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## *Chapter Eight*

# **Is It Worth It? The Effect of ODA, NGOs, and Time on Local Politics in the Haitian State**

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### **[8.0]**

Haiti overcame French colonization early in the nineteenth century, but its other tormentors—natural disasters, local domestic politics, the unintended consequences of international development assistance—appear unrelenting (Fass 1988; Weinstein and Segal 1992; Nicholls 1996; Schwartz 2008; Quinn and Sutton 2013; Fauriol 2014). The opening decades of the twenty-first century reveal a political puzzle in this small Caribbean country: Haitian citizens, living throughout its ten departments (administrative jurisdictions similar to American states) have a wide variation in their political beliefs and behavior that varies over time. According to the Latin American Public Opinion Project (LAPOP), at the department level in 2008 Haitian citizens' trust in local government ranged from 10 percent to as high as 57 percent and significantly narrowed in 2016 to a range of 5 to 29 percent. But not all departments experienced a reduction in political trust. Across the country, the average trust in local government increased in some departments and dropped in others, but few remained unchanged. An equally peculiar phenomenon exists among citizens' attendance at municipal meetings. Departments' average rate of involvement in municipal meetings narrowed from 8 to 29 percent in 2008 to just 3 to 16 percent in 2016, but three departments bucked the trend and saw average participation at municipal meetings increase (LAPOP). The average trust in local government and average attendance at municipal meetings both declined in five of Haiti's ten departments during the 2008 to 2016 period (see figure 8.1). Only one department, Ouest, registered increases in both indicators during this period. This chapter uses theories from economics, sociology, and development to explain the incon-

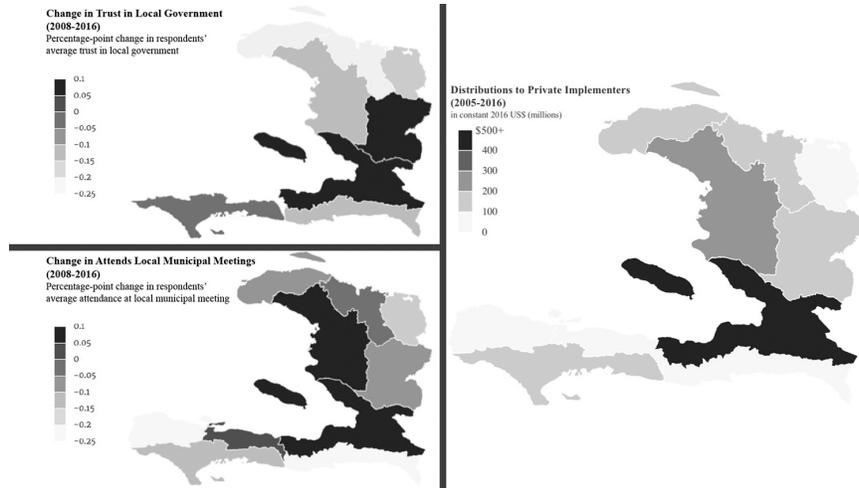
sistent variation in political beliefs and behaviors across Haitian departments over time. The analysis finds departments where local actors administer foreign aid are the same departments where citizens report greater trust in local government and greater participation at municipal meetings.

**[8.1]**

Several factors are thought to influence political behaviors. Popular explanations include economic voting wherein citizens evaluate economic performance, attribute a proportion of this performance to elected officials, and with their vote reelect or replace incumbent politicians (Powell and Whitten 1993; Anderson 2007; Hellwig and Samuels 2008; Hellwig 2012; Singer and Carlin 2013); legitimacy and diffuse support of the political system (Lipset 1960; Almond and Verba 1963; Easton 1965, 1975); and reliance on natural resource endowments to keep taxes low and thus expectations of government minimal (Ross 2001, 2012). However, Haiti is a complicated case with little variability across these explanations: a small and stagnant economy, a perennially weak state, and no natural resources. Another explanation, one familiar to policymakers and social scientists, is foreign aid and its mixed effects on political and economic development (Gibson et al. 2005b; Sachs 2006; Collier 2007; Easterly 2007; Moyo 2009). According to the World Bank 2018, 126 countries received a total of almost \$950 billion from 2006 to 2016, which is roughly \$720 million per country per year (in constant 2015 US dollars). The amount of official development assistance (ODA) given to Haiti varies across department (World Bank 2018), in much the same way as political beliefs and behavior (see figure 8.1). In this chapter I discuss the effects of ODA on local politics, specifically looking at the effect of foreign aid awarded to private organizations on individuals' political behaviors.

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At the heart of the analysis is the crucial policy decision made by foreign governments: whether to partner with private organizations or channel ODA through public pathways. Embedded in the analysis is the assumption that private organizations operating at a local level are more capable of overcoming the knowledge problem—the need to identify and target needs—and effectively delivering goods and services, as compared to the large tranches of ODA given for the provision of public service goods through a centralized government. Privately provided aid furthers the development of civil associations and civil society, which Ostrom (1973 [2008], 149) argues is necessary for self-governance or “political capacity.” Developing sufficient political capacity means citizens develop liberal political beliefs and behaviors. Thus, I hypothesize ODA channeled through private partners correlates with stronger political beliefs and behaviors (political trust and municipal meeting attendance) than money funneled through the state. I argue this is the case because the knowledge problem, though not fully resolved, is more manageable by organizations familiar with the local context. To support this claim, I draw on various data sources to estimate department-level foreign assistance awarded to private implementers in Haiti for each year from 2006 to 2016.



**[8f1]** Figure 8.1. Change in Political Behaviors and Distribution of Foreign Aid to Haiti Source: Latin American Public Opinion Project (LAPOP), International Aid Transparency Initiative (IAITI), InterAction’s NGO Aid Map.

**[8.4]**

The remainder of the chapter proceeds as follows. The second section discusses and outlines the relevant theory, including the knowledge problem, development literature, civil society, and nongovernmental organizations (NGOs). The third section provides a history of Haiti relevant to the analysis. The fourth section offers a presentation of findings and substantive interpretations for policy. The fifth section reviews and concludes.

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## THEORY

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Hayek (1945) argued that dispersed knowledge in possession of essential information about context drives social and economic coordination. While the market can access and utilize this knowledge through the mechanism of prices, profit, and loss, the government does not have an equivalent mechanism. Thus, technocrats and politicians in a country’s capital are unable to aggregate and organize the many pieces of private knowledge necessary to effectively implement central coordination. Kiesling (2015, 47) notes “the difficulty of coordinating individual plans and choices in the ubiquitous and unavoidable presence of dispersed, private, subjective knowledge.” The diffusion of private knowledge is on its own highly problematic for central coordination. Complicating matters is the observation that private knowledge is itself dependent on contextual knowledge. Contextual knowledge includes tacit knowledge relevant to specific contexts and knowledge that emerges in

specific contexts for the purpose of action and interaction (Kiesling 2015). Over time, contextual knowledge evolves by responding to the micro-changes identified in the environment. Thus, this dependence on contextual knowledge makes private knowledge highly contextual, short-lived, and impermanent. Due to the contextual knowledge problem, the further removed the policymaker is from the relevant context, the less tractable the task of coordinating individual plans and choices.

The uninitiated might think understanding local laws and policies is a logical starting point for deciphering unfamiliar contexts. But this too is a complicated task. Various sources differentiate between rules that are unknown or unfollowed by individuals versus those that are known and obeyed, which are known respectively as *de jure* rules-in-form and *de facto* rules-in-use (Sproule-Jones 1993; Crawford and Ostrom 2005). For example, constitutional freedoms may go unprotected, making them rules-in-form but not rules-in-use (Elkins, Ginsburg, and Melton 2009). Endogenous rules are rules-in-use that emerge organically to affect social cooperation in various ways (Ostrom 1990; de Soto 1989; Boettke 1993). Coyne (2013) discusses the importance of endogenous rules-in-use in the context of overseas humanitarian actions: principally, endogenous rules affect how people respond to state-led humanitarian actions and failure to account for them—or to assume they are constant across contexts—undermines foreign assistance efforts. Additionally, when attempts to impose external rules are incompatible with endogenous rules, implementation of external rules becomes an expensive (and perhaps impossible) endeavor.

Knowing which laws are rules-in-form as opposed to rules-in-use demonstrates a minimal understanding of context, and knowing how preexisting endogenous rules affect the application of external rules shows an even more in-depth knowledge of context. Thus, according to the knowledge problem argument, decentralized systems of coordination are believed to perform better because they incentivize and enable a greater understanding of context combined with an increased ability to manage the difficulties of imperfect and incomplete information. Concerning this analysis, foreign development assistance channeled through private organizations represents a decentralized system, and foreign assistance channeled through a state apparatus represents a centralized one.

There is extensive literature on the types of development assistance and their presumed effects on political and economic development<sup>1</sup> and a large body of scholarship on the role of NGOs in international development (Drabek 1987; Edwards and Hulme 1996; Watkins, Swidler, and Hannan 2012; Brass et al. 2018). Some observe that NGOs have positive effects on both the state apparatus and society (Anheier and Salamon 1998; Carlin and Moseley 2015; Brass 2016a). Others challenge these findings and argue that these private organizations are highly fallible (Salamon 1987; Coyne 2013; de

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Waal 1997) and susceptible to sharp criticism for merely reacting to the institutional incentives that structure their behavior (Edwards and Hulme 1996; Cooley and Ron 2002; Gibson et al. 2005a; Smith 2005). These scholars show that development assistance—whether channeled through public or private partners—is neither categorically good nor bad.

**[8.10]**

The shifting paradigms of development theory highlight the intractable nature of the knowledge problem.<sup>2</sup> Over time, theories have shifted from achieving development by increasing modernization in a country (Lerner 1958; Rostow 1960 [1971]; Deutsch 1961) to achieving development by decreasing dependency on a global system (Frank 1967; Wallerstein 1974; Valenzuela and Valenzuela 1978; Evans 1979). The post–World War II era was dominated by an understanding that the state was the primary actor that facilitated development through the creation and enforcement of property rights, state building, and state-led intervention (North 1981; Tilly 1985; Gerschenkron 1951 [1962]). Under this paradigm, failure to account for politics in policymaking quickly led to failed economic policies and made states the largest employer in most developing countries (Brass 2016b). Economic liberalism replaced Keynesianism in the 1980s and minimized the role of the state relative to the market. This period saw the establishment of the Washington Consensus that outlined a ten-part policy recommendation prescribing prudent macroeconomic policies, an outward economic policy orientation, and free market capitalism (Williamson 1990). However, the Washington Consensus did not lead to improved results.

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Another transition occurred at the end of the twentieth century, when practitioners and scholars recognized healthy institutions were a necessary scaffolding for efficient markets. But healthy institutions such as those that protect property rights (North 1990) and facilitate productive entrepreneurship (de Soto 1989) can be challenging to enact. Chaudhry (1993), invoking Polanyi's (1944 [2001], 147) notion that “laissez-faire was planned; planning was not,” observed that the way a state facilitates its market is a political matter, and many states are too weak and corrupt to establish markets and enact the judicial, economic, and political reforms necessary for healthy functioning markets. A similar observation was made by Hayek (1944, 18), who urged that a central planner's actions toward markets and society should be like that of a “gardener who tends to a plant,” meaning the state should be humble in what it thinks it can do and provide. Current development theories stop short of prescribing a one-size-fits-all solution to development and suggest the state and the market are among many organizations—including businesses, voluntary associations, and public agencies—involved in the development of a just, peaceful, and prosperous society. A type of organization familiar to both development theorists and practitioners are NGOs and non-profit civil society organizations (CSOs).

Hegel (1821 [AQ1]) defined civil society as that which fulfills the system of needs that exists between the family and the state (Hegel and Wood 1991), and his contemporary, de Tocqueville (1840), described it as the space created by the voluntary associations of free persons. Civil society is a broad concept invoked to explain many social phenomena. Civil society joins the economy and the state as one of three institutional domains of a functioning society (Warren 2001). These domains have meaningfully different characteristics. For example, while the *state* uses legal power and a bureaucracy to influence its societal interactions, the *economy* organizes its social interchanges using money and markets. The interpersonal exchanges within *civil society* are dominated by a social influence created by the voluntary associational relations that teach and communicate social norms. Although the domains are different, they do share some similarities. For example, the organizations of the economy distribute financial gains to their owners, while those in state and civil society domains generally cannot, and whereas the state can legally compel participation, the economy and civil society rely on voluntary patronage and participation.

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The end of the twentieth century saw enormous growth in the number of CSOs operating in developing countries (Anheier and Salamon 1998; Cammett and MacLean 2014; Schnable 2015). This rapid expansion made it challenging to classify the types of CSOs that emerged (Florini 2006). Despite their many forms, the organizations of civil society depend on their reputation to build and maintain individuals' trust in them. CSOs cultivate this trust in order to pursue their missions, receive donations and volunteers, and earn government support. Nonprofit theory suggests CSOs are seen as legitimate because of the "trust hypothesis," in which the nondistribution constraint and its noncoercive nature combine to solve market failures caused by information asymmetries and concerns of profiteering (Weisbrod 1988; Hansmann 2003). Nonprofit theory also suggests CSOs positively change economic and political conditions through their unique ability to complement government by personalizing provision of services, operating on a smaller scale, adjusting care to fit individual needs, and "permit[ing] a degree of competition among service providers" (Salamon 1987, 42).

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One framework identifies three interrelated roles that civil society has in development: economic, political, and social (Edwards 2004). The *economic role* of civil society focuses on securing livelihoods and providing goods and services that are otherwise unavailable because of market or government failure. This economic role includes not only the charitable and immediate distribution of goods and services but also long-term projects such as micro-finance programs and policy advocacy. Further, civil society can promote and encourage the values of trust and cooperation in the institutions that underpin successful market economies. Korten (1990 [AQ1]) outlines four types of CSOs in developing states: give immediate relief and welfare; sup-

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port small self-help projects; establish partnerships that scale projects toward sustainable development and policy changes; and facilitate social movements. Under the economic prescriptions of the Washington Consensus, developing states outsourced development and public provision responsibilities to CSOs because they were seen as legitimate actors able to positively change economic and political conditions.

**[8.15]**

Civil society's *social role* centers on teaching skills of citizenship and nurturing positive social norms that build social capital. As a social engine, civil society provides opportunities for voluntary association that has positive effects for people and communities. Though its benefits are quite numerous (Smith 1973 [2016]), most relevant to this analysis is civil society's ability to create and maintain mediating structures: institutions such as churches, voluntary associations, and other intermediate social relations that stand between the individual and the megastructures of both the market and the state (Berger, Neuhaus, and Novak 1977 [1996]; Warren 2001). These mediating structures allow members of civic communities to build networks of norms, trust, and reciprocity—that is, social capital—that act as a mechanism for successful collective action and governance (Putnam 1993). Social capital is believed to be necessary for society to promote collective action and necessary for individuals who need to manage the demands of market- and non-market-exchanges effectively. The positive relationship between social capital and good governance, together with the participatory model of development employed by many CSOs, fueled consensus that CSOs were the preferred vehicles for development assistance (Fowler 2000).

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The *political role* emphasizes voluntary association as a crucial counterweight to states and special interest power and a mechanism of “good governance” such as transparency and accountability. Politically, civil society provides citizens an opportunity to mobilize public or private interests for political purposes. It was de Tocqueville (1840) who noticed a habit of the heart in which Americans internalized civic participation that would check the expansion of tyrannical power and halt the atomization of society. Playing an active role in democracy provided individuals with information, developed political and civic efficacy, cultivated capacities for deliberation and negotiation, and fostered norms such as tolerance, trust, reciprocity, and respect (de Tocqueville 1840). Through voluntary association, civil society teaches the art and science of association necessary for self-governance, or what Vincent Ostrom called “political capacity” (Ostrom 1973 [2008], 149). Developing sufficient political capacity means citizens develop political beliefs and behavior: citizens form political opinions and preferences, communicate political wishes, and judge their representative as well as become politically active and act on their initiative to vote, run for office, protest, or otherwise participate in the political process. Through people-centered development, CSOs support greater local control, accountability, initiative, and

self-reliance. Moreover, by improving the variety and quality of political actors in the system, CSOs narrow the gap between the citizenry and the formal political system and encourage alternative centers of power (Korten 1987; Carothers 2002).

Drawing on the received wisdom of the knowledge problem argument and the development and civil society literatures, I argue that development aid administered by private providers has a stronger effect on political attitudes and political engagement than foreign aid given to public organizations. More specifically, I hypothesize development aid awarded to private providers stokes positive political beliefs and behaviors, whereas money funneled to the state does not. Stated formally, I hypothesize development aid awarded to private implementers has the following effects when controlling for individual and contextual factors:

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1. Theory suggests private implementers such as international, national, and regional NGOs act as a mechanism for successful collective action and governance. Therefore I predict that an increase in distributions to private aid providers is positively associated with greater trust in local government.
2. Theory suggests civil society encourages and maintains the art and science of self-governance and that the use of participatory development by international, national, and regional NGOs narrows the gap between people and formal political system. Therefore I predict that an increase in distributions to private providers is positively associated with greater political participation at local municipal meetings.

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## HAITI IN CONTEXT

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The unmistakable presence of thousands of international and indigenous NGOs alongside the curious “absence of accountable government structures” led many late twentieth-century analysts to characterize Haiti as the “Republic of NGOs” (Maguire et al. 1996, 22). But this has not always been the case. The Caribbean island witnessed brutal slavery and economic riches, a long and bloody rebellion, and a political environment of drama, survival, and failure. Beginning in 1659, it was known formally as Saint-Domingue, a French colony that imported African slaves to produce sugar to enrich the coffers of the French colonial empire. Its production of sugar and coffee throughout the eighteenth century made it one of the richest colonies in imperial France’s mercantile system, which earned it the enviable nickname “Pearl of the Antilles.” Then Toussaint L’Ouverture, an ex-slave with extraordinary political and military acumen, led the Haitian revolution against the French oppressors in 1791. The imperialist’s inability to immediately end

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the uprising dealt France both a military and economic defeat and possibly changed the course of world events.<sup>3</sup> The uprising lasted over twelve years and informally ended when France withdrew its remaining seven thousand troops from Haiti in November 1803 and formally concluded with the declaration of Haitian independence on January 1, 1804 (Matthewson 1995). The former colony became Latin America's first independent nation, the world's first postcolonial black-led nation, and history's only case of a country earning its independence through a successful slave rebellion (Knight 2000). Unfortunately, despite its initial display of self-determinism and self-sufficiency, postindependence Haiti continued (and continues) to face severe political and social challenges.

**[8.22]**

The first century of Haitian independence experienced a mix of authoritarian figures and instability (Fauriol 2014). From 1804 to 1843, Haiti had its first emperor (Dessalines), its first crowned king (Christophe), and its first president for life (Petion). Of the twenty-two presidents that served from 1843 to 1915, only one finished his full term. Of the remaining twenty-one, one resigned, fourteen were overthrown, and six died of natural causes or assassinations. The United States Marine Corps intervened in 1915 in response to political violence in the capital and stayed in the country for twenty years. The Duvalier dynasty (1957–1986) consolidated power, expanded state-owned enterprises, and used clientelist politics to manage an intensely loyal mercenary force—the Tonton Macoutes—to incite fear and punish political challengers. This “macoutized state” was inescapable, expedient, and “transformed [Haiti] into an obedient, non-pluralistic entity where political action depended upon the blessings of the supreme executive” (Sylvain 2013, 79–80). Some argue that the overthrow of Jean-Claude Duvalier (“Baby Doc”) revived a democratic discourse in the country and led to a 1990 election that many believe was Haiti's first modern election since the election of Duvalier in 1957 (Dupuy 2013). However, the election of Jean-Bertrand Aristide from the Lavalas party and the coup d'état that removed him from office eight months later (September 1991) was the first of many signals of political instability, distrust, and low political participation (Fauriol 2014; Sutton and Quinn 2013). Disorder would be the political default for Haitian political leaders from September 1991 through 2006. During that period, the head of state changed nine times among seven individuals with only one serving the prescribed five-year term (René Préval, from February 1996 to February 2001).

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It was not until the 2006 reelection of René Préval (May 2006–May 2011) and the following election of celebrity-turned-politician Michel “Tèt Kale” Martelly (May 2011–Feb. 2016) that Haiti experienced normalcy in its exchange of political leadership. The trend would be short-lived, however, as allegations of fraud in the October 2015 elections indefinitely deferred a legitimate successor to President Martelly. Jocelerme Privert's appointment

to provisional president prevented a constitutional that would have certainly ensued had Martelly remained at the post beyond the ominous February 7 deadline. In selecting Privert, the National Assembly chose one of its own—a senior senator and former minister for Presidents Aristide and Preval—to maintain leadership and guide the country through another election cycle. Privert scheduled elections for October but postponed them to November because of Hurricane Matthew. Finally, on November 20, 2016, Haiti elected Jovenel Moïse as president, had his victory verified by an electoral tribunal, and concluded his investiture on February 7, 2017.

Haiti also has a long history with NGOs and foreign assistance. Haiti was one of the first countries in the world to receive a United Nations mission and development mandate. In 1948, foreign experts on a fact-finding mission to Haiti identified 101 recommended policies and government reforms (Schuller 2017). Analysts would later associate Hurricane Hazel (which made landfall on October 12, 1954, and is known locally as *Douz Oktob*) as Haiti’s first natural disaster associated with immediate and large-scale humanitarian relief efforts (Maguire 1981; Schwartz 2017). While the direct loss of life is estimated to be four hundred deaths, analysts identify the storm as causing more economic destruction than the 2010 earthquake, stripping the beans from 40 percent of the Haiti’s coffee trees, razing 50 percent of the country’s cacao crop, killing livestock, and exacerbating starvation throughout the country (Schwartz 2015). CARE and Catholic Relief Services were among the first to respond, but other organizations soon followed. Filled with good intentions and supported by private donations and government funding, these NGOs engaged in immediate humanitarian relief and long-term development activities. Maguire (1981, 21) identifies this period as when “a wave of ‘development madness’ began to sweep over Haiti, and has continued since.”

NGOs and foreign experts have been intimately involved with Haiti’s domestic policy issues since Hurricane Hazel. The seats of power and decision making in Washington, DC, see NGOs as more accountable, responsive, and transparent than the Haitian government and conclude that NGOs are better caretakers of taxpayer dollars (Smith 2005). Some analysts estimate 93 percent of US foreign aid is channeled through for-profit and nonprofit organizations (Schuller 2017, 71). Haiti has experienced wide variation in the amount of ODA it receives on a per capita basis. According to the World Development Indicators (World Bank 2018), the level of ODA received by Haiti (in constant 2015 US dollars) was \$66 per person in 2006 (seventieth percentile among all countries that year), \$294 per person in 2010 (ninety-seventh percentile), and \$98 per person in 2016 (eighty-first percentile). Further, the amount of aid distributed across departments varies over time (see table 8.1). This subnational variation in ODA makes it an ideal case for assessing the relationship between ODA and local political behavior.

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**[8.26]**

Individuals' political attitudes and political engagement vary across Haiti. In 2008, respondents' trust in local government ranged from 10 percent to as high as 57 percent when averaged at the department level (LAPOP, survey question B32). The range of this indicator narrowed by half in 2016 to just 5 to 29 percent. But not all departments experienced a pullback in trust. Citizens in two neighboring departments with similarly sized populations—Centre and Nord—began the period at average trust in the local government of 10 percent and 39 percent, respectively, and both ended the period at 20 percent (an increase for Centre but a major decrease for Nord). Across the country, some departments were up, others down, but only Sud remained relatively unchanged over the eight-year period. A similar and equally peculiar phenomenon was the variance in citizens' attendance at municipal meetings. The average rate of involvement in this political activity narrowed from 8 to 29 percent in 2008 to just 3 to 16 percent in 2016. However, three departments bucked the trend and saw an average participation increase. When examined together over time, these two political behaviors moved in the same direction in only five of Haiti's ten departments (see figure 8.1).

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## FINDINGS AND IMPLICATIONS

**[8.28]**

This chapter includes an individual-level analysis, clustered by department, that tests the effects of the public-to-private policy decision on citizens' political attitudes and political engagement. In order to do so, I analyze the political attitudes and political engagements (specifically, measures of political trust and municipal meeting attendance over six waves of polling data from 2006 to 2016) of 6,200 Haitians while controlling for individual and environmental factors (see the appendix for a detailed description of the model, data, assumptions, and limitations of the study). The focus of the analysis is the fluctuations of local private implementation of aid that varies across time and geography. I find evidence of a positive relationship between funding local private implementers—such as regional, national, and international NGOs—and higher levels of trust in local government and attendance at municipal meetings.

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### **Trust in Local Government**

**[8.30]**

I begin by examining the relationship between *the types of ODA* (the primary independent variables) and trust in local government (the first of two outcome variables). Table 8.2 shows the odds ratios of independent variables' effect on this political attitude using a mixed effect logit model. The first analysis studies the relationship between *foreign government distributions* measured at the national level and each individual's trust in local government. It appears neither the total distribution of foreign government funds to

**[T08-001.t1] Table 8.1. Descriptive Statistics (n=6,251)**

Variable	Percent	Mean	Std. Dev.	Min.	Max.
<i>Outcome Variables</i> <sup>a</sup>					
Trusts Local Government <sup>1,2</sup>	22.32			0	1
Attends Municipal Meetings <sup>1,2</sup>	16.75			0	1
<i>Explanatory Variables</i>					
Lag Trusts Local Government (city) <sup>a,3,4</sup>		0.22	0.15	0	0.75
Lag Attends Municipal Meetings (city) <sup>a,3,4</sup>		0.16	0.11	0	0.50
Total Foreign Government Distributions <sup>b,5,6</sup>		925.6	562.9	350.9	1,666.9
Lag Foreign Government Distributions <sup>b,5,6</sup>		756.0	548.6	109.9	1,792.5
Government Distributions to Private Implementer <sup>b,5,6</sup>		181.0	87.6	64.2	326.9
Lag Government Distributions to Private Implementer <sup>b,5,6</sup>		154.0	83.7	49.7	274.6
Government Distributions to Public Partners <sup>b,5,6</sup>		744.5	521.2	231.6	1,515.8
Lag Government Distributions to Public Partners <sup>b,5,6</sup>		602.0	513.8	60.1	1,601.2
Local Private Implementation (department) <sup>b,c,5,6</sup>		44.3	51.4	0	143.2
Lag Local Private Implementation (department) <sup>b,c,5,6</sup>		31.1	36.1	0	111.0
<i>Control Variables</i> <sup>a,1</sup>					
Attends Church Regularly <sup>2</sup>	63.51			0	1
Thinks Corruption in Politicians Is Common <sup>2</sup>	74.90			0	1
Male <sup>2</sup>	51.24			0	1
Receives Remittances <sup>2</sup>	56.60			0	1
Age		36.9	13.1	18	77
Number of Children		1.9	1.9	0	18
Years of Education		10.1	4.0	0	18

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<i>City Size</i> <sup>2</sup>			
National Capital	22.36	0	1
Large City	12.29	0	1
Medium City	11.44	0	1
Small City	3.89	0	1
Rural Area	50.02	0	1
<i>Survey Wave</i> <sup>2</sup>			
2008	16.85	0	1
2010	21.07	0	1
2012	19.66	0	1
2014	16.69	0	1
2016	25.74	0	1
<i>Department</i> <sup>a,1</sup>			
Artibonite	14.24	0	1
Centre	5.47	0	1
Grand 'Anse	2.19	0	1
Nord-Est	1.74	0	1
Nord	10.99	0	1
Ouest	43.21	0	1
Nord-Ouest	7.29	0	1
Nippes	4.10	0	1
Sud-Est	4.30	0	1
Sud	6.43	0	1

*Sources:* <sup>a</sup> Latin American Public Opinion Project; <sup>b</sup> International Aid Transparency Initiative; <sup>c</sup> InterAction NGO AidMap; <sup>1</sup> Individual-level variable; <sup>2</sup> Binary variable; <sup>3</sup> Local-level variable; <sup>4</sup> Continuous variable operationalized as city's average in prior survey wave; <sup>5</sup> National-level variable; <sup>6</sup> Values reported in constant 2016 US\$ (millions)

Haiti in the current year (*foreign government distributions*) nor the year prior have a significant relationship with individuals' trust in local government. The second analysis partitions total foreign aid according to organization type of the implementing partner measured at the national level: private (*distributions to private implementers*) and public (*distributions to public partners*). Similar to the first analysis, national measures of foreign aid fail to predict individuals' trust in local government. The third analysis controls for distributions to private implementation partners (*local private implementation*) at the department level. This subnational variation model identifies a statistically significant relationship.

As hypothesized, distributing foreign assistance to private implementers, as measured by *local private implementation*, is statistically significant and positively correlated with trust in government ( $p < 0.001$ ). As for alternative explanations, measurements for foreign aid to private implementers the year prior (*local private implementation lagged*), neither the city's average trust in government reported by respondents in the prior survey (*average trust in local government lagged*) nor the respondent's current perception of corruption (*thinks corruption in politicians is common*) successfully predict trust in local government outcome in the models tested.

[8.31]

I calculate the average marginal effects using the simplified logit model.<sup>4</sup> The average marginal effects (AMEs) meaningfully interpret the predicted relationship between changes in the amount of *local private implementation* and individuals' political behavior. To begin, the average respondent has a 22 percent probability that he or she has trust in his or her local government (table 8.1). From this baseline, an additional \$1 million in *local private implementation* increases the probability of having trust in local government by less than 1 percent ( $p < 0.01$ ). To put this in perspective, a one standard deviation increase in *local private implementation*, about \$51.4 million, increases the probability of trust in local government by slightly more than 3 percent ( $p < 0.05$ ), holding all other variables constant. Figure 8.2 shows the estimated marginal effect of increased *local private implementation*. It shows the marginal effect of *local private implementation* is nonzero and thus statistically significant across all levels of department-level private aid. The upward slope of the line indicates higher levels of foreign assistance have a stronger marginal effect on trust in local government.

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The interpretation of this positive relationship deserves further explanation. Theory suggests private implementers such as local and international NGOs act as a mechanism for successful collective action and governance. The statistical analysis supports this prediction when controlling for environmental and individual factors. In other words, the data suggest more aid to private implementers is related to more trust. But it is unclear whether aid to these local implementers is the most efficient way to improve citizens' trust in local leaders. Closer inspection of the graph shows the slope of the line is relatively flat, which suggests high levels of foreign aid is necessary to move trust in local leaders a meaningful amount.

[8.33]

### Attendance at Municipal Meetings

[8.35]

The second analysis explores the relationship between the amount of foreign assistance distributed to private implementers in a given Haitian department on the probability respondents attend municipality meetings. Table 8.3 shows the odds ratios of the independent variables' effects on this outcome using a mixed effect logit model. Analyses suggest neither the total distribution of

[8.36]

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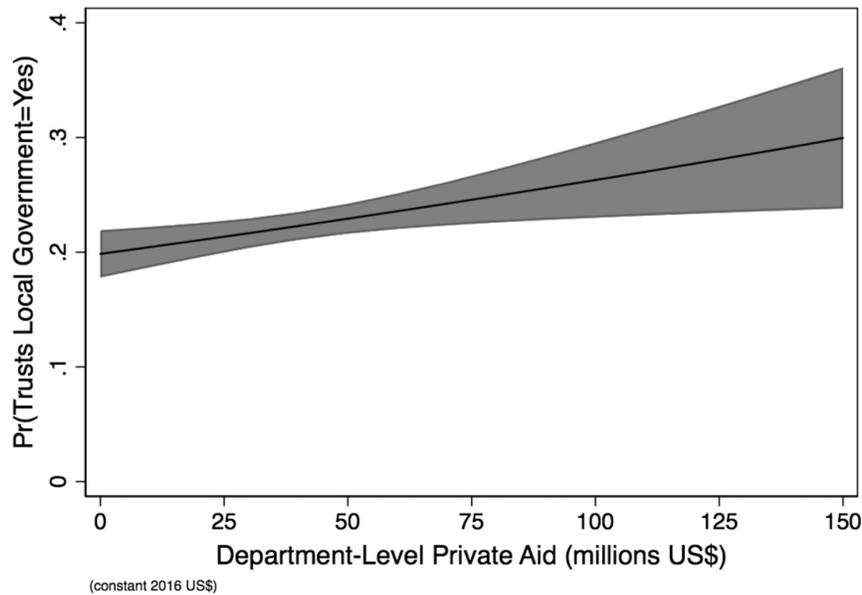
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**[T08-002.t1] Table 8.2. Predicting Trust in Local Government**

	(1)	(2)	(3)	(4)
	Total Gov't Distributions (HLM)	Total Private vs. Total Public (HLM)	Local Private Implementati on (HLM)	Local Private Implementati on (Logit)
<i>Dependent Variable:</i> Trusts Local Government				
Foreign Government Distributions	1.006			
Foreign Government Distributions (lagged)	0.998			
Distributions to Private Implementers		0.997		
Distributions to Private Implementers (lagged)		1.001		
Distributions to Public Partners		1.001		
Distributions to Public Partners (lagged)		0.999		
Local Private Implementation			1.005***	1.004**
Local Private Implementation (lagged)			1.002	1.003
Average Trust in Local Government (lagged)	0.599	0.599	0.593	0.604
Attends Church Regularly	1.374***	1.374***	1.376***	1.343***
Thinks Corruption in Politicians Is Common	0.961	0.961	0.960	0.945
AIC	6,465.0	6,465.0	6,452.4	6,488.2
BIC	6,647.0	6,647.0	6,648.0	6,677.0
Degrees of Freedom	25	25	27	27
N	6,251	6,251	6,251	6,251

Exponentiated Coefficients—Full Model Not Shown. *Sources:* LAPOP, IATI, NGO Aid Map.

\*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001



**[8f2]** Figure 8.2. Predicted Marginal Effect of Department-Level Aid on Trust in Local Government (with 95 Percent Confidence Intervals) Source: Author compiled.

foreign government funds to Haiti in the current or prior year reliably predicts an individual's attendance at a municipal meeting. Separating distributions allotments by implementer types (private versus public) also fails to predict the outcome accurately. However, the subnational analysis identifies a statistically significant relationship. As hypothesized, distributing foreign assistance to private implementers, as measured by the independent variable *local private implementation*, is statistically significant and positively correlated with attendance at municipal meetings ( $p < 0.001$ ). The information criteria show the second model is most preferred. As for alternative explanations, measurements for foreign aid to private implementers the year prior (*local private implementation lagged*), the city's average attendance reported by respondents in the prior survey (*average attends municipal meetings*), and the respondent's current church-going habits (*attends church regularly*) fail to predict a respondent's attendance at municipal meetings.

Estimates from the simplified logit model suggest the average respondent has only a 16 percent probability of attending a local municipal meeting. For a one million dollar increase in *local private implementation*, the probability of attending a municipal meeting increases by less than 1 percent ( $p < 0.001$ ). A one standard deviation increase in *local private implementation*, about \$51.4 million, increases the probability a person attends a municipal meeting

**[8.37]**

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**[T08-003.t1] Table 8.3. Predicting Attendance at Municipal Meetings**

	(1)	(2)	(3)	(4)
	Total Gov't Distributions (HLM)	Total Private vs. Total Public (HLM)	Local Private Implementati on (HLM)	Local Private Implementati on (Logit)
<i>Dependent Variable:</i> Attends Municipal Meetings				
Foreign Government Distributions	1.007			
Foreign Government Distributions (lagged)	0.998			
Distributions to Private Implementers		0.997		
Distributions to Private Implementers (lagged)		1.001		
Distributions to Public Partners		1.001		
Distributions to Public Partners (lagged)		1.000		
Local Private Implementation			1.007***	1.007***
Local Private Implementation (lagged)			1.003	1.003
Average Attends Municipal Meetings (lagged)	1.079	1.079	1.060	1.139
Attends Church Regularly	1.125	1.125	1.124	1.117
Thinks Corruption in Politicians Is Common	0.852	0.852	0.854	0.868
<i>AIC</i>	5,520.0	5,520.0	5,500.0	5,516.0
<i>BIC</i>	5,702.0	5,702.0	5,695.2	5,704.7
Degrees of Freedom	25	25	27	27
<i>N</i>	6,251	6,251	6,251	6,251

Exponentiated Coefficients—Full Model Not Shown. *Sources:* LAPOP, IATI, NGO Aid Map.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

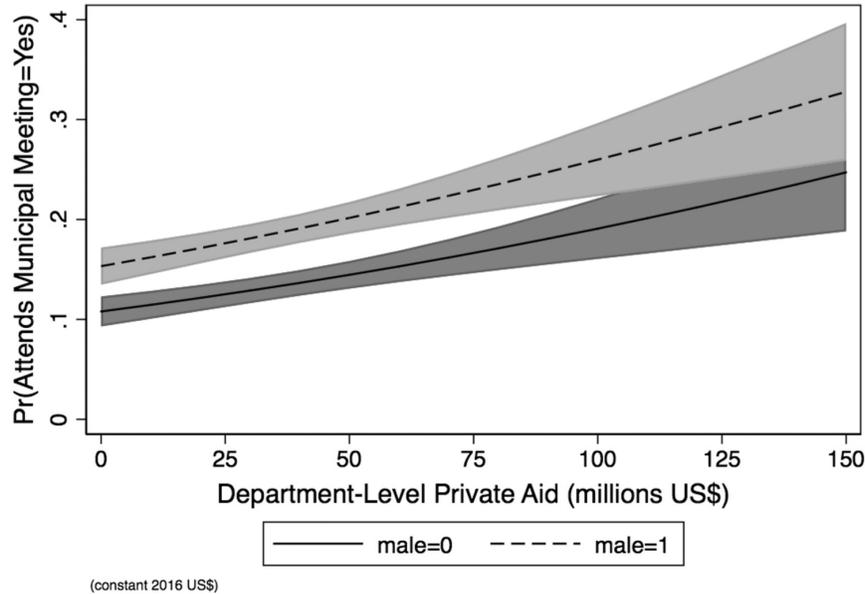
by slightly more than 5 percent ( $p < 0.001$ ), holding all other variables constant.

Figure 8.3 shows the estimated marginal effect of *local private implementation* for both men (dashed line) and women (solid line). Two observations are noteworthy. First, both lines and their 95 percent confidence intervals are greater than zero across the data space; therefore the data suggest the marginal effect of *local private implementation* is positive and statistically significant for all levels of *local private implementation*. Second, the confidence intervals for men (light gray) and women (dark gray) are separate until department-level private aid reaches \$100 million. These patterns show the positive effect of being male on the probability of attending municipal meetings ( $p < 0.001$ ). However, when department-level private aid surpasses \$100 million, the difference between the sexes in attending municipal meetings disappears as indicated by the overlapping confidence intervals.

The interpretation of this positive relationship deserves further explanation. Theory suggests civil society encourages and maintains the art and science of self-governance and that the use of participatory development narrows the gap between people and the formal political system. The statistical models show increases in distributions to private providers is positively associated with greater political participation at local municipal meetings. The same caveats discussed with trust in local governments apply here. Most importantly, because baseline participation at municipal meetings is less than 17 (table 8.1), the data suggest it would take very high levels of foreign aid to private implementers to move attendance above 20 or 30 percent. Thus, it is unclear whether aid to local implementers is the most efficient way to improve attendance at local municipal meetings. In summary, foreign aid, even when given to organizations thought to be capable of resolving the knowledge problem, appears to be no panacea for citizens' severe lack of trust in local government or profoundly low participation in local governance.

## CONCLUSION

For the years 2006 to 2016, more foreign aid to Haiti was channeled through public partners than awarded to private implementers. Foreign assistance disbursements to public partners averaged \$746 million per year or roughly \$75 million per department. For direct comparison, disbursements to private implementers averaged less than one-quarter that amount: \$181 million per year and \$44 million per department (see table 8.1). With this in mind, the analyses suggest essential findings regarding the knowledge problem in public policy. First, national-level analyses are unable to identify a positive effect of foreign assistance on the political behaviors studied; this holds for total disbursements to public partners and total disbursements to private im-



**[8f3]** Figure 8.3. Predicted Marginal Effect of Department-Level Aid on Attend Municipal Meetings Source: Author compiled.

plementers. It should be stated that data limitations for public implementers make it impossible to study subnational variation in the success of public partner programs.

**[8.43]** Studying subnational variation of development aid awarded to private implementers suggests cautious optimism. Theory suggests private implementers—such as of international, national, and regional NGOs—act as a mechanism for successful collective action and governance. Analyses here support this prediction: the distribution of foreign assistance to private implementers has a significant and positive relationship with the probability an individual trusts his or her local government. Theory also suggests civil society creates and maintains secondary associations that teach the art and science of self-governance, and use of participatory development by local and international NGOs narrows the gap between people and the formal political system. In accordance with theory, analyses here find the distribution of foreign assistance to private implementers has a significant and positive relationship with the probability an individual attends local political meetings.

**[8.44]** Significant uncertainty clouds development. Experts on the topic reflect “scholars and practitioners of development do not know which factors are actually necessary for change to occur” (Brass 2016b, 122). Underpinning

this uncertainty is the contextual knowledge problem: the realization that the diffuse and private nature of knowledge hampers central coordination. Moving forward, development policymakers should recognize the knowledge problem exists, that context exacerbates its intractability, and those development partners able to quickly customize services to meet changing needs are more likely to succeed in the challenging and uncertain contexts of developing countries.

## APPENDIX: DETAILS ON THE QUANTITATIVE ANALYSIS

[8.45]

This quantitative analysis focuses on the individual and uses state and year fixed effects and random intercepts nested by the original survey sampling unit to account for clustering and unobserved heterogeneity. The analysis creates lagged versions of two types of development assistance: public-to-public aid, which varies over time but is invariant across Haiti's ten departments, and public-to-private aid that varies across both time and administrative jurisdictions. The following subsections explain the multiple sources from which data are collected and the construction of three outcome variables and primary independent variables, and briefly summarize control variables and modeling justifications.

[8.46]

### **Data and Methods**

[8.47]

My quantitative analysis investigates the aid-politics relationship by combining yearly transaction-level data of sixteen foreign government agencies (2006–2016) with six waves of local public opinion data (2006, 2008, 2010, 2012, 2014, and 2016). The first set of data come primarily from the International Aid Transparency Initiative (IATI), which organizes data on development assistance by governments, foundations, and private organizations such as NGOs and businesses. All data are voluntarily reported by the initiative's supporters following to the IATI Standard, a format and framework for publishing data on development cooperation activities intended to be used by all organizations in development, including government donors, private sector organizations, and national and international NGOs. The latter data come from the AmericasBarometer by the Latin American Public Opinion Project (LAPOP), which has bi-annually collected public opinion data in the country since 2006. Though Haiti is ungeneralizable in many respects, it contributes to theory building when I use it here as a plausibility probe case study: the independent variable of interest, development assistance to private partners, fluctuates considerably over the time and geography studied (George and Bennett 2005, Seawright 2016).

[8.48]

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**[8.49] Dependent Variables**

**[8.50]** The Latin American Public Opinion Project (LAPOP) provides data for the dependent variables analyzed: trust in local government (question B32) and attendance at municipal meetings (question NP1). LAPOP asks respondents in each survey wave, “On a ladder of 1 to 7, where 1 is the lowest step and means NOT AT ALL and 7 the highest and means A LOT, to what extent do you trust the local or municipal government?” I analyze trust in local government (*trust*) as a binary variable by recoding response value one through four as zeros and five through seven as ones. The second dependent variable, attendance at municipal meetings (*attends*), uses the binary responses from the LAPOP survey question: “Talking about your local municipality, have you attended a town meeting, city council meeting or other meeting in the past 12 months?” Table 8.1 shows descriptive statistics for these variables and others used in the analysis.

**[8.51] Independent Variables**

**[8.52]** I draw on two additional data sources to construct the independent variables tested in my analysis. The first data come from the IATI, provide self-reported, transaction-level data over time, and include the value of each transaction. In this study, I organize over 13,781 records detailing the flow of monies among organizations (henceforth “transactions”) as self-reported by eighteen government organizations from Canada, Japan, Spain, Sweden, the United Kingdom, and the United States.<sup>5</sup>

**[8.53]** The following steps cleaned and finalized IATI data for analysis. First, transactions are organized into two groups according to the implementing partner’s organizational type, which is defined in the data as either public or private. Total public implementation distributions in a given year (*distributions to public partners*) and the year prior (*distributions to public partners lagged*) subtotal transactions given by governments to organizations coded as “government” (2,739 transactions), “other public sector” (14 transactions), and “multilateral” (445 transactions). Similarly, total private implementation distributions in a given year (*distributions private to implementers*) and the year prior (*distributions to private implementers lagged*) subtotal distributions from governments to “international NGOs” (75 transactions), “national NGOs” (2,303 transactions), “regional NGOs” (169 transactions), and “private sector” organizations (1,626 transactions). Total government distributions in a given year (*foreign government distributions*) and the year prior (*foreign government distributions lagged*) are simple aggregates of subtotals in the appropriate year. Although these data provide an excellent starting point, they do not contain all the information necessary to thoroughly investi-

gate the research question: notably, transactions lack geocoding of where the money is used.

In the second step, I combine data from InterAction's NGO Aid Map to estimate *distributions to private implementers*. The NGO Aid Map provides detailed project information for nearly two thousand self-reported projects for eighty-five NGOs between 2006 and 2016. My analysis assumes *distributions to private implementers* defined earlier with IAITI data follow a distribution pattern across Haitian departments that is similar to the projects self-reported by NGOs in the NGO Aid Map.<sup>6</sup> Thus, the estimation of department-level private implementation distributions to each department in a given year (*local private implementation*) is the multiplication of total private implementation distributions in that year (*distributions private implementers*) with the percentage of total NGO budget spending in the respective department in the given year. The lagged variable (*local private implementation*) is the same calculation one year earlier.

[8.54]

### Control Variables

[8.55]

Having explained my dependent variables and independent variables of interest, I briefly explain the control variables used in my analyses. Several variables control for contextual and individual differences across respondents. The first contextual variable controls for autocorrelation of the dependent variable. Ideally, a lagged dependent variable is used to accomplish this (De Boef and Keele 2008); however, lagging the dependent variable at the individual level is impossible because the LAPOP is not a panel survey of individuals. As a reasonable substitute, I average individual responses at the municipal level for the sixty-five cities identified in the data, which is the lowest level traceable across time periods. Two further comments about these "lagged control variables" (LCVs) require attention. It is important to recognize these LCVs stopped representing individuals' opinions once they were averaged at the municipal level because the transformation turned them into environmental factors. Further, because data for the LCVs are only available every other year, the "lag" on these variables is from the closest prior survey wave that occurred two years earlier.

[8.56]

LAPOP provides the remaining control variables. Additional contextual factors include *year*, *department*, and *location size*. Year and department are used as fixed effects. The former controls for unobserved, time-varying effects; the latter for unobserved department effects. The category variable *location size* identifies the size of the location in which the survey was conducted and is analyzed in the models using Port-au-Prince as the referent category. At the individual level, the model controls for attitudes and behaviors that might explain some patterns in the outcomes, as well as basic demographic information. The perception of corruption may be related to the trust

[8.57]

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in local government outcome, and the practice of attending church regularly may be related to attending municipal meetings. In this analysis, *corruption* is a binary variable that codes individuals who think corruption is common and practiced by half or more of all politicians as ones, while those who think it is less common are zeros (LAPOP question EXC7). *Religious* is a binary variable that codes individuals who attend church as little as once a month to as frequently as once a week as ones, while those who attend twice a year or less are coded as zeros (LAPOP question Q5A). Additional LAPAOP variables control for differences across individual respondents. *Age* is a continuous variable with responses ranging from eighteen to seventy-seven, which represents the middle 99 percent of the sample. Outliers younger than eighteen and older than seventy-seven are omitted (fifty-seven observations). Continuous variables *children* and *education* control for the number of respondent's children and years of schooling completed by respondent, respectively. Binary variables *male* and *receives remittances* identifies respondent's sex (male=1, female=0) and whether the household receives remittances (yes=1, no=0).

#### **[8.58] Modeling Choice**

**[8.59]** This chapter discusses the effect of foreign aid channeled through private partners has on local politics. To do so, it combines demographic data with environmental factors to analyze individuals' political behaviors. This creates a multilevel data structure in which data from multiple levels are organized into the same observation. A primary assumption of analysis of variance (ANOVA) models is the independence of observations. With respect to this study, the standard ANOVA model assumes each individual's political behaviors are independent from his or her fellow citizens' political attitudes and political engagements. However, if the data's dependent observations cluster—for example, responses from the same sampling unit are more similar to each other than responses from other sampling units—then the assumption of independent observations is violated, and ignoring this violation shrinks the standard errors of conventional statistical tests and inflates type I error rates (Barcikowski 1981; Kreft and De Leeuw 1998; Hox 2010; Jones 2008). Application of hierarchical level models (HLM) is one way to manage this interdependency and model dependent observations (Snijders and Bosker 1999; Gelman and Hill 2007). The HLM's empty models calculates the data's intra-class coefficient (ICC) to measure the degree of clustering/interdependence within the data structure. The ICCs of the three dependent variables analyzed here ranged between 0.08 and 0.15. Interpreted simply, the data show 8 to 15 percent of the variance in political behavior is accounted for at the sampling unit level, which violates the independent observations assumption and is managed with HLM models.



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## NOTES

[8.164]

1. This topic is so complex that even a working definition for effective development lacks consensus (for example, Berg and African Strategy Review Group 1982; World Bank 1991; Escobar 1995; Sen 1999; United Nations Development Programme 2003; World Bank 2016).

[8n1]

2. See Brass (2016b) for a recent and comprehensive review of the literature.

[8n2]

3. Losing the “Pearl of the Antilles” meant Napoleon had significantly fewer resources to finance his militaristic ambitions. Thus, prompted by the possibility of a new war with the United Kingdom, Napoleon sold France’s Louisiana Territory to the United States with the signing of the Louisiana Purchase treaty (April 30, 1803).

[8n3]

4. The final column of table 8.3 reruns the specification using a simple logit model, which is computationally more efficient than the HLM model. In this instance, removing the random intercepts from the model increases the BIC by twenty points. The Bayesian Information Criterion (BIC) is a complexity-adjusted metric that compares specifications that uses the same sample to regress the same dependent variable on different combinations of covariates; decreasing values indicate an increasing ability to fit the variation in the outcome, and a decrease in the BIC by ten points or more indicates very strong evidence to support one model over another (Raftery 1995). Although the HLM logit model is strongly preferred for hypothesis testing and correcting for intragroup correlation, the simplified logit model is useful for meaningful interpretation

[8n4]

5. To prepare the data, I first culled the original list of transactions by eliminating nondisbursement transactions such as incoming funds, commitments, and outlays for project overheads. This left only 8,645 transactions from one organization to another in the aid delivery chain (henceforth “disbursements”). Next, I eliminated disbursements to academic institutions and organizational types coded with a value not included in the IATI codebook. This step eliminated an additional 509 disbursements. By default, the IATI standard codes all transactions as transfers in cash or in-kind for which the recipient organization incurs no legal debt (henceforth “standard grants”); the elimination of one debt forgiveness transaction left 8,135 standard grant disbursements. Transactions occurring after the observational period (325 transactions), negative transactions values representing reduced/canceled commitments (386 transactions), and transaction values equal to zero or left blank (53 transactions) were deleted. I then standardized transaction values of the remaining disbursements into constant 2016 US dollars.

[8n5]

6. Using each project’s budget and start and end dates, I estimate a straight-line per annum cost of each project. Totaling the annual costs of all projects in a given year approximates total NGO spending for that year. Next, I use each project’s location data to estimate the percentage of total NGO spending allocated to each department in each year. Importantly, subnational variation exists because these proportions vary over time according to NGO Aid Map data.

[8n6]

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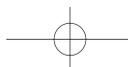
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## Informing Public Policy

*Analyzing Contemporary US and  
International Policy Issues through  
the Lens of Market Process Economics*

Edited by Stefanie Haeffele,  
Abigail R. Hall, and Adam Millsap

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