FOREIGN AID: A TOOL TO ESCAPE THE CONFLICT TRAP?

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THESIS

Presented to the Faculty of

The University of Texas at Dallas

in Partial Fulfillment

of the Requirements

for the Degree of

MASTER OF SCIENCE IN

INTERNATIONAL POLITICAL ECONOMY

THE UNIVERSITY OF TEXAS AT DALLAS

and

PHILIPPS-UNIVERSITÄT MARBURG

May 2023

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere gratitude and appreciation to the following individuals, without whom this achievement would not have been possible.

First and foremost, I would like to thank my parents, Volker and Elke Waffenschmidt, for their unwavering support and guidance throughout my life. Their constant encouragement and belief in me have been instrumental in shaping my personal and professional growth.

I am also immensely grateful to my supervisor, Dr. Lauren Pinson, for her invaluable guidance, support, and constructive feedback, which have been instrumental in the successful completion of this project.

Furthermore, I would like to extend my sincere thanks to my other supervisors, Dr. Clint Peinhardt, Dr. Rebecca Cordell, and Dr. Jared Edgerton, for their insightful feedback and constructive criticism, which have significantly contributed to the improvement of my master's thesis.

I am also grateful to Lukas Baumheier, who provided me with invaluable support during our daily walks, helping me to tackle the challenges I faced while working on my thesis.

Finally, I would like to express my deepest appreciation to Professor Bernd Hayo from the University of Marburg, whose rigorous academic thinking and research have greatly influenced my approach to academic research.

Once again, I am grateful to all these individuals, and I would like to acknowledge their significant contributions to my academic and personal growth.

April 2023

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The University of Texas at Dallas, 2023

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In developing countries of the Global South, civil conflicts pose a significant hindrance to the process of development. The risk of a civil conflict recurring in these countries within ten years after the end of a conflict is high, creating a conflict trap that perpetuates economic underdevelopment. This study investigates the relationship between the likelihood of a conflict recurrence and the level of foreign aid. The findings suggest that higher levels of foreign aid after the end of a conflict are positively associated with the likelihood of a conflict recurrence. However, higher foreign aid in a given year is associated with a lower likelihood of a conflict recurrence in the following year. The decomposition of foreign aid data by foreign aid donor shows that this relationship only applies to foreign aid from multilateral organizations such as the World Bank and the IMF. While there are indications that a country's level of democratization may influence the relationship between foreign aid and conflict recurrence, there is no evidence to suggest that the human rights situation has any influence on this relationship.

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CHAPTER 1

INTRODUCTION

Civil conflict is a key obstacle to development in countries of the Global South. In addition to the direct victims of conflict, whose value of life is not economically quantifiable, civil conflict leads to economic and social costs that impede stable and sustainable development (World Bank 2011). Estimates of the costs of civil war range from $60 billion to $120 billion (Dunne 2013; Collier 2000). A country affected by civil war is about 15% poorer after the conflict ends than before and takes about 10 years to recover economically. In addition, exports and food production decline as inflation and public debt rise (Steward et al. 1997).

The effects of civil conflict also shape the period after its end. For example, about half of the costs of a civil war are incurred in the post-conflict period (Collier 2000). This is primarily due to destroyed physical and social infrastructure, such as migration, lack of education, and destruction of the physical capital stock (Steward et al. 1997). In addition, civil wars in most cases lead to a deterioration of political institutions (Hoeffler and Reynal-Querol 2003).

However, populations not only suffer from the economic damage their countries experience during periods of violence but are negatively affected by civil conflict in a variety of ways. For example, internal conflict leads to greater malnutrition, higher poverty and hunger, poorer education, higher infant mortality, and lower life expectancy (Gates et al. 2012). All in all, psychological losses significantly exceed economic losses (Welsch 2008).

The effects of civil conflict extend beyond the country of conflict, negatively affect its immediate neighbors, and can destabilize entire regions (Collier 2000).

Particularly problematic is that the devastating effects of a civil conflict or civil war permanently destabilize a country economically and socially, making it likely that violent internal conflicts will erupt again. The consequences of a conflict can thus be the causes of a new conflict. Such a vicious circle is also called a conflict trap (Collier et al. 2003).

Countries caught in the conflict trap can be found on all continents. Ethiopia has not been able to rest since the 1970s and is regularly rocked by civil conflicts along political and ethnic lines that prevent long-term stabilization and stifle economic development. A similar situation is found in Myanmar, which has been unable to establish political stability since its independence from Britain in 1948 and is repeatedly set back by regular civil conflict recurrences. Other countries, such as Colombia, seem to have escaped the conflict trap after half a century. How long the peace concluded in 2016 will last remains to be seen. The international community is now faced with the question of how countries like Colombia can be supported to escape the conflict trap after a conflict has ended.

One possible way in which external actors could try to help a country escape the conflict trap could be the provision of foreign aid. While the effectiveness of foreign aid in increasing growth in the Global South is controversial (Qian 2014; Burnside and Dollar 2000; Collier and Dehn 2001; Easterly et al. 2003; Easterly 2003), foreign aid can contribute significantly to poverty reduction (Alvi and Senbeta 2011).

In this paper, I will address the question of whether foreign aid can help countries in the Global South escape the conflict trap and thus support them in their long-term development. Therefore, my research question is: *Is there a relationship between the amount of foreign aid a country receives and the probability that a civil conflict will recur in the decade after the conflict ended and*

on which factors does that relationship is conditional on? To explore this relationship, I examine 177 internal conflicts in 94 countries, 73 of which recurred in the decade following the end of the conflict. Using logistic regressions and cross-conflict data, I examine whether the average amount of foreign aid received in the decade following the end of the conflict is associated with the likelihood of conflict recurrence in that period. In a second step, I use panel data to examine the relationship between foreign aid received in one year and the probability of a new outbreak in the following year. Moreover, I test whether there is a relationship between the fluctuation of foreign aid disbursements and the likelihood of a conflict recurrence. Furthermore, I test the possible influence of the human rights situation and the democratization of a country on the relationship between foreign aid and the probability of a renewed outbreak of conflict. Finally, I examine whether the type of donor has an influence on the relationship between foreign aid disbursements in one year and the likelihood of a renewed outbreak of conflict in the following year. I distinguish between foreign aid from members of the Development Assistance Committee (DAC)[1], non-DAC member states, and multilateral organizations.

The results of my research are mixed. While average foreign aid payments are positively related to the probability of conflict recurrence, the amount of foreign aid payments in one year is negatively related to the recurrence probability in the following year. However, the latter is only true for foreign aid from official donors and multilateral organizations, but not for foreign aid from DAC or non-DAC member states.

[1] The Development Assistance Committee is the committee of the Organisation for Economic Co-operation and Development (OECD) which deals with development co-operation matters. Current members are Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, the United States and the European Union.

Moreover, I find empirical evidence only for the influence of the degree of democratization on this relationship, although not in all models. I do not find any evidence for the influence of the human rights situation on the relationship between foreign aid and civil conflict recurrence.

My thesis is structured as follows: In the following chapter, I will describe previous research on the conflict trap, the relationship between foreign aid and civil conflict, and other potential factors influencing the likelihood of civil conflict recurrence. In the third chapter, I will derive, on a theoretical level, the hypotheses that will be tested in this thesis. In chapters four and five, I describe the data and methodology used in the process. In the sixth chapter I describe and interpret the results of my models and highlight possible limitations of my work before the thesis concludes with a summary in the seventh chapter.

CHAPTER 2

LITERATURE REVIEW

In the following, I first summarize the phenomenon of the conflict trap and the related research literature. In the second section of the literature review, I describe the current state of research on the impact of foreign aid on a country's internal conflict trajectory. In the third section of this chapter, I summarize the evidence about the impact of foreign aid on conflict recurrence. In the last section, I describe which factors besides foreign aid have an influence on the risk of a renewed outbreak of conflict and must therefore be considered in the analysis of the relationship.

2.1 Conflict recurrence

Civil conflicts often bear the risk of recurrence. Since conflicts, as already described, have a strong impact on various areas relevant for the development of a country, a country can fall into a so-called conflict trap. This describes a country being caught in a negative spiral of conflict and lack of economic and social development (Hegre et al. 2017). Various studies put the probability of a civil war recurring within the decade following the end of conflict at 40 to 50 percent (Quinn et al. 2007; Collier et al. 2008), although calculating these risks involves some difficulties and should therefore be used with caution (Hegre et al. 2017; Suhrke and Samset 2007).

Aversion and hatred generated during the conflict lowers trust and cohesion in a society in the post-conflict period (Wood 2008). Destroyed infrastructure as well as capital flight (Collier 2000) lowers the country's capital stock. Human capital is reduced by poor health care, malnutrition, and

lack of education (Alderman et al. 2006; Bundervoet et al. 2009). Both contribute decisively to a weakening of economic performance and increased poverty, even in the long term, and thus increase the risk of a renewed outbreak of conflict.

2.2 Effect of Foreign Aid on Conflicts

The relationship between the amount of foreign aid and the risk of civil conflict is ambiguous at both the theoretical and empirical levels.

Foreign aid can increase the risk of civil conflict by increasing the incentive for rebels to take control of the state (Arcand and Chauvet 2001, Azam 1995, Grossman 1992). In addition, foreign aid can increase economic divisions along political and ethnic lines in a country, thereby increasing grievances that are causal to conflict (Findley 2018). Moreover, there is a risk of aid shocks, i.e., abrupt reductions in foreign aid inflows that make it difficult for the state to make reliable commitments to its own population and potential rebels, thus increasing the risk of conflict (Bulir and Hamann 2008; Nielsen et al. 2011). These same effects can also prolong and intensify conflicts after they started. The potential negative impact of adverse foreign aid shocks can be reduced by diversifying the donor structure (Gutting and Steinwand 2017).

Foreign aid can also be violently looted by rebels and subsequently used to finance a rebellion (Addison et al. 2002), as studies of conflicts in Somalia, Nigeria (Barnett 2011), and Ethiopia (Perlez 1992) show. Even after the end of a civil conflict, the looting of foreign aid can provide a source of resources for rebels to restart the conflict, as shown for example in Rwanda (Gourevitch 1999).

In this context, the influence of foreign aid on the conflict also depends on how targeted foreign aid can flow into regions controlled by the government and thus avoid that rebel groups can use it for rearmament (Sexton 2016). The more spatially concentrated foreign aid is and the further it is from government-controlled locations, the easier it is for rebel groups to control it (Findley et al. 2011).

However, foreign aid that reaches the government can also drive conflict, for example if rebels see it as threatening their supremacy in areas they occupy and control (Findley 2018). Foreign aid can also complicate ceasefire negotiations and peace talks by creating uncertainty about how strong the other side is. This information deficit leads to a more difficult assessment of whether further violence is worthwhile (Fearon 1995, Findley 2018).

In addition, if a government were to receive more foreign in years of civil war, there may be a risk of moral hazard, as the government may have an incentive to prolong the war (Bapat 2011). However, Collier and Hoeffler (2002) show that less foreign aid is generally disbursed during civil conflict. After the end of a civil conflict, foreign aid flows partly to the losers and may enable them to start the war again (Narang 2014).

However, foreign aid can also reduce the risk of conflicts, their violent development, and the danger of their recurrence. For example, it can strengthen economic development, improve living conditions, and thus reduce grievances and the risk of rebellion (Miguel et al. 2004). In addition, good economic development increases the opportunity cost of involvement in conflict, reducing the possibility of successful recruitment by rebels (Collier & Hoeffler, 2004a; Collier & Hoeffler, 2002). For example, although Collier and Hoeffler (2002) do not find a direct effect of foreign aid on the likelihood of conflict, they are able to show that foreign aid-induced economic development

reduces the risk of conflict. This can reduce the likelihood of conflict as well as its violence and length, and the risk of recurrence (Findley 2018). Studies of conditional cash transfers show that they reduce the likelihood of conflict in a region, which also suggests that economic development contributes to less conflict (Crost et al. 2016).

Foreign aid can also be used to increase the state's defensibility against potential rebels (Collier and Hoeffler 2002) or to buy their support (Azam and Delacroix 2006, Azam and Mesnard 2003). How strong these positive effects are, depends on how much control the state has over foreign aid, how much of it ends up in the hands of potential rebels, and how effectively it is used to improve living standards (Girod 2012). Some studies show that foreign aid that flows into urban development and transport seems to be particularly effective (Chauvet et al. 2010)

Moreover, some evidence suggests that foreign aid is particularly effective when the risk of conflict is especially high: during periods of democratization and economic downturn (Savun and Tirone 2011; Savun and Tirone 2012; Findley 2018).

Furthermore, how foreign aid affects the likelihood of conflict appears to depend on the type of foreign aid. Nunn and Qian (2014) find a significant positive correlation between U.S. wheat production and the likelihood of conflict in countries that the U.S. regularly supports with food aid. They deduce that an increase in U.S. food aid increases the average risk of civil conflict in recipient countries. In doing so, the authors emphasize that it is not the influence on conflict onset but on prolonging existing conflicts, and that the influence is particularly pronounced for countries that have a history of conflict. It is also possible that food aid in particular increases the risk of conflict, as it is a form of foreign aid that can be captured, whereas other forms of foreign aid, such as

budget aid or technical assistance, cannot be captured so easily (Hoeffler 2014). Hoeffler also emphasizes that food aid is only a very small part of total foeign aid.

Other studies find empirical evidence that foreign aid shortens the duration of civil conflict but does not reduce the likelihood of conflict outbreak (De Ree and Nillesen 2009). Studies on whether different donors have a different impact on the likelihood of ethnic conflict find that donations of all donor types reduce the risk of conflict (Mousseau 2020).

2.3 Effects of Foreign Aid on Conflict Recurrence

Many of the mechanisms described in the previous section on how foreign aid influences the emergence of conflict can also be applied to the effects of foreign on civil conflict recurrence. The literature on the relationship between foreign aid and the likelihood of conflict recurrence focuses particularly on the role of foreign aid in economic recovery and stabilization, which is seen as central in preventing recurrence (Collier et al. 2008; Cevik and Rahmati 2015). Elbadawi et al. (2008) describe foreign aid as "an important determinant of economic growth, particularly after peace is reached" (p.113).

However, the question about the effectiveness of foreign aid is controversial. Collier and Hoeffler (2004b) find that the positive impact of foreign aid on economic growth is particularly high in the first seven years after the end of the conflict, and Flores and Nooruddin (2009) find a significant impact of foreign aid on economic recovery and the stability of peace, especially in the three years after the end of the conflict. Other studies find no significant effect of foreign aid on economic growth (Cevik and Rahmati 2015) or no effect of economic growth on the probability of civil war

recurrence (Dahl and Høyland 2012). Some models even show an increased probability of recurrence. Nunnenkamp (2016) also finds that foreign aid does not play a central role in stabilizing post-conflict countries and does not have a strong influence on the probability of conflict recurrence.

Other authors examine the circumstances under which foreign aid has an impact on economic recovery. For example, Hoeffler et al. (2010) find that foreign aid in post-civil conflict countries increases growth only moderately and only if the post-civil conflict phase is nonviolent. Moreover, they find no evidence that certain forms of foreign aid have a stronger or weaker impact on peace stability while other authors find different types of foreign aid being particularly effective (Donaubauer, Herzer and Nunnenkamp 2016). Especially social infrastructure benefits from foreign aid in the post-conflict period including the areas of health, governance and education. Foreign aid therefore seems less effective on the physical and economic infrastructure of a country, such as energy, transport, finance and communication. The authors conclude that foreign aid should therefore be invested in social infrastructure projects, as this is where it is most effective. Field experiments in Liberia reinforce the finding that foreign aid improves the institutional fabric and thus strengthened social cohesion after the end of the civil war (Fearon et al. 2009).

Flores and Nooruddin (2008) show that the World Bank allocates foreign aid especially to countries whose risk of a renewed outbreak of conflict it considers to be low. At the same time, the authors show that World Bank foreign aid has a positive impact on a country's post-conflict stability and reduces the likelihood of a new conflict. With their findings, the authors elaborate on a possible endogeneity problem in the study of the influence of foreign aid on the risk of a new outbreak of civil conflict: it is possible that foreign aid is disbursed especially to those countries

that donors believe will not relapse into conflict. Controlling for the World Bank's non-random selection, the authors find no effect of foreign aid on the likelihood of civil conflict recurrence. In summary, the empirical research to date on the influence of foreign aid on the likelihood of conflict recurrence is mixed.

2.4 Other factors influencing conflict recurrence

In addition to foreign aid, previous research has found several other factors that could influence the risk of recurrence of conflict. These will be briefly examined below.

Various political decisions after the end of the conflict can have an influence on how stable the peace is. For example, elections held shortly after the end of the conflict seem to increase the risk of the conflict breaking out again (Brancati and Snyder 2012). Some authors therefore suggest delaying elections by one to two years after civil wars (Flores and Nooruddin 2012)

The composition of the government also appears to have an impact on peace stability. A broad coalition that includes as many conflict parties as possible lowers the likelihood that conflict will erupt again (Joshi and Mason 2011). In addition, there is empirical evidence that multiple sovereignty lowers the incentives for conflict parties to restart conflict (Mason et al. 2011). Another factor that has a significant effect on the likelihood of civil conflict recurrence is the representation of women in legislative roles. For example, Shair-Rosenfield and Wood (2017) find that a higher proportion of women in the nation's legislature prolongs the duration of peace. The authors attribute this effect to two mechanisms: first, a higher proportion of women in legislative bodies leads to social welfare spending being accorded greater relevance over military spending;

second, a higher proportion of women improves the public standing of the political class and strengthens trust in political processes. In general, good governance promotes peace stability (Hegre and Nygård 2014).

Other studies examine, which degree of democratization have the most stabilizing effect in post-conflict countries. Democracies seems to be the form of government that is most resistant to civil conflict (Hegre et al. 2001). Regimes that are in between democracy and autocracy are the most vulnerable. The authors attribute this relationship, which takes the form of an inverted U, to the fact that citizens in repressive autocracies dare not engage in any form of rebellion, whereas in democracies they can make their opinions known by democratic means.

In addition, the influence of post-conflict justice institutions such as amnesties, reparations, trials, and truth commissions on the likelihood that civil conflicts will break out again was examined. The results show that justice institutions that alleviate grievances caused by the conflict have an impact on the duration of peace, as they reduce the willingness to participate in a rebellion (Loyle and Appel 2017). Post-conflict justice institutions, on the other hand, which are intended to discourage mobilization via a deterrent effect on potential rebels, are rarely successful in bringing lasting peace to a conflict.

Recent research examines the role of domestic security forces in the post-conflict period on the likelihood that conflict will erupt again (Berg 2020). While politically motivated appointments to military positions and granting the military broad autonomy can help the government deter opponents of the government and secure political support, it also increases the likelihood of conflict,

for example, from ex-soldiers. Civilian control of the military and the appointment of senior military positions based on performance criteria can therefore reduce the risk of renewed conflict.

In addition to a country's internal factors, external factors are also responsible for the likelihood of conflict recurrence. For example, support for rebel groups by external states puts peace at risk, while support for governments by external states does not increase the likelihood of conflict recurrence (Karlén 2017).

Most internal conflicts have a transnational dimension, for example, because resources, actors, and events often cross borders (Gleditsch 2007). Moreover, the likelihood of conflict depends on the situation of immediate neighbors (Sambanis 2001). For example, the likelihood of ethnic conflict is particularly high when neighboring countries have undemocratic systems or are also in civil conflict.

In addition, UN peacekeeping missions are thought to have a major impact on stability in the post-conflict period (Hegre et al. 2019; Joshi 2012). The higher the spending on peacekeeping missions, the lower the likelihood of a recurrence of civil conflict. Collier et al. (2008) calculate that doubling spending on peacekeeping missions reduces the risk of a civil war breaking out again from 40% to 31%. Diehl et al. (1996) on the other hand find that UN interventions into ongoing conflicts were ineffective in the long-term, regardless of various factors, and suggest that changes in strategy may be necessary.

Missions that support politics and governance, i.e., that increase participatory opportunities for citizens and strengthen democratic institutions, are particularly effective in preventing the recurrence of civil war (Mross et al. 2022). These include missions that assist “elections, constitution-

writing, technical state capacity, the rule of law, human rights and civil society, which is supposed to increase the capacity, independence, and legitimacy of state institutions so that they can better serve as mechanisms of conflict management" (p.3).

A broad literature also addresses how particular characteristics of the ended conflict have an impact on the likelihood of its recurrence. According to Walter (2004), research on which conflict-specific characteristics have an impact on the risk of a conflict recurrence focuses on three possible influencing factors: the reason for the original conflict, the way the conflict was conducted, and the end of the conflict.

Recent research also explores how cooperation between different rebel groups affects the likelihood of renewed conflict. Cooperation between different rebel groups during a civil conflict can lead to clashes between those groups after the conflict ends, jeopardizing the peace that has been established (Zeigler 2016).

A split in the rebel group into different factions during a civil conflict can also have an impact on a country's stability in the post-conflict period (Rudloff and Findley 2016). When rebel groups split during conflict, it lowers the stability of peace because the split can lead to rebel groups with different strengths pursuing different goals. As a result, it is more difficult to find a lasting, stable agreement with all parties to the conflict. A split among the rebels can also lead to commitment problems for the government. Because of these risks, the authors describe a government strategy aimed at splitting the rebels as risky.

Whether a decisive victory carries a higher likelihood that peace will hold, or a negotiated peace agreement is debatable. While some research shows that a victory by one party over the other

produces a more stable peace than the outcome of peace negotiations (Flores and Nooruddin 2009), others find temporal differences in the stability of peace. While the victory of one conflict party over the other does produce a more stable peace in the short term, a peace agreement seems to be better for the long-term stability of peace. A victory of the rebels leads more often to a stable peace than a victory of the government, if there is a period of a few years without the war breaking out again. A government victory usually only leads to a stable peace for a few years until the rebels have regrouped and once again mount a violent challenge to the state (Mason et al. 2011).

Barbara Walter (2004) disagrees with the view that conflict-specific factors are primarily responsible for the likelihood of a civil conflict breaking out again. Rather, the decisive factor is whether there are sufficient incentives for potential rebels to join an insurgency and challenge the government. According to Walter, two conditions are necessary for this to happen. First, the economic situation of the citizens must be so bad that the opportunity costs of participating in an insurgency are low and thus the economically rational decision is to join a rebellion. Second, there are no peaceful ways in which citizens can express their dissatisfaction and exert pressure and influence for political change. She finds empirical evidence that, regardless of their conflict-specific characteristics, countries are less likely to experience the recurrence of civil war if they have a good economic condition and a participatory political system in which citizens can effect change in a non-violent manner.

Other studies also support the importance of economic factors for the stability of peace. Both economic growth and the absolute level of income seem to be relevant (Collier and Hoeffler 1998; Collier and Hoeffler 2002). Globalization also reduces the risk of conflict through its positive effect on economic development (Barbieri & Reuveny, 2005).

In addition, resource wealth could have a positive impact on a country's likelihood of conflict for several reasons: because different interest groups compete for resources, because the distribution of resource rents increases grievances among different population groups, or because resources are used to finance conflict after conquest by rebels (Mousseau 2020). As with foreign aid, it can be assumed that resources controlled by the state increase the incentives for rebels to violently overthrow the government (Buhaug 2006). For example, Collier and Hoeffler (2004b) find that high dependence on oil exports increases the risk of civil war.

Whether resource wealth increases the likelihood of conflict depends on the distribution of resources in the country and the nature of the conflict. As Morelli and Rohner (2015) show, the likelihood of secessionist conflict is particularly high when an ethnic minority resides in a region of the country that is particularly resource-rich relative to the rest of the country.

Other geographic factors of a country, as well as its population size, also have an influence on the likelihood of civil conflict, as both have an impact on the ability of rebels to hide from the government's military (Fearon and Laitin 2003). For example, particularly mountainous terrain provides rebels with an ideal retreat. In larger societies, rebels are much more difficult to locate and fight.

Finally, research has looked in depth at how a country's ethnic composition affects the risk of conflict. The relationship between a country's ethnic composition and the risk of civil conflict has been extensively researched in the past and often concluded that ethnic heterogeneity increases the risk of civil conflict (Esteban, Mayoral and Ray 2012). Nevertheless, there is no clear consensus on whether the extent of ethnic diversity affects the risk of conflict (Cunningham and Weidmann 2010). Denny and Walter (2014) describe that 64% of civil wars since 1946 have been fought along ethnic lines. This can be attributed to several aspects. Ethnic groups are more likely to

experience grievances because wealth and power tend to be distributed along ethnic lines. Coordination within an ethnic group is also easier, and access to financial resources is facilitated by the diaspora, making civil war more feasible. Moreover, the relatively fixed and unchangeable nature of ethnicity makes it easier for both sides to predict each other's group demography and voting behavior, reducing the likelihood of a negotiated or peaceful solution to the conflict. Moreover, the ethnic composition of a region influences the likelihood of a conflict, as it affects the ability of the central government to react appropriately to grievances of ethnic groups. Thus, it is found that the probability of civil conflicts is higher if a region is ethnically heterogeneous and dominated by one ethnic group (Fearon and Laitin 2003). This is supported by Cederman et al. (2009) who confirm that ethnic groups are particularly prone to violent rebellion when they are excluded from centralized state power.

Other studies show that the level of ethnic diversity does not influence the risk of conflict, but only the division of power, which often proceeds along ethnic lines (Wimmer 2009) and that the importance of ethnic lines only gains significance during conflicts (Lewis 2017).

Through its influence on ethnic fragmentation and the unequal distribution of political and economic participation, colonial history also has an impact on the likelihood of conflict in former colonies. Various studies show that the colonial style of different colonial powers and the associated different degree of centralization led to a different distribution of power among ethnic groups, which still influences the risk of conflict in former colonies today (Wucherpfennig et al. 2015; Blanton et al. 2001). Especially after the end of colonial times, a power vacuum arose around power in the state, which often led to violent conflict along ethnic lines (Lange and Dawson 2009).

In line with this argument, Wimmer (1997) also finds that conflicts in African states are particularly prevalent in the years following the attainment of independence. He emphasizes that ethnicity was politicized in the emergence of postcolonial states and therefore ethnic conflicts often erupted especially in the formative phase of postcolonial states. Thus, it can be assumed that the time span since independence of a state has an influence on the risk of conflict.

Moreover, it is often assumed in the literature that the risk of a conflict breaking out again is negatively related to the time since the end of the conflict (Collier and Hoeffler 2002). Thus, the more years of peace, the less likely the conflict will break out again.

CHAPTER 3

THEORY AND HYPOTHESES

As explained in the previous chapter, the relationship between civil conflicts and the level of foreign aid payments received has not been conclusively clarified, either at the theoretical or empirical level. In addition, several other conflict- and country-specific variables can have an influence on the probability of conflict. The same applies to the probability of a civil conflict recurrence.

Using conflict data from 1960 to 2021 for 177 conflicts I try to answer my research question: *Is there a relationship between the amount of foreign aid a country receives and the probability that a civil conflict will recur in the decade after the conflict ended and on which factors does that relationship is conditional on?*

My study contributes to a better understanding of this relationship in several ways. First, I fundamentally examine the relationship between the amount of foreign aid received and the probability of conflict recurrence and ideally clarify previous mixed results. Second, I examine whether this relationship is influenced by changes in the amount of foreign aid. Third, I examine whether the relationship is conditional on different political characteristics. Fourth, I examine whether the relationship varies across different donors.

As described above there are several ways in which foreign aid could influence the probability of conflict recurrence. Whether foreign aid is increasing or decreasing the risk of conflict recurrence is has not been conclusively clarified. To explore this, I will test the following hypotheses:

(1) The average amount of foreign aid received is associated with the probability of a civil conflict recurrence within the decade following the conflict.

In the remaining part this hypothesis will be referred to by *Average Hypothesis*. While this hypothesis only examines the impact of average foreign aid levels on the likelihood of conflict recurrence, it is possible, that it shows other results than a year-on-year perspective, because its aggregating the foreign aid of different years. Therefore, I turn to a closer examination of the temporal dimension of foreign aid payments in the second step. To this end, I first examine whether foreign aid payments in the previous year have a significant impact on the probability of conflict and test second hypothesis which I will refer to as the *Lag Hypothesis*:

(2) The amount of foreign aid received in one year is associated with the probability of a civil conflict recurrence in the following year.

Furthermore, it can be assumed that not only the amount of foreign aid received, but also the stability of the foreign aid received has an influence on the probability of a conflict recurrence. As described in chapter 2 large fluctuations in foreign aid make it difficult for the government to keep commitments and can increase potential grievances. Moreover, stability in foreign aid is conducive to stable growth. To test the impact of fluctuations in foreign aid on the risk of civil conflict recurrence, I test the *Fluctuation Hypothesis*:

(3) The fluctuation of foreign aid received is associated with the probability of a civil conflict recurrence within the decade following the conflict.

The effectiveness of foreign aid seems to depend on various political factors. Therefore, it can be assumed that the effect of foreign aid on the likelihood of conflict recurrence also depends on political characteristics of the country. These characteristics include the degree of democratization

of a country and the human rights situation in that country. Using interaction terms, I therefore additionally test the following two hypotheses, which I call *Interaction Hypotheses*:

(4.1) The relationship between foreign aid and the risk of civil conflict recurrence is conditional on the degree of democratization in the country.

(4.2) The relationship between foreign aid and the risk of civil conflict recurrence is conditional on the human rights situation in the country.

Since donor countries are both politically diverse, have different priorities and procedures in the distribution of foreign aid, it is possible that the type of donor has a relevant impact on the relationship between foreign aid on the probability of conflict recurrence. Therefore, I also test the following *Type Hypothesis*:

(5) The relationship between foreign aid and the risk of civil conflict recurrence is conditional on the donor type.

The data and methodology I use to test these hypotheses are explained in the next two chapters.

CHAPTER 4

DATA

In this section, I describe the nature, properties, and sources of the data used in the models. First, I will describe the dependent variable, which describes whether a conflict broke out again after it ended. In the second section, I describe my explanatory variables, before describing the control variables of my model in the third section.

The unit of analysis for this study is country-year data for 94 countries over the period from 1960 to 2021. The study focuses on 177 intraregional conflicts within these countries and examines their relationship with official development assistance (ODA) over time. To analyze this relationship, the study uses logit regression with panel data and conflict-fixed effects. The conflict data is obtained from the Uppsala Conflict Data Program/Peace Research Institute Oslo (UCDP/PRIO), and the ODA data is obtained from the Organization for Economic Co-operation and Development (OECD). The scope of the study is limited to these specific countries and the intraregional conflicts that occurred within them, as well as the ODA received by these countries in the same time frame.

4.1 Dependent variable

To explore the relationship between the likelihood of conflict recurrence and foreign aid received, I use conflict data from the UCDP/PRIO Armed Conflict Dataset (Davies et al. 2022; Gleditsch et al. 2002). This dataset contains data on armed conflict where one party to the conflict is the government of a country for the period 1946 to 2021, where conflict describes "a contested

incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths in a calendar year." (Pettersson 2022, p.1).

For the regressions conducted here, only intrastate conflicts in the period between 1960 and 2021 are considered, since data for most control variables are only available from 1960 onward. The data set contains 177 conflicts in 94 countries of which 73 recurred in the decade after end of conflict. 35 conflicts recurred one time, 21 conflicts recurred two times. 8 conflicts recurred three times. 3 conflicts recurred four times. 2 conflicts recurred five times. 4 conflicts recurred six times. This means I look at 324 post-conflict-periods with an average length of 6,87 years. However, because some of the control variables are not available or are limited for some of the conflicts, the number of post-conflict-periods examined varies depending on the model specification.

4.2 Explanatory variables

Foreign Aid

To quantify foreign aid received, I use data from the OECD on Official Development Aid (ODA) from 1960 to 2021 (OECD 2023a). Official Development Aid is defined by the OECD as "resource flows to countries and territories on the DAC List of ODA Recipients (developing countries) and to multilateral agencies which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms" (OECD 2023b). This includes technical assistance, but not loans, grants, or military assistance. The data used are disbursement data, i.e., in contrast to commitments, they refer to the actual

amount of foreign aid disbursed. The data are available on an annual basis and are in constant prices from 2020 in million U.S. dollars. For testing hypotheses 1 to 4, I use ODA from all official donors i.e., the sum of foreign aid from DAC member states, non-DAC member states, and multilateral organizations such as the World Bank and the IMF. For the examination of the *Type Hypothesis*, I use ODA disbursements from DAC member states, non-DAC member states and multilateral organizations. The data refer to the foreign aid disbursements of the country where the conflict took place.

Democratization

For the democratization of a country, I use the Polity IV indicator of the Center for Systemic Peace (Marshall and Gurr 2023). This indicator provides annual data on democratization for all countries with more than 500,000 inhabitants (as of 2018) on a scale from -10 to +10, where +10 represents full democracy, while -10 describes full autocracy. The Center for Systemic Peace considers various aspects such as the institutions that enable citizens to participate in politics, limit the exercise of power by the state and protect civil rights. As described in section 2.4, a nonlinear relationship between the degree of democratization and the probability of conflict is often assumed. Instead, a U-shaped relationship is assumed, which I account for by squaring the democracy data.

Human rights

Another possible factor influencing the risk of a renewed outbreak of conflict is the human rights situation in a country. For this purpose, I use the data set of Farriss et al. (2020) on physical integrity rights, which documents the "extent to which citizens are protected from government killings, torture, political imprisonments, extrajudicial executions, mass killings and disappearances" (Our World in Data 2023a) for the period from 1949 on a scale from -4 to +4. A lower value indicates

a higher level of protection of human rights. As for democratization, an inverted U-shaped relationship between the probability of civil conflict and the human rights situation of a country is assumed. Therefore, the human rights data is squared.

4.3 Control variables

In the following section, I describe the different sources and characteristics of the control variables used. The control variables refer to the country in which the conflict took place.

Population

To control for the possible influence of population size, the number of citizens of a country is also included in the regression. The corresponding values are taken from the World Bank database and are available on an annual basis from 1960 (World Bank 2023d).

Religion & religious diversity

To control for the potential impact of a country's majority religion and religious diversity on the risk of renewed civil conflict, I use data from the Pew Research Center (2022). The Pew Research Center measures the percentage of eight religions in the population in 2010, as well as the Religious Diversity Index (RDI). This can take values from 0 to 10, with 10 representing a complete equal distribution among these groups. Here, I use the 2010 data for all years studied due to data limitations. Although perfect invariance of these data cannot be assumed, it can be assumed that the variation and diversity of religious affiliation remains relatively constant over time and inclusion of these data should be preferred over ignoring the variables.

Ethnic fractionalization

To control for the impact of ethnic fractionalization on the likelihood of conflict re-emergence, I use the Historical Index of Ethnic Fractionalization (HIEF) Dataset developed by Drazanova (2020). The dataset documents the ethnic composition of 162 countries for the period 1945-2013, and the indicator can take values between 0 and 1, where 0 means that all citizens of the country belong to the same ethnicity and 1 if each person belongs to a distinct ethnicity.

GDP

As explained in section 2.4, the economic performance of an economy can also have an impact on the risk of renewed conflict. To control for this influence of economic performance, the GDP of the year in which the conflict ended is also included in the model. Since economic development is considered a key channel through which foreign aid influences the risk of conflict, GDP in the years following the end of the conflict is not used. For the same reason, the variables GDP growth and GDP per capita are also omitted. GDP data are taken from the World Bank database (World Bank 2023b). They are annual data for the period 1960 to 2021 in constant 2015 U.S. dollars.

Foreign direct investment (FDI)

To control for the effects of foreign direct investment (FDI) on the likelihood of conflict re-emergence, I use World Bank data on annual flows of foreign direct investment, based on countries' balances of payments (World Bank 2023a). The data are in current U.S. dollars and cover the period from 1970 to 2021.

Remittances

The possible influence of remittances on the probability of conflict re-emergence is also controlled for in the regressions. For this purpose, I use annual World Bank data for the period 1970 to 2021 in current U.S. dollars, based on balances of payments (World Bank 2023e).

Oil dependence

Another factor that is controlled for is oil dependence. For this purpose, I use the share of oil rents in the GDP of a country. Oil rents describe the difference between the value of crude oil produced and the cost of its production. The data are taken from the World Development Indicators of the World Bank and are available on an annual basis for the years 1960 to 2021 (World Bank 2023).

Terrain ruggedness

As described in Section 2.4, much evidence suggests that the physical nature of a country influences its vulnerability to civil conflict. To account for these influences, I include in my models the terrain ruggedness index developed by Nunn and Puga (2012), which measures how "jagged or flat the terrain of a country is on average" (Our World in Data 2023c). The higher the value of the index, the more mountainous a country is.

Region

The control variable for regions can be used to test whether there are regional influences on the likelihood of recurrence. For this purpose, I use the World Bank's regional classification, which divides countries into East Asia and Pacific (EAP), Europe and Central Asia (ECA), Latin America and Caribbean (LAC), Middle East and North Africa (MENA), North America (NA), South Asia (SA), and Sub-Saharan Africa (SSA) regions (Our World in Data 2023b).

Colonial history / Colonizer

As discussed in section 2.4, colonial history can also influence the likelihood of conflict. Therefore, I control for both colonial duration and colonial power in the models. The Colonial Dates Dataset (COL-DAT) created by the SOCIUM Research Center on Inequality and Social Policy contains the relevant data, with colonial powers coded as dummy variables (Becker 2019).

Years since independence

To calculate and control for the years since independence, I use the State System Membership List of the Correlates of War Project, which contains the states that existed between 1816 and 2016, each with the year of origin (Correlates of War Project 2017). Using this data, I calculate the variable of the length of existence of a state.

CHAPTER 5

METHODOLOGY

I use several models to test my hypotheses. First, I examine whether there is a relationship between the amount of average official development aid (ODA) received after the end and the recurrence of a conflict. To do this, I create a dummy variable that is a 1 for the corresponding conflict if it has broken out again within ten years and a 0 if the conflict has not broken out again in the ten years following the end of the conflict. The average amount of ODA refers to the ten years following the conflict or the years until the conflict broke out again. Using the control variables described in 4.3, the following equation is obtained using a binary logistic regression:

(1) $$P\,(Conflict = 1) = \frac{1}{1+e^{-\beta_0+\beta_1*ODA+\beta_2*\gamma}},$$

where γ describes a vector of control variables, e is Euler's number, β_0 is the constant, β_1 is the coefficient of the explanatory variable ODA and β_2 is the vector of coefficients of the control variables. For time-variant control variables I use the mean of the values of the ten years following the conflict or the years until the conflict recurred.

Since this cross-conflict analysis only estimates the influence of the average foreign aid on the probability of a conflict breaking out again, an examination of the time component is relevant for answering the *Lag Hypothesis*. Therefore, the relationship between foreign aid lagged by one year and the recurrence probability of a conflict is examined using panel data. For this purpose, I construct a dummy variable that takes the value 0 in the years after the end of a conflict if the conflict did not break out again in a post-conflict year and 1 if the conflict broke out again in this post-

conflict year. Since I only examine the period of ten years after the end of a conflict in this paper, the data set contains a maximum of ten post-conflict years per conflict.

With the help of this panel data set, the *Lag Hypothesis* can be examined. For this purpose, various models are estimated. First, I estimate the following logistic model using disbursed ODA lagged by one year (ODA_{t-1}) and including conflict fixed effects (fe):

$$P_t\ (Conflict = 1) = \frac{1}{1+e^{-\beta_0 + \beta_1 * ODA_{t-1} + \beta_2 * \gamma_{t-1} + fe}} \tag{2.1}$$

In addition to the ODA lagged as an explanatory variable and the constant (β_0), the influence of various control variables is estimated (γ_{t-1}). I only use time-variant control variables lagged by one year since the time-invariant factors that could have an influence on the relationship between foreign aid and conflict are already covered by the conflict-fixed-effects. The conflict-fixed-effects not only control for the influence of time-invariant specifics of the conflict location on the probability of conflict reoccurrence, but also control for the influence of characteristics of the conflict that have an impact on the probability of conflict reoccurrence. These potential influencing factors include the duration of the conflict, the number of conflict victims, the cause of the conflict, and the outcome of the conflict. Because these conflict-specific characteristics can have a decisive influence on the probability of conflict reoccurrence, conflict-fixed effects are preferable to country-fixed effects.

However, the use of conflict-fixed effects also leads to a sharp reduction in the number of conflicts studied. This is because of conflicts that have not recurred, the conflict-dummy consistently has the value 0 and therefore there is no variation in the dependent variable. Using time-invariant control variables can control for the country's characteristics controlled by conflict-fixed-effects, at

least in part. A regression with time-invariant control variables instead of conflict-fixed-effects thus contains more observations and can serve as a test of the robustness of the estimation performed with conflict-fixed-effects. The model to be estimated is therefore specified as follows:

(2.2) $$P_t\ (Conflict = 1) = \frac{1}{1+e^{-\beta_0+\ \beta_1*ODA_{t-1}+\ \beta_2*\gamma_{t-1}}}$$

The control variables include both time-variant and time-invariant variables.

With these models, the first two hypotheses can be tested. To test the *Fluctuation Hypothesis*, the standard deviation of ODA is added as additional explanatory variable in the model (1). Therefore, the model to test the *Fluctuation Hypothesis* is:

(3) $$P\ (Conf.= 1) = \frac{1}{1+e^{-\beta_0+\ \beta_1*ODA+\beta_2*SD_{ODA}+\beta_3*\gamma}}$$

where SD_{ODA} is the standard deviation of ODA and β_2 is its coefficient.

To test the *Interaction Hypotheses*, the interaction terms for the influence of Human Rights ($ODA * HR$) and Democratization ($ODA * Dem.$) are added to models (1) and (2.1), respectively. Therefore, β_2 is the coefficient of the interaction terms.

This leads to the following models:

(4.1.1) $$P\ (Conf.= 1) = \frac{1}{1+e^{-\beta_0+\ \beta_1*ODA+\beta_2*(ODA*Dem.)+\beta_3*\gamma}}$$

(4.1.2) $$P_t\ (Conflict = 1) = \frac{1}{1+e^{-\beta_0+\ \beta_1*ODA_{t-1}+\ \beta_2*\gamma_{t-1}-1+\ \beta_3*(ODA_{t-1}*Dem._{t-1})+\ fe}}$$

(4.2.1) $$P\ (Conf.= 1) = \frac{1}{1+e^{-\beta_0+\ \beta_1*ODA+\beta_2*(ODA*HR)+\beta_3*\gamma}}$$

(4.2.2) $$P_t\ (Conflict = 1) = \frac{1}{1+e^{-\beta_0+\ \beta_1*ODA_{t-1}+\ \beta_2*\gamma_{t-1}{}^{-1}+\ \beta_3*(ODA_{t-1}*HR_{t-1})\ +\ fe}}$$

Finally, I test the *Type Hypothesis* by varying ODA in the regression equations (1) and (2.1) and substituting ODA disbursements from DAC member states, non-DAC member states and multi-lateral organizations for ODA from official donors.

CHAPTER 6

RESULTS AND FINDINGS

In the following section, the results of the described models will be presented and interpreted. In addition, possible limitations will be discussed and open questions for future research will be formulated.

Table 1 presents the results of different model specifications of the logistic regression of model (1) to test the *Average Hypothesis*. The relationship between average ODA disbursements by official donors in the years following the end of a civil conflict and the probability of that conflict recurring is examined. I control for social factors (ethnic fractionalization, population size, religious majorities[2], and religious diversity), political factors (human rights, democratization, years since independence), geographic factors (terrain ruggedness, oil-dependency, regional dummies[3]), economic factors (GDP of the last year of conflict, FDI, remittances) and the influence of the colonial past (length of the colonial period, colonial rulers). In model specification, I follow the concept general to specific. While all control variables are present in the first model, for the estimation of the second model I remove the regional dummy variables, all of which did not reach the significance level of 90% in the first model estimation. For model specification (3), I also removed all variables from model (2) that continued to have very low significance (p-value > 20%). In the final

[2] The variables Muslim-Majority and Buddhist-Majority are 1 if more than 50% of the population feels affiliated with these religions and 0 if this is not the case. The data set only contains countries in which either one of these two religious groups or no religious grouping have a majority.
[3] Again, dummies are only used for those regions that are represented in the dataset.

specification, I removed all variables that were classified as non-significant at a 90% significance level in specification (3).

After removing the regional control variables, the average level of ODA is significant in all specifications and increases with the stepwise reduction of the control variables. While official development aid is significant at a significance level of 95% in the third model specification, its p-value drops to below 1% in specification (4). The consistently positive sign indicates that there is a positive relationship between the amount of official development aid received and the likelihood of the conflict recurrence. If there is a causal relationship between ODA and the probability of conflict recurrence, an increase in ODA appears to increase this probability. Using the coefficient from model (4), an increase in ODA of about $30 million would increase the probability of conflict re-emergence from 50% to 51%. From this example, it is clear that the relationship is significant but not particularly strong. Given that there is both theoretical and empirical literature demonstrating that foreign aid can both reduce and increase the risk of conflict, these results are understandable.

When looking at the control variables, some assumptions are confirmed. For example, there is a significant and positive relationship between ethnic fragmentation and the probability of conflict recurrence. The higher inflow of remittances is also associated with a lower probability of conflict recurrence. Higher dependence on oil also appears to be associated with a lower risk of conflict recurrence. The coefficients on colonial past are particularly significant. The longer colonial influence lasted, the higher the risk that peace would not last a decade. The risk of a renewed outbreak is higher in former Belgian and Italian colonies, while former oppression by Spain, Great Britain, Germany, or the Netherlands lowers the risk.

Table 1: Results *Average Hypothesis*, binary-logit regression, probability of conflict recurrence in the post-conflict period, cross-conflict data

	(1)	(2)	(3)	(4)
ODA	0.000816	0.000947*	0.000904**	0.00112***
Ethnic fractionalization	4.899*	4.387**	2.842**	2.587**
Human Rights	0.321	0.278		
GDP	0*	0*	0**	0
FDI	-0	-0	-0	
Remittances	-0*	-0	-0*	-0**
Population size	-0	-0		
Democratization	-0.0143	-0.0105		
Terrain Ruggness	4.95e-05	0.00423		
Oil-Dependence	-0.0889*	-0.0806	-0.0874**	-0.0765**
Muslim-Majority	2.038*	1.921*	0.307	
Buddhist-Majority	1.632	2.446	0.442	
Religious Diversity	0.273	0.211		
Years since Independence	0.0137	0.000883		
Duration of colonization	0.0216***	0.0179***	0.0146***	0.0139***
Spanish colony	-2.752	-2.918	-3.362**	-2.927***
Dutch colony	-8.534***	-8.294***	-7.048***	-4.350***
Belgium colony	8.452***	6.858***	6.780***	6.634***
German colony	-4.153*	-3.615	-4.377**	-4.443**
Portuguese colony	-1.532	-0.930		
French colony	-0.889	-0.754		
Italian colony	4.347*	2.927	2.733*	2.312*
British colony	-1.911	-1.669	-1.475**	-1.079*
Latin America and Carribean	-2.991			
Sub-Saharan Africa	-1.606			
East Asia and Pacific	-1.518			
Europe and Central Asia	1.283			
Constant	-6.055**	-6.682***	-3.603***	-3.407***
Conflict-fixed effects	No	No	No	No
Observations	121	121	123	123

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

Table 2 shows the results of the model described by equation (2.1) in chapter 5 for five different model specifications. This is a logit model with panel data and fixed effects. The specifications are selected general-to-specific. Since the fixed effects control the time-varying variables, significantly fewer control variables are necessary, so that in each specification the variable that showed the lowest significance was removed, until only significant variables remained in the model.

Table 2: Results *Lag Hypothesis* with fixed effect, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)	(5)
ODA	-0.000507**	-0.000516**	-0.000504**	-0.000491**	-0.000485***
	(0.000241)	(0.000238)	(0.000232)	(0.000232)	(0.000180)
Remittances	-0	-0*	-0*	-0**	-0***
	(0)	(0)	(0)	(0)	(0)
Democracy	-0.0107	-0.0111	-0.0113	-0.0108	
	(0.0108)	(0.0108)	(0.0106)	(0.0106)	
Human Rights	0.120	0.127	0.0990		
	(0.153)	(0.151)	(0.141)		
Oil-Dependency	-0.0186	-0.0180			
	(0.0438)	(0.0434)			
FDI	-0				
	(0)				
Conflict-fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	478	480	483	483	702
Number of Conflicts	35	35	35	35	46

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

The relationship between official development aid and the likelihood of a conflict recurrence in the following year is negative in all model specifications, with p-values of less than 5%. Assuming a causal relationship between ODA and the probability of conflict recurrence, this means that higher ODA received by a country reduces the risk of conflict recurrence in the following year. Here, an increase of about 80 million would reduce the probability of conflict in the following year from 50% to 49%. As in the previous model, a negative relationship is also estimated between remittances and the probability of conflict recurrence, which is significant at a 90% significance level in four of the five models. All other control variables do not seem to be related to the risk of conflict recurrence.

By using conflict fixed effects, those conflicts are not used in the regression that have not broken out again. To avoid this, I omit conflict fixed effects in a second step and include the control variables used in model (1). In specifying the models, I use the same procedure as for the *Average Hypothesis*. The results are presented in table 3. The coefficients for the relationship between ODA received in one year and the probability of conflict recurrence in the following year remain negative but lose their significance at a 90% significance level, while the variables ethnic fractionalization, human rights, Muslim-majority, and a number of the colonial variables are highly significant.

The loss of significance can be attributed either to the expansion of the conflicts considered or to the fact that the conflict-fixed effects controlled for influences that are not controlled for by the added control variables. Given the literature on conflict-specific variables influencing the probability of conflict recurrence, this seems a plausible explanation.

Table 3: Results *Lag Hypothesis* without fixed effects, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)
ODA	-0.000123	-0.000142	-0.000182	-0.000163
Ethnic fractionalization	3.681	4.619**	2.234***	2.092***
Human Rights	0.289**	0.245*	0.133**	0.137**
GDP	-0	-0		
FDI	0	0		
Remittances	-0	-0		
Population	0	0		
Democratization	-0.0102	-0.0102		
Oil-Dependence	-0.0483	-0.0477		
Muslim-Majority	2.141*	1.395	0.889***	0.903***
Buddhist-Majority	5.112	2.288	0.448	
Religious Diversity	-0.113	-0.0763		
Years since Independence	0.0249	0.0118	0.00675*	0.00665*
Duration of colonization	0.0201*	0.0150**	0.00494***	0.00397***
Spanish colony	-0.698	-3.207	-1.213**	-0.987*
Dutch colony	-4.993**	-5.473**	-1.399**	-1.137**
Belgium colony	4.844	5.333***	3.742***	2.096***
German colony	-2.199	-2.392	-1.603	
Portuguese colony	-2.831	-1.503		
French colony	-2.122	-1.417		
Italian colony	3.775**	2.663*	1.449**	1.449**
British colony	-1.308	-0.919		
Latin America and Carribean	-3.423			
Sub-Saharan Africa	1.598			
East Asia and Pacific	-2.187			
Europe and Central Asia	2.789			
Constant	-9.497***	-7.439***	-5.529***	-5.407***
Conflict-fixed effects	No	No	No	No
Observations	695	695	1,273	1,273

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

At first, the results for the *Average Hypothesis* and the *Lag Hypothesis* seem to contradict each other. However, this is not necessarily the case. For example, a country could receive large amounts of foreign aid up to a certain year, which are then sharply reduced. Such an aid shock (see section 2.2) could, for example, reduce the state's ability to deter rebels or to provide public goods. The latter could increase grievances and thus increase the risk of conflict and destabilize goods. Moreover, the abrupt reduction of foreign aid could jeopardize the government's compliance with its commitments to potential rebel groups.

The result of the test of the *Fluctuation Hypothesis* argues against this interpretation. To test the proposition that there is a relationship between the fluctuation of received foreign aid and the likelihood of conflict recurrence, the model described by equation (3) was used. The results of this model are presented in Table 4. The specifications of the model follow those of the *Average Hypothesis*[4]. The model shows confirmatory evidence for the *Fluctuation Hypothesis* in all specifications with p-values below 1%. As with the results of the *Average Hypothesis*, the relationship between the average level of ODA and the risk of conflict is positive and significant in most models.

[4] Results of additional specifications can be found in the appendix.

Table 4: Results *Fluctuation Hypothesis*, binary-logit regression, probability of conflict recurrence in the post-conflict period, cross-conflict data

	(1)	(2)	(3)	(4)
Standard deviation of ODA	-0.0193***	-0.0184***	-0.0124***	-0.0123***
ODA	0.00211	0.00207*	0.00304***	0.00358***
Ethnic fractionalization	10.30**	10.26**	2.535*	1.867
Human Rights	0.599	0.561		
GDP	0	0*	0**	0**
FDI	-0	-0*	-0	
Remittances	-0*	-0**	-0*	-0*
Population	0	0		
Democratization	-0.0411*	-0.0381*		
Terrain	0.00215	0.00386		
Oil-Dependence	-0.0409	-0.0340	-0.0162	0.00531
Muslim-Majority	4.729***	4.492***	0.784	
Buddhist-Majority	6.072*	5.640**	0.347	
Religious Diversity	-0.217	-0.264		
Years since Independence	0.00727	0.00467		
Duration of colonization	0.0258**	0.0228**	0.0157***	0.0133***
Spanish colony	-2.245	-3.136	-3.477**	-2.741**
Dutch colony	-11.11***	-11.15**	-6.787**	-2.735*
Belgium colony	10.46*	8.654**	5.940**	4.827*
German colony	-4.484	-3.447	-3.808	-3.350
Portuguese colony	0.141	-0.0825		
French colony	-3.465	-3.616		
Italian colony	6.740**	5.931**	3.141**	2.659*
British colony	-2.364	-2.331	-1.434*	-1.101
Latin America and Carribean	-1.262			
Sub-Saharan Africa	-0.0331			
East Asia and Pacific	-1.975			
Europe and Central Asia	1.637			
Constant	-8.864	-8.221*	-3.308***	-2.703***
Conflict-fixed effects	No	No	No	No
Observations	120	120	122	122

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

Assuming the causal direction of ODA on the probability of conflict recurrence the statistically significant negative relationship between the fluctuation of foreign aid and the probability of civil conflict recurrence would that more fluctuating foreign aid disbursements lower the risk of conflict recurrence. This is not in line with the theoretical considerations that a stronger fluctuation of foreign aid disbursements makes it harder for a government to make and keep commitments. This could be explained by the varying length of peace after the end of a conflict. The potential fluctuation increases with each additional year of peace, while the probability of a renewed outbreak of conflict decreases with each year. To test whether this could explain the negative coefficient, panel data could again be used and the standard deviation of ODA disbursements between the end of conflict and the corresponding year could be used as a variable. This could be the subject of future research. However, like the differences in the results of the models testing the *Lag Hypothesis*, the differences between the results for the *Average Hypothesis* and the *Lag Hypothesis* could be explained by differences in sample composition or using fixed effects versus control variables.

To test the influence of the degree of democratization on the relationship between ODA and conflict recurrence probability, an interaction term is added to the models. Estimating the model using the specifications of the *Lag Hypothesis* and panel data, I find no empirical evidence for a significant influence of the degree of democratization of a country on the relationship between foreign aid and the probability of a conflict recurrence (Table 5)[5]. The p-value of the interaction term is also greater than 10% in all model specifications.

Table 5: Results *Interaction Hypothesis*, Democratization, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)	(5)
Interaction Term Democracy	1.09e-06	1.14e-06	1.05e-06	1.05e-06	-2.67e-06
	(8.15e-06)	(8.15e-06)	(8.08e-06)	(8.11e-06)	(6.84e-06)
ODA	-0.000543	-0.000554	-0.000538	-0.000525	-0.000372
	(0.000365)	(0.000363)	(0.000353)	(0.000356)	(0.000292)
Democracy	-0.0115	-0.0119	-0.0121	-0.0116	
	(0.0124)	(0.0124)	(0.0123)	(0.0124)	
Remittances	-0	-0*	-0*	-0**	-0**
	(0)	(0)	(0)	(0)	(0)
Human Rights	0.122	0.128	0.0991		
	(0.153)	(0.152)	(0.141)		
Oil-Dependency	-0.0187	-0.0180			
	(0.0438)	(0.0435)			
FDI	-0				
	(0)				
Conflict-fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	478	480	483	483	483
Number of Conflicts	35	35	35	35	35

[5] Results of additional specifications can be found in the appendix.

Table 6 shows the results for the same model specifications of the *Average Hypothesis*, except that democratization is retained in all models[6]. Except for the third model specification, the variables democratization and the interaction term are significant in all models with p-values below 10%, in specification (4) even with a p-value below 5%. The remaining coefficients are very similar to those in section 6.1, except for the fact that no relationship between ODA and the probability of conflict recurrence can be found at any significance level.

[6] In addition, I also reran the specification finding selection process from Section 6.2 using the interaction term. The results can be found in the appendix.

Table 6: Results *Interaction Hypothesis*, Democratization, binary-logit regression, probability of conflict recurrence in the post-conflict period, cross-conflict data

	(1)	(2)	(3)	(4)
Interaction Term Democratization	4.02e-05*	3.75e-05*	2.64e-05	3.18e-05**
ODA	-0.000129	1.31e-05	0.000201	0.000208
Democratization	-0.0527*	-0.0466*	-0.0358	-0.0457**
Ethnic fractionalization	5.331*	5.352**	3.677***	3.803***
Human Rights	0.292	0.252		
GDP	0	0	0*	0
FDI	-0	-0	-0	
Remittances	-0*	-0*	-0*	-0*
Population	-0	-0		
Terrain	0.00103	0.00406		
Oil-Dependence	-0.149**	-0.139**	-0.111**	-0.111***
Muslim-Majority	2.066*	1.885*	0.188	
Buddhist-Majority	2.004	2.507		
Religious Diversity	0.283	0.213		
Years since Independence	0.0116	0.000879		
Duration of colonization	0.0245***	0.0215***	0.0158***	0.0156***
Spanish colony	-2.606	-3.628	-3.110**	-2.589**
Dutch colony	-10.09**	-10.43***	-6.888***	-4.581***
Belgium colony	10.50***	8.886***	8.105***	8.370***
German colony	-6.166**	-5.334**	-5.077**	-5.247**
Portuguese colony	-0.667	-0.570		
French colony	-1.080	-1.063		
Italian colony	4.801**	3.713*	3.109**	2.992**
British colony	-2.175	-2.148	-1.165	-0.839
Latin America and Carribean	-2.729			
Sub-Saharan Africa	-0.664			
East Asia and Pacific	-1.587			
Europe and Central Asia	1.720			
Constant	-6.502**	-6.459**	-3.499***	-3.410***
Conflict-fixed effects	No	No	No	No
Observations	121	121	121	121

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

In examining the influence of the human rights situation on the relationship between ODA and conflict recurrence, I proceed as with the interaction of democratization and ODA[7]. The panel data analysis (Table 7) shows no significant relationship between the human rights situation and the likelihood of recurrence. Similarly, there is no evidence that the human rights situation moderates the relationship between ODA and the probability of conflict. Also, when using cross-conflict data, I find no significant relationships between conflict risk or and human rights situation or interaction term (Table 8).

All in all, I find a moderating effect of the degree of democratization on the relationship between foreign aid and the probability that conflict will erupt again. I find only a significant relationship of the average degree of democratization on the relationship between the average foreign aid level and the risk of a conflict recurrence. However, I do not find a significant effect of the degree of democratization on the relationship between the amount of foreign aid received in one year and the likelihood of a return in the following year. I do not find an effect of the human rights situation on the relationship between foreign aid and the probability of conflict.

[7] Results of additional specifications can be found in the appendix.

Table 7: Results *Interaction Hypothesis*, Human Rights, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)	(5)
Interaction Term Human Rights	-0.000240	-0.000243	-0.000206	-3.42e-05	-8.39e-05
	(0.000190)	(0.000190)	(0.000184)	(0.000120)	(0.000110)
ODA	0.000140	0.000137	6.74e-05	-0.000391	-0.000159
	(0.000543)	(0.000540)	(0.000540)	(0.000418)	(0.000369)
Human Rights	0.364	0.372	0.292		
	(0.244)	(0.242)	(0.223)		
Remittances	-0	-0**	-0**	-0**	-0**
	(0)	(0)	(0)	(0)	(0)
Democratization	-0.00960	-0.00992	-0.0108	-0.0106	
	(0.0109)	(0.0108)	(0.0106)	(0.0107)	
Oil-Dependency	-0.0187	-0.0178			
	(0.0434)	(0.0431)			
FDI	-0				
	(0)				
Conflict-fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	478	480	483	483	670
Number of conflict_id	35	35	35	35	46

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

Table 8: Results *Interaction Hypothesis*, Human Rights, binary-logit regression, probability of conflict recurrence in the post-conflict period, cross-conflict data

	(1)	(2)	(3)	(4)
Interaction Term Human Rights	-0.000487	-0.000373	-0.000168	-0.000189
ODA	0.00170	0.00164*	0.000999	0.00121
Human Rights	0.759	0.599	0.492	0.569
Ethnic fractionalization	5.339**	4.261**	2.483**	2.410**
GDP	0*	0*	0**	0
FDI	-0	-0	-0	
Remittances	-0*	-0	-0*	-0**
Population	-0	-0		
Democratization	-0.0163	-0.0115		
Terrain	-0.000822	0.00435		
Oil-Dependence	-0.0733	-0.0684	-0.0855*	-0.0722*
Muslim-Majority	2.373*	2.223*	0.416	
Buddhist-Majority	1.747	2.706		
Religious Diversity	0.255	0.202		
Years since Independence	0.0164	0.00146		
Duration of colonization	0.0215***	0.0176***	0.0149***	0.0143***
Spanish colony	-3.014	-2.814	-3.502***	-3.084**
Dutch colony	-7.858***	-7.614**	-7.155***	-4.724***
Belgium colony	8.126**	6.369**	6.120**	6.024**
German colony	-3.407	-3.119	-4.050*	-4.125**
Portuguese colony	-1.808	-1.038		
French colony	-1.181	-0.973		
Italian colony	5.223**	3.326*	3.016**	2.641*
British colony	-2.013	-1.693	-1.394**	-1.041
Latin America and Carribean	-3.141			
Sub-Saharan Africa	-2.199			
East Asia and Pacific	-1.535			
Europe and Central Asia	1.376			
Constant	-6.462**	-7.135***	-3.909***	-3.868***
Conflict-fixed effects	No	No	No	No
Observations	121	121	123	123

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

Finally, I test whether the lag hypothesis is also confirmed when I decompose the foreign aid data by donor. To do this, I replace ODA from official donors with ODA payments from DAC member states, non-DAC member states, and multilateral organizations. The coefficients using ODA from the multilateral organizations are highly significant (p-value<1%) in all specifications and have a negative sign (Table 9). Moreover, the coefficient is about three times as high as for official donors. Assuming that there is a causal relationship between the amount of foreign aid received and the probability of conflict, this would mean that ODA from multilateral organizations is, on average, about three times as effective in reducing the risk of reoccurrence as ODA from official donors.

Table 9: Results *Type Hypothesis*, Multilateral Donors, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)	(5)
ODA	-0.00164***	-0.00164***	-0.00162***	-0.00164***	-0.00168***
	(0.000633)	(0.000628)	(0.000625)	(0.000632)	(0.000530)
Remittances	-0	-0***	-0***	-0***	-0***
	(0)	(0)	(0)	(0)	(0)
Democractization	-0.00780	-0.00799	-0.00855	-0.00823	
	(0.0108)	(0.0108)	(0.0106)	(0.0106)	
Human Rights	0.0953	0.0997	0.0637		
	(0.154)	(0.153)	(0.146)		
Oil-Dependency	-0.0192	-0.0192			
	(0.0438)	(0.0436)			
FDI	-0				
	(0)				
Conflict-fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	478	480	483	483	702
Number of Conflicts	35	35	35	35	46

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

In the case of ODA from DAC member states and non-DAC member states, however, there is no significant correlation between the level of ODA disbursements and the probability of a renewed conflict (Table 10 and Table 11). Thus, empirical evidence is found for the *Type Hypothesis*, the donor type seems to have an influence on the relationship between foreign aid and conflict recurrence.

The central limitation of my work is the difference in sample size due to missing data. This could explain the different significance in different models. In future research, the missing data could be estimated by imputation, making the samples larger and more comparable. Future research could also include more conflict-related data and thus explain the different results of different models.

Table 10: Results *Type Hypothesis*, DAC-members, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)	(5)
ODA	-0.000357	-0.0003788	-0.0003893	-0.0003613	-0.000418*
	(0.0003521)	(0.0003493)	(0.0003394)	(0.0003361)	(0.0002441)
Remittances	-0	-0*	-0*	-0**	-0**
	(0)	(0)	(0)	(0)	(0)
Democractization	-0.0093	-0.0098	-0.0064	-0.0089	
	(0.011)	(0.011)	(0.0108)	(0.0108)	
Human Rights	0.0834	0.092	0.0879		
	(0.158)	(0.157)	(0.142)		
Oil-Dependency	-0.0189	-0.0172			
	(0.044)	(0.0433)			
FDI	-0				
	(0)				
Conflict-fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	478	480	483	483	702
Number of Conflicts	35	35	35	35	46

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

Table 11: Results *Type Hypothesis*, Non-DAC Donors, binary-logit regression, probability of conflict recurrence in the post-conflict period, panel data

	(1)	(2)	(3)	(4)	(5)
ODA	-0.00234	-0.00238	-0.00230	-0.00228	-0.00227
	(0.00257)	(0.00256)	(0.00253)	(0.00251)	(0.00227)
Remittances	-0	-0**	-0**	-0**	-0***
	(0)	(0)	(0)	(0)	(0)
Democratization	-0.00452	-0.00463	-0.00295	-0.00291	
	(0.0114)	(0.0114)	(0.0111)	(0.0110)	
Human Rights	-0.0153	-0.0129	0.00853		
	(0.175)	(0.174)	(0.153)		
Oil-Dependency	-0.0183	-0.0168			
	(0.0438)	(0.0433)			
FDI	-0				
	(0)				
Conflict-fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	455	455	458	458	653
Number of Conflicts	33	33	33	33	44

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

CHAPTER 7

CONCLUSION

Civil conflicts are a significant obstacle to economic and social development in many countries of the Global South. These conflicts have numerous direct and indirect impacts on a country's population, including economic and social costs that impede stable and sustainable development. The effects of civil conflict also shape the period after its end. For example, about half of the costs of a civil war are incurred in the post-conflict period.

Particularly problematic is that the devastating effects of a civil conflict or civil war permanently destabilize a country economically and socially, making it likely that violent internal conflicts will erupt again. The consequences of a conflict can thus be the causes of a new conflict, creating a vicious cycle known as a conflict trap. One possible way in which external actors could try to help a country escape the conflict trap could be the provision of foreign aid. Therefore, this study investigates the research question: *Is there a relationship between the amount of foreign aid a country receives and the probability that a civil conflict will recur in the decade after the conflict ended and on which factors does that relationship is conditional on?*

This study examines 177 internal conflicts in 94 countries in the period between 1960 and 2021. 73 of these conflicts recurred in the decade following the end of the conflict. Using logistic regressions and cross-conflict data, I examine whether the average amount of foreign aid received in the decade following the end of the conflict is associated with the likelihood of conflict recurrence in that period. I also examine the relationship between foreign aid received in one year and the probability of a new outbreak in the following year using panel data as well as whether there is a

relationship between the fluctuation of foreign aid and the probability of conflict recurrence. Furthermore, I test the possible influence of the human rights situation and the democratization of a country on the relationship between foreign aid and the probability of a renewed outbreak of conflict. Finally, the study examines whether the type of donor has an influence on the relationship between foreign aid disbursements in one year and the likelihood of a renewed outbreak of conflict in the following year, distinguishing between foreign aid from members of the DAC, non-DAC member states, and multilateral organizations.

The study's results are mixed. While average foreign aid payments are positively related to the probability of conflict recurrence, the amount of foreign aid payments in one year is negatively related to the recurrence probability in the following year. However, the latter is only true for aggregated foreign aid from all official donors and from multilateral organizations, but not for foreign aid from DAC member states and non-DAC member states. Although the results for the *Average Hypothesis* and the *Lag Hypothesis* appear to be in conflict at first, there may be instances where they are not contradictory. For instance, a country may have received significant foreign aid for some time, but then experienced a sudden reduction in such assistance. This aid shock could diminish the government's capacity to prevent insurgent activity or deliver public services. Additionally, the abrupt decrease in foreign aid could jeopardize the government's ability to fulfill its obligations to potential rebel groups.

This interpretation would be contradicted by the results of the *Fluctuation Hypothesis*, which examines the relationship between fluctuations in foreign aid and the probability of conflict recurrence. Thus, it seems more likely that the differences between the results for the *Average Hypothesis* and the *Lag Hypothesis* could be explained by the different size and composition of the

samples, which has two reasons. First, the sample is reduced when using panel data and conflict-fixed effects, since only conflicts that have erupted again are included in the corresponding regressions. All other conflicts are not included in the regression due to the lack of variation in the dependent variable (conflict dummy). Second, the sample size varies due to missing data.

These two factors are also the key limitations of my work. Further research could address these limitations to obtain clearer and more robust results. For the problem of missing variation in the dependent variable when using conflict-fixed effects, the conflict-fixed effects could be replaced by time-invariant control variables. For the *Lag Hypothesis*, this caused the coefficients to lose significance. This could be explained by the fact that few conflict-specific control variables were included. As described in Section 2.4, characteristics of the ended conflict such as the type of conflict (secessionist, ethnic, etc.), the level of violence of the conflict, and the circumstances of its end (victory of one side, peace treaty, etc.) may have an impact on the likelihood of its re-emergence. Inclusion of these variables could address this limitation.
For the problem of missing data, which also contribute to a reduction of the sample, imputation can be used to address the corresponding gaps.

Moreover, the study finds empirical evidence only for the influence of the degree of democratization on this relationship, although not in all models. The study does not find any evidence for the influence of the human rights situation on the relationship between foreign aid and the probability of conflict recurrence.

The results also show different effects depending on the source of foreign aid. For example, significant coefficients are only found for the lag hypothesis if the aggregated data for all official

donors are used or if the foreign aid comes from multilateral organizations. No significant relationships are found for foreign aid from DAC member states and non-DAC member states. This could be due to the fact that bilateral foreign aid is more often driven by strategic interests of the donors than by the motivation to improve living conditions for people in the affected countries. The reasons for the different effects of foreign aid from different donors should also be the subject of future research.

Another subject of further research could be to investigate whether the type of foreign aid has an influence on the relationship between foreign aid and the likelihood of conflict recurrence. For example, it can be hypothesized that foreign aid in the form of technical assistance is more likely to reduce conflict risk because it cannot be captured. Humanitarian aid that directly improves people's living conditions could also reduce conflict risk more significantly, as it increases the opportunity cost of participating in a rebellion, making it more difficult for rebels to recruit.

APPENDIX

ADDITIONAL SPECIFICATIONS

Additional specifications for testing the *Fluctuation Hypothesis*.

Specification selection mechanism: (1) with all variables, (2) without region dummies, (3) removal of all variables with p-value < 20%.

	(1)	(2)	(3)
Standarddeviation	-0.0193***	-0.0184***	-0.0163***
ODA	0.00211	0.00207*	0.00292**
Ethnic fractionalization	10.30**	10.26**	9.025***
Human Rights	0.599	0.561	0.527*
GDP	0	0*	0**
FDI	-1.75e-09	-1.89e-09*	-1.64e-09*
Remittances	-1.05e-09*	-9.78e-10**	-6.26e-10**
Population	3.59e-08	2.49e-08	
Democratization	-0.0411*	-0.0381*	-0.0402**
Terrain	0.00215	0.00386	
Oil-Dependence	-0.0409	-0.0340	
Muslim-Majority	4.729***	4.492***	4.842***
Buddhist-Majority	6.072*	5.640**	5.952***
Religious Diversity	-0.217	-0.264	
Years since Independence	0.00727	0.00467	
Duration of colonization	0.0258**	0.0228**	0.0139***
Spanish colony	-2.245	-3.136	
Dutch colony	-11.11***	-11.15**	-6.419**
Belgium colony	10.46*	8.654**	5.823***
German colony	-4.484	-3.447	
Portuguese colony	0.141	-0.0825	
French colony	-3.465	-3.616	-3.692***
Italian colony	6.740**	5.931**	6.088***
British colony	-2.364	-2.331	-2.261**
Latin America and Carribean	-1.262		
Sub-Saharan Africa	-0.0331		
East Asia and Pacific	-1.975		
Europe and Central Asia	1.637		
Constant	-8.864	-8.221*	-7.737***
Observations	120	120	120

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

Additional specifications for testing the *Interaction Hypothesis* for the Democratization Interaction Term.

Specification selection mechanism: (1) with all variables, (2) without region dummies, (3) removal of all variables with p-value < 20%, (4) removal of all variables with p-value < 10%.

	(1)	(2)	(3)	(4)
Interaction Term Democratization	4.02e-05*	3.75e-05*	2.62e-05	2.87e-05*
ODA	-0.000129	1.31e-05	0.000264	0.000143
Ethnic fractionalization	5.331*	5.352**	4.277***	4.019***
Human Rights	0.292	0.252		
GDP	0	0	0*	0
FDI	-6.46e-10	-6.95e-10	-6.76e-10	
Remittances	-5.38e-10*	-4.96e-10*	-3.63e-10*	-2.66e-10*
Population	-1.01e-09	-1.55e-09		
Democratization	-0.0527*	-0.0466*	-0.0367	-0.0473**
Terrain	0.00103	0.00406		
Oil-Dependence	-0.149**	-0.139**	-0.106**	-0.0942**
Muslim-Majority	2.066*	1.885*	0.392	
Buddhist-Majority	2.004	2.507	1.108	
Religious Diversity	0.283	0.213		
Years since Independence	0.0116	0.000879		
Duration of colonization	0.0245***	0.0215***	0.0152***	0.0134***
Spanish colony	-2.606	-3.628	-2.643*	-1.695*
Dutch colony	-10.09**	-10.43***	-6.884***	-3.605***
Belgium colony	10.50***	8.886***	8.121***	8.449***
German colony	-6.166**	-5.334**	-4.649**	-4.897**
Portuguese colony	-0.667	-0.570		
French colony	-1.080	-1.063		
Italian colony	4.801**	3.713*	3.396**	2.459*
British colony	-2.175	-2.148	-1.208	
Latin America and Carribean	-2.729			
Sub-Saharan Africa	-0.664			
East Asia and Pacific	-1.587			
Europe and Central Asia	1.720			
Constant	-6.502**	-6.459**	-4.089***	-3.606***
Observations	121	121	121	121

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

Additional specifications for testing the *Interaction Hypothesis* for the Democratization Interaction Term.

Specification selection mechanism: Each time remove the variable with the highest p-value.

	(1)	(2)	(3)	(4)	(5)
ODA	0.000264	0.000264	0.000195	0.000395	-0.000201
	(0.000684)	(0.000683)	(0.000691)	(0.000616)	(0.000485)
Interaction Democratization	-2.58e-06	-2.62e-06	-2.54e-06	-5.78e-06	-3.31e-06
	(8.79e-06)	(8.80e-06)	(8.75e-06)	(7.22e-06)	(7.01e-06)
Interaction Human Rights	-0.000253	-0.000256	-0.000221	-0.000246	-5.22e-05
	(0.000191)	(0.000191)	(0.000187)	(0.000181)	(0.000119)
Remittances	-0	-0**	-0**	-0**	-0**
	(0)	(0)	(0)	(0)	(0)
Democratization	-0.00756	-0.00784	-0.00873		
	(0.0129)	(0.0129)	(0.0128)		
Human Rights	0.375	0.384	0.307	0.327	
	(0.245)	(0.244)	(0.228)	(0.225)	
Oil-Dependency	-0.0186	-0.0178			
	(0.0434)	(0.0430)			
FDI	-0				
	(5.07e-11)				
Observations	478	480	483	483	483
Number of Conflicts	35	35	35	35	35

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

Additional specifications for testing the *Interaction Hypothesis* for the Human Rights Interaction Term.

Specification selection mechanism: (1) with all variables, (2) without region dummies, (3) removal of all variables with p-value < 20%, (4) removal of all variables with p-value < 10%.

	(1)	(2)	(3)	(4)
Interaction Term Human Rights	-0.000487	-0.000373	-0.000531*	-0.000375
ODA	0.00170	0.00164*	0.00166**	0.00118*
Ethnic fractionalization	5.339**	4.261**	2.612**	2.744***
Human Rights	0.759	0.599	0.913**	0.639**
GDP	0*	0*	0	
FDI	-8.80e-10	-8.21e-10		
Remittances	-4.34e-10*	-3.81e-10	-2.61e-10*	-2.21e-10**
Population	-1.46e-08	-8.57e-09		
Democratization	-0.0163	-0.0115		
Terrain	-0.000822	0.00435		
Oil-Dependence	-0.0733	-0.0684		
Muslim-Majority	2.373*	2.223*	0.710	
Buddhist-Majority	1.747	2.706	1.234	
Religious Diversity	0.255	0.202		
Years since Independence	0.0164	0.00146		
Duration of colonization	0.0215***	0.0176***	0.0107***	0.00508***
Spanish colony	-3.014	-2.814	-1.729	
Dutch colony	-7.858***	-7.614**	-3.823***	-1.642*
Belgium colony	8.126**	6.369**	4.784**	2.488*
German colony	-3.407	-3.119	-2.197	
Portuguese colony	-1.808	-1.038		
French colony	-1.181	-0.973		
Italian colony	5.223**	3.326*	3.303**	1.321
British colony	-2.013	-1.693	-0.866	
Latin America and Carribean	-3.141			
Sub-Saharan Africa	-2.199			
East Asia and Pacific	-1.535			
Europe and Central Asia	1.376			
Constant	-6.462**	-7.135***	-4.811***	-3.914***
Observations	121	121	123	131

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

Additional specifications for testing the *Interaction Hypothesis* for the Human Rights Interaction Term.

Specification selection mechanism: Each time remove the variable with the highest p-value.

	(1)	(2)	(3)	(4)	(5)
Interaction Term Human Rights	-0.000240	-0.000243	-0.000206	-0.000188	-8.39e-05
	(0.000190)	(0.000190)	(0.000184)	(0.000157)	(0.000110)
ODA	0.000140	0.000137	6.74e-05	0.000135	-0.000159
	(0.000543)	(0.000540)	(0.000540)	(0.000482)	(0.000369)
Remittances	-0	-0**	-0**	-0***	-0**
	(0)	(0)	(0)	(0)	(0)
Human Rights	0.364	0.372	0.292	0.185	
	(0.244)	(0.242)	(0.223)	(0.194)	
Democratization	-0.00960	-0.00992	-0.0108		
	(0.0109)	(0.0108)	(0.0106)		
Oil-Dependency	-0.0187	-0.0178			
	(0.0434)	(0.0431)			
FDI	-0				
	(5.11e-11)				
Observations	478	480	483	670	670
Number of Conflicts	35	35	35	46	46

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

All variables in one model

Specification selection mechanism: (1) with all variables, (2) without region dummies, (3) removal of all variables with p-value < 20%, (4) removal of all variables with p-value < 10%.

	(1)	(2)	(3)	(4)
ODA	0.00237	0.00238	0.00166	0.00128
Standard Deviation of ODA	-0.0213***	-0.0195***	-0.0181***	-0.0102***
Interaction Term Human Rights	-0.00184	-0.00158	-0.00131	-0.000693
Interaction Term Democratization	0.000120*	9.47e-05*	8.00e-05*	4.34e-05
Ethnic Fractionalization	13.69**	13.02***	9.156***	5.518***
Human Rights	1.880**	1.713**	1.552**	1.055**
GDP	0	0	0	
FDI	-1.50e-09	-1.68e-09	-5.74e-10	
Remittances	-1.49e-09*	-1.20e-09*	-8.28e-10**	-4.67e-10**
Population	4.97e-08	3.64e-08	4.18e-08**	1.55e-08***
Democratization	-0.129**	-0.109**	-0.108**	-0.0512*
Terrain Ruggedness	0.00697	0.00706		
Oil-Dependency	0.0155	0.00857		
Muslim-Majority	5.725***	5.313***	3.918***	2.431***
Buddhist-Majority	7.483	6.955**	5.382***	3.023**
RDI	-0.434	-0.440	-0.331	
Years since Independence	0.0214	0.0173		
Duration of colonization	0.0181	0.0159	0.0112***	0.00767***
Spanish colony	0.221	-0.738		
Dutch colony	-10.21**	-10.44**	-7.091**	-3.411**
Belgium colony	9.805*	8.390*	6.051***	4.191**
German colony	-1.980	-1.443		
Portuguese colony	2.088	1.718		
French colony	-3.495	-3.615	-3.305**	-1.707*
Italian colony	9.652***	8.458***	6.355***	3.553**
British colony	-1.501	-1.424		
Latin America and Carribean	-1.981			
Sub-Saharan Africa	-0.923			
East Asia and Pacific	-3.259			
Europe and Central Asia	0.444			
Constant	-11.48	-11.32**	-6.261***	-5.056***
Observations	120	120	120	127

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

All variables in one model

Specification selection mechanism: Each time remove the variable with the highest p-value, but kept ODA and interaction terms

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ODA	0.000451	0.000458	0.000451	-0.000235	-0.000703	-0.000385	-0.000521
	(0.000698)	(0.000699)	(0.000699)	(0.000606)	(0.000537)	(0.000481)	(0.000388)
Interaction Democratization	-2.58e-06	-2.30e-06	-2.25e-06	-5.40e-07	3.88e-06	-2.31e-06	-7.11e-06
	(9.60e-06)	(9.60e-06)	(9.58e-06)	(9.23e-06)	(7.72e-06)	(6.55e-06)	(5.66e-06)
Interaction Human Rights	-0.000363*	-0.000365*	-0.000362	-0.000101	2.21e-05	-1.51e-06	0.000142
	(0.000220)	(0.000221)	(0.000220)	(0.000143)	(0.000116)	(0.000111)	(8.67e-05)
GDP	-0*	-0*	-0	-0	-0**	-0**	
	(0)	(0)	(0)	(0)	(0)	(0)	
Democratization	-0.00907	-0.00921	-0.00932	-0.0121	-0.0187*		
	(0.0136)	(0.0136)	(0.0136)	(0.0133)	(0.0107)		
Remittances	0	0	0	0			
	(5.74e-11)	(5.47e-11)	(5.42e-11)	(5.32e-11)			
Human Rights	0.446*	0.452*	0.447*				
	(0.262)	(0.262)	(0.262)				
Oil-Dependency	-0.0238	-0.0250					
	(0.0432)	(0.0432)					
FDI	0						
	(0)						
Observations	463	465	465	465	631	631	794
Number of Conflicts	34	34	34	34	41	41	49

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

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BIOGRAPHICAL SKETCH

Tilmann Waffenschmidt was born in Germany and attended Leibniz-Schule, where he graduated in 2015. From 2016 to 2020, he pursued a Bachelor of Arts degree in Socioeconomics at the University of Hamburg.

In 2019, Tilmann Waffenschmidt spent a semester abroad at Stellenbosch University in South Africa, before completing his bachelor's degree in 2020 with a GPA of 3.6. He then went on to pursue a master's degree in International and Development Economics at the Hochschule für Technik und Wirtschaft Berlin.

Since 2021, Tilmann Waffenschmidt has been pursuing a master's degree in International Political Economy (MSc Double Degree) at the Philipps-Universität Marburg and UT Dallas, where he currently holds a 4.0 GPA.

Tilmann Waffenschmidt has gained experience through a variety of internships, including at the German Institute for Global and Area Studies (GIGA) and the Friedrich Ebert Foundation in Lusaka, Zambia. He also served as a student research assistant at the research group "Sustainable Use of Natural Resources" at the University of Marburg in 2021.

Outside of academia and work, Tilmann has been involved in various social and political activities, such as organizing events for the d\carb Future Economy Forum and serving as a Deputy Chairman of the Jusos Hamburg-Altona in 2018-2019. He also served as a voluntary worker in a hospital in Asunción, Paraguay, from September 2015 to March 2016, and has been a member of Amnesty International and the Social Democratic Party of Germany since 2015 and 2014, respectively.

CURRICULUM VITAE

Tilmann Waffenschmidt

Education

Since 2021	International Political Economy (M.Sc. Double Degree) at the Philipps-Universität Marburg and the UT Dallas (current Grade: 4.0)
2020-2021	International and Development Economics (M.A.) at the Hochschule für Technik und Wirtschaft Berlin (Grade: 3.3) with a scholarship of the “Stiftung Deutscher Wirtschaft“ (sdw)
2019	Semester abroad at the Stellenbosch University, South Africa
2016 – 2020	Socioeconomics at the University of Hamburg (B.A.) (Grade: 3.6) with a scholarship of the “Stiftung Deutscher Wirtschaft“ (sdw)
2009 – 2015	Leibniz-Schule (seconday school), Berlin Abitur (Grade: 3.8)

Work Experience

Since Dec. 2021	Student research assistant at the research group "Sustainable Use of Natural Resources" at the University of Marburg
Apr. – Jul. 2021	Tutor for the master courses *Macroeconomics* and *International Economics* at the Hochschule für Technik und Wirtschaft Berlin (HTW)
Aug. – Oct. 2020	Internship at the German Institute for Global and Area Studies (GIGA)
Aug. – Oct. 2018	Internship at the Friedrich Ebert Foundation in Lusaka, Zambia
June 2016	Internship at the Parliament of Germany

Summer Schools

Aug. 2021	Globalization and Development Strategies *organized by the United Nations Conference on Trade and Development (UNCTAD)*
Aug. 2020	Economic Geography: Labour, Inequality and Nature in Globalized Capitalism *organized by Exploring Economics*
Aug. 2020	Storms, droughts, floods - How the changing climate affects our Security policy changed *organized by sdw*
July 2018	German security policy between diplomacy and Bundeswehr operations abroad *organized by sdw*
July 2017	Living and cooperation in a globalised world *organized by sdw*

Publications

2020	Gemeinschaftswährung Eco: Ein Währungsexperiment mit Risiken und Nebenwirkungen (Common currency Eco: A currency experiment with risks and side effects) published in Makronom Die neoklassische Missinterpretation des Harrod-Domar-Modells (The neoclassical misinterpretation of the Harrod Domar model) published in Makronom

Social Commitment

2021	Organization of events of the d\carb Future Economy Forum
2018 – 2019	Deputy Chairman of the Jusos Hamburg-Altona
2017 – 2019	Member of the executive committee of Jusos Hamburg-Altona and the SPD Flottbek-Othmarschen Treasurer of the university group of Amnesty International
Sep. 2015 – Mar. 2016	Voluntary year of social service in a hospital in Asunción, Paraguay
Since 2015	Member of Amnesty International
Since 2014	Member of the Social Democratic Party of Germany (SPD)

Software Skills

R, STATA, EViews, ODK
Microsoft Office (Word, Excel, PowerPoint)

Languages

German (native), English (fluent)
French (basic knowledge), Spanish (basic knowledge)