A major question facing the United States and allied governments today is whether and how foreign aid can play a role in rebuilding social and political order. Beyond Iraq and Afghanistan, unstable areas in the Middle East, Asia, South America, and Africa pose security threats, and aid is often a major part of the strategies to address instability in these regions. The papers reviewed indicate foreign aid can both play a highly effective role in the short-term counterinsurgency effort and increase violence and instability in the same countries it attempts to pacify through manipulating civilian and insurgent incentives.¹

Currently, there are two major competing theories of counterinsurgency:

**Hearts and Minds:** Because insurgents engage in terrorist or guerrilla tactics, a counterinsurgency is only as effective as the information it has. And, while counterinsurgents do not have a general knowledge of where attacks will occur or who is an insurgent, civilians do. Winning over the population’s hearts and minds means the civilians will give counterinsurgents the necessary information to prevent attacks and apprehend insurgents. When aid is used to establish relations between the local population and troops by developing projects desired by local populations, aid can increase the flow of information to government forces and be a positive tool in fighting counterinsurgencies.

**Cost-Benefit Theory:** Civilians and insurgents respond to incentives, and aid can alter those incentives. Aid that increases economic development, for example, can reduce the pull of financial incentives for joining insurgencies. This theory highlights the dangers of aid; if, for example, reconstruction projects increase income disparities in a conflict zone, then poorer civilians may have more incentives to join the rebellion if they are able to extort funds from the richer elite.²

This report discusses papers that rely on one or both of these theories and form their hypotheses and conclusions through three distinct methods. First, papers like Coharis and Garvilis “Counterinsurgency 3.0” and Wilder “A ‘weapons system’ based on wishful thinking” muster qualitative data from the observations of military and aid professional practicing counterinsurgency to generate arguments about the impact of aid.³ Second, papers like Fearon “Economic Development, Insurgency, and Civil War” draw on intuition from cross-national data analysis or case studies to construct game theoretic models and then derive hypotheses from those models. Third, papers like Berman, Shapiro, and Felter “Can Hearts and Minds Be Bought” and Dube and Varga “Commodity Price Shocks and Civil Conflict” use economic theory to generate specific hypotheses and then test those by running regressions that typically try estimate causal effects.⁴

This last method can be used to examine hypotheses at both national and cross-national levels, and while it produces the most robust results in the sense of identifying generalizable relationships, it often omits nuances that practitioners believe to be

¹ This emphasis on individual incentives as an explanation for micro-level violence in civil war is also explored in The Logic of Civil War, by Stathis N. Kalyvas.
³ This evidence may be from the authors’ own experiences or through interviews and primary sources.
⁴ The old adage that ‘correlation does not equal causation’ misses the point for a paper like Dube and Vargas’ which employs an approach specifically designed to identify the causal effect of income shocks.
important. The first two methods are the most frequently used, but in the literature so far they often lack a strong empirical component.

Before beginning a more nuanced examination of the relationship between aid and conflict, we explore two shortcomings in the literature. First, there is actually very little work studying the impact of aid on violence during conflict. We therefore include papers that examine the relationship between aid and the outbreak of violence because they provide evidence about the incentives civilians face when choosing to engage in violence. It is instructive on this score that the two studies which directly examine the relationship between violence and aid during conflict (discussed in the “Lessons from Iraq” section) reach the same core conclusion as papers which study the cross-national impact of aid on the outbreak of violence; namely that small-scale projects administered by military forces can be an effective tool for short-run reductions in violence. Second, the existing literature says little about the long-run impacts of aid given in conflict settings, though the complications posed by these impacts are examined in “Counterinsurgency 3.0.”

“Even when well-implemented, foreign aid can be extraordinarily disruptive, challenging every aspect of society… Thus, aid designed to quell violence might actually unleash dynamics that generate conflict, as individuals and groups compete for new sources of wealth and power.”

Aid can serve as a destabilizing force and the papers reviewed

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5 Excluding when questionable methodology is used, as discussed in Collier’s and Hoeffler’s “Greed and grievance in Civil War.”

share a common theme that aid can severely undermine a counterinsurgency effort if it is administered in ways that create perverse incentives. Overall, he challenge of using aid to reduce conflict resolves around selecting projects that provide short-term security returns without creating new long-term drivers of conflict.

The report summarizes the following research:

**Lessons from Counterinsurgency** shows how effective use of small-scale aid can reduce violence. By examining data from Iraq and Greece, these papers show that only aid projects executed on local levels or which are labor intensive are successful in reducing violence. It reviews:

- Kalyvas and Kocher’s “How ‘Free’ is Free Riding in Civil Wars?”
- Berman, Shapiro’s and Felter’s “Hearts and Minds”
- Hanson’, Iyengar and Monten’s “Building Peace”

**Labor Market Conditions and Insurgent Violence** shows while there is no direct correlation between labor market conditions and violence, it is often indirect effects from macroeconomic factors which impact both violence and labor market conditions. Using data from Sierra Leone, Colombia, and Iraq, these papers present an ambiguous argument towards the use of aid. It reviews:

- Berman, Felter and Shapiro’s “Do Working Men Rebel?”
- Dube’s and Vargas’s “Commodity Price Shocks and Civil Conflict”
- Humphreys’ and Weinstein’s “Who Fights?”

**Lessons from Cross-National Studies on Macroeconomic Trends and Violence** expands on the negative relationship between income per capita and the risk of

While it does not specifically address the impact of development activities on conflict, a 2006 study by Dube and Vargas also finds that increasing the opportunity cost for insurgents and potential insurgents of participating in violent activities may reduce violence. In “Commodity Price Shocks and Civil Conflict: Evidence From Colombia,” Dube and Vargas examine the impact of coffee and oil prices on the civil conflict in Columbia. Utilizing a municipal-level dataset that includes over 21,000 war-related episodes in nearly 950 municipalities over 1988-2005, the authors find that a decrease in the price of coffee during the late 1990s increased civil war violence in municipalities that cultivated coffee more intensively. The authors attribute this finding to an opportunity cost effect; specifically, the fall in coffee prices reduced workers’ wages and lowered the cost incurred by armed groups to recruit these workers into the groups’ ranks. In contrast, the Dube and Vargas find that an increase in oil prices during the same period induced greater conflict in oil-producing municipalities relative to non-oil municipalities. The authors attribute this finding to the fact that increased revenue due to heightened oil prices attracted armed groups into oil-producing areas. Behaving in a rent-seeking manner, these groups sought to contest the Colombian government for oil resources or collude with corrupt with government officials in stealing oil from the Colombian state.

In “Development Aid and Civil Conflict,” Crost and Johnston (2010) examine how large development projects undertaken in the Philippines between 2003 and 2009 impacted the country’s civil conflict. In their study, the authors focus on the KALAHI-CIDSS program, which follows the community-drive development (CDD) framework. The KALAHI-CIDSS program sought to improve governance on the local level and improve political participation, two goals which the authors acknowledge should have conflict-reducing effects. The program was implemented by the Philippine government’s Department of Social Welfare and Development and funded by World Bank loans. The authors find that KALAHI-CIDSS significantly increased the intensity of civil conflict in areas that were eligible to receive the program, particularly during the period after the roll-out of the program was announced but prior to implementation. Given that violence in eligible areas eventually fell to pre-program levels, Crost and Johnston theorize that the spike in violence resulted from bargaining failures between the state and rebel groups. In their conclusion, the authors recommend that when CDD-related aid is introduced into areas in which various groups are vying for power and influence, violence could be reduced by minimizing the ambiguity regarding the provision of aid resources.

A fifth study, “Bases, Bullets, and Ballots: The Effect of U.S. Military Aid on Political Conflict in Colombia” conducted by Dube and Naidu (2010), examines the impact of United States military aid to Colombia on violence and electoral participation in Colombia. While this paper focuses solely on aid provided to the Colombian military, as opposed to traditional development aid earmarked for civilians, the findings are useful to practitioners who are considering the potential impact of introducing aid to foreign states. In their study Dube and Naidu find that increases in U.S. aid to Colombian military brigades increased attacks by paramilitary groups in the municipalities in which the
civil war at the national level, and implies aid distributed for the sole purpose of increasing GDP may in fact have a destabilizing effect. Using either cross national data or a game theory model for civil conflict, the papers present no consensus on the role aid can play in conflict, but do suggest to the extent that aid can insulate people from macro-economic shocks, it may reduce the risks of future conflict. It reviews:

- Miguel, Satyanath and Sergenti’s “Economic Shocks and Civil Conflict”
- Fearon’s “Economic Development, Insurgency, and Civil War”
- Collier and Hoeffler’s “Greed and Grievance in Civil War”

Lessons from Surveys of Counterinsurgency Literature shows different perspectives on past U.S. counterinsurgencies. Collective, the papers in review suggest aid is a powerful tool for counterinsurgencies, but this is highly dependent upon how aid is distributed and may not involve using aid in the ways that are currently thought optimal from a development perspective. It reviews:

- Long’s “On ‘Other War’”
- Paul’s, Clarke’s and Grill’s “Victory Has a Thousand Fathers”
- Hunt’s Pacification

Current Perspectives on Aid and Counterinsurgency reviews two papers posing differing views of the effectiveness of aid. Wilder suggests aid is not helping the counterinsurgency in Afghanistan because it creates perverse incentives, while Choharis and Garvillis suggest that with reforms in how aid is distributed, the counterinsurgency effort in Afghanistan can make tremendous strides. It reviews:

- Wilder’s, “A ‘weapons system’ based on wishful thinking”
- Choharis’ and Garvillis’ “Counterinsurgency 3.0.”
Ultimately, the majority of papers present the view that aid if executed properly, can help reduce violence once it has started.
Lessons from Counterinsurgency


Hanson, Matthew, Radha Iyengar, and Jonathan Monten. "Building Peace: The Impact of Reconstruction Spending on the Labor Market for Insurgents."


Major Findings

Berman et al. and Hanson et al. analyze the impact of reconstruction spending on violence during the Iraq War. They find reconstruction resources may be a powerful tool to reduce short term violence, but only if the reconstruction projects are small scale ("Hearts and Minds"), attract enough Iraqis through higher wages ("Building Peace"), or if the projects adequately benefit the local population (explicit in "Building Peace," and implied in "Hearts and Minds"). Kalyvas and Kocher discuss how irregular warfare endangers all civilians, and in many cases, how joining the insurgency can provide more security to civilians.

Evidence and Methods

Kalyvas and Kocher use data from the Phoenix Program in Vietnam, a massive counterinsurgency effort aimed to identify and neutralize civilians supporting the Viet Cong, as well as data from the Greek Civil War to identify civilian incentives during insurgencies. Both Iraq papers use data from the Commander’s Emergency Response Program (CERP) to measure government spending on reconstruction projects, and the Iraq Body Count dataset for measures of violence. Hansen, Iyengar, and Monten run regressions distinguishing CERP projects and violent acts as being either “labor-intensive” or not; labor-intensive projects require more manpower and provide Iraqis with higher wages, and labor-intensive attacks require skilled insurgents to conduct (their example is attacks using improvised explosive devices, as only a small number of specialized individuals can make the devices). Berman, Shapiro and Felter model insurgency as a three-way interaction between rebels, civilians, and the government, then run regressions testing hypotheses generated from the model.

Berman, Shapiro and Felter assume civilians have information about the insurgents, but may lack incentives to share information with government forces. The model also suggests rebels are seeking political change through violence, and the government minimizes violence through some combination of service provision and counterinsurgency. They present three hypotheses:

- **Hypothesis 1:** The same variables that predict the location of violence will also predict the location of reconstruction spending. This is shown to be true because the correlation between violence and spending by district is positive. This relationship does not necessarily imply service provisions cause violence, but suggests governments dedicate more resources to highly troubled areas. To support this, it is shown lagged violent incidents are the greatest predictor of CERP spending.

- **Hypothesis 2:** Conditional on rebel strength, government spending reduces violence. This is also true. First difference tests find the correlation between CERP spending and future violence is negative. This indicates CERP projects are effective in reducing levels of insurgent violence.

- **Hypothesis 3:** The violence-reducing impact of small-scale reconstruction spending will be greater when government forces engage in projects which better serve the local needs. This is also true. CERP spending is shown to have no impact on reducing violence before the Surge, and a significant negative impact thereafter. With the Surge came an accompanying change in tactics; from 2007 on, the U.S. put emphasis on engaging local political leaders for matters of security and reconstruction spending. The results of this are positive, as violence decreased. Critically, this effect is only present for CERP spending, ruling out a spurious change in the impact of CERP due to changes in the overall dynamics of the model.

Also, it should be noted the authors find no evidence traditional aid projects or any aid projects other than CERP or CSP (Community Stabilization Program, which also took the form of small grants) had any violence-reducing effect.

Hansen, Iyengar, and Monten show the amount spent on projects and the number of projects initiated have no direct effect on violence. However, the greater fraction of spending devoted to labor-intensive projects does decrease violence. An additional 10% spent on employment is associated with a 10% decrease in violence, and notably, a 15-17% decrease in labor-intensive attacks. Because labor-intensive
projects require a large number of employees from a fixed pool, labor-intensive projects pay more to insure adequate employment levels. Thus, projects which offer higher wages are sufficient to generate a new time allocation over labor and terrorist activities, especially as it relates to the specialists discussed earlier (indicated in the decrease in labor-intensive attacks). Furthermore, the decrease in attacks is not correlated with a statistically significant increase in deaths per attack; therefore, by undertaking more labor-intensive projects, attacks decrease and lives are saved. Finally, the authors examine the number of “capital-intensive attacks,” or attacks which require significant capital to fund. While it could be hypothesized an increase in wages might be expected to increase the number of these attacks, the data does not indicate this.

Kalyvas and Kocher discuss the problem of collective action in insurgencies: even if a civilian supports the cause, why not let others do the fighting? The paper argues the indiscriminate violence in both wars (used intentionally in the Greek Civil War, unintentionally in Vietnam) leads to civilians joining the insurgency to better provide for their own security. Because being an insurgent can be safer for many civilians when counterinsurgent are deliberately targeting all civilians or are error prone, the collective action problem disappears, resulting instead in a surplus of civilians willing to be insurgents. For the purposes of aid, if this kind of indiscriminate violence is occurring, there will predictably be a large portion of the population that must have their incentives realigned, lest the insurgency will continue being able to find support.

Conclusion
The two Iraqi studies show effective use of government funds (local reconstruction projects in “Hearts and Minds”, labor-intensive projects in “Building Peace”) can reduce levels of violence. Critically, “Hearts and Minds” finds that large-scale reconstruction projects have no violence-reducing effect. These studies suggest for reconstruction aid to be effective in reducing violence, projects must be undertaken to benefit the local community and raise wages and employment for skilled workers. Furthermore, Kalyvas and Kocher emphasize the potential depth of the insurgency, which indicates if aid is to be used, it may need to be used extensively.

Labor Market Conditions and Insurgent Violence

Major Findings
These papers study the relationship between labor market conditions and insurgent violence. Humphreys and Weinstein found those participating in civil conflict in Sierra Leone put high emphasis on economic factors to explain their reasons for joining. Dube and Vargas examine price shocks in Colombia and find evidence that negative price shocks in labor-intensive goods cause increased levels of violence and positive price shocks in capital-intensive goods also cause increased levels of violence. Finally, Berman, Felter, and Shapiro show a negative correlation between unemployment and violence in Iraq, Afghanistan, and the Philippines.

Evidence and Method
Humphreys and Weinstein use a survey of demobilized combatants in post-civil-war Sierra Leone to study reasons for participating in the war. Dube and Vargas use an event-based dataset for attacks in the Colombian Civil War in over 950 municipalities from 1988 to 2005, and data on commodity prices from a variety of sources to estimate casual effects. Berman, Felter and Shapiro use regional data in Iraq, Afghanistan, and the Philippines to examine the correlation between unemployment and insurgency violence.

Summary
There are several major theoretical arguments discussing how insurgencies recruit and sustain themselves, and how their success is tied to market conditions:
Becker’s theory of crime⁷ (presented for insurgency in Grossman, 1991⁸): Under this theory, insurgency is a career. As legitimate (non-insurgency related) working conditions improve, the opportunity costs of remaining in the insurgency rises and insurgents spend less time fighting. This theory predicts a positive correlation between unemployment and violence.

Theory of rent capture (applied for insurgents in Fearon 2008): Under this theory, insurgencies support themselves through taxation of areas they control. Therefore, as areas become wealthier, there is higher incentive to capture them. This predicts a negative correlation between unemployment and violence.

The hearts-and-minds theory of counterinsurgency: Under this theory, civilians choose to transfer information to counterinsurgents, who are then able to deter attacks. In this theory, the impact of unemployment or changes in wages on violence is ambiguous. While unemployment makes information cheaper (thereby reducing violence), it could also indicate the government is not providing desirable employment services, and the population may choose to punish the government for this.

Humphreys and Weinstein found the most important factors predicting a civilian’s entrance into war were if the civilian was economically deprived, if the civilian was alienated from the mainstream political process, if the civilian expected to receive incentives from the fighting group, or if the civilian believed he or she would be safer fighting within than without it. These factors justify all theoretical arguments as economic deprivation supports Becker’s theory of crime, expecting to receive incentives from fighting supports the rent capture model, and alienation from the political process supports the hearts-and-minds argument. It should be noted these factors predict equally participation in the insurgency or counterinsurgency, indicating the low role ideologies play.

Dube and Vargas present a model involving capital and labor-intensive goods, and rebel and government groups enlisting civilians to fight for control over these goods. They hypothesize that:

- A rise in price of a labor-intensive good reduces size of the predatory sector (supply of troops to government and rebel forces), which lowers conflict.
- A rise in price of capital-intensive goods increases the size of appropriations sector, which increases conflict.

The authors find that negative coffee price shocks decreased wages and the increase in oil prices had no discernible impact on wages in oil regions, but preceded a 45% increase in government expenditures in oil regions. As their model predicts, both the negative coffee price shock and positive oil price shock preceded increased levels violence in Colombia.

Berman, Felter, and Shapiro demonstrate a negative correlation between unemployment and violence in Afghanistan, Iraq, and the Philippines. The authors suggest three possible theories for the negative correlation:

1. Insurgents want to attack areas with more economic activity because they are more valuable.
2. Both unemployment and insurgent violence reflect government security efforts, which suppress both (as governments employ people to suppress violence).
3. Counterinsurgents can operate more effectively in areas with high unemployment because the cost of information is lower.

In further examining the data, there is a strong negative correlation between precision in attacks (number of civilians killed) and the unemployment*population density variable. This indicates when unemployment and population densities are high, precision of attacks is low. This is consistent with the second and third theories listed above.

Conclusion

There is no consensus on the relationship between the labor market and violence. Two of the three papers suggest that increasing wages in the real economy will reduce the supply of fighters to both sides. Whether this reduces violence will likely depend on what the limiting factor actually is on the rebels’ ability to conduct attacks.

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Lessons from Cross-National Studies on Macroeconomic Trends and Violence


Major Findings: The following papers present three unique views on economic changes and violence. Miguel, Satyanath and Sergenti show positive income growth has a negative effect on civil conflict in Sub-Saharan Africa. Collier and Hoeffler find economic factors like high exportation of primary resources and low GDP growth are excellent predictors of violence. Fearon takes a different path, and explains the negative correlation between per capita income and violence as stemming from the factors associated with low GDP per capita, but not GDP per capita itself. None of these papers speak directly to the role of aid in reducing conflict, but provides key inputs in thinking about macro-economic factors and the risk of civil conflict.

Evidence and Method

Each paper uses cross-national data to make its arguments. Miguel, Satyanath and Sergenti use exogenous variation in rainfall as a proxy for income growth in regions in Sub-Saharan Africa. Collier and Hoeffler identify correlations in cross-national data on civil war onset. Fearon uses game-theoretic models to demonstrate income per capita has an ambiguous impact on the risk of conflict.

Summary

Edward Miguel, Shanker Satyanath and Ernest Sergenti found a five-percentage-point drop in annual economic growth increases the likelihood of a civil conflict in the following year by over 12 percentage points. They also show the impact of income shocks on civil conflict is not significantly different in richer, more democratic, more ethnically diverse, more mountainous African countries or in countries with a range of political and institutional characteristics. The implications of this are significant: if a short term drop in opportunity cost of being a rebel soldier significantly increases the incidence of civil conflict, then steps made to insure potential soldiers remain supported economically could play a role in reducing the risks future conflict.

Collier's and Hoeffler's work has been hugely influential, but contains several inferential errors.9 The authors argue key sources of risk are:

1. High exportation of natural resources (like cocaine, oil or diamonds). If the primary export was oil, the risk of conflict increased more than the risks associated with other natural resources.
2. Low opportunity costs to entering rebellion. The percentage of males who have undergone secondary schooling and the growth rate of the economy are all negatively correlated with future periods of violence.
3. High levels of ethnic or religious hatred within the population (only significant at the 10% level).
4. Ethnic dominance of one group over others (only significant at the 10% level).

Based on these variables, the authors argue the economic causes of war (the first two variables listed) are more significant than the political factors for war (the last two variables). This is analysis could be interpreted as reconstruction aid being a valuable tool to reduce future risk of conflict if it produces economic growth.

Fearon begins by stating income per capita is the best predictor of which countries will engage in civil wars. While this correlation may be considered intuitive, as those from high-income countries have more to lose from entering a civil war (if they are captured or killed), it should be noted these same individuals have much more to gain should the rebellion be successful (and they control the higher income country).

Fearon presents two “rent capture” models, one of civil conflict and the other of insurgency where the government and rebels recruit troops and compete for a share of the country (to tax). Notably, income per capita plays no role in determining how many troops to enlist. The model suggests while increasing income per capita results in higher gains from taxation (and therefore might encourage either side to expand their number of troops), this effect is countered because the higher income per capita would also demand higher

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9 An excellent review of this work is Fearon's Primary Commodities Exports and Civil War, 2004, where he argues the correlation between low income per capita and civil conflict is a secondary effect of economies with oil being a major component of the economies.
wages be paid to soldiers. But, to explain the negative relationship between violence and income per capita, the author highlights many factors which could lead to increased violence, many of which are tied to the income per capita measurements. These are:

1. Greater government efficiency or effectiveness in counterinsurgency implies fewer rebels in equilibrium. It is generally assumed low income countries are less effective at counterinsurgency.
2. Higher costs of recruiting, training and supplying rebels implies fewer rebels and fewer government soldiers.
3. Higher tax yield implies more government soldiers in equilibrium, but has unknown impacts on the rebel force.
4. Greater efficiency in the rebel organization’s ability to collect revolutionary taxes implies more government soldiers in equilibrium, but has unknown impacts on the size of the rebel movement. Higher income countries, where money is kept in banks or cyberspace, make this more difficult.
5. Greater income disparity leads to more violence, as those who are recruited (the poorer demographic) have more to gain from taxing the greater portion of higher income individuals.

Conclusion
There is no sweeping consensus on the association between various macroeconomic trends and violence. The strongest evidence is that negative income shocks increase risk of conflict, and so to the extent that aid can insulate people from macro-economic shocks, it may reduce the risks of future conflict.

Lessons from Surveys of Counterinsurgency Literature


Major Findings

The RAND papers describe the two major theories of counterinsurgency (COIN), discuss the trends in past U.S. COIN efforts, and highlight successful and unsuccessful COIN practices and approaches. They find focusing efforts on the lowest political and social echelons have the strongest impact on successful COIN efforts. The Wilton Park Conference Report discusses the weak evidence base for the effectiveness of aid in promoting stabilization and security objectives, and suggests ways to improve reconstruction aid. In Pacification, Hunt discusses U.S. nation-building during the Vietnam War, arguing the strengths of the program lay in the U.S. Military’s efforts to form the Civil Operations and Revolutionary Development Support (CORDS) to manage the reconstruction effort in Southern Vietnam, and through its involvement with the local governments, civilians, and military.

Evidence and Method

Each paper takes a different approach. The RAND reports take encompassing surveys of prior U.S. counterinsurgency efforts by country (in “Victory Has a Thousand Fathers”) or by theory of counterinsurgency (in “On ‘Other War’”). “Victory Has a Thousand Fathers” goes further and identifies effective and ineffective COIN practices, demonstrating counterinsurgencies engaging in ineffective practices are more likely to fail. The Wilton Park Conference Report came largely from a synthesis of papers and presentations by Andrew Wilder, Mark Bradbury, Michael Kleinman, and Stuart Gordon based largely on a multi-year interview project in Afghanistan. Pacification provides a detailed case study of the Vietnam Counterinsurgency effort in Southern Vietnam.

Summary

Long discuss the two major theories of counterinsurgency. First, the “hearts and minds” theory, which argues the impact of conflict, development and modernity on traditional societies cause the fragmentation of old institutions before the new institutions are in place. This gap creates problems which gives rise to insurgency. The prescription is to win the public’s support for the government by ameliorating the negative effects of the change while accelerating the provision of modernity’s benefits. Second is the “cost/benefit” theory, which argues insurgents and civilians face incentives to cooperate with (or to resist) the government. In some cases, the coercive methods advocated by hearts and minds may actually stimulate the insurgency (for
example, food aid can sustain civilians, but also insurgents), leading to spiraling escalation.

Long then discusses the following findings in his review of COIN endeavors:

1. There must be unity between political and military components. Currently, the United States is too dedicated to conventional war tactics, which undermines the conduct of COIN.
2. Amnesty and reward programs to gather intelligence are successful and cost-effective.
3. Border security is very useful in COIN.
4. Through focusing pacification of smaller units (villages, towns) rather than ambitious plans of national security, progress can be made.

Paul, Clarke and Grill go further with this analysis of COIN. They show successful counterinsurgencies are tied to effective COIN practices. Two “effective” COIN practices that pertain to aid are:

1. The COIN force sought to engage and establish positive relations with the population in the area of conflict.
2. Short-term investments, improvements in infrastructure or development, or property reform occurred in the area of conflict controlled or claimed by the COIN force.

The Report on Wilton Park Conference 1022 paints a largely negative portrait of aid used in prior COIN operations and in Afghanistan today, highlighting the research which questions many key assumptions underpinning COIN stabilization strategies. These include: key drivers of insecurity are poverty, unemployment and/or radical Islam; economic development and ‘modernization’ are stabilizing; aid projects ‘win hearts and minds’ and help legitimize the government; extending the reach of the central government leads to stabilization and development projects are an effective means to extend this reach; and the international community and the Afghan government have shared objectives when it comes to promoting development, good governance and the rule of law.

They include a series of key conclusions from the conference, namely:

1. The implementation of COIN doctrine has not adequately addressed political issues.
2. Effectively designed and delivered development aid does have some stabilization benefits at a tactical and local level, but not at a national or strategic level.
3. Too much aid can be destabilizing.
4. Aid seems to be losing rather than winning hearts and minds in Afghanistan.

They also include the following recommendations:

1. The coalition should ensure COIN doctrine is evidence-based.
2. Development and COIN policies should acknowledge the potentially destabilizing effects of aid.
3. Donors should prioritize and strengthen accountability mechanisms to minimize the destabilizing effects of corruption.
4. Donors should differentiate between stabilization and development objectives and funding sources.
5. An Afghanistan trust fund should be established to promote responsible use of aid.

It should also be noted much of the views expressed here criticizing aid are also included in Moyo’s Dead Aid, where she describes how aid can create a culture of rent-seeking which can destroy long term prospects for peace and growth.10

Hunt describes the role the Civil Operations and Revolutionary Development Support (CORDS) team had on the pacification effort in Vietnam. The Vietnam counterinsurgency effort included a wide array of civil reform efforts including economic development programs, land reform programs, and participation in local politics, all effectively managed and oversaw by CORDS. And, CORDS was successful; civil pacification programs received support from U.S. Army engineers and civil affairs companies, CORDS helped make military material, transportation, and communications available to South Vietnamese officials and American advisers, and most important, the United States made tremendous strides in the struggle for the hearts and minds of the Southern Vietnamese indicated by the growth of CORDS and the welcoming of CORDS’s political influence in the South Vietnamese government.

While it had little actual power, CORDS had tremendous influence on the pacification effort and successfully merged civilian and military goals to create an effective reconstruction effort on the local and national level. But, the limited role CORDS played in the pacification effort was also one of its flaws; because CORPS relied on execution of its suggestions through a corrupt base of government officials in South

Vietnam, it faced flawed implementations of pacification plans and programs, and struggled with the failure of the South Vietnamese governments to build a broad, self-sustaining political base. This case study provides the only example where COIN efforts put too much weight in the hands of the local government.

Conclusion

These four papers taken together demonstrate that COIN policy in regards to aid needs to change; however, these papers also present the idea that change is possible, and through a COIN policy which focuses on the findings of the past six decades, the United States can use aid effectively in counterinsurgencies.

Current Perspectives on Aid and Counterinsurgency


Major Findings

Both authors agree despite a tremendous investment in Afghanistan, the United States is not winning the war against extremist. Whereas Wilder highlights the numerous problems associated with aid (its destabilizing effects and impact on corruption in the Afghan state), Gavrilis and Choharis argue through an overhaul of aid policy embracing a bottom-up approach, the situation in Afghanistan could be turned around.

Evidence and Method

Wilder bases his arguments on his survey of 400 Afghans’ perception of aid, finding overwhelmingly negative responses. Choharis and Gavrilis highlight the turning point in the Iraq War counterinsurgency effort (the Anbar Awakening) as evidence for a better way of conducting counterinsurgency.

Summary

In Iraq and Afghanistan, the underlying assumption has been that aid projects such as schools, clinics and roads will win hearts and minds and give civilians more faith in the government. However, the evidence does not support this broad claim.

Wilder highlights the responses made by Afghans he interviewed, who claim aid contributes to conflict and instability. In an ethnically and tribally divided society like Afghanistan, aid can create jealousy and ill will by inadvertently helping consolidate the power of some tribes at the expense of others. Also, as the corrupt Afghan government takes control of much of the aid, making civilians lose faith in the counterinsurgency effort.

Choharis and Gavrilis seek an answer for Afghanistan by examining the counterinsurgency effort in Iraq. While United States military forces have placed high value on political, social, and economic programs in COIN, the U.S. has put less emphasis on what projects are actually helpful, and whether or how to enlist local support in design and development. This is the main detriment to the United States’ use of aid as a tool for counterinsurgency.

However, the army and marines have effectively conducted counterinsurgency operations in Iraq. They describe first “COIN 1.0” as being derived from the lessons of the Anbar Awakening, where U.S. military troops partnered with local tribes against insurgents, ultimately bringing stability to the Anbar province. This emphasis on engaging the local governance was taken and further implemented in what the authors label “COIN 2.0,” or more commonly the “Clear-Hold-Build” strategy. This involved clearing out insurgents, holding the districts while the local population could resume normal life, and then rebuilding infrastructure and security forces to allow for long term self governance. While these methods have been successful, the authors claim it still falls short of the next step in counterinsurgency, “COIN 3.0,” which develops tribal alliances and uses foreign aid to further turn the population against insurgents.

The authors admit reconstruction aid can distort traditional labor markets, depress prices of local goods, inflate prices of other commodities, and strain national resources. Also, aid changes the way societies function by redefining social identities and family structures. But therein lays its power: reconstruction aid can be revolutionary. For aid to be useful in combating radical extremist insurgencies in the short and long run, small scale development based on corporate social responsibility will have the greatest impact. COIN 3.0 emphasizes involvement with the community to insure the projects being constructed are not only useful to the locals, but are also executed in a manner that improves social and political stability.

Conclusion

Wilder is correct in his claims that aid is a destabilizing force. But, he is incorrect in his claims that evidence...
has not shown aid to be an effective tool for counterinsurgency and reducing violence. As the previous sections of this report show, the suggestions set forth by Choharis and Gavrilis have proven to be successful both in theory and practice. The issue facing counterinsurgency strategy today is if the United States can use reconstruction aid in a stabilizing and effective manner in Afghanistan today, and then later in the battlefields of tomorrow.
References


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