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SCARED TO GIVE? A LOOK INTO HOW TERRORISM AFFECTS THE
FLOW OF FOREIGN AID

by
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A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of
the requirements of the Sally McDonnell Barksdale Honors College.

Oxford
April 2023

Approved by

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Dedication Page

I would like to dedicate this thesis to my dad who always told me stories of how great our
homeland could be.

May Lebanon's future be brighter than its past.

ACKNOWLEDGEMENTS

I would like to take this page to thank Dr. Lauren Ferry, my advisor for this project. Her continuous help and taking me on as an advisee is something I am incredibly thankful for. The time and effort she took out of her schedule to meet with me weekly created a thesis I am incredibly proud. I would also like to thank Dr. Pitts for his expertise on Lebanon and taking time out of his schedule as well to assist with this paper.

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ABSTRACT

This thesis examines the role of formal ties to terrorism and its effect on foreign aid from donor countries considered either democratic or not. I hypothesize that as more seats are occupied in a recipient country's government by a known terrorist organization, the less total aid democratic donor countries will send to that country (vice versa for non-democratic donors). However, with stronger ties to terrorism, the more aid democratic donors will bypass through NGOs (vice versa for non-democratic donors). To test this, I used Hezbollah's seats in Lebanon's Parliament from the years 1995 – 2021 as a case study for these two hypotheses. After examining four different OLS Regression tables, I found that democratic countries actually bypassed less aid as Hezbollah's seats in the Lebanese Parliament increased. There were also some interesting results present in either democratic countries or non-democratic countries in terms of domestic variables within Lebanon such as GDP per capita and Lebanon's population. These results may give some further clarity as to why countries give foreign aid or how countries with different political systems decide to allocate aid to certain countries.

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Preface

This project was inspired by what I saw was the assumption of risk Lebanon takes on when electing an established and designated terrorist organization, Hezbollah into their Parliament. Hezbollah has managed to gain political legitimacy in government in a country that requires foreign aid for a variety of problems the country faces, especially in terms of refugee overcrowding and economic crisis. Essentially, this project seeks to examine how or if Hezbollah represents a liability for Lebanon in terms of receiving foreign aid. From this, we see how this can contribute to aid donor motivations and how terrorism affects the flow of foreign aid across the world and between countries with different political systems.

Introduction

Lebanon's political organization set by the al mithaq al-watani, or the National Pact, establishes a President, who must always be Maronite Catholic, a Prime Minister, who must always be Sunni Muslim, and a Speaker of Parliament, who must always be Shia Muslim.¹ This agreement was written as such to help create balance between the religious diversity in Lebanon, as when it was written in 1943 around sixty percent of the population was Christian.² Around three decades later, the country fell into a long and harsh Civil War in 1975 that was fueled by divisive religious factions, refugee overcrowding, and economic crisis.³ This Civil War was encouraged by a number of motivators such as frustration from the large number of Palestinian refugees and Palestinian Liberation Organization (PLO) in the south, Lebanese Sunnis supporting, and therefore altering, the ethnic divisions in Lebanon, and intense sectarian violence.⁴

In Iran, the Islamic Revolution overthrew the oppressive regime and installed Ayatollah Khomeini as its leader in early 1979. One repressive regime gave way to another in the guise of the Islamic Republic of Iran. From there, the new Shia government in Iran wanted to increase their presence in the Levant area of the Middle East, citing the Israeli occupation of the region as the chief complaint of their cause.⁵ With this they transformed a sect of their Islamic Revolutionary Guard Corps (IRGC) and sought to expel Western forces from the region, starting with Lebanon. This motivation

¹ Norton, A. (n.d.). *Hezbollah: A Short History*. Princeton University Press.

² Bugh et. all, "History of Lebanon," *Encyclopedia Britannica*: "Countries of the World," 1.

³ Bugh et. all, 2.

⁴ Hudson, M. C. (1978). The Palestinian Factor in the Lebanese Civil War. *Middle East Journal*, 32(3), 261–278.

⁵ Congressional Research Service . (2023, January 11). *Lebanese Hezbollah - Congress*.

of anti-Western sentiment saw Lebanon, which at the time was experiencing Israeli State terrorism, as a chief enemy of their goals in the Middle East.

On June 6, 1982, Israel invaded Lebanon. This invasion ultimately created the foundation for Hezbollah, حزب الله translating literally from Arabic to “Party of God,” to emerge. A few years later, the group was solidified primarily in Lebanon’s Bekka Valley.⁶ At this time, the group released a document reinforcing its intolerance toward western ideals and their intent to force an Israeli exit from Lebanon (in which they were successful at).⁷

Perhaps Hezbollah gained most of its attention early on in their time in Lebanon, as one of their most infamous attacks was in 1983 when the group claimed responsibility for the truck bombing of the Marine Barracks in Beirut, Lebanon where 241 American Servicemen as well as fifty-eight French Servicemen lost their lives.⁸ This aided in their goal to expel western influence, as the US promptly left Lebanon after this. It was only nine years after the bombing of the barracks in Beirut that Hezbollah established itself as a successful political party in the country with the first member of Hezbollah was elected to Lebanon’s parliament in 1992. They have also carried out attacks in South America such as the bombing of a Jewish community center in Argentina in 1994.⁹ Additionally, a

⁶ Norton, A. (n.d.). *Hezbollah: A Short History*. Princeton University Press.

⁷ Norton, A. (n.d.). *Hezbollah: A Short History*.

⁸ Marine Corps University, “The Beirut Bombing: Thirty Years Later,” 1.

⁹ U.S. Department of State. (2022, July 18). *Remembering the Victims of Hizballah Attacks - United States Department of State*. U.S. Department of State.

2012 tour-bus attack in Bulgaria carried out by Hezbollah against forty-five Israelis youth also gave the group additionally credibility as a terror organization.¹⁰

However, the Lebanese Hezbollah case is more complex than it just being a terror group, it is also a political party with substantial legitimacy. For example, Hezbollah provides a number of services for Lebanese citizens such as operating many schools, clinics, youth programs, and other social and health services for its supporters within Lebanon's borders.¹¹ Yes, the group is a designated as a terror organizations that have carried out disastrous attacks, but from the information above and the sheer fact that they do hold seats, it is apparent they operate within domestic politics with success.

Because of the Civil War, Lebanon did not have an election for twenty years. From 1972 until 1992, the Lebanese remained static and without any members of Hezbollah in its chamber. However, in 1992, Hezbollah made its first appearance in the Parliament with eight of its members holding legitimate seats with Nabbih Berri, one of Hezbollah's biggest allies and member of the Amal Party, as the Speaker of the Parliament.¹² This integration of Hezbollah was virtually seamless in terms of a party entering parliament. This is for a number of reasons. For one, the 1992 election showed that Shia voters were much more likely to stick with religious candidates rather than traditional politicians as the Sunni and Maronite voters did.¹³ Additionally, Hezbollah made the failed Lebanese economy the center of their campaign and ran on promises to

¹⁰ U.S. Department of State. (2022, July 18). *Remembering the Victims of Hizballah Attacks*

¹¹ Congressional Research Service . (2023, January 11). *Lebanese Hezbollah - Congress*.

¹² Judith Harik and Hilal Khashan” Lebanon’s Divisive Democracy: The Parlimentary Election of 1992,” 53.

¹³ Harik and Khashan, 53.

bring it back to fruition, and with strong financial ties to Iran, to many people it seemed like they could deliver on this promise.¹⁴ From there, Hezbollah began to consistently win reelection and have secured their place in Parliament. Though they do not have a majority, they consistently build factions with other parties, most notably the Amal Party.

Today, Hezbollah's Secretary General, Hasan Nasrallah, and the party maintain that Israel is its biggest enemy. Hezbollah has expanded their operations in South America while simultaneously clenching fifteen seats in Lebanese Parliament, their highest to date.¹⁵ However, public support for Hezbollah has dropped, even among their Shia supporters, despite their strong finish in the May 15, 2022 general election: one poll shows that 83% of Lebanese Shias in 2017 had a "very positive view" of Hezbollah, while in 2020 this figure fell to 66% following the Beirut port explosion.¹⁶ Even outside of this isolated event, the public opinion of Hezbollah is on a decline, and their popular collaborating parties in parliament are becoming hesitant to take part in their factions. In fact, Hezbollah's main Christian alliance party Free Patriotic Movement has just 15% support from Christians in Lebanon.¹⁷ The youth and business leaders in Lebanon are becoming increasingly involved in resistance struggles so that the country is able to overcome the economic crisis in Lebanon that many attribute to Hezbollah's grip in government.

Interestingly, there is some consensus that this may be a good time for the west to step in so that Lebanon has an alternate route to coming out of their crisis while

¹⁴ Harik and Khashan, 54.

¹⁵ Kali Robinson, "What Lebanon's Election Results Mean for Ending its Crisis," Council on Foreign Relations, 1.

¹⁶ David Pollock, "Lebanon Poll Shows Drop in Hezbollah Support," Washington Institute, 1.

Hezbollah and Iran are both facing a weak point within Lebanon and on a global stage following the recent social uproar in Iran.¹⁸ However, it is challenging for America and the west to justify intervention within Lebanon considering the still present and legitimate formal ties that Lebanon has with the terror organization.

I make an argument that the political systems, democratic or non-democratic, within a donor country matter in terms of giving aid to countries with formal ties to terrorist organizations in recipient countries. This is for a number of reasons primarily that democratic donors are held to the public opinion. Whereas non-democratic donor countries do not have these same mechanisms where the public opinion is important to remain in power. When looking into recent aid examples, there seems to be some distinction between aid that is bypassed through NGOs and aid sent directly to recipient countries' governments. I maintain this distinction in my argument, where I created two different hypothesis: one that tested the total flow of aid to Lebanon from either democratic or non-democratic countries and one that tested the flow of aid to NGOs from the same set of countries. Lebanon served as a case study since it has both a terror organization elected to its government (Hezbollah) and a humanitarian crisis based on a host of issues that would require aid from countries across the world.

From this project, I found that democratic countries actually bypass less aid to NGOs in Lebanon as Hezbollah's seats in government increase. This is opposite of what I hypothesized that as Hezbollah's seats in Lebanese Parliament increase, democratic donors will bypass more aid through NGOs in Lebanon. Additionally, I found that different domestic factors in recipient countries affect how either democratic or non-

¹⁸ Hanin Ghaddar, "Hezbollah's Grip on Lebanon is Weakening," Politico, 1.

democratic countries will give aid. Of course, there are issues with generalizability with this since it is focused on Lebanon, but this will be discussed later in the project. Despite that, this is a case that can be looked at in terms of investigating how terrorist organizations that are being integrated into legitimate governments affect how aid flows from western democracies. It also examines the response to these same conditions from authoritarian governments.

Overall, this project shows that while having a terror organization elected to government does not necessarily mean that the country will receive less aid, it may be a cause for more intervention from western governments. This is seen in the results from testing my second hypothesis, as democratic donors actually bypassed less aid through NGOs when Hezbollah's seats increase in Lebanon's government. This project also upholds and contributes to the literature that donors are strategic, as both democratic and non-democratic donors do change their behavior based on different variables within a recipient country. Additionally, it also aids in furthering the understanding of donor motivations and how domestic circumstances in recipient countries affect the flow of foreign aid in the global political economy.

Literature Review

Following World War II and especially during the Cold War, foreign aid became an important way for foreign donors to influence policy choices in receiving countries. Many factors affect the flow of foreign aid such as current events, changing political actors, and various other elements in the scope of International Relations. Foreign aid is also used to tell stories about attitudes between countries throughout the globe. Though aid data can give us news and statistics for countries receiving aid, foreign aid is particularly informative about donor identities. Information about countries' potential alliances based on who is giving and receiving aid in bilateral agreements, what goals governments are working towards, and where donors are trying to exert influence in the world can be uncovered by looking into foreign aid channels. Additionally, aid serves as a focus on how donor countries react to conditions on the other end of their aid dispersal. This signifies that aid tells more of story than what, at first, meets the eye.

Generally speaking, there are not many heroes in the world of foreign aid. However, this is not to say that foreign aid is completely cynical, as much aid does go to some of the poorest countries in the world for legitimate development projects.¹⁹ Despite this, the literature does agree that there is a significant trend in foreign aid: it is rarely given for selfless reasons. This is especially true at the bilateral level. It is common for donor countries to tie their aid meaning that strings attached when a recipient countries accepts

¹⁹ Radelet, Steven, A Primer on Foreign Aid (July 2006). Center for Global Development Working Paper No. 92.

the aid; this can be seen in forms of favorable trade and policy agreements.^{20, 21}

This was also observed by Milner and Tingley²² when they noted how terms of trade attached to tied aid sometimes mean citizens of recipient countries are negatively impacted while the donor country has the benefit of the better agreement even if the aid received does eventually benefit recipient countries. Furthermore, it is common for foreign aid to be used as a leverage against recipient countries rather than a total gateway out of some type of crisis for them.

However, there are differing degrees of foreign aid “selfishness” found in the literature. One argument, for example, is that foreign aid is a good way for donors to look benevolent when in reality there is as much if not more to be gained by giving aid. This is what Heinrich argues in 2013 piece claiming that the media coverage of a “selfless” country feigning concern over a poverty stricken country grants the donor country more in return by way of tied aid and favorable looks on a global stage than what the donor loses since giving aid takes just a small part of countries’ GDPs. Other experts in this area argue that OECD members are motivated by humanitarian efforts and that relieving poverty is a main reason donors disperse aid, but the donor countries do commonly make these bilateral agreements beneficial to their policy objectives.²³

²⁰ Bueno de Mesquita, Bruce, and Alastair Smith. 2009. “A Political Economy of Aid”. *International Organization*, 63: 309-40

²¹ Heinrich, Tobias. “When Is Foreign Aid Selfish, When Is It Selfless?” *The Journal of Politics* 75, no. 2 (2013): 422–35.

²² Milner, Helen V., and Dustin H. Tingley. “The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid.” *Economics & Politics* 22, no. 2 (June 14, 2010).

²³ Bueno de Mesquita, Bruce, and Alastair Smith. 2009

This is where the conversation, unsurprisingly, turns to oil. American and western aid is heavily motivated by and concentrated on recipient countries that have a lot of oil reserves.²⁴ This means donors use foreign aid initiatives to remain friendly with oil producing countries. One way donors do this is by using foreign aid as a method of counterterrorism. However, foreign aid, beyond the benefit of having oil markets, does see some effective outcomes against terrorism in recipient countries. One of these outcomes that academics and researchers have seen is that foreign aid going to countries with high rates of domestic terrorism seems to appease rebels groups enough that there is a decrease in terrorist activity. This is likely due to the fact that governments are able to pay off or meet demands of rebels.^{25; 26} This shows that foreign aid does affect rates of terrorism, decreasing it, with the stipulation that the receiving end of the aid practices good governance and aid flow is steady.^{27; 28} Yet, this is not received by everyone as Kruger²⁹ and Young and Findley³⁰ pointed out in their studies that foreign aid as a

²⁴ Azam, Jean-Paul, and Véronique Thelen. "Foreign Aid Versus Military Intervention in the War on Terror." *The Journal of Conflict Resolution* 54, no. 2 (2010): 237–61.

²⁵ Nielsen, Richard A., Michael G. Findley, Zachary S. Davis, Tara Candland, and Daniel L. Nielson. "Foreign Aid Shocks as a Cause of Violent Armed Conflict." *American Journal of Political Science* 55, no. 2 (2011): 219–32.

²⁶ Savun, Burcu, and Daniel C. Tirone. "Foreign Aid, Democratization, and Civil Conflict: How Does Democracy Aid Affect Civil Conflict?" *American Journal of Political Science* 55, no. 2 (2011): 233–46.

²⁷ Savun, Burcu, and Daniel C. Tirone. "Foreign Aid as a Counterterrorism Tool." *Journal of Conflict Resolution* 62, no. 8 (2017): 1607–35.

²⁸ Savun, Burcu, and Daniel C. Tirone. "Foreign Aid, Democratization, and Civil Conflict: How Does Democracy Aid Affect Civil Conflict?"

²⁹ Remmer, Karen L. "Does Foreign Aid Promote the Expansion of Government?" *American Journal of Political Science* 48, no. 1 (2004): 77–92.

³⁰ Findley, Michael G., and Joseph K. Young. 2012. "Terrorism and Civil War: A Spatial and Temporal Approach to a Conceptual Problem." *Perspectives on Politics* 10 (2): 285-305.

method to decrease terrorism is not always the most effective route with this objective in mind.

Motivation for giving foreign aid plays a huge role in donor identity. It is known that countries cite humanitarian concerns as a factor in allocating aid, as places such as Portugal and Switzerland tie very little of their aid, and countries such as Norway and Ireland do not tie any of their aid.³¹ This shows that many countries are motivated by poverty and development concerns, which contributes to their donor identity. Other countries are more concerned with strategic considerations that have history rooted in alliances and colonial history that contributes to their overall motivation for aid and donor identity.³²

It is also known that the political composition, rather it be democratic or not, of a donor also has a large impact on their identity overall. This is seen in the agreed upon evidence that less corrupt donors pay more attention to anti-corruption mandates and are purposeful about what countries receives their aid.^{33, 34} This contributes to the discussion that donor identity is driven by their own political identities, as not all agree that corruption necessarily means less aid when donor countries are concerned about meeting

³¹ Easterly, William, and Tobias Pfitze. "Where Does the Money Go? Best and Worst Practices in Foreign Aid." *The Journal of Economic Perspectives* 22, no. 2 (2008): 29–52. <http://www.jstor.org/stable/27648240>.

³² Alesina, Alberto, and David Dollar. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5, no. 1 (2000): 33–63. <http://www.jstor.org/stable/40216022>.

³³ Ferry, Lauren L., Emilie M. Hafner-Burton, and Christina J. Schneider. "Catch Me If You Care: International Development Organizations and National Corruption." *The Review of International Organizations* 15, no. 4 (2020): 767–92.

³⁴ Winters, Matthew S. "Accountability, Participation and Foreign Aid Effectiveness." *International Studies Review* 12, no. 2 (2010): 218–43.

policy objectives.^{35; 36} However, donors do generally identify themselves as proponents of propping up good governance so that aid is effective in humanitarian and development projects of all kinds, and especially from countries where public opinion about aid matters.^{37; 38;39}

Donor countries take note of how their recipient countries conduct themselves in the political arena, both foreign and domestically. These observations also lends itself to donor identity when it comes to how countries choose which countries will receive their aid. For example, donors are less likely to enter into bilateral aid agreements with countries that have higher rates of corruption because the aid gets embezzled easily.^{40; 41} While this is a logical behavior by donors, it does show that donors are strategic with their aid whether than writing out blank checks to developing countries; essentially, donors are intentional. Another element of this is at the domestic political level within recipient countries. China tends to give more aid to countries that have similar beliefs as them about Taiwan, and countries that do share diplomatic relationships with Taiwan are

³⁵ Bueno de Mesquita, Bruce, and Alastair Smith. 2009

³⁶ Heinrich, Tobias. “When Is Foreign Aid Selfish, When Is It Selfless?”

³⁷ Neumayer, Eric. “The Determinants of Aid Allocation by Regional Multilateral Development Banks and United Nations Agencies.” *International Studies Quarterly* 47, no. 1 (2003): 101–22.

³⁸ Dreher, Axel, Stephan Klasen, James Raymond Vreeland, and Eric Werker. “The Costs of Favoritism: Is Politically Driven Aid Less Effective?” *Economic Development and Cultural Change* 62, no. 1 (2013): 157–91.

³⁹ Milner, Helen V., and Dustin H. Tingley. “The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid.”

⁴⁰ Ferry, Lauren L., Emilie M. Hafner-Burton, and Christina J. Schneider. “Catch Me If You Care: International Development Organizations and National Corruption.”

⁴¹ Findley, Michael G., and Joseph K. Young. 2012. “Terrorism and Civil War: A Spatial and Temporal Approach to a Conceptual Problem.”

excluded for China's foreign aid.⁴² This is corroborated with Dreher et al's findings that countries that do not recognize Taiwan receive over two thousand percent more aid from China than those that do recognize Taiwan⁴³.

As seen by the expansive literature about foreign aid and the multiple spheres it encapsulates, this is a topic in international relations that has many opportunities to enter international agreements. However, there is not much literature surrounding the degree to which foreign aid is given to recipient countries that have formal ties to terrorist organizations. It is known that donors, both democratic and autocratic, do give aid to countries where there is terrorist activity, seen from the above paragraph on foreign aid and terrorism, but there is less research about how foreign aid is affected when the aid would be going to countries where the government is directly enthralled with a terror group. This suggest that there is a further gap in the literature, leading to a question: how is the amount of foreign aid given by democratic and autocratic donors affected when the receiving countries have explicit and formal ties to terrorist organizations?

⁴² Asmus, Gerda, Andreas Fuchs, and Angelika Müller. "BRICS and Foreign Aid." *The Political Economy of the BRICS Countries*, 2020, 139–77.

⁴³ Asmus, Gerda, Andreas Fuchs, and Angelika Müller. "BRICS and Foreign Aid."

Theory

Each year, billions of dollars of foreign aid circulates through the global economy. In 2021, the US spent over thirty-two billion dollars on foreign aid.⁴⁴ Though this only represents around 1% of total GDP for the US, it is composed of taxes levied on US citizens. This trend follows most rich donor countries. While it is known that constituents in democratic countries generally believe foreign aid is used for good purposes, in America, for example, citizens believe too much is spent on foreign aid. They believe that 25% of US GDP is spent on foreign aid when the real answer is less than 1%.⁴⁵ However, less is known about the domestic response to foreign aid in more autocratic countries where polls that report on foreign aid are few and less reliable.

This is, in part, based on the domestic composition of donor countries whose governments give high amounts of foreign aid while also maintaining a low liberal democracy score.⁴⁶ An example of this is the UAE, who gives a little over 1% of its GDP to recipients as foreign aid.⁴⁷ However, the UAE's foreign aid is not made up of taxes, like many democratic countries, but instead made up of oil wealth.⁴⁸ This means that the government does not have to be held responsive to its citizens, and in the UAE, there are many laws that allow for censorship in the media, therefore it is common for journalists

⁴⁴ Concern Worldwide US, "Foreign Aid by Country: Who Is Getting the Most - and How Much?," Concern Worldwide.

⁴⁵ Ingram, George. "What Every American Should Know about Us Foreign Aid." Brookings.

⁴⁶ "The Polity Project ." PolityProject. Center for Systemic Peace .

⁴⁷ Meyers, "Foreign Aid: These Countries are the Most Generous."

⁴⁸ Ross, Michael L. "How Do Natural Resources Influence Civil War? Evidence from Thirteen Cases." *International Organization* 58, no. 01 (2004): 35–67.

and activists to be held in prison.⁴⁹ So, even if the trend of citizens supporting foreign aid did not follow in more autocratic countries, dissent from the public is less likely to occur based on fear of repression and the government does not have to care since the funds are not from the public. This inability for citizens to hold politicians accountable for where aid money goes based on a lack of political rights, such as free and fair elections, or aid composition is what creates the basis for my theory that autocratic donor countries do not change their aid flows based on domestic problems (within their own countries or in recipient countries).⁵⁰

Governments allocate aid in a few different ways. For example, there is military aid, which is used to strengthen security within a country, economic aid such mainly takes root as “development aid,” and humanitarian aid improves well-being in a country and is usually bypassed- meaning the aid goes to NGOs in corrupted countries (rather than straight to the government).⁵¹ On an organizational level, there is bilateral aid, which is between two countries, and there is multilateral aid where international organizations such as the World Bank on the United Nations disperse aid.⁵² I will be focusing on bilateral aid agreements. From here, there is a distinct difference in humanitarian, bypassed aid than some of the direct investment and tied aid (aid that must be spent on

⁴⁹ Reporters Without Borders. “United Arab Emirates.” Bienvenue sur le site de Reporters sans frontières,

⁵⁰ Dolan, Lindsay R. “Rethinking Foreign Aid and Legitimacy: Views from Aid Recipients in Kenya.” *Studies in Comparative International Development* 55, no. 2 (2020): 143–59.

⁵¹ Schneider , Christiania J., and Jennifer L. Tobin . “Portfolio Similarity and International Development Aid.” *International Studies Quarterly* 60, no. 4

⁵² Schneider , Christiania J., and Jennifer L. Tobin . “Portfolio Similarity and International Development Aid.”

products or services from the donor country by the recipient country) that places like China commonly use.⁵³

Additionally, there is evidence that more autocratic countries like Russia and China care less about the wellbeing of people within countries they give aid to.⁵⁴ They are more concerned with how aid donation is beneficial for them. A blaring example of this is the Belt and Road Initiative by China. Currently, China is giving large sums of money for infrastructure projects throughout Africa that uses debt traps against their receiving countries.⁵⁵

Many of these countries such as Mali, Mauritania, and Niger have a formal terror organization within their border.⁵⁶ This contributes to the idea that donor countries identifying as less democratic may not be affected by recipient countries being tied to terror organizations since these donor countries are not fully concerned with domestic issues within recipient countries, or how their aid will affect domestic politics. This is seen when autocratic donors give direct, bilateral aid to countries with formal terrorist ties in their governments because these donor countries do not have to consider politics in their aid donation.⁵⁷ For these countries, aid is strategic decision for them, such as Pakistan receiving aid from autocratic countries to divert economic strength away from

⁵³ Asmus, Gerda, Andreas Fuchs , and Angelika Müller. “AIDDATA: BRICS and Foreign Aid.” AidData, a research lab at William and Mary.

⁵⁴ Asmus, Gerda, Andreas Fuchs , and Angelika Müller. “AIDDATA: BRICS and Foreign Aid.”

⁵⁵ Ameyaw-Brobbeey, Thomas. “The Belt and Road Initiative: Debt Trap and Its Implication on International Security.” *Asian Journal of Multidisciplinary Studies* Vol. 1, No. 2, (2018): 73–81.

⁵⁶ Nctc. “National Counterterrorism Center: Groups.” National Counterterrorism Center | Groups.

⁵⁷ DiLorenzo, Matthew. “Bypass Aid and Unrest in Autocracies.” *International Studies Quarterly* 62, no. 1 (2018): 208–19.

India despite the fact Pakistan hosts an array of terror organizations in their government.⁵⁸

In the same sphere, autocratic countries that give to other autocratic countries such as China's aid to Algeria, both considered anocracies, not only have their legitimacy questioned but besides a few raised eyebrows from the international community, the status quo generally goes unquestioned. Following the Chinese-Angolan example, the legitimacy of Chinese foreign aid has been under scrutiny for their debt traps and how their concepts of aid flow do not confirm to OECD standards.⁵⁹ Additionally, Algeria is a corrupt country where it is likely aid flow is captured by corrupted officials, as it is the most aid-dependent countries that foreign aid is captured the most.⁶⁰ Furthermore, Algeria has Al-Qaida operatives throughout the country. Even though these operatives are not formally aligned with the Parliament, it is known that Al-Qaida puts pressure on Algeria for resources.⁶¹ In 2018, China gave US\$28.8 million dollars of bilateral to Algeria.⁶² That same year, the US gave \$US11.4 million dollars, none of which was development aid, and consisted mainly of donations to NGOs.⁶³ So, when democratic

⁵⁸ Boutton, Andrew. "US Foreign Aid, Interstate Rivalry, and Incentives for Counterterrorism Cooperation." *Journal of Peace Research* 51, no. 6 (2014): 741–54.

⁵⁹ Cheng, Cheng. "The Logic behind China's Foreign Aid Agency." Carnegie Endowment for International Peace.

⁶⁰ Andersen, Jørgen Juel, Niels Johannesen, and Bob Rijkers. "Do Elites Capture Foreign Aid?"

⁶¹ Criezis, Meili, and Sammie Wicks. "Al-Qaeda's Algerian Strategy: Attempts to Co-Opt the Hirak and Rehabilitate the Salafi-Jihadi Image."

⁶² Pairault, Thierry. "China's Economic Presence in Algeria - Hal-SHS," February 13, 2015.

⁶³ United States Agency for International Development. "Fa.gov." FA.gov.

countries do give bilateral aid without bypassing it, it is usually less than autocratic countries. This example encapsulates the claim that less democratic or even autocratic countries can use foreign aid as a mechanism of strategic political gain to any country, regardless of corruption or human rights violations, because constituents within donor countries do not have the political voice or safety to be in opposition to their tax dollars being spent on potentially illegitimate aid.

However, it is known, that democratic constituents do care about wellbeing in recipient countries, as it is their taxes that fund the aid to the recipients.⁶⁴ As a result, democratic countries commonly utilizes bypass aid to NGOs in recipient countries whose government is tied with terror organizations. A major example of this is US aid given to Syria, as the US alone has given over sixteen million dollars to Syria for humanitarian support and assistance.⁶⁵ However, much of this aid is bypassed through NGOs such as the Red Cross and Red Crescent, and it is not given to the government itself.⁶⁶ This shows that aid for humanitarian causes, rather than tied aid, given to NGOs is distinctly different than bilateral agreements between two corrupt governments (Belt and Road Initiative). This showcases that democratic countries are aware of who is receiving their aid and can conceptualize domestic pushback. However, countries that fall further along the autocratic scale do not have to anticipate push back of their governments' foreign aid strategy because the same importance of constituency is as not present in autocratic

⁶⁴ Milner, Helen V., and Dustin H. Tingley. "The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid." *Economics & Politics*, 2009.

⁶⁵ USAID. "Syria: Food Assistance." U.S. Agency for International Development.

⁶⁶ USAID. "Syria: Food Assistance."

countries, so they can give aid to more terror-tied governments as long as it is strategic for them.

This is not to say that democratic countries never give aid to corrupt governments or places where human rights are violated, for example, arms deals with Saudi Arabia and Israel despite their abuses towards the Yemenis and Palestinians respectively. However, much of the aid going toward corrupt governments or governments that are under pressure of terror organizations (such as Algeria from above) are places that rely on aid for humanitarian assistance, as it was established above that the countries that are most aid-dependent are commonly the most corrupt as well.

This is all mentioned to demonstrate that among democratic donors (USA, Germany, Nordic countries, and the EU), there seems to generally be a consensus of top receiving countries which usually always includes Afghanistan, Syria, Ethiopia, Morocco, and Iraq.⁶⁷ These receiving countries can generally be grouped together as needing humanitarian aid through NGOs; however, bilateral aid and tied aid still exist here. Less democratic donor countries (such as Hungary, Slovenia, and China) give to receiving countries such as Turkey, Serbia, Laos, and to countries throughout Africa.⁶⁸ Receiving countries in this case countries are generally corrupt with less of an emphasis on humanitarian needs, with some exceptions. All this is to say that there is a relationship with autocratic countries acting as a foreign aid donors to countries with formal ties to terrorism

⁶⁷ Routley, Nick. "Mapping the Global Flow of Foreign Aid." Visual Capitalist, January 22, 2020.

⁶⁸ Routley. "Mapping the Global Flow of Foreign Aid."

I propose that the identity of political institutions within a donor country matters in terms of foreign aid. Donor countries that identify as democratic based on their liberal democracy score are likely to give less bilateral foreign aid to countries that have formal ties with terror organizations and instead bypass that aid through NGOs. This is because constituents of a democratic country have the power to remove politicians from office who sign off on aid to countries with known terrorists in their government.⁶⁹ Whereas, in more autocratic countries, foreign aid donation does not have to be strategic when it comes to constituents because of the lack of political voice from their citizens.⁷⁰

To test this theory, I will use Lebanon as a case study. Lebanon's government is a qualified country to look into for this theory because it is a country that used to host tourist from both east and west until the Lebanese Civil War began and the country was ravaged by a downward spiral since then. With constant foreign intervention from all types of government in many different forms, Lebanon has been a hub in the Middle East for foreign aid. Simultaneously, the sectarian divide in Lebanon grew strong and made its way into the political realm of Lebanon, where the terror group Hezbollah began to get elected to Parliamentary seats. From then to now, a failing economy and problematic domestic policies have kept Lebanon a center of foreign aid reception, with a terror organization occupying seats in the Parliament.

This leads me into two hypotheses:

⁶⁹ Dolan, Lindsay R. "Rethinking Foreign Aid and Legitimacy: Views from Aid Recipients in Kenya."

⁷⁰ Milner, Helen V., and Dustin H. Tingley. "The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid."

H₁: As the number of seats occupied by Hezbollah increases in Lebanon's Parliament, the amount of aid given to Lebanon from democratic countries will decrease more than the amount of aid from nondemocratic countries.

H₂: As the number of seats occupied by Hezbollah in Lebanon's Parliament, the use of bypass aid will increase more in democratic countries than in nondemocratic countries.

Test Design

Below is a discussion and overview of the design and method by which I will test my two hypotheses. Following the design, I will discuss the results, followed by an analysis.

To test my theory, I used an OLS Regression in R. This is the proper test to conduct for my data because, when run, it shows the behavior countries exhibit in terms of giving foreign aid through direct and non-direct (bypass) channels. OLS is used for linear relationships where the dependent variable is tested against the independent variables (discussed below) to give the p-value by which I will determine the statistical significance of those values. Additionally, OLS Regression is an efficient test to run when there are many observations in the data set (in my case, 730 observations). The dataset I used to conduct these regressions covers the years 1995 until 2021. Since much of the data was taken from OECD, it is primarily composed of western donors (European Union, United Kingdom, Canada, and the US as well as Australia and Japan), but there is some variety in this category, namely Saudi Arabia, Kuwait, the UAE, and other countries that rely on oil for their economic power.

The basic OLS Regression equation in which I will use in R reads as follows:

$$Y = a + bX + u$$

Where Y is the dependent variable (amount of aid or percent by which is NGO aid), a is the intercept parameter, b is the slope parameter, X is the independent variable (discussed below), and u is the regression residual. In R, it is called to test by this command:

```
lm( DV ~ IV + IV +IV, data=data, vdem_high ==1 (or 0))
```

With this, I ran four different tests, the first set of two was where I tested the relationship between how much aid went to Lebanon (perc_donoraid) and the number of

seats occupied by Hezbollah in Lebanese Parliament (hez_seats) where countries were considered to be a liberal democracy (vdem_high=1) or not (vdem_high=0). How I made this distinction will be discussed below in the variable section. There were also a variety of variables that were controlled for in both sets of tests. The next set of two tests were identical except for the dependent variable. In the second set, I tested for the relationship between the percent of aid that went through NGOs (perc_ngo) and the above variables.

Variables

Below is a discussion of the variables I used to test my two hypotheses as well as a discussion of what each variable is operationalized to be. There is also a short evaluation of what variables I will be controlling for between the donor countries and in Lebanon over time to account for any years with abnormal aid flows, countries with different aid budgets based on their GDP, and more issues more domestic to Lebanon. It also discusses how any variable was recoded as in the case it was made binary.

Liberal Democracy Score (vdem_high) ⁷¹

To evaluate the level of democracy in a country, I used the *Variety of Democracy* Codebook from March of 2021. This codebook offers a variety of variables that corresponds to a measure of democracy, such as freedom of education, media, etc. This codebook also allowed for the creation of the binary variable used in the OLS Regression test in R where a country considered to be a democracy was coded as a 1 and countries considered non-democracies were coded as a 0. The distinction between a democratic country or not was decided based on the mean of the liberal democracy (lib_dem) score from the codebook (*Variety of Democracy*). If a country was at or above the mean of the average score for liberal democracy, it was considered to be a democracy, and therefore was recoded as a 1. If the country's liberal democracy score was below the mean, it was considered to be a non-democracy, and therefore it was coded as a 0.

⁷¹ Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, David Altman, Michael Bernhard, et al t. 2021. "V-Dem Codebook v11.1" Varieties of Democracy (V-Dem) Project.

Amount of aid to Lebanon (perc_donoraid) ⁷²

This variable is what I used as one of my dependent variables. It accounts for all the aid (as a percent of their total aid) countries gave to Lebanon only. Its information is from The Organization for Economic Co-Operation and Development (OECD), which offers a wide range of indicators on development.

Bypass Aid (perc_ngo) ⁷³

This variable is another dependent variable used in the second set of tests. It is the percent of total aid that was given to NGOs as bypass aid. It is also from the OECD.

French Colony (France_colony)

We know that former colonial empires usually give more foreign aid to their former colonies.⁷⁴ To control for this, a binary variable was created for Lebanon if it was a former colony (1 for France only) or not (0 for every other country).

⁷² OECD. "Technical Guide to Terms and Data in the Creditor Reporting System (CRS) Aid Activities Database." OECD.

⁷³ OECD. "Technical Guide to Terms and Data in the Creditor Reporting System (CRS) Aid Activities Database."

⁷⁴Alesina, Alberto, and David Dollar. "Who Gives Foreign Aid to Whom and Why?"

Distance (midist)

I will account for distance since it is known that countries generally give aid to countries closer to them.⁷⁵ To control for this distance I will factor the miles between the donor country and Lebanon so that their relationship is accounted for when looking at the tests' results.

Lebanese Exchange Rate (exchange_rate)⁷⁶

To account for the amount of aid received by Lebanon over time, I will control for the exchange rate over the years present in my testing. Since foreign aid is measured in USD, the exchange rate between the US dollar and the Lebanese Lira over time will account for large jumps or dives in foreign aid since the Lebanese economy is notoriously unstable.

Disaster deaths in Lebanon (total_disaster)⁷⁷

Another variable to be accounted that may influence unusual donation of foreign aid is disaster deaths. I expect that years with higher disaster deaths, will correlate with higher amount of foreign aid being donated to Lebanon across the board, regardless of democracy score. Accounting for disaster deaths will help to distinguish between years of average aid flow from each donor country to Lebanon and years of increased aid due to

⁷⁵ Alesina, Alberto, and David Dollar. "Who Gives Foreign Aid to Whom and Why?"

⁷⁶ "World Development Indicators." DataBank.

⁷⁷ "Explanatory Notes: EM-Dat." EM. The International Disaster Database.

humanitarian concerns coming from more countries than the usual ones who focus on humanitarian aid. This comes from the International Disaster Database.

Population of Lebanon (population2) ⁷⁸

The population of Lebanon will take into account immigration and emigration rates as well as general birth and death rates. It is expected that as population grows, aid both as (perc_donoraid) and as (perc_ngo) will increase and vice versa. This will account for increasing aid based on population growth rather than an outstanding factor. This data comes from World Development Indicators.

GPDpc of Lebanon (gdppc2)

I will also control for GDP per capita of Lebanon to account for a variety of factors such as its GDP and population. This data is also from the World Development Indicators.

Limitations to the Test

With any regression correlation, it does not show causation. Additionally, the regressions only take into account, of course, the data given to it. This leaves out the reality of politics and alliances on the world stage. Furthermore, political and economic motifs such as sanctions and different administrations are not captured by any regression, which can have a huge impact on foreign aid.

⁷⁸ “World Development Indicators.” DataBank.

Furthermore, the regressions do not account for Lebanon's huge refugee crisis, which demands a lot of humanitarian foreign aid from multilateral institutions such as the United Nations as well as bilateral agreements. This has the potential to skew the results as Hezbollah's seats in government increase because the conditions at which refugees live in and Lebanon's treasury supports is not mitigated by Hezbollah gaining seats in government. This means that even as Lebanon's central government falls more under control of a terrorist organization, foreign aid may not stop flowing from donors in order to help with the refugee crisis at hand.

Results

Before I discuss each regression, I will describe the role and meaning of the coefficients of each value. A negative coefficient shows a negative relationship (as the independent variable goes up, the dependent will go down), and a positive coefficient represents a positive relationship (as the independent variable goes up, so does the dependent). Additionally, each column in the tables represent a factor that contributes to the result of the OLS Regressions. Firstly, the standard error of the regression (named Std. Error in the tables) is the average distance that the observed values fall from the regression line. Essentially, it is the amount that the tested variable changes across different scenarios, and it helps to measure the accuracy of the prediction. The p-value is read as statistically significant or not. In the column labeled “p-value” we see that any value below 0.1 has one star (*) and any value below 0.05 has two stars (**). These indicate a statistical significance where any value ascribed ** is more significant than any value ascribed *. A significant p-value indicates that there is a relationship between the variables when present; a significant p-value shows that the independent and dependent’s relationship is not random. The first set of test examines the first hypothesis:

H₁: As the number of seats occupied by Hezbollah increases in Lebanon’s Parliament, the amount of aid given to Lebanon from democratic countries will decrease more than the amount of aid from nondemocratic countries.

<i>OLS Regression 1: Percent of Total aid to Lebanon from Democratic Donors</i>			
Table 1	<i>Estimate</i>	<i>Std. Error</i>	<i>p-value</i>
<i>hez_seats</i>	-1.607e-02	1.289e-01	0.90081
<i>exchange_rate</i>	1.071e-03	9.867e-04	0.27848
<i>midist</i>	1.078e-05	8.085e-05	0.89404
<i>France_colony</i>	-1.053e-06	6.368e-07	0.09909 *
<i>total_disaster</i>	6.659e-03	7.124e-03	0.35043
<i>gdppc2</i>	-5.496e-09	6.619e-09	0.00972 **
<i>population2</i>	5.163e-09	2.538e-09	0.04255 *

** = $p < 0.05$; * = $p < 0.1$

The first OLS Regression examines the relationship between aid given to Lebanon from democratic donors, based on the liberal democracy scores discussed prior. From Table 1, we see that there are three statistically significant values. What we do not see is any relationship with *hez_seats*, as the p-value is close to 1, between aid given to Lebanon where the donor is democratic. We do see some relationships that are statistically significant but expected. For example, the strongest correlation seen is the relationship between aid given to Lebanon as its GDPpc changes. From the table, we see that as GDPpc in Lebanon increases, the less foreign aid it receives from democratic donors. Then we see another negative relationship in the table between *France_colony* and aid from democratic donors. The only positive relationship from this first OLS Regression is that between population of Lebanon and aid to Lebanon from democratic donors: as population goes up in Lebanon, the more aid Lebanon received from democratic donors. This is also a relationship to be expected.

<i>OLS Regression 2: Percent of Total Aid to Lebanon from Non-Democratic Donors</i>			
Table 2	<i>Estimate</i>	<i>Std. Error</i>	<i>p-value</i>
<i>hez_seats</i>	1.882e-04	2.469e-03	0.9393
<i>exchange_rate</i>	3.280e-05	2.110e-04	0.8767
<i>midist</i>	-3.758e-06	1.367e-02	0.0308 *
<i>France_colony</i>	-4.155e-03	1.367e-02	0.7615
<i>total_disaster</i>	-3.147e-09	1.588e-08	0.8432
<i>gdppc2</i>	5.824e-07	5.630e-06	0.9177
<i>population2</i>	5.03e-09	7.138e-09	0.4815

** = $p < 0.05$; * = $p < 0.1$

OLS Regression 2 tests the relationship between aid given to Lebanon from nondemocratic donors. The only significant value from this test is the relationship

between distance in miles Lebanon is from the donor country. The farther away Lebanon is from the donor, the less aid Lebanon receives. This can also be expected because it is known that countries generally give aid to countries closer to them. It is interesting to note that this trend is present in non-democratic donors, but not in democratic ones. Also interesting is that there is not the same significant values from the first test such as GDPpc and population changes in Lebanon affected the foreign aid received from non-democratic donors.

The next set of two tests examines the second hypothesis:

H₂: As the number of seats occupied by Hezbollah in Lebanon’s Parliament, the use of bypass aid will increase more in democratic countries than in nondemocratic countries.

<i>OLS Regression 3: Percent of Total Aid to NGOs in Lebanon from Democratic Donors</i>			
Table 3	<i>Estimate</i>	<i>Std. Error</i>	<i>p-value</i>
<i>hez_seats</i>	-4.384e-02	2.105e-02	0.0381 *
<i>exchange_rate</i>	NA	NA	NA
<i>midist</i>	-9.401e-06	8.052e-06	0.2438
<i>France_colony</i>	-2.138e-01	9.0683e-02	0.0189 *
<i>total_disaster</i>	-4.074e-08	7.550e-08	0.5899
<i>gdppc2</i>	1.612e-05	1.806e-05	0.3729
<i>population2</i>	5.770e-08	3.338e-08	0.0848 *

** = $p < 0.05$; * = $p < 0.1$

The third table shows the results from the third OLS Regression, which examined how the changing number of seats occupied by Hezbollah affects how much aid is bypassed from democratic donors. From the table, we see that there are three significant values. The first is a negative relationship between bypassed aid from democratic countries and the amount of seats Hezbollah holds in Lebanese Parliament, which is opposite of what my second hypothesis proposed. This result says that as Hezbollah’s

seats in government increases, less aid from democratic donors is bypassed through NGOs; whereas, I hypothesized that more aid would be bypassed from democratic donors in this circumstance. The next statistically significant relationship is that between Lebanon being a French colony, which follows from the first set of test with democratic countries. Lastly, again with democratic countries, we see that as population increases, so does the amount of bypassed aid to Lebanon from democratic countries.

<i>OLS Regression 4: Percent of Total Aid to NGOs in Lebanon from Non-Democratic Donors</i>			
Table 4	<i>Estimate</i>	<i>Std. Error</i>	<i>p-value</i>
<i>hez_seats</i>	-3.305e-02	3.178e-02	0.3003
<i>exchange_rate</i>	NA	NA	NA
<i>midist</i>	-1.050e-05	1.433e-05	0.4652
<i>France_colony</i>	-1.190e-01	1.328-01	0.3720
<i>total_disaster</i>	1.751e-08	1.176e-07	0.8818
<i>gdppc2</i>	8.359e-05	4.586e-05	0.0707 *
<i>population2</i>	-4.328e-08	5.477e-08	0.4309

** = $p < 0.05$; * = $p < 0.1$

The last table examines the fourth OLS Regression where the relationship between non-democratic donors and amount of bypassed aid to Lebanon. Interestingly, we see that unlike democratic donors from above non-democratic donors do not change their behavior when it comes to giving aid to NGOs based on Hezbollah's seats in Lebanon's government. In fact, the only statistically significant relationship from the fourth regression test is that there is a positive relationship between Lebanon's GDPpc and aid to NGOs from non-democratic donors. As GDPpc goes up, so does the amount of aid to bypass organizations, which is interesting because this is different than the relationship between non-democratic donors and total aid to Lebanon from the first set of

test where there was no relationship. There was also no effect on bypass aid from non-democratic countries as Lebanon's population changed, unlike democratic donors in terms of bypass aid.

Discussion of Results

The OLS Regressions did not support either of my hypothesis. What the results did show was a complete rejection of my second hypothesis that as Hezbollah gained more seats in Lebanese parliament, democratic aid donors would bypass more aid through NGOs. Instead, in the third regression table, we see that as Hezbollah seats go up, democratic donors actually give less aid to NGOs. This may be for a few reasons. Perhaps as more seats are controlled by Hezbollah, democratic countries feel they need to have more direct control with Lebanon's government by tying their aid. This may especially be true when one recalls how tied aid may affect how recipient countries are forced to use the aid (certain stipulations are given with tied aid). There is some support for this, as government and civil society aid has some evidence that it can alter political conditions in a recipient country.⁷⁹ With this in mind, it is possible that the negative relationship seen in the third regression table where as Hezbollah seats go up, less aid being bypassed is a method by which democratic countries use so they can oversee their direct involvement with Lebanon. This relationship did not exist, however, for non-democratic countries bypassing foreign aid to NGOs.

As stated in the results section above, there were some results in the OLS Regression tables that were to be expected from the control variables. One of these expected relationships was from Table 1 where it is seen that as Lebanon's population increases so does the amount of foreign aid democratic countries give. This is a logical assumption to make: as more people inhabit Lebanon, the more foreign aid will be sent to

⁷⁹ Savun , B., & Tirone, D. (2017). *Foreign aid as a counterterrorism tool - University of Pittsburgh*.

account for the increased population. The same behavior is seen in Table 3. Interestingly, however, the population change affecting behavior is only present in democratic donors (refer to Tables 1 and 3). Non-democratic donors (refer to Tables 2 and 4) do not change their amount if total or bypassed aid in Lebanon based on population change. Perhaps looking into the type of aid would lend some clarity on this. For example, when it comes to total aid, it is possible democratic countries focus on humanitarian aid, so how they allocate to countries in need is examined closer that if non-democratic countries give aid for more strategic purposes. In that case, population changes would not affect non-democratic aid if it is tied rather than purely humanitarian in nature.

A similar, but reverse, logic exist with the results in Table 1 with the negative relationship between Lebanon's GDPpc and total aid given from democratic donors. Logically speaking, as GDPpc goes up in Lebanon, donors will give less aid to account for a "richer" economy. However, the opposite is true in terms of non-democratic donors and bypassed aid: refer to Table 4 to see that non-democratic donors bypass more aid as GDPpc in Lebanon increases. I think this could follow a similar logic as above that as non-democratic donors see the GDPpc is growing in Lebanon, they may bypass more aid to keep the appearance of giving humanitarian aid whereas democratic countries already bypass aid, so this relationship is not seen in Table 3.

Conclusion

There is expansive literature about the motivations and allocation of foreign aid in the global political economy. However, there is considerably less academic research on how formal ties to terrorism affects both amount of aid given and amount of aid that is bypassed from either democratic or non-democratic countries. This project used Lebanon, a country with the terror organization Hezbollah in its Parliament, as a case study to examine this gap in foreign aid and sought to see how foreign aid flow was changed by formal ties to terrorism affects the flow of foreign aid to the country from democratic or non-democratic donors. My two hypotheses were rejected based on the OLS Regressions run. In fact, the third OLS Regression showed the exact opposite of my second hypothesis to be true: when Hezbollah's seats go up in Lebanon, bypassed aid from democratic countries goes down. In the future, this topic can be expanded on by looking into what specific type of aid (civil, humanitarian, government, food, etc.) is affected when it comes to changes in variables such as population and GDPpc in relation to either democratic or non-democratic giving aid, as these two political systems saw variation in these variables from the OLS Regression Tables. However, while my two hypotheses were not supported, the results and analysis of them do have the potential to add to the discussion on foreign aid motivation as well as how different political systems choose to allocate aid and what that looks like in recipient countries.

On a larger scale, some implications for both Lebanon and the world of foreign aid can be drawn from this study. For example, Lebanon is seen as the country that does seem to maintain a steady flow of foreign aid despite formal relations with Hezbollah. The results from the four different OLS support this fact. On a larger scale though it is

also seen that perhaps as countries draw closer ties to terror organizations, but are not completely controlled by them, specifically western donors may feel that giving more aid directly to the government, rather than bypassing it, is a way to maintain or increase control over the recipient government. Perhaps this ties more into motivations, both political and economic, of why donors give foreign aid. From extensive academic literature, we know that donors are strategic. This project, I believe, has supported that. With more attention paid to the specific types of aid and how it is given, I think one more piece of the puzzle can be uncovered on the story of foreign aid in the global economy.

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APPENDIX



