

Effect of aid assistance and aid conditionalities on Diplomatic relations & Peaceful dispute resolution

Foreign aid sanctions influence diplomacy by coercing compliance, fostering short-term dispute resolution.

Geographical region: Global

Effect size: Large effect ($g=0.347$)

Confidence in study findings: Low confidence (1 study; 01 ES)

Short summary

Foreign aid assistance shapes diplomacy by coercing compliance and stabilizing relations. Aid sanctions accelerate capitulation but weaken over time as recipients adapt. While effective short-term, foreign aid sanctions are unreliable for long-term peace. Aid withdrawal may strain relations, requiring a balanced approach combining negotiation and diplomacy for sustainable conflict resolution. However, we have low confidence in this cell due to a limited number of the studies in the cell.

Long summary

The intervention

The intervention involves foreign aid sanctions, where sender countries reduce or terminate foreign aid to target states to pressure them into compliance. These sanctions disproportionately affect political elites and regime supporters, accelerating target capitulation. However, their impact diminishes over time as target governments adapt through alternative financial or political strategies.

How the intervention is expected to work

Foreign aid sanctions are expected to work by imposing economic hardship on politically influential elites and crucial regime supporters in target states. Since foreign aid is often distributed among key political and economic actors, its suspension directly weakens the regime's ability to maintain loyalty and control. This pressure increases the likelihood of target governments conceding quickly to the sender's demands to restore aid and stabilize internal political support. However, over time, governments may adjust by seeking alternative funding sources, implementing economic redistribution, or repressing dissent, reducing the sanctions' effectiveness. Thus, aid sanctions are most impactful when applied swiftly and decisively before adaptation occurs.

The evidence base

The cell includes one primary study that uses quantitative analysis with the Threats and Imposition of Economic Sanctions (TIES) dataset (1961-2012), covering global economic sanctions cases. The outcome is compliance with whatever condition has triggered the sanctions.

Evidence Findings

Foreign aid sanctions influence diplomacy by coercing compliance, fostering short-term dispute resolution, but weaken over time as recipients adapt, requiring balanced aid strategies for sustainable peace.

Included studies

Jeong (2018) investigates the impact of foreign aid sanctions on the duration of economic sanctions and target capitulations using the Threats and Imposition of Economic Sanctions (TIES) dataset (1961-2012). The findings reveal that foreign aid sanctions significantly expedite target capitulation compared to non-aid sanctions, as they disproportionately affect political elites and crucial regime supporters. However, this effect diminishes over time as target governments adjust through economic and political countermeasures. The statistical analysis shows that foreign aid sanctions have a highly significant effect ($p < 0.01$) on accelerating target surrender. In the first month of implementation, these sanctions increase the probability of target acquiescence by 461%-554% compared to non-aid sanctions. However, this effect weakens over time, becoming statistically indistinguishable from other forms of sanctions after 16-30 months. This suggests that for aid sanctions to be effective, they should be imposed swiftly and decisively before target states find alternative financial resources or implement domestic strategies to counteract the pressure. This study is rated as high and medium confidence quantitative study.

Confidence assessment

Overall: Low confidence as there is a limited number of studies.

Other outcomes in the study

None