Does Aid Really Help? The Nexus Between Development Aid and State-Society Resilience in Fragile Situations

Cyrel San Gabriel

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DOES AID REALLY HELP?

THE NEXUS BETWEEN DEVELOPMENT AID AND STATE-SOCIETY RESILIENCE IN FRAGILE SITUATIONS

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Doctoral Dissertation

Presented to

The College of Humanities and Social Sciences
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Kennesaw State University
Kennesaw Georgia

_____________________________

In Partial Fulfillment of

Requirement for the Degree

Doctor of Philosophy in International Conflict Management

_____________________________

By

CYREL CRISOLOGO SAN GABRIEL

December 2019

Keywords: development aid, fragile situations, state-society resilience, governance, human development, economic growth, peacebuilding
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<tr>
<th>ABBREVIATIONS</th>
<th>Description</th>
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<tr>
<td>ADB</td>
<td>Asian Development</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
</tr>
<tr>
<td>ARMM</td>
<td>Autonomous Region in Muslim Mindanao</td>
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<tr>
<td>BARMM</td>
<td>Bangsamoro Autonomous Region in Muslim Mindanao</td>
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<tr>
<td>BBL</td>
<td>Bangsamoro Basic Law</td>
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<tr>
<td>BDA</td>
<td>Bangsamoro Development Agency</td>
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<tr>
<td>BIFF</td>
<td>Bangsamoro Islamic Freedom Fighters</td>
</tr>
<tr>
<td>BOL</td>
<td>Bangsamoro Organic Law</td>
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<tr>
<td>CPIA</td>
<td>country policy and institutional assessment</td>
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<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>ICT</td>
<td>information, communication and technology</td>
</tr>
<tr>
<td>IDP</td>
<td>internally displaced person</td>
</tr>
<tr>
<td>IEP</td>
<td>Institute for Economic and Peace</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>LDC</td>
<td>least developed country</td>
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<tr>
<td>LIC</td>
<td>lower income country</td>
</tr>
<tr>
<td>LICUS</td>
<td>low-income countries under stress</td>
</tr>
<tr>
<td>LMIC</td>
<td>lower-middle income country</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>UMIC</td>
<td>upper-middle income country</td>
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<tr>
<td>MDB</td>
<td>multilateral development bank</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MDS</td>
<td>multidimensional scaling</td>
</tr>
<tr>
<td>MILF</td>
<td>Moro Islamic Liberation Front</td>
</tr>
<tr>
<td>MNLF</td>
<td>Moro National Liberation Front</td>
</tr>
<tr>
<td>MTF-RDP</td>
<td>Mindanao Trust Fund – Reconstruction and Development Project</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NGO</td>
<td>non-government organization</td>
</tr>
<tr>
<td>ODA</td>
<td>official development assistance</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>PBA</td>
<td>performance-based allocation</td>
</tr>
<tr>
<td>PO</td>
<td>people’s organization</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>WB</td>
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ABSTRACT

The most pressing global issues we face today include the influx of refugees to neighboring countries, the spread of terrorism, and climate change. The majority of refugees originate from fragile situations battered by protracted conflict. Similarly, terrorist groups form within fragile contexts. Fragile situations are the most vulnerable to the effects of climate change such as natural disasters. Financial aid continues to flow from donor countries to fragile situations to carry out peacebuilding and statebuilding agendas. Scholars have conflicting views on whether foreign aid can help build peace and others point out donors’ misguided aid allocation leading to failures in statebuilding.

This study aims to determine how development aid impacts state-society resilience, and how such resilience impacts aid flows in fragile situations. It particularly examines if development aid builds state-society resilience in fragile situations listed in the harmonized list of World Bank, African Development Bank, and Asian Development Bank from 2006 to 2018. Results show that development aid causes a decrease in state-society resilience, while state-society resilience causes an increase in aid flows. Aid for governance and human development weakens resilience. On the other hand, better governance and peace levels curb aid flows, while higher human development levels boost aid flows. Economic growth is neither relevant to resilience levels nor aid flows.

This study highlights the strong causal link between aid for governance and human development and state-society resilience. Results show that aid hurts a fragile situation but not too painfully, and that fragility is mainly attributed to violent conflict, ethnic fractionalization, and natural disasters. The study concludes that the slight negative impact of aid can be reversed through altering the development approach from hierarchical to concentric. As an alternative to
the hierarchical model of development, where one intervention progresses from one stage to another, a concentric model is proposed, where governance and human development are at the core, which can create a ripple effect to sustainable peace and economic growth. Targeted assistance is therefore needed, which is to strengthen governance by improving public policies and institutions, and enhancing human development by empowering the society to collaborate with the state in achieving sustainable development goals.
CHAPTER 1: INTRODUCTION

The world today faces a daunting task of addressing the millions of people forced to leave their homes, the spread of terrorism, and climate change. In June 2018, the UN Refugee Agency (UNHCR, 2018) recorded that 68.5 million people have been forcibly displaced worldwide (40 million are internally displaced, 25.4 million are refugees, and 3.1 million are asylum-seekers.) About 57% of the refugees come from South Sudan, Afghanistan, and Syria, which are all fragile situations. On the other hand, the Global Terrorism Index, in 2016, identified the top five countries most impacted by terrorism, and these countries are in fragile contexts: Iraq, Afghanistan, Nigeria, Syria, and Pakistan (IEP, 2017). Fragile situations are also vulnerable to climate change or global warming that causes sea level rise, droughts, soil erosion, and catastrophic typhoons, among others. Sakaguchi, Varughese, and Auld (2017) reviewed studies linking climate change and violence and found that many of these studies conclude that, “climate variables are associated with higher levels of conflict” (p. 62).

International and local policymakers recognize the need to develop fragile situations to make them more resilient to conflict and climate change. Since 2000, the international community has strived to achieve the Millennium Development Goals (MDGs), which were replaced by the Sustainable Development Goals (SDGs), adopted by world leaders during the UN Sustainable Development Summit in 2015. The United Nations Development Programme (UNDP, n.d.-a) defines SDGs as “a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity,” and outlines 17 goals to achieve with the participation of governments, private sector, civil society, and citizens (Table 1.1). The SDGs are meant to build upon the MDGs, and new areas have been added, such as climate change, economic equality, innovation, sustainable consumption, and peace and justice (UNDP, n.d.-a).
Fragile situations have been the major target for SDG 16, which is, to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels” (UN, n.d.). Without such building blocks—peace, justice, inclusive societies, and effective institutions—the rest of the SDGs will be impossible to achieve.

Though the UNDP reported some MDG achievements in 2015, most of the facts and figures are alarming despite the continual financial aid flows from wealthy nations to fragile situations. The number of people living in extreme poverty in these fragile situations continues to
In 2015, fragile situations were home to 513.6 million people living in extreme poverty; by 2030, this number could rise to 620 million people or more. In 2016, 63% of the world population was in extreme poverty, and this is expected to grow to 83% by 2030 (OECD, 2018). In 2016, nine extremely fragile countries were active in armed conflict: Afghanistan, Central African Republic, Democratic Republic of Congo, Iraq, Mali, Somalia, South Sudan, Syria, and Yemen (OECD, 2018). The top ten most corrupt countries in the world are also in fragile contexts—with Somalia as the most corrupt, followed by South Sudan, Syria, Afghanistan, Yemen, Sudan, Libya, Guinea-Bissau, Equatorial Guinea, and North Korea (Transparency International, 2017). In terms of health and education, fragile states are also the last ones in the ranking (UNDP, 2016). Fragile states lag behind in important indicators such as infants exclusively breastfed, infants lacking immunization, child malnutrition, mortality rate, deaths due to malaria and tuberculosis, HIV prevalence, ratio of physicians to the population, and public health expenditure. In education, fragile states have the poorest records in literacy rate, gross enrollment ratio, and education quality. In 2015, eight fragile states were part of the top ten most gender unequal societies. They are Yemen, Chad, Niger, Mali, Cote d’ Ivoire, Afghanistan, Democratic Republic of Congo, and Sierra Leone (UNDP, 2016). In 2018, the top ten least peaceful countries in the world (except for Russia) are considered fragile—Syria as the least peaceful, followed by Afghanistan, South Sudan, Iraq, Somalia, Yemen, Libya, Democratic Republic of Congo, and Central African Republic (IEP, 2018).

Between 2002 and 2014, total financial flows, which include official development assistance (ODA), to fragile situations increased by 206% (OECD, 2016). Between 2011 and 2014, OECD (2016) reports that the average aid dependency among fragile contexts is 10.5% of

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1 The World Bank defines extreme poverty as living on less than US$ 1.9 a day.
gross national income, compared to 2.5% for non-fragile contexts. One of the key messages of the OECD States of Fragility 2018 is to “invest in more and smarter aid in fragile contexts.” A key question to be answered by this study is: is it indeed smarter to invest more in fragile contexts?

The impact of development aid on fragile situations has to be measured over the long-term to determine whether aid money is targeted strategically toward achieving the Sustainable Development Goals, particularly SDG 16 (Table 1.1). Currently, aid is allocated based on the common agenda of donors and governments, but is usually volatile due to frequent changes of government administrations in fragile situations. Identifying where aid works best allows policymakers from both donor and recipient countries to decide on the most effective long-term strategies in aid allocation. Insights can be drawn from the study on how to provide smarter aid that can contribute to building resilience of states and societies in fragile situations. Building resilience, according to OECD (2013), entails “enhancing the capacity of individuals, communities and states to absorb, adapt and transform to the shocks and risks that they should normally be expected to deal with” (p. 1). Reflecting on this definition, building resilience is a collective effort of both the state and the society to prevent violent conflict (therefore averting forced displacement), contain terrorism, and manage the effects of climate change—hence the use of “state-society resilience” as the subject of this study.

This study aims to determine how impactful development aid is on state-society resilience in fragile situations listed in the harmonized list of World Bank (WB), African Development Bank (AfDB), and Asian Development Bank (ADB). It seeks to explore which areas of development interventions (peacebuilding, governance, economic growth, human development) targeted through aid have impacted state-society resilience in fragile situations
most; and if any of these interventions are shown to explain resilience, how do such interventions impact state-society resilience? Do they make states and societies more resilient or more fragile? Why and how?

The study also explores whether state-society resilience levels are related to aid flows. Are donors and recipient governments smart enough in development investments? This question particularly seeks to determine the trend of aid flows in situations where there is weak government, failing economy, low human development levels, and high levels of violent conflict. Identifying the trend of aid flow and the impact of aid will help donor and recipient government policymakers make decisions on aid allocations and lending and borrowing activities.

Regression analyses identified the causal relationship between aid allocation and state-society resilience levels in fragile situations by examining aid interventions in four themes: peacebuilding, governance, human development, and economic growth. The four themes are a result of a baseline research using the cognitive anthropology approach, which captures how a selected group of six development experts categorize development interventions. Taxonomy, pile sorting, and multidimensional scaling methods were applied to aggregate a sample of 694 development projects into four domains. A total of 2,241 development projects implemented in the 35 fragile situations were analyzed. These projects were coded based on the four themes and the coded results were tested for reliability using inter-coder reliability and Cohen’s Kappa tests.

Between 2006 and 2018, the World Bank identified a total of 55 fragile situations using its country policy and institutional assessment harmonized with the African Development Bank’s and the Asian Development Bank’s country performance assessments. From the 55 fragile situations, this study selected 35 fragile situations that consistently received financial support from the three multilateral development banks (AfDB, ADB, and WB) from 2006 to 2018.
Regression analyses were applied using the following variables: aid investments and state-society resilience levels in peacebuilding, governance, economic growth, and human development. A composite resilience index was developed using the four themes as indicators. This study also conducted a case analysis of the impact of the 10-year Mindanao Trust Fund-Reconstruction and Development Project (MTF-RDP) on the resilience of the Autonomous Region in Muslim Mindanao (ARMM), a region in the Philippines that has experienced protracted conflict for more than 40 years. The case analysis aims to provide a better understanding of the causal link between development aid and state-society resilience in a real-life context.

Results of the study intend to contribute to better decision making on aid allocation, more targeted interventions, and longer-term strategies in peacebuilding and statebuilding. Consequently, the study introduces a new model for evaluating aid effectiveness that can be replicated by development practitioners and researchers.

In Chapter 2, I discuss the definitions of development, aid, state-society resilience, and fragile situations, and how and why these concepts are used in this study. I also cover the concepts of governance, peacebuilding, human development, and economic growth, and the theories linking them to resilience. How development aid was conceived and how it has evolved since World War II is covered, including the recent efforts to improve development effectiveness in fragile situations. The harmonized list of fragile situations and how ADB, AfDB, and WB make funding decisions in fragile situations are also discussed. Chapter 3 discusses the theories linking development aid to peacebuilding and statebuilding, the gaps in the literature, and the study’s knowledge contribution.
Further, I elaborate on the research and design methodologies used, mainly cognitive anthropology, regression analysis, and case analysis in Chapter 4. This chapter discusses the definitions, rationale, and processes of the cognitive anthropology approaches used, which include taxonomy, pile sorting, multidimensional scaling, and inter-coder reliability and Cohen’s Kappa tests. Specific elements of the regression analyses are covered, such as sampling, focus and control variables and the theories behind them, the time elements considered in the analyses, reliability tests, and limitations of the study. On the case of Mindanao Philippines, in Chapter 5, I provide a background on fragility and conflict in Mindanao and details about the Mindanao Trust Fund-Reconstruction and Development Project, and tackle how the project has and has not contributed to Mindanao’s resilience, and whether Mindanao is a “donor darling.” Chapter 6 discusses the regression analyses findings, linking them to the case analysis findings, while Chapter 7 delves into the implications of these findings to aid policies and practices—critiquing the current development approach and proposing a new development model based on the study’s findings. Chapter 7 also provides specific recommendations that would require changes in aid targeting and aid delivery mechanisms, as well as what further research is needed to create knowledge that will serve as a basis for discourses, policies, and practices on development.
CHAPTER 2: BACKGROUND

2.1 Definition of Concepts

The core concepts of this study are development, aid, fragile situations, and state-society resilience. The first three concepts have no single definition, and their definitions have been subject to various debates among scholars; while resilience, though it is not a new concept, has been an emerging theme in international aid. In this study, I have combined two actors in resilience building and treated them as one entity—the state and the society. In this study, I use development aid as a phrase, but for the purpose of clarifying ambiguous terms, I am defining them as separate concepts. The four indicators of state-society resilience (human development, governance, economic growth, and peacebuilding) are also defined in this chapter.

2.1.1 Aid

There are different forms of aid given to a country; this could be military aid, humanitarian aid, or development aid. If aid is to be defined by its purpose, aid can be ambiguous in a sense that it is not clear what the motives of the donors and the state recipients are, what are the strings attached, and whether aid is helpful to a larger population. This study only refers to development aid and will use this terminology throughout the thesis. Others refer to this terminology as foreign aid, development assistance, international aid, or overseas aid. In his 1949 inaugural speech, US President Harry Truman used the phrase “assistance to underdeveloped areas” (Bilzen, 2015, p. 1). In 2018, the Organisation for Economic Co-operation and Development (OECD) provided a more complex definition of aid and delineated those that are not considered as official development assistance (See Table 2.1). This study adopts the OECD definition of development aid, and it does not include military, humanitarian, and peacekeeping aid (See Limitations of the Study in Chapter 4.3). To be more specific, in this
study, development aid refers to loans and grants provided by multilateral development banks (specifically the WB, AfDB, and ADB) to their member states, which aim to reduce poverty and promote socio-economic development.

**Table 2.1: Official Development Assistance Definition and Coverage**

**Definition**

Official development assistance flows are defined as those flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions which are:

(i) provided by official agencies, including state and local governments, or by their executive agencies; and

(ii) each transaction of which:

   a. is administered with the promotion of the economic development and welfare of developing countries as its main objective; and

   b. is concessional in character. In DAC statistics, this implies a grant element of at least

   - 45 per cent in the case of bilateral loans to the official sector of LDCs and other LICs (calculated at a rate of discount of 9 per cent).

   - 15 per cent in the case of bilateral loans to the official sector of LMICs (calculated at a rate of discount of 7 per cent).

   - 10 per cent in the case of bilateral loans to the official sector of UMICs (calculated at a rate of discount of 6 per cent).

   - 10 per cent in the case of loans to multilateral institutions (calculated at a rate of discount of 5 per cent for global institutions and multilateral development banks, and 6 per cent for other organisations, including sub-regional organisations).

**Coverage**

Over the years the DAC has continuously refined the detailed ODA reporting rules to ensure fidelity to the definition and the greatest possible consistency among donors. The boundary of ODA has been carefully delineated in many fields, including:

- **Military aid:** No military equipment or services are reportable as ODA. Anti-terrorism activities are also excluded. However, the cost of using donors’ armed forces to deliver humanitarian aid is eligible.

- **Peacekeeping:** Most peacekeeping expenditures are excluded in line with the exclusion of military costs. However, some closely-defined developmentally relevant activities within peacekeeping operations are included.

- **Nuclear energy:** Reportable as ODA, provided it is for civilian purposes.

- **Cultural programmes:** Eligible as ODA if they build the cultural capacities of recipient countries, but one-off tours by donor country artists or sportsmen, and activities to promote the donors’ image, are excluded.

2.1.2 Development

I have adopted the definition of development offered by Amartya Sen (1999) since it is holistic, that is, encompassing all development aspects, not only from an economic, but also from political, social, and security perspectives. According to Sen (1999), development is “a process of expanding the real freedoms the people enjoy” (p. 3). It is not just about incomes but also about the freedom to exercise political and civil rights. There are also other important determinants of freedom such as access to health care and education.

Industrialization, social and technological progress may also contribute to “human freedom,” and this is how donor agencies generally view development—as an industrialization and socio-economic process. The African Development Bank’s (n.d.) mission is to “spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction.” The World Bank’s (n.d.-a) mission is to end extreme poverty and to promote shared prosperity. The Asian Development Bank’s (n.d.) mission is to “to help developing member countries reduce poverty and improve the quality of life of their people.”

Contrary to the multilateral development banks’ (MDBs) common development objective to reduce poverty based on economic advancement, Sen’s definition focuses on human freedom, instead of an individual’s poverty level. Sen (1999) equated development with the enhancement of human freedom, not only in terms of economic, but also political, social, and security factors. According to Sen (1999), development requires the “removal of the major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systemic social deprivation, neglect of public facilities as well as intolerance of overactivity of repressive states” (p. 3). This definition reflects the principles embedded in SDG 16: “Promote peaceful and inclusive societies
for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels” (UN, n.d.).

Further, Sen posits that development enables humans to avoid deprivations such as “starvation, undernourishment, escapable morbidity and premature mortality, as well as freedoms associated with being literate and numerate, enjoying political participation and uncensored speech” (p. 36).

If development is equated to human freedom, then Sen’s definition therefore frames development as an end and not the means. Development is not the “evil” capitalism, as some scholars would argue that could result in socio-economic disparities eventually leading to rebellion or civil unrest. The act of providing international aid is not “development” in itself, but one of the means toward achieving development—which is defined by Sen as freedom from poverty and social deprivation. The provision of development aid is also one of the strategies to achieve the sustainable development goals (i.e., end poverty, end hunger). Hence, this study treats the concept of development as a result and not as a process, contrary to what economists would argue. Two of the definitions of development posited by Crow (2017), for example, are the “improvement or creation of something that does not exist but supposedly should” (p. 184) and the hierarchical nature of development such as having less developed, developing, and developed countries. This study views development neither as an improvement/creation process nor as a hierarchical system. However, this study agrees with Crow’s third definition of development as the “correct context”—though he does not qualify what this correct context is (except mentioning the concept of sustainable development)—which is aligned with Sen’s view of development as an end and not the means.
2.1.3 Fragile Situations

Among scholars, a common definition of fragility refers to a condition wherein a country is vulnerable to, or has been recovering from conflict and/or natural disaster (Straubhaar, 2012). Moreover, viewing vulnerability from the lens of “complex interdependence among nations,” Keohane and Nye (2001) define vulnerability as “an actor’s liability to suffer costs by external events even after policies have been altered” (p. 11). Fragile situations are also vulnerable to external economic shocks and changes in policies by other states, particularly by the more powerful ones, as argued by Keohane and Nye (2001).

Menocal (2011) confirms that there is wide agreement in the international community about the definition of a fragile situation, and this constitutes

- a state’s lack of authority or control over the whole of its territory and a lack of monopoly over the legitimate use of violence; persistently weak institutions and governance systems that often also lack legitimacy in the eyes of the population; and a fundamental lack of leadership, state capacity and/or political will to fulfill essential state functions, especially in terms of providing basic services to the poor (p. 1715).

The Asian Development Bank (ADB) uses the term “fragile situations” instead of “fragile states” recognizing that some countries may not be fragile as a whole, but have subnational situations of fragility (i.e., conflict in Mindanao, Philippines). ADB (2014) defines fragility as “the state’s failure to perform its function effectively and provide basic social services, such as health, education, and security; incapacity to uphold the rule of law; and failure to provide sustainable sources of income for the population to get out of poverty” (p. 3). For the Organisation on Economic Co-operation and Development (OECD, 2016), fragility is “a
combination of exposure to risk and insufficient coping capacity of the state, system, and/or communities to manage, absorb, or mitigate those risks” (p. 21).

The definitions of fragile situation presented above are not what this study is adopting. Fragile situation in this study does not refer to the characteristics of a government, but to the condition of a country or territory under a legitimate authority. Fragile situation is not just about the lack of state capacity, but also entails circumstances that inhibit the people from experiencing what Sen (1999) calls “human freedom,” or “development” as defined by this study.

The World Bank maintains a list of fragile situations, which it originally called “low-income countries under stress” in 2006 and defined as “countries with deteriorating governance, those in prolonged political crisis, post-conflict transition countries and those in gradual but still fragile reform processes” (World Bank, 2006). In 2009, the list was labeled as “fragile states,” and in 2010 “fragile situations” (World Bank, 2009/2010). The terminology “fragile state” has become a sensitive issue in the international development community, as aid recipient governments tend to view it with a negative connotation attached to the incumbent administration as being corrupt and ineffective. Another misconception is equating fragility with active conflict and post-conflict situations, thus some state leaders of countries not affected by conflict refused to label their countries as fragile. The small island states in the Pacific, for example, prefers to be labeled as vulnerable to climate change.

This study uses “fragile situations” instead of “fragile states” to avoid the misconception of attributing this concept to governments. The definition of fragile situation in this study is drawn from Sen’s (1999) definition of development. If development is “human freedom,” then I define a fragile situation as being vulnerable to circumstances of “human unfreedom”—that is the lack of not just effective government, but also the lack of social, political, and economic self-
determination; the lack of access to basic human rights such as education, health and justice; and the lack of peace and security.

2.1.4 State-Society Resilience

Resilience has been widely known as a concept attached to humanitarian and disaster response as well as economic shocks. Generally, it can be defined as one’s ability to cope with, adapt to, or rebound from crisis caused by conflict, natural disasters, or economic downturn. Over the last decade, applying the concept of resilience to broad-based development has become a fad. International development organizations have started to use “resilience” as a form of rhetoric in development investment and partnership agendas. But what does “resilience” really mean in the context of fragile situations? Resilience and fragility are often viewed as having a dichotomous relationship—both are on the opposite sides of the spectrum, in general; the former is positive and the latter is negative. Pospisil and Kuhn (2016) explain, “resilience can be analysed as the opposite vision to fragility” (p. 4). Similarly, OECD (2008) views fragility as residing “at the opposite pole of resilience” (p. 78). OECD (2008) treats resilience as a feature of states and social contracts as having “the ability to cope with changes in capacity, effectiveness, or legitimacy.” Resilience, according to OECD (2008), “derives from a combination of capacity and resources, effective institutions and legitimacy, all of which are underpinned by political processes that mediate state-society relations and expectations. It is resilience in the social contract that creates stability in a state” (p. 78). Five years later, OECD (2013) introduced a new definition of resilience which is “the capacity of individuals, communities and states to absorb, adapt and transform to the shocks and risks that they should normally be expected to deal with” (p. 1).

Two key questions have surfaced from the definitions above: (1) whose resilience are we
building? Are we building the resilience of the state, the civil society, the state opponents, the elites, the marginalized, the poor, the youth, and women and children?; and (2) how do we measure resilience in such a way that we can measure the aggregate resilience of all these stakeholders?

On the question of whose resilience are we building and assessing, in the context of this study, we are building the resilience of states and societies; the state pertains to the government and the society refers to the citizens governed by the state—hence the research subject is state-society resilience. Resilience does not reside in state control alone, but also in individuals, families, communities, and societies. Building resilience is the working of every individual and institution, from top to bottom, from the state leader to an ordinary citizen, from the executive branch to the local government and grassroots institutions. There have been many cases to support this aspect of resilience. In the case of Mindanao, Philippines, the signing of the peace agreement was not just due to the efforts of the conflicting parties (government and rebel groups) and the mediating international community. Without the contributions of grassroots communities and local women’s organizations to push for negotiation, the peace agreement could have been far from happening (Rico, 2015). At the borders of Thailand and Myanmar, a religious institution provides for the basic needs of the refugees, from birth registration to education and health services when no government help is available (San Gabriel, 2016). In Nepal, ethnic tensions regarding the constitution subsided with the intervention of two ordinary elders respected by the communities (San Gabriel, 2016). Everywhere in the world, there are thousands of stories where people in their communities help each other in times of disasters and calamities.

This study therefore defines state-society resilience as the ability of individuals, families, communities, societies and the state, as a collective whole, to achieve human freedom (as Sen
defines it), so that as a community or a nation, they can withstand, adapt, and rebound in times of crisis. In this study, human freedom equates to development and entails effective governance, inclusive economic growth, human development, and a peaceful environment.

On measuring state-society resilience, this study developed a composite resilience index with peacebuilding, human development, economic growth, and governance as indicators. These four concepts have been extracted from a sample of 694 development projects of AfDB, ADB, and WB using the cognitive anthropology approach (See Chapter 4.1). In short, the development interventions, which are meant to build state-society resilience in fragile situations, fall under these four domains. This study used these four domains to measure state-society resilience, and therefore this study defines resilience with the four concepts as the underlying themes.

2.1.5 Human Development

UNDP coincides with Sen’s definition of development as a form of freedom. The Human Development Report 2016 focuses on the inclusiveness of such freedom, wherein every human being should be able to realize his or her full potential. “Human development is the process of enlarging people’s choices,” according to UNDP (2016, p. 2). UNDP’s (2016) framework involves providing capabilities and opportunities for all individuals to experience good health, access to knowledge, human rights, human security, decent standard of living, non-discrimination, dignity, and self-determination. Based on the cognitive anthropology research results of this study, human development interventions cover health, education, child protection, social security, and gender equality (see Chapter 4.1.3).

2.1.6 Governance

Guy Peters (2012) defines governance as the “capacity of government to steer the economy and society toward collective goals.” It involves “setting goals for the society, finding
the means to reach those goals, and then assessing the success or failure of those efforts as the precursor to a subsequent round of governance activities” (p. 2). Within the context of a fragile situation, I define governance as setting up policies and processes to improve a country’s economy, raise human development levels, and strengthen state institutions. I have drawn this definition from the four criteria used in donors’ country policy and institutional assessment—economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions. Economic management involves debt policy and management, fiscal policy, and monetary and exchange policies. Structural policies pertain to business regulatory environment and policies on finance and trade. Policies for social inclusion/equity refer to policies and institutions for environmental sustainability, social protection and labor, building human resources, equity of public resource use, and gender equality. Public sector management and institutions include transparency and accountability, and corruption in the public sector; quality of public administration; efficiency of revenue mobilization; quality of budgetary and financial management; and property rights and rule-based governance (Independent Evaluation Group, 2010). Based on the cognitive anthropology research results of this study, governance is fleshed out into private sector development; economic and financial management and policy reforms; support to development strategy; governance, transparency, and accountability; institutional capacity building; public sector reforms; community empowerment; community participation; and support to NGOs (see Chapter 4.1.3).

2.1.7 Economic Growth

Hudson (2015) defines economic growth as “the continuing increase in per capita incomes or purchasing power” (p. 1). Economic growth is typically measured by a country’s
gross domestic product (GDP) per capita, particularly when economies are compared. GDP is the
total value of goods and services produced by individuals, groups, and institutions in a country;
and GDP per capita is the GDP value divided by the country’s total population. An exemption to
this is the black-market economy or the shadow economy, such as illegal businesses, as well as
personal services by friends and relatives, that cannot be traced by the government. The
conventional theory of economic growth posits that the increase of inputs in labor and capital
and of productivity raises the GDP (Hudson, 2015). Adam Smith and David Ricardo are two of
the most influential thinkers on economic growth. Adam Smith (2013) believed that the wealth
of a nation is characterized by its ability to produce useful goods and services (now known as the
GDP), and not the amount of treasure it possesses. He espouses the importance of division of
labor, innovation in technology, and capital investments as keys to greater productivity. David
Ricardo (Hudson, 2015), on the other hand, introduced the theory of comparative advantage.
Countries gain mutual benefit from trade by concentrating on what they are good at (that which
they can produce with the most minimum opportunity costs), export that good, and import goods
from other countries that can produce those goods with less opportunity costs. Based on the
cognitive anthropology research results of this study (see Chapter 4.1.3), economic growth
interventions involve infrastructure development, rural infrastructure development, urban
development and poverty reduction, agriculture, environment sustainability, and climate
proofing/climate resilience (which refers to making infrastructures resilient to climate change
effects).

2.1.8 Peacebuilding

According to Galtung (1969), like a coin, peace has two sides—the negative peace and
the positive peace. He defines negative peace as “the absence of personal violence” (or absence
of violence and war) and positive peace as the “absence of structural violence” (or the absence of social injustice) (p. 183). The sustainable form of peace is now being widely recognized in the international community. The UN Peacebuilding Commission (n.d.) defines peacebuilding through its mandate of “bringing together various actors, both national and international, to ensure that countries affected by conflict do not lapse or relapse into conflict…and building effective partnerships for sustaining peace.” While the three other variables (human development, good governance, and economic growth) are part of the peacebuilding process toward sustainability, this study treats this variable as having the goal of enabling the state to recover from conflict and preparing it for the development process. This study therefore operationalizes peacebuilding interventions in the form of physical security, recovery from conflict, support to the peace process, support to peacebuilding strategy, and crisis response and recovery (see results of cognitive anthropology research in Chapter 4.1.3).

2.2 Traditional Approaches in Development Aid for Fragile Situations

2.2.1 History of Development Aid

There is much to learn in the history of development aid, and one can glean various insights and draw some conclusions on how national interests play out in international aid and how aid has changed the course of history since the end of World War II—from the so-called “independence” and “development” of colonies into economic interdependence among nations. This section does not cover all the important historical events nor provide an analysis of aid history, but the purpose of this section is to set the tone for the rest of the thesis by providing the historical account of how development aid was hatched even during the onset of World War II, and how aid has evolved since then. As the basis of that history, I am using the Fourteen-Point speech of President Woodrow Wilson in 1918 and the book *Development of Aid* written by
Gerard Van Bilzen (2015). The book has some limitations as its main focus is on the US as taking the lead role in driving the course of aid history. The UK was also mentioned as a significant player in the development of aid. There are yet many other key players in the development of aid, such as Japan, Russia, France, and now China entering the development game. Nevertheless, I am picking out some important historical accounts written by Bilzen, which I find relevant in the discourse of building state-society resilience in fragile situations.

The Fourteen-Point Speech of President Woodrow Wilson, which he delivered to Congress on January 8, 1918 (nearing the end of World War I), shaped many of the subsequent US foreign policies, including on development aid. The speech was delivered with the interest to end the war and seek the participation of both the Allies and Central Powers to build lasting peace. Some of the points carry the principles of self-determination, free trade, and democracy (the third, fifth, and fourteenth points quoted below):

III. The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

V. A free, open-minded, and absolutely impartial adjustment of all colonial claims, based upon a strict observance of the principle that in determining all such questions of sovereignty the interests of the populations concerned must have equal weight with the equitable claims of the government whose title is to be determined.

XIV. A general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small states alike (Link, 1984, p. 536).

President Wilson further stressed the principles behind the fourteen points, which is “the principle of justice to all peoples and nationalities, and their right to live on equal terms of liberty and safety with one another, whether they be strong or weak” (Link, 1984, p. 536)

Advocacies on peace did not prevent World War II from happening. But even during the outbreak of World War II, there had been some efforts to develop the idea of economic interdependence that would eventually help restrain or at least mitigate future international wars.
The following historical account of development aid is based on the book *Development of Aid* written by Bilzen (2015).

In 1941, within the auspices of the Commission to Study the Organisation of Peace, a Commission member and member of the Council on Foreign Relations, Eugene Staley, developed the theme development assistance, which involves educational and technical assistance and capital investments organized through international agencies. In his report *World Economy in Transition*, he discussed a world development program, which involves “an international long-term investment bank for financing world utilities” and “international transfer of knowledge and its industrial application” (Arndt, 1989 as cited in Bilzen, 2015, p. 90). These ideas were picked up by others, and in 1943, this was further supported by the speech of the Secretary of the Canadian Economic Advisory Council, Robert Bryce: “no nation can live unto itself alone, … we must have substantial loans from the richer states to the poorer states” (Arndt, 1989 as cited in Bilzen, 2015, p. 90).

The Commission’s study groups recommended the creation of international economic and financial institutions, and proposals were sent directly to President Roosevelt. Dr. Harry Dexter White from the Treasury Department and a member of the Council on Foreign Relations finally prepared a plan to create a monetary fund and a bank. In Great Britain, similar ideas were also being hatched, such as the creation of a World Central Bank and the economic advancement of underdeveloped areas.

Meanwhile, there was growing unrest in the colonies of the United Kingdom. The UK officials in charge of the colonies recognized that the riots were due to bad social conditions, such as low wages, poor housing and sanitary conditions, and unemployment. In 1940, the Colonial Development and Welfare Act was passed, wherein “development” was intended to
enhance the economies of colonial powers, and “welfare” aimed to reduce social unrest. Development primarily involved infrastructure improvement to facilitate extraction of raw materials, and welfare was meant to provide basic services to the colonies, such as health, education, and housing.

In 1940, as a response to a perceived security threat (primarily from the Germans), the US established the Office for Co-ordination of Commercial and Cultural Relations between the American Republics to stabilize economies, secure and deepen US influence, and combat the commercial and cultural penetration of the Axis powers in Latin America. The Office was later renamed as the Office of Inter-American Affairs of which primary aim was to develop transport networks in Latin America in order to safeguard the transport of defense machineries to Central America (related to the Panama Canal).

In 1942, The American State Department published an official paper, Declaration of National Independence for Colonies, urging the old colonial powers to recognize the principle of independence (Betts, 1998 as cited in Bilzen, 2015).

After World War II, the process of decolonization started. To get better access to foreign markets, the US supported the decolonization movement in several countries, espousing an “open door” policy. Perceiving the newly independent countries as easy prey for the Soviet Union, President Truman emphasized the importance of aid in facing the threat of communism.

The US experienced an economic boom after World War II. The automobile, aviation, and electronics industries; the affordable housing mortgages for returning military personnel; and the continued military spending linked to the Cold War stimulated US economic growth. Many countries in Europe and Asia after World War II experienced quick economic recovery. The US played a key role in the economic recovery of postwar Europe through the Marshall Plan, signed
by President Truman in 1948 as the Economic Recovery Act. It was named after US Secretary of State George C. Marshall who proposed to reconstruct industries and infrastructures of European countries heavily damaged by war and to enable trade between those countries and the US (Bilzen, 2015). Having the competitive advantage, such as exclusive access to huge capital funds, many US-based multinational companies gained access to world markets, including the colonies. “The US Government made decolonization and especially free trade a top priority of their international economic policy and was keen to spread the free market message to foreign shores” (Beder, 2006 as cited in Bilzen, 2015, p. 88).

President Herbert Hoover conceptualized the idea of humanitarian relief after World War II, which led to the creation of the Co-operative for American Remittances to Europe composed of representatives from civic, religious, charitable, and farm groups. It was later renamed Co-operative American Relief Everywhere. Another important NGO created in the 1940s was the War Relief Services, which was later renamed Catholic Relief Services.

In 1943, the US led the international consultations on the establishment of international financing institutions proposed by the Commission to Study the Organisation of Peace and the Council on Foreign Relations. The US was interested in free access to markets while the UK was hesitant to open up privileges to its colonies. Both finally agreed on matters of currency stabilization, which led to the idea of establishing two entities, temporarily called “International Stabilisation Fund” and “International Clearing Union” or “World Central Bank.”

In 1944, delegations from US, European nations, and developing countries met in a conference at Bretton Woods, New Hampshire. There were contentions on what should be the priority of the proposed international agencies. The Soviet delegations and the European nations were interested in post-war reconstruction, while Mexico proposed that development should be
the priority. Eventually, the International Bank for Reconstruction and Development (IBRD), now commonly referred to as the World Bank, was established to serve both purposes of reconstruction and development. As a result of the conference, the International Monetary Fund was also created “to ensure the stability of the international monetary system, avoiding the series of competitive devaluations leading to the Great Depression in the 1930’s” (Bilzen, 2015, p. 104). The IMF and IBRD or World Bank served as a framework for economic cooperation intended to avoid repeating the events that led to World War II.

Against a backdrop of the US being troubled with the spread of Communism, in 1949, President Truman delivered an inaugural speech outlining his foreign policy—"(1) Continued support to the United Nations; (2) Continued programmes for world economic recovery, first of all the European Recovery Programme (Marshall Plan), plus a plan to reduce barriers to world trade; (3) Introduction of a North Atlantic Security Plan: creation of NATO; and (4) Initiate a bold new programme for underdeveloped areas” (Bilzen, 2015, p. 122). The last point led to the creation of bilateral aid programs linking economic development and national security.

The 1950s marked the beginning of development cooperation, and the process of decolonization continued during this period. Majority of development funds from donor countries were channeled to their former colonies—ensuring that the “underdeveloped” countries functioned efficiently by investing in local administration, security, and infrastructure. The investments were also intended to prevent rebellion against the former colonizer and restrain the colonies from joining the communist movement (CVCE, 2001 as cited in Bilzen, 2015).

In 1959, the US approved the Act of International Development (based on Truman’s point IV speech in 1949), which aimed to develop the resources and improve the living conditions of underdeveloped areas. The intention behind this, according to a spokesman for the
administration, was also to serve the economic and security interests of the US (Ohlin, 1966 as cited in Bilzen, 2015). The US provided an estimate of $1,437 million per year on “aid” projects, though some infrastructures had to do with military strategy (De Haan, 2009 as cited in Bilzen, 2015).

The World Bank (IBRD) continued to provide loans to both the independent developing countries and the colonies. The loans had financed roads, ports, railways, power, industrial development, flood control, and irrigation. Infrastructure development was the key program supported by the World Bank, and social development such as health and education were not part of the development assistance despite demands from the borrowers on those social needs.

Several forms of aid modalities or conditionality (“strings attached to aid”) were introduced primarily by the US and the UK to the borrowing and/or recipient countries. Some of these modalities included:

- Input conditionality, which “restricts the recipient’s discretion in the spending of inputs” (Martens, 2004 as cited in Bilzen, 2015, p. 184).
- Process conditionality, which “concern[s] decisions on how an activity should be implemented (accounting requirements, administrative assurances of fiduciary responsibility, transparency, good management, capacity building, involvement of target population)” (Esman and Herring, 2001 as cited in Bilzen, 2015, p. 184).
- Output conditionality, which “allow[s] a specific project to become a success, by requiring adequate pricing (energy, water, transport prices)” (Bilzen, 2015, p. 184).
- Outcome or impact conditionality “relate[s] to a broader context allowing a project to become a success: removing specific subsidies on competing products and reforming institutions concerned (removing unnecessary bureaucracy)” (Bilzen, 2015, p. 184).
• Economic conditionality “may be limited to conditions exclusively at national level, requiring the Governments of receiving countries to follow sound economic policies. Economic conditions could also relate to more international environment, for example lifting import duties, allowing export of profits made on investments in developing countries and guaranteeing property rights” (Bilzen, 2015, pp. 184-185).

• Political conditionality could relate to “the internal political situation of a developing country and linked to themes such as the respect of human rights, the introduction of democracy or good governance” (Schmitz, 2006 as cited in Bilzen, 2015, p.185).

There are also “tied aid” wherein grants are tied to loans. These could be in the form of technical assistance of which purpose is to improve the knowledge and skills of the local labor or build the capacity of local institutions as inputs to larger capital investments such as infrastructures.

In the 1960s, the development paradigm had shifted to agriculture. Recognizing hunger as the basic problem in developing countries, investments were concentrated to improving agriculture in addition to continued industrialization. In the 1970s, the social sector (e.g., health, nutrition, education, housing, social welfare) was added to agriculture and infrastructure sectors as areas for development investments. Poverty was recognized as the basic problem. More and more grants were given to developing countries, however they were tied to some conditionality, as discussed above. Poverty reduction strategies followed the UN resolution to ensure “a higher standard of living” and reduce “the gap between developed and developing countries” (Bilzen, 2015, p. 337).

The 1980s saw the attempts of developed countries to resolve structural imbalances experienced by developing countries, such as inflation, huge debts, and fiscal deficits. Aid
continued to concentrate on the three main sectors: social sector, agriculture, and infrastructure. The UN General Assembly gave some guidelines for developed countries to substantially increase their official development assistance: “where possible surpassing the agreed international target of 0.7% of the gross national product of developed countries…A target of 1% should be reached as soon as possible thereafter” (UN, 1980 as cited in Bilzen, 2015, p. 416).

Structural adjustments continued in the 1990s. Poverty reduction and addressing structural imbalances remained a major target of the international agenda. Debt relief was attempted but diminished by the end of the decade for various reasons. For example, in 1985, the American Treasury Secretary James Baker hatched a debt relief plan called the “Baker Plan.” The plan aimed to identify 15 heavily indebted countries and proposed that the World Bank and the private banks provide new funding while these countries were undertaking structural adjustment reforms. However, the plan was not implemented because of the lack of consensus about which 15 countries should be given the debt relief. Many commercial banks also refused to provide new lending. In another instance, the World Bank refused to reschedule the old debts of the indebted countries, but instead provided new credits to them so that they could pay their commercial debts (Hancock, 1989 as cited in Bilzen, 2015). Moreover, the social sector became the primary goal of development investments, seconded by infrastructures, while support to the agriculture sector had been gradually curbed.

In 2000, the Millennium Development Goals were introduced and agreed upon by 193 UN member states and 23 international organizations. Eradicating poverty was still at the core of the development agenda. Economic growth and debt relief were also part of the agenda. Country ownership, good governance, accountability, and human rights were some of the important principles embedded in development interventions. The War on Terror was associated with large
aid flows, with poverty eradication and income growth as strategy to prevent terrorism. Aid continued to concentrate on the social sector, while there was a dip in financing infrastructures, which “remained at about 18% of all aid” (Bilzen, 2015, p. 637).

There are several other multilateral organizations that followed the footsteps of the World Bank. ADB was established in the early 1960s to provide development aid to the Asia-Pacific region. It is a Japanese-led institution, with Japan, US, China, India, and Australia as the largest shareholders. The AfDB was established in 1964, with UK, US, and Japan as the largest shareholders, seeking to promote economic and social development in the African continent. In 2014, the Asian Infrastructure Investment Bank (AIIB) was established, with China as the lead country and largest shareholder, of which goal is to finance building of infrastructure in the Asia-Pacific region. The AIIB was said to be China’s response to slow reforms by IMF, WB, and ADB, which are dominated by the Americans, Europeans, and the Japanese.

The recent decade (2010-2019) saw some global partnerships in making aid more effective and the shift to more sustainable development approaches. The Sustainable Development Goals were introduced in 2015 to revise and/or update the Millennium Development Goals (See Table 1.1). The next section discusses the recent efforts of the international development community in improving development effectiveness, particularly in fragile situations.

2.2.2 Recent Efforts to Improve Delivery of Aid in Fragile Situations

Addressing fragility has become a major international agenda since 2005 beginning with the Paris Declaration on Aid Effectiveness, followed by the Organisation for Economic Co-operation and Development (OECD) Principles for Good International Engagement in Fragile States and Situations (2007), the Accra Agenda for Action (2008), the Dili Declaration (2010),
The Paris Declaration on Aid Effectiveness aims to “improve the quality of aid and its impact on development” ensuring that both donors and recipients are both accountable to their commitments (OECD, n.d.-a). Recognizing that fragile situations require a different development approach from those of non-fragile contexts (as fragile situations experience political instability, insecurities, and limited institutional capacities), donor countries established the OECD Fragile States Principles in 2007 (Table 2.2).

<table>
<thead>
<tr>
<th>Table 2.2: The 10 Fragile States Principles</th>
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</thead>
<tbody>
<tr>
<td>1. Take context as a starting point.</td>
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<tr>
<td>2. Ensure all activities do no harm.</td>
</tr>
<tr>
<td>3. Focus on statebuilding as the central objective.</td>
</tr>
<tr>
<td>4. Prioritise prevention.</td>
</tr>
<tr>
<td>5. Recognise the links between political, security and development objectives.</td>
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<tr>
<td>6. Promote non discrimination as a basis for inclusive and stable societies.</td>
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<tr>
<td>7. Align with local priorities in different ways and in different contexts.</td>
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<tr>
<td>8. Agree on practical co-ordination mechanisms between international actors.</td>
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<tr>
<td>9. Act fast…but stay engaged long enough to give success a chance.</td>
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<tr>
<td>10. Avoid pockets of exclusion (“aid orphans”).</td>
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The Accra Agenda for Action builds on the Paris Declaration and promotes recipient country ownership, inclusive partnerships, delivering measurable results, and capacity development (OECD, n.d.-a) The Dili Declaration is a follow-up to Paris Declaration, the Fragile States Principles, and Accra Agenda for Action. Its focus is more on ending and preventing conflict by achieving a set of peacebuilding and statebuilding goals (Table 2.3).
Table 2.3: Peacebuilding and Statebuilding Goals

- Foster inclusive political settlements and processes, and inclusive political dialogue.
- Establish and strengthen basic safety and security.
- Achieve peaceful resolution of conflicts and access to justice.
- Develop effective and accountable government institutions to facilitate service delivery.
- Create the foundations for inclusive economic development, including sustainable livelihoods, employment and effective management of natural resources.
- Develop social capacities for reconciliation and peaceful coexistence.
- Foster regional stability and co-operation.


The g7+, established in 2010, is an intergovernmental voluntary organization composed of countries facing active conflict or those that just recently experienced conflict. It has 20 member countries from Asia, Africa, Pacific, and the Caribbean. Its purpose is to provide conflict and post-conflict countries an opportunity to share lessons learned and good practices on peacebuilding and statebuilding, advocate effective engagement in fragile situations and country-led peacebuilding and statebuilding, and promote effective institutions (g7+, n.d.).

The New Deal for Engagement in Fragile States is an agreement signed by more than 40 countries and organizations at a high-level forum held in 2011 in Busan, Korea. Donors and recipient countries have committed to achieving five peacebuilding and statebuilding goals: “legitimate politics, justice, security, revenue and services, and economic foundations” (International Dialogue on Peacebuilding and Statebuilding, n.d.)

The Dili Consensus is an agreement made by the g7+ group of fragile states, Pacific Island countries, and a group of Portuguese-speaking African countries in 2013 (Republica Democratica De Timor-Leste, n.d.). They advocated for inclusive consultative processes to define their respective national development priorities, and sustained political commitment as
well as for including conflict and fragility issues in the post-2015 development agenda (which is now the Sustainable Development Goals).

The Washington Communique is a response to the g7+ advocacy and a follow-up on the New Deal for Engagement in Fragile States. It is a joint statement made by the members of The International Dialogue on Peacebuilding and Statebuilding, composed of countries affected by conflict and fragility, donors, and civil society. The Washington Communique urges g7+ governments, bilateral and multilateral development partners, civil society, and the broader international community to step up their efforts to translate New Deal commitments into concrete changes in behaviour and practice, in support to country-owned and country-led priorities, and consistent with national law and internationally agreed principles. (International Dialogue on Peacebuilding and Statebuilding, 2013)

2.2.3 The Harmonized List of Fragile Situations

In 2006, the World Bank classified 35 of its members as “low-income countries under stress,” now referred to by multilateral development banks as “fragile situations.” The World Bank (2006) defines “low-income countries under stress” as characterized by “deteriorating governance, prolonged political crisis, post-conflict transition countries, and those in gradual but still fragile reform processes” (p. 1). In 2018, the World Bank’s definition of fragile situations is those with weak governance (with low harmonized score on country and policy institutional assessment by WB, AfDB, and ADB) and those that have the presence of UN peacekeeping missions in the past three years.
Table 2.4: Comparison of 2006 and 2018 List of Fragile Situations

<table>
<thead>
<tr>
<th>2006 Low-Income Countries Under Stress</th>
<th>2018 Fragile Situations</th>
</tr>
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<tbody>
<tr>
<td>1. Afghanistan</td>
<td>1. Afghanistan</td>
</tr>
<tr>
<td>2. Angola</td>
<td>2. Burundi</td>
</tr>
<tr>
<td>4. Cambodia</td>
<td>4. Chad</td>
</tr>
<tr>
<td>6. Chad</td>
<td>6. Congo, Democratic Republic</td>
</tr>
<tr>
<td>7. Comoros</td>
<td>7. Congo, Republic</td>
</tr>
<tr>
<td>8. Congo, Democratic Republic</td>
<td>8. Côte d'Ivoire</td>
</tr>
<tr>
<td>10. Côte d'Ivoire</td>
<td>10. Eritrea</td>
</tr>
<tr>
<td>15. Guinea-Bissau</td>
<td>15. Kiribati</td>
</tr>
<tr>
<td>17. Kosovo</td>
<td>17. Lebanon</td>
</tr>
<tr>
<td>18. Lao, PDR</td>
<td>18. Liberia</td>
</tr>
<tr>
<td>19. Liberia</td>
<td>19. Libya</td>
</tr>
<tr>
<td>20. Myanmar</td>
<td>20. Mali</td>
</tr>
<tr>
<td>22. Papua New Guinea</td>
<td>22. Micronesia, Federates States</td>
</tr>
<tr>
<td>23. Sao Tome and Principe</td>
<td>23. Mozambique</td>
</tr>
<tr>
<td>24. Sierra Leone</td>
<td>24. Myanmar</td>
</tr>
<tr>
<td>27. Sudan</td>
<td>27. Solomon Islands</td>
</tr>
<tr>
<td>29. Timor-Leste</td>
<td>29. South Sudan</td>
</tr>
<tr>
<td>30. Togo</td>
<td>30. Sudan</td>
</tr>
<tr>
<td>31. Tonga</td>
<td>31. Syria</td>
</tr>
<tr>
<td>32. Uzbekistan</td>
<td>32. Togo</td>
</tr>
<tr>
<td>33. Vanuatu</td>
<td>33. Tuvalu</td>
</tr>
<tr>
<td>34. West Bank and Gaza</td>
<td>34. West Bank and Gaza</td>
</tr>
<tr>
<td>35. Zimbabwe</td>
<td>35. Yemen, Republic</td>
</tr>
<tr>
<td></td>
<td>36. Zimbabwe</td>
</tr>
</tbody>
</table>

Note: In bold letters are those countries considered fragile in 2006 and still remained in the 2018 list of fragile situations.

In 2018, after channeling resources to help these countries overcome fragility, the number of countries in the fragile situations list has not changed. To date, there are 36 countries on the list, and 24 from this list were in the 2006 list, which means that 24 countries have not moved out of fragility despite 12 years of development interventions (Table 2.4). On the other hand, eleven countries from the 2006 list have moved out from the 2018 list. However, when countries moved out of the list, it does not mean that they are no longer fragile. Some of them might go a little above the arbitrary cutoff point of 3.2, but they still show some characteristics of fragility (Interview with ADB Director, May 18, 2018).

2.2.4 How Multilateral Development Banks Make Funding Decisions in Fragile Situations

The following is a summary of how ADB, WB, and AfDB make funding decisions in fragile situations. The information was extracted from semi-structured interviews with policy experts from ADB and WB, and from policy briefs from WB and AfDB.

*Asian Development Bank*

ADB’s definition of fragile and conflict-affected states is “countries that are both suffering from post-conflict situation and from fragile situation, either economically or susceptibility to economic shocks, climate change, and natural disasters.”

Differentiating fragility from conflict is important because it clarifies what type of financial instruments and measures to undertake to assist these countries. The concepts of fragility and conflict may be related but are very distinct from each other. Fragility may refer to vulnerability to natural disasters and weak governance while conflict may involve some underlying social and ethnic concerns. Fragility and conflict are lumped together for “aggregate convenience;” and that some of the Pacific member countries do not want to be labeled as fragile

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2 Syria, which had not been in the 2006 list, was listed in 2018 as a fragile situation.

3 Interview with an ADB vice-president, May 22, 2019, Manila, Philippines.
and conflict-affected situations (the terminology used by ADB for its members that are in the WB’s fragile situations list), because they can be fragile but not conflict-affected.4

Each country or region has its own specific issues or challenges. Fragility comes in different forms. For example, after the civil war in the Solomon Islands, the immediate assistance needed was rehabilitation of damaged infrastructures. Bilateral organizations would provide immediate social and humanitarian assistance while MDBs would address the structural concerns, such as infrastructure and governance. ADB also works with governments and oppositions to address important policies concerning all parties.5 Cofinancing and joint capacity building for the government is also done with World Bank, Australia, and New Zealand.6

Larger fragile states have country partnership strategies that outline the interventions to be funded by ADB, and smaller fragile states have a broader regional partnership strategy.7 Each year, ADB undertakes programming missions. The country team talks to government officials about what the government’s priorities are. The government knows how much money is available for them and the type of intervention they choose depends on the size of the funds. The development projects are then programmed within a three-year rolling pipeline.8

ADB determines how much money is available for the country based on two criteria: first is if the fragile state is eligible for concessional funds (determined by a set of criteria such as the overall size of the funds provided by donors, and the country’s GDP per capita, population, and debt level); and second is the performance-based allocation (determined by the country’s performance in economic management, structural policies, social inclusion, and public sector management). Concessional funds come from the Asian Development Fund or ADF, in which

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4 Interview with an ADB senior adviser to the President, May 22, 2019, Manila, Philippines.
5 Interview with an ADB senior adviser to the President, May 22, 2018, Manila, Philippines.
6 Interview with an ADB director, May 18, 2018, Manila, Philippines.
7 Interview with an ADB vice-president, May 22, 2018, Manila, Philippines.
8 Interview with an ADB director, May 18, 2018, Manila, Philippines.
donor countries commit money every four years, and are not affected by any international issues (though one of the donor countries may stop putting in money into the ADF if it chooses to, for economic or political reasons). The funds can be either a loan or a grant. The decision whether the funding would be a grant or loan is based on a country’s level of debt stress. The International Monetary Fund assesses a country’s debt sustainability. Countries that are high-risk will only be given grant funds, those that are medium-risk get a 50% loan, and those that are low-risk receive a 100% concessional loan.9

However, ADB has been providing a minimum allocation of US$6 million per fragile Pacific state annually; this allocation is not affected by the country’s performance.10 Donors plan to double the base allocation to between US$12 and US$13 million.11 For Afghanistan, there is a special set aside from the Asian Development Fund. Though Afghanistan is still subject to a performance-based allocation system (PBA), the PBA does not fully determine how much money the country should receive. Afghanistan is expected to perform relatively poorly because its governance systems and structures are not yet well developed. For countries that are eligible to ordinary capital resources, economic indicators and their sustainability are used as a basis for how much aid is to be provided. ADB’s fragile states can also avail funds from the Disaster Risk Insurance Program when they are struck by a natural disaster. Under the program, ADB supports the state in undertaking governance reforms or resilience-oriented reforms to strengthen its ability to respond to calamities.12

Changes in government administration also impact the level of funds, as the priority of the country also changes. For example, in the Philippines, former President Benigno Aquino III

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9 Interview with an ADB director, May 18, 2018, Manila, Philippines.
10 Interview with an ADB vice-president, May 22, 2018, Manila, Philippines.
11 Interview with an ADB senior adviser to the President, May 22, 2018, Manila, Philippines.
12 Interview with an ADB vice-president, May 22, 2018, Manila, Philippines.
(2010-2016) focused on public-private partnerships, while the current administration of President Rodrigo Duterte (2016-present) is more focused on infrastructure, for which ADB has a lot of experience, and this has increased ADB’s level of engagement in the Philippines. Changes in the government administration’s priorities also affect ADB’s level of engagement and funding in fragile situations. ADB and its member countries however have medium-term development plans, which tend to coincide with political cycles.\(^\text{13}\)

Further, political instability or frequent changes of government may not cause security issues, but they may slow down the development process. Even though there are country partnership strategies, they are very broad, and the current government can easily determine which part of the strategy they would like to focus on, launching their own programs that are opposed to the previous government. For example, in Kiribati, former President Anote Tong (2003-2016) focused on dealing with the impact of climate change by educating and training the people. The current government of President Taneti Maamau (2016-present) has a totally different focus, which is building roads in the outer islands. Though education and training are in place, sustainability of such programs is weakened with the change of focus by the current administration.\(^\text{14}\)

**World Bank**

The World Bank classifies its fragile member states into four categories for financing purposes under the International Development Association (IDA):

- Countries receiving allocations based on IDA’s performance-based allocations (PBA) system
- Countries receiving exceptional post-conflict allocations
- Countries receiving exceptional allocations upon re-engaging with IDA after a prolonged period of inactivity, but which did not qualify for post-conflict assistance

\(^{13}\) Interview with an ADB vice-president, May 22, 2018, Manila, Philippines.

\(^{14}\) Interview with an ADB director, May 18, 2018, Manila, Philippines.
Countries that do not receive any IDA financing because they are in arrears on IDA repayments. (World Bank, 2018-a)

IDA funding is not designed solely for fragile states but generally for World Bank’s poorest member countries wherein most of them are among the fragile situations list. Aside from IDA, fragile states can also avail funding from various sources such as the State- and Peace-Building Fund (SPF), Korean Trust Fund, Multi-Donor Trust Funds (MDTF), and special allocations.

The SPF supports those countries that are at risk of reverting back into crisis or critical debts by funding initiatives on improving governance and institutional performance, as well as reconstruction and development. It also supports development of strategies to prevent violence, conflict, and fragility at regional, country, and subnational levels.

The Korean Trust Fund supports the same objective as the SPF—improving governance and institutional performance as well as reconstruction and development in fragile and conflict-affected situations. The MDTF, on the other hand, is a pool of funding from multiple donors that is used to support countries in post-conflict or post-disaster environments. MDTF allows other countries that are not IDA eligible to avail funding to strengthen their economies and governance—helping them address arrears and become eligible for IDA support.

The World Bank also provides special allocations for countries emerging from severe conflict and countries reengaging with IDA after a prolonged disengagement. Additional resources are provided in these countries based on their performance as measured by the Post-Conflict Performance Indicators Framework and/or portfolio rating.

**African Development Bank**

The African Development Bank (AfDB) has a policy for engaging with fragile situations, called the “Policy for Enhanced Engagement in Fragile States.” The policy aims to “assist fragile
states move from the condition of fragility to a path of sustainable recovery and development by providing them with tailored assistance at critical junctures of their re-engagement and recovery process” (AfDB, 2010, p. 1). AfDB has established the Fragile State Facility as a financing mechanism covering supplemental support, arrear clearance, and targeted support.

The supplemental support is allocated for post-crisis and/or transition countries to invest on infrastructures, rehabilitate the country, and improve governance. The arrears clearance aims to help eligible countries clear their debts that should have been paid earlier. The targeted support is allocated for capacity building, service delivery, and knowledge development; it focuses on public finance management and administration, private sector and institutional development, agriculture and extractive industries, and social sectors.

Funds from the Fragile State Fragility are allocated using the performance-based allocation (PBA) partly. AfDB has another funding facility for fragile situations, which is the African Development Fund wherein funding decisions are entirely based on the PBA. According to its policy brief, AfDB (2010) recognizes the inadequacy of the PBA system, “which does not fully capture the extent of vulnerability and the underlying structural conditions of fragile states;” and that the PBA “further penalizes fragility and takes away the opportunity of using aid to improve stability and the policy environment” (p. 4).

This chapter distinguished the study’s definition of key concepts (i.e., development, fragile situations, and state-society resilience) from the definitions provided in the literature. The history of aid, the recent efforts to improve aid effectiveness, and the MDBs’ funding policies in fragile situations clarified how this research is framed within the broader system of international development. The next chapter brings the discussion from international policies and practices into an academic lens by analyzing the theories linking development aid to peacebuilding and
statebuilding and highlighting the study’s knowledge contribution to both academic field and development practice.
CHAPTER 3: THE ROLE OF DEVELOPMENT AID IN PEACEBUILDING AND STATEBUILDING IN FRAGILE SITUATIONS

The international community recognizes the inherent risks of implementing development programs in fragile situations compared with non-fragile situations. San Gabriel and Jnawali (2018) emphasize that in a fragile post-conflict situation, “the political and social fabric is newly woven, and it may be torn with only slight provocation” (p. 84). Building infrastructures in a post-conflict situation, for example, may include turning farmlands into roads and power plants, which may disrupt the livelihood of the affected communities, or worse may cause land grabbing, if there are no effective land administration policies in place. Without appropriate social safeguards, development may cause grievances and tensions among the affected people. The impact of infrastructure development on the affected and surrounding communities as well as on the ecosystem has to be assessed carefully, and measures to mitigate the risks of degrading the environment, disrupting wildlife ecosystem, and causing loss of resources and livelihood among the locals should be considered. On the issue of land grabbing, in many fragile situations, land ownership is communal and land titles are not clear on important details, such as who the owners are and what the demarcations are. In many cases, lands are inherited outside of the legal processes since the government often lacks efficient land administration systems. If the government buys the land from private citizens for the purpose of infrastructure development (which is funded by international donors), and one of the landowners sold it without the knowledge and consent of other owners, and in connivance with corrupt government officials or employees, then conflict among the communities and between the communities and local government may arise, and the reputation of the donor is also at stake.

Moreover, fragile situations are not necessarily those that have active conflict, but also those that have been recovering from conflict or those that are vulnerable to natural disasters due
to weak state capacity to handle such situations. Peacebuilding and statebuilding efforts, regardless of whether the context is conflict-affected or not, have been an important aspect of development.

3.1 Development Aid and Peacebuilding

The UN Peacebuilding Commission (n.d.) defines peacebuilding through its mandate of “bringing together various actors, both national and international, to ensure that countries affected by conflict do not lapse or relapse into conflict…and building effective partnerships for sustaining peace.” Richmond (2013) criticizes international actors’ rhetoric on peacebuilding as a form of liberal ideology dictated by Western norms. Peacebuilding, according to Richmond (2013), “focuses on external support for liberally oriented, rights-based institutions with a focus on norms, civil society and a social contract via representative institutions embedded in a rule of law” (p. 383). Richmond (2013) further emphasizes the importance of local actors in peacebuilding, whom he characterizes as opposing the neoliberal approach’s “tendency to compromise with elite interests” (p. 395). This implies that resilience building is not only performed by international actors but also by local actors, which brings us to the question of this study on what would be the impact of international processes, such as provision of development aid, on the local processes of peacebuilding—does foreign aid help local actors build peace?

There are conflicting views on whether foreign aid promotes peace. There are several studies claiming that development aid can promote peace and reduce the likelihood of conflict (Azram & Mesnard, 2003; Collier, 2007; Collier & Hoeffler, 2002; Collier & Hoeffler, 2004; Fearon, 2004; Franke et al., 2007; and Savun & Tirone, 2011). On the other hand, there are studies arguing that aid does not necessarily make a country more peaceful. These studies suggest that aid does not lead to peace at all times (Uvin, 1999); can trigger conflict by
disrupting the status quo (Miller, 2014); and can only provide temporary absence of violence, but does not lead to sustainable peace (Holt, 2005).

Paul Collier (2007) argues that civil war is more likely in low-income or less developed countries, stating that “if the economy is weak, the state is also likely to be weak, and so rebellion is not difficult” (p. 21). Collier describes a low-income state as mired with poverty, low growth, and hopelessness; and joining a rebel group could give an individual an array of hope to get rich. Collier and Hoeffler (2002) claim that neither aid nor policy has a direct effect upon the risk of conflict because aid is difficult to capture by rebels during conflict since aid is lessened and accrued in the government budget. The indirect effects of aid are on income growth and structure, strengthening the economy that allows the government to increase military spending and make rebellion difficult to occur. Fearon (2004) supports the idea that aid can catalyze economic progress and strengthen state capacity, thereby reducing the probability of conflict. In the context of newly democratizing countries, civil war is less likely to happen in countries that receive high levels of aid because aid reduces the uncertainties and commitment problems of newly established governance that is still weak (Savun & Tirone, 2011).

Moreover, some scholars claim that development aid focusing on improving governance, particularly in states that are rich in natural resources, can decrease the risk of conflict. Franke, Hample-Milagrosa, and Schure (2007) conducted a study on the correlation between natural resources and violent conflict. The study concludes that “resource abundance as well as resource dependence positively correlates with both the risk and the duration of violent conflict;” and that “strengthening good governance in general and good resource governance in particular are concrete measures the international community must take to reverse the resource curse and build sustainable peace and development” (p. 25). This goes back to the argument of Fearon (2004)
that aid can strengthen the state’s capacity for good governance particularly in managing the country’s natural resources. The state’s capacity for good governance enhances its credibility for redistributing economic wealth to excluded groups that are likely to rebel (Azram & Mesnard, 2003).

While the theorists and scholars above largely attribute peace to development, there are those who recognize that development has the potential to trigger conflict, though not totally disregarding aid’s potential to build peace. In 1998, the Organisation for Economic Co-operation and Development (Uvin, 1999) conducted four case studies in Afghanistan, Bosnia, Rwanda, and Sri Lanka to test whether its Official Development Assistance can reduce violent conflict or build durable peace. Of these four cases, only Bosnia ended with a peace accord, and in the three other countries, violence and civil war continued. Bosnia received large attention from the world press and policymakers. Sri Lanka was forgotten, according to the study. The Taliban in Afghanistan continues to wage war within the country. In Rwanda, there were international contacts, but this did not preclude genocide. A fundamental lesson from these cases is

All aid, at all times, creates incentives and disincentives, for peace or for war regardless of whether these effects are deliberate, recognised or not, before, during or after war. The issue is then not whether or not to create (dis)incentives but, rather, how to manage them so as to promote conditions and dynamics propitious to non-violent conflict resolution (Uvin, 1999, p. 4).

Another interesting study is on the Mannar District of Sri Lanka that experienced damaged infrastructures, mass displacement, and loss of lives as a result of war between government forces and the Liberation Tigers of the Tamil Eelam. The study highlights that development assistance has created a positive impact on war-affected communities by providing
livelihood skills and opportunities and rehabilitation of infrastructures, such as roads, electricity, water, and irrigation. However, Holt (2005) questioned the impact of these activities to the peace process and concluded that nothing has changed since 2002 in terms of conflict, stating that the “issues at the heart of Sri Lanka’s war remain untouched by donor funds” and aid “has bought time; it has not bought peace” (p. 192).

Robert Miller (2014) explored the prospects of aid as a peacemaker and concluded that while the prospects for peace can be tied to development, aid can disturb the status quo and the balance of power among groups and individuals, which may result in steadily rising levels of conflict and violence. The protracted conflict in Afghanistan, Cambodia, El Salvador, and Namibia, for example, are characterized by socioeconomic inequalities, oppression of ethnic minorities, and widespread violation of human rights; and the process of development can intensify historic tensions among different groups in these countries. The case of El Salvador illustrates that such conflicts are largely attributed to inequitable sharing of the benefits of development. During the 1950s and 1960s, the cotton industry was booming in the country. Cotton production does not only need good land but also fertilizers, pesticides, and labor; hence the cotton business becomes capital intensive, giving a great advantage to wealthy landowners, and disadvantaging the landless proletariat who can only survive as laborers (Close, 2014). Such social and economic disparities have led to protracted conflicts in the country between the privileged and the less privileged groups. Though El Salvador has received development assistance since the 1960s, the internal conflict cannot be solely attributed to aid; and neither history show that aid has helped the country resolve socio-economic disparities that have led to violent conflict.
Those studies that employ deductive approaches arrive at a common conclusion, which is the positive effect of development aid on peace. They have all framed the dependent variable as “negative peace” (as coined by John Galtung, 1969) or the absence of violence, though they articulate this concept in various ways: less likelihood of war (Collier, 2007), rebellion is difficult to occur (Collier & Hoeffler, 2002), reduced probability of conflict (Fearon, 2004), civil war is less likely to occur (Savun & Tirone, 2011), mitigation of insurgency (Azram & Mesnard, 2003), risk and duration of conflict (Franke et al., 2007). By contrast, those studies that used inductive approaches and focused on specific country cases conclude that aid is not a direct cause of conflict; however, it becomes an enabler of inequality that could lead to more conflict. These studies have framed the dependent variable as “positive peace,” which provides important conditions to achieve “negative peace” or absence of violence. These conditions may include social, economic, and political freedoms (as Sen [1999] pointed out). The Institute for Economics and Peace (2017) further identifies these conditions as “well-functioning government, sound business environment, low levels of corruption, high levels of human capital, free flow of information, good relations with neighbors, equitable distribution of resources, and acceptance of the rights of others” (p. 133).

The studies discussed above have conflicting views on whether aid can help states and societies become more resilient to conflict or whether aid can help build peace. Peace, as a concept, has a complex definition. Fragility may not just be a cause or consequence of war (or the absence of peace), but also of the absence of the social, economic, and political conditions for sustainable peace. Looking at whether aid for each of these conditions has positive or negative impacts on the resilience of states and societies may shed light on the conflicting views about whether aid can resolve fragility. This study therefore proposes to flesh out “positive
peace,” (or sustainable peace) instead of using the “negative peace” (or the absence of violence) as a variable for examining the relationship between development aid and state-society resilience.

Johan Galtung (1969) refers to “positive peace” as the absence of structural violence, and to “negative peace” as the absence of physical or personal violence. According to Galtung (1969) personal violence can be anatomical, such as crushing, tearing, piercing, burning, poisoning or evaporation (nuclear weapon); or physiological, such as denial of air, water, food, and movement—and all these can be tools for war. Structural violence, on the other hand, refers to social injustice and inequality—a condition where “resources are unevenly distributed” and “the power to decide the distribution of resources is unevenly distributed” (Galtung, 1969, p. 171). If a person is poor, then he/she has little or no access to health and education, because income, health, and education are tied to social structure, where every interaction has some value. Simply put, for example, without money, you cannot go to college nor pay your medical bills. Galtung (1969) further emphasizes that if the actual falls below the potential (such as health, life expectancy, education)—while this should be avoidable—then violence is present.

Positive peace therefore is fulfilling the potentialities of human beings within the social system, as defined by Galtung; and this concept is similar to development as human freedoms as posited by Sen (1999). All these concepts are tied to state-society resilience—wherein both the state and the society collaborate to build the social system, which allows people to experience development and human freedoms. As I have defined earlier, fragile situation is vulnerability to circumstances of human unfreedom, while state-society resilience is a collective ability of state and society to achieve human freedom so that people can cope, adapt, and rebound to crises, be it conflict, natural disasters, or economic crisis. This study has measured state-society resilience—
using peacebuilding, governance, human development, and economic growth as indicators—all of which are elements of development, which we can either refer to as the process for achieving human freedom or the end result in itself as “human freedom.” Analyzing the impact of development aid on state-society resilience therefore is critical, because development aid is part of the social system, which is under the legitimate authority of the state and where every of its element has value; and development aid has a value as a resource but whether it is valuable to state-society resilience is in question, and so far it is not clear how impactful such a resource is to achieving “human freedom” and “positive peace.”

3.2 Development Aid and Statebuilding

The UN Charter states that, “Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present Charter and, in the judgment of the Organisation, are able and willing to carry out these obligations” (United Nations, n.d.) Integrating the fragile states into the international community therefore, not only requires peacebuilding but also statebuilding efforts—a country must not only be “peace-loving” but is also capable of fulfilling its international obligations.

OECD (2009) defines statebuilding as a “purposeful action to develop the capacity, institutions and legitimacy of the state in relation to an effective political process for negotiating the mutual demands between state and societal groups” (p. 72). Richmond (2013) views statebuilding as a parallel to peacebuilding, but often statebuilding is subsumed under peacebuilding efforts. Statebuilding, according to Richmond (2013) focuses on “the role of external actors, organisations, donors, IFI [international financial institutions], agencies and INGOs [international non-government organizations] in building liberal institutions for security, democracy and markets, and creating basic infrastructure. They apply international technical
expertise and capacity” (p. 382). Richmond (2013) emphasizes that this type of statebuilding is “failed by design” (p. 378) as a result of externally formulated frameworks from the Western and international actors. In the development realm, this claim is supported by several studies suggesting that aid has been ineffective due to unsound performance-based models on aid allocation, lack of coordination among donors, donor and recipient governments’ tendency to rush on creating partnerships (which leads to aid fractionalization and volatility), corruption as a major obstacle in development, a democratic system that increases rent-seeking, and cultural differences between international and local actors.

Paul (2015) argues that performance-based aid models or conditionality do not work for recipient countries because the process is misguided and “is grounded in an oversimplified incentive model that does not take into account the real functioning of institutions in recipient countries” (p. 320). Fuchs, Nunnenkamp, and Ohler (2015) posit that the lack of coordination among donors—which is a result of economic and political self-interest—contributes to aid ineffectiveness.

The study by Frot, Olofgard, and Berlin (2014) finds that the Eastern transition or the sudden collapse of communism and establishment of newly democratic countries lead to a rush in establishing new partnerships between the donor and the recipient country, which then lead to “a surge in aid fractionalization and high levels of aid volatility and unpredictability” (p. 136). They explained this rush from two perspectives—the realist, which emphasizes a donor country’s desire to compete with others given the first mover advantage in establishing relationships with a new regime; and the liberalist, which highlights development in poor countries as a public good. According to the authors, “the strategic and commercial interests will
dominate the allocation of aid early on, which may have negative consequences on the ability of aid to promote development and alleviate poverty” (Frot et al., 2014, p. 136).

Connor (2012) argues that corruption is a major obstacle in the development of Afghanistan, and at the same time, aid is also a resource for corruption. Corruption is perceived to be emanating from the government, which causes skepticism and mistrust among the Afghan population about the positive outcome of development aid. He further stresses that the impact of corruption on development efforts is the same as that of insurgency. On the part of donors, the author posits that there is pressure among donor governments to spend large sums of aid quickly to see tangible evidence in a short period of time.

Verkoren and Kamphuis (2013) argue that strengthening state institutions will not work as “more aid ownership and strengthening of the Afghan bureaucracy will simply consolidate aid rentierism rather than reverse-engineer a market democracy” (p. 501).15 This is because those in power will allocate aid to their supporters and not for tax collection and productivity enhancement, as intended by donor governments. The authors suggest that economic productivity should be the focus of Afghan development and state formation, particularly stimulating domestic businesses and collecting taxes. They also recommend that “economic development may initially need to be prioritized over democracy” (Verkoren & Kamphuis, 2013, p. 517) since a democratic system provides a short period for rulers to be in power which makes them more aggressive in committing corruption.

Minasyan (2015) looks into the cultural differences of development providers and recipients as impacting aid effectiveness. Using 66 recipient countries as a sample during the

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15 Costello (2016) explains rentierism as coming from the word “rent” which is the “portion of revenue that exists after the costs of production are accounted for” (p. 209). Those who have access to rent can use this economic surplus to advance their political interests such as buying citizen support or suppressing citizen unrest.
period 1961-2010, the study finds that donor-recipient cultural differences have adverse impact
on aid-growth nexus and suggests for donors to focus on “culturally closer regions and/or engage
in long-term commitments at the local level” (Minasyan, 2015, p. 320).

The studies identified above point to the failure of the international community’s
statebuilding efforts in fragile situations. Critiques focus on the failures and shortcoming of
donors and international actors. Scholars agree that aid interventions have weak design
frameworks characterized by unsound performance-based models on aid allocation, lack of
coordination among donors, donor and recipient governments’ tendency to rush on creating
partnerships (which leads to aid fractionalization and volatility), and a democratic system that
increases rent-seeking. The failed design is further aggravated by corruption as a major obstacle
in development and cultural differences between international and local actors.

Having weak state systems, fragile situations are left incapable of managing the effects of
external economic shocks and policy changes by other states (Keohane and Nye, 2001), as well
as the external and internal risks of conflict and the threats of natural disasters—creating
spillover effects to their neighboring countries such as influx of refugees and migrants, illegal
smuggling (of goods, humans, and drugs), as well as the spread of terrorism. The studies view
international aid as complicating the efforts to build state-society resilience, however, an aspect
that is overlooked here is—is aid directly complicating fragility? Are we overestimating or
underestimating the impact of aid?

Richmond (2013) ties the definition of statebuilding to the international community’s
involvement in building legitimate and capable institutions. This definition leads us to another
question, which is—do fragile states need aid to build their own capacity and to strengthen state-
society relations? If so, what kind of capacities should be built and under what circumstances is
aid required and not required? Is it when peace is absent, when governance is weak, when people have no access to basic needs, and/or when the economy is failing? This study attempts to answer these questions by testing the impact of aid for each of the four aspects of capacity interventions—peacebuilding, governance, human development, and economic growth—on state-society resilience. In addition, this study presents empirical evidence (using regression and case analyses) on the behavior of aid flow in each of the four conditions—when peace is absent, when governance is weak, when people have no access to basic needs, and/or when the economy is failing.

Based on Sen’s (1999) definition of development as human freedom from economic, social, and political oppression, I argue that what makes a situation fragile is the lack of or insufficient capacity to promote economic growth, human development, and good governance. In a conflict-affected state, peacebuilding (pertaining to recovery from conflict) is a prerequisite to achieving economic growth, human development, and good governance.

While the literature broadly asks whether donors have been successful in peacebuilding and statebuilding in fragile situations, this study explores how donors behave toward fragile situations in aid allocation, and how aid allocation for economic growth, human development, and good governance respectively impact state-society resilience in fragile situations. For the purpose of clarification of concepts, I find it useful to reiterate here the meaning of fragility and resilience. This study defines fragility as vulnerability to “human unfreedoms,” while resilience is the ability to achieve development or “human freedoms” so that states and societies can cope with, adapt to, and rebound from crises. Though Pospisil and Kuhn (2016) and OECD (2008) argue that fragility and resilience are dichotomous, this study, under fragile contexts, treats these concepts as not necessarily binary and not exactly opposite. There are specific circumstances
wherein states and societies can be fragile and there are instances wherein they can be resilient. For example, states and societies can be vulnerable to natural disasters, yet they are resilient to conflict due to the presence of respected community leaders and elders who act as conflict mediators. A fragile situation (or specifically a territory located in remote areas, not accessible by government’s basic services) can be labeled as below the poverty line, yet the people have longer life expectancies and are healthier than those in non-fragile urban areas, because people in remote areas, close to nature (lakes, seas, forests) have access to fresh air and food. Therefore, in fragile situations, fragility is not necessarily the absence of resilience, and resilience is not necessarily the absence of fragility—the reason for this study having fleshed out the elements of state-society resilience into four domains—peacebuilding, governance, human development, and economic growth.
CHAPTER 4: RESEARCH DESIGN

One of the key messages of the OECD States of Fragility (2018) is to “invest in more and smarter aid in fragile contexts.” A key question in this study is that, is it effective to invest more in fragile contexts in order to build state-society resilience? Below are the research questions and hypotheses of this work.

**Research Questions**

1. How impactful is development aid in building the resilience of states and societies in fragile situations listed in the harmonized list of World Bank, African Development Bank, and Asian Development Bank?

2. Which areas of development interventions (peacebuilding, governance, economic growth, human development) targeted through aid have had the most impact on the resilience of states and societies in fragile situations? In what situations does aid tend to increase or decrease in fragile contexts? When they are more resilient or more fragile? When they are more peaceful or less peaceful? When there is strong or weak government? When the economy is growing or failing? When citizens have access to basic services or otherwise?

3. How do such interventions impact resilience? Do they make states and societies more resilient or more fragile? Why and how?

4. Are fragility levels related (or not) to aid flow?

**Hypotheses**

1. Development aid helps build state-society resilience in fragile situations.

   Providing development aid is perceived as a major resilience building effort of the international community. Former United Nations Secretary General Boutros-Ghali (1992) links development to peace emphasizing that social and economic development is an
important conflict prevention measure. Paul Collier (2007) argues that civil war is more likely in low-income or less developed countries, stating that “…if the economy is weak, the state is also likely to be weak, and so rebellion is not difficult…” (p. 21). Aid interventions that have been designed and implemented appropriately, that is, following OECD’s “do-no-harm principles” can help fragile situations become more resilient to conflict and natural disasters (See Chapter 3.1).

2. Aid for governance, human development, and peacebuilding helps states and societies in fragile situations become more resilient.

   Good governance, that is, having sound policies and effective institutions, reduces the probability of conflict by enabling a more equal distribution of wealth; creates a conducive environment for businesses to prosper; and provides citizens a better quality of life. The study by Franke, Hample-Milagrosa, and Schure (2007) recommends “strengthening good governance in general and good resource governance in particular are concrete measures the international community must take to reverse the resource curse and build sustainable peace and development” (p. 25) (See Chapters 2.1.6 and 3.1).

   Human development interventions may contribute to less probability for grievance, violence, and conflict; and citizens become more productive contributing to economic growth (Sen, 1999) (See Chapters 2.1.2 and 2.1.5).

   Aid for peacebuilding, that is, conflict prevention and recovery, can help states and societies build resilience to conflict (Savun & Tirone 2011) (See Chapter 3.1). The case of Mindanao, Philippines demonstrates that peacebuilding interventions by the international community have ushered the Philippine government and the Moro Islamic
Liberation Front to resolve their 40-year old conflict through the peace process (See Chapter 5.1).

3. Aid for economic growth may contribute to fragility, if the benefits are unequal and exclusive to a specific population or territory.

   Aid for economic growth, though not directly causing conflict, can create socio-economic disparities (Miller, 2014). Such inequality takes place when there are a few people who benefit from economic surpluses in the absence of check-and-balance mechanisms in the state bureaucracy (See Chapter 3.1). A study by Koubi and Bohmelt (2013) finds that although a higher GDP per capita can reduce the probability of conflict outbreak, the unequal distribution of wealth may result in grievances and ultimately in civil conflict.

4. Aid flow, in general, tends to increase in more fragile or less resilient situations.

   When state fragility increases, aid increases. Afghanistan and Vietnam received the largest financial assistance from the European Union during the period 2007-2013 (Hoang, 2014). Both countries have been labeled as a “donor darling” as they receive bigger aid funds compared to other countries that have better governance and economic status—Afghanistan is a post-conflict state while Vietnam is a lower-middle income country. In his study, Hoang (2014) highlights Vietnam as an aid darling because the EU finds it as a potential avenue to advance its trade and political interests; while List (2013) posits that donors use aid as a tool to combat terrorism in fragile states, such as Afghanistan. Developed countries see fragile states, particularly post-conflict states, as new trading partners, particularly those with rich natural resources giving new opportunities for market expansion. As Frot, Olofsgard, and Berlin (2014) mention,
donors and recipient countries tend to rush partnerships. Connor (2012) supports this by saying that donor governments spend large sums of aid quickly to see tangible evidence in a short period of time (See Chapter 3.2).

5. Aid tends to increase when a situation exhibits weak governance, poor economy, and low human development levels.

When governance systems are still weak, aid tends to increase. According to Connor (2012), donors tend to spend huge amounts of aid money, particularly for post-conflict states, such as Afghanistan, which became a “donor darling” after the war culminated between the NATO allies and the Taliban in 2002 (See Chapter 3.2). Though Afghanistan’s governance system was still weak, the international donor community committed $16 billion during the 2012 Tokyo Conference on Afghanistan (UNODC, 2012).

When prospects for human development are at stake, aid tends to increase. The UN has been mainstreaming the importance of human development, such as health and education. More than half of the 17 sustainable development goals are geared directly toward improving human welfare. UN member countries therefore tend to allocate more aid to better the lives of people in fragile situations.

When a fragile situation has slower economic growth, donors tend to provide more aid. Many of the fragile member states of MDBs are aid dependent. OECD (2016) records that 10.5% of a fragile state’s gross national income comes from external aid. Many of the Pacific fragile states, for example, exhibit such aid dependency. Most of them are not conflict-affected but they are vulnerable to natural disasters and they have weak governance, such as Kiribati, Federated States of Micronesia, and Tuvalu.
Regardless of their weakening economies, donors have consistently increased aid for the Pacific fragile states between 2012 and 2018—from $3 million, to $6 million, and in the future $12 million of aid annually (interview with ADB Senior Adviser to the President, May 22, 2018). According to OECD (2018), “several countries [fragile states] have high levels of aid dependence—in excess of 10% of GDP or half of government spending” (p. 91), and aid dependence could be attributed to “distorted political accountability” such as the government “paying too much attention to donors and too little attention to their citizens” (Wood, 2008 as cited in OECD, 2008, p. 91). As to the real reason why these fragile member states become aid dependent calls for more research. State leaders decide whether they get development assistance, and what influence them or how they are influenced, either by donors’ interests or pressure from the constituents (or lack thereof), is something that can be further investigated.

6. Aid tends to decrease when a situation is less peaceful.

When states are less peaceful, aid decreases. UN Deputy Secretary General Jan Eliasson claims that “there is no peace without development, there is no development without peace” (Brookings, 2013). In practice, most MDBs refrain from engaging in a state with ongoing war. The Asian Development Bank, for example, disengaged with Afghanistan, Myanmar, and Nepal at the time of war in these countries. The World Bank similarly suspended its missions and operational activities in Syria at the onset of conflict in 2011.

This study involves three research approaches: (1) cognitive anthropology, which aims to identify the variables to be used in the regression analyses and the indicators for the resilience index, and provide baseline information for the entire study; (2) multiple
regression analyses of aid allocation and state-society resilience levels; and (3) case
analysis of the impact of the Mindanao Trust Fund-Reconstruction and Development
Project (MTF-RDP) on the resilience of the conflict-affected Autonomous Region in
Muslim Mindanao (ARMM) in the Philippines.¹⁶

4.1 Cognitive Anthropology

The study uses two major variables: development aid and state-society resilience. Data on
aid allocations are drawn from the projects implemented by three multilateral development banks
(MDBs) in 35 fragile situations that received aid from them consistently from 2006 to 2017. To
quantify development aid, aid allocations for specific sectors need to be determined. However,
the three MDBs have different categorization of their target sectors, which is relative to their
respective funding sources and strategic objectives. Table 4.1 shows how each MDB presents
their focus areas. The engagement areas are mostly similar thematically across the three MDBs,
but there are areas that are present in one or two MDBs but not present in the other MDB and
could have been subsumed in another area. For example, both AfDB and ADB have the climate
change theme, while at the WB, climate change is subsumed under “environment and natural
resources management.”

To measure state-society resilience in fragile situations listed in the World Bank’s
harmonized list (see Table 2.4), indicators are needed in the context of development. This study
used cognitive anthropology, an approach to investigate human cognition as content, knowledge,
or process (Bennardo, 2013). Human cognition is a form of tacit knowledge drawn from how
individuals think which is influenced by their own values and cultures. This seems to be a more

¹⁶ The case analysis is discussed in Chapter 5.
Table 4.1: Engagement Areas of African Development Bank, Asian Development Bank, and World Bank

<table>
<thead>
<tr>
<th>African Development Bank</th>
<th>Asian Development Bank</th>
<th>World Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and agro-industries</td>
<td>Agriculture and food security</td>
<td>Economic policy</td>
</tr>
<tr>
<td>Climate change</td>
<td>Climate change and disaster risk management</td>
<td>Environment and natural resources management</td>
</tr>
<tr>
<td>Economic and financial governance</td>
<td>Education</td>
<td>Finance</td>
</tr>
<tr>
<td>Education</td>
<td>Energy</td>
<td>Human development and gender</td>
</tr>
<tr>
<td>Energy and power</td>
<td>Environment</td>
<td>Private sector development</td>
</tr>
<tr>
<td>Environment</td>
<td>Finance sector development</td>
<td>Public sector management</td>
</tr>
<tr>
<td>Human capital development</td>
<td>Gender and development</td>
<td>Social development and protection</td>
</tr>
<tr>
<td>Health</td>
<td>Governance and public management</td>
<td>Urban and rural development</td>
</tr>
<tr>
<td>Information and communication technology</td>
<td>Health</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Information and communications technology</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Public-private partnerships</td>
<td></td>
</tr>
<tr>
<td>Private sector</td>
<td>Regional cooperation and integration</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water supply and sanitation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


The objective form of inquiry compared to the MDBs’ classification scheme (how they identify and classify their development interventions) that are shaped by international policies serving the purpose of donor countries. Gascoigne and Thornton (2014) explain the importance of capturing tacit knowledge of experts for the purposes of rational analysis and how such knowledge can be “hidden from those who manage them.”
One reason for wanting to expose the practical wisdom of experts to “rational analysis” is the fear that it otherwise remains hidden from those who manage them and are held to account for their activities. Others are the reasonable hope that expert judgement is objective, and the widespread assumption that objectivity and codification go hand in hand. It is a platitude that if a judgement concerns something about which we can be right or wrong then it must answer to some standard of correctness that has nothing to do with mere opinion. And it is tempting to infer from this that tacit or implicit forms of judgement or of understanding can be “cleansed” of subjective factors and rendered objective – and therefore genuine exercises of rationality – only in so far as they are codifiable in a principle or set of principles. (p. 2)

Although participants involved in this study are part of an institution, they are not constrained by the institution’s policies in identifying the domains of development interventions. Instead they draw it from their personal experience with the past and present institutions they have worked with, and their thinking is also influenced by their personal values and belief systems as well as their role and functions within their respective institutions.

The cognitive anthropology approach involved creating a taxonomy of aid interventions, a pile sort exercise and semi-structured interviews with development experts, multidimensional scaling analysis, inter-coder reliability tests, and Cohen’s Kappa tests (see Chapter 4.1.4). The Institutional Review Board approved on November 26, 2018 the conduct of the pile sort workshops and semi-structured interviews (Appendix 9). Consent forms on the anonymity of participants were also signed, hence this study used the participants’ position in the organization instead of their names.

4.1.1 Taxonomy of Aid Interventions

Using cluster random sampling, a total of 694 projects were selected from the online project database of African Development Bank, Asian Development Bank, and World Bank. I grouped the projects that were similar in nature and came up with 26 categories (Table 4.2).
<table>
<thead>
<tr>
<th>Categories</th>
<th>Examples</th>
<th>No. of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agriculture</td>
<td>Development of value rice chains, agriculture market infrastructure project</td>
<td>45</td>
</tr>
<tr>
<td>2. Child protection</td>
<td>Disarmament, demobilization and reintegration of child ex-combatants; street children project</td>
<td>5</td>
</tr>
<tr>
<td>3. Climate proofing/climate resilience</td>
<td>Climate resilient transport, catastrophe insurance</td>
<td>5</td>
</tr>
<tr>
<td>4. Community empowerment</td>
<td>Microfinance, rural finance expansion, livelihood and skills program for the youth, household development</td>
<td>60</td>
</tr>
<tr>
<td>5. Community participation</td>
<td>Participatory rural development</td>
<td>2</td>
</tr>
<tr>
<td>6. Crisis response and recovery</td>
<td>Food crisis, financial crisis, avian flu, disaster risk management and reconstruction, sanitation and supply</td>
<td>51</td>
</tr>
<tr>
<td>7. Economic and financial management and policy reforms</td>
<td>Debt reduction, improving business climate, economic diversification</td>
<td>63</td>
</tr>
<tr>
<td>8. Education</td>
<td>Strengthening higher education, education sector reconstruction</td>
<td>30</td>
</tr>
<tr>
<td>9. Environmental sustainability</td>
<td>Coastal resources co-management, forest and nature conservation, biodiversity management</td>
<td>25</td>
</tr>
<tr>
<td>10. Gender equality</td>
<td>Protection from gender-based violence, economic empowerment for women</td>
<td>9</td>
</tr>
<tr>
<td>11. Governance, transparency and accountability</td>
<td>Extractive industries transparency initiative, strengthening governance, civil service reform and accountability</td>
<td>50</td>
</tr>
<tr>
<td>12. Health</td>
<td>Health sector development support, multisectoral HIV/AIDS</td>
<td>32</td>
</tr>
<tr>
<td>13. Infrastructure development</td>
<td>Energy, water, transport, ICT</td>
<td>135</td>
</tr>
<tr>
<td>14. Institutional capacity building</td>
<td>Customs and trade, results facility, statistics, civil registry, mineral sector</td>
<td>50</td>
</tr>
<tr>
<td>15. Physical security</td>
<td>Security plan for project implementation</td>
<td>1</td>
</tr>
<tr>
<td>16. Private sector development</td>
<td>Strengthening the competitiveness of the industrial sector</td>
<td>15</td>
</tr>
<tr>
<td>17. Public sector reforms</td>
<td>Judicial reform, decentralization, privatization of state-owned enterprises</td>
<td>23</td>
</tr>
<tr>
<td>18. Recovery from conflict</td>
<td>Disarmament, demobilization, and reintegration; sexual and reproductive health and rights of war-affected youth; integration of returning refugees and displaced persons</td>
<td>20</td>
</tr>
<tr>
<td>19. Research</td>
<td>Financial competency study, project preparatory studies, demographic health survey</td>
<td>7</td>
</tr>
<tr>
<td>20. Rural infrastructure development</td>
<td>Rural roads rehabilitation, rural electrification</td>
<td>17</td>
</tr>
<tr>
<td>21. Social security</td>
<td>Pension, safety nets</td>
<td>2</td>
</tr>
<tr>
<td>22. Support to development strategy</td>
<td>National development strategy, poverty reduction strategy</td>
<td>13</td>
</tr>
<tr>
<td>23. Support to NGOs</td>
<td>Support to NGO Network</td>
<td>1</td>
</tr>
<tr>
<td>24. Support to peace process</td>
<td>National solidarity program</td>
<td>5</td>
</tr>
<tr>
<td>25. Support to peacebuilding strategy</td>
<td>National Framework Peacebuilding, Peacebuilding for Development</td>
<td>2</td>
</tr>
<tr>
<td>26. Urban development and poverty reduction</td>
<td>Urban roads improvement, support for young entrepreneurs and urban job creation</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>694</strong></td>
</tr>
</tbody>
</table>
4.1.2 Pile Sort Method

The 26 aid interventions were further broken down into four themes using the pile sort method, a form of cultural domain analysis that aims to determine “how people in a group think about [a] list of things that somehow go together” (Bernard, 2011, p. 241). The pile sort method, in this study, aims to capture the tacit knowledge of individuals working in a multilateral development bank—how they would classify development interventions. Individual workshops were held with ADB’s vice president for operations, senior adviser to the President (former director general), deputy director general, director, fragile and conflict-affected situations focal point, and an economist. All of them have expertise in development policy making in fragile situations. These experts were chosen based on the researcher’s existing social network (in effect

<table>
<thead>
<tr>
<th>Director</th>
<th>Economist</th>
<th>Deputy Director General</th>
<th>Senior Adviser to the President</th>
<th>Focal Point for Fragile Situations</th>
<th>Vice-President</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic/ Productive sectors (core operations)</td>
<td>Infrastructure (hard sector)</td>
<td>Ex ante conflict/natural disasters</td>
<td>Governance and institutions</td>
<td>Community participation</td>
<td>Plotted a concept map with governance, economic growth, and human development as major themes</td>
</tr>
<tr>
<td>Research (cuts across interventions)</td>
<td>Green/rural/ Agriculture</td>
<td>Community</td>
<td>Long-term development strategies</td>
<td>Capacity building/reforms</td>
<td></td>
</tr>
<tr>
<td>Enabler of inclusiveness</td>
<td>Social development</td>
<td>Priority areas/hard infrastructure</td>
<td>Conflict and recovery</td>
<td>Conflict/post-conflict interventions</td>
<td></td>
</tr>
<tr>
<td>Enabling environment</td>
<td>Public sector development/Governance</td>
<td>Human capital (soft sector)</td>
<td>Environment</td>
<td>Normal interventions (infrastructures)</td>
<td></td>
</tr>
<tr>
<td>Basic need/foundation for development</td>
<td>Private sector development</td>
<td>Strengthening resilience</td>
<td>Peacebuilding</td>
<td>Vulnerability to climate change</td>
<td></td>
</tr>
<tr>
<td>Good governance/Institutions (centralized responsibility)</td>
<td>Fragile and conflict-affected situations/Recovery</td>
<td>Immediate economic activities</td>
<td>Social sector interventions</td>
<td>Social sector interventions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3: Development Themes Identified in the Pile Sort Workshop
using snowball sampling). They were asked to categorize the 26 concepts and to label each group of concepts with an emergent theme. Table 4.3 shows the themes identified by each participant. An evaluation specialist from World Bank was asked to validate the findings of the pile sort study.

4.1.3 Multidimensional Scaling Analysis

To analyze the clustering made by the six participants (as shown in Table 4.3), multidimensional scaling (MDS) analysis was used, also known as the smallest-space analysis. MDS is a data analysis method that “builds a mapping of a series of individuals from a proximity matrix (similarities or dissimilarities between these individuals)” (XLSTAT, n.d.). The XLSTAT software with the MDS component calculated the distances between concepts and plotted within a map how close or far each concept is to each other (See representation map in Figure 4.1).

The representation map was produced following the procedures as described below.

1. Encode the 26 items in the first column and first row in Excel.

2. Code each item with either 0 or 1, giving it a 1 if two items intersect or are both found in a theme made by the first participant; and 0 if not (see Appendices 2 and 3). In the theme Economic/Productive Sectors, for example, the participant categorized agriculture (AGR) and climate proofing (CLI) under this theme, and therefore the code to be given is 1. On the other hand, agriculture (AGR) and child protection (CHI) are not both in this theme, only agriculture is, thus the code is 0.
Figure 4.1: Multidimensional Scaling of Aid Interventions (Representation Space)

Legend:

AGR = agriculture
CEMP = community empowerment
CHI = child protection
CLI = climate proofing/climate resilience
CPAR = community participation
CRI = crisis response and recovery
DSTRAT = support to development strategy
ECON = economic and financial management and policy reforms
EDUC = education
ENV = environmental sustainability
GEN = gender
GOV = governance, transparency, and accountability
HE = health

INFRA = infrastructure development
INS = institutional capacity building
NGO = support to NGO
PP = support to peace process
PRIV = private sector development
PSEC = physical security
PSTRAT = support to peacebuilding strategy
PUB = public sector reforms
REC = recovery from conflict
RES = research
RUR = rural infrastructure development
SSEC = social security
URB = urban development and poverty reduction
ECONOMIC/PRODUCTIVE SECTORS (core operations)

1. Agriculture (development of value rice chains, agriculture market infrastructure project) – 45
2. Infrastructure development (energy, water, transport, ICT) - 135
3. Urban development and poverty reduction (urban roads improvement, support for young entrepreneurs and urban job creation) 26
4. Rural infrastructure development (rural roads rehabilitation, rural electrification) – 17
5. Climate proofing/climate resilience (e.g., climate resilient transport, catastrophe insurance) – 5

<table>
<thead>
<tr>
<th></th>
<th>AGR</th>
<th>CHILD</th>
<th>CLI</th>
<th>CEMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Child protection</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Climate proofing and resilience</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Community empowerment</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Community participation</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Crisis response and recovery</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Economic and financial policy management and reforms</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Education</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

3. Do step 2 for the rest of the participants’ responses, giving it a 2 for the second participant, 3 for the third participant, and so on if two items are found together in each theme; and 0 if not (see Appendix 4).

4. Divide the resulting numbers by 6 (the number of participants) to determine the percentage of the participants that clustered the concepts similarly (see Appendix 5).

5. Analyze the data using the multidimensional scaling (MDS) in XLSTAT. The MDS yielded a representation space that shows the aggregate clustering or mental map of the six participants on how they think the 26 concepts should be grouped (see Figure 4.1). The MDS also calculated the exact distances of each concept from any other
Based on their content and its relation to extant literature (see Chapter 3), I labeled the resulting four themes (as shown in Figure 4.1) as follows:

**Human Development**: health, education, child protection, social security, gender equality

**Good Governance**: private sector development; economic and financial management and policy reforms; support to development strategy; governance, transparency, and accountability; institutional capacity building; public sector reforms; community empowerment; community participation; support to NGOs

**Economic Growth**: infrastructure development, rural infrastructure development, urban development and poverty reduction, agriculture, environment sustainability, climate proofing/climate resilience

**Peacebuilding**: physical security, recovery from conflict, support to peace process, support to peacebuilding strategy, crisis response and recovery

### 4.1.4 Inter-coder Reliability and Cohen’s Kappa Tests

The inter-coder reliability test aims to check “whether the constructs being investigated are shared;” while the Cohen’s Kappa test “measures how much better than chance is the agreement between a pair of coders” (Bernard, 2011, p. 448).

As of February 2019, a total of 2,274 projects (used to quantify aid allocations) were found at the websites of the three MDBs. These were the total number of projects implemented in 35 fragile member states of ADB, AfDB, and WB from 2006 to 2018. These projects were then categorized based on the four resulting variables: economic growth, governance, human

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17 Research cuts across all aid interventions, according to four of the six participants and was represented spatially within the center of the matrix.

18 The 694 projects used in the taxonomy are the 30% sample drawn from the 2,274 projects.
development, and peacebuilding. To determine whether my categorization is shared and not just based on my own interpretation, an inter-coder reliability test was conducted. A stratified sampling method was used to select a sample population from the 2,274 projects—proportionally representing each MDB and each of the 35 fragile states—resulting in a sample of 208 projects. I and another coder categorized the 208 projects independently. We answered separately a questionnaire containing the 208 projects (with descriptions) guided by a code sheet (each theme with their respective descriptions and definitions) (See Appendix 7).

Using the Cohen’s Kappa test, I calculated the percentage of agreement and how much better than chance we categorized the projects similarly. The following procedures were applied:

1. Determine whether each concept (economic growth, governance, human development, peacebuilding) is present in each of the 208 projects. For economic growth, for example, give it a 1 if the coder indicates that the project belongs to the theme on economic growth, and give it a 0 if the coder indicates it belongs to another theme.

2. For each of the themes across the 208 projects, count the number of times (a) both Coder 1 and Coder 2 agreed that the concept is present in a project (e.g., both categorized a project as economic growth); (b) both Coder 1 and Coder 2 agreed that the concept was not present (e.g., both did not categorize a project as economic growth); (c) Coder 1 agreed that the concept was present, but Coder 2 disagreed (e.g., Coder 1 categorized a project as economic growth, but Coder 2 categorized it as another theme); and (d) Coder 2 agreed that the concept was present, but Coder 1 disagreed (e.g., Coder 2 categorized a project as economic growth, but Coder 1 categorized it as something else).
3. Use the Cohen Kappa calculator to determine the percentage of agreement and the Kappa score. 19

Table 4.4 summarizes the Cohen’s Kappa test results (see Appendix 8 for detailed results). Test results indicated an average of 94.35% agreement and a Kappa score of 83%, meaning, “the strength of agreement is very good.” The constructs I have been investigating, therefore, are shared and not just from my own interpretation.

Table 4.4: Cohen’s Kappa Results Matrix, N=208

<table>
<thead>
<tr>
<th>Variables</th>
<th>Definitions</th>
<th>Percentage of Agreement (%)</th>
<th>Kappa Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth</td>
<td>Infrastructure development, rural infrastructure development, urban development and poverty reduction, agriculture, environment sustainability, climate proofing/climate resilience</td>
<td>92.31</td>
<td>0.814</td>
</tr>
<tr>
<td>Good governance</td>
<td>Private sector development; economic and financial management and policy reforms; support to development strategy; governance, transparency, and accountability; institutional capacity building; public sector reforms; community empowerment; community participation; support to NGOs</td>
<td>92.79</td>
<td>0.854</td>
</tr>
<tr>
<td>Human development</td>
<td>Health, education, child protection, social security, gender equality</td>
<td>95.19</td>
<td>0.839</td>
</tr>
<tr>
<td>Peacebuilding</td>
<td>Physical security, recovery from conflict, support to peace process, support to peacebuilding strategy, crisis response and recovery</td>
<td>97.12</td>
<td>0.808</td>
</tr>
<tr>
<td>Average Score</td>
<td></td>
<td>94.35</td>
<td>0.829</td>
</tr>
</tbody>
</table>

4.1.5 Semi-structured Interviews

During the pile sort workshop, participants were asked to explain why they grouped the concepts in the way they did. Semi-structured interviews were also conducted with three ADB officials and a World Bank evaluation specialist on how MDBs make funding decisions in fragile

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19 GraphPad. QuickCalcs. Retrieved from https://www.graphpad.com/quickcalcs/kappa1/
states. The following is a summary of the workshop conversations and semi-structured interviews (See also Chapter 2.2.4).

The success of a specific theme (i.e., economic growth) is dependent on how development interventions are successful in another theme (i.e., governance). Moreover, specific aid interventions complement each other. For example, governance, transparency, and accountability play an important role in a country’s recovery from conflict; public sector reforms serve as “building blocks or enabling environment for strengthening private sector development;” and “having the right plans, policies, and strategies will facilitate responsiveness to disasters” (Interview with ADB Pacific Department Deputy Director General, May 22, 2018).

Policy making should be done from the perspective of the communities—what the people care about—and not solely from the perspective of policymakers. In economic growth, for example, a typical person cares about whether he or she has a sustainable source of income; in human development, a person cares about whether his or her children can go to school and have access to medical services (Interview with ADB Senior Adviser to the President, May 22, 2018).

According to the ADB Director for Urban, Social Development, and Public Management Division (interview, May 18, 2018), the themes could be arranged in the form of hierarchical needs (Figure 4.2), where peace and security are at the base of the pyramid, next are functioning public sector and strong institutions, then healthy educated people and sustainable environment, and at the top of the pyramid is the productive sector (agriculture, urban and rural development, and infrastructure). Multilateral development banks are aware that all these interventions should be done with inclusiveness in mind, but do not know how to do them well. Most of the fragile states are young with 30 to 40 years of history as a nation compared with developed countries such as United Kingdom, United States, and Japan with hundreds of years of experience as
states. Fragile states need to address insurmountable challenges if they are to be at par with the “developed countries,” according to the ADB Director.

**Figure 4.2: The Hierarchical Approach to Development**

### 4.2 Regression Analysis

To determine the relationship between development aid and state-society resilience, this study applied multiple regression analysis, a statistical method used to predict a continuous dependent variable based on multiple independent variables. On the impact of development aid on state-society resilience, this study applied the hierarchical multiple regression analysis to identify the contribution to changes in resilience caused by each of the independent variables (development aid, natural disasters, violent conflict, ethnic fractionalization, and democracy levels). Hierarchical multiple regression analysis determined the relative contribution of each of the predictors to the total variance explained, and “how much extra variation in the dependent variable can be explained by the addition of one or more independent variables” (LAERD Statistics, n.d., p. 1)
4.2.1 Sampling

The sampling method used in this study is purposive homogenous sampling. Due to the many actors and large, complex aid business in fragile situations, this study focuses on three multilateral development banks: World Bank, African Development Bank, and Asian Development Bank. The sampling frame is the World Bank’s harmonized list of fragile situations from 2006 to 2018 (See Appendix 1).20 Between 2006 and 2018, the World Bank records a total of 55 countries in its fragile situations list. Within those years, some countries moved on and off the list. From the sampling frame of 55 fragile states, I identified 35 countries that consistently received aid from the three MDBs from 2006 to 2018 (see Table 2.4).

The list of fragile states emerged in 2006 after the Paris Declaration on Aid Effectiveness in 2005, wherein the international community, including the multilateral development banks, committed to provide greater support to their less developed member countries, now called “fragile situations.”

4.2.2 The Variables and Data Sources

Development aid is represented by a total of 2,274 project interventions in 35 fragile member states funded by the three multilateral development banks from 2006 to 2018. The projects were drawn from the online database of the AfDB, ADB, and WB. To determine how much aid is allocated for each type of intervention (governance, human development, economic growth, and peacebuilding), each of the 2,274 projects was coded based on the aforementioned indicators (See Chapter 4.1.4). The data sources are:

1. World Bank: www.projects.worldbank.org/

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20 The World Bank’s harmonized list of fragile situations is a consolidated list of World Bank, African Development Bank, and Asian Development Bank based on the average scores of the three MDBs’ respective country policy and institutional assessments (or country performance assessments). A country is considered fragile if it has a score of 3.2 or less, or the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. ADB (2016) emphasizes that “weak performance and fragility is part of a spectrum of country performance, and do not disappear when a country moves marginally above the cut-off point” (p. 1).

To measure state-society resilience, a composite index was developed, with peacebuilding, governance, human development, and economic growth as indicators. Scores of the 35 countries in the Global Peace Index, Worldwide Governance Indicators, Human Development Index, and each country’s GDP per capita annual percentage growth were recoded, scaled, and averaged to come up with the Resilience Index. The sub-indices are scaled from 0 to 100 using the following procedure:

1. Identify the minimum and maximum value of the series of data for each sub-index (Global Peace Index, Worldwide Governance Indicators, Human Development Index, GDP per capita).

2. For each country in a given year, calculate the resilience score of each of the sub-index, using the following formula.

   \[ = \left( \frac{X - \text{min}}{\text{max} - \text{min}} \right) \times 100 \]

   Where X is the original score, min is the minimum value in the series, and max is the maximum value in the series.

3. For each country in a given year, get the average resilience score of all the sub-indices. The average score is then used as the State-Society Resilience Index score.

Since the peace index scoring is in the opposite direction (wherein the “most peaceful” is represented by a low value (1) and the “least peaceful” is represented by a high value (4), the original scores were recoded so that the “most peaceful” is represented by a high value (4), and the least peaceful is represented by the low value (1). The following formula is applied:

\[ = 4 - x \]
Where 4 is the maximum score in the Global Peace Index and x is the original score.

The data sources are:

1. World Bank (n.d.-c) - Worldwide Governance Indicators. This index measures a state’s control of corruption, government effectiveness, political stability and absence of violence/terrorism, regulatory quality, rule of law, and voice and accountability. The aggregate scoring is between -2.5 and 2.5, with -2.5 as the weakest and 2.5 as the strongest.

2. United Nations Development Programme (n.d.-b.) - Human Development Index. This index is a composite index that measures the average achievement of the country’s population in terms of a long and healthy life, education, and a decent standard of living. The scoring is between 0 and 1, with 1 as the highest and 0 as the lowest.

3. World Bank (n.d.-d) - World Development Indicators. GDP per Capita Annual Percentage Growth. It measures the economic growth of a country using the annual percentage growth rate of GDP per capita based on constant local currency. The World Bank defines this measure as follows: “Aggregates are based on constant 2010 U.S. dollars. GDP per capita is gross domestic product divided by midyear population. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.”

4. Institute for Economics and Peace (n.d.) - Global Peace Index. This index measures a country’s level of peacefulness using three main indicators: (1) ongoing domestic and international conflict [number and intensity of civil and international wars]; (2) societal safety and security [i.e., perception of criminality, level of political instability, rates of homicides and violent crimes; and (3) militarization [i.e., military expenditure, number of armed service
personnel, ease of access to small weapons. Scoring is between 1 and 4, with 1 as the most peaceful and 4 as the least peaceful.

The following **control variables** were introduced:

1. **Presence or absence of internally displaced persons (IDPs) due to natural disasters**\(^{21}\)

   The International Displacement Monitoring Centre (n.d.) has a Global Internal Displacement Database that presents the number of IDPs resulting from natural disasters. Many people are being forcibly displaced from their homes ravaged by natural disasters; they relocate to survive and compete with the depleting resources, which aid agencies try to address by providing basic needs, such as shelter, food, and water. The mere presence of IDPs indicates the severity of a natural disaster, which could impact state-society resilience. This study translated this data as a dichotomous (nominal) variable—0 if there are no IDPs and 1 if there are IDPs. There is another database on vulnerability to natural disasters (the World Risk Index) that is at a continuous level, and can be translated to ordinal scale, however, the data is incomplete for the time period covered by the study. The presence or absence of IDPs is a strong indicator of the impact of natural disasters on state-society resilience, since having IDPs affect the productivity of the citizens and divert resources of the government to helping the IDPs recover from the effects of natural disasters.

   The poor communities suffer the most when natural disaster strikes—losing their incomes, assets, and health (Dela Fuente & Dercon, 2008 as cited in Dercon, 2014). The OECD (2018) reported, in 2015, fragile states were home to 513.6 million people living in extreme poverty and by 2030, this number could rise to 620 million people or more. These people in

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\(^{21}\) The number of IDPs was tested as a control variable and was scaled to arrive at ordinal level of measurement. However, the data is not normally distributed and the kurtosis and skewness levels are high (even when they are scaled and log transformed) which are a cause of concern for making accurate predictions. Details are further discussed in the section on Limitations of the Study.
fragile situations therefore are the most vulnerable to the effects of climate change and natural
disasters. Recent studies suggest that there have been larger declines in GDP per capita (Raddatz,
2009 as cited in Dercon, 2014) and greater reduction in economic growth rates (Dell, et al. 2008,
2009 as cited in Dercon 2014) in low-income countries, compared to richer countries, as a result
of natural disasters. Moreover, Becerra, Cavallo, and Noy (2014) find that the intensity of natural
disasters, including the country’s characteristics, such as its size, level of development, and stock
of foreign reserves, are related to the surge of aid flows. Similarly, Robinson. Oliveira, and
Kayden (2017) find that the UN supplies humanitarian aid based on the severity of natural
disasters and where aid is needed the most.

2. Presence or absence of IDPs due to conflict and violence

The International Displacement Monitoring Centre (n.d.) has a Global Internal
Displacement Database that presents the number of IDPs resulting from conflict and violence.
The data is a continuous variable that can be reconfigured into an ordinal measure; however,
there is also the problem of missing values for some countries and some time period, thus
skewing the data to be analyzed. Getting the series mean to replace the missing values, on the
other hand, resulted into higher standard errors. This study therefore translated the data as a
dichotomous (nominal) variable—0 if there are no IDPs and 1 if there are IDPs. In this case, the
missing data whether there have been IDPs as a result of conflict in a specific country for a
particular year can be searched on the web. Other possible indicators for the impact of conflict
on resilience are presence or absence of civil war and the number of battle deaths. The presence
or absence of civil war as well as the number of battle deaths could be somewhat misleading, if

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22 The ‘conflict intensity’ (from Heidelberg’s conflict barometer) was tested as a control variable, in place of ‘presence or
absence of IDPs due to conflict and violence,’ however the ‘conflict intensity’ variable causes autocorrelation (based on the
Durbin Watson’s statistics test) and higher standard error values, which signifies less accurate predictions. Details are further
discussed in the section on Limitations of the Study.
one is to measure the impact of violence and conflict on state-society resilience. In Mindanao Philippines, for example, the rebels and the Philippine armed forces intentionally fight in the forests and this does not cause any disruption to normal activities in the populated areas. Also, violence has other causes, not only due to armed fighting between the government military forces and the rebels, but also due to clan wars, political rivalries, and war on drugs and smuggling. The presence or absence of IDPs due to violence and conflict strongly indicates the effect of violent conflicts on state-society resilience. The mere presence of IDPs as a result of conflict clearly indicates the severity of the impact of violent conflict on state-society resilience.

Violent conflict presents itself in many forms, such as fighting between government and oppositionist groups, international war, terrorism, ethnic wars, and gang violence related to drugs and weapons. According to the Institute for Economics and Peace (2017), violence can impede social development, and many countries have experienced the devastating and lasting impact of conflict. Lis (2013) further points out that violence results into poor economic growth “associated with smaller investment, poorer policies, and higher risks of resource misuse” (p. 15). The studies of Lis (2013) and Dreher and Fuchs (2011) posit that violent conflict is related to aid flow. Lis (2013) concludes that donors have different responses based on their interests and the recipient’s characteristics, such as the donor whether being interested to combatting terrorism or not, and the recipient being an oil- or a non-oil exporter. Dreher and Fuchs (2011), on the other hand, find that “while countries where terror originates are not more likely to receive aid as a consequence, if they are selected, they receive larger aid amounts from the donor hit by the attack” (p. 358).

3. Ethnic fractionalization

Ethnic fractionalization is approximated by a measure of similarity between languages, varying from 1 = the population speaks two or more unrelated languages to 0 = the entire
population speaks the same language (Fearon, 2003). Conflict may not just be about armed violence but it is also fractionalization among ethnicities within a state. Ethnic fractionalization may cause social exclusion, marginalization, and political tensions and instability, which can affect state-society resilience.

Alemu’s study (2016) finds that “in countries with low level of political right and civil liberty, ethnic, linguistic and religious fractionalization significantly increase the probability of state fragility” (p. 64). The study also implies that the low levels of political right and civil liberty can “exacerbate the negative effects of ethnic, linguistic and religious fractionalization on state fragility” (p. 64). Similarly, Bertocchi and Guerzoni (2012) also studied the determinants of fragility in Sub-Saharan Africa using the country policy institutional assessment ratings as a variable for fragility level, and some economic, historical, and institutional variables as determinants of fragility. They found that “more fractionalization” is “associated with a higher probability of extreme fragility” (p. 777).

4. Democracy level

Democracy is measured at a continuous level on a scale of 0 to 10, with 10 as the highest. The database used is the Democracy Index by the Economist Intelligence Unit (2016), which is based on five categories: electoral process and pluralism, civil liberties, the functioning of government, political participation, and political culture. Based on their scores on a range of indicators within these categories, each country is classified as “full democracy,” “flawed democracy,” “hybrid regime,” or “authoritarian regime”—each defined below:

Full democracies: Countries in which not only basic political freedoms and civil liberties are respected, but which also tend to be underpinned by a political culture conducive to the flourishing of democracy. The functioning of government is satisfactory. Media are independent and diverse. There is an effective system of checks and balances. The judiciary is independent and judicial decisions are enforced. There are only limited problems in the functioning of democracies.
Flawed democracies: These countries also have free and fair elections and, even if there are problems (such as infringements on media freedom), basic civil liberties are respected. However, there are significant weaknesses in other aspects of democracy, including problems in governance, an underdeveloped political culture and low levels of political participation.

Hybrid regimes: Elections have substantial irregularities that often prevent them from being both free and fair. Government pressure on opposition parties and candidates may be common. Serious weaknesses are more prevalent than in flawed democracies—in political culture, functioning of government and political participation. Corruption tends to be widespread and the rule of law is weak. Civil society is weak. Typically, there is harassment of and pressure on journalists, and the judiciary is not independent.

Authoritarian regimes: In these states, state political pluralism is absent or heavily circumscribed. Many countries in this category are outright dictatorships. Some formal institutions of democracy may exist, but these have little substance. Elections, if they do occur, are not free and fair. There is disregard for abuses and infringements of civil liberties. Media are typically state-owned or controlled by groups connected to the ruling regime. There is repression of criticism of the government and pervasive censorship. There is no independent judiciary. (Economist Intelligence Unit, 2016, p. 54)

Modern scholars argue that democratic states are able to exercise transparency and rule of law, thereby preventing corruption that perpetuates low-quality infrastructures, and in effect loss of human lives are mitigated (Escaleras et al, 2007 as cited in Lin, 2014). A democratic government also provides opportunities for civil society to participate in resilience building and stimulates social spending hence benefitting disadvantaged citizens (Lin, 2014). Moreover, Dietrich and Wright (2015) highlight studies that link aid and democracy, wherein donors attach “political reform conditions to aid packages” (p. 217), and these conditions are associated to transitions to multi-party politics by the recipient country.

5. Whether the project is funded by a global MDB (World Bank) or a regional MDB (ADB and AfDB) has been introduced as a dummy variable for Models 3 and 4 - A, B, C, D. The source of funds is a possible explanatory factor for the variation in aid flows. As a global MDB, the World Bank has the greatest number of member countries (both donor and recipient
countries) and, as a result, the projects funded by WB are more sizeable than the projects funded by ADB and AfDB.

4.2.3 Time Element

All the 2,274 projects were used as cases for observation. However, considering the time element of the variables, the number of cases varies for each of the hypothesis being tested. Specific time elements were factored in for the following sets of hypotheses:

Set A: Hypotheses 1-3

1. Development aid helps build state-society resilience in fragile situations.

2. Aid for governance, human development, and peacebuilding helps states and societies in fragile situation become more resilient.

3. Aid for economic growth may contribute to fragility, if the benefits are unequal and exclusive to a specific population or territory.

Models:

- Impact of overall aid on state-society resilience
- Impact of aid for governance on state-society resilience
- Impact of aid for human development on state-society resilience
- Impact of aid for peacebuilding on state-society resilience
- Impact of aid for economic growth on state-society resilience

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23 The categorization of the projects according to the four themes, the data availability, and the removal of cases with missing values and outliers with high leverage and influential points also affected the number of cases being tested for each of the hypotheses.


**Time Element for Set A**

The following timing was used:

1. The resilience score (of the country where the project has been implemented) two years after the project started (technically when funds are disbursed to hire contractors and consultants to implement the project)—after which, it may take two years for the impact of the development project to trickle down, according to ADB development practitioners (ADB interviews, May 18-25, 2018). The first year is mostly setting the stage for implementation (i.e., hiring of contractors and consultants, community consultation). The second year is when the project is actually implemented. According to interviews with development policy experts (ADB interviews, May 18-25, 2018), the impact of the project is already felt when it is implemented. Thus, for example, if the project commenced in 2007, the country’s resilience score in 2009 was applied.

2. The presence of IDPs due to natural disasters, the presence of IDPs due to violent conflict, ethnic fractionalization level, and democracy level—a year before the indices were released (Global Peace Index, Worldwide Governance Indicators, Human Development Index, and GDP per capita annual percentage growth). The index scores are based on the country’s situation a year before the research institution releases the report.

Note: The covered period was adjusted based on the availability of data. For Set A, the covered period is 2007-2015 for aid allocation, and 2009-2017 for the resilience scores (since there is no available data for the indices for 2008, which is the year before the indices were released).
Set B: Hypotheses 4-6

4. Aid flow, in general, tends to increase in more fragile or less resilient situations.

5. Aid tends to increase when a situation exhibits weak governance, poor economy, and low human development levels.

6. Aid tends to decrease when a situation is less peaceful.

Models:

- Impact of state-society resilience on aid allocation
- Impact of governance levels on aid allocation
- Impact of economic levels on aid allocation
- Impact of human development levels on aid allocation
- Impact of peace levels on aid allocation

Time Element for Set B

The following timing was used:

1. The starting date of development projects (the dependent variable) three years after indices’ scores were released (state-society resilience as the independent variable). This timing is based on the funding cycle of three years adopted by the development agencies.

2. The presence of IDPs due to natural disasters, the presence of IDPs due to violent conflict, ethnic fractionalization level, and democracy level—a year before the development project started. Although the funding cycle is three years, the decision whether to release the funds are affected by situations of conflict and adverse natural calamities that may have taken place from a year to a month before the project started. Ethnic fractionalization is constant across the years and the timing is not an influential
factor. The data used for democracy level and CPIA are three years before the project started.

4.2.4 Reliability Tests

Eight assumptions were considered in running the multiple regression analysis:

1. One dependent variable is measured at the continuous level (interval or ratio level).
2. Two or more independent variables are measured either at a continuous or nominal level.
3. There should be independence of errors (residuals), which means that observations should not be correlated.
4. There should be a linear relationship between the predictor variables and the dependent variables.
5. There should be homoscedasticity of residuals.
6. There should be no multicollinearity.
7. There should be no significant outliers, high leverage points or highly influential points.
8. The errors (residuals) should be normally distributed.

All of the above assumptions have been met for the hypotheses being tested except for assumptions 3, 6, and 7. Cases that are significant outliers and have high leverage points and highly influential points have been removed from the analysis. Since there were large degrees of freedom, removal of such cases did not affect the analyses. After removal of these cases, assumption 7 has been met. The following variables are correlated to each other:

1. The levels of peace and the presence or absence of IDPs due to violent conflict
2. Levels of governance and democracy
The presence or absence of IDPs due to conflict, and democracy levels were removed from the models being affected (Model 3 and Model 4 – A, B, C, D), in order to avoid multicollinearity. After removal of these variables from the affected models, assumptions 3 and 6 were met.

4.3 Limitations of the Study

This study does not include other aid providers such as the bilateral organizations (e.g., United States Agency for International Development, United Kingdom Department for International Development, German Technical Cooperation Agency) and other multilateral and intergovernmental agencies (e.g., United Nations organizations, Asian Infrastructure Investment Bank). Donor countries provide different types of aid—from humanitarian, military, to development. In general, donor countries that provide humanitarian and military aid channel their financing through bilateral agencies, while donor countries that provide development aid channel their money through multilateral development banks. This study only focuses on development aid provided by the three prominent multilateral development banks, which have a harmonized process for identifying fragile situations. The World Bank represents the global development banks, while the AfDB and ADB represent the regional development banks in Africa and Asia (Engen and Prizzon, 2018). The three MDBs are purposively selected due to their harmonized scoring of the country policy and institutional assessment of their fragile member states. It is also limited to fragile situations that received aid from 2006 to 2018. Other fragile situations, such as Syria and Iraq, came into the fragile situations list between those years. They are not included in the sample because they did not receive aid consistently from the MDBs. Selecting fragile situations that consistently received aid from 2006 to 2018, and that
belong to a harmonized list by the MDBs, allowed for a homogenous sample size—which presents a low margin of error, preventing outliers and skewed data.

There are several other indices that can be used in the regression model, such as the conflict intensity found in the Conflict Barometer of the Heidelberg Institute for International Conflict, the Corruption Perception Index of Transparency International, the World Risk Index, country policy and institutional assessments (CPIA), and number of battle deaths. However, including them in the model poses some concerns such as high correlation between residuals, multicollinearity, abnormal distribution, and missing values. Including the conflict intensity and corruption levels, for example, yields a Durbin-Watson statistical value of .098. The ideal range should be between 1.5 and 2.5 to conclude that there is independence of errors or residuals. The World Risk Index, a measure of a country’s vulnerability to natural disaster, has only data for years 2011, 2012, 2013, and 2016, which led to missing values. The number of battle deaths has abnormal distribution (log transformation does not help), while the CPIA is highly correlated with governance and resilience variables causing multicollinearity issues.

The number of IDPs due to conflict and natural disasters was used in place of conflict intensity and World Risk Index, respectively. However, they are also abnormally distributed, even if they are log transformed and scaled to come up with an ordinal level of measurement. Thus, a binary nominal level of measurement was used—the presence or absence of IDPs due to violent conflict and natural disasters—which has more normal frequencies of distribution than the ordinal level of measurement that is based on the number of IDPs.

The participants in the pile sort activity have no representation from the AfDB due to geographical limitation, wherein I would have needed to fly to the AfDB headquarters in Cote d’Ivoire to conduct the pile sort workshop; whereas the World Bank located in Washington DC
and the ADB headquartered in Manila, Philippines (which is my home country), were not difficult to reach. Six policy experts from the Asian Development Bank and one evaluation expert from the World Bank participated in the pile sort activity. The projects in both the taxonomy and pile sort, however, included projects from all three MDBs.

The four variables (aid for governance, peacebuilding, economic growth, and human development) could only be analyzed individually with the control variables (i.e., aid for governance and the control variables in one multiple regression analysis; aid for peacebuilding and the control variables in another multiple regression analysis, and so on), because the observation cases across the four themes are not proportionate. There is a total of 625 projects leaning toward governance objectives, 506 projects related to economic improvement, 334 human development projects, and 180 peacebuilding projects. Each project was regressed against the resilience score of the country where the project was implemented and two years after the project commenced. The unequal number of projects across the four themes made it impossible to run the four variables in a multiple regression analysis, since each project has to match a corresponding resilience score. They have to be proportionate in terms of the sample size and the years the projects have been implemented have to match, in order to run the multiple or hierarchical regression analyses. It is possible to run the four variables using country-level cases but analyzing them at country level only gives 35 cases for observation. A small sample size did not yield statistically significant results; thus, a database was developed to have the analysis at the project level resulting in a total of 2,274 cases.

There are projects that cannot be boxed in one theme, and some of them cut across two or three themes. Water supply and sanitation projects for example can both serve the purpose of human development and economic improvement. In clustering such projects, project descriptions
were reviewed and checked whether the main objective is leaning toward human development or economic improvement. In some instances, there are pie charts provided in the project description, which indicate, for example, what percentage of the funds go to a specific theme or sector (see Figures 4.3 and 4.4). The four variables however are run in a regression analysis separately. Each was run under a hierarchical multiple regression analysis with the control variables, thus preventing some possible auto-correlation of residuals.

Figure 4.3: World Bank Project Sectors and Themes
This chapter presented the research questions and hypotheses, and discussed in detail the first two methodologies used—cognitive anthropology and hierarchical multiple regression analysis. The findings in the cognitive anthropology research were presented, providing the sub-variables of development aid and the indicators of state-society resilience. The next chapter delves on the case analysis of Mindanao, Philippines, explaining the impact of a World Bank program on state-society resilience of the conflict-affected Autonomous Region of Muslim Mindanao, and how resilience levels throughout the peace process have influenced the WB funding.
CHAPTER 5: CASE ANALYSIS

This case analysis aims to explain the causal link between development aid and resilience in a real-life situation—the impact of the 10-year Mindanao Trust Fund-Reconstruction and Development Project (MTF-RDP) on the resilience of the Autonomous Region in Muslim Mindanao (ARMM), a region in the Philippines that has experienced protracted conflict for more than 40 years. It should be noted that the Philippines as a country is not considered a fragile situation by MDBs, but it has a subnational fragile situation in Mindanao, hence the use of the term “fragile situation” in this study, instead of “fragile state.” This case analysis has attempted to answer the research questions in the context of the MTF-RDP intervention in ARMM:

1. Does the MTF-RDP have impact on the resilience of ARMM?

2. How has each component of the MTF-RDP affected the resilience of ARMM? The components are capacity building of the Bangsamoro Development Agency and the people’s organizations (governance), development of new enterprises (economic growth), and establishment of community infrastructures, such as learning centers and water systems (human development).

3. Have any of these components made ARMM more resilient or more fragile? How and why?

4. Are the fragility levels of ARMM related to the MTF-RDP funding? How has the peace process affected the World Bank aid allocation for ARMM?

Although the Philippines is not included in the list of fragile situations, the ARMM case was chosen to reveal the hidden subnational fragility in non-fragile situations such as the Philippines. The Asian Development Bank—which is headquartered in Manila and has more presence and network in the country than any other donor agencies—provides development aid
to more stable and peaceful areas in the Philippines, but not to the conflict-affected areas in Mindanao. The World Bank, on the other hand, has demonstrated its flexibility by engaging in ARMM while there was ongoing armed conflict. The World Bank used civil society organizations to implement the projects instead of adopting the traditional approach of engaging the local government institutions as executing agencies.

Figure 5.1: The Six MILF Camps where MTF-RDP was Implemented


The study compared the predetermined control and treatment groups using the existing statistical data from the Philippine government. ARMM has five provinces. Two of them received the MTF-RDP interventions, while three did not. The World Bank implemented the
project in six rebel camps located in the provinces of Lanao del Sur and Maguindanao (the treatment groups) (see Figure 5.1). Camps from the other three provinces were originally included as project beneficiaries, however, due to political reasons and/or security risks, the sub-projects were cancelled; thus, this study used these three provinces as the control group—Basilan, Sulu, and Tawi-tawi. This study also used the project’s logical framework and the WB’s reported program results and impact on the target groups in comparison to the statistical data of the entire population of a given province under the treatment group.

5.1 Background of the ARMM Conflict

Mindanao is one of the three major islands of the Philippines located in the southern part of the country, the other two are Luzon and Visayas. Mindanao has 26 provinces, and five of its provinces have been mired in violent conflict for many decades, namely Maguindanao (excluding Cotabato City), Lanao del Sur, Basilan (excluding Isabela City), Sulu, and Tawi-Tawi—all of which comprise the Autonomous Region in Muslim Mindanao (ARMM). Conflict in Mindanao is multi-layered, characterized by separatism, communist insurgency, banditry, and rido or clan wars. The conflict between government and opposition groups is aggravated by the escalation of rido cases. They could be either a major or minor war among fellow Muslims and feuding families that started over a property dispute, a dishonor inflicted on a family, or a crime committed against a member of another family (Torres, 2007). In rido, justice is served by committing another crime (blood for blood and teeth for teeth). In addition to independent bandits present in Mindanao, the separatist groups and communist insurgents are allegedly linked to acts of terrorism and banditry.

Three centuries before the Philippine government was established in 1898, a governance structure was already in place in Mindanao in the form of a sultanate system. Mindanao’s
population is comprised of the Bangsamoro population or the Moros, the majority of which are Muslims. In the 1800s, the Spanish colonizers were not able to penetrate Mindanao due to fierce resistance from the Moros. During the American occupation in the early 1900s, the US government encouraged Filipino Christians to migrate to Mindanao and establish businesses. Land grabbing became prevalent wherein many of the Moros, unaware of the new government policies, lost their lands to the elite Christian-Filipino settlers (Vellema et al., 2011).

The Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF) are the two leading separatist movements in the Philippines. The MNLF started the armed struggle for independence from the Philippine government in 1972. In 1996, the MNLF and the government signed a peace agreement, which granted autonomy to provinces in Southern Mindanao with a Muslim majority population. Basilan, Lanao del Sur, Maguindanao, Tawi-Tawi, and Sulu form the Autonomous Region in Muslim Mindanao or ARMM, which has a population of roughly 3.8 million (as of 2015)—89% of which are Muslims.

MNLF demobilized as a result of the establishment of ARMM; however, a group of MNLF members who did not agree with autonomy instead demanded a complete independence and mobilized a splinter group called the MILF. The MILF continued the armed struggle for independence until they reached a negotiated solution that led to a bilateral ceasefire in 1997 and the start of formal peace negotiations in 1999.

The peace negotiations between the government and the MILF lasted from 1997 to 2014. Alongside the peace negotiations, sporadic clashes between government forces and the rebel groups continued (Herbolzheimer, 2015). In 2014, the Aquino administration and the MILF signed a peace agreement leading to the preparation of the Bangsamoro Basic Law (BBL), which aimed to establish a political identity for the Bangsamoro people. Legislation of the BBL was
stalled, however, because of the alleged killing of 44 policemen by the MILF in early 2015 (which created distrust among legislators and prompted them to postpone the signing of the BBL); and due to the Congress’ stance about the unconstitutionality of the BBL. While the peace process was ongoing, the MNLF (the rival of MILF) and the newly formed Bangsamoro Islamic Freedom Fighters waged violent attacks on civilians and soldiers to express their opposition to the peace process and their grievance of being excluded from the BBL discussions. The MNLF leader Nur Misuari became a fugitive after leading a violent attack in Zamboanga City and was later given an amnesty by President Rodrigo Duterte. The MNLF leader met with the President in November 2016, and this gave hope on the willingness of the rival separatist groups (MNLF and MILF) to work together to achieve peace in Mindanao. However, isolated conflict incidents between members/supporters of the two factions still occur as of the writing of this thesis.

On July 26, 2018, President Duterte finally signed the BBL, calling it the Bangsamoro Organic Law (BOL). The BOL provides for self-determination by the Bangsamoro people within the framework of the Philippine Constitution and norms and standards of international law. The former ARMM will be replaced by the BARMM (Bangsamoro Autonomous Region in Muslim Mindanao), which will be empowered to enact its own laws. The BARMM will automatically receive an annual block grant (5% of the net tax revenue of the Philippine government); 75% share from the government’s revenue taxes, charges, fees, and taxes imposed on natural resources; and PhP5 billion annually for ten years, which will be used to rehabilitate the conflict-affected areas (Republic of the Philippines, 2018).

Similar to the former ARMM, the BARMM also covers the provinces of Basilan, Lanao del Sur, Maguindanao, Sulu, and Tawi-Tawi. On January 2019, a plebiscite held to ratify the BOL resulted in the majority of ARMM voters approving the BOL or the Republic Act 11054.
As a result of the plebiscite, the BARMM became one city larger than the ARMM, now including Cotabato City, part of the Maguindanao province (Ranada, 2019).

5.2 The Mindanao Trust Fund-Reconstruction and Development Project

The Mindanao Trust Fund (MTF) is a multi-donor facility that seeks to promote peace and security through community development projects in conflict-affected areas and build the capacity of the Bangsamoro Development Agency (BDA), a development arm of the Moro Islamic Liberation Front. The MTF is a pool of funds from development partners including European Union, Sweden, Australia, Canada, World Bank, United States, and New Zealand. The MTF Steering Committee was composed of the Office of the Presidential Adviser on the Peace Process (OPAPP), the BDA, and the World Bank. The World Bank also serves as the MTF Secretariat. The World Bank worked with trust fund recipients (Mindanao Land Foundation, Community and Family Services International, and International Labour Organization), which in turn worked closely with the BDA on the ground. Since 2006, the MTF has been financing projects that seek to empower communities and help them recover from conflict. The MTF also aims to promote participatory and effective governance wherein community members are given the opportunity to contribute to carrying out projects that will help them improve their conditions. It has the following components (World Bank, 2017):

**Component 1:** A total of US$14.12 million was given as block grants for conflict-affected municipalities, *barangays* (villages), and internally displaced people. The grants were used to establish and/or improve public goods such as community centers, water systems, concrete pathways, public markets, and concrete bridges. The component also includes the Program for Local Economic Development through Enhanced Governance and Grassroots Empowerment (PLEDGE) to provide sustainable livelihood opportunities in conflict-affected
areas. It aimed to increase knowledge and skills of the BDA beyond community-driven
development to cover market-linked enterprise development.

**Component 2:** The amount of US$13.01 million financed all project management
activities related to block grants for communities, and to capacity building of the BDA and other
MILF-affiliated institutions. It supported management, planning, and implementation of program
activities. After the Bangsamoro Framework Agreement was signed on October 2012, new
activities were added under this component to (i) prepare the Bangsamoro Development Plan
(socio-economic plan) and (ii) operationalize support for “Sajahatra Bangsamoro,” the first joint
development initiative between the government and the MILF. The Sajahatra Bangsamoro
included health insurance coverage, updating health facilities, college scholarships, support to
Madrasas and private schools, technical and vocational training, and “cash for work” programs.
The additional scope of work also included needs assessments for affected communities.

**Component 3:** The World Bank provided US$1.24 million to support information
dissemination and social mobilization/preparation for communities, municipalities, and
stakeholders to achieve governance goals. Key stakeholders were trained in regard to planning,
implementation, and maintenance of grant investments. Operational support was also provided to
the program management office. This component also supported monitoring and evaluation,
external implementation reviews, related impact studies, and audit of trust fund activities. It also
covered administrative costs to establish the Mindanao Trust Fund Secretariat and its
coordinating functions.

5.3 How and Why the MTF-RDP Contributed to ARMM’s Resilience

In the context of the MTF-RDP in six rebel camps primarily located in the provinces of
Maguindanao and Lanao del Sur, this section answers the three impact evaluation questions
which are part of the OECD/DAC Criteria for International Development Evaluations: “What has happened as the result of the program or project? What real difference has the activity made to the beneficiaries? How many people have been affected?” (OECD, n.d.-b). A couple of questions were posed upon the responses to the three questions above: (1) In comparison with Sulu, Tawi-tawi, and Basilan (which did not receive the intervention), what changes happened in Maguindanao and Lanao del Sur in terms of poverty, human development, peace, and governance levels? (2) Can we attribute these changes to the project results? Why or why not?

The project has three main target outcomes, each of them enhancing state-society resilience: (1) conflict-affected communities have recovered economically, (2) conflict-affected communities have recovered socially, and (3) local peacebuilding initiatives have been strengthened. Table 5.1 shows how the World Bank reported the project accomplishments vis-à-vis the target outcomes:

Subprojects such as water and sanitation systems, learning centers, livelihood training skills, farm-to-market roads, solar dryers, and post-harvest facilities were implemented in the six MILF camps (four in Maguindanao, one in Lanao del Sur, and one in Lanao del Norte). As reported by World Bank (2018-b, p. 50), “more than 40,000 people have access to sanitation, 130,000 to safe water, and 100,000 have better access to markets through roads and bridges.”

Farm-to-market roads have facilitated the transportation of agricultural produce to the markets and helped the government provide basic services in remote areas. The storage facilities and solar dryers have also reduced post-harvest wastage and added market value to dried fruits and vegetables—since agricultural products are no longer spoiled easily (food spoilage is common in a tropical climate such as in the Philippines), and are protected from dust, birds, and insects. The learning centers are used for community meetings, social functions, day-care, and
government services such as immunizations, and as venue for conflict resolution.

<table>
<thead>
<tr>
<th>Table 5.1: Multi-Donor Trust Fund: Reconstruction and Development Project Accomplishments</th>
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<tbody>
<tr>
<td>(1) Conflict-affected communities have recovered economically</td>
</tr>
<tr>
<td>• 300 people’s organizations have been formed.</td>
</tr>
<tr>
<td>• 614 community subprojects were completed in 332 villages.</td>
</tr>
<tr>
<td>• 638,000 people have benefitted from the project, against a target of 550,000. Of this number, 51% are women.</td>
</tr>
<tr>
<td>• More than 40,000 people have access to sanitation; 130,000 to safe water; and 100,000 have better access to markets through roads and bridges.</td>
</tr>
<tr>
<td>• 1,500 people completed literacy and elementary and secondary school equivalency courses provided through the Alternative Learning System.</td>
</tr>
<tr>
<td>• BDA trained 1,178 individuals on small business development, and out of this, 91% formed an enterprise.</td>
</tr>
<tr>
<td>• 42 enterprises have been established and all were operational at the time of the project closing.</td>
</tr>
<tr>
<td>• 21 houses provided to IDPs in 36 barangays.</td>
</tr>
<tr>
<td>• Economic rate of return for subprojects was 12.9%, exceeding the target of 12%.</td>
</tr>
<tr>
<td>• BDA set up a new Economic Enterprise Development Unit.</td>
</tr>
<tr>
<td>(2) Conflict-affected communities have recovered socially</td>
</tr>
<tr>
<td>• 300 people’s organizations have been formed.</td>
</tr>
<tr>
<td>• 2,444 training sessions provided to POs (including BDA’s values transformation training).</td>
</tr>
<tr>
<td>• 5,717 PO members have been trained on organizational management and project management.</td>
</tr>
<tr>
<td>• BDA received capacity building assistance to be able to deliver 572 subprojects in 332 barangays in 114 municipalities in 19 provinces in Mindanao.</td>
</tr>
<tr>
<td>(3) Strengthened local peacebuilding initiatives.</td>
</tr>
<tr>
<td>• Sajahatra Bangsamoro program delivered by BDA in partnership with GPH (Government of the Philippines), providing 50,000 people with health, education, and livelihood assistance.</td>
</tr>
<tr>
<td>• 378 people trained and supported in the MILF’s project management team for Sajahatra Bangsamoro.</td>
</tr>
<tr>
<td>• BDA received capacity building assistance to be able to deliver 572 sub-projects in 332 barangays in 114 municipalities in 19 provinces in Mindanao.</td>
</tr>
<tr>
<td>• Bangsamoro Development Plan prepared and delivered by the BDA in 2015.</td>
</tr>
<tr>
<td>• A 2012 capacity assessment of the BDA, which was used to prepare a structured program of capacity building for the agency.</td>
</tr>
<tr>
<td>• Partial contribution to a 2016 Skills, Needs and Aspirations Assessment for MILF ex-combatants, which informed the design of assistance in the MILF camps and base camps.</td>
</tr>
<tr>
<td>• MDTF annual reports and communication campaign which kept everyone informed about peace dividends realized through the program.</td>
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Social cohesion has been an intangible result of the project, according to World Bank (2018-b). In some villages, Muslims and Christians used to be segregated—Muslims could not go to the territories of Christians and vice-versa. With the introduction of people’s organizations, composed of both Muslims and Christians, who are in charge of project maintenance (such as collecting users’ fee to maintain water systems, cleaning and maintaining the learning centers), the two religious factions have no recourse but to meet and work together. In the process, they have formed social trust and are now free to come to one another’s territory (World Bank, 2018-b).

The World Bank (2018-b) also emphasized that confidence between the local government and the local communities was also harnessed. The project required the local government to produce counterpart resources, such as construction equipment and financial and technical support for maintaining the subprojects. The communities have seen this support from the local government especially when the people’s organizations are not able to afford the repair of water system facilities—in these instances, the local government comes to the rescue.

The project has also helped build the capacity of a local entity, the Bangsamoro Development Agency (BDA). However, since the peace negotiation was still ongoing when the project had been implemented, the BDA, which is composed of MILF members and/or supporters, is somewhat illegitimate. The local government units in ARMM, who are composed of MNLF members and/or supporters (the rival of MILF), have the legitimacy over the ARMM constituents. The ARMM local government units are a legacy of the peace agreement in 1996 between the government and the MNLF. The BDA is a legacy of the 2014 peace agreement between the government and the MILF. However, the Bangsamoro Organic Law was not yet ratified when the project was implemented—making the BDA a paralegal institution. The local
government units and the BDA were hesitant at first to work together, but with the intervention of the central government (the Office of the Presidential Adviser on the Peace Process), the two factions were encouraged to cooperate with the purpose of benefitting the larger Moro-Muslim population.

The project was said to have a positive influence toward good governance, according to World Bank (2018-b). The use of a non-state trust fund recipient allows for transparency and accountability. This has been a unique approach in the administration of development funds, as the funds are managed by a non-government organization instead of the traditional approach of having a government agency manage the funds. Therefore, there is no state procurement law in effect, and the procurement is administered by an NGO on its own terms.24 The NGO trained the BDA and the people’s organizations in project management processes including procurement. According to World Bank (2018-b), “the BDA was able to set up a participatory and transparent development approaches when engaging with communities, and was able to deliver concrete services in a timely manner” p. 14). In the process, trust and confidence between the government, the BDA, and the communities was harnessed, as the Moro-Muslims began to see and experience the tangible benefits of development.

One of the project’s major objectives is to build the capacity of the BDA, which is being groomed as a development arm of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). The BARMM (a product of the 2014 peace agreement between the government and MILF), once ratified, would replace the ARMM (a product of the 1996 peace agreement between the government and MNLF). The World Bank (2018-b, p. 19) reported that:

24 The Community and Family Services International and the Mindanao Land Foundation were the NGOs that worked with the BDA.
The project has significantly contributed to the institutional growth and development of
the BDA. The BDA grew from an organization run by a few MILF volunteers in 2001, to
an agency with over 300 staff, capable of delivering 572 subprojects across 332
Barangays in 114 municipalities over 11 years. It is now an organization with
professional systems and manuals for administration, financial management and human
resource management.

5.4 How and Why the MTF-RDP Did Not Contribute to ARMM's Resilience

Social cohesion is one of the indirect impacts of the project as attested by the World Bank
(2018-b). In 2015, the ARMM had a total population of 3,781,387; the project benefitted
638,000 Moro-Muslims—17% of the ARMM’s entire population—concentrated in two
provinces: Lanao del Sur and Maguindanao.

While the previous section discusses the effects of the project on the direct beneficiaries,
this section looks into the resilience level of the provinces of Lanao del Sur and Maguindanao,
respectively—where the six rebel camps (the aid beneficiaries) are located, and compares it to
the resilience level of Basilan, Sulu, and Tawi-tawi—the ARMM provinces which did not
receive the intervention.

Despite the data limitations due to the remoteness of the areas, this study attempted to
collect the scant data available at the Philippine Statistics Office that are relevant in explaining
the resilience level of a particular province covering the period before and after the intervention
(2005-2017). The percentage change per indicator before and after the intervention was
calculated for the five provinces (see Figures 5.2 to 5.13). Davao del Sur, a peaceful area in
Mindanao, is also included in the figures presented as a point of comparison between the
peaceful and non-peaceful areas. (This section discusses the facts. The findings are discussed in Chapter 5.6: Case Analysis Findings.)

**Economic Growth**

Although ARMM is rich in natural resources, it has only posted 1% share in the Philippine GDP between 2006 and 2010 (Table 5.2).

**Table 5.2: Average Regional Share in National GDP, 2010-2016**

<table>
<thead>
<tr>
<th>REGION</th>
<th>GDP SHARE (%)</th>
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<tbody>
<tr>
<td>ARMM Autonomous Region in Muslim Mindanao</td>
<td>1</td>
</tr>
<tr>
<td>CAR Cordillera Administrative Region</td>
<td>2</td>
</tr>
<tr>
<td>NCR National Capital Region</td>
<td>36</td>
</tr>
<tr>
<td>Region 1 Ilocos Region</td>
<td>3</td>
</tr>
<tr>
<td>Region 2 Cagayan Valley</td>
<td>2</td>
</tr>
<tr>
<td>Region 3 Central Luzon</td>
<td>9</td>
</tr>
<tr>
<td>Region 4A CALABARZON</td>
<td>17</td>
</tr>
<tr>
<td>Region 4B MIMAROPA</td>
<td>2</td>
</tr>
<tr>
<td>Region 5 Bicol Region</td>
<td>2</td>
</tr>
<tr>
<td>Region 6 Western Visayas</td>
<td>4</td>
</tr>
<tr>
<td>Region 7 Central Visayas</td>
<td>6</td>
</tr>
<tr>
<td>Region 8 Eastern Visayas</td>
<td>2</td>
</tr>
<tr>
<td>Region 9 Zamboanga Peninsula</td>
<td>2</td>
</tr>
<tr>
<td>Region 10 Northern Mindanao</td>
<td>4</td>
</tr>
<tr>
<td>Region 11 Davao Region</td>
<td>4</td>
</tr>
<tr>
<td>Region 12 SOCCSKSARGEN</td>
<td>3</td>
</tr>
<tr>
<td>Region 13 Caraga Region</td>
<td>1</td>
</tr>
</tbody>
</table>


The Philippines is a major exporter of rice grain, which plays a big role in the country’s economy and the livelihood of many Filipinos. According to an ARMM Agriculture Secretary, ARMM in 2015, ranked 18th in rice production in the country (Manila Times, 2015). By province, the production of rice grains in Maguindanao and Lanao del Sur during the project period increased, greater than that of the peaceful province of Davao del Sur. Rice production significantly decreased in the three provinces where the project had not been implemented (Figure 5.2).
Figure 5.2: *Palay* (rice grains) Produced (metric tons)  
Percentage Change Between 2007 and 2015


Fishing is a major source of food and incomes for many Filipinos, as the Philippines is surrounded by seas and lakes. Majority of the fishing grounds in the Philippines are found in the waters surrounding the provinces of ARMM. Between 2005 and 2017, Maguindanao experienced a huge increase in the volume of its fish production. The peaceful Davao del Sur and the conflict-affected Sulu and Tawi-Tawi also recorded an increase while Basilan’s and Lanao del Sur’s fish production decreased (Figure 5.3).

Fish are either consumed by fishermen’s families and clans or sold as a commodity in the local and international market, thus the value of production is also an important indicator of economic productivity. The conflict-affected and World Bank aid recipient Maguindanao saw an immense rise of the value of its fish production between 2005 and 2017, followed by the peaceful Davao del Sur, then by the conflict-affected, non-aid recipients Basilan and Sulu. Lanao del Sur, which is both conflict-affected and aid recipient recorded a shortfall in the value of its fish production (Figure 5.4). Both the
The volume and value of fish production did not show patterns differentiating the aid and non-aid recipients and the non-conflict and conflict-affected provinces (Figures 5.3 and 5.4).

**Figure 5.3: Fisheries - Volume of Production (in metric tons) Percentage Change Between 2005 and 2017**


**Figure 5.4: Fisheries - Value of Production (in '000 Peso) Percentage Change Between 2005 and 2017**

In a fragile situation, such as ARMM, bank deposits could be a contentious indicator for economic development, as one cannot tell how much money comes from the elites, the middle class, and the poor. Figure 5.5 demonstrates that Maguindanao and Lanao Del Sur have the largest increase in bank deposit during 2005-2015, and yet the two provinces did not show a significant increase in the number of banks (Figure 5.6) and are recorded by the Philippine Statistics Authority as one of the poorest provinces in the country.

Figure 5.5: Total Banks Deposit (in million peso) Percentage Change Between 2005 and 2015


This study also used the magnitude of poor population and poverty incidence among families as indicators of economic growth in Mindanao. The magnitude of poor population refers to the size of the population—individuals and families whose incomes fall below the poverty threshold of $1.9 per day, and the poverty incidence among families is the proportion of families living below the poverty line to the total population (Philippine Statistics Authority, 2016).
The magnitude of poor population is high in Sulu and Lanao del Sur. Maguindanao also posted an increase of its poor population. The magnitude of poor population in Tawi-tawi and Basilan has decreased over the years. Lanao del Sur posted a high increase in poverty incidence while Tawi-tawi showed a large decrease in poverty incidence (Figures 5.7 and 5.8).
Human Development

In general, life expectancy requires a longer-term comparison. In a conflict-affected situation where the lives and welfare of people are always at risk, however, life expectancy could pose a significant difference compared with the non-conflict areas. Ironically, the peaceful Davao del Sur has significantly lower rates of life expectancy than those of the conflict-affected areas (Figures 5.9 and 5.10); and this case provides an evidence for the argument made earlier in Chapter 3.2:

A fragile situation (or specifically a territory located in remote areas, not accessible by government’s basic services) can be labeled as below the poverty line, yet the people have longer life expectancies and are healthier than those in non-fragile urban areas, because people in remote areas, close to nature (lakes, seas, forests) have access to fresh air and food (p. 52).
Davao del Sur is not as highly urbanized as Manila, but it is not as pristine as the conflict-affected areas. The industries and commercialism creeping into Davao del Sur could be correlated to the lower rates of life expectancy in the peaceful province—and this is a phenomenon that should be investigated—how economic growth brought about by industrialization affects human development levels. Among the conflict-affected areas, there is no significant difference between the treatment and control groups, except for a lower rate of life expectancy for Basilan.

![Figure 5.9: Life Expectancy at Birth - Male Percentage Change Between 2006 and 2018](psa.gov.ph)

Sulu, which is conflict-affected and not part of the project intervention, posted the most significant improvement in literacy rate, followed by Maguindanao, which received project intervention. There is no significant difference in literacy rates between the peaceful Davao Del Sur and the non-peaceful provinces Tawi-tawi, Basilan, and Lanao del Sur (Figure 5.11).
The Philippines has its own human development index (by province) that is different from that of the UNDP. The Philippine HDI measures the “average achievement in a country in three basic dimensions of human development: a long and healthy life, the acquisition of knowledge, and access to resources to obtain good standard of living.” (Philippine Statistics Authority, 2016). The treatment groups posted a significant decline in HDI compared to the control groups. The peaceful province Davao del Sur posted the highest percentage change in HDI (Figure 5.12).

![Figure 5.12: Human Development Index Percentage Change Between 2000 and 2012](psa.gov.ph)

**Governance**

The Philippines’ Good Governance Index measures “(a) sustainable management of resources through generation of adequate financial resources and responsiveness to/alleviation of poverty; (b) rule of law through improvement of internal and external security, law enforcement, and administration of justice; (c) efficiency of the delivery of services on health, education, and power supply; and (d) people’s empowerment and participation” (Philippine Statistics Authority, n.d.).
There is no significant difference between the treatment and control groups in governance performance. The peaceful province Davao shows a huge increase in its good governance rating (Figure 5.13).

![Figure 5.13: Good Governance Index Percentage Change Between 2005 and 2008](source)

Peacefulness

Conflict deaths have significantly increased in Lanao del Sur between 2016 and 2017 compared to other provinces. The provinces that did not receive project intervention posted a decrease in conflict deaths while the provinces that received project intervention showed an increase in conflict deaths (Figure 5.14). Conflict incidents in treatment groups are also higher than those of the control groups, except for Basilan (Figure 5.15). According to International Alert (2018), a major cause of conflict incidents are shadow economy issues, which may include informal businesses, buying and selling of illegal drugs and weapons, and human trafficking. The main causes of conflict death are identity conflicts and political issues (Figure 5.16).
Figure 5.14: Conflict Deaths per 100,000 Persons


Figure 5.15: Conflict Incidents per 1,000 Persons

Looking at the data presented above, there are no significant differences between the provinces that received the project intervention and those that did not. If there is any difference, it is ironic, such as the treatment groups posting a lower human development index rating, higher poverty incidence, and higher conflict deaths and incidents than those of the control groups.

5.5 Is ARMM a Donor Darling?

Figure 5.17 shows the World Bank’s aid allocation, which is mainly for the rehabilitation and recovery programs in ARMM.\textsuperscript{25} Tables 5.3 and 5.4 show the timeline of the peace process and mass displacements due to conflict to provide the context for the years the aid was given. By

\textsuperscript{25} Though the World Bank provided assistance at the country level in the form of concessional loans and grants (which may or may not include ARMM), it was not captured in Figure 5.17. This has been one of the monitoring issues for country-level assistance wherein aid is not monitored and reported at the subnational level.
the end of 2002, aid started to flow for the conflict-affected situation in ARMM. Aid allocation in ARMM was highest in 2005. These were the years (2003-2007) that the Philippine president was brokering peace with the MILF. Aid started to drop in 2010, after clashes between MILF and government forces, and also the year when mass displacements began to take place as a result of clashes between MILF and MNLF. Aid flow significantly dropped in 2012 during the conclusion of the Bangsamoro framework—a step forward in the peace agreement between the government and MILF. From that time (2012) forward 2018, aid has never risen to a significant level.

Is ARMM then a donor darling? Data shows that it is not. ADB, headquartered in the Philippines, has not provided aid for ARMM; only the World Bank has. Though there are bilateral organizations assisting ARMM, their support was consolidated through the Mindanao Trust Fund administered by the World Bank.

Does resilience of ARMM affect aid allocation? Depending on the context, aid flows in ARMM may increase or decrease. In the first decade of World Bank assistance, a pattern can be gleaned on aid allocation in ARMM—more aid is allocated when there is a promise of peace, and aid decreases when there is the risk of war. However, when the peace agreement was solidified due to a tangible action plan (the Bangsamoro Development Framework) to bring a more sustainable peace, aid started to decrease. This disconfirms the hypothesis that less aid is given for less peaceful situations, but confirms the study’s findings that less aid flows in more peaceful situations. There could be several factors why aid started to decrease when peace is in the horizon in the subnational fragile situation in ARMM. One reason is the changes of administration throughout the history of the peace process. State leaders decide whether to access development assistance from donors, and the current administration of President Rodrigo Duterte
(who pushed for the ratification of the Bangsamoro Organic Law) is less interested in getting foreign aid, compared to the previous administrations. Another reason is, the Philippines is a middle-income country, and has the capacity to finance the socio-economic development programs in ARMM, and when the time came that the conflict between the MILF and the government has been resolved, the government became willing to use its own fund reserves for the development of the Bangsamoro region. Moreover, the cancellation of the MTF-RDP sub-projects in MNLF territories (due to lack of political support by the MNLF and therefore presence of security risks) confirms the hypothesis that donors are hesitant to invest in areas that pose risks related to conflict. It should be noted that the MILF territories pose similar security risks, however, the MILF leadership supports the MTF-RDP as they know that many MILF members/supporters would benefit from the project, and therefore the MILF leadership was able to maintain peace and order while the project was ongoing.

Figure 5.17: World Bank Aid Allocation for ARMM (2002-2018)

Table 5.3: Timeline of Conflict Between Philippine Government and Moro Islamic Liberation Front

- 1970 - MNLF – Moro National Liberation Front (MNLF - Fight for Independence) is founded.
- 1972 - President Ferdinand Marcos declares Martial Law to contain the growing Muslim and communist insurgencies.
- 1976 - Signing of the Tripoli Agreement which provides a framework for autonomy.
- 1984 - MILF - Moro Islamic Liberation Front (Breakaway Group of the MNLF) is established.
- 1990 - Autonomous Region in Muslim Mindanao (ARMM) was created, based on an agreement with MNLF.
- 2000 - All-out war between the AFP and MILF under President Joseph Estrada.
- 2003 - Pres. Gloria Arroyo brokers peace talks with MILF.
- 2008 - Conflict intensifies as peace talks are declared unconstitutional by the Supreme Court.
- 2011 - President Aquino resumes Peace Negotiations with the MILF in Narita, Japan.
- 2012 - Negotiations for Bangsamoro Framework concludes.
- 2014 – Signing of Comprehensive Agreement on the Bangsamoro (CAB) leading to the Bangsamoro Basic Law (BBL) submitted to Congress.
- 2015 - Mamasapano Incident (ambush and killing of 44 national police, 18 MILF people and 4 citizens); passage of the BBL is stalled.
- 2016 - Newly elected President Rodrigo Duterte pushes to pass the BBL.
- 2017 - Congress begins reading the BBL in the Parliament.
- 2018 - President Duterte signs off the Bangsamoro Organic Law (BOL), a new name for the BBL.
- 2019 - Plebiscites in Southern Mindanao to ratify the BOL and the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) to replace ARMM (January & February).


Table 5.4: Conflict and Mass Displacements

<table>
<thead>
<tr>
<th>Date and Place of Conflict</th>
<th>Description of Conflict</th>
<th>Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2010, North Cotabato</td>
<td>Clashes between MNLF and MILF factions</td>
<td>6 barangays (villages); 5,726 persons or 1,042 families displaced</td>
</tr>
<tr>
<td>February 2012, North Cotabato</td>
<td>Two MILF commanders clashed over a long-running land dispute</td>
<td>105 families displaced</td>
</tr>
<tr>
<td>March 2013, Barangay Anticala, Butuan City</td>
<td>Encounter between the Armed Forces of the Philippines and the New People’s Army (communist insurgents)</td>
<td>150 families or 750 persons displaced</td>
</tr>
<tr>
<td>September 2013, Zamboanga City (Zamboanga del Sur)</td>
<td>The MNLF destroyed 10,000 homes</td>
<td>327,000 persons displaced</td>
</tr>
<tr>
<td></td>
<td></td>
<td>63,000 people unable to return to their homes because parts of the city were declared “no return area”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>209 IDPs died in 2014 due to pneumonia and gastroenteritis (half of them were children under 5 years old)</td>
</tr>
</tbody>
</table>
### Date and Place of Conflict

<table>
<thead>
<tr>
<th>Date and Place of Conflict</th>
<th>Description of Conflict</th>
<th>Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2015, Maguindanao and Cotabato</td>
<td>Military offensive vs. BIFF</td>
<td>8,149 families or 40,745 individuals were displaced</td>
</tr>
<tr>
<td>March 2015, North Cotabato</td>
<td>Clash between MILF and BIFF due to “contending controls over the areas”</td>
<td>6,383 families or 34,925 individuals displaced</td>
</tr>
<tr>
<td>March 2016, Marawi City, Lanao del Sur</td>
<td>Government troops clash against Maute Group</td>
<td>7,800 persons displaced</td>
</tr>
<tr>
<td>January 2016-February 2017; Sulu and Basilan</td>
<td>Military operations vs. Abu Sayaff (terrorist group)</td>
<td>68,400 persons displaced</td>
</tr>
<tr>
<td>May 2017 – present, Marawi City, Lanao del Sur</td>
<td>Marawi siege</td>
<td>400,000 persons displaced</td>
</tr>
</tbody>
</table>


### 5.6 Case Analysis Findings

The MTF-RDP has benefitted 17% of the ARMM population by providing them public goods that enhance their quality of living. Households got access to water systems, which have freed women and children from fetching water from the wells; and as a result, they have more time for other productive activities. Tire paths facilitated the transportation of agricultural products from the farms to the markets, while the post-harvest facilities allowed the preservation and better quality of agricultural crops. The learning centers became a hub for social gatherings, public services, and conflict mediation. People from the MILF camps have been trained on livelihood skills such as sewing clothes and producing banana chips. The Bangsamoro Development Agency (BDA) and the peoples’ organizations were not only trained to plan and implement local development projects, but they were also immersed in values formation programs particularly on transparency and accountability.

Comparing the provinces where the rebel camps are located and that received aid, with the provinces where there are also rebel camps but did not receive aid, there have been no significant trends in terms of differences in economic and poverty, human development,
governance, and peace levels. In many instances, resilience of non-aid recipients appeared to be better than that of the aid recipients. For example, the poverty incidence and the magnitude of poor populations in Lanao del Sur and Maguindanao (the aid recipients) have spiked during the project period while those of Tawi-tawi and Basilan (the non-aid recipients) have been curbed. The human development index shows that the scores of aid recipients are much lower than those of the non-aid recipients. Sulu and Tawi-tawi (the non-aid recipients) recorded less conflict deaths and incidents than Lanao del Sur and Maguindanao (the aid recipients.) On one hand, the volume and value of fish production in ARMM did not show any patterns differentiating the aid and non-aid recipient provinces and the non-conflict and conflict-affected provinces.

The MTF-RDP therefore has not contributed to the resilience of ARMM overall, but only contributed to the resilience of individuals and groups of people from a small percentage of the population in the conflict-affected areas. Confidence and trust building have taken place in project intervention areas, which contributed to harmonious relationships between Christian and Muslim communities and between MNLF and MILF supporters/members.

The benefits brought about by the project to the rebel camps are unquestionable, but it has not trickled down to the entire population; and their sustainability, such as the maintenance of water systems and learning centers and the marketing of clothes and agricultural crops, rely on a larger social, political, and economic system internal to the new BARMM government for which the Philippine government has given the autonomy to have its own governance and economic policies and systems, which is beyond the influence and control of donors. On one hand, the MILF-driven BDA is a paralegal entity and exercises its authority under the shadow of the World Bank, and could only be legitimate on its own once the BARMM government has been constituted.
Resilience levels are somewhat associated to aid allocation by the World Bank in ARMM. With the promise of peace, whereby the government initiates peace talks with MILF, aid for ARMM increased by 33%, but at the height of conflict, aid flows start to decline by 34.86%. However, when there has been concrete evidence of conflict resolution, such as the creation of the Bangsamoro Development Framework and the drafting of the Bangsamoro Basic Law (now called the Bangsamoro Organic Law), aid flows have significantly decreased by 83%. From 2012, the time that the Bangsamoro Development Framework was created, to 2018 when the Bangsamoro Organic Law was approved in Congress, aid flow has been constant. Although aid allocation and resilience levels are related, it is not 100%, as there could be many other factors affecting aid allocation. The decline of aid flows in ARMM in 2010 could also be attributed to the lack of trust by the national government to the Moro-Muslims, due to many cases of plunder and corruption committed by Moro-Muslim leaders seated in the regional government. The national government has the jurisdiction where to use the aid money, which could be diverted to Philippine regions where there are stronger transparency and accountability mechanisms; and this case needs further investigation. There have been claims on the lack of trust of the national government to the MNLF-led ARMM, and at this time the current President has been trying to rebuild the trust with the Moro-Muslims as a whole, starting with the MILF-led BARMM. More research should be done on the determinants of aid allocation, particularly on the influence of the religious and political dynamics between the government and the autonomous region. Christian faith (predominantly Catholic) is embodied in the capital of the Philippines where the national government is seated; and there has been a history of distrust between Christians and Muslims in the Philippines and this is also reflected among Christian and

26 Conversations with Philippine government officials (April 2015, Manila, Philippines)
Muslim politicians. Development aid, which is considered as “sovereign operations” by donor agencies, has to go through the Christian-dominated national government before it is distributed to the local governments in ARMM with predominantly Muslim population. Religious and ethnic fractionalization could have either correlation or causation with aid allocation in the subnational fragile situation in ARMM, and this is something that should be explored.

The future political context where aid would operate is uncertain, particularly how the new MILF-led BARMM, composed of former revolutionaries used to war and guerilla tactics, would now run a bureaucracy on their own, independent from the national government. Here, the absorptive capacity to handle huge amounts of aid (if there’s any) and/or large share of tax revenue and Internal Revenue Allocation from the national government is in question. It is also uncertain how the dissolution of MNLF-led ARMM (to be replaced by BARMM) would play out—whether this would lead to more conflict or whether there is hope to consolidate peace for the benefit of the greater Moro-Muslim population and indigenous people in the natural-resource rich region of the Philippines. A study by Franke, Milagrosa, and Schure (2007) posits that abundance of natural resources is correlated with conflict. If development aid intends to extract the natural resources shared by a highly fractionalized society, such as ARMM, state-society resilience could further deteriorate. Results of the regression analysis show ethnic fractionalization as a major cause of deteriorating state-society resilience, and aid causes only a slight decrease in resilience (See Chapter 6 and Table 6.1). Here, development has the potential to be either an instrument for social cohesion or for further conflict; but the question is not whether aid should be provided or not, but how aid can be delivered effectively as an instrument of social cohesion in a highly fractionalized society sharing a territory rich in natural resources.
This chapter discussed how a World Bank program has and has not helped build the resilience of ARMM, and how the peace process and resilience level in the Moro-Muslim region influenced the WB aid allocation. The findings revealed in this chapter provided empirical evidence from a real-life context that would help explain the results of the regression analyses discussed in the next chapter.
CHAPTER 6: DISCUSSION OF FINDINGS

6.1 Impact of Development Aid on State-Society Resilience

_Hypothesis:_ Development aid helps build state-society resilience in fragile situations.

*Findings:* A total of 1,625 development projects were analyzed on how they could impact resilience two years after the start of project implementation (See Chapter 4.2.3 and footnote 23). These are the projects implemented by AfDB, ADB, and WB in 35 fragile member states that received aid from 2007 to 2015. The analysis incorporated other factors that might affect state-society resilience: presence of internally displaced persons due to natural disasters and conflict, ethnic fractionalization, and democracy levels.

Model 1, presented in Table 6.1, shows that for every unit of increase in aid allocation, resilience decreases by .842. Results imply that aid interventions do not help the state and the society to collectively withstand, adapt to, and rebound from crisis. Providing more development aid weakens (by .842) the collective resilience of the state and society to crisis. The p-value suggests that there is a strong causal connection between aid allocation and state-society resilience; development aid causes a change in resilience. The F value shows that the findings are statistically significant, wherein the null hypothesis (aid has nothing to do with state-society resilience) is rejected. Overall, aid allocation, presence of internally displaced persons due to natural disasters and conflict, ethnic fractionalization, and democracy levels account for 43.4% of the variation in the resilience of states and societies. This means that 43.4% of the changes taking place in the resilience levels of the state and society is caused by all of these five factors: aid allocation, natural disasters, violent conflict, ethnic fractionalization, and democracy levels. It should be noted that the impact of democracy levels on state-society resilience is positive—contrary to the negative impact of all the other variables—which means that the more democratic a country is,
Table 6.1: Model 1 - Impact of Development Aid on State-Society Resilience

<table>
<thead>
<tr>
<th>Variables Focus: Development Aid</th>
<th>Coefficient (Standard Error)</th>
<th>Adjusted R²</th>
<th>R² Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>67.158***</td>
<td>.045</td>
<td>.046</td>
</tr>
<tr>
<td>Development aid</td>
<td>-.842*** (.261)</td>
<td>.104</td>
<td>.060</td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>-3.129*** (.481)</td>
<td>.290</td>
<td>.186</td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>-9.732*** (.519)</td>
<td>.403</td>
<td>.113</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>-11.837*** (.766)</td>
<td>.434</td>
<td>.031</td>
</tr>
<tr>
<td>Democracy level</td>
<td>1.581*** (.168)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>1625</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>249.891</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable = State-Society Resilience
*** p ≤ .001
the more resilient the state and society are to crisis. When the impact of aid allocation is isolated from all the other determinant variables, it only accounts for 4.5% of the variation in state-society resilience (as shown by its adjusted R² in Table 6.1.) Consequently, the impact of aid allocation combined with IDPs due to natural disasters accounts for 10.4% of the variation in state-society resilience; the impact of aid allocation, IDPs due to natural disasters and conflict accounts for 29% of the variation in state-society resilience; and the impact of aid allocation, IDPs due to natural disasters and conflict, and ethnic fractionalization accounts for 40.3% of the variation in state-society resilience. The results imply that 4.5% of the weakening resilience levels of the state and society are attributed to development aid, and 35.8% is attributed to natural disasters, violent conflict, and ethnic fractionalization. Democracy levels, however, cause a positive change in state-society resilience, and its contribution to that change is 3.1%.
The negative effect of aid (-.842) on state-society resilience is contrary to what was hypothesized (aid increases resilience); however data in Table 6.1 shows that development aid has little impact on resilience, which is 4.5% compared to the impact of all the other variables, which is 38.9% (natural disasters, conflict, ethnic fractionalization, and democracy levels combined). Having the impact magnitude of 4.5%, the negative effect of aid (-.842) is not as impactful as those of the other variables. Looking at the values of R square change from Tables 6.1 to 6.6, conflict and ethnic fractionalization have consistently shown that they have the greatest contribution on weakening state-society resilience. The blame for weakening state-society resilience should therefore be more upon conflict and ethnic fractionalization, than on development aid; and democratic reforms, including political empowerment of civil society organizations, should be adopted, as a democratic state, as shown by this study, strengthens state-society resilience.

Thus, the debates on whether aid is an incentive or disincentive to peace, whether aid is a failure or success in statebuilding, and whether aid can make states and societies fragile or resilient should not be a major concern, but how impactful aid is on fragile situations should be looked at. And the results of this study show that, overall, development aid is not as impactful as other determinants of fragility, such as conflict, natural disasters, ethnic fractionalization, and democracy.

The case of Mindanao also shows that the MTF-RDP has little impact on the overall resilience of ARMM. Though the project has benefitted 638,000 Moro-Muslims, it is only 17% of the ARMM’s population and concentrated in two provinces only. Lanao del Sur and Maguindanao, the two beneficiary provinces, are still among the poorest in the Philippines (Table 6.2) and have higher conflict deaths compared to the ARMM provinces that did not receive aid.
Table 6.2: Poverty Incidence Among Families

<table>
<thead>
<tr>
<th>Province</th>
<th>Region</th>
<th>Poverty Incidence (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lanao del Sur</td>
<td>ARMM</td>
<td>70.2</td>
</tr>
<tr>
<td>2. Sulu</td>
<td>ARMM</td>
<td>61.8</td>
</tr>
<tr>
<td>3. Sarangani</td>
<td>Region 12</td>
<td>54.5</td>
</tr>
<tr>
<td>4. Bukidnon</td>
<td>Region 10</td>
<td>53.6</td>
</tr>
<tr>
<td>5. Siquijor</td>
<td>Region 7</td>
<td>53.0</td>
</tr>
<tr>
<td>6. Northern Samar</td>
<td>Region 8</td>
<td>52.4</td>
</tr>
<tr>
<td>7. Maguindanao</td>
<td>ARMM</td>
<td>50.4</td>
</tr>
<tr>
<td>8. Sultan Kudarat</td>
<td>Region 12</td>
<td>47.4</td>
</tr>
<tr>
<td>9. Zamboanga del Norte</td>
<td>Region 9</td>
<td>45.8</td>
</tr>
<tr>
<td>10. Agusan del Sur</td>
<td>Caraga</td>
<td>44.7</td>
</tr>
<tr>
<td>11. Negros Oriental</td>
<td>Region 7</td>
<td>41.9</td>
</tr>
<tr>
<td>12/13. Western Samar</td>
<td>Region 8</td>
<td>41.8</td>
</tr>
<tr>
<td>14. Lanao del Norte</td>
<td>Region 10</td>
<td>41.4</td>
</tr>
<tr>
<td>15. Mt. Province</td>
<td>CAR</td>
<td>40.7</td>
</tr>
<tr>
<td>16. Eastern Samar</td>
<td>Region 8</td>
<td>40.1</td>
</tr>
<tr>
<td>17. Camiguin</td>
<td>Region 10</td>
<td>40.0</td>
</tr>
<tr>
<td>18. Catanduanes</td>
<td>Region 5</td>
<td>39.7</td>
</tr>
<tr>
<td>19. Leyte</td>
<td>Region 8</td>
<td>39.1</td>
</tr>
<tr>
<td>20. Apayao</td>
<td>CAR</td>
<td>37.5</td>
</tr>
</tbody>
</table>


6.2 Impact of Aid for Governance, Human Development, Economic Growth, and Peacebuilding on State-Society Resilience

Hypotheses:

Aid for governance, human development, and peacebuilding helps states and societies in fragile situations become more resilient. Aid for economic growth may contribute to fragility, if the benefits are unequal and exclusive to a specific population or territory.

Findings: The study analyzed how aid for governance, human development, economic growth, and peacebuilding can affect state-society resilience, respectively. A total of 616 governance projects, 331 human development projects, 502 economic improvement projects, and 176 peacebuilding projects were tested. These are the projects implemented by AfDB, ADB, and WB in 35 fragile member states that received aid from 2007 to 2015. Each theme (aid for governance,
aid for human development, aid for economic growth, and aid for peacebuilding) was analyzed separately incorporating other factors that can affect state-society resilience. These other predictors are presence of IDPs due to natural disasters and conflict, ethnic fractionalization, and democracy level.

Table 6.3 shows that the relationship between aid for governance and state-society resilience is statistically significant, or aid for governance has a causal relationship with the resilience levels of state and society. For every increase of aid for governance, resilience decreases by 1.678. In other words, increasing aid for governance does not build the resilience of state and society to crisis, but weakens it by 1.678. Aid for governance and the other predictors included in the analysis account for 45.3% of the variation in state-society resilience. The impact of aid for governance, without including the control variables, accounts for 8% of the variation in resilience. The Adjusted R square in Table 6.3 implies that 34.1% of the weakening state-society resilience is explained by natural disasters, violent conflict, and ethnic fractionalization; 8% of the deteriorating resilience can be attributed to aid for governance alone; while democracy accounts for 3.2% of improved state-society resilience.

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27 The control variables’ relationship with development aid and state-society resilience is fully discussed in Chapter 6.5.
### Table 6.3: Model 2A - Impact of Aid for Governance on State-Society Resilience

<table>
<thead>
<tr>
<th>Variables Focus: Aid for governance</th>
<th>Coefficient (Standard Error)</th>
<th>Adjusted R²</th>
<th>R² Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>69.970 *** (2.787)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aid for governance</td>
<td>-1.678 *** (.392)</td>
<td>.080</td>
<td>.082</td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>-.978 (.741)</td>
<td>.112</td>
<td>.033</td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>-9.293 *** (.792)</td>
<td>.306</td>
<td>.195</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>-10.166 *** (1.157)</td>
<td>.421</td>
<td>.115</td>
</tr>
<tr>
<td>Democracy level</td>
<td>1.603 *** (.263)</td>
<td>.453</td>
<td>.033</td>
</tr>
<tr>
<td>N</td>
<td>616</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>102.812</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable = State-Society Resilience

*** p ≤ .001

The relationship between aid for human development and state-society resilience is also statistically significant, or aid for human development causes a change in the resilience levels of state and society to crisis. The study’s results show that for every unit of increase in human development aid, resilience weakens by 1.469 (Table 6.4). Like aid for governance, aid for human development causes a deterioration of the resilience levels of state and society. Aid for human development, including the other predictors, explains 37.8% of the variation in state-society resilience. Isolating the impact of aid for human development from the control variables, it only accounts for 4.1% of the variation in resilience. The Adjusted R square in Table 6.4 implies that 32.5% of the declining resilience levels is caused by natural disasters, violent conflict, and ethnic
fractionalization. Democracy accounts for 1.2% in explaining the increase in state-society resilience.

**Table 6.4: Model 2B - Impact of Aid for Human Development on State-Society Resilience**

<table>
<thead>
<tr>
<th>Variables Focus: Aid for human development</th>
<th>Coefficient (Standard Error)</th>
<th>Adjusted $R^2$</th>
<th>$R^2$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>73.701</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>(4.738)</td>
<td></td>
</tr>
<tr>
<td>Aid for human development</td>
<td>-1.469</td>
<td>.041</td>
<td>.044</td>
</tr>
<tr>
<td></td>
<td>*</td>
<td>(.611)</td>
<td></td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>-8.912</td>
<td>.247</td>
<td>.208</td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>(1.037)</td>
<td></td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>-3.821</td>
<td>267</td>
<td>.023</td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>(1.037)</td>
<td></td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>-10.230</td>
<td>.366</td>
<td>.099</td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>(1.657)</td>
<td></td>
</tr>
<tr>
<td>Democracy level</td>
<td>.958</td>
<td>.378</td>
<td>.014</td>
</tr>
<tr>
<td></td>
<td>**</td>
<td>(.355)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>331</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>41.031</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable = State-Society Resilience

*** = $p < .001$; ** = $p < .01$; * = $p < .05$

Both aid for governance and human development weakens state-society resilience. Intuitively, one might think that aid for improving governance should make states and societies more resilient, for when there are capable public institutions and governance systems in place, it is assumed that this will harness economic opportunities, build capacities, increase the quality of life, and sustain peace. Similarly, aid for human development is expected to increase state-society resilience, for when citizens have access to health, education, and gender equality, they can productively contribute to economic growth, strong governance systems, and better quality of life. However, in a fragile society, where there is armed violence, high ethnic fractionalization, and that
which is challenged by the risks of natural disasters, the story could be different. Although the majority of the ARMM’s population is Moro-Muslim, the ethnicity within that population is highly diverse, and the territories are segregated according to clans. The MTF-RDP has only benefitted the clans supporting the MILF, since the project was implemented in the MILF rebel territories and not in the MNLF enclaves, and this has caused further jealousy and strife between the two rebel groups and between the MNLF and the government—thus undermining state-society resilience. Many individual Moro-Muslims have also benefitted from the human development interventions brought about by international aid. They gained some skills training (and also benefitted from the cash-transfer programs from the government) and migrated to more peaceful parts of the Philippines or abroad, and this can be gleaned from the large decrease in the Moro-Muslim population between 2007 and 2015 (see Figure 5.18); and thus a brain drain occurs in ARMM, weakening the labor force that should drive socio-economic development in the region.

The MTF-RDP has some positive impact on local governance, particularly on building the capacity of the Bangsamoro Development Agency (BDA). The BDA received training from the project, and the agency was able to deliver what was expected of it by planning and implementing development projects with some transparency and accountability. However, it is not a legitimate institution, and it represents the MILF, from which the next political leaders of the new BARMM would come from. The BARMM would replace the ARMM that is composed of MNLF members who still have the legitimate power—holding positions as provincial governors, mayors, and local government officials. Once the Bangsamoro Organic Law (BoL) has been ratified, the BARMM would be established, and the institutions under it, including the BDA, would have the legitimate power, and the ARMM would then be dissolved. While the ratification of the BoL has not yet taken place, having the BDA attached to the MTF-RDP, which is funded by international aid
agencies and administered by World Bank, makes the BDA ‘legitimate’ in the eyes of the Moro-Muslims in Mindanao, as the people’s organizations (POs) willingly worked with BDA with trust and confidence. A week before the plebiscite (that is to ratify the BoL), several bombings have taken place in ARMM. Though it cannot be definitely concluded that the bombings are attributed to the MTF-RDP, we can infer that having aid in such a complex fragile situation, where there is high ethnic fractionalization, can undermine state-society resilience if the development benefits are not evenly distributed among the ARMM population.

On the aspect of aid for human development negatively affecting resilience, though it is counter intuitive, it is not entirely a dubious assumption. A fragile situation is far more complicated than a non-fragile situation. The decrease in resilience caused by international aid for human development is played out, for example, in the marginalized women in Nepal who have been educated and trained with the support of international aid agencies. The marginalized women in Nepal played a significant role in the Maoist revolution. Lauren Leve (2007) attributed the educational programs provided by international aid as a contributing factor to women’s motivation in supporting the revolution. Leve (2007) argues, “women’s politization may be the unexpected result of successful development programs that aimed to ‘empower’ women by raising their consciousness of gender-and class-based oppression” (p. 127).

The MTF-RDP has some tangible positive impact on the lives of the few populations in the Moro-Muslim region (ARMM). If the project has some negative impact, as this study’s results have shown, such impact is covert and would require further research. Having said this, we can draw from the experience of the marginalized women in Nepal, that when the oppressed people are empowered, they can either ‘fight’ or ‘flee’ (both of which would appear in the data as less resilience). So far there is no evidence that beneficiaries of development aid in ARMM have
supported any other rebel group (aside from the MILF and MNLF, there are many other rebel groups in ARMM, including different communist parties and Islamic groups), and this would require further investigation. The decreasing population in ARMM between 2007 and 2015 (as shown in Figure 5.18), however, may mean that a large portion of the healthy, educated population has gone to the Philippine capital or abroad to flee from conflict and fragility in ARMM and find better-paying jobs—and this assumption should be further investigated.

**Figure 5.18: Total Population in ARMM Percentage Change Between 2007 and 2015**


It should be noted, however, that although aid for governance and human development has negative impact (-1.678 and -1.469 respectively) on ARMM’s resilience, the magnitude of their impact is small (8% and 4.1% respectively), compared to the negative impact of the control variables violent conflict, natural disasters, and ethnic fractionalization (34.1% for the control variables analyzed with aid for governance and 32.5% for the control variables analyzed with aid for human development). Thus, we cannot conclude that aid for governance and human
development is the main culprit for the fragility in ARMM, but there are many other factors that can cause such fragility.

Tables 6.5 and 6.6 show that, when economic growth and peacebuilding are regressed against state-society resilience, the analysis yields statistically insignificant results. This means that aid for economic growth and peacebuilding has no causal relationship with state-society resilience. Peacebuilding programs mostly involve recovery and rehabilitation and may not have that significant impact on building state-society resilience, but more on helping the fragile situation get back on its feet, rather than helping it withstand potential fragility and conflict risks. Aid for economic growth is the largest amount among those of the other three themes, and it is not easy to accept the finding that it has neither positive nor negative impact on state-society resilience. The MTF-RDP, for example, provided US$14.12 million to establish and/or improve public goods (i.e., community centers, water systems, concrete pathways, public markets, and concrete bridges) and provide sustainable livelihood opportunities in conflict-affected areas in ARMM; however, only 17% of the population benefitted from the project. Infrastructure projects have given income opportunities for the locals, such as construction work, but it is only for a short term. Livelihood projects in ARMM have not been sustainable as there are no available markets for the local products, which cannot compete with big businesses in terms of production, quality, and prices. There is also the notion that infrastructure projects actually benefit international contractors and consultants, and not really the local people.

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28 From 2009 to 2017, aid for economic growth amounted to $81 million, aid for governance $32.4 million, aid for human development $54 million, and aid for peacebuilding $30 million.
Table 6.5: Model 2C - Impact of Aid for Economic Growth on State-Society Resilience

<table>
<thead>
<tr>
<th>Variables Focus: Aid for economic growth</th>
<th>Coefficient (Standard Error)</th>
<th>Adjusted R²</th>
<th>R² Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>67.539 *** (3.659)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aid for economic growth</td>
<td>-.515 (.485)</td>
<td>.036</td>
<td>.038</td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>-3.487 *** (.921)</td>
<td>.101</td>
<td>.067</td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>-10.598 *** (1.043)</td>
<td>.307</td>
<td>.207</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>-14.293 *** (1.546)</td>
<td>.399</td>
<td>.093</td>
</tr>
<tr>
<td>Democracy level</td>
<td>1.821 *** (.302)</td>
<td>.439</td>
<td>.041</td>
</tr>
<tr>
<td>N</td>
<td>502</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>79.511</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable = State-Society Resilience *** p ≤ .001

Table 6.6: Model 2D - Impact of Aid for Peacebuilding on State-Society Resilience

<table>
<thead>
<tr>
<th>Variables Focus: Aid for peacebuilding</th>
<th>Coefficient (Standard Error)</th>
<th>Adjusted R²</th>
<th>R² Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>53.311 *** (7.115)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aid for peacebuilding</td>
<td>-.280 (.933)</td>
<td>.033</td>
<td>.038</td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>-7.872 *** (1.386)</td>
<td>.248</td>
<td>.218</td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>-7.128 *** (1.308)</td>
<td>.320</td>
<td>.075</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>-11.256 *** (2.044)</td>
<td>.521</td>
<td>.200</td>
</tr>
<tr>
<td>Democracy level</td>
<td>3.580 *** (.606)</td>
<td>.600</td>
<td>.080</td>
</tr>
<tr>
<td>N</td>
<td>176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>53.545</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable = State-Society Resilience *** p ≤ .001
6.3 Impact of State-Society Resilience on Aid Allocation

Hypothesis: Aid flow, in general, tends to increase in less resilient situations.

Findings: A total of 1,755 development projects were analyzed to determine how state-society resilience could affect aid allocation. The predictor is the resilience score of the country, wherein the project was implemented three years before the start of project implementation. Donor agencies usually have a funding cycle of three years. Prior to the disbursement of funds during the start of the project, reconnaissance and due diligence missions (which may include feasibility studies, risk assessments, stakeholder consultation), project design, and proposal review and approval processes are conducted, and this may take an average of three years for a fragile state (interviews with ADB staff, May 18-25, 2018). Other predictors that could influence aid allocation are also included in the analysis. These are the presence of IDPs due to natural disasters and conflict, ethnic fractionalization, and democracy levels. Dummy variables are also introduced—whether the project is funded by a global MDB (World Bank) or a regional MDB (ADB and AfDB). With World Bank, as a global MDB and having the greater number of member countries (both donor and recipient countries), compared to the regional MDBs, results of the analysis show that aid increases by .365 if the projects are funded by the WB, compared to .267 when the projects are funded by regional MDBs (See Table 6.7).

Results of the analysis disconfirm the hypothesis that more aid is given if a situation is less resilient. Model 3, presented in Table 6.7, shows that states and societies with higher levels of resilience receive higher levels of aid allocation. However, state-society resilience has a small effect on aid allocation. For every unit increase in resilience, aid allocation grows by only .007; in other words, when the state and society are resilient to crisis, aid flows increase, but not at a very significant amount. The F value of 23.376 shows that the findings are significant and the null
hypothesis (no relationship between state-society resilience and aid allocation) is rejected. Table 6.7 also shows that aid allocation increases when a fragile situation experiences natural disasters, violent conflict, and ethnic fractionalization; but aid flows decrease when democracy levels are higher (The implications of these findings are further discussed in Chapter 6.5). The variables state-society resilience, violent conflict, natural disasters, ethnic fractionalization, democracy, and whether the project is funded by a global or regional MDB only account for 8.2% of the variation in aid allocation. About 91.8% is explained by other unknown factors. This suggests that the behavior of donors in aid allocation is not completely dependent on the resilience of the recipients, but it could also be attributed to the donors’ interests, including their financing policies. Another implication is that it is neither the increase nor the decrease of aid allocation that matters, but how aid is delivered in fragile situations.

In a separate regression model, the country performance and institutional assessment (CPIA), the basis for the performance-based allocation adopted by the development agencies, was included to test its contribution to the variation of aid allocation. Fragile situations are identified based on the results of the annual CPIA under four dimensions—economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions. If a country’s overall score is 3.2 or below (wherein a 1 rating corresponds to a very weak performance, and a 6 rating to a very strong performance), and/or the country has the presence of UN or regional peacekeeping or peacebuilding missions during the past three years, then it is categorized as a fragile situation (World Bank, n.d.-b).

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29 The 3.2 cut-off score is an arbitrary choice made by the first team of the World Bank working on low-income countries under stress (LICUS). Conflict-affected countries had very low values in the country policy and institutional assessment and the team assessed the LICUS mean scores to allow for the identification of fragile situations (called the LICUS way back in 2006). The African Development Bank and Asian Development Bank have also adopted the 3.2 cut-off score in identifying their fragile member states, and that led to the harmonized list of fragile situations by the three MDBs (Interview with Dr. Patrick Safran, former ADB focal point for fragile situations, September 18, 2018).
Table 6.7: Model 3 - Impact of Overall State-Society Resilience on Aid Allocation

<table>
<thead>
<tr>
<th>Variables Focus: State-Society Resilience</th>
<th>Coefficient (Standard Error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>6.156 *** (.152)</td>
</tr>
<tr>
<td>State-Society Resilience</td>
<td>.007 *** (.002)</td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>.096 * (.044)</td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>.169 *** (.049)</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>.489 *** (.074)</td>
</tr>
<tr>
<td>Democracy level</td>
<td>-.039 ** (.015)</td>
</tr>
<tr>
<td>World Bank (funding from a global MDB)</td>
<td>.365 *** (.048)</td>
</tr>
<tr>
<td>Asian Development Bank, African Development Bank (funding from regional MDBs)</td>
<td>.267 *** (.071)</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.082</td>
</tr>
<tr>
<td>N</td>
<td>1755</td>
</tr>
<tr>
<td>F</td>
<td>23.376</td>
</tr>
</tbody>
</table>

Dependent Variable = Aid Allocation

*** = p < .001; ** = p < .01; * = p < .05

CPIA was not included in Models 3 and 4 because it causes multicollinearity issues as it is highly correlated with state-society resilience and governance variables. But for the purpose of showing its role on aid allocation, the results of the test are provided in Table 6.8. Results imply that when a state performs its functions better, aid allocation increases by 0.329. However, the CPIA explains only 0.8% of the changes in aid allocation, which is a low contribution to the 91.8% ‘other unknown factors’ affecting aid allocation. The 91.8% that causes the variation in aid
allocation may include changes in government administrations and preferences of influential leaders in fragile states (interview with an ADB vice president, May 22, 2018); colonial past and political alliances (Alesina & Dollar, 2000 as cited in Ellison, 2016); absorptive capacity (Hoang, 2014); good governance, economic reform, and potential impacts of aid (Hoang, 2014); and historical ties and geopolitical considerations (Swiss & Brown, 2015). There have been also empirical research studies on the determinants of aid allocation using a different set of variables. Carment, Samy, and Prest (2008) used authority, legitimacy, and capacity as explanatory variables for aid allocation in fragile situations. They concluded that, “An improvement in capacity is associated with less aid, while an improvement in authority is associated with more aid” (p. 365) and that legitimacy has no impact on aid allocation. They defined authority as “the ability of the state to enact binding legislation over its population and to provide the latter with a stable and safe environment;” legitimacy as “the extent to which the governing regime enjoys public loyalty and support for government legislation and policies along with international recognition of that support;” and capacity as “the power of a state to mobilize public resources for productive uses” (p. 350). To explain aid allocation, Clist (2011) used the 4-P framework (poverty, population, policy, and proximity). Poverty is measured using GDP per capita; population is the country’s population per se; policy is measured using the Freedom Index (focusing on political rights and civil liberties) and the Political Terror Scale (describing the level of terror and absence of the rule of law); and proximity is measured using religion, language, and [former] colony variables. Results show that aid allocation is not sensitive to any particular variable such as poverty or policy, but there is a “substantial and entrenched donor heterogeneity” (Clist, 2011, p. 41). For example, Sweden, Netherlands, and the UK, compared to other donors, focus more on poverty as a basis for aid allocation. Clist (2011) explains that such differences among donors are due to their competing
priorities and donor fragmentation, which can lead to higher transaction costs and greater aid ineffectiveness.

**Table 6.8: Impact of Country Performance and Institutional Assessment (CPIA) On Aid Allocation**

<table>
<thead>
<tr>
<th>Variables Focus: State-Society Resilience</th>
<th>Coefficient (Standard Error)</th>
<th>Adjusted R²</th>
<th>R² Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>6.245 *** (.209)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State-Society Resilience</td>
<td>-.007 * (.003)</td>
<td>.027</td>
<td>.027</td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>.045 (.046)</td>
<td>.047</td>
<td>.000</td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>.213 *** (.057)</td>
<td>.048</td>
<td>.022</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>.419 *** (.083)</td>
<td>.068</td>
<td>.021</td>
</tr>
<tr>
<td>Democracy level</td>
<td>-.039 * (.016)</td>
<td>.070</td>
<td>.003</td>
</tr>
<tr>
<td>CPIA</td>
<td>.329 *** (.089)</td>
<td>.078</td>
<td>.008</td>
</tr>
</tbody>
</table>

Dependent Variable = Aid Allocation

*** = p < .001; ** = p < .01; * = p < .05

The variables determining aid allocation mentioned above overlap and need to be classified in a more systematic way. Due to the differences in the conceptualization of variables, it is difficult to conclude whether the findings of this study (more state-society resilience means more aid allocation) conforms or contradicts the findings of Carment, Samy, and Prest (2008)—more capacity means less aid, and more authority means more aid. As to their definition of capacity, it is subsumed in the governance variable, and authority (based on their definition as having the element of safe and secure environment), under the peacebuilding variable of this study. In Model
4 (Table 6.9), the determining variable in this study, state-society resilience, has been broken down into four elements, which could further shed light on the differences of explanatory variables posited by various scholars.

6.4 Impact of the Levels of Governance, Human Development, Economic Growth, and Peace on Aid Allocation

_Hypotheses:_ Aid tends to increase when a situation exhibits weak government, poor economy, and low human development levels. Aid tends to decrease when a situation is less peaceful.

_Findings:_

The following model subsets were tested separately to determine how the levels of governance, human development, economic growth, and peacefulness affect aid allocation, respectively. (It should be noted that the number of observation cases varies for each model because for every model, a specific number of cases were taken out as these cases are either significant outliers, high leverage points, and/or highly influential points).

a) 1,755 development projects were analyzed to determine whether aid allocations for these projects are affected by a fragile situation’s level of governance;

b) 1,648 projects were tested to know whether aid allocations for these projects are influenced by the situation’s level of human development;

c) 1,687 projects were analyzed to determine how the level of economic growth affects aid allocation for these projects; and

d) 1,203 projects were tested to know how the level of peacefulness affects aid allocation for these projects.

Resilience index scores of the states where the projects were implemented, three years before the project started serve as the predictor (or independent variable)—the year when the funds
have been disbursed as indicated in the agencies’ websites. It is assumed that decisions to allocate the funds are made three years before they are disbursed, since the last three years before funds disbursement would involve reconnaissance and due diligence missions, feasibility studies and risk assessments, project design, and review and approval processes (Interview with ADB staff, May 18-25, 2018).

Model 4 (see Table 6.9) shows statistically significant results—the levels of governance, human development, and peacefulness have strong causal relationship with aid allocation levels. The analysis presents human development as the most significant determining factor for aid flows, followed by peace levels, and then governance levels. Though the relationships are statistically significant, the changes in aid allocation are small: if the state’s governance system is strong, aid tends to decrease by .004; if the state’s human development levels are higher, aid allocations increase by .007; and if the state is more peaceful, aid decreases by .003. The three indicators (levels of governance, human development, and peacefulness), including all the other predictors, account for only 7% to 10% of the variation in aid allocation. The explanatory variables posited by other scholars may largely account for the unknown 90%-93%: changes in government administrations and preferences of influential leaders in fragile states (interview with ADB vice president, May 22, 2018); colonial past and political alliances (Alesina & Dollar, 2000 as cited in Ellison, 2016); absorptive capacity (Hoang, 2014); good governance, economic reform, and potential impacts of aid (Hoang, 2014); historical ties and geopolitical considerations (Swiss & Brown, 2015); authority, legitimacy, and capacity (Carment et al., 2008); and poverty, population, policy, and proximity (Clist, 2011).
Table 6.9: Models 4A, 4B, 4C, and 4D: Impact of the Levels of Governance, Human Development, Economic Growth, and Peace on Aid Allocation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient (Standard Error)</th>
<th>Model 4A</th>
<th>Model 4B</th>
<th>Model 4C</th>
<th>Model 4D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus: Governance, human development, economic, and peace levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>6.686</td>
<td>6.011</td>
<td>6.531</td>
<td>6.947</td>
<td></td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td></td>
<td>(.113)</td>
<td>(.127)</td>
<td>(.196)</td>
<td>(.145)</td>
<td></td>
</tr>
<tr>
<td>Governance Levels</td>
<td>-.004</td>
<td>.007</td>
<td>.001</td>
<td>-.003</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*</td>
<td>***</td>
<td>.(003)</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.002)</td>
<td>(.001)</td>
<td></td>
<td>(.001)</td>
<td></td>
</tr>
<tr>
<td>Human Development Levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peace Levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presence of IDPs due to natural disasters</td>
<td>.057</td>
<td>.090</td>
<td>.059</td>
<td>.012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.043)</td>
<td>*</td>
<td>(.044)</td>
<td>(.058)</td>
<td></td>
</tr>
<tr>
<td>Presence of IDPs due to violent conflict</td>
<td>.084</td>
<td>.184</td>
<td>.137</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.050)</td>
<td>***</td>
<td>**</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>.385</td>
<td>.561</td>
<td>.434</td>
<td>.225</td>
<td></td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.074)</td>
<td>(.085)</td>
<td>(.071)</td>
<td>(.110)</td>
<td></td>
</tr>
<tr>
<td>Democracy level</td>
<td>--</td>
<td>-.008</td>
<td>-.032</td>
<td>-.016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
<td>*</td>
<td>(.015)</td>
<td>(.019)</td>
<td></td>
</tr>
<tr>
<td>World Bank (funding from a global MDB)</td>
<td>.323</td>
<td>.456</td>
<td>.347</td>
<td>.403</td>
<td></td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.046)</td>
<td>(.052)</td>
<td>(.047)</td>
<td>(.060)</td>
<td></td>
</tr>
<tr>
<td>Asian Development Bank, African Development Bank (funding from regional MDBs)</td>
<td>0.226</td>
<td>0.378</td>
<td>0.225</td>
<td>0.235</td>
<td></td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>***</td>
<td>**</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.070)</td>
<td>(.074)</td>
<td>(.072)</td>
<td>(.083)</td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.077</td>
<td>.101</td>
<td>.085</td>
<td>.068</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>1755</td>
<td>1648</td>
<td>1687</td>
<td>1203</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>25.465</td>
<td>27.351</td>
<td>23.448</td>
<td>15.582</td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable = Aid Allocation
*** = p < .001; ** = p < .01; * = p < .05
The results of this study agree with the findings of Carment, Samy, and Prest (2008)—when capacity is strong, less aid is given. This study results suggest that stronger governance means less aid. The case in ARMM also confirms the findings “stronger governance and more peacefulness means less aid”—when the capacity for implementing the peace agreement is greater, wherein the Bangsamoro Organic Law was ratified and the Philippine government is financially and institutionally equipped to execute the law, the World Bank’s level of financing support started to decline. On the other hand, the aid increase when human development levels are higher implies that donors consider people as an important input to driving socio-economic growth of a fragile situation, so that as a country, it is prepared to become part of the economic interdependence of nations (See history of development aid in Chapter 2.2.1).

Further, the p-value in the Model indicates that there is weak evidence on the impact of economic growth on aid allocation; in other words, regardless of whether the economy is strong or weak, aid would continue to flow in fragile situations.

6.5 The Control Variables

Although ethnic fractionalization and democracy levels are control variables, and not really the “main characters in the story,” how they affect resilience and aid allocation is quite interesting. As the degree of ethnic fractionalization increases, resilience decreases by 11.8; Alemu (2016) confirms this in a study on The Impacts of Ethnic, Linguistic and Religious Fractionalization on State Fragility in Africa, using a data set of 43 African countries covering the period 1995-2014. The study finds that “in countries with low level of political right and civil liberty, ethnic, linguistic and religious fractionalization significantly increase the probability of state fragility” (Alemu, 2016, p. 64). The study also implies that the low levels of political right and civil liberty can “exacerbate the negative effects of ethnic, linguistic and religious fractionalization on state
fragility” (Alemu, 2016, p. 64). Bertocchi and Guerzoni (2012) also studied the determinants of fragility in Sub-Saharan Africa using the country policy institutional assessment ratings as a variable for fragility level and some economic, historical, and institutional variables as determinants of fragility. They found that “more fractionalization” is “associated with a higher probability of extreme fragility” (p. 777).

The analysis also shows that a more democratic state is more resilient (as democracy levels get higher, state-society resilience increases by 1.6); and this provides empirical evidence supporting Immanuel Kant’s idea of “perpetual peace,” theorized three centuries ago (in the 1700s). Kant posited that if the form of government “is to be in accordance with the concept of right, the form of government must include a representative system, the only kind of system in which a republican form of government is possible, and without which, the government will be despotic and violent” (Kleingeld et al., 2006, pp. 77-78). To achieve global peace, Kant propositioned international cooperation and universal democracy among states. Two centuries later, Doyle (1986) used Kant’s idea to explain the US behavior toward other countries as liberal internationalism—“liberal states do exercise peaceful restraint, and a separate peace exists among them. This separate peace provides a solid foundation for the United States’ crucial alliances with the liberal powers, e.g., the North Atlantic Treaty Organization and our Japanese alliance” (p. 19). Kant’s “perpetual peace” has spawned the democratic peace theory—“democratic states do not fight with each other (but do fight with non-democracies) because of their distinctive political institutions and propensity to externalize democratic norms” and his concept of “hospitality” and “cosmopolitan right” has further blossomed into economic interdependence (Simpson, 2018, pp. 109, 125). The history of aid (Chapter 2.2.1) shows how development aid has ushered the colonial
era to economic interdependence, and how aid has been used as an instrument to protect national security and at a later period, national economic interests.

Modern scholars argue that democratic states are able to exercise transparency and rule of law, thereby preventing corruption that perpetuates low-quality infrastructures, and in effect loss of human lives are mitigated (Escaleras et al., 2007 as cited in Lin, 2014). A democratic government also provides opportunities for civil society to participate in resilience building and stimulates social spending hence benefitting disadvantaged citizens (Lin, 2014).

Results of the study also show that violent conflict and natural disasters are significant determinants of resilience. Resilience weakens by 9.73 as a result of violent conflict, and by 3.13 as a result of natural disasters (See Table 6.1). Natural disasters can cause mass displacements, destroy infrastructures, disrupt productivity resulting in loss of livelihood, and less access to basic services in fragile situations where the government is incapable of coping with such crisis. Violent conflicts have similar effects, and it also results into poor economic growth “associated with smaller investment, poorer policies, and higher risks of resource misuse” (Lis, 2013, p. 15).

The effects of violent conflict, natural disasters, ethnic fractionalization, and democracy levels on aid flows are all significant. Results show that aid increases when the levels of natural disasters, violent conflict, and ethnic fractionalization rise; while aid decreases when democracy levels are higher. There have been studies that looked into the causal relationship between violent conflict and aid flows (Lis, 2013; Dreher & Fuchs, 2011), between natural disasters and aid flows (Becerra et al., 2014; Robinson et al. 2017), between ethnic fractionalization and aid flows (Nunnenkamp et al., 2017), and between democracy levels and aid flows (Dietrich & Wright 2015; Nunnenkamp et al., 2017).
Results of this study are consistent with the findings of Becerra, Cavello, and Noy (2014) in their examination of the Official Development Assistance in the aftermath of large natural disasters. They find that the “damages caused by the disaster are positively related to subsequent aid inflows, but that higher incomes and higher incomes per capita, ceteris paribus, are associated with lower post-disaster aid flows” (p. 458). Robinson, Oliveira, and Kayden (2017) also find that the UN funding is based on the severity of the impact of natural disaster and where it is needed the most.

On providing aid to conflict-affected situations, Lis (2013) posits that donors have different responses based on their interests and the recipient’s characteristics. Lis disaggregated his research subjects into multilateral and bilateral donors as aid providers, and oil-exporters and non-oil exporters as aid recipients. He found that bilateral aid agencies tend to allocate more aid to non-oil exporters if they experience increasing transnational terrorism; while the multilaterals are not affected by transnational terrorism taking place in non-oil exporting states, but multilateral aid flows “are very strongly affected by armed conflict, with a conflict-affected country likely to see a reduction of around 80 percent in received aid” (p. 14). For oil-exporting aid recipients, “bilateral donors appear to be neutral to terrorism and armed conflict,” while multilateral donors, “free of strategic interests,” are “consistent in their aversion of armed conflict, reducing multilateral aid to an oil exporter by approximately 75 percent; but there is no evidence that they react to terrorism,” according to Lis (2013, p. 15). Dreher and Fuchs (2011), on the other hand, in their research on how the donors of the Development Assistance Committee respond to transnational terrorist incidents, find that “while countries where terror originates are not more likely to receive aid as a consequence, if they are selected, they receive larger aid amounts from the donor hit by the attack” (p. 358).
While results of this study suggest that aid allocation and ethnic fractionalization are significantly related, Nunnenkamp, Ohler, and Andres (2017), in their study on the determinants of aid allocation by the World Bank in selected districts in India, found no evidence that aid allocation is “affected by political patronage at the state or district level” (p. 126). Political patronage is common in societies mired in ethnic fractionalization. In the case of Mindanao, the political compositions of ARMM are either members or supporters of MNLF, who are seated in local government posts. The incoming BARMM (to replace the ARMM) is composed of members and supporters of MILF (the rival group of MNLF), and the MTF-RDP capacity building programs are implicitly aimed at benefitting the MILF group by training their leaders in governance as a preparation for the upcoming BARMM government. While it is not intentional for the MTF-RDP to favor MILF over MNLF, the donors are trapped in that position to help the MILF because of the country partnership strategy agreed by the World Bank and the Philippine government to work together on the peace process with MILF. This implies that the World Bank did not provide aid to favor a political group, but it is only conforming to the larger interests of the state, wherein the state leader drives the peace process.

Dietrich and Wright (2015) highlight studies that link aid and democracy, wherein donors attach “political reform conditions to aid packages” (p. 217), and these conditions are associated with transition to multi-party politics by the recipient country. The merit system or the performance-based allocation also indicates that aid favors the better performers in terms of economic management, social inclusion, governance, and structural policies. Nunnenkamp, Ohler, and Andres (2017) on the other hand, in their study on the World Bank’s aid allocation at the district level in India, find that the evidence on the merit-based allocation is weak.
This study finds that democracy levels are significantly related to aid allocation (with aid allocation decreasing if democracy level is higher). As defined by the Economist Intelligence Unit (2016), countries with high democracy level or “full democracy” have “not only basic political freedoms and civil liberties [that] are respected, but which also tend to be underpinned by a political culture conducive to the flourishing of democracy” (p. 54). In a more democratic environment, decisions whether to get a concessional loan or “aid” from donors are decided by the majority and not only by the state leader. Providing a political space for the civil society to participate in development processes should be a major feature of democracy, and the state should work in collaboration with civil society to achieve national development goals.

This chapter presented the detailed findings on how development aid impacts state-society resilience and how resilience levels affect aid flows in fragile situations. The inter-linkages of the intervening and focus variables were also discussed—how ethnic fractionalization, violent conflict, natural disasters, and democracy levels influence state-society resilience and aid flows—supported by the case of the subnational fragile situation in Mindanao, Philippines. The concluding chapter delves deeper into those inter-linkages, particularly how exclusive aid can exacerbate ethnic fractionalization and, on a positive note, how a more democratic state (particularly empowering the civil society) can reverse the negative impact of aid. Based on this study’s findings that democracy levels can strengthen state-society resilience, the next chapter highlights the importance of tapping into the potential of civil society organizations. With aid for governance and human development strongly linked to resilience, the final chapter also emphasizes the need to move from a hierarchical to concentric approach to development, that is, from a step-by-step process to a targeted approach of aid delivery, where governance and human development are at the heart of resilience building.
CHAPTER 7: CONCLUSION

This study has explored the causality between development aid and state-society resilience in the fragile situations listed in the harmonized list of World Bank, Asian Development Bank, and African Development Bank. Development aid has been categorized into four themes—aid for governance, aid for economic growth, aid for human development, and aid for peacebuilding. To determine the impact of development aid on state-society resilience, aid for each theme was regressed against overall state-society resilience. A composite resilience index was developed, drawn from the scaled and averaged fragile states’ scores in Worldwide Governance Index, Human Development Index, Global Peace Index, and GDP per capita. To identify the impact of resilience on aid flows, the resilience scores for each theme were regressed against aid allocations by project. Violent conflict, natural disasters, ethnic fractionalization, and democracy levels were used as control variables. The elements of development and state-society resilience—governance, human development, economic growth, and peacebuilding—were determined using a cognitive anthropology approach (See Chapter 4.1). Regression analyses were complemented by a case analysis of the link between a ten-year World Bank project (Mindanao Trust Fund-Reconstruction and Development Project or MTF-RDP) and the resilience of the Autonomous Region in Muslim Mindanao (ARMM), a region in the Philippines affected by conflict for more than four decades.

The study finds that the relationship between development aid and state-society resilience are statistically significant; however, the variation in resilience caused by aid is small, compared to the changes caused by natural disasters, violent conflict, ethnic fractionalization, and democracy. Similarly, the variation in aid allocation caused by resilience levels, including the control variables, is also small, and around 90% is caused by some unknown factors. Performance-based allocation was also not a significant contributing factor in aid allocation.
In general, aid can hurt a fragile situation, but not too painfully; and aid flows are associated with resilience, but not always, and not entirely. Factors that significantly weaken resilience are violent conflict, natural disasters, and ethnic fractionalization. Democracy levels prove to be an asset to strengthening resilience. The fragile situation in Mindanao shows that the ten-year MTF-RDP has little impact on the resilience of the Autonomous Region in Muslim Mindanao. The development intervention benefitted 17% of the region’s population, and concentrated in two out of five provinces in ARMM due to political and security reasons. Lanao del Sur and Maguindanao, the two beneficiary provinces, have the highest poverty rates in the country and higher violence levels compared to the similarly fragile ARMM provinces that did not receive aid.

**The Impact of Development Aid on State-Society Resilience**

Overall, development aid causes a decrease in resilience. When development aid is disaggregated, aid levels for governance and human development are significant determinants of state-society resilience, while aid for peacebuilding and economic growth are not related to the resilience levels in fragile situations. Both aid for governance and human development causes a decrease in resilience, though the magnitude of their impact is low. The MTF-RDP built the capacity of the Bangsamoro Development Agency primarily led by the MILF and peoples’ organizations located in MILF camps. Communities in the MILF camps and the indigenous groups in the nearby areas also benefitted from water systems and learning centers, helping them improve their quality of life. However, a major political opponent of MILF, the MNLF, has its own turf and supporters located in other territories not reached by the project. Though there have been some attempts by the World Bank to include the MNLF territories, attempts faced political challenges (such as an MNLF community leader not wanting to be dictated by the MILF-led BDA) and security risks (bombings and abductions), thus the subprojects in MNLF areas were cancelled.
Within the MILF camps, harmonious relationships were built between Muslim and Christian communities; but within ARMM as a whole, hostilities between MNLF and MILF continue, as evidenced by several bombings before the ratification of the Bangsamoro Organic Law intended to legitimize the MILF-led BARMM, replacing the MNLF-led ARMM. Thus, when aid goes to improving governance—where the MTF-RDP unintentionally creates a situation where MNLF would perceive MILF being politically favored (by the government and the World Bank)—political power (which involves access to international and local funds) becomes a coveted commodity. The quest for political power draws the rival ethnic groups to engage in violent conflict or *rido* (See Chapter 5.1), especially during elections and plebiscites. Governance interventions and trust and confidence between the government and the Moro-Muslim communities (highly influenced by either MNLF or MILF) are undermined, leading to a further decline in state-society resilience.

A study by International Alert (2018) finds that it is not only political factors that greatly contribute to violent conflict in ARMM but equally the shadow economy issues (illegal businesses) and identity issues (See Chapter 5.4 and Figure 5.16). Violent clan wars revolve around political, shadow economy, and identity issues (Torres, 2007). Thus, the MTF-RDP case in ARMM shows that aid can hurt the already fragile situation, but not to the extent as ethnic fractionalization (see Table 6.3).

High democracy levels also contribute to resilience (see Tables 6.1, 6.3-6.6); however, low levels of democracy may not be directly affecting fragility, but a less democratic environment provides opportunities for corruption due to lack of transparency and weak rule of law. The direct causes of fragility in ARMM—shadow economy issues, identity issues, common crimes, political issues, resource issues, and governance issues (International Alert (2018), and *rido* (Torres,
are perpetuated by the weak rule of law, inadequate exercise of civil liberties to hold the
government accountable, and less or lack of welfare fund allocation for vulnerable citizens.
Moreover, a more democratic state provides opportunity for civil society to participate in resilience
building (Lin, 2014). Anheier, Lang, and Toepler (2019) highlight the importance of civil society
as “the arena of self-organizations of citizens and established interests seeking voice and
influence,” and it has the potential to peacefully settle diverse private and public interests (p. 2).
The civil society has played an important role in the Mindanao peace process whereby women’s
organizations influenced both the government and MILF to restore peace negotiations, and the
local grassroots helped monitor ceasefire mechanisms, provide relief services to internally
displaced people, and seek justice for the victims of war crimes.

This study shows that there is no causal relationship between state-society resilience and
aid for economic growth and peacebuilding. Peacebuilding programs mostly involve recovery and
rehabilitation and may not have that significant impact on building resilience, but more on helping
the state and society get back on their feet, rather than helping them withstand potential fragility
and conflict risks. The MTF-RDP has provided the largest funds for economic growth purposes
such as livelihood skills and farm-to-market roads. However, only 17% of the ARMM population
benefitted from the project, and within that population, the local market economy is limited and
not connected to larger national and international markets. The goods produced by small local
farmers are not able to compete with those from bigger entrepreneurs due to low quality products,
insufficient production capacity, and lack of access to a market already saturated by more powerful
and more resource-capable industry players.
The Impact of State-Society Resilience Levels on Aid Flows

This study finds that greater state-society resilience is indicative of more aid flows into fragile situations. However, when resilience is disaggregated, aid decreases with higher governance and peace levels, but aid increases when human development levels are high; and economic growth is not causally linked with aid flows.

The history of the peace process between the Philippine government and the MILF shows that when there is a promise of peace (that was when the Philippine president brokered peace with MILF), aid increases; but when violent conflict heightens, aid flows start to curb—and this is also demonstrated by the cancellation of the MTF-RDP subprojects in the conflict-affected provinces in ARMM; and when peace is solidified, when there is concrete evidence of conflict resolution (such as the passing of the Bangsamoro Organic Law), aid significantly decreases. The Philippines, as a middle-income country, has funds for the socio-economic development of the subnational fragile situation in Mindanao. However, due to the history of plunder and corruption committed by MNLF leaders seated as governors and mayors in ARMM, the government hesitates to release its national budget, and chooses to rely from international aid (which is in the form of grants). With a new set of political entities (the MILF) to seat in the new ARMM (now BARMM), and with the enactment of the Bangsamoro Organic Law, which provides for a huge fund from the national budget (5% annual block grant, 75% share from taxes, and PhP5 billion annually for ten years) (see Chapter 5.1), international aid is obviously no longer needed.

Moreover, when the population has a healthy and educated workforce—as results of this study suggests—donors tend to provide more aid, with the underlying interest to invest in people who can provide goods and services in the process of natural resources/raw materials extraction,
which in turn fuels the international market economy and the further industrialization of donor countries.

The magnitude of the impact of state-society resilience levels on aid flows is weak, and study results show that there are other factors that can influence aid flows, such as violent conflict, natural disasters, ethnic fractionalization, and democracy levels. There are other studies suggesting that violent conflict, natural disasters, and democracy levels are related to aid flow. Donors allocate aid based on the severity of natural disasters (Robinson et al., 2017); aid flows on conflict-affected situations are based on the donors’ interests and the recipients’ characteristics (i.e., whether the donor seeks to combat terrorism and whether the recipient is an oil or non-oil exporter) (Lis, 2013); Dietrich and Wright (2015) posits that democratic reforms are sometimes attached to aid packages, while Nunnenkamp, Ohler, and Andres (2017) find that the evidence for a merit-based allocation is weak. Moreover, Nunnenkamp, Ohler, and Andres (2017) conclude that there is no evidence that aid flow is attached to political patronage, which is common in societies mired in ethnic fractionalization. The differences of views from these studies suggest that there are various conditions (and that each of these conditions is unique) that dictate aid flows in fragile situations, not only on the part of recipients but also of donors—and this is shown by the World Bank project in ARMM that has provided aid interventions in MILF territories, and not in MNLF territories. The World Bank, the one administering the pool of funds from various donor countries, is trapped with the country partnership strategy signed with the Philippine government, which aims to build confidence and trust with the MILF by providing socio-economic development programs in Moro-Muslim communities in ARMM (regardless of whether they are MILF or MNLF territories). However, the local political situation made it difficult for the project to reach the MNLF territories as the project is identified with MILF with whom the MNLF is hostile.
The Concentric Model of Development: A Proposed Development Framework to Build State-Society Resilience

This study has so far discussed how aid has affected state-society resilience in a fragile situation and how resilience levels impacted aid flows. Though aid for governance and human development, and aid as whole, causes a slight decrease in state-society resilience, this study does not imply that aid support for fragile situations should stop. The hierarchical regression analysis findings show greater attribution of weak state-society resilience to violent conflict, ethnic fractionalization, and natural disasters combined, than to development aid; and that aid exacerbates ethnic fractionalization due to lack of inclusiveness, as demonstrated by the Mindanao case. This scenario implies that aid is not the root cause of fragility, and it is possible to reverse the slight negative impact of aid on resilience if the aid system is enhanced. This study therefore proposes a new framework for building state-society resilience in fragile situations—the concentric model of development.

The current approach in aid delivery is hierarchical (See Chapter 4.1.5 and Figure 4.2), whereby peace and security is at the bottom of the pyramid, followed by good governance (functioning public sector and strong institutions), then by human development (healthy, educated people and sustainable environment), and at the top is economic growth (infrastructures, banking and trade). It is also widely recognized by donors that peace should be a prerequisite to development, and development is also required to achieve peace—as pointed out by UN Deputy Secretary General Jan Eliasson in one of his speeches—“there is no peace without development, there is no development without peace” (Brookings, 2013). Peace and security at the bottom of the pyramid means that it is the foundation for all other development interventions. Even if conflict remains unresolved, there has to be at least an ongoing peace process, which may include negotiations between warring parties, ceasefire mechanisms, and UN peacekeeping forces.
Discussions and agreements among donors and recipients over the last decade have highlighted the importance of statebuilding in the development agenda, which include strengthening of public institutions and country ownership (See Chapter 2.2.2). Hence governance improvement, following the establishment of peace and security, is recognized recently as an important catalyst to human development, and finally to economic growth.

Results of this study show that aid for governance and human development have causal relationship with state-society resilience while aid for peacebuilding and aid for economic growth are not causally connected to resilience. These findings imply the importance of focusing on governance and human development, as aid for these types of interventions (as evidenced by this study) can influence state-society resilience. Though the influence of aid for governance and human development is a slight decrease in resilience, this does not mean that aid for such type of interventions should be eliminated; instead how aid is delivered should be revisited and the system for aid delivery should be reconstructed.

This study therefore proposes a new development framework, which is not hierarchical in nature, but a ‘ripple-effect’ model whereby aid for governance to strengthen the state and aid for human development to strengthen the society are at the core of the concentric model of development. Since aid for peace and economic growth has no influence on state-society resilience, peace and economic growth should be outside of the core. Unlike the hierarchical model, which is linear in nature, where each development intervention progresses from one stage to another, the concentric model allows for feedback and interaction between development interventions. With governance and human development at the core of the development model, both interventions complement each other to achieve peace and economic growth. With peace and
economic growth at the outer layers of the circle, they foster better governance and enhance human development.

In practical terms, the hierarchical approach creates aid modalities, conditionality or strings attached to aid (see Chapter 2.2.1). For example, a state is required by donors to adopt democratic reforms before aid is given; and in another instance, there has to be a peace process in place before the provision of development aid. This scenario reflects the findings of this study that more resilient situations receive more aid. The concentric model, on the other hand, implies that regardless of whether the situation is peaceful or not, or whether there are strong institutions in place or none, development interventions are possible by first targeting governance and human development.

This study posits that the main target of aid should be governance and human development, for these interventions have influence on state-society resilience—which then could create a ripple-effect to peace and security and economic growth, and eventually to sustainable peace and sustainable economic growth (Figure 7.1). In this model, both good governance and human development should be targeted at the same time. This also bears the concept of state-society relations whereby development aid should create an environment for the two actors to be accountable to each other. The Department for International Development (DFID) defines state-society relations as

“Interactions between state institutions and societal groups to negotiate how public authority is exercised and how it can be influenced by people. They are focused on issues such as defining the mutual rights and obligations of state and society, negotiating how public resources should be allocated and establishing different modes of representation and accountability” (DFID, 2010 as cited in Haider & Mcloughlin, 2016, p. 3).
To achieve the goals of sustainable development, the state and the society are not to act individually, but in synergy. Synergy involves collaboration between the state and society, whose combined effects are greater than the sum of their individual effects. The state performs its functions of providing basic services and ensuring that citizens’ political and civil rights are exercised; while the society adheres to the laws and participate in political and development processes.

![Figure 7.1: The Concentric Model - The Proposed Development Framework](image)

The use of aid for governance and human development as catalyst to peace and economic growth is demonstrated by the experience of Singapore, a small island in East Asia. Through governance improvement and people empowerment, Singapore, leaped from extreme poverty to an unprecedented economic growth, even in the absence of natural resources. In the 1960s, Singapore was seen as a hopeless case by the global community, because of the presence of communist movement that controlled the trade unions; endemic corruption; high unemployment rates; and poor infrastructures, water supply, and sanitation. Under the leadership of Lee Kuan
Yew, Singapore transformed into a global economic power. Ever since, Singapore has maintained its high economic status and peacefulness. In 2019, Singapore ranked the 7th most peaceful country (IEP, 2019), and was projected by IMF (2018) to gain the fourth highest GDP per capita in the world for the period 2019-2023. During its fragile times, Singapore borrowed soft loans from the World Bank and used them to curb corruption and establish strong institutions to provide the basic services for the citizens, equip workers with technical and management skills, and attract foreign investors. In their book Fixing Failed States, Ghani and Lockhart (2008) note, “Lee Kuan Yew and his colleagues explicitly rejected this seductive model of sliding into addiction to foreign help. The goal from the beginning was the short-term use of aid, which moved toward an eventual break with the need for such assistance” (Kindle edition). Singapore’s strategy was channeling aid to strengthen the state and its people, so that the country could attract foreign investors, until it became self-sufficient without having to borrow money from the richer countries to achieve its development goals.

**Empowering the Civil Society Organizations**

Not all states with fragile situations, however, have a leader like Lee Kuan Yew who has a clear vision and effective leadership. In the absence of such type of leadership, the synergy between the state and the society should be tapped. In fragile situations, where governance capacity and public institutions are weak, and the state may have not gained the trust and confidence of the citizens, civil society organizations (CSOs) play a pivotal role in getting the state and citizens to work together (Anheier et al., 2019). CSOs are seen as gaining more trust from the citizens than public agencies, and they are “central to building, maintaining, and rebuilding social cohesion” (Anheier et al., 2019, p. 2). CSOs also tend to be more innovative than government agencies due to their small-scale operations compared to the government’s bureaucratic system. Because of their
proximity to the communities affected, they are able to apply creative solutions (Anheier et al., 2019).

Given that CSOs are agents for social cohesion (Anheier et al., 2019), and in view of this study’s findings that conflict and ethnic fractionalization have the greatest impact on deteriorating state-society resilience, CSOs should be utilized in aid design and delivery in fragile situations. Moreover, the study’s findings that democracy has a positive effect on state-society resilience reflect the effectiveness of engaging the society, represented by CSOs, toward achieving development goals. The state should provide a legitimate opportunity for CSOs to represent different societal groups and citizens in development processes. This is not to undermine the legitimacy of the state, but to establish a partnership between the state and society in development efforts. Donor agencies should not only provide capacity building for government institutions but also for the CSOs, which are apolitical and have considerable experience with the local communities. Many local CSOs in fragile situations do not have the capacity required by international aid agencies to get them engaged in development work. International aid agencies, such as WB and ADB, require proven technical, managerial, administrative, and financial capacity of CSOs to design and implement development projects. Thus, the institutional capacities of local CSOs have to be built so that they can design, implement, and evaluate development projects.

Donor agencies use international non-government organizations (INGOs) in implementing development projects related to research, community consultation, capacity building, and monitoring and evaluation. INGOs are engaged either through consulting/contracting mechanisms or through partnerships where the INGOs provide counterpart funding. INGOs are also required to work with relevant local CSOs. There have been capacity building programs for local CSOs, but they are quite limited compared to the capacity building programs given for public institutions.
Local CSOs receive sporadic training through their involvement with the INGO projects contracted with the donor agencies. In some instances, they participate in a one-time event of planning the national development strategy with donors and governments. This study therefore recommends for donor agencies to create a mechanism whereby the CSOs can be actively engaged in development processes—from country-level strategic planning, to program design, implementation and evaluation. For the CSOs to work with the state in delivering aid for governance and human development, the following actions are proposed:

1. Map out the civil society organizations, including faith-based organizations (FBOs), working in fragile situations. Research should be carried out on the existing CSOs, their affiliations, sources of funds, purpose, ideologies and motivations, values, approaches, and capabilities.

2. Establish a regulatory body for CSOs whose functions will be to facilitate the registration, capacity building, mobilization, and monitoring of CSOs. In the case of the Philippines, after martial law, the Constitution has provided participatory mechanisms for people to raise their voices, and as a result, many CSOs have sprouted. A collaboration between the Philippine government and some large NGOs in the country led to the establishment of the Philippine Council for NGO Certification (PCNC) that certify the legitimacy, accountability, and transparency of NGOs (PCNC, n.d.). However, the PCNC’s role is limited to certification of NGOs that receive donations and distribute these to the underprivileged Filipinos. The same type of institution can be established in fragile situations, but with the expanded role of building the
capacity of the local CSOs in collaboration with donor agencies and the government.

3. Explore mechanisms to channel aid funds directly to CSOs. Under the MTF-RDP, the World Bank piloted a financing mechanism whereby an INGO and a local NGO manage the development funds, as opposed to the traditional approach of channeling funds through national and local government bodies (World Bank, 2018-b). As the case analysis found, this approach has been effective in promoting transparency and accountability in the procurement of goods and services, in enabling the communities to actively participate and gain ownership in the implementation of local development programs, and in creating trust and confidence between the local government and the local communities in ARMM. This case is a subnational fragile situation and can be tested and/or replicated at the national-level fragile situation.

4. Pilot development programs in selected countries, whereby state institutions and CSOs work in partnership in designing and implementing governance and human development related initiatives, such as public sector reforms, policy reforms, health, education, child protection, and social security. The programs should adopt a special financing mechanism for CSOs as discussed in Item 3.

5. Replicate the successful programs in other fragile situations. Best practices and lessons learned should be captured in the course of implementing the pilot programs.

As to the type of development programs on governance and human development, it will depend on the needs of a fragile situation. The local CSOs have greater knowledge and deeper
understanding of the local context, and they can significantly contribute to political economy analyses, fragility and risk assessments, and participatory consultations that should be conducted prior to designing and implementing development programs. Moreover, academe has a role to play in educating development policymakers and practitioners by providing knowledge based on anthropological approaches, exploring the detailed dynamics among ethnic groups, between the central and local governments, and between donors and recipient governments. Mechanisms should be in place to link academic recommendations with development policy making and operations. For example, instead of PhD students producing dissertation research that is rarely or never used for policy making, the MDBs, the bilateral agencies, and the UN organizations could link up with universities to sponsor development research, particularly on the local political economy contexts of the fragile situations the MDBs are engaging with.

For Future Research

The fragile situation in Mindanao, Philippines is just one of the many unique contexts that calls for a deeper knowledge and understanding when designing and implementing development interventions. Further research should be done on the different types of fragile situations, what type of intervention is needed and how that type of intervention should be implemented in a particular social and political context. Interventions should be customized based on the social context, which may include cultures, religions, and traditions; and the political context, which may involve local laws, policies, and ideologies. Both the social and political contexts also define how individuals and groups of people interact with each other, and how they interact with the legitimate and non-legitimate institutions surrounding them. Moreover, the MTF-RDP has some tangible positive impact on the lives of the few populations
in the Moro-Muslim region (ARMM). If the project has some negative impact, as this study’s results have shown, such impact is covert and would require further research.

Another interesting area to study is the relationship between development aid and ethnic fractionalization—does aid worsen a highly fractionalized society or does it help build social cohesion? The implementation of MTF-RDP in ARMM has shown some evidences that aid can help build social cohesion within a territory with similar ethnicities, but not in the entire region affected by conflict. Whether such a phenomenon is true for other fragile situations should be explored. On the other hand, given the history of distrust between the Christian-dominated national government (that has legitimate authority over aid distribution) and the Muslim-dominated ARMM, religious and ethnic fractionalization could have either correlation or causation with aid allocation in the subnational fragile situation in ARMM, and this is something that should be explored.

This study has also investigated how donors behave in fragile situations in terms of aid allocation. Results indicate that state-society resilience in general, and governance, human development, and peace levels in particular, account for around 10% variation in aid flows; and unknown factors account for around 90%. This study also tested the influence of the performance-based allocation and found that this only contributes a small variation in aid flows. The 90% unknown factors should be further investigated and this may include changes in government administrations and preferences of influential leaders in fragile states (interview with ADB vice president, May 22, 2018); colonial past and political alliances (Alesina & Dollar, 2000 as cited in Ellison 2016); absorptive capacity (Hoang, 2014); good governance, economic reform, and potential impacts of aid (Hoang, 2014); historical ties and geopolitical considerations (Swiss &
Brown, 2015); authority, legitimacy, and capacity (Carment et al. 2008); and poverty, population, policy, and proximity (Clist, 2011).

As to the reason why fragile states become aid dependent and remain in the list of fragile situations also calls for more research. The protracted fragility and aid dependence could be correlated, and both could be attributed to the following factors: (1) frequent changes in government administrations as a result of political instability, wherein development priority changes along with the administration changes; (2) development program designs that did not take into account the social and political context, which may result to exclusiveness of aid benefits and pose conflict risks to the already fragile situation; and (3) aid modalities and conditionality (i.e., repayment of loan within a short time period) that put pressure to both the recipient governments and donors to rush the approval, design, and implementation of development interventions—which may result in inefficient and ineffective delivery of aid. These are not an exhaustive list; each fragile situation should be investigated inductively, why they are aid dependent and why they have not moved out of the fragile situations list despite a consistent flow of aid in their countries. Further, state leaders decide whether they get development assistance, and what influences them or how they are influenced, either by donors’ interests or pressure from the constituents (or lack thereof), is something that can be further investigated. Donor countries’ trade and financing policies should also be investigated whether they affect aid dependence.

Lastly, if the goal is development and resilience, there has to be a consensus on these concepts, how do we flesh them out, and what are the dynamics and relationships among the disaggregated elements of development and resilience. This study has started the typology of resilience and development using a cognitive anthropology approach and it calls for a more
rigorous exploration of the elements of governance, economic growth, human development, and peace and how they can build state-society resilience. What makes up good governance, economic growth, human development, and peace should be defined based on the perspective of the citizens experiencing fragility; and as emphasized earlier, fragile situations have their own unique characteristics, therefore citizens from each fragile situation may have varying concepts and definitions of these themes. It is possible that citizens in fragile situations may have a different view of what it means to experience good governance, economic growth, human development, and peace compared to the citizens living in non-fragile situations, especially those from wealthy nations. Conducting quantitative and qualitative research in each fragile situation to define these elements of development and identify how each of these elements can build resilience consequently would give a voice to the citizens in fragile situations, and tapping the knowledge of these citizens who experience fragility themselves may create new approaches and strategies to build state-society resilience.
Appendix 1: World Bank’s Harmonized List of Fragile Situations (2006-2018)

Note: Those with asterisks (*) are the states that received funding from the MDBs during 2006-2018—the study’s sample population. Harmonized list means the country policy and institutional assessment scores given by World Bank, African Development Bank, and Asian Development Bank are averaged to identify the fragile situations. A country is identified as fragile if it has a score of 3.2 or less in the country policy and institutional assessment, or the presence of a UN and/or regional peacekeeping or peacebuilding mission during the past three years.

IDA Eligible

1. Afghanistan *
2. Angola *
3. Burundi *
4. Cambodia *
5. Cameroon
6. Central African Republic *
7. Chad *
8. Comoros *
9. Congo, Democratic Republic *
10. Congo, Republic *
11. Côte d'Ivoire *
12. Djibouti *
13. Eritrea *
14. Gambia, The *
15. Guinea *
16. Guinea Bissau *
17. Haiti *
18. Kiribati
19. Kosovo *
20. Lao, PDR *
21. Liberia *
22. Madagascar
23. Malawi
24. Mali
25. Marshall Islands
26. Mauritania
27. Micronesia, Federates States
28. Mozambique
29. Myanmar *
30. Nepal
31. Nigeria *
32. Papua New Guinea *
33. Sao Tome and Principe *
34. Sierra Leone *
35. Solomon Islands *
<table>
<thead>
<tr>
<th>Number</th>
<th>Country</th>
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<tbody>
<tr>
<td>36.</td>
<td>Somalia *</td>
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<td>37.</td>
<td>South Sudan</td>
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<td>38.</td>
<td>Sudan *</td>
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<td>39.</td>
<td>Syria</td>
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<td>40.</td>
<td>Tajikistan *</td>
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<td>Tonga *</td>
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<td>Tuvalu</td>
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<td>44.</td>
<td>Vanuatu *</td>
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<td>45.</td>
<td>Yemen, Republic</td>
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<td>46.</td>
<td>Uzbekistan *</td>
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<td></td>
<td><strong>Territories</strong></td>
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<td>47.</td>
<td>West Bank and Gaza *</td>
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<td>48.</td>
<td>Western Sahara</td>
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<td></td>
<td><strong>Blend</strong></td>
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<td>49.</td>
<td>Georgia</td>
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<td>50.</td>
<td>Timor-Leste *</td>
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<td>51.</td>
<td>Zimbabwe *</td>
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<tr>
<td></td>
<td><strong>IBRD Only</strong></td>
</tr>
<tr>
<td>52.</td>
<td>Bosnia and Herzegovina</td>
</tr>
<tr>
<td>53.</td>
<td>Iraq</td>
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<td>54.</td>
<td>Lebanon</td>
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<td>55.</td>
<td>Libya</td>
</tr>
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</table>

IDA = International Development Association  
IBRD = International Bank for Reconstruction and Development

(The researcher consolidated the 2006-2018 lists of fragile situations from this site)
Appendix 2: Summary of Pile Sort Workshop with Six Policy Experts

In lieu of the Institutional Review Board policy, the names of the participants were not indicated below to observe anonymity and confidentiality. The following are how each of the six participants categorized the 26 concepts presented in Table 4.2.

**Participant 1: Director**

ECONOMIC/PRODUCTIVE SECTORS (core operations)

1. Agriculture (development of value rice chains, agriculture market infrastructure project) – 45
2. Infrastructure development (energy, water, transport, ICT) - 135
3. Urban development and poverty reduction (urban roads improvement, support for young entrepreneurs and urban job creation) 26
4. Rural infrastructure development (rural roads rehabilitation, rural electrification) - 17
5. Climate proofing/climate resilience (e.g., climate resilient transport, catastrophe insurance) – 5

RESEARCH (cuts across interventions)

ENABLER OF INCLUSIVENESS

1. Gender equality (e.g., protection from gender-based violence, economic empowerment for women) – 9
2. Support to NGOs (Support to NGO Network) - 1
3. Private sector development (strengthening the competitiveness of the industrial sector) - 15
4. Social security (pension, safety nets) - 2
5. Child protection (disarmament, demobilization and reintegration of child ex-combatants; street children project) - 5
6. Community participation (participatory rural development) - 2
7. Community empowerment (microfinance, rural finance expansion, livelihood and skills program for the youth, household development) – 60

ENABLING ENVIRONMENT

1. Education (strengthening higher education, education sector reconstruction) – 30
2. Health (health sector development support, multisectoral HIV/AIDS) - 32
3. Environmental sustainability (coastal resources co-management, forest and nature conservation, biodiversity management) - 25
BASIC NEED/FOUNDATION FOR DEVELOPMENT

1. Physical security (security plan for project implementation) – 1
2. Recovery from conflict (disarmament, demobilization, and reintegration; sexual and reproductive health and rights of war-affected youth; integration of returning refugees and displaced persons) - 20
3. Support to peace process (national solidarity program) - 5
4. Support to peacebuilding strategy (National Framework Peacebuilding, Peacebuilding for Development) – 2

GOOD GOVERNANCE/INSTITUTIONS (centralized responsibility)

1. Support to development strategy (national development strategy, poverty reduction strategy) – 13
2. Economic and financial policy management and reforms (e.g., debt reduction, improving business climate, economic diversification) - 63
3. Institutional capacity building (customs and trade, results facility, statistics, civil registry, mineral sector - 50
4. Public sector reforms (judicial reform, decentralization, privatization of state-owned enterprises) - 23
5. Governance, transparency and accountability (Extractive industries transparency initiative, strengthening governance [civil service reform and accountability]) - 50
6. Crisis response and recovery (food crisis, financial crisis, avian flu, disaster risk management and reconstruction, sanitation and supply) - 51

Participant 2: Economist

INFRASTRUCTURE (hard sector)

1. Climate proofing/climate resilience (e.g., climate resilient transport, catastrophe insurance) – 5
2. Infrastructure development (energy, water, transport, ICT) – 135
3. Urban development and poverty reduction (urban roads improvement, support for young entrepreneurs and urban job creation) 26

GREEN/RURAL/AGRICULTURE

1. Agriculture (development of value rice chains, agriculture market infrastructure project) – 45
2. Rural infrastructure development (rural roads rehabilitation, rural electrification) - 17
3. Environmental sustainability (coastal resources co-management, forest and nature conservation, biodiversity management) - 25

SOCIAL DEVELOPMENT

1. Health (health sector development support, multisectoral HIV/AIDS) – 32
2. Education (strengthening higher education, education sector reconstruction) - 30
3. Community participation (participatory rural development) - 2
4. Research (financial competency study, project preparatory studies, demographic health survey) - 7
5. Social security (pension, safety nets) - 2
6. Community empowerment (microfinance, rural finance expansion, livelihood and skills program for the youth, household development) - 60
7. Child protection (disarmament, demobilization and reintegration of child ex-combatants; street children project) - 5
8. Gender equality (e.g., protection from gender-based violence, economic empowerment for women) - 9

PUBLIC SECTOR DEVELOPMENT/GOVERNANCE

1. Institutional capacity building (customs and trade, results facility, statistics, civil registry, mineral sector – 50
2. Public sector reforms (judicial reform, decentralization, privatization of state-owned enterprises) – 23
3. Governance, transparency and accountability (Extractive industries transparency initiative, strengthening governance [civil service reform and accountability]) - 50
4. Support to NGOs (Support to NGO Network) – 1
5. Support to development strategy (national development strategy, poverty reduction strategy) – 13

PRIVATE SECTOR DEVELOPMENT

1. Private sector development (strengthening the competitiveness of the industrial sector) – 15
2. Economic and financial policy management and reforms (e.g., debt reduction, improving business climate, economic diversification) – 63

FRAGILE AND CONFLICT-AFFECTED SITUATIONS RECOVERY

1. Support to peacebuilding strategy (National Framework Peacebuilding, Peacebuilding for Development) – 2
2. Physical security (security plan for project implementation) - 1
3. Crisis response and recovery (food crisis, financial crisis, avian flu, disaster risk management and reconstruction, sanitation and supply) - 51
4. Support to peace process (national solidarity program) - 5
5. Recovery from conflict (disarmament, demobilization, and reintegration; sexual and reproductive health and rights of war-affected youth; integration of returning refugees and displaced persons) - 20
Participant 3: Deputy Director General

EXANTE CONFLICT/NATURAL DISASTERS (It includes preparedness, responsiveness, measures within a national development strategy, research to support that effort)

1. Climate proofing/climate resilience (e.g., climate resilient transport, catastrophe insurance) - 5
2. Crisis response and recovery (food crisis, financial crisis, avian flu, disaster risk management and reconstruction, sanitation and supply) - 51
3. Recovery from conflict (disarmament, demobilization, and reintegration; sexual and reproductive health and rights of war-affected youth; integration of returning refugees and displaced persons) - 20
4. Research (financial competency study, project preparatory studies, demographic health survey) - 7

COMMUNITY

1. Community empowerment (microfinance, rural finance expansion, livelihood and skills program for the youth, household development) - 60
2. Community participation (participatory rural development) – 2
3. Support to NGOs (Support to NGO Network) - 1

PRIORITY AREAS/ HARD INFRASTRUCTURE

1. Rural infrastructure development (rural roads rehabilitation, rural electrification) – 17
2. Infrastructure development (energy, water, transport, ICT) - 135
3. Environmental sustainability (coastal resources co-management, forest and nature conservation, biodiversity management) - 25
4. Agriculture (development of value rice chains, agriculture market infrastructure project) - 45
5. Physical security (security plan for project implementation) - 1
6. Urban development and poverty reduction (urban roads improvement, support for young entrepreneurs and urban job creation) - 26
7. Private sector development (strengthening the competitiveness of the industrial sector) - 15

HUMAN CAPITAL (soft sector)

1. Education (strengthening higher education, education sector reconstruction) – 30
2. Gender equality (e.g., protection from gender-based violence, economic empowerment for women) - 9
3. Health (health sector development support, multisectoral HIV/AIDS) – 32
4. Child protection (disarmament, demobilization and reintegration of child ex-combatants; street children project) - 5
STRENGTHENING RESILIENCE

1. Economic and financial policy management and reforms (e.g., debt reduction, improving business climate, economic diversification) - 63
2. Governance, transparency and accountability (Extractive industries transparency initiative, strengthening governance [civil service reform and accountability]) - 50
3. Social security (pension, safety nets) - 2
4. Support to development strategy (national development strategy, poverty reduction strategy) - 13
5. Support to peace process (national solidarity program) - 5
6. Support to peacebuilding strategy (National Framework Peacebuilding, Peacebuilding for Development) - 2
7. Institutional capacity building (customs and trade, results facility, statistics, civil registry, mineral sector - 50
8. Public sector reforms (judicial reform, decentralization, privatization of state-owned enterprises) - 23

Participant 4: Senior Adviser to the President

GOVERNANCE AND INSTITUTIONS

1. Institutional capacity building (customs and trade, results facility, statistics, civil registry, mineral sector – 50
2. Research (financial competency study, project preparatory studies, demographic health survey) - 7
3. Governance, transparency and accountability (Extractive industries transparency initiative, strengthening governance [civil service reform and accountability]) - 50
4. Public sector reforms (judicial reform, decentralization, privatization of state-owned enterprises) - 23

LONG-TERM DEVELOPMENT STRATEGIES

1. Private sector development (strengthening the competitiveness of the industrial sector) – 15
2. Agriculture (development of value rice chains, agriculture market infrastructure project) - 45
3. Urban development and poverty reduction (urban roads improvement, support for young entrepreneurs and urban job creation) 26
4. Support to development strategy (national development strategy, poverty reduction strategy) - 13

CONFLICT AND RECOVERY

1. Crisis response and recovery (food crisis, financial crisis, avian flu, disaster risk management and reconstruction, sanitation and supply) – 51
2. Recovery from conflict (disarmament, demobilization, and reintegration; sexual and reproductive health and rights of war-affected youth; integration of returning refugees and displaced persons) - 20

ENVIRONMENT

1. Environmental sustainability (coastal resources co-management, forest and nature conservation, biodiversity management) – 25
2. Climate proofing/climate resilience (e.g., climate resilient transport, catastrophe insurance) - 5

PEACEBUILDING (long-term process, cuts across)

1. Support to peace process (national solidarity program) - 5
2. Support to peacebuilding strategy (National Framework Peacebuilding, Peacebuilding for Development) - 2

IMMEDIATE ECONOMIC ACTIVITIES

Social

1. Health (health sector development support, multisectoral HIV/AIDS) – 32
2. Education (strengthening higher education, education sector reconstruction) – 30
3. Child protection (disarmament, demobilization and reintegration of child ex-combatants; street children project) – 5
4. Gender equality (e.g., protection from gender-based violence, economic empowerment for women) – 9
5. Social security (pension, safety nets) – 2

Economic

1. Rural infrastructure development (rural roads rehabilitation, rural electrification) – 17
2. Economic and financial policy management and reforms (e.g., debt reduction, improving business climate, economic diversification) - 63
3. Infrastructure development (energy, water, transport, ICT) - 135
4. Physical security (security plan for project implementation) - 1

Connectivity

1. Community participation (participatory rural development) – 2
2. Support to NGOs (Support to NGO Network) - 1
3. Community empowerment (microfinance, rural finance expansion, livelihood and skills program for the youth, household development) - 60
Participant 5: Focal Point for Fragile and Conflict-Affected Situations

COMMUNITY PARTICIPATION

1. Community empowerment (microfinance, rural finance expansion, livelihood and skills program for the youth, household development) - 60
2. Community participation (participatory rural development) - 2

CAPACITY BUILDING/REFORMS

1. Private sector development (strengthening the competitiveness of the industrial sector) – 15
2. Institutional capacity building (customs and trade, results facility, statistics, civil registry, mineral sector - 50
3. Support to development strategy (national development strategy, poverty reduction strategy) - 13
4. Governance, transparency and accountability (Extractive industries transparency initiative, strengthening governance [civil service reform and accountability]) - 50
5. Public sector reforms (judicial reform, decentralization, privatization of state-owned enterprises) - 23
6. Economic and financial policy management and reforms (e.g., debt reduction, improving business climate, economic diversification) - 63

CONFLICT/POST-CONFLICT INTERVENTIONS

1. Support to peacebuilding strategy (National Framework Peacebuilding, Peacebuilding for Development) – 2
2. Recovery from conflict (disarmament, demobilization, and reintegration; sexual and reproductive health and rights of war-affected youth; integration of returning refugees and displaced persons) – 20
3. Support to peace process (national solidarity program) – 5
4. Physical security (security plan for project implementation) – 1
5. Child protection (disarmament, demobilization and reintegration of child ex-combatants; street children project) – 5

NORMAL INTERVENTIONS

1. Infrastructure development (energy, water, transport, ICT) – 135
2. Rural infrastructure development (rural roads rehabilitation, rural electrification) – 17
3. Urban development and poverty reduction (urban roads improvement, support for young entrepreneurs and urban job creation) 26
4. Agriculture (development of value rice chains, agriculture market infrastructure project) – 45
VULNERABILITY TO CLIMATE CHANGE

1. Environmental sustainability (coastal resources co-management, forest and nature conservation, biodiversity management) – 25
2. Climate proofing/climate resilience (e.g., climate resilient transport, catastrophe insurance) - 5

SOCIAL SECTOR INTERVENTIONS

1. Gender equality (e.g., protection from gender-based violence, economic empowerment for women) – 9
2. Education (strengthening higher education, education sector reconstruction) – 30
3. Social security (pension, safety nets) – 2
4. Health (health sector development support, multisectoral HIV/AIDS) - 32

STAND ALONE

1. Research
2. Crisis response
3. Support to NGOs

Participant 6: Vice-President for Operations
### Appendix 3: Similarity Matrix from One Person’s Pile Sorting of the 26 Aid Interventions

| AGR | CHIL | CLI | CEMP | CPAR | CRB | ECON | EDUC | ENV | GEN | GOV | HIE | INFRA | INST | PSEC | PRIV | PUB | REC | RES | RUR | SSEC | DISTR | NGO | PP | PSTRAT | URB |
|-----|------|-----|------|------|-----|------|------|-----|-----|-----|-----|-------|------|------|------|-----|-----|-----|-----|-----|------|-------|-----|-----|--------|-----|
| 0   | 1    | 0   | 0    | 0    | 0   | 0    | 0    | 0   | 0   | 0   | 1    | 0     | 0    | 1    | 0    | 1   | 0   | 0   | 0   | 0    | 0     | 1    | 0    | 0      | 0   |
| 0   | 1    | 0   | 0    | 0    | 0   | 0    | 1    | 0   | 0   | 0   | 1    | 0     | 0    | 1    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 1    | 0      | 0   |
| 0   | 1    | 0   | 0    | 0    | 0   | 1    | 0    | 0   | 0   | 0   | 1    | 1     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 1    | 0     | 0    | 0    | 1      | 0   |
| 0   | 1    | 0   | 0    | 0    | 0   | 0    | 0    | 0   | 0   | 1    | 0     | 0    | 1    | 0    | 0   | 1   | 0   | 1   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 1    | 0    | 0     | 0    | 1    | 0    | 0   | 1   | 0   | 1   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 1    | 1    | 1    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 1    | 0    | 1    | 1    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |
| 0   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0   | 0    | 0    | 0     | 0    | 0    | 0    | 0   | 0   | 0   | 0   | 0    | 0     | 0    | 0    | 0      | 0   |

Urban development and poverty reduction 1 0 1 0 0 0 0 0 0 0 0 0 1 0 0 0 1 1 0 0 0 0 0 0 0
### Appendix 4: Aggregate Similarity Matrix from Six Persons’ Pile Sorting of the 26 Aid Interventions

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<td>PSTRAT</td>
<td>PUB</td>
<td>RUR</td>
<td>SUGAR</td>
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### Appendix 5: Average – Aggregate Similarity Matrix from Six Persons’ Pile Sorting of the 26 Aid Interventions

| AGR | CHILD | CLI | CEMP | CPAR | CRI | ECON | EDUC | ENV | GEN | GOV | HE | INFR | INVT | IPS | PRIV | PUB | REC | RES | RUR | SSEC | DSTRAT | NGO | PP | PSTRA | URB |
|-----|------|-----|------|------|-----|------|------|-----|-----|-----|----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-------|-----|
| 1.00| 0.00 | 0.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.50 | 0.00 | 0.00 | 0.00 | 0.67 | 0.00 | 0.17 | 0.33 | 0.00 | 0.00 | 0.17 | 0.83 | 0.06 | 0.17 | 0.00 | 0.00 | 0.00 | 0.83 |
| 0.00| 1.00 | 0.00 | 0.33 | 0.33 | 0.00 | 0.00 | 0.67 | 0.00 | 0.67 | 0.00 | 0.00 | 0.17 | 0.00 | 0.17 | 0.33 | 0.00 | 0.00 | 0.17 | 0.33 | 0.00 | 0.17 | 0.17 | 0.17 | 0.17 | 0.00 | 0.00 |
| 0.33| 0.00 | 1.00 | 0.00 | 0.00 | 0.17 | 0.00 | 0.00 | 0.50 | 0.00 | 0.00 | 0.00 | 0.50 | 0.00 | 0.00 | 0.17 | 0.33 | 0.00 | 0.00 | 0.17 | 0.33 | 0.00 | 0.17 | 0.17 | 0.33 | 0.00 | 0.00 |
| 0.33| 0.33 | 1.00 | 0.00 | 0.00 | 0.17 | 0.17 | 0.00 | 0.50 | 0.00 | 0.17 | 0.00 | 0.00 | 0.17 | 0.00 | 0.00 | 0.33 | 0.00 | 0.00 | 0.33 | 0.00 | 0.33 | 0.00 | 0.67 | 0.00 | 0.00 | 0.00 |
| 0.33| 0.00 | 0.33 | 1.00 | 0.00 | 0.17 | 0.17 | 0.00 | 0.50 | 0.00 | 0.00 | 0.00 | 0.33 | 0.00 | 0.00 | 0.33 | 0.00 | 0.00 | 0.33 | 0.00 | 0.33 | 0.00 | 0.67 | 0.00 | 0.00 | 0.00 |
| 0.00| 0.00 | 0.17 | 0.00 | 0.00 | 1.00 | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.33 | 0.00 | 0.00 | 0.00 |
| 0.00| 0.00 | 0.17 | 0.17 | 0.00 | 0.00 | 1.00 | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00| 0.00 | 0.17 | 0.17 | 0.17 | 0.00 | 0.17 | 0.00 | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00| 0.00 | 0.17 | 0.17 | 0.17 | 0.17 | 0.00 | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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| 0.00| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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| 0.00| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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### Appendix 6: Distances Measured in the Representation Space

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Appendix 7: Code Sheet for Inter-coder Reliability Test

I. Please read the following before coding.

**Human Development**

UNDP coincides with Sen’s definition of development as a form of freedom. The Human Development Report 2016 focuses on the inclusiveness of such freedom, wherein every human being should be able to realize his or her full potential. “Human development is the process of enlarging people’s choices,” according to UNDP (2016, p. 2). UNDP’s (2016) framework involves providing capabilities and opportunities for all individuals to experience good health, access to knowledge, human rights, human security, decent standard of living, non-discrimination, dignity, and self-determination.

**Good Governance**

Guy Peters (2012) defines governance as the “capacity of government to steer the economy and society toward collective goals.” It involves “setting goals for the society, finding the means to reach those goals, and then assessing the success or failure of those efforts as the precursor to a subsequent round of governance activities” (p. 2). Within the context of a fragile state, I define governance as setting up policies and processes to improve a country’s economy, raise human development levels, and strengthen state institutions. I have drawn this definition from the four clusters of criteria used in donors’ country policy and institutional assessment—economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions. Economic management involves debt policy and management, fiscal policy, monetary and exchange. Structural policies pertain to business regulatory environment and policies on finance and trade. Policies for social inclusion/equity refer to policies and institutions for environmental sustainability, social protection and labor, building
human resources, equity of public resource use, and gender equality. Public sector management and institutions include transparency and accountability, and corruption in the public sector; quality of public administration; efficiency of revenue mobilization; quality of budgetary and financial management; and property rights and rule-based governance (Safran and San Gabriel, 2016).

**Economic Growth**

Hudson (2015) defines economic growth as “the continuing increase in per capita incomes or purchasing power.” Economic growth is typically measured by a country’s gross domestic product (GDP) per capita, particularly when economies are compared. GDP is the total value of goods and services produced by individuals, groups, and institutions in a country; and GDP per capita is the GDP value divided by the country’s total population. An exemption to this is the black economy, such as illegal businesses, as well as personal services by friends and relatives, that cannot be traced by the government. The conventional theory of economic growth posits that the increase of inputs in labor and capital and of productivity raises the GDP (Hudson, 2015). Adam Smith and David Ricardo are two of the most influential thinkers on economic growth. Adam Smith (2013) believes that the wealth of a nation is characterized by its ability to produce useful goods and services (now known as the GDP), and not the amount of treasure it possesses. He spouses the importance of division of labor, innovation in technology, and capital investments as keys to greater productivity. David Ricardo (Hudson, 2015), on the other hand, introduced the law of comparative advantage. Countries gain mutual benefit from trade by concentrating on what they are good at (that which they can produce with the most minimum opportunity costs), export that good, and import goods in which other countries are doing relatively better.
Peacebuilding

According to Galtung (1969), like a coin, peace has two sides—the negative peace and the positive peace. He defines negative peace as “the absence of personal violence” (or absence of violence and war) and positive peace as the “absence of structural violence” (or the absence of social injustice) [p. 183]. The sustainable form of peace is now being widely recognized in the international community. The UN Peacebuilding Commission (n.d.) defines peacebuilding through its mandate of “bringing together various actors, both national and international, to ensure that countries affected by conflict do not lapse or relapse into conflict…and building effective partnerships for sustaining peace.” While the three other variables (human development, good governance, and economic growth) are part of the peacebuilding process toward sustainability, this study treats this variable as having the goal of enabling the state recover from conflict and preparing it for the development process.

II. Codes

Human Development (HD): health; education; child protection; social security; gender equality

Good Governance (GG): private sector development; economic and financial management and policy reforms; support to development strategy; governance, transparency, and accountability; institutional capacity building; public sector reforms; community empowerment; community participation; support to NGOs

Economic Growth (EC): infrastructure development; rural infrastructure development; urban development and poverty reduction; agriculture; environment sustainability; climate proofing/climate resilience

Peacebuilding (PB): physical security; recovery from conflict; support to peace process; support to peacebuilding strategy; crisis response and recovery
Appendix 8: Cohen’s Kappa Test – Detailed Results

1. Economic Growth

<table>
<thead>
<tr>
<th></th>
<th>Coder 1</th>
<th>Coder 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>53</td>
<td>9</td>
<td>62</td>
</tr>
<tr>
<td>B</td>
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</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>148</td>
<td>208</td>
</tr>
</tbody>
</table>

- Number of observed agreements: 192 (92.31% of the observations)
- Number of agreements expected by chance: 121.8 (58.54% of the observations)
- Kappa= 0.814
- SE of kappa = 0.044
- 95% confidence interval: From 0.727 to 0.902
- The strength of agreement is considered to be 'very good'.

2. Governance

<table>
<thead>
<tr>
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<th>Coder 1</th>
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</tr>
</thead>
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<td></td>
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<td>95</td>
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<tr>
<td>B</td>
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<td>109</td>
<td>113</td>
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<tr>
<td>Total</td>
<td>88</td>
<td>120</td>
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</tr>
</tbody>
</table>

- Number of observed agreements: 193 (92.79% of the observations)
- Number of agreements expected by chance: 105.4 (50.67% of the observations)
- Kappa= 0.854
- SE of kappa = 0.036
- 95% confidence interval: From 0.783 to 0.925
- The strength of agreement is considered to be 'very good'.

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3. Human Development

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
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<td>36</td>
</tr>
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<td>B</td>
<td>7</td>
<td>165</td>
<td>172</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>168</td>
<td>208</td>
</tr>
</tbody>
</table>

- Number of observed agreements: 198 (95.19% of the observations)
- Number of agreements expected by chance: 145.8 (70.12% of the observations)
- Kappa= 0.839
- SE of kappa = 0.049
- 95% confidence interval: From 0.742 to 0.936
- The strength of agreement is considered to be 'very good'.

4. Peacebuilding

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
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<td></td>
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</tr>
<tr>
<td>Total</td>
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<td>188</td>
<td>208</td>
</tr>
</tbody>
</table>

- Number of observed agreements: 202 (97.12% of the observations)
- Number of agreements expected by chance: 176.7 (84.95% of the observations)
- Kappa= 0.808
- SE of kappa = 0.076
- 95% confidence interval: From 0.660 to 0.957
- The strength of agreement is considered to be 'very good'.

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Appendix 9: Institutional Review Board Approval

Study 19–259: Unpacking Development in Fragile States Using Cognitive Anthropology

irb@kennesaw.edu
Mon 11/26/2018 3:43 PM
To: Cyrel San Gabriel <csangabr@kennesaw.edu>
Cc: irb <irb@kennesaw.edu>; Brandon Lundy <blundy@kennesaw.edu>
11/26/2018

Cyrel San Gabriel, Student
School of Conflict Management, Peacebuilding and Development


Hello Ms. San Gabriel,

Your application for the new study listed above has been administratively reviewed. This study qualifies as exempt from continuing review under DHHS (OHRP) Title 45 CFR Part 46.101(b)(2) – educational tests, surveys, interviews, public observations. The consent procedures described in your application are in effect. You are free to conduct your study.

NOTE: All surveys, recruitment flyers/emails, and consent forms must include the IRB study number noted above, prominently displayed on the first page of all materials.

Please note that all proposed revisions to an exempt study require submission of a Progress Report and IRB review prior to implementation to ensure that the study continues to fall within an exempted category of research. A copy of revised documents with a description of planned changes should be submitted to irb@kennesaw.edu for review and approval by the IRB.

Please submit a Progress Report to close the study once it is complete.

Thank you for keeping the board informed of your activities. Contact the IRB at irb@kennesaw.edu or at (470) 578-6407 if you have any questions or require further information.

Sincerely,

Christine Ziegler, Ph.D.
KSU Institutional Review Board Director and Chair

cc: blundy@kennesaw.edu
References

ADB (2015). ADB’s engagement in fragile and conflict-affected situations. ADB president’s briefing note for mission to Europe (Denmark, Germany, and Norway) on November 4-10, 2015.


Miller, R. (2014). *Aid as peacemaker: Canadian development assistance and Third World conflict.* Ottawa [Ontario]: MQUP.


San Gabriel, C. (Unpublished). *A comprehensive analysis of peace negotiation in Mindanao, Philippines*. Final paper submitted in fulfillment of the course on Essentials of International Negotiation, Kennesaw State University. 24 April 2018. (Faculty Adviser: Dr. Timothy Hedeen)


