) Armed Conflict database, version 4-2009 (Gleditsch et al. 2002).

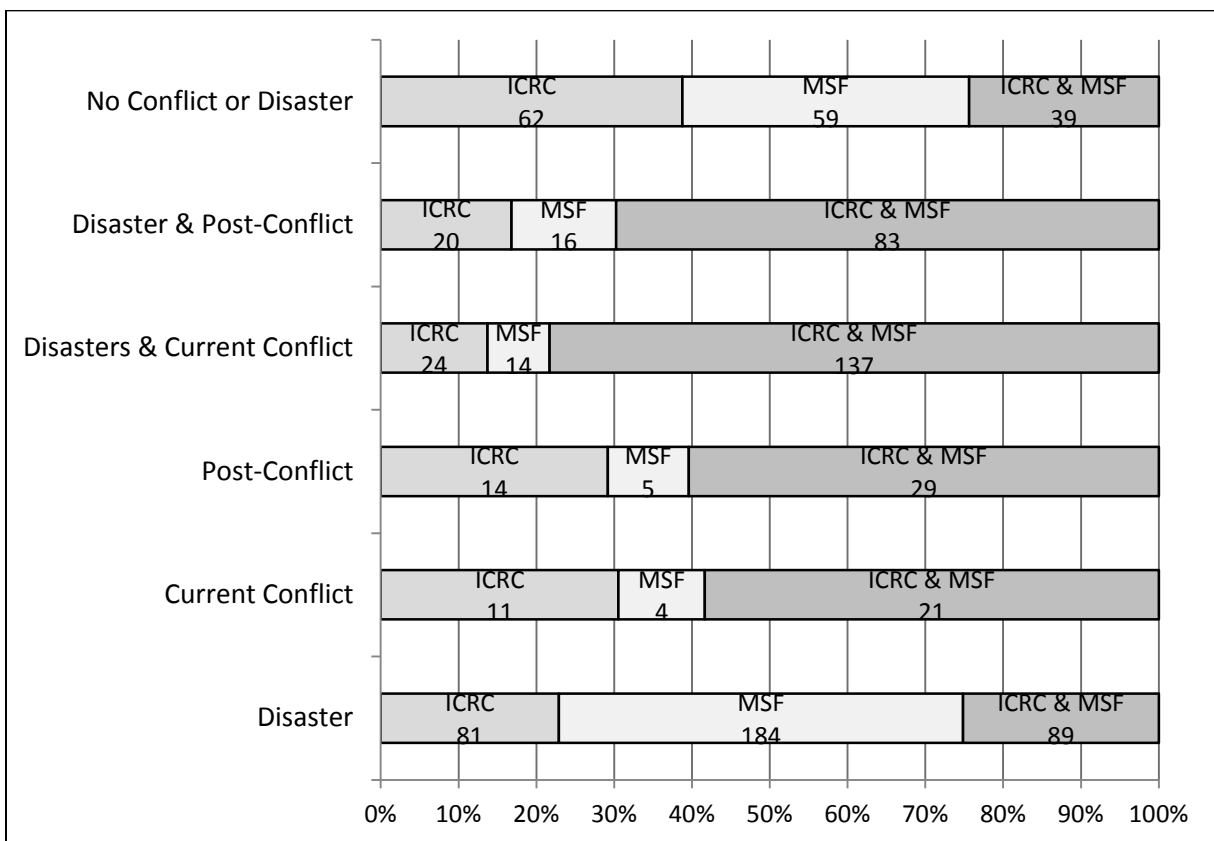
Data on natural disasters come from the Emergency Events Database, EM-DAT, maintained by the WHO’s Collaborating Centre for Research on the Epidemiology of Disasters (CRED).⁴⁸ Disasters are included if they fall into one of the following categories: drought; earthquake; extreme temperature; flood; mass movement (dry); mass movement (wet); storm; volcano; and wildfires. *Disasters (Current)* is a count of the number of geological disasters in the specified categories within the country-year, while *Disasters (Prior)* is a total of disasters for the preceding three years.

would be downward biased, since it would account for both the response as well as the empirical effect of the omitted crisis. Thus, it would be possible for responses that were actually beneficial to public health to appear to be detrimental depending on the relative magnitude of the competing effects. For an excellent technical discussion of omitted variable bias, see Wooldridge (2003).

⁴⁷ In order to construct the 5-year measure, data on conflict was obtained through 1995. Therefore, the observation for 2004 reflects the period from 1999-2003, the observation for 2005 the period for 2004-2004, and so forth.

⁴⁸ EM-DAT: The OFDA/CRED International Disaster Database – www.emdat.be, Université Catholique de Louvain, Brussels (Belgium). Accessed January 23, 2011.

Combining the information for conflicts and disasters with the data on NGO activities allows for an examination of the way in which these organizations respond to these events. Figure 4-2 shows a basic profile of the types of situations in which the MSF and ICRC were operational from 2000-2009.⁴⁹ One of the striking elements of the figure is that oftentimes the ICRC and MSF are both operational in the same countries: out of 892 operations (by country-year), both the MSF and ICRC were present in the same country in the same year approximately 45% of the time. This is most true when the country in question experienced both a conflict of any type and a natural disaster in the same year.



4-2 Humanitarian NGO Responses

⁴⁹ Since Oxfam data are only available for 2001-2007, it is excluded in order to capitalize on the longer time period available from the ICRC and MSF.

Out of 178 cases of concurrent conflict and disaster, both organizations were present in 137 country-years, or approximately 78% of the time. Similarly, countries which were in the post-conflict phase, where there was a conflict in the last five years but not in the present period, and which also experienced a disaster were the benefit of both ICRC and MSF activities 70% of the time. The two organizations were most divergent in the case of disasters without an ongoing conflict; of 354 observations, both organizations were present in only a quarter, while the MSF was the sole organization in 52% of these cases. Additionally, cases in which there was no conflict or disaster constitute only 18% of the observed ICRC and MSF activities.

Taken together, it is clear that oftentimes the MSF and ICRC may both be present in response to a conflict, disaster, or both, although this does not mean that they are engaged in joint operations. Though both may be present, they operate independently of one another. Furthermore, their activities are heavily oriented to responding towards humanitarian crises, with less than 20% of their activities occurring in countries which were not recent victims of conflict or a natural disaster. Given the missions of each organization and their focus on humanitarian action, this is to be expected, and is evidence supporting the theoretical relationship between humanitarian crises and NGO response presented in Figure 4-1.

4.1.2 Dependent and Control Variables

The primary dependent variable in the statistical tests is *Life Expectancy*. *Life Expectancy* can be viewed as an indicator of public health since it is a measure of “the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same

throughout its life.”⁵⁰ As such, it is a long-term measure which projection over time of the health conditions facing citizens in the current period, indicating how the current environment would impact individuals over time. Data for *Life Expectancy* come from the United Nation’s *Human Development Reports*.⁵¹

I also utilize a second measure of public health as a robustness test, Unlike *Life Expectancy*, *Infant Mortality*, which represents the number of infants dying before age one (per 1,000 live births), is a more immediate measure of public health. Ross (2006) argues that infant mortality is highest among the poor, making it a good measure of the health issues facing those who may lack the financial resources to provide for their own healthcare needs and thus would be in greatest need of humanitarian assistance. Furthermore, infant mortality is also “a sensitive measure of many other conditions – including access to clean water and sanitation...prenatal and neonatal health services, caloric intake, [and] disease” (Ross 2006, 861), making it a good measure of overall health and access to needed health infrastructure which aid organizations can help provide. Information for infant mortality rates comes from the World Bank’s WDI.⁵²

The limited time period available for analysis is the motivation for using *Life Expectancy* as the primary indicator and *Infant Mortality* as a secondary measure of health. It is possible that aid activities may have both long-run and short-run effects. With only a four-year sample, however, there is a limited window available to assess these effects by varying the temporal relationship between the delivery of aid and the corresponding health outcome. Using *Life Expectancy*, even though it is calculated in a specific year within the sample, allows for greater consideration of systemic level factors which may influence long-run trends in health than would

⁵⁰ Description taken from the “Notes” section of the World Bank’s WDI, accessed April 4, 2011.

⁵¹ <http://hdr.undp.org/en/statistics/data/>. Accessed June 23, 2011.

⁵² Accessed April 4, 2011.

the more immediate measure of *Infant Mortality*. In other words, *Life Expectancy* should encompass a broader range of health inputs and reflect how they would impact individuals over time than would *Infant Mortality*, and it is therefore a better measure of the broad set of direct and indirect ways in which aid is argued to impact health detailed in Chapter 3.0 , including through crisis.⁵³

Additional regressors are drawn from other studies examining the relationship between civil conflict and public health, specifically Iqbal (2010) and Ghoborah et al. (2003).⁵⁴ These variables can be loosely group in one of the three following categories: economic, demographic, and political.

The first of the economic variables is the level of economic development, which is measured here with *GDP per capita* in constant 2000 U.S. dollars, using data taken from the World Bank's World Development Indicators (WDI), from which *GDP Growth*, the yearly percentage increase in GDP, is also taken. In addition to level of development, the openness of a country's economy to international trade has also been shown to affect health (Owen and Wu 2007; Rudra and Tirone 2011). Therefore, in line with Iqbal (2010) a measure of the country's openness to international trade, *Openness*, is included. *Openness* measures the level of imports and exports as a percentage of GDP in constant terms with data from the Penn World Tables (Heston, Summers, and Aten 2011). This variable is also interacted with *GDP per capita* to create *GDP per capita X Openness*. Finally, to capture the domestic government's commitment

⁵³ *Infant Mortality* is customarily one of the measures accounted for in the calculation of *Life Expectancy*, so the latter is also a reflection of the short term dynamics affecting the infant mortality rate.

⁵⁴ I adopt this model specification, in line with the studies cited, due to the ways in which the theory suggests aid should affect health. In the theory the externalities of aid are not primarily medical, but rather operate through various societal channels. Therefore, it is these social channels which are most likely to be correlated with both aid and health and would induce bias if omitted. This would be different if I were testing specific medical practices or intervention strategies. In those cases, a specification which was closer to epidemiological testing, for example, would be appropriate. In the absence of data which are so finely differentiated, and in light of the aid-social phenomena-health nexus which is the focus of the theory, this specification is more statistically appropriate.

to health and available resources, *Public Health Expenditures* measures government spending on health as a percentage of all government expenditures. Data for *Public Health Expenditures* come from the World Bank's WDI.⁵⁵

Two demographic measures are also included. The first is *Population (logged)*, which is the natural log of the population and comes from the World Bank's WDI.⁵⁶ Additionally, as Ghoborah, Russett and Huth (2003, 191) argue, "a more knowledgeable population is likely to be more knowledgeable of health risk factors, to support greater investments and expenditures, and to utilize health-care services." As such, *Education*, a measure of the expected number of years of education a citizen will receive, is also included, with data from the United Nation's *Human Development Reports*.⁵⁷

A number of studies have also highlighted the relationship between a country's regime type and health (As an example, see Ross 2006; Rudra and Tirone 2011). Therefore, the Polity IV project's *Polity* measure, the 21-point scale running from -10 to 10, with lower values indicating greater levels of autocracy and higher values greater democracy, is also included (Marshall and Jaggers 2002).⁵⁸

Table 4-1 provides descriptive statistics for the primary variables utilized in the analysis.

⁵⁵ Accessed June 16, 2011.

⁵⁶ Accessed June 16, 2011.

⁵⁷ <http://hdr.undp.org/en/statistics/data/>. Accessed June 23, 2011.

⁵⁸ Polity IV v2010. Available at <http://hdr.undp.org/en/statistics/data/>. Accessed June 16, 2011.

Table 4-1 Descriptive Statistics, 2004-2007

	N	Mean	Min	Max
Life Expectancy	676	66.44	41.28	82.18
Infant Mortality	503	38.72	1.40	139.80
ICRC Aid	734	5119.88	0	160,381.90
MSF Aid	734	2048.62	0	61,843.30
Oxfam Aid	770	2286.79	0	50,611.02
Conflict (Current)	766	0.11	0	1
Conflict (Prior)	766	0.19	0	1
Civil Conflict (Current)	766	0.09	0	1
Civil Conflict (Prior)	766	0.18	0	1
Civil War (Current)	766	0.09	0	1
Civil War (Prior)	766	0.14	0	1
Disasters (Current)	766	1.64	0	37.00
Disasters (Prior)	763	4.61	0	91.00
GDP Growth	666	6.14	-6.47	46.50
GDP per capita	655	5976.53	85.82	106,466.10
Openness	659	95.55	1.77	441.22
Public Health Expenditures	652	10.61	0.77	41.66
Population (logged)	727	8.09	2.35	14.09
Polity	542	2.40	-10.00	10.00
Education	581	6.76	1.03	12.12

4.2 DATA DIAGNOSTICS AND ESTIMATION PROCEDURE

Having outlined the data which are to be used as the basis of the analysis, this section details some of the pre-estimation data diagnostics the estimation techniques which are used to test the hypotheses presented in Chapter 3.0 .

The first diagnostic indicated that there was at least first-degree autocorrelation within the data, although it rejected the hypothesis that either *Life Expectancy* or *Infant Mortality* exhibited a unit root. However, there is evidence that these variables may be subject to a positive time-trend, so each of the fully specified models below include a count variable accounting for elapsed time to control for any trending that may be present.

Given the continuous dependent variable, pooled Ordinary Least Squares (OLS) regression would be a suitable estimator. However, the presence of autocorrelation can present difficulties in the estimation of the standard errors. Two popular alternatives for dealing with serial correlation include the inclusion of a lagged dependent variable as a regressor and a technical correction via an AR(1) process. One issue with lagged dependent variables is the possibility that they may artificially depress the coefficients of the other regressors (Achen 2000), which is particularly true given the high year-over-year persistence of both life expectancy and infant mortality. Therefore, the use of an AR(1) correction is preferable in this case.

In addition to serial-correlation, spatial correlation can also make the estimation of accurate standard errors problematic. It is theoretically likely within this data, given the tendency for natural disasters to strike multiple countries at once or for civil conflicts in one country to affect a neighbor, that there would be some degree of spatial correlation present. One way of correcting for this spatial correlation is the use of panel-corrected standard errors (Beck

and Katz 1995), and this is the option chosen for this analysis. Therefore, the models are estimated via pooled OLS utilizing panel-corrected standard errors with a panel-specific AR(1) correction unless otherwise specified.

Furthermore, it is important to determine whether pooling of the observations is appropriate, and additionally whether there are any factors which may cause responses by any of the aid organizations to deviate from the others. For instance, if one organization were to systematically choose countries that are in greater danger than others, the structural differences between the organizations' method of case selection could result in biased estimates unless these factors were properly controlled for.

It is worth briefly discussing at this point the question of selection and how to properly control for it in the statistical models. Traditionally discussion of selection in the statistical sense has focused on sample selection, or the methods by which observations are included or excluded from the statistical sample. If observations are omitted from the sample based on a non-random criterion, then it is possible that results obtained from analysis of that sample could be biased due to failure to correct for the exclusionary factor. For example, if a study is run only on high-achieving students, then analysis of which factors influence educational achievement may be biased since students who perform poorly are not part of the sample. This is the type of problem which the traditional Heckman selection model (1979) seeks to solve. By estimating two stages, the first of which calculates the likelihood of progressing into the sample evaluated in the second stage and including that estimated probability as an additional regressor, the Heckman model seeks to incorporate a measure of the factors which differentiate the censored and uncensored observations and reduce bias brought about by splitting the sample in a deliberate, non-random manner.

The selection issue present in the current analysis is different. Selection in this instance does not result in the censoring of data, but instead is realized in the non-random allocation of aid to particular countries based on the decision making of humanitarian organizations. It can be argued that this is a selection issue to the extent that organizations “select” to whom to give aid, but a different one than sample censoring. This type of selection doesn’t affect the probability of being included in the sample, but rather the correlation between other factors which influence both aid allocation and the outcome under analysis. It is, in other words, a case of omitted variable bias, which in this analysis would mean that not accounting for factors which make aid more or less likely (or impact aid’s effectiveness) and health outcomes could lead to biased estimates of aid’s efficacy.

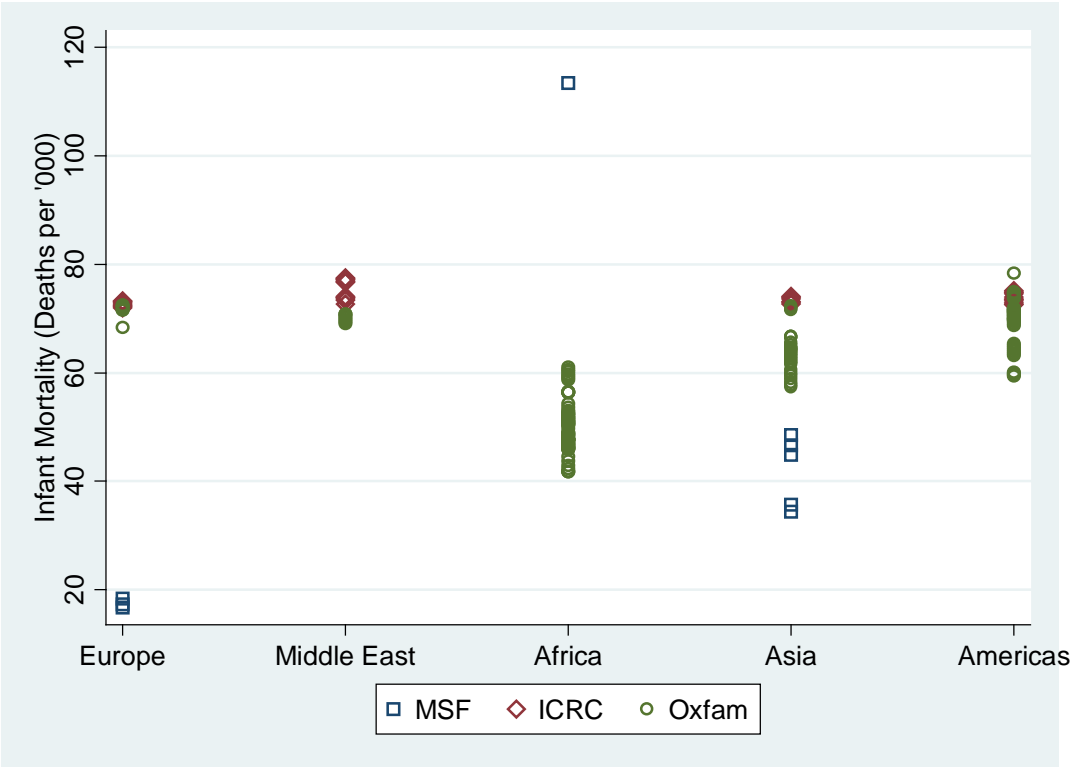
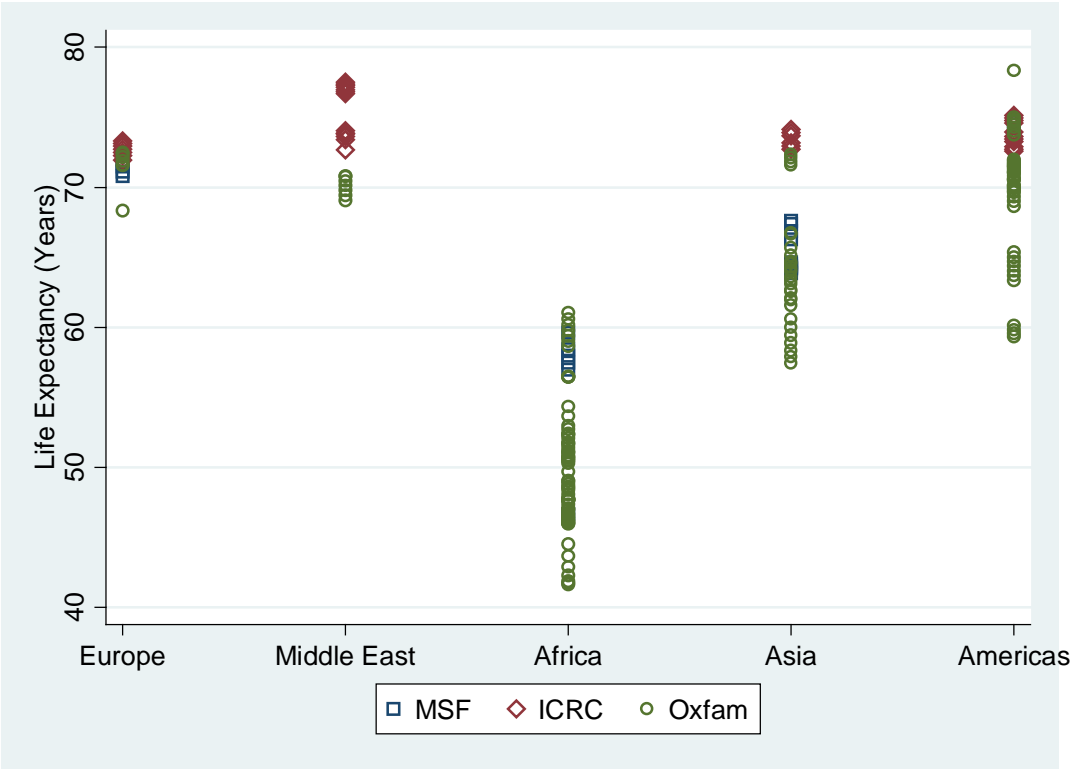
The reason this is the case is because simple non-random distributions of data on the right hand side of an econometric estimation is not selection; it is, in many, the very phenomenon an analyst is trying to test. If one were engaging in cancer research, for example, there would likely be many health issues which would be correlated with both age and cancer. Data on these factors would be non-randomly distributed to the extent that they would increase with age, but this is not a case of sample selection so long as the analyst does not limit the sample to include only elderly patients. Assuming the sample is appropriately distributed with respect to age and controls for age as a factor, however, then the researcher can reduce or even negate any bias which would come about from the positive correlation between a health condition, age, and the onset of cancer. To use an example closer to the current study, Fortna (2004) encounters a similar issue in her assessment of the effectiveness of peacekeeping operations. Without an understanding of the common elements between cases where peacekeepers were sent and how that affects outcomes, her results would likely be biased. However, by controlling for the factors which make

peacekeeping more or less difficult, she can account for the correlation between particular measures of peacekeeping, difficulty, and eventual outcome.

Some of the factors which should impact aid's effectiveness are included in the above discussion as included regressors. For example, if aid was only sent to poor countries, and being poor also results in lower life expectancy, then failure to control for income would downwardly bias the estimates of aid effectiveness. To assess other factors which could engender a similar result, Figure 4-3 presents diagrams detailing NGO response by health indicator and region. Each point shows an instance where a single aid organization was present in order to see how the three may differ in their response.⁵⁹ If the organizations' response profiles were similar, one would expect to see fairly close clustering of aid missions. However, from these diagrams it is clear that this is not the case. Rather, Oxfam appears to choose particularly challenging environments, at least in terms of the current level of health. For both life expectancy and infant mortality they tend to cluster towards the countries which exhibit poor health performance. MSF demonstrates similar tendencies in regards to life expectancy, but tend to operate in countries with average or better than average infant mortality. Finally, ICRC appears to end up in countries which have higher levels of life expectancy but lower levels of infant mortality. With regards to spatial dispersal, MSF and Oxfam both show tendencies to operate in Asia and Africa. The ICRC is less prevalent in these areas, but has a greater presence in the Middle East than either of the other two organizations. These regions also tend to show some clustering of health performance as well, with Africa clearly having the worst life expectancies but performing better in the area of infant mortality. Asia is slightly better or approximately even in both categories,

⁵⁹ Instances where two or more organizations were present in a country year were omitted.

while the Middle East is the top performer of the three in life expectancy but lags behind in infant mortality.

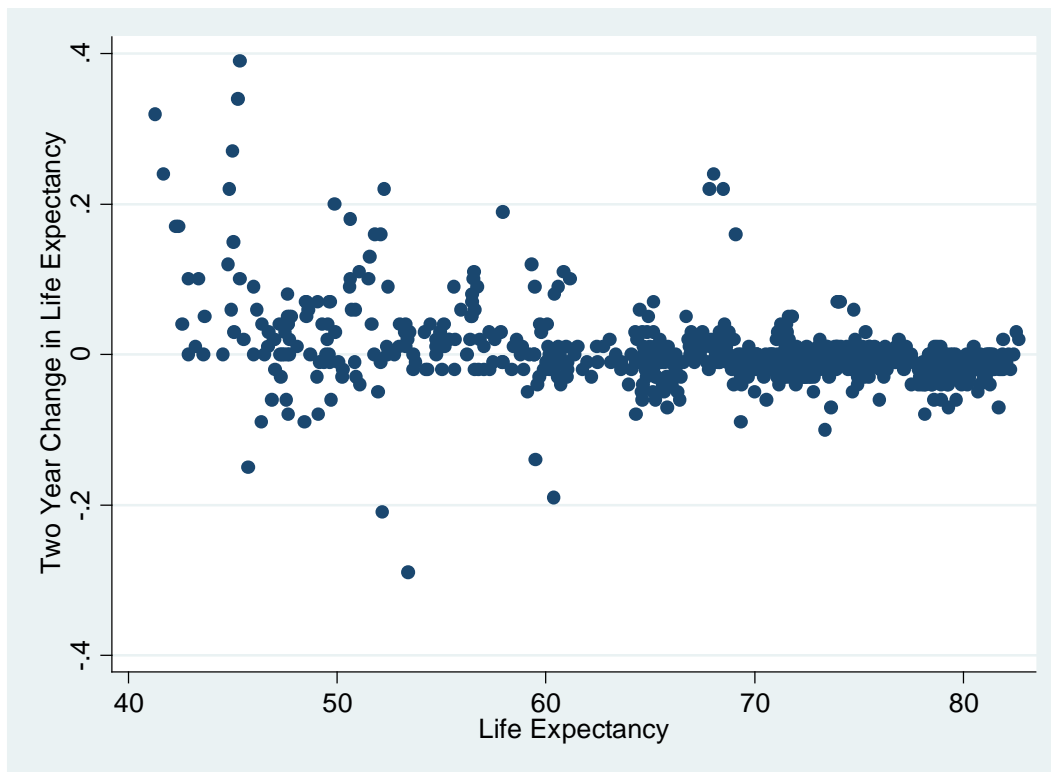


4-3 NGO Response by Health and Region

From this information two issues become apparent, which is that there are clear trends in specific NGO responses with regards to both health performance and regional presence, which suggests that two further estimation adjustments must be undertaken. The first is that some accommodation of the differences in starting life expectancy must be made, or else the estimates may be biased by the tendency of Oxfam (and to a lesser degree MSF) to operate in countries whose starting life expectancy is on average lower than the countries in which the ICRC is present. One way this might express itself would be by observing an upward bias on the ICRC coefficient and a downward bias for Oxfam and MSF, since estimation in levels would mean that ICRC was on average associated with higher life expectancies. To remedy this situation, the dependent variables are differenced so that the measure reflects the future two-year change in life expectancy or infant mortality.⁶⁰ This specification has a number of advantages. The first is that it removes any differences in initial life expectancy, leaving the organizations on a level playing field. Additionally, it accounts for the fact that the aid organizations may not have an immediate impact, but may it may take some time for the effects of their efforts to be realized.

Given the general stability in life expectancy, one question about differencing the variable may be whether there is sufficient variation to provide useful information. Fortunately there does appear to be a surprising amount of difference in estimated life expectancy values over a two-year period. The mean change is close to zero at 0.02, but the standard deviation is 0.05. The minimum value is -0.29, and the maximum is 0.39. These aren't tremendously large figures, but it does indicate that life expectancy is more variable than may otherwise be expected. This dispersal of values can also be seen in Figure 4-4, which plots the two year forward change in life expectancy relative to its initial value in levels.

⁶⁰ Therefore, for aid observed in year t_0 , the dependent variables is measured as (t_2-t_0)



4-4 Two Year Change in Life Expectancy

The regional clustering of both NGO responses as well as health performance also suggests that it is important to account for inter-regional differences. Therefore, regional dummies for Africa, Asia and the Middle East are included as regressors.

Finally, it is possible that some factors not included in the model estimates may influence public health. In order to account for the unobserved factors, the models are estimated with fixed effects using a Least Squares Dummy Variables (LSDV) approach, wherein a dummy variable for each country in the analysis is included to account for country-specific time-invariant

characteristics.⁶¹ The coefficients on both the regional dummies and country-dummies are omitted from the tables due to space considerations.

To review, the models are therefore estimated via OLS using panel-corrected standard errors to account for spatial correlation, a panel-specific AR(1) correction to deal with temporal correlation, a time-trend, and regional and country dummies to measure regional- and country-fixed effects.

4.3 TESTING HYPOTHESIS 1

Hypothesis 1 argued that aid organizations which receive a greater portion of their funding from public sources should be unconditionally more effective than organizations which receive a greater share of their funding from private sources. Within this framework, this would suggest that the ICRC, as a predominantly public-funded organization, should be more effective in increasing life expectancy and reducing infant mortality than Oxfam and MSF, each of which should be somewhat to one another given the similarity in their funding..

Table 4-2 presents the base model estimations using *Life Expectancy* as the measure of public health. Model 1 utilizes only the aid variables. Each of the aid measures is statistically significant at the 99% level; however, only the measure for ICRC aid has a positive coefficient, indicating increases in life expectancy. The coefficient suggests that for every \$1 million increase in ICRC aid, life expectancy increases by 0.00057 years. At the mean ICRC aid

⁶¹ The ability to include country-dummy fixed-effects is enhanced by the absence of a lagged dependent variable. As Nickell (1981) showed, the presence of a lagged dependent variable with fixed effects can induce a bias in the order of $1/T$. This is not a particularly troubling value in long time series, but can be problematic in a short time series such as the one utilized here.

allocation of \$5,119,880, this would result in an increase in life expectancy of 0.003 years over two years. Conversely, the negative coefficients on MSF and Oxfam aid suggest that they actually generate *decreases* in life expectancy. The differences between coefficients were also statistically significant, as confirmed via an F-test. This result is surprising, but may be a result of the very limited model specification. To expand upon this result, Model 2 introduces the conflict and disaster variables. Once again, ICRC aid is statistically significant and increases life expectancy, while MSF and Oxfam appear to be detrimental to life expectancy. Among the crisis variables, only current conflicts and prior natural disasters achieve statistical significance, though in an unanticipated positive direction. Once again, however, this may be a result of the omission of the full set of regressors.

These regressors are introduced in Model 3, which uses the full model specification. The aid coefficients observed in Models 1 and 2 are robust in the presence of the additional controls; ICRC has a statistically significant and positive effect upon life expectancy, while MSF and Oxfam aid generate decreases in life expectancy. Prior conflicts also reduce life expectancy, as do increases in education and time. Higher levels of economic development, meanwhile, along with disasters both past and present increase life expectancy.

Table 4-2 Base Model Estimation, Life Expectancy

	(1)	(2)	(3)
	Aid Only	Aid and Crisis	Full Model
ICRC Aid	0.57*** (0.0943)	0.526*** (0.0874)	0.740*** (0.14)
MSF Aid	-0.806*** (0.308)	-0.92*** (0.355)	-0.163** (0.635)
Oxfam Aid	-3.72*** (0.155)	-3.64*** (0.164)	-2.94*** (0.19)
Conflict (Prior)		0.00206 (0.00369)	-0.0237*** (0.00776)
Conflict (Current)		0.0144*** (0.00403)	0.00874 (0.00857)
Disasters (Current)		-0.000222 (0.000632)	0.000991** (0.000409)
Disasters (Prior)		0.000476** (0.000205)	0.00130*** (0.000302)
GDP Growth			-0.000116 (0.000447)
GDP per capita			7.23e-06*** (2.08e-06)
Openness			-0.000120 (9.69e-05)
GDP per capita X Openness			-2.97e-09 (3.18e-09)
Public Health Expenditures			-0.000391 (0.000410)
Population (logged)			-0.0265 (0.0298)
Polity			0.000800 (0.000519)
Education			-0.0209*** (0.00714)
Time Trend			-0.00430*** (0.000987)
Constant	-0.0130 (0.0134)	-0.00595 (0.00660)	0.473* (0.243)
Observations	660	658	489
R-squared	0.723	0.725	0.747
Number of Countries	166	165	127
Standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

The next set of models utilizes a similar style of analysis, substituting infant mortality for life expectancy. With this change, negative values now represent improvements in health, since they represent a decrease in the number of infant deaths per 1,000 births. The results of these estimations are presented in Table 4-3.

Model 4 utilizes the same set of variables as Model 1, but with very different results. Instead of decreasing infant mortality, ICRC aid has no statistically discernible effect. Similarly, MSF aid also fails to achieve statistical significance. Only Oxfam is has a statistically significant effect upon infant mortality, but that effect is to once again reduce public health by increasing infant mortality. The mean Oxfam aid allocation of \$2,286,790 would increase infant mortality by 0.025 deaths per thousand. This effect is consistent in both magnitude and significance in Model 5, which also introduces the crisis variables. MSF and ICRC aid is once again insignificant, but as expected prior conflicts and current and prior disasters increase infant mortality. Each current natural disaster increases infant mortality by 0.011 deaths per thousand while each disaster over the least three years generates an increase of 0.0074 deaths. Prior conflicts also increase mortality by 0.11 deaths per thousand.

The picture changes in the fully specified model in Model 6. Once the economic, demographic and political controls are introduced, ICRC achieves a coefficient of -3.43, indicating decreases in infant mortality, which is significant at the 95% level. MSF aid and Oxfam aid are now detrimental to health, as in the models of life expectancy, with coefficients of 8.38 and 7.65, respectively, both of which are statistically significant at the 95% level. Current and prior disasters also increase infant mortality, as do prior conflicts and increases in population. Greater levels of economic development and exposure to international trade, meanwhile, are beneficial to public health and decrease infant mortality.

Table 4-3 Base Model Estimations, Infant Mortality

	(4) Aid Only	(5) Aid and Crisis	(6) Full Model
ICRC Aid	-1.80 (1.47)	-2.12 (1.52)	-3.43** (1.39)
MSF Aid	4.16 (5.36)	4.88 (5.60)	8.38** (3.90)
Oxfam Aid	10.9*** (3.75)	10.85*** (3.90)	7.65** (3.25)
Conflict (Prior)		0.109*** (0.0184)	0.158*** (0.0251)
Conflict (Current)		0.0123 (0.0283)	0.00952 (0.0392)
Disasters (Current)		0.0112*** (0.00341)	0.00658*** (0.00197)
Disasters (Prior)		0.00743*** (0.00263)	0.00836*** (0.00281)
GDP Growth			-0.00369 (0.00391)
GDP per capita			-6.58e-05*** (1.48e-05)
Openness			-0.000715* (0.000410)
GDP per capita X Openness			3.66e-08 (3.14e-08)
Public Health Expenditures			-0.0123 (0.0103)
Population (logged)			1.360*** (0.215)
Polity			-0.00113 (0.00132)
Education			-0.0277 (0.139)
Time Trend			0.00211 (0.00716)
Constant	0.103** (0.05)	-0.239* (0.135)	-9.25*** (2.50)
Observations	502	500	376
R-squared	0.647	0.648	0.651
Number of Countries	168	167	127
Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1			

Overall, the results presented in Table 4-2 and Table 4-3 are supportive of Hypothesis 1. As predicted, aid from the ICRC does appear to be more unconditionally effective than aid from the MSF and Oxfam. ICRC aid was health enhancing and statistically significant in four of the six model specifications, and generated increases in life expectancy and decreases in infant mortality. Surprisingly, however, MSF and Oxfam were not only less effective than the ICRC, but actually resulted in decreases in public health, with aid increases from both organizations leading to reducing life expectancy and increasing infant mortality. Most of the other variables were in line with conventional expectations; higher levels of economic development, for instance, increased health while prior conflicts lead to health reductions. Interestingly, prior and current natural disasters had positive coefficients in the models of life expectancy but the expected detrimental effect upon infant mortality.

One factor which may account for the coefficients which are in the opposite direction of what may be expected is the fact that the relationships in the models are unconditional; that is, they do not reflect the ability of aid to contribute to or detract from public health in various environments. As Hypothesis 2 and Corollary 1 argue, the ability of aid organizations to affect health may be affected by the presence of a crisis. As such, the relationships observed in this section may change these conditional relationships are introduced into the estimations in the following sections.

4.4 TESTING HYPOTHESIS 2

While Hypothesis 1 was concerned with the unconditional effect of aid, Hypothesis 2 is explicitly concerned with the effectiveness of aid organizations in conflict environments. As

argued in Chapter 3.0 , due to the possibility of negative externalities of aid in civil conflicts, aid organizations which accept public funding – in this case, the ICRC – are expected to be more effective than organizations which receive more private funding and thus remain more politically independent. The counterargument is that posed by organizations such as MSF, which argue that this independence makes them *more* effective than groups which receive largely public funds. Like Hypothesis 1, support of Hypothesis 2 would come in the form of ICRC aid that was estimated to be more effective than that of Oxfam and MSF; if the latter two organizations prove more effective, this would be evidence against Hypothesis 2 and support their argument regarding the benefits of financial (and by extension political) independence.

Table 4-4 presents the results of estimations on current conflicts, which include *Conflict (Current)*, *Civil Conflict (Current)*, and *Civil War (Current)*. *Conflict (Current)* includes both civil conflicts and civil wars. To test Hypothesis 2, each of these variables is also interacted with each of the aid variables in different model specifications. Furthermore, to control for previous conflicts, the indicators for each of the variables in the last five years are also included as regressors, as is a variable indicating the presence of an international conflict in the last five years, *International Conflict (Prior)*.⁶² The interactive measures are accounted for by *ICRC X Conflict*, *MSF X Conflict*, and *Oxfam X Conflict*, each of which represents the corresponding aid variable interacted with the indicated conflict measure for each model. For space considerations only the aid, conflict and interaction variables, along with the time trend, are presented. Control variables are shown in Table 6-1 in APPENDIX A.

⁶² There are no active international conflicts during this period, negating the need for a current measure of international conflict.

Table 4-4 Current Conflict, Life Expectancy

	(7) Current Conflict	(8) Current Civil Conflict	(9) Current Civil War
ICRC Aid	0.196 (0.672)	0.961*** (0.29)	0.3.88 (0.503)
ICRC X Conflict	0.588 (0.713)	-0.675* (0.363)	0.741* (0.398)
MSF Aid	-1.55 (1.104)	-0.205** (0.885)	-1.25 (0.784)
MSF Aid X Conflict	-0.172 (0.906)	1.24* (0.672)	-1.86*** (0.603)
Oxfam Aid	-2.93*** (0.422)	-2.82*** (0.369)	-2.96*** (0.23)
Oxfam Aid X Conflict	-0.149 (0.958)	0.92** (0.379)	-0.316 (0.437)
Conflict (Prior)	-0.0227*** (0.00834)		
Conflict (Current)	0.00590 (0.00720)		
Civil Conflict (Prior)		-0.0212** (0.00852)	-0.0159** (0.00754)
Civil War (Prior)		0.0159* (0.00823)	0.0110 (0.00740)
International Conflict (Prior)		-0.0191 (0.0618)	0.0491 (0.0354)
Civil Conflict (Current)		-0.00227 (0.00372)	0.00130 (0.00540)
Civil War (Current)		0.00207 (0.00477)	0.00791 (0.00801)
Disasters (Current)	0.00101** (0.000440)	0.000973** (0.000422)	0.000916* (0.000531)
Disasters (Prior)	0.00131*** (0.000301)	0.00104*** (0.000228)	0.00101*** (0.000325)
Time Trend	-0.00438*** (0.00100)	-0.00404*** (0.000824)	-0.00449*** (0.00127)
Constant		0.600* (0.313)	0.446 (0.429)
Observations	489	489	489
R-squared	0.750	0.742	0.740
Number of Countries	127	127	127
Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1			

As detailed by Brambor, Clark and Golder (2006), accurate interpretation of the estimated interactive effect requires construction of the appropriate marginal effect and standard error. Additionally, as Berry, Golder and Milton (2010) argue, true understanding of the full effect of either of the constituent terms in the interaction requires the calculation of not only the conditional coefficient which represents the direct marginal effect of the variable, but also the conditional effect of the variable it conditions. As an example, in the models above ICRC aid enters the model twice. It has its independent effect (when conflict equals zero), as well as its presence in the interaction. Thus, it affects the model through its independent effect, its conditioned marginal effect (ICRC aid + ICRC aid X Conflict) and also its moderating effect on conflict (Conflict + ICRC aid X Conflict). Thus, aid as a component of the interaction term has two possible pathways by which it might affect life expectancy, in addition to its effect independent of conflict.

In order to fully capture these interactive effects, Table 4-5 presents the conditional coefficients, standard errors (for the direct marginal effect), and statistical significance of the conditional coefficients for each of the models in Table 4-4. Interpretation of these conditional coefficients is made easier by seeing them in a more standard format, with the coefficient above and standard error below.

In Model 7, the marginal effect of ICRC aid, conditional on conflict, is positive and statistically significant at the 99% level, with a coefficient of 0.785. However, it does not have a statistically significant conditioning affect upon conflict, as each of the calculated marginal effects (at the 10th, 25th, 50th, 75th and 90th percentiles of ICRC aid in the dataset) reaches statistical significance. Therefore, the only conditional effect of ICRC aid upon life expectancy in the model is through its positive and significant conditional marginal effect.

Table 4-5 Current Conflict Conditional Coefficients, Life Expectancy

	(7)	(8)	(9)
	Current Conflict	Current Civil Conflict	Current Civil War
ICRC X Conflict	0.785*** (0.21)	0.287 (0.176)	1.13*** (0.33)
MSF X Conflict	-1.72*** (0.606)	-0.812 (0.64)	-3.11*** (0.904)
Oxfam X Conflict	-3.08*** (0.6)	-1.9*** (0.537)	-3.27*** (0.37)
Conflict X ICRC			
10th Percentile	0.0069	-0.0034	0.0092
25th Percentile	0.0078	-0.0045	0.01
50th Percentile	0.0102	-0.0072*	0.013
75 Percentile	0.016	-0.014**	0.021**
90th Percentile	0.028	-0.027**	0.036**
Conflict X MSF			
10th Percentile	0.0058	-0.0015	0.0068
25th Percentile	0.0057	-0.0008	0.0057
50th Percentile	0.0054	0.0011	0.0029
75 Percentile	0.0047	0.0065	-0.0052
90th Percentile	0.0036	0.014	-0.017*
Conflict X Oxfam			
10th Percentile	0.0059	-0.0021	0.0078
25th Percentile	0.0058	-0.0015	0.0077
50th Percentile	0.0056	-0.0002	0.0072
75 Percentile	0.0049	0.0042	0.0057
90th Percentile	0.0043	0.0076	0.0045
*** p<0.01, ** p<0.05, * p<0.1			

In accordance with Hypothesis 2, ICRC aid is positive and beneficial to health. However, while Hypothesis 2 predicted that it would be more beneficial than aid from MSF and ICRC, once again the estimates suggest that aid from each of the latter two organizations is detrimental and consequently less effective than aid from the ICRC. The negative and statistically significant coefficients on *MSF X Conflict* and *Oxfam X Conflict* suggest that aid from these organizations, in the presence of a current civil conflict or civil war, reduces life expectancy rather than increasing it. Neither variable has an offsetting conditional effect on conflict and its relationship with life expectancy.⁶³

Moving to Model 8, which estimates the effect of a current civil conflict (more than 25 battle deaths in the current year but less than 1,000 in that year or cumulatively), the marginal effect of ICRC aid conditional on civil conflict is statistically insignificant, suggesting that ICRC aid has no effect upon life expectancy.⁶⁴ However, it does have a statistically significant moderating effect on civil conflict, which is to increase conflict's impact upon life expectancy from a loss of 0.0072 years at the 50th percentile of aid to 0.027 at the 90th.⁶⁵ This suggests, in opposition to other estimates, that ICRC aid may decrease life expectancy by exacerbating the negative effects of conflict at high levels of aid. Among the other aid measures, MSF largely fails to achieve statistical significance, while Oxfam decreases life expectancy conditional on conflict but does not affect conflict's relationship with life expectancy.

Finally, in Model 9, ICRC aid is once again positive and significant, both in its estimated effect conditional on civil war, as well as its conditioning effect on civil war. In the presence of a civil war ICRC aid increases life expectancy by 1.13 years (per marginal increase in aid), while it

⁶³ The full marginal effect of conflict is Conflict + (Conflict X ICRC) + (Conflict X MSF) + (Conflict X Oxfam), which is not tested in this table.

⁶⁴ Model 8 is estimated with a general, rather than panel-specific, AR(1) correction.

⁶⁵ An F-test confirmed that these values are statistically different from one another.

also increases life expectancy associated with civil war, from 0.021 years at the 75th percentile to aid to 0.036 years at the 90th percentile. Therefore, ICRC aid is doubly beneficial in the case of civil war. Once again, MSF and Oxfam aid decrease life expectancy, as each assumes a negative conditional coefficient and statistical significance at the 99% level.

To summarize the results of Models 7 through 9, they are generally in accordance with Hypothesis 2 in that ICRC aid is once again more beneficial than MSF and Oxfam aid, with the exception of Model 8. It appears that the estimated effects for ICRC in Model 7 are related to civil war rather than civil conflict, given the results of Models 8 and 9, which is mildly surprising given that the challenges to be overcome in a more intense civil war versus a conflict. However, this held for MSF as well, though again their effect was negative for health.

These results do not hold, however, when the dependent variables switches to infant mortality. Table 4-6 shows the estimated conditional coefficients for the models of current conflict using infant mortality as the dependent variable. The model results showing the aid and disaster variables, plus interactions, are shown in Table 6-2, while the control variables are included in Table 6-3, both of which are included in APPENDIX A. Based on these results, each organization appears equally ineffectual in their ability to reduce infant mortality following a current civil conflict of any intensity. The one exception is Oxfam, which has a positive and significant coefficient for conflicts of any type as well as civil wars, suggesting that Oxfam aid given during these crises increases infant mortality during the following two years.

Table 4-6 Current Conflict Conditional Coefficients, Infant Mortality

	(10)	(11)	(12)
	Current Conflict	Current Civil Conflict	Current Civil War
ICRC X Conflict	-1.18 (1.55)	-0.49 (2.11)	-0.239 (1.94)
MSF X Conflict	2.5 (3.81)	2.79 (3.31)	-2.48 (5.98)
Oxfam X Conflict	9.03*** (3.49)	2.35 (7.57)	10.89*** (2.84)
Conflict X ICRC			
10th Percentile	0.046	0.07	-0.014
25th Percentile	0.051	0.075	-0.0078
50th Percentile	0.062	0.087	0.0087
75 Percentile	0.093	0.12*	0.052
90th Percentile	0.151	0.18*	0.133
Conflict X MSF			
10th Percentile	0.036	0.061	-0.031
25th Percentile	0.03	0.057	-0.041
50th Percentile	0.017	0.049	-0.066
75 Percentile	-0.021	0.024	-0.138
90th Percentile	-0.076	-0.013	-0.242
Conflict X Oxfam			
10th Percentile	0.041	0.063	-0.021
25th Percentile	0.042	0.061	-0.018
50th Percentile	0.044	0.055	-0.012
75 Percentile	0.052	0.034	0.009
90th Percentile	0.058	0.018	0.026
*** p<0.01, ** p<0.05, * p<0.1			

These results also provide some insight into the short- versus long-term effects discussed in Section 4.1.2. The statistically significant results were all found in relation to life expectancy, the long-run indicator, and aid appeared to have little to no effect on infant mortality, the short run measure. This suggests that aid's greatest effects may be through more diffuse scope conditions which are also related to health, but may not affect health in a direct manner. This would make sense with the logic of externalities, in which the public "good" which affects a larger segment of the population has a greater effect upon health than does the more direct mechanism of actual aid delivery to specific recipients.

Overall, Hypothesis 2 – that publicly funded organizations should be more effective than their privately funded counterparts during active civil violence – has some support when it comes to life expectancy, but little relative to infant mortality. Once again ICRC aid appears to be beneficial for health, while MSF and Oxfam aid reduces life expectancy, as they did in the unconditional aid models.

4.5 TESTING COROLLARY 1

Unlike Hypothesis 2, which focused on civil violence, Corollary 1 is concerned with situations that are arguably apolitical: natural disasters. Corollary 1 suggests, in line with the logic of Hypotheses 1 and 2, that aid from the ICRC should be more effective in the environment of a natural disaster than aid from MSF and Oxfam. However, because the logic regarding possible externalities of aid in these situations is not addressed theoretically, it is offered as a corollary rather than a hypothesis.

To test this hypothesis, a series of interactions were constructed using the disaster variables, in a manner similar to conflict interactions. However, because the effects of many disasters can persist over time, or be multiplied if there are two or more within a limited time period, the effect of prior natural disasters is also examined. Two models are run for each dependent variable, the first analyzing current disasters, and the second analyzing prior disasters. The first models, which utilize life expectancy, are presented in Table 4-7, while Table 4-8 presents the conditional coefficients. Control variables are in Table 6-4 in APPENDIX B.

Evidence in favor of Corollary 1 would be coefficients which are similar to those obtained in Hypotheses 1 and 2. In this manner support is found for Corollary 1 given that the conditional coefficients, estimated for each aid variable at 2, 4 and 8 conflicts, are on par with the earlier results. ICRC aid is beneficial, MSF and Oxfam aid is detrimental, and MSF and Oxfam aid are largely similar to one another. Looking at the conditional coefficient on ICRC aid, the marginal benefit of ICRC aid actually increases as the number of current disasters increase: at 2 disasters, the marginal effect of ICRC aid is 0.46, and that increases to 1.39 at 8 disasters. The MSF and Oxfam results are similar to before, with negative coefficients indicating that aid decreases life expectancy.

Table 4-7 Disasters, Life Expectancy

	(13)	(14)
	Current Disaster	Prior Disaster
ICRC Aid	0.146 (0.978)	0.204 (0.162)
ICRC X Disasters (Current)	0.156*** (0.043)	
ICRC X Disasters (Prior)		0.074*** (0.012)
MSF Aid	-0.757 (0.639)	-0.769 (0.586)
MSF X Disasters (Current)	-0.274* (0.14)	
MSF X Disasters (Prior)		-0.135*** (0.026)
Oxfam Aid	-3.34*** (0.179)	-2.62*** (0.438)
Oxfam X Disasters (Current)	0.0691* (0.04)	
Oxfam X Disasters (Prior)		-0.0284 (0.034)
Conflict (Prior)	-0.0227*** (0.00752)	-0.0238*** (0.00792)
Conflict (Current)	0.00989 (0.00861)	0.00827 (0.00881)
Disasters (Current)	-2.14e-05 (0.000635)	0.000724** (0.000366)
Disasters (Prior)	0.00112*** (0.000308)	0.00127*** (0.000411)
Time Trend	-0.00383*** (0.00107)	-0.00414*** (0.000983)
Constant	0.509** (0.233)	0.55** (0.256)
Observations	489	489
R-squared	0.751	0.747
Number of Countries	127	127
Standard errors in parentheses		
*** p<0.01, ** p<0.05, * p<0.1		

Table 4-8 Disasters Conditional Coefficients, Life Expectancy

	(13)	(14)
	Current Disasters	Prior Disasters
ICRC X Disaster		
2	0.46***	0.35**
4	0.77***	0.5***
8	1.39***	0.8***
MSF X Disaster		
2	-1.31***	-1.04*
4	-1.85**	-1.3**
8	-2.95***	-1.85***
Oxfam X Disaster		
2	-3.2***	-2.68***
4	-3.06***	-2.74***
8	-2.79***	-2.85***
Disaster X ICRC		
10th Percentile	0.00025	0.0014***
25th Percentile	0.00049	0.0015***
50th Percentile	0.0011**	0.0018***
75 Percentile	0.0027***	0.0026***
90th Percentile	0.0058***	0.004***
Disaster X MSF		
10th Percentile	-0.00019	0.0012***
25th Percentile	-0.00035	0.0011***
50th Percentile	-0.00076	0.0009**
75 Percentile	-0.002	0.00032
90th Percentile	-0.0037*	-0.00054
Disaster X Oxfam		
10th Percentile	-0.0000072	0.0013***
25th Percentile	0.000034	0.0013***
50th Percentile	0.00013	0.0012***
75 Percentile	0.00046	0.0011***
90th Percentile	0.00072*	0.001***

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

The results in the model on prior disasters is largely similar; rather than improving life expectancy, the coefficients on MSF and Oxfam aid become increasingly negative as the number of prior disasters increases, suggesting that each becomes increasingly detrimental to life expectancy. Furthermore, they do little to change the estimated coefficient on the disasters themselves, while in both models ICRC aid has a statistically significant and beneficial effect on the relationship between disasters and life expectancy.

These results do not hold when the dependent variable is switched to infant mortality, the results of which are presented in Table 4-9, with conditional coefficients in Table 4-10 and controls in Table 6-5 in APPENDIX B. Like in the models estimating conflict and infant mortality, each of the aid organizations appears to have little effect on infant mortality during or following a natural disaster. As the number of prior disasters increases there is some evidence of a statistically significant relationship, but again it is negative (which is beneficial for infant mortality) for ICRC and positive for Oxfam and MSF. Even in the conditioning effect on disasters current and prior, greater amounts of MSF and Oxfam aid serve to increase the negative effects of disasters on infant mortality, rather than providing a beneficial effect.

These results are predominantly in line with the expectations of Corollary 3. The earlier trends observed in Hypotheses 1 and 2 hold: ICRC aid has a beneficial effect, in opposition to the effects observed from both MSF and Oxfam. Also consistent with earlier results, each organization had a more statistically discernable effect upon life expectancy than infant mortality. Based upon these results, there is evidence that the publicly funded ICRC is more effective than MSF and Oxfam in instances of civil violence as well as natural disasters.

Table 4-9 Disasters, Infant Mortality

	(15) Current Disaster	(16) Prior Disaster
ICRC Aid	-1.39 (1.35)	-1.48 (2.13)
ICRC X Disasters (Current)	-0.493 (0.353)	
ICRC X Disasters (Prior)		-0.3003*** (0.104)
MSF Aid	5.88 (6.88)	1.09 (4.87)
MSF X Disasters (Current)	0.132 (1.41)	
MSF X Disasters (Prior)		0.756*** (0.201)
Oxfam Aid	18.37** (7.48)	3.97 (5.32)
Oxfam X Disasters (Current)	-2.55*** (0.924)	
Oxfam X Disasters (Prior)		2.78 (0.349)
Conflict (Prior)	0.142*** (0.0284)	0.149*** (0.0318)
Conflict (Current)	-0.0252 (0.0473)	-0.0195 (0.0451)
Disasters (Current)	0.0225*** (0.00353)	0.0111*** (0.00180)
Disasters (Prior)	0.00360* (0.00187)	0.00771*** (0.00298)
Time Trend	0.00398 (0.00738)	0.00125 (0.00672)
Constant	-12.55*** (2.94)	
Observations	376	376
R-squared	0.652	0.651
Number of Countries	127	127
Standard errors in parentheses		
*** p<0.01, ** p<0.05, * p<0.1		

Table 4-10 Disasters Conditional Coefficients, Infant Mortality

		(15)	(16)
		Current Disasters	Prior Disasters
ICRC X Disaster			
	2	-2.38	-2.08
	4	-3.37	-2.68
	8	-5.34	-3.89***
MSF X Disaster			
	2	6.14	2.6
	4	6.41	4.11
	8	6.94	7.14**
Oxfam X Disaster			
	2	13.28**	4.53
	4	8.19**	5.08
	8	-2.0	6.19*
Disaster X ICRC			
10th Percentile		0.022***	0.0072**
25th Percentile		0.021***	0.0067**
50th Percentile		0.019***	0.0056**
75 Percentile		0.014*	0.0024
90th Percentile		0.004	-0.0035
Disaster X MSF			
10th Percentile		0.023***	0.0082***
25th Percentile		0.023**	0.0086***
50th Percentile		0.023***	0.0097***
75 Percentile		0.023**	0.013***
90th Percentile		0.024	0.018***
Disaster X Oxfam			
10th Percentile		0.022***	0.0079***
25th Percentile		0.02***	0.0083***
50th Percentile		0.017***	0.0094***
75 Percentile		0.0047	0.013***
90th Percentile		-0.005	0.016***
*** p<0.01, ** p<0.05, * p<0.1			

4.6 DISCUSSION OF EMPIRICAL RESULTS

This chapter presented a number of statistical assessments to test the validity of each of the hypotheses presented in chapter 3.0 . The main caveat to the test results is that the sample is limited; a four-year sample, although global, is a small cross-section of time on which to assess the effect of these organizations. However, as the best sample currently available, it is informative to begin to empirically testing these arguments, and careful selection of the estimation method and model specification helps to garner as much accurate information and unbiased results as possible.

To test Hypothesis 1, which asserted that aid from organizations which receive a greater share of their funding from public sources should be unconditionally more effective than aid from institutions which receive a greater share of private funding, models were estimated using only the aid terms, aid terms and humanitarian crisis variables, and then a fully-specified model using those variables as well as the full set of controls. The results of these tests unambiguously supported Hypothesis 1, as ICRC aid was beneficial to health for both life expectancy and infant mortality. The surprising result from these estimations was the aid from MSF and Oxfam was detrimental to health, a result that would persist through the following models.

For Hypothesis 2, which suggested that aid from public organizations would be more effective than aid from privately funded organizations in active conflicts, estimates using interactions of each of the aid variables with each of the conflict measures were utilized. The evidence here was in support of Hypothesis 2 in that the ICRC was indeed more effective at various levels of civil violence. As with the results obtained for Hypothesis 1, MSF and Oxfam aid, when it was statistically significant, was again in opposition to improvements in public health. Therefore, there was strong evidence in favor of Hypothesis 2.

Corollary 1 was similarly supported. Using interactions of aid with current and prior disasters, the ICRC coefficients showed a positive relationship with life expectancy, though little statistically significant relationship with infant mortality. MSF and Oxfam was once again negative, decreasing life expectancy, but also largely statistically indistinguishable from zero in estimations using infant mortality as the dependent variable.

Looking at the model results collectively, the strongest result is that ICRC aid appears to be generally and unconditionally beneficial for recipient countries. Whether it was in the current conflict environment, or during or following a natural disaster, it generally elicited positive changes in public health. They were not large changes, but they were consistent across models.

The most surprising result was that MSF and Oxfam aid was detrimental to health. There may be some question as to whether this result was somehow an artifact of the tendency of each organization to choose “hard cases”, as seen in Figure 4-3. However, careful methodological considerations in the construction of the models argue against this. First, by accounting for the organizations’ tendencies to operate independently in Africa and Asia, which have on average lower life expectancy and higher infant mortality, via the use of the regional dummies controlled for the effects these regional characteristics and presence might have had on the data. Second, the use of the country-fixed effects accounts for any consistent characteristics of individual countries that may cause them to have both low life expectancies and smaller increases in health measures, reducing the effect that the non-random selection of cases will have on the results. Finally, differencing the dependent variable removes the initial difference in life expectancy and infant mortality from the estimations, focusing instead on changes following the activities of the aid organizations. In this specification, MSF and Oxfam may actually be thought to benefit from a positive bias. As seen in Figure 4-4, life expectancy and infant mortality both experience lower

variability overall as overall health improves – that is, it becomes increasingly difficult to see additional improvements when health is already robust. This suggests that having a strong presence in countries with low starting levels of health should make it easier to see larger increases, particularly when controlling for the unobserved factors leading to the low beginning point through the fixed effects. This attenuation bias should also work against the ICRC, which makes its strong positive showing all that much more impressive.

Absent a methodological explanation for the negative effect of MSF and Oxfam aid on health, the question turns to theoretical explanations for the relationship. One may be found in the theory presented in the previous chapter; given the lower levels of accountability facing MSF and Oxfam due to their reliance on private donations, their outside oversight diminished relative to the ICRC. Additionally, their independence from states may make them more vulnerable to exploitation and expropriation within conflict zones, in the fears of those who advocate a “Humanitarian Dilemma”, as discussed previously. In this framework, the argument that reliance on private financing gives MSF – and additionally Oxfam, whose funding profile is similar to MSF’s as is their performance in the models – falls flat. Quite the opposite dynamic actually appears to be at work. Rather than making them more responsive and effective, this independence, if the accountability and cooperation arguments are to be believed, is detrimental to their overall effectiveness. This is not to say that they are engaged in any organizational malfeasance; rather, it is an assessment of the micro- versus macro-level effects their aid efforts may entail. If they deliver much needed benefits to individuals directly, but the costs and negative externalities associated with their aid efforts reduce overall social health and welfare, how does one weigh the effectiveness of their efforts?

I argue that the proper way to evaluate the effect is based on the aggregated social outcome, rather than the effect on individuals who receive aid, for the reasons outlined in Section 3.1.1. Adopting this social welfare approach, the negative coefficients, though surprising, were one of the possible outcomes predicted in Section 3.6. The direct effect of aid, as argued above, is almost definitely positive. It is hard to envision how feeding the hungry or providing medical attention to the sick could make those individuals worse off. If this were the only outcome of aid, it would still be possible that publicly funded organizations could be more efficient due to enhanced accountability, but the coefficients on both publicly and privately funded organizations would be positive. The numerous claims on the possible externalities of aid, however, suggest that aid's impact isn't limited to those who receive it, but also to those extends who are not direct beneficiaries. These individuals but may be affected by other means, such as the prevention of epidemics or the transfer of aid from agencies or civilians to rebel groups. How these potentially positive and negative externalities work together with the direct effect is not *a priori* clear: as Table 3-1 demonstrated, it is possible that the net effect could be positive, negative, or statistically indistinguishable from zero depending on the relative weight of each effect.

The positive coefficient on ICRC aid therefore doesn't mean that aid from that organization is free from negative consequences; indeed, it is entirely possible (and perhaps even likely) that some aid is diverted or transferred from its intended beneficiaries and this serves to detract from aid's overall effectiveness. What it does suggest is that the direct and positive externalities which result in increases in public health are greater than the negative externalities associated with ICRC aid, yielding a beneficial net effect. The negative coefficients on MSF and Oxfam aid, by contrast, don't mean that aid from these organizations is entirely bereft of positive impacts. Undoubtedly those who actually receive assistance see their situations improve. In the

aggregate, however, the coefficient is an indicator that the negative externalities of aid from these organizations exceed the positive benefits enjoyed by aid recipients.

The one outstanding issue is the general lack of a relationship between aid efforts and improvements in infant mortality. As indicated in the discussion of the infant mortality variable, Ross (2006) and others have argued that it is a good indicator of the health of the poorest members of a society for a number of reasons. If aid organizations are more effective in increasing life expectancy, which covers broader swathes of society, including those in more economically privileged positions, but generally fail to assist those in greatest need of their services – the poor – then it may call into question how effectively they are able to target and deliver services to this segment of society.

4.7 POSSIBLE ALTERNATIVE EXPLANATIONS

The statistical results presented in this chapter show that there are indeed statistically discernible differences in the effects of aid from publicly and privately funded organizations. These differences are consistent with the expectations of the arguments relating to NGOs and donor accountability upon which the hypotheses are based. However, these results do not test the accountability mechanism directly, creating the possibility that the observed outcome is in fact due to other factors besides accountability.

One possible explanation could be differences in the types of cases in which the organizations are present. As discussed in Section 4.2, if MSF and Oxfam were systematically involved in more difficult cases than the ICRC, it is possible that the aid values for these organizations would also serve to serve as a proxy measure for the severity of a crisis, for

example. The solution adopted in the current analysis is to attempt to statistically control for those factors which might make crises more or less detrimental to life expectancy and infant mortality and in so doing remove the omitted variable bias which would cause the estimates for MSF and Oxfam to appear smaller than they otherwise would and possibly inflate the estimated benefits of ICRC activity. If there are still factors present which are not accounted for in these statistical controls, this bias may still be present and could be causing a portion of the difference between the estimated coefficients for each organization.

It is also possible that for reasons outside of the current analysis ICRC is simply more effective than MSF and Oxfam, whether it be due to institutional expertise, better methods, or efficiency gains unrelated to accountability. These advantages of the ICRC could cause the type of differences observed in the statistical estimates and would not necessarily rely upon accountability. As discussed earlier in this chapter, it is unlikely that any of the three organizations is wholly ineffective, although this does not mean that they are each comparably efficient. There are two potential factors which help suggest that even if this is a factor, it does not obviate the accountability argument. First, the separation between the aid organizations correlates with their funding patterns. If Oxfam were similar to the ICRC but different from MSF, for example, then it would be less likely that funding was a factor given that under the typology presented here MSF and Oxfam are comparable institutions. Since the results do reflect this similarity, it suggests that the observed differences are correlated with funding even if the public versus private divide may not be the sole causal factor behind the differences between each organization's effectiveness.

Furthermore, if the ICRC is more effective as an institution because it adopts different strategies due to the fact that it is more willing to accept with or accept funding from states, then

this is still in line with the argument that organizations which engage in this type of relationship enjoy benefits denied to their privately funded counterparts.

Finally, in a similar vein it is possible that the ICRC is simply a unique case. It may be granted particular capabilities due to its prominence and legally defined rights within the Geneva Convention that are denied to MSF and Oxfam, and which could serve to make it more effective. The ICRC may also engage in more legalistic practices, such as pointing to human rights violations and holding governments to account more than MSF and Oxfam do, which could reduce negative externalities or simply be more effective tactics. Unfortunately the aggregated nature of the data used to generate the estimates (which are also the best available at the current time) do not allow for testing specific practices or techniques, so if these differences are in fact contributing to some of the estimated differences it is possible organization type is a proxy for these types of effects. Once again, though, if it is the ICRC's willingness to perform this role and its capability to do so is bolstered through its relationship with state benefactors, then the public and private divide is still salient.

It is also possible that all four of these factors – differences in accountability, structural differences in cases, more effective ICRC practices or general ICRC uniqueness – could be influencing the results. In an attempt to try to get a better sense of whether accountability is in fact a motivating factor, the next chapter begins to assess if donors actually behave in the ways anticipated by the theory. It does so using a pilot study of private donors, and the methods and results are presented in Chapter 5.0 .

5.0 MATCHING THEORY TO BEHAVIOR

Chapter 4.0 presented the result of large scale quantitative analyses showing evidence that the publicly funded humanitarian NGO appears to outperform the two which receive funding largely from private sources. These results are predicted by the hypotheses laid out in Chapter 3.0 , even if the negative coefficients on the privately funded organizations were a bit surprising. This correspondence between the hypotheses and empirical results is positive evidence in favor of the outcome anticipated by the theory, but it is not a test of the underlying process by which those outcomes are achieved. That process is predicated on anticipated behavior by donors which is not reflected in the macro-level results: the large-n results show one organization is more effective than another, but not why. The donor behavior argued to cause this disparity may be evaluated by more micro-level examination, which in this analysis is undertaken in the form of a pilot survey assessing how private donors actually behave. Questions focused on factors such as how much time donors spent engaging in research, how much they knew about the organizations to which they donated, and the likelihood that they would try to sanction an organization by withholding donations. The results of the survey broadly support the argument that private donors are not inclined to spend much time engaging in research or otherwise informing themselves about organizations, and they may be permissive of particular types of behaviors which may detract from institutional performance. This chapter presents and discusses these results, beginning with the next section's discussion of the survey sample and methodology.

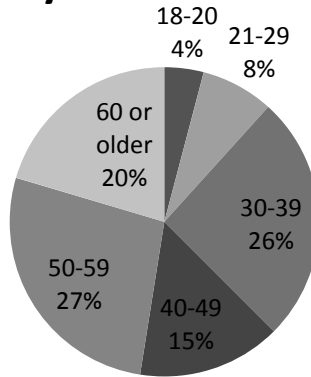
5.1 SURVEY CHARACTERISTICS

The survey queried individuals about their behavior and beliefs regarding donations they had made or were likely to make to any non-profit organization, and was administered by a professional web-based survey firm during a one week period in late May of 2012.⁶⁶ Respondents were solicited in two ways. One group responded to a request to complete the survey which was disseminated using social media, including Twitter and Facebook. The other group was contacted by the survey firm and invited to participate. 50 responses were obtained using the social media process, and 264 were collected using the survey firm's efforts, for a total of 314. Of the 314 surveys which were started 281 were completed, for a completion rate of almost 90%. All responses were obtained online, and respondents' anonymity was maintained

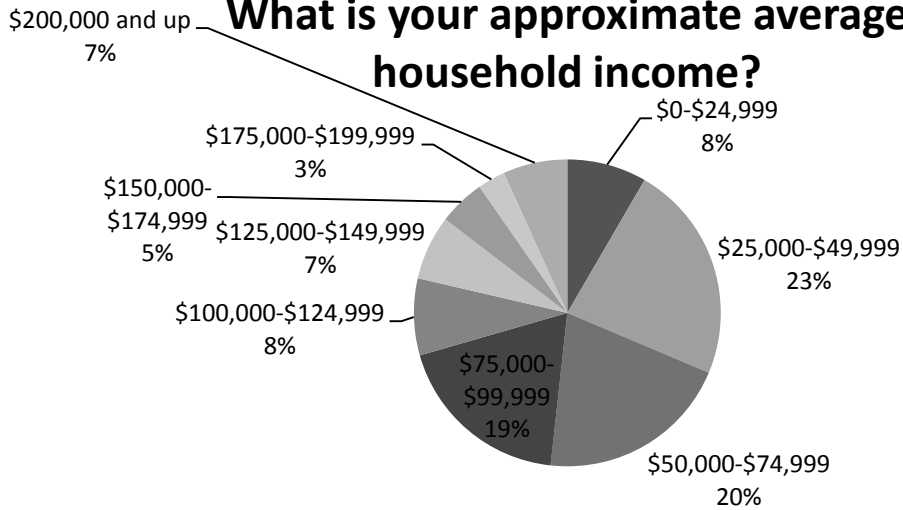
Demographically the sample was predominantly white (88.1%), male (57.3%), and well-educated – 67.8% had a college education, and 30.3% had completed graduate school. The two most frequently represented age groups were individuals aged 50-59 (27.1%) and 30-39 (25.8%). Another 20.4% were aged 60 or older. Nearly half of the sample had a household income between \$25,000 and \$74,999 (a combined 43.4%) and 14.6% earned \$150,000 or greater. Only 4.5% were not U.S. citizens or resident aliens, and 35.4% had at one point in their lives been employed by a non-profit organization. Figure 5-1 presents some descriptive information about the survey sample.

⁶⁶ For the purposes of this project political campaigns and committees, as well as labor union dues, were excluded from consideration. In order to increase sample size the potential number of charitable organizations was expanded beyond simply humanitarian aid organizations, but since many of the predictions regarding donor behavior should be applicable to different types of non-governmental organizations the sample should still provide empirical evidence for or against the arguments broadly applied.

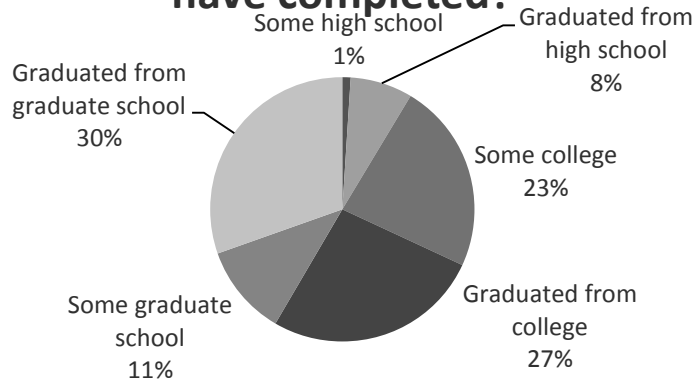
Which category below includes your age?



What is your approximate average household income?



What is the highest level of education you have completed?



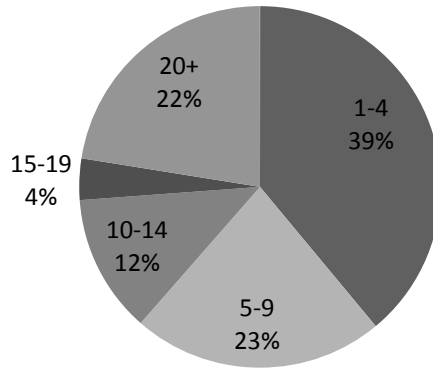
After survey takers had provided their demographic information, they were then sorted into one of three groups. Individuals in Group I were those who had given a donation to a non-profit organization within the last five years (not including political campaigns, political committees or labor union dues). Individuals in Group II had not made a donation in the last five years but rated themselves as “Very Likely” or “Somewhat Likely” to make a donation in the next two years, and were asked questions about their prospective behavior and preferences.⁶⁷ Individuals in Groups I and II were also presented with a number of different scenarios and asked to determine their most likely response. Individuals in Group III were those who had not made a donation in the last five years and who also thought themselves unlikely to make a donation in the next two. This group was not asked any questions but was thanked for participating.

An overwhelming majority of respondents had given a donation within the prior five years – 268, or approximately 86%. When asked for their approximate number of donations over this period, the most frequent response was 1-4 donations, at 39%. There was a tie for the second highest frequency between 5-9 donations and 20+, each of which comprised 22.5%. The average reported amount of each donation was also relatively modest: 25% of the donations were less than \$50, while another 20% fell between \$50 and \$99. Figure 5-2 provides some additional information about the frequency and amounts of the donation profiles for Group I.

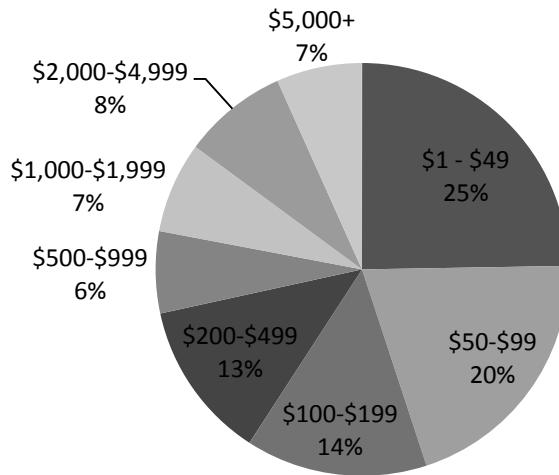
Group II contained 19 members, 16 of whom provided an anticipated average donation amount. The average expected value was well below \$100; 43.8% anticipated giving less than \$50, 12.5% \$50-\$99, and 25% \$100-\$199.

⁶⁷ Group II also included individuals who indicated that they did not remember whether or not they had made a donation in the prior five years.

Approximately how many donations to non-profit organizations have you made over this period?



What was the approximate value of your average donation over this period?



5-2 Group I Donation Characteristics

One of the first things to note is the large number of donations as well as their relatively modest amounts. Each is consistent with profile of private donors discussed in Chapter 3.0 , and additionally corresponds with the proposed collective action problem facing private donors when they wish to sanction an organization by withholding future funds. When 86% of the sample gives a donation of some amount, there are a large number of potential substitutes for any lost revenue and the impact of any single is minimal. Furthermore, 78% of actual donations were less than \$1,000, and only 7% were greater than \$5,000. These figures once again support the argument that private donors are poorly situated to hold organizations to which they donate accountable by withholding funding, since each individual donation is relatively small and its loss will not be keenly felt by most organizations.

The early evidence thus suggests that the argument regarding the collective action problem in sanctioning donors has some empirical support. What of the argument regarding donors' incentives to invest time and effort into researching the organizations to which they donate? This question is the focus of the next section.

5.2 PRIVATE DONORS' PRE- AND POST-DONATION BEHAVIOR

In Section 3.4.1 I argued that private donors have little incentive to invest large amounts of time and effort into researching and learning about the behavior of the organizations to which they donate. Part of this can be explained by the fact that some donors receive personal benefits with their donation, which could be material –a free gift, for example – or less tangible, such as a sense of well-being from having made a contribution. If it is true that this type of private benefit, which is bestowed upon the donor at the time of the donation itself, drives a large portion of

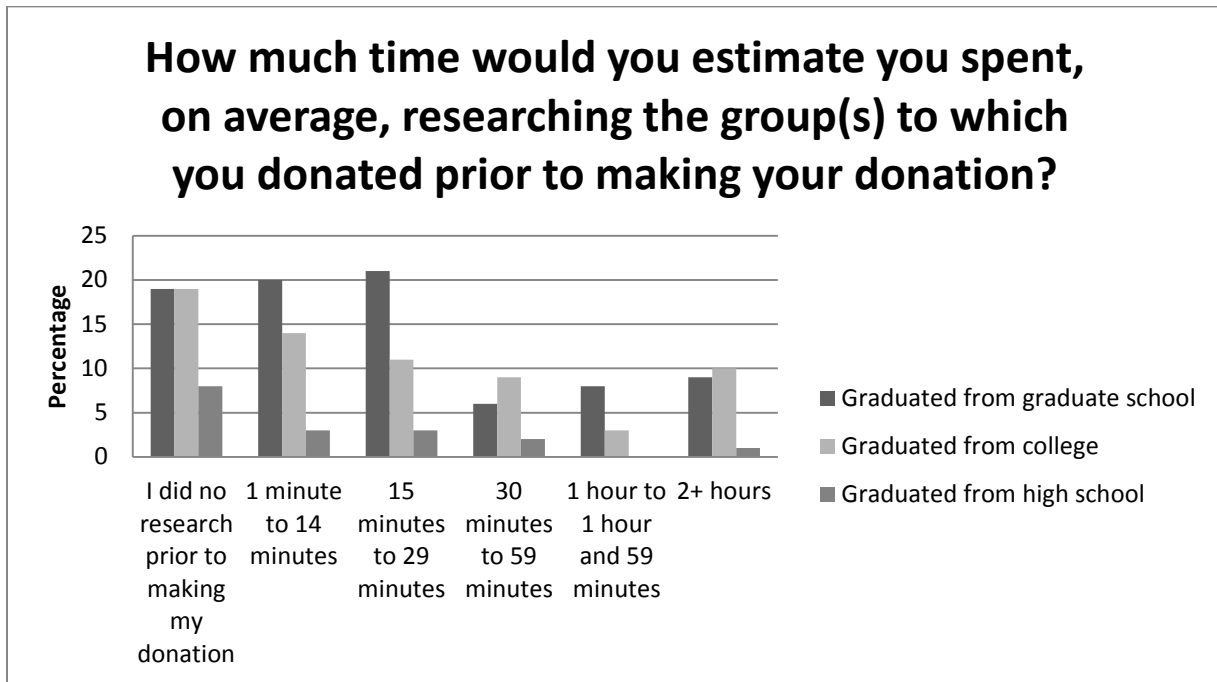
charitable giving, then on average one should observe that donors spend little time investigating to which group to make a donation, and similarly little time following up on the donation after it has been made.

To begin assessing the validity of this argument, Group I members were asked to estimate how much time they spent, on average, researching the groups to which they made a donation prior to their contribution. The most frequent response was that they spent no time engaging in any research, at 26.8%. 22% of respondents did some research but no more than 15 minutes, and another 19.6% spent between 15 and 29 minutes. Less than one-fifth (19.2%) spent more than an hour doing research before making a donation.

The amount of research did increase with participant education, but only slightly. Individuals with only a high school education were the least likely to do any pre-donation research, with 47.1% reporting that they spent no-time learning about the organization prior to donating. That percentage dropped to 28.8% for individuals with a college education, but was still the most frequent answer among the group. Those holding graduate degrees engaged in more research than the other two groups, but even the clear majority did 30 minutes or less; 25.3% did 15 to 29 minutes, 24.1% 1 minute to 14 minutes, and 22.9% made no effort at all. Figure 5-3 shows the full response profile broken down by level of education.

The most frequently utilized sources of information donors used in their decision making process was personal experience with an organization or its activities, followed by materials provided by the organizations, and then internet searches. Even though personal contact was the most frequently cited information source, 84.9% of the respondents had never been a beneficiary of the group's activities. Interestingly for humanitarian aid donors, the opportunity to deal with these organizations directly is frequently quite limited due to the fact that they work overseas, as

argued above. This means that for many donors the most preferred means of acquiring information may be unavailable, and the second most popular avenue is provided directly by the organizations themselves, which can be problematic given the incentives they have to selectively provide information.



5-3 Time Spent On Pre-Donation Research, by Level of Education

Most donors also didn't avail themselves of the opportunity to learn more about their organization by visiting organizations or websites specifically dedicated to evaluating non-profits. Respondents across all three education levels in Group 1 consistently indicated that they had not visited a site such as CharityNavigator.org, with percentages at 58.8, 57.6, and 60.2 for high school, college, and graduate school graduates, respectively.

Personal contact with the organization was also the exception, rather than the rule, when it came time to actually make a donation. Across all three education groups the most popular donation method was online, although high school graduates did show a preference (47.1%) for

donations by physical mail relative to the other two groups. However, nearly half of those holding graduate degrees submitted their donation online (48.2%), while slightly over a third (36.2%) of college graduates did the same.

The picture which emerges from the data is consistent with the expectations relative to how donors will behave established in Chapter 3.0 . Donors do not spend a great deal of time researching the groups to which they contribute, with the clear majority spending less than 30 minutes and a good number doing no research at all. As might be expected those who have achieved a higher level of educational attainment do slightly more research, but even in this group the preponderance of donors do modest amounts of information gathering. Since these donors are the most likely to possess the type of analytical skills necessary to assess an organization's performance, this lack of information does not speak favorably for private donor accountability. What information these donors do obtain primarily comes from personal experience with an organization or materials it provides, which in and of itself is problematic.

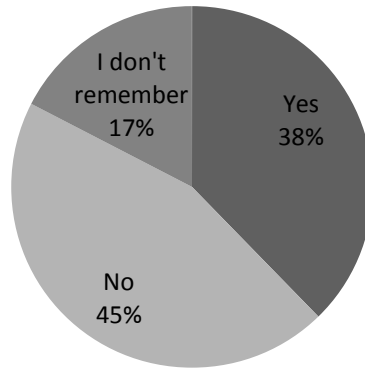
There also appears to be some dissonance between the amount of time spent and donors' perceived knowledge about these organizations. Despite the small amount of time most donors spend engaging in research most feel they are relatively well-informed about the group to which they contributed. Table 5-1 shows the donor responses when asked to self-report their level of knowledge regarding the activities of the organizations to which they contributed, with the data cross-tabulated by the amount of time the respondent indicated he or she spent doing research on the organization.

Table 5-1 Donors' Self-Assessment of Their Knowledge Level

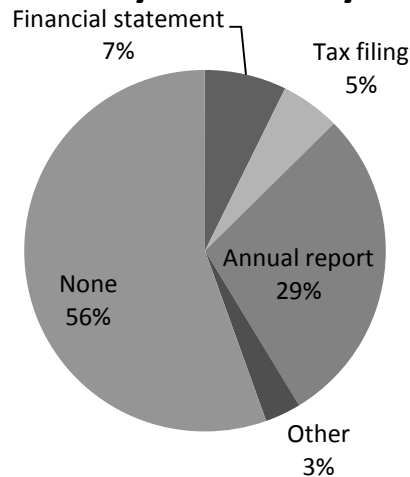
How informed do you feel about the activities of the organization to which you donated?					
	I did no research prior to making my donation	1 minute to 14 minutes	15 minutes to 29 minutes	30 minutes to 59 minutes	1 hour to 1 hour and 59 minutes
Extremely informed	31.80%	20.80%	16.30%	19.40%	13.30%
Very informed	37.90%	64.20%	71.40%	64.50%	73.30%
Slightly informed	25.80%	15.10%	12.20%	12.90%	6.70%
Not at all informed	4.50%	0.00%	0.00%	3.20%	6.70%

As can be seen from the table, the majority of donors consider themselves to be very informed about the activities of their organization, even if they have done no research whatsoever. As may be expected, donors who do any research at all generally report that they feel more informed about the organization’s activities. What is surprising about this is that there is less variation between one’s self-professed knowledge level and amount of time spent engaged in research than might be anticipated. Individuals who engaged in 1 minute to 14 minutes of research seemed to feel as informed, on average, as individuals who spent 30 minutes to 59 minutes. There was also a similar result for individuals who spent 15 to 29 minutes and 1 hour to nearly 2 hours. Overall there seems to be little difference in one’s self-reported level of knowledge as a function of time spent actually researching the organization, which suggests that donors perhaps have an innate confidence that they know more than they really do. Reinforcing this idea is the fact that only 38% of donors recalled receiving a financial or annual report from the organization, and 56% didn’t read any financial statements, tax filings, annual reports, or other documents issued by the organization after they made their donation (Figure 5-4).

Did you receive a financial or annual report from the organization following your donation?



Did you read any financial statements, tax filings or annual reports from the organization after you made your donation?

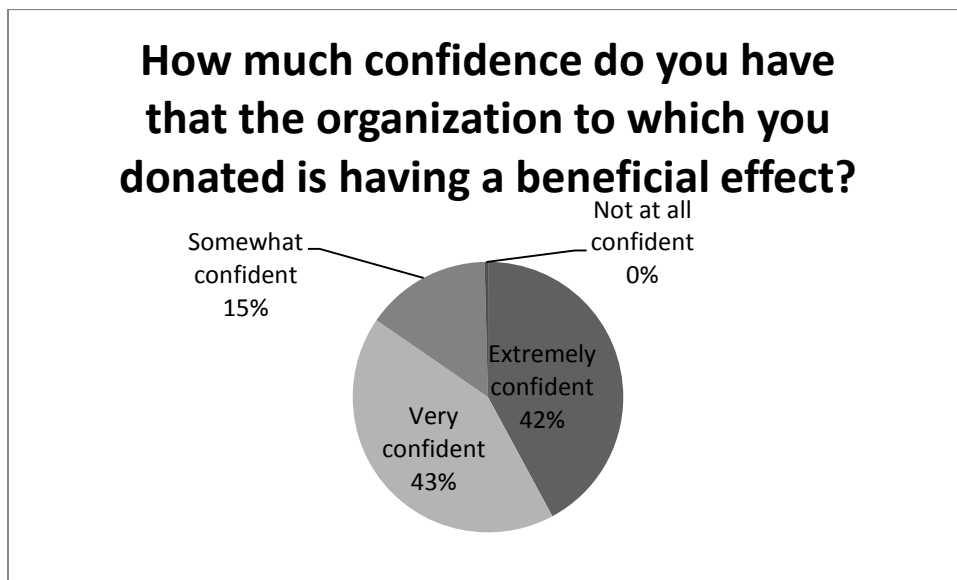


5-4 Donor Familiarity with Annual Reports and Other Documents

Overall, donors appear to have great faith in their knowledge of the organizations' activities, a belief that may have little basis in actual fact. They similarly may have unfounded confidence in the group's ability to be effective, which will be addressed in the next section.

5.3 DONORS' BELIEFS ABOUT ORGANIZATIONAL EFFECTIVENESS

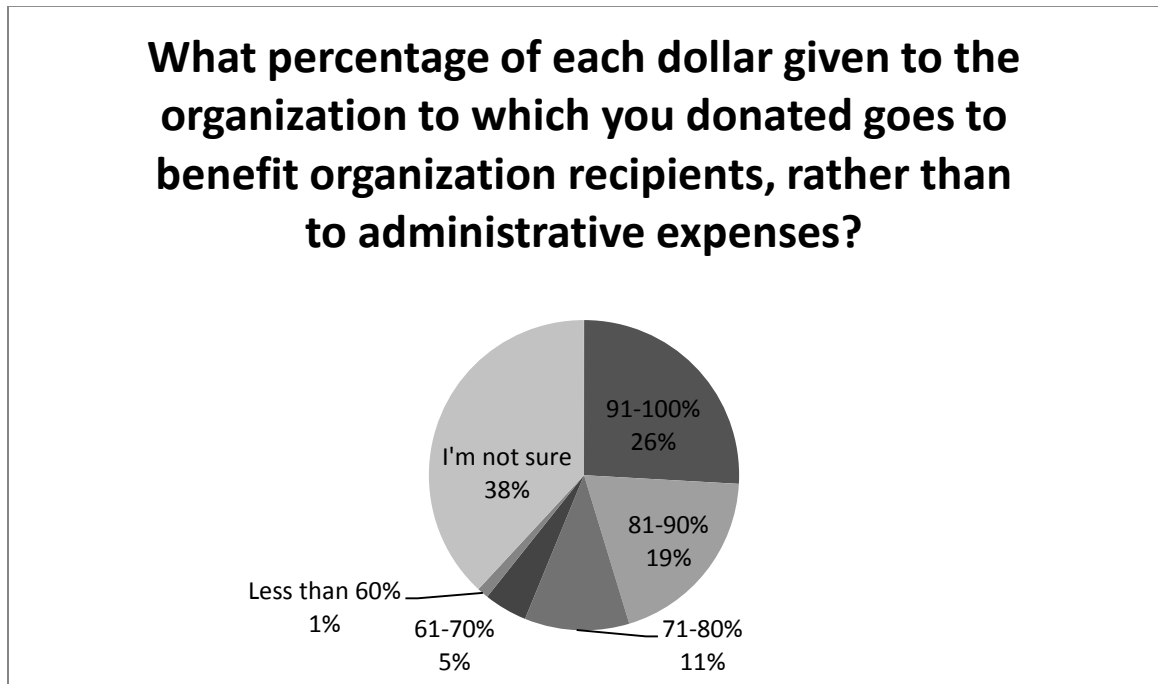
Donors, as a matter of course, should feel that the organizations to which they contribute are effective in pursuing their appointed goals. Given the multitude of alternative organizations, donors who did not believe their chosen group was effective they could divert these funds to a competitor. This is also the basis of the need for organizations to ensure that they are portrayed in the best light possible. As was seen in the previous section, donors believe they are well informed about the activities of their chosen organization despite engaging in little research. This section focuses on what donors believe they know, particularly in relation to the effectiveness of their chosen beneficiary.



5-5 Donors' Confidence in Organizational Effectiveness

When it comes to effectiveness, donors rated their organizations highly: 85% described themselves as very or extremely confident that their chosen organization was having a beneficial effect (Figure 5-5). They rated the organization as having a beneficial effect despite the fact that when asked how much time they personally spent researching how the organization used their donation after it was given, 38.1% did no research and another 30.4% did between 1 minute and 29 minutes.

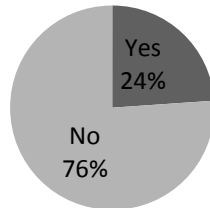
Perhaps as a result of so little research, donors were largely unable to answer questions about many of the characteristics organizations use to define effectiveness in their own promotional materials. As an example, 38% of donors did not know how much of each dollar went to benefit program recipients rather than to administrative expenses (Figure 5-6).



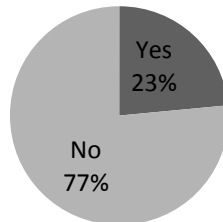
5-6 Donors' Knowledge of Administrative Versus Programmatic Costs

Donors were similarly uninformed on questions relating to other markers of institutional performance, including total annual expenditures, revenues, and number of individuals assisted (Figure 5-7).

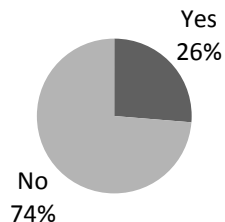
Do you know how much the organization to which you donated spent in the year you made your donation?



Do you know how much the organization to which you donated earned (from donations and other sources) in the year you made your donation?



Do you know how many individuals were benefited by the activities of the organization in the year you made your donation?



Around three quarters of donors were not familiar with an organization's performance on many of the most-easily identifiable and measurable indicators of organizational activities, and yet as seen before many donors consider themselves to be highly knowledgeable about the group to which they donate and as largely certain that this group is also effective. What might explain this seeming disconnect between donors' confidence that they are well-informed about an organization and their lack of knowledge of the organization's actual operations? The answer appears to be that donors are relying heavily on an organization's reputation when assessing which organization they'd like to contribute to and also when determining the effectiveness of their preferred organization.

Many scholars have highlighted the importance of an organization's reputation, as discussed in Chapter 3.0 . Reputation can be a heuristic tool donors can use to bypass having to do their own research by relying on the opinions of others regarding individual organizations. If an organization is reputed to be effective and use donations wisely, then that is a signal to other donors that it is a worthy target for future donations. Conversely, an organization with a poor reputation may have a hard time soliciting donations. For this reason, many organizations seek to maximize their reputations by adopting strategies targeted at enhancing public perceptions of their performance, including the aforementioned preference for avoiding the dissemination of potentially damaging information and focusing on measures of institutional performance which are easily collected and intuitively understood but may not actually convey much information about outcomes.

Table 5-2 provides donors' responses to a question asking them to rank factors influencing their decision regarding their decision to make a donation. They were asked to rank

each factor which factored into their decision, with one indicating the most important and eleven the least important.

Table 5-2 Factors Impacting Donors' Decision Making

Which factors were most important to you when deciding to make your donation? (Please rank all which apply on a scale of 1-11, with 1 being the most important and 11 the least important)		
Answer Options	Response Average	Response Count
The organization's reputation	2.82	241
Wanting to support individuals in need of assistance	3.54	235
Personal experience with the organization	3.57	230
The organization's focus on a particular disease/medical issue	4.03	223
Recommendations by family or friends	5.22	213
Honoring the memory of a loved one	5.96	211
The organization's religious affiliation	6.74	212
Obtaining personal tax benefits	7.55	211
Advertising campaigns or in person solicitations by the organization	7.83	212
Other	8.34	135
Endorsements or appeals by public figures	8.72	201

Of the listed alternatives an organization’s reputation came in as the most important, garnering the most responses and the highest ranking. The “warming glow” alternative, which reflects the desire to assist others, came in second place, while personal experience with an organization was third. From this it would seem that the arguments about the importance of reputation are not overstated; it does appear to be an important factor in the donation process.

Reliance on reputation is detrimental to donors’ ability to hold organizations accountable. The fact that organizations actively attempt to manipulate their reputations is one reason, since it may mean that reputation may not reflect actual performance but may be instead be a function of prowess in public relations. Furthermore, reputations may take on their own self-reinforcing attributes and can be slow to change, meaning that organizations which do in fact achieve a favorable reputation may have a high degree of insulation from criticism and further evaluation

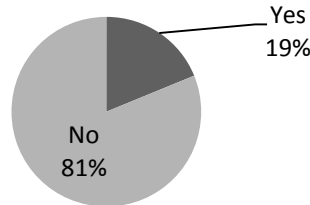
(Grant and Keohane 2005). Perhaps the most significant issue is that by evaluating organizations on reputation, donors are simply adding further distance between themselves and the information necessary to determine whether groups are actually effective, decreasing accountability.

5.4 SANCTIONING NON-PROFIT ORGANIZATIONS

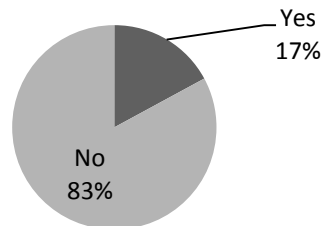
Section 5.1 discussed a number of structural issues with private donors' ability to sanction organizations by withholding funds, including the large number of donors and the relatively modest amount of each individual donation. Sections 5.2 and 5.3 were in some ways examinations of private donors' incentives to sanction; sanctioning would be more likely if donors were dissatisfied with the performance of the organization to which they donated. The generally rosy picture that donors painted of the organizations to which they contributed, combined with the overall lack of in-depth analysis conducted by donors, would suggest that they have little incentive to engage in sanctioning, and in fact this appears to be borne out empirically.

Only 19% of donors contacted their organization with a question or comment after their donation, and only 17% contacted an organization after donating with a concern. Furthermore, 83% classified themselves as "Extremely likely" or "Very likely" to make another donation to the organization to which they had already donated (Figure 5-8).

Did you contact any of the organizations to which you donated after making your donation with an...



Have you personally ever contacted an organization to which you donated about a concern regarding your donation or their activities?



How likely are you to make another donation to the charity or non-profit organization you most often donate to?



5-8 Donor Interaction With Organizations After Donating

Just because donors haven't for the most part contacted organizations doesn't mean they wouldn't, particularly since there is so little seeming dissatisfaction on the part of donors with the organizations benefiting from their donations. What happens, however, if donors come across information that reflects negatively on the organization? Would they then have an interest in attempting to contact the organization or possibly withhold future funds?

There is some evidence that donors would in fact be in favor of more sanctioning type behavior under these circumstances. Survey respondents in Groups I and II were presented with the following statement:

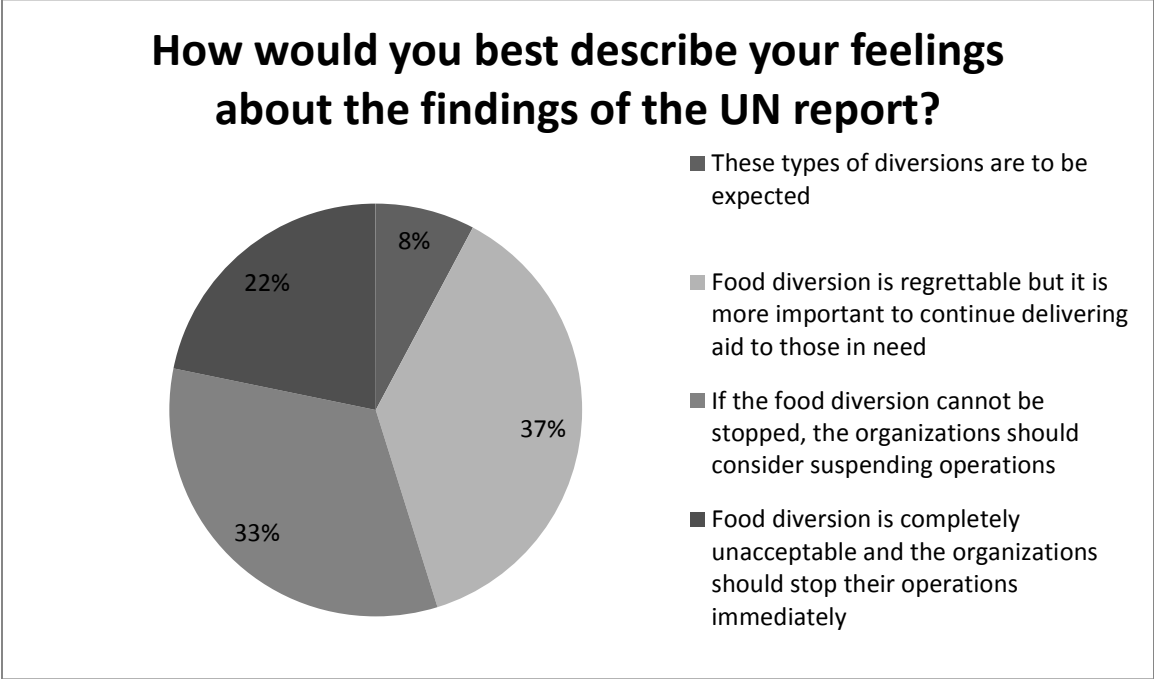
On March 9, 2010, the NY Times reported on a United Nations Security Council report that up to 50% of food aid sent to Somalia by the World Food program was diverted to a "web of corrupt contractors, radical Islamist militants and local United Nations staff members" ("Somalia Food Aid Bypasses Needy, U.N. Study Says"). Please answer the following questions relating to this report.⁶⁸

The respondents were evenly split between those who were already familiar with reports of this nature on the diversion of food aid and those who were not: 51.8% reported that they were previously unaware of this type of diversion, while 48.2% had some prior familiarity with this type of information.

After reading this blurb, respondents were then asked to characterize their reaction to the information. A portion of the respondents, 45.2%, were permissive of the aid diversion. Some (7.8%) were not concerned with food diversion and assumed that it was a part of normal operations, while 37.4% found it regrettable but thought that the need to continue delivering aid

⁶⁸ New York Times. "Somalia Food Aid Bypasses Needy, U.N. Study Says". March 9, 2010. Available at <http://www.nytimes.com/2010/03/10/world/africa/10somalia.html>. Accessed May 15, 2012.

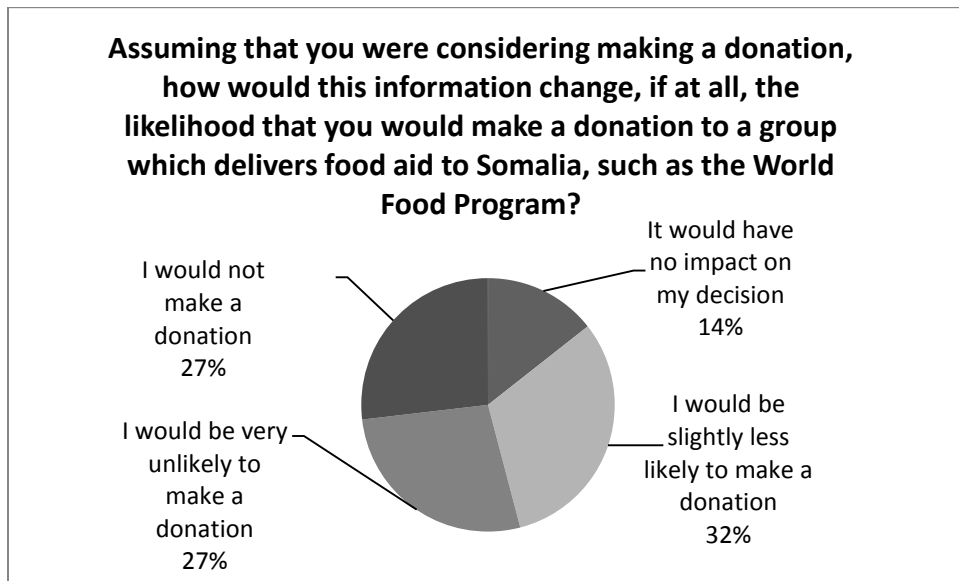
was more important. The rest of the donors were less tolerant; 33.1% felt that if the food diversion could not be stopped then aid organizations should consider suspending operations, while 21.8% indicated that they found the idea of food diversion completely unacceptable and advocated the immediate cessation of aid operations (Figure 5-9).



5-9 Response to U.N. Food Aid Diversion Report

It is the latter two categories of responses that would be most troubling to aid organizations, and much of the reason why they try to prevent this type of information from being publicized. Their fears may be well-founded: respondents were subsequently asked how this type of information may affect their likelihood of making a donation to a group which provides food aid to Somalia, such as the World Food Program, operating under the assumption that they were initially inclined to make a contribution. More than half of the respondents – 54% - indicated that this information would mean that they would be very unlikely to make a donation or would absolutely not make a donation. Slightly less than one-third responded that they would

be slightly less likely to make a donation, while the remaining individuals said that it would have no impact on their decision (Figure 5-10).



5-10 Change in Likelihood of Making A Donation Due to Information on Food Diversion

Under this scenario, donors would in fact attempt to stem negative outcomes from aid – in this case, food diversion – if they had the necessary information available to them. Reports of this nature can also help overcome the collective action problem, since widespread media reports can be a type of systemic shock which can lead to collective outcomes from uncoordinated responses if each person reacts similarly to the report. In this case, there is some indication that possibly half of the aid donors might withhold their donation if they knew of the aid diversion which was occurring as part of the relief effort in Somalia. This reinforces two points: the first is that donors, if they have the necessary information, may in fact be motivated to engage in sanctioning behavior. However, due to the lack of incentives to procure this information and the way donors heuristically rely on organizations’ reputation means that they don’t expend the efforts necessary to inform themselves.

Secondly, this explains the premium organizations place on avoiding these types of negative reports. Their first preference should be to avoid having this information come out at all, but if it must come out, then it would be best to be limited to limited groups of individuals. These limited groups will have a difficult time organizing a larger response due to collective action issues. If, however, the reports are widely disseminated, then these coordination problems become less important and it becomes more likely that donors will seek to punish the offending groups.

5.5 PUBLIC DONORS AND NGO ACCOUNTABILITY

While the previous sections contain evidence that private donors exhibit many of the tendencies predicted in Chapter 3.0 and which should decrease their ability to provide oversight and accountability to the NGOs to which they donate, it does not touch upon similar attributes of public donors. This is one area which I intend to address more in-depth in future research through interviews with personnel at government agencies as well as NGOs to delve into the intricacies of the relationship between the two entities. In the interim, some information about how public donors behave may be obtained through a cursory look at the materials published by the U.S. Agency for International Development (USAID), the primary agency charged with handling U.S. aid and grants.

One of the ways in which public donors are argued to have an advantage relative to private donors is in the former's institutional and bureaucratic capabilities. Agencies such as USAID should be better able to both obtain and process information on NGO behavior in order to evaluate their effectiveness and provide oversight. This expectation does appear to be borne

out based on USAID’s own description of the process. In detailing the process by which grant and contract proposals are evaluated, three key criteria are identified: past performance, cost, and responsibility. Each of these should help to increase accountability of the NGOs who work with USAID, and the process by which they are evaluated is formally laid out in the Federal Awardee Performance and Integrity Information System (FAPIIS).⁶⁹ By having formally recognized and defined standards available to both donors and NGOs, the expectations of NGO behavior should be clear. Furthermore, the benchmarks by which NGOs will be evaluated should be similarly transparent. Even if these benchmarks aren’t formally related to particular outcomes, they should afford better accountability than the vague expectations of private donors.

USAID also has a dedicated Compliance and Oversight Division for Partner Performance, which lists its tasks as:⁷⁰

- Tracking trends in partner performance;
- Tracking compliance with U.S. Federal regulations;
- Taking suspension or debarment actions against partners, if necessary;
- Evaluate partner self-reports of organizational and compliance issues;
- Ensure registration and completion of past performance reports and “encourage substantive narratives that properly coordinate to appropriate ratings”;
- Analyze final termination paperwork

All of these should help to provide the oversight necessary to privilege public donors as laid out in Chapter 3.0 .

⁶⁹ Available at: <http://www.usaid.gov/work-usaid/get-grant-or-contract/grant-and-contract-process>. Accessed July 23, 2012.

⁷⁰ Available at: <http://www.usaid.gov/compliance/>. Accessed July 23, 2012.

There is also evidence that USAID performs this task fairly capably. In an interview with Robert Northrup, a physician who has done work in the past with Project Hope, he described USAID as a rather effective evaluation organization:

AID does provide a tremendous amount of oversight, they do it in a variety of ways. It's done by different people, either people in Washington or people out in the field, and you work hard to satisfy the group that gives the money, and make sure that they're happy with what you're doing, and they get you from the beginning to the end... I have a very healthy understanding and appreciation of how AID has worked on that, and how they've grown over the years. When I first got to know AID back in the sixties, they were a lot of people who didn't really have much public health experience. They were docs, mostly, they had very little, almost no experience in the types of things we're talking about now. Evaluations were very casual, sort of trusted you to spend the money usefully and hopefully you did. Not anymore; it's really very carefully run and highly effective.

Dr. Northrup also detailed some of the specific ways in which USAID provided oversight in the field, each of which were processes that private donors were either unlikely to engage in or would simply be beyond their capabilities.

Finally, there is also evidence that USAID engages in the type of sanctioning behavior proposed in the development of the theory. In addition to the federal government's "Excluded Parties List System", USAID maintains its own system of "Red Alerts". The system allows for "notifying the acquisition and assistance community when a suspension or debarment action has

been taken against an individual or entity.”⁷¹ On July 23, 2012, the system listed 75 individuals or entities which had been suspended, debarred, or proposed for debarment.

This information is very preliminary, and in and of itself does not guarantee that USAID is effective in holding NGOs accountable. However, when compared to the survey results presented earlier in the chapter, it would appear that the mechanisms of accountability are far more readily available to USAID than private donors. Furthermore, there is evidence from at least one perspective in the field that USAID is performing this task adequately, even if the information is anecdotal in nature. Taken together, it does appear that it is at least plausible that USAID, at least, functions in the manner outlined in Chapter 3.0, although this is an area which will benefit from further data gathering and analysis.

5.6 SURVEY RESULTS SUMMARY

The small sample size and other components of the current survey mean that it is not an authoritative assessment of the behavior of private donors. However, it can serve as a plausibility probe of the arguments regarding the preferences and behavior of private donors in Chapter 3.0. Overall the survey results are largely supportive of the assumptions undergirding the arguments as to why private donors have a difficult time holding the groups to which they make donations accountable for their actions. Many donors spend little time engaging in research about the organization or its activities, both before and after making a donation. What information they do obtain generally comes from personal observation or is provided to them by the organization,

⁷¹ Available at: <http://www.usaid.gov/compliance/red-alerts/>. Accessed July 23, 2012.

both avenues which can lead to informational problems, particularly when the group operates primarily outside of the donor's home country. Furthermore, donors appear to place a great degree of importance on an organization's reputation, and tend to hold beliefs which may not be in line with reality since most donors do not know key information about their preferred organizations.

If they did have this information there is some evidence that private donors would actually engage in a more active oversight role, including possibly withholding future funding. This reinforces the belief held by these organizations that information and reputation management is critical to their success. Those organizations which do the most effective job of promoting their brand through the media, maximizing their reputation while keeping negative information to a minimum, should be those groups which can maximize their donations. The need to actually create a positive outcome using the donations provided by private sources is not a necessary part of the equation.

6.0 CONCLUSION

Is humanitarian aid effective? This question motivates this examination of the effects of humanitarian interventions on recipient populations. Though to many it may seem self-evident that humanitarian activities which distribute medical care to the sick and wounded, or food to the starving, are inherently beneficial, the literature on humanitarian aid is rife with arguments and case studies detailing how in fact humanitarian aid may negatively impact crises. In light of these arguments, a key question is whether these negative impacts may outweigh the positive benefits to aid recipients or otherwise reduce the beneficial aspects of aid provision. The manner in which I constructed my argument regarding how to accurately assess the effectiveness of humanitarian aid and how aid may actually impact recipient populations, along with the means by which I tested this theory, is the focus of the next section. Section 6.2 discusses the policy implications of this argument and empirical results, while the third section identifies avenues for future study and concludes the dissertation.

6.1 SUMMARY OF THE THEORY AND EMPIRICAL FINDINGS

The first step in assessing the effectiveness of humanitarian aid is to identify the appropriate metric by which to measure aid's effects. Based on the literature identifying numerous ways in which aid could potentially generate negative externalities which could detrimentally affect public

health, I argued that there were two important considerations in measuring aid effectiveness. The first of these is the direct effect of aid, or the benefit derived from aid by those who actually receive food, medical assistance, and so forth. The second is the indirect effects of aid, those costs potentially imposed upon societies from the negative externalities associated with humanitarian activities. Simply measuring the former without acknowledgement of the latter would bias the results in favor of finding aid to be effective and miss the important fact that humanitarian interventions are political and economic endeavors, even if aid organizations are professedly neutral in their approach. These dual mechanisms mean that the true measure of aid's effects is an aggregate measure which reflects the net of the direct and indirect effects. For the purposes of this study, I therefore utilized aggregate measures of public health: life expectancy and, to a lesser degree, infant mortality.

I then presented a theory of aid effectiveness predicated upon differences in the ways in which humanitarian NGOs are funded. The critical distinction within this framework was whether the NGO received its funding primarily from public or private sources. Since the donor-NGO relationship shares similarities with the principal-agent framework, I argued that NGOs always possess an innate preference to maintain as much autonomy from their principal-donor as possible, placing the onus upon the donor to actively monitor the NGO-agent. Private and public donors do not share a similar ability to perform this function, however, with private donors being at a distinct disadvantage relative to public donors.. Private donors face obstacles in their incentive to monitor the organizations to which they donate, and similar hurdles in their ability to do so. Even if they overcame these impediments, private donor oversight of NGOs is further hampered by their inability to jointly punish the NGOs in a substantively meaningful way.

Public donors, by contrast, enjoy advantages relative to private donors in each of these areas. They have greater incentives to monitor NGOs, enhanced ability to follow through on these incentives, and also possess far greater ability to punish NGOs who are found to be underperforming or otherwise not representing the interests of the donor. Even though public donors are not perfect principles, I argue that on average they should be more effective than private donors, and thus NGOs who are predominantly publicly funded should be held to a greater level of accountability than organizations which rely on private donors to a great degree. These differences in accountability are posited to translate into differences in aid effectiveness, with aid coming from publicly funded organizations demonstrating a greater level of effectiveness than aid from privately funded organizations. This was represented by two different hypotheses reflecting the relative effectiveness of aid from each type of organization, including during active civil conflicts, and also a related corollary examining aid effectiveness during natural disasters.

These hypotheses were tested in Chapter 4.0 on an original dataset on humanitarian activities. Covering the years from 2004-2007, the dataset includes information on the activities of three of the largest humanitarian NGOs, the International Committee of the Red Cross, Médecins sans Frontières, and Oxfam International. Regression analysis indicated that in every scenario, aid from the ICRC, the publicly funded NGO, was in fact more effective than aid from the other two organizations, each of which are privately funded, in line with the hypothesized relationship. What was surprising was the estimated effect of aid from MSF and Oxfam. In many of the estimations it was found that aid from these organizations was not simply less effective than aid from the ICRC, but in fact aid activities by these groups were actually detrimental to public health. These effects were robust to a number of different estimations, indicating that the

results are not simple statistical artifact but actually represent the effect these organizations have on recipient countries. One possible explanation for this finding, as discussed in Section 3.6, is that the negative consequences of aid are overwhelming its positive benefits. This is not to say that aid has no benefit for those who actually receive it, but rather that from a societal perspective outcomes such as arming rebel groups or prolonging conflicts generate a negative public consequence which exceed the private benefits enjoyed by recipients.

The quantitative results in Chapter 4.0 tested the predictions regarding differences in aid effectiveness, but were not able to speak to the process by which those differences were achieved. To begin to assess whether the argument about the way private donors act has empirical plausibility, Chapter 5.0 presented the results of a pilot survey administered to assess private donor behavior. The results were in line with what was posited in Chapter 3.0 : private donors did not engage in much effort to actively research the activities of the organizations to which they donated, either prior to or after their contribution. Furthermore, they appeared to feel better informed about these activities than they really were, and reputation was found to play a large role in the donation and evaluation process overall. Questions posed to donors about aid diversion in Somalia and the effect it would have on donors' willingness to contribute suggested that donors would in fact be more judicious in their behavior and actively seek to avoid organizations which could not avoid these diversions, indicating that informational deficiencies overall are a key factor impacting private donors' ability to provide oversight of their preferred organizations.

6.2 POLICY IMPLICATIONS

Given the stark disparity between the empirical effects of aid from the ICRC, MSF and Oxfam, it would be possible to interpret these results as a motivation for shifting of donations away from the latter two organizations in favor of the ICRC. After all, if MSF and Oxfam are in fact reducing life expectancy, the argument about donor accountability would suggest that both public and private donors should withhold funds from these organizations in order to force them to change the aspects of their behavior which are detracting from their missions of saving lives and providing relief to those in need. I would not suggest that funding deflection from MSF and Oxfam to ICRC is a policy implication of this project, but it could be one tool by which the necessary policy adjustments could be enforced. However, to truly make a difference the policy adjustments must come from the NGOs themselves, rather than from donors.

It is the NGOS who must enact these changes because ultimately is the NGOs who engage in behaviors, born out of policies and principles at the heart of their individual organization, which make their aid efforts more or less effective. Specifically, NGOs which have avoided working with states due to their principled stand that state funding infringes on their neutrality and independence must relax this position. If these principles and policies are the reasons why NGOs are creating negative externalities which are causing them to make crises worse and detract from their ability to positively impact aid recipients, then these policies must be altered if positive changes are to be realized.

There are strong reasons to believe that these principles and policies are in fact the causal explanation for why we observe differences between the three organizations contained in this analysis. First, there is no reason to believe and I do not argue that there is any organizational malfeasance occurring with any of these aid organizations. Even the most strident aid critics

likely would not go so far as to suggest that these operations intend to inflict harm upon those who they serve. It seems a safe assumption that aid organizations of these types broadly mean to do well, and even if there are limited exceptions, they should not be so prevalent as to indicate a systemic problem within the aid community. Adopting this blanket assumption, the motivation for aid giving cannot then explain differences in outcomes among aid groups since the motivations for each group are the same.

Second, it is possible that differences in operational competence may explain variation in ability to deliver aid effectively from one organization to another. This may certainly be true of the “MONGOs” discussed by Polman (2010), who may set out with good intentions and high expectations but little expertise in how to actually provide assistance. It is likely not applicable however to the three organizations studied in this project. Each of the three aid organizations included in the analysis are highly professionalized and recognized experts in their field. There is little *a priori* reason to believe that MSF, for example, does not possess the necessary medical expertise to address the physical needs of those individuals whom they assist in the field, or that the physicians associated with ICRC should be more capable than those of MSF.

Indeed, the theory presented here is in complete agreement with what can be understood as a paradox of humanitarian activities: entirely well-meaning organizations staffed with competent and knowledgeable individuals can in fact do more than good. If it's not due to skill or intention, then what can explain this paradox? My argument is that the remaining element is principles and policies. The principles of humanitarian action, and the different ways in which organizations have altered their behavior in order to meet these principles, explains why some organizations can minimize negative consequences while for others they appear to be exacerbated.

It is because these policies are so deeply held and the way organizations emphasize their importance that will make the necessary policy adjustments implied by this theory difficult to enact. The theory and results here suggest that in order to become more effective organizations which have eschewed funding from states, as well as other types of assistance or associations, should relax this organizational opposition to state participation and avail themselves of the opportunities that states offer. This finding is antithetical to the beliefs of many organizations, and in fact counter-intuitive to their own understanding of what makes them effective. As discussed in Section 3.2, organizations such as MSF argue that it is independence from states which makes them *more* effective than NGOs which accept state funds. The policy prescription presented here is therefore not only in opposition to their own beliefs regarding effectiveness, but also anathema to the manner in which they conceptualize their relationship with states.

The ultimate question will be which principles these NGOs will prioritize. If the ultimate principle of saving lives and providing care for those in need takes precedence, then it may be more palatable to NGOs which have traditionally avoided collaborating with states to change their position. After all, this reluctance has been predicated on a principle that the empirics presented here suggest may in fact reflect a false belief: that this differentiation makes their aid more effective. If, however, these organizations continue to subscribe to the idea that independence from state funding makes them more effective, even at the risk of potentially inducing negative outcomes, then this may be the realm in which donors can attempt to sway NGO behavior through the manipulation of donations. It would require overcoming the many obstacles that the private donors face in taking this type of coordinated action, but it may be worth the efforts if it can in fact make aid more effective.

Maximizing aid effectiveness benefits everyone, and so while privately funded organizations may be asked to undertake some significant changes in the ways in which they conduct their operations, organizations which currently work with the state may also be asked to engage in proactive change. The estimated effects of ICRC aid, while positive, would suggest that there is additional room for improvement. Even though public donors are better positioned to hold the NGOs to which they supply funding accountable, this accountability is still to some degree diffuse and states too have limitations on both their incentive and ability to monitor these organizations. States are by no means perfect principals, but are argued to simply be better than private donors overall.

How can accountability therefore be improved for the NGOs who already work with states? One solution which would apply to both NGOs who already work with states, as well as those which do not, would be the creation of an international organization charged with overseeing and coordinating humanitarian activities. As Seybolt (2009) has argued, greater coordination is one area of dire need in the realm of contemporary humanitarian action. Vesting one organization with the primary responsibility of directing funding among agencies, and also overseeing their operations, could minimize the inefficiencies that arise from spreading these responsibilities over various donors and also allow the institution to provide better structure and coordination among humanitarian actors.

This solution certainly is not a panacea for humanitarian aid. The organizations which maintain that working with states compromises their neutrality would only be slightly comforted by the multinational nature of the international institution. Certainly this level of coordination and oversight would also be seen by all actors as an additional constraint on their autonomy, and may also be seen as antithetical to their competitive interests in fundraising as it may limit their

ability to differentiate themselves from their competition for the purposes of increasing donations.

While these concerns contain some element of truth, the fact that the evidence suggests that under the current arrangement humanitarian NGOs exhibit an ability to actually harm public welfare, in expectations with the fears of aid critics, indicates that something must change in the manner in which these organizations are monitored and held accountable. Given the deficiencies in the way other NGOs provide monitoring and the obstacles facing private donors, the best solution would seem to lie in the realm of public entities such as intergovernmental organizations (IGOs). It may not be a perfect solution, but it may be better than the available alternatives.

6.3 FURTHER RESEARCH AND CONCLUSION

This dissertation, as one of the first empirical studies of the effectiveness of humanitarian aid, is an important contribution in advancing the understanding of which factors impact upon humanitarian NGOs' ability to effectively deliver services. It is only a first step, however, along a path that numerous future opportunities to study similar phenomena.

One promising area of future research is the study of which factors determine how organizations respond to particular types of crises, or crises in specific regions of the world. As shown in Chapter 4.0 there are differences in the response patterns of the ICRC and MSF, for example, which suggests that there are structural factors which influence organizational responses. Within this study these factors have been controlled for as best as possible to ensure that they do not impact the estimated results of organizational efficacy, treating them as a statistical nuisance. Understanding of these factors can lend substantial benefits to our

understanding of humanitarian aid overall, much as understanding the factors influencing why countries give foreign aid for particular reasons – as Alesina and Dollar (2000) and others have endeavored to do – helps in our understanding of the circumstances in which aid should be expected to be effective in inducing economic growth. By understanding which types of organizations respond to particular crises, we may further understand how the response of these organizations can be enhanced to yield the greatest benefits to aid recipients.

The accountability mechanism discussed in this dissertation may also be applied to other types of NGOs, expanding the potential types of organizations which may be studied. Development organizations, as an example, may be expected to be subject to a similar type of mechanism in which organizations which are held more accountable by donors should be better able to deliver aid which improves the lives of recipients. The potential pitfalls of development aid from NGOs are likely to be different than those afflicting humanitarian aid, which is why development organizations are not included in this analysis, and means that further theorizing is required. Given the increasing importance of development NGOs among the development milieu, increasing the effectiveness of these organizations may be just as impactful for individuals such as those residing in the “bottom billion” of development, so termed by Paul Collier (2007), who lack even the very basic necessities of life.

Finally, there exists a class of private donor who may in fact bridge the differences between private and public entities. Large philanthropic institutions such as the Bill and Melinda Gates Foundation control financial resources which far exceed those of the great majority of any private individuals, and these institutions have the additional benefit of being able to acquire institutional expertise which further sets them apart from their private peers. In many ways these institutions share more in common with states than with individual donors, and so present

an interesting category of analysis in their relationship with NGOs. Lacking some of the compulsory power of states, such as the ability to collect tax filings and other financial information from states headquartered in their territory, organizations such as the Gates Foundation should likely fall somewhere in between public and private donors in their ability to hold NGOs accountable for their actions and outcomes. This is an empirical question, however, the study of which may raise interesting questions about how these types of organizations affect the international NGO landscape, and are themselves affected by their own need for fundraising. In light of the ever increasing reach of these organizations as they integrate into public policy decisions on the domestic and international level, they should be a fruitful avenue of research for scholars and policy makers interested in the nexus of private efforts on public governance.

In some ways, this dissertation may also be seen as its own test of the argument regarding the impediments facing private donors in their ability to hold NGOs accountable. The data gathering process necessary to construct the dataset has strong parallels to the type of data gathering any private donor would have to undertake in order to assess how their donations are actually translated into outcomes. As discussed in Chapter 4.0 in many cases such data were either not made available by NGOs or not kept by the organization. If these data are not available after great personal efforts aimed at obtaining them, how likely is it that any single private donor would be able to get the information necessary to perform their role as NGO principal, much less then be able to analyze these data in a systematic way? The difficulties encountered in preparing and analyzing these data can in some ways therefore be seen as evidence in favor of this component of the argument.

The most important element of any and all of these avenues of research, and the current dissertation, is that the benefits of the analysis extend well beyond the realm of the academic and

have significant real world implications. Rather than increasing knowledge for knowledge's sake, or being "academic" in the most pejorative sense of the term, these processes impact individuals in a meaningful way. This includes individuals interested in the way in which aid works, as well as those who earn their living trying to improve the lives of others, often at great personal cost to themselves. Each of these individuals benefits from more effective aid delivery systems, but none benefit as much as aid recipients. Whether they are threatened by civil conflict, natural disaster, or some other calamity, the millions of individuals each year who face existential threats to their lives and well-being desperately rely on the efficient and effective functioning of the humanitarian aid apparatus. Increasing aid effectiveness through increased accountability may infringe on the principles by which some aid organizations operate, but it is an infringement that may translate into tangible benefits for untold individuals and save innumerable lives. That is a trade-off well worth investing in.

APPENDIX A

CONFLICT MODELS SUPPLEMENTARY INFORMATION

Table 6-1 Current Conflict Control Variables, Life Expectancy

	(7) Current Conflict	(8) Current Civil Conflict	(9) Current Civil War
GDP Growth	-0.000134 (0.000453)	-7.93e-06 (0.000505)	-0.000409 (0.000486)
GDP per capita	7.12e-06*** (2.04e-06)	7.74e-06*** (2.12e-06)	7.72e-06*** (2.16e-06)
Openness	-0.000120 (9.79e-05)	-9.30e-05 (9.15e-05)	-5.17e-05 (6.94e-05)
GDP per capita X Openness	-2.99e-09 (3.01e-09)	-4.18e-09 (3.90e-09)	-4.03e-09 (4.10e-09)
Public Health Expenditures	-0.000415 (0.000400)	-0.000329 (0.000432)	-0.000391 (0.000417)
Population (logged)	-0.0235 (0.0285)	-0.0354 (0.0277)	-0.0250 (0.0335)
Polity	0.000822* (0.000495)	0.000672 (0.000493)	0.000857 (0.000549)
Education	-0.0198** (0.00819)	-0.0214*** (0.00626)	-0.0212*** (0.00672)

Table 6-2 Current Conflicts, Infant Mortality

	(10) Current Conflict	(11) Current Civil Conflict	(12) Current Civil War
ICRC Aid	-4.74*** (1.45)	-3.66*** (0.967)	-4.38* (2.33)
ICRC X Conflict	2.96 (2.23)	3.17** (1.58)	4.14 (3.47)
MSF Aid	11.3** (4.74)	8.53 (5.47)	14.02** (6.63)
MSF X Conflict	-8.77*** (2.18)	-5.73* (3.29)	-16.5* (8.67)
Oxfam Aid	7.43* (4.36)	6.64** (3.19)	6.50** (3.24)
Oxfam X Conflict	1.60 (5.78)	-4.29 (9.37)	4.40 (3.53)
Conflict (Prior)	0.177*** (0.0329)		
Conflict (Current)	0.0408 (0.0630)		
Civil Conflict (Prior)		0.116** (0.0518)	0.128*** (0.0296)
Civil War (Prior)		0.0421 (0.0422)	0.00838 (0.0384)
International Conflict (Prior)		1.060*** (0.319)	-8.239*** (1.027)
Civil Conflict (Current)		0.0642 (0.0631)	0.0427 (0.0581)
Civil War (Current)		-0.0105 (0.0364)	-0.0215 (0.0627)
Disasters (Current)	0.00571** (0.00232)	0.00566*** (0.00186)	0.00603** (0.00271)
Disasters (Prior)	0.00828*** (0.00296)	0.00813** (0.00316)	0.00744** (0.00336)
Time Trend	0.00239 (0.00662)	0.00359 (0.00899)	0.00270 (0.00739)
Constant		-14.47*** (3.98)	
Observations	376	376	376
R-squared	0.651	0.650	0.650
Number of Countries	127	127	127
Standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

Table 6-3 Current Conflicts Control Variables, Infant Mortality

	(10) Current Conflict	(11) Current Civil Conflict	(12) Current Civil War
GDP Growth	-0.00430 (0.00360)	-0.00398 (0.00352)	-0.00503 (0.00427)
GDP per capita	-6.85e-05*** (1.38e-05)	-6.93e-05*** (1.71e-05)	-6.27e-05*** (1.48e-05)
Openness	-0.000692* (0.000416)	-0.000854* (0.000486)	-0.000658 (0.000423)
GDP per capita X Openness	3.60e-08 (2.71e-08)	4.47e-08* (2.60e-08)	2.68e-08 (2.83e-08)
Public Health Expenditures	-0.0125 (0.0101)	-0.0125 (0.0102)	-0.0119 (0.0101)
Population (logged)	1.462*** (0.228)	1.421*** (0.249)	1.385*** (0.234)
Polity	-0.000650 (0.00136)	-0.00157 (0.00117)	-0.000940 (0.000941)
Education	-0.0375 (0.149)	-0.0516 (0.126)	-0.0485 (0.149)

APPENDIX B

DISASTERS MODELS

Table 6-4 Disasters Control Variables, Life Expectancy

	(13)	(14)
	Current Disaster	Prior Disaster
GDP Growth	-0.000170 (0.000427)	-6.73e-05 (0.000435)
GDP per capita	7.36e-06*** (2.02e-06)	7.85e-06*** (2.01e-06)
Openness	-0.000144* (8.24e-05)	-0.000123 (9.42e-05)
GDP per capita X Openness	-2.97e-09 (2.97e-09)	-3.77e-09 (2.99e-09)
Public Health Expenditures	-0.000698 (0.000537)	-0.000549 (0.000397)
Population (logged)	-0.0254 (0.0269)	-0.0332 (0.0302)
Polity	0.000911* (0.000485)	0.000808* (0.000466)
Education	-0.0245*** (0.00733)	-0.0223*** (0.00719)

Table 6-5 Disasters Control Variables, Infant Mortality

	(15)	(16)
	Current Disaster	Prior Disaster
GDP Growth	-0.00435 (0.00431)	-0.00417 (0.00424)
GDP per capita	-5.29e-05*** (1.49e-05)	-6.18e-05*** (1.75e-05)
Openness	-0.000461 (0.000473)	-0.000609 (0.000452)
GDP per capita X Openness	1.91e-08 (2.67e-08)	2.90e-08 (3.23e-08)
Public Health Expenditures	-0.0132 (0.00931)	-0.0124 (0.0104)
Population (logged)	1.044*** (0.209)	1.281*** (0.261)
Polity	-0.00126 (0.00110)	-0.00225 (0.00151)
Education	-0.00318 (0.140)	-0.00777 (0.143)

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