# Aid, Blame, and Backlash: The Political Economy of Unpopular Aid \*

Cleo O'Brien-Udry<sup>†</sup>

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#### Abstract

Not all aid is welcome. Aid targeted at minorities or other marginalized groups in recipient countries is a common donor priority. However, minority aid is unpopular in recipient countries due to persistent discrimination against out-groups and expectations of political favoritism from political representatives. Backlash against the presence of unpopular aid in recipient countries may cause majority-group members to blame their political representatives for allowing or acquiring unpopular aid. I develop a theory of how blame-attribution and donor-driven incentives to promote aid for vulnerable populations reduce trust in government. A case study of Kosovo illustrates the dynamic of political backlash against governments when aid to an unpopular minority is delivered by international actors. I test the theory on a novel dataset of aid projects in Kosovo by leveraging semi-random timing of aid project events. I find that exposure to aid targeted at marginalized groups negatively affects trust in and approval of local and national governments. Donor attempts to help vulnerable populations may lead to backlash that empowers anti-minority parties, making the political landscape of recipient countries more dangerous for the groups they sought to aid.

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<sup>&</sup>lt;sup>†</sup>Ph.D. Candidate, Yale University. Email: cleo.obrien-udry@yale.edu.

# 1 Introduction

The Sustainable Development Goals (SDG) promote efforts to address "poverty, hunger, disease, unmet schooling, gender inequality, and environmental degradation." (Sachs, 2012, 2206) Reducing inequality, a key subcomponent of all of these goals, requires addressing unequal access to services for and discrimination against minority (ethnic, religious, racial) groups. Most minority groups face inequality in aid recipient countries because of persistent discrimination and disenfranchisement (Gurr & Scarritt, 1989). Foreign aid is a key tool to address the SDGs and has been used to improve the status of minorities in recipient countries (Kretz, 2013; Savun & Tirone, 2011). Aid to minorities receives high praise in donor countries and serves the larger humanitarian goals that motivate much of the aid community (Heinrich & Kobayashi, 2020; Heinrich *et al.*, 2018). This aid is intended to improve the material and political circumstances of its minority recipients (Velasco, 2020; Büthe *et al.*, 2012).

While the SDGs intend to uplift the lives of all people in developing countries, majority populations in recipient countries may not want to improve the lives of minority groups. If aid is seen as a zero-sum game, aid for minority groups comes at a cost of aid for majority groups (Baylouny, 2020). Even minority-targeted aid that comes at no cost to majority populations receives substantially less support than neutral or majority-targeted aid among majority-group constituents (Linos *et al.*, 2020). Aid to unpopular groups may be subject to protests and anti-minority activism by the majority population (Weiss & Bosia, 2013; Velasco, 2020).

Aid to out-groups may be politically-popular for donor countries, but for recipient countries, it may impose political costs. Targeting aid has consequences for its recipients. I develop a theory of blame-attribution, a corollary to the burgeoning literature on creditclaiming in aid (Cruz & Schneider, 2017; Guiteras *et al.*, 2015). Claiming credit for aid projects allows politicians to signal their capacity (ability to get aid from a donor) (Dolan, 2020; Ijaz, 2020) and priorities (preferences from aid allocation). The presence of aid targeted at an unpopular minority reveals a politician to be either weak and unable to prevent the allocation of unpopular aid or strong and choosing to allocate aid to an unpopular minority against the preferences of her constituents. I argue that aid targeted at specific constituencies, particularly minority constituencies, reduces trust in local and national governments because of the signal it sends to constituents about their politician's capacity and priorities.

I test the argument on a novel set of aid projects from Kosovo. Kosovo is a top recipient of aid from OECD countries. Donor countries have made support to minority groups, particularly to Kosovar Serbs, a key feature of their engagement with the state (Doli & Korenica, 2013; Gjoni *et al.*, 2010; Papadimitriou *et al.*, 2007; Devic, 2006). Minority groups are over-represented in the amount of aid they receive relative to their population size: 8% of the population but 22% of the total aid projects.<sup>1</sup> Politicians in Kosovo typically publicize their relationships with aid donors as a sign of their ability to get additional resources for their community. Some politicians express frustration at the amount of funding for minority communities. As an aid-dependent country with contentious inter-group relations, Kosovo is a space in which we should expect to see backlash from aid to minority communities resulting in blame for political representatives and lower support for government.

To measure the effect of unpopular targeted aid on support for governments, I use public opinion data from the 2016 Life in Transition Survey in Kosovo. I identify the relative exposure of survey respondents to aid for minorities by calculating individuals' physical distance from the project and the amount of time they have been exposed to an aid project. While aid timing is non-random on a macro-scale (Kersting & Kilby, 2016; Kilby, 2005; Marx, 2017), I exploit plausibly-exogenous variation in timing due to bureaucratic idiosyncrasies, conditional on covariates. I find evidence that exposure to minority aid projects decreases

<sup>&</sup>lt;sup>1</sup>Population estimates from the OSCE. Aid project calculations by author.

government approval among survey respondents.

The paper proceeds as follows: I discuss the logic and consequences of donor-driven incentives to target aid at minority populations. I explore existing research on the politics of minority aid in recipient countries. I describe the phenomenon of credit-claiming for aid recipients and introduce its corollary for unpopular targeted aid: blame-attribution. The case of aid to minority populations in Kosovo illustrates the dynamic of international support for targeted aid and the political consequences for elected representatives in Kosovo. Using a national survey of citizens in Kosovo, I empirically test the hypotheses derived from my case study. Aid to Kosovar minorities is associated with decreases in approval for local and national governments.

# 2 The Political Economy of Unpopular Aid

I review existing literature on aid allocation for minority populations. Donors have strong incentives to provide funding for minority groups. Recipients have incentives to accept minority aid even if it does not align with their aid priorities. The presence of minority aid may reduce approval for government as political representatives are blamed for acquiring aid targeted at minority populations.

#### 2.1 Donors and Minority Aid

Donors aim to support targeting aid at out-groups and the poor.<sup>2</sup> Why these groups? Donors have humanitarian motivations to target the poor and marginalized (Heinrich & Kobayashi, 2020; Heinrich *et al.*, 2018; Lebovic & Voeten, 2009). Out-groups may be economically-disadvantaged as a function of their social isolation, making them a compelling target for

 $<sup>^{2}</sup>$ (Briggs, 2017) finds that aid *does not*, in fact, target the poorest. However, donors uniformly claim to target their aid at the poor.

humanitarian-motivated aid (Büthe *et al.*, 2012).

In some contexts, donors have particular affinity for a given out-group. Velasco (2020) points to aid for LGBT causes as driven by norms of donor countries that are more pro-LBGT rights. Vice-President Mike Pence, in what is widely viewed as an attempt to shore-up the conservative Christian base that helped elect the Trump-Pence ticket in 2016, directed USAID to target aid at Christian minority groups across developing countries despite cutting aid to most other groups/sectors.<sup>3</sup> On the macro level, common language, religion, and colonial history link donor and recipient countries with more alike countries receiving greater volumes of aid (Schmid, 2000).

Donors also have incentives to promote aid to out-groups as part of democracy aid. Notions of multi-cultural, multi-ethnic democratic institutions influence Western donors' perceptions of what constitutes democracy, leading donors to support targeted aid for minorities as a form of nation-building and democracy promotion (Devic, 2006; Bush, 2015). Donors may also perceive some groups as out-groups based on out-group relations in their own countries or countries they have previously been involved with. This creates incentives for donors to design interventions that match social issues in familiar contexts without necessarily considering the cultural, economic, and social distinctions of recipient countries (Easterly, 2002; Börzel & Risse, 2004).

#### 2.2 Recipients and Minority Aid

Why should recipient governments accept aid targeted at unpopular groups? General aid allows recipients to allocate funds in a manner they see fit. Aid targeted at a specific population reduces the flexibility of allocation by design.<sup>4</sup> For some recipients, this restriction

 $<sup>{}^{3}</sup> https://www.propublica.org/article/how-mike-pences-office-meddled-in-foreign-aid-to-reroute-money-to-favored-christian-groups$ 

<sup>&</sup>lt;sup>4</sup>Though, as Briggs (2014) notes, targeted aid is still subject to political influence.

may actually be beneficial. Vreeland (2003) notes that some governments will accept IMF loans that require targeted improvements in financial systems in order to implement better economic policies without suffering political consequences. Recipients are able to "blame" the IMF and effectively tie their hands in the eyes of the public (Shim, 2020). Recipient governments may recognize that targeted aid for out-groups would also allow the governments to ensure funding for these groups and improve overall economic outcomes if they are able to claim a similar "hands-tied" situation.

Targeted aid is less fungible than general budget support aid. However, targeted aid may still allow recipients to transfer their own funds from the targeted sector to other priorities. Swaroop *et al.* (2000) find that foreign aid given to specific Indian states led the Indian federal government to allocate its own intra-governmental transfers away from targeted states and towards other, non-targeted states.<sup>5</sup> In several top aid recipients, US military aid increases investment in unrelated private sectors (Khilji & Zampelli, 1994). For different countries, sector-specific foreign aid may be more or less fungible (Pettersson, 2007; Pack & Pack, 1993, 1990). Depending on domestic political context, targeted aid may still allow recipients to increase funding to their preferred sectors.

Recipients may expect targeted aid to harm them electorally (Vreeland (2003) notes that governments may reject IMF loans if they are unable to pass the buck on blame for stringent loan conditions) or may genuinely prefer to exclude out-groups from foreign aid financing. However, actual and perceived disparities in power between donors and recipients may make recipients unable to refuse certain types of aid. During the Cold War, it is widely accepted that recipients were able to extract greater amounts of aid from donors due to power struggles between the West and the Soviet Union (Dunning, 2004; Meernik *et al.*, 1998). The rise of China in relation to Western donors in the last decade has increased fears of the same

 $<sup>{}^{5}</sup>$ In fast, the Indian federal government seems to have allocated **more** funds away from the targeted states than the amount of aid these states received, demonstrating a form of punishment for receiving aid.

forum-shopping for aid by recipients (Naidu *et al.*, 2010; Kohno *et al.*, 2020; Swedlund, 2017). Without outside aid options for recipients, donors can more credibly threaten to withdraw aid from recalcitrant recipients (De Mesquita & Smith, 2007). Recipients may fear that rejecting targeted aid for unpopular groups may lead donors to 1) reduce aid for other sectors or 2) reduce Western support for the recipient country in non-foreign-aid-related arenas.

Aid to minorities may be beneficial to recipients if the minority group forms a salient voting bloc for incumbent political parties. Wilkinson (2006) finds that Indian politicians take efforts to prevent anti-Muslim riots when Muslim voters are important to their selectorate. Briggs (2021), Corstange (2016), and Kasara (2007) all note that patronage benefits may be targeted at swing voters (including out-groups) when co-ethnics or in-groups have few outside voting options. The political costs of majority group disapproval of aid allocation to minorities may be outweighed by the political benefits of acquiring out-group voting blocs.

Finally, rejecting foreign aid may not be possible for recipient governments. Aid may be disbursed from donors to NGOs, leaving government preferences out of the picture (Dietrich, 2013). Blocking aid for NGOs is logistically difficult, risks antagonizing the international community, and cracking down on NGOs may generate a backlash effect in which NGOs are able to generate more revenue in response to being targeted (Chaudhry & Heiss, 2019; Christensen & Weinstein, 2013). Additionally, federalism in recipient countries may lead to a misalignment in preferences between local, state, and national priorities. National politicians and local politicians have different incentives to engage with international aid donors for aid to out-groups because their electoral constituencies are different (Swaroop *et al.*, 2000). For recipient countries in crises, either humanitarian or conflict-related, it may be difficult to monitor what aid enters the country and to reject unwanted aid (Swedlund, 2013; Carnegie & Dolan, 2015; Dany, 2020).

#### 2.3 Blame and Backlash

Aid is a signal of government intent and competency for many aid-dependent countries. A growing literature on the phenomenon of credit-claiming in aid (Cruz & Schneider, 2017; Guiteras *et al.*, 2015) notes that recipient politicians may claim undeserved credit for the existence of aid in their locality. Even absent costly attempts by politicians to claim credit for aid, citizens in aid-dependent countries perceive attracting aid as a primary responsibility of their representatives (Dolan, 2020; Ijaz, 2020; Young, 2009). Politicians target aid to their constituents in order bolster their chances at re-election (Briggs, 2012, 2014; Dreher *et al.*, 2021; ?). Results are mixed on whether or not aid benefits politicians politically. Knutsen & Kotsadam (2020) find positive effects of aid on incumbency while Briggs (2019) finds the opposite results.

Donors too benefit from the signal their aid sends to recipient polities, allies, and their domestic constituencies (Milner & Tingley, 2010; Mawdsley, 2014). Aid to recipient countries can increase positive sentiment towards donors amongst recipients (Goldsmith *et al.*, 2014), signal a donor state's type or belonging to a certain tier of states in the international system (Crandall & Varov, 2016), and send a signal of priorities to their domestic constituents (Greene & Licht, 2018; Goldstein & Moss, 2005; Milner & Tingley, 2010). Additionally, in order to attract investment from private entities, aid foundations, and government bodies, aid agencies have incentives to publicize their achievements in aid, making their dispersion of aid visible to both donor constituencies and recipients (Adam & Gunning, 2002).

Aid targeted at unpopular groups may reduce support for recipient incumbent politicians. If politicians in recipient localities are attributed credit for aid that the locality receives, they may also be attributed blame for the locality's unpopular aid. The logic of credit-claiming in aid implies the existence of blame-attribution for unpopular aid. I describe two main mechanisms through which unpopular aid may result in decreases in trust in government. First, the presence of unpopular aid may signal that a politician does not have the *capacity*  to acquire popular aid from donors. Second, if citizens believe that a politician intentionally acquired unpopular aid from donors, the aid may signal a misalignment in political *priorities* between the politician and her constituents.

*Capacity*: Citizens may perceive the presence of unpopular aid as a donor imposition rather than a choice of their political representative. However, if this is the case, citizens may blame their political representative for being too weak to oppose unpopular aid or convince the donor community to provide popular aid. Unpopular aid may be a signal of political incompetence. Citizens who believe their political representative to be incompetent may update their beliefs about how much trust to put in their government.

*Priorities*: Citizens may believe their politicians were not weak but rather worked with donors to acquire unpopular aid. Unpopular aid, then, could signal distance between constituent priorities and their political representative's priorities. In cases where politicians have consistently claimed credit for aid projects (signaling their capacity to obtain projects), the presence of unpopular aid may signal that politicians are choosing to acquire aid for unpopular groups.

Both of these mechanisms predict a decrease in trust in government from citizens exposed to politically-unpopular aid projects. Opposition parties can use the existence of unpopular aid to elicit negative reactions to the incumbent political representatives. Decreasing trust in government is both a function of immediate citizen public opinion and of opposition party incentives to publicize the existence of unpopular aid and to further associate this aid with the incumbent politician. Trust is posited to be a precursor to effective government policies, with decrease trust a sign of demand for political change and an opportunity for political radicalization (Miller, 1974; Citrin, 1974). Hetherington (1998) notes that "a public no longer possessed of a core trust in its political system is easily frightened by negative campaigns against broad new initiatives." (804) Decreased trust provides an opening for political opportunists to capitalize on the discontent. If decreased trust is driven in part by minority aid, it is possible anti-minority politicians to come to power in the wake of this backlash.

Overall, aid can benefit the communities it targets, but can also produce backlash if the "wrong people" were targeted. A cash-transfer program targeting the poor in Niger sparked backlash against recipients due to suspicions about the targeting process, perceived biases against non-recipients (de Sardan et al., 2015). International advocacy and pressure on aid recipient countries to support LGBT rights decreased support for LGBT rights due to "political homophobia," backlash against international norm imposition (Weiss & Bosia, 2013; Velasco, 2020). Aid to Syrian refugees in Jordan and Lebanon has been the site of resentment and backlash amongst host populations (Baylouny, 2020; Christophersen & Thorleifsson, 2013). Paler et al. (2020) find that targeting aid to non-combatants in a postconflict context is successful only when combatants, non-beneficiaries of the aid program, "are willing and able to challenge elite authority to try to appropriate a share of the aid for themselves." (389) A summary of the evidence on interventions aimed at improving women's livelihoods and agency finds huge mediating effects of gender norms. Men's expectations of benefiting from programs limits the ability of programs to substantially increase women's well-being (Chang et al., 2020). Importantly, Lehmann & Masterson (2020) find that Syriantargeted aid *reduces* violence towards Syrian refugees in Lebanon through the mechanism of sharing aid benefits directly and indirectly between host and refugee population. The relationship between aid and resentment is not linear and may affect different populations or actors. I add to this growing literature on backlash to targeted community improvements by theorizing the existence of political blame attribution for politician representatives associated with minority aid programs.

# 3 Aid and Blame in Kosovo

Kosovo, a country of just over 3 million people, has been the subject of international attention since 1998, when a Kosovar-Albanian insurgency fought against ethnic cleansing by the Serbian state, of which Kosovo was a part at the time. The insurgency drew international attention and support, culminating in the NATO bombings of Serbian troops and cities in 1999 and the subsequent withdrawal of Serbian troops from the territory of Kosovo. After 8 years as a UN protectorate, Kosovo declared independence from Serbia with much, though not all, of the international community's support.<sup>6</sup> As an independent nation, Kosovo is a top recipient of international aid on a per capita basis.<sup>7</sup>

The conditions of Western support for Kosovo's independence, as well as any hope for the state to join the EU, include strong protections for minority populations within Kosovo, including Serbs (Economides & Ker-Lindsay, 2015). The Kosovar constitution is rated highly on its accommodations for minority populations. It was drafted by constitutional scholars in the US and EU and ratified by a Kosovar parliament dependent on Western donors for economic and military support (Lantschner, 2008; Doli & Korenica, 2013). Major political parties in Kosovo, composed primarily of former members of the Kosovo Liberation Army and the non-violent alternate governing body of the 1990s, face a trade-off between advocating for sovereignty and losing the support of donors (Jackson, 2018). The international community's support for Serbs and other minorities in Kosovo is a consistent source of tension at the international level and between political parties within the nascent state (Devic, 2006). Kosovo's flag, for example, was designed by the EU and displays six stars for the six major ethnicities in Kosovo: Albanians, Serbs, Bosniaks, Turks, Romani, and Gorani.

<sup>&</sup>lt;sup>6</sup>Notable, countries with potential break-away regions of their own have refuse to recognize Kosovo's independence. For a full up-to-date list of countries that have recognized Kosovo, see https://www.kosovothanksyou.com/.

<sup>&</sup>lt;sup>7</sup>The country is in the top 25% of aid recipients on a per-capita basis according to OECD data.

92% of Kosovo citizens are Albanian. Yet, of the aid projects that Kosovo has received, 22% have targeted minority populations despite minorities constituting only 8% of the Kosovar population.

Donors explicitly target minority communities in Kosovo in their projects and promotional material. The USAID's official website from 2012-2017 proclaimed one of its major achievements as "Community-based programs that have rehabilitated and built community infrastructure, engaged young people and supported businesses in minority areas of Kosovo."<sup>8</sup> In the of the coronavirus pandemic, the EU has emphasized the importance of aid for Roma and other vulnerable populations in the Western Balkans: "The EU quickly provided vulnerable individuals, such as Roma, with essential food and hygiene packages, and will continue supporting the elderly, children, victims of domestic violence, and minorities to ride out the crisis"<sup>9</sup> Aid has been tied explicitly to the benefit of Serbian communities with the goal of communicating US support for minority rights. For example, a leaked diplomatic cable stated the importance of using aid to highlight the US's commitment to the Serbian community in Kosovo.

On December 12 [2006], COM traveled to north Mitrovica to preside over a ceremony marking the completion of a USAID-funded major renovation project at the Sveti Sava elementary school, serving an exclusively Serb population. The \$100,000 project, implemented through the International Organization for Migration (IOM) and carried out by a Kosovo Serb construction firm from Gracanica, included extensive repairs to a leaking roof and damaged walls and installation of new thermopane windows, as well as brand new flooring, bathroom facilities and a playground for the children.

<sup>&</sup>lt;sup>8</sup>https://2012-2017.usaid.gov/kosovo

<sup>&</sup>lt;sup>9</sup>https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/coronavirus\_support\_ wb.pdf

The event was covered extensively by local Serb and Albanian media. In his remarks at a special school assembly convened for the inauguration, the school principal praised the U.S. for its support of the project, citing the quality of the work and the speed with which it was carried out (the renovation was completed within one month of the contract being finalized). COM thanked him, assuring those watching that "the U.S. Government believes that there must always be a strong and vibrant Serb community in Kosovo with full legal rights and with special protection for their cultural and religious sites."<sup>10</sup>

Aid to Kosovar Serbian communities is particularly contentious because the international community is actively supporting an out-group whose association with the Serbian state is both a painful reminder of a violent past and a current impediment to economic progress and European integration. As an out group, Kosovar Serbs speak a different language (Serbian), practice a different religion (members of the Serbian Orthodox Church), and can be considered a different race.<sup>11</sup> They engage with separate political institutions, have separate money (the Serbian dinar; Kosovar Albanians use the Euro), and live primarily in geographically-isolated areas. Kosovo has received 2.4 billion Euros of aid in the last fifteen years; 8% of this aid is targeted at Serbian municipalities or communities despite Serbs comprising only 4% of the population of Kosovo. <sup>12</sup> Albanians, according to their elected representatives, are jealous of the fact that the international community prioritizes Serbs for foreign aid.<sup>13</sup> Albanians, according to their elected representatives, are jealous of the fact that the international community prioritizes Serbs for foreign aid.<sup>14</sup> Non-Serbs in

<sup>&</sup>lt;sup>10</sup>https://wikileaks.org/plusd/cables/06PRISTINA1071\_a.html

<sup>&</sup>lt;sup>11</sup>Race is, of course, a constructed concept. Here, however, it is made relevant by the racial politics of the collapse of Yugoslavia in the 1990s.

<sup>&</sup>lt;sup>12</sup>Authors calculations for aid and OSCE for population.

 $<sup>^{13}</sup>$ Author's interview 3/12/19.

<sup>&</sup>lt;sup>14</sup>Author's interview 3/12/19.

Kosovo believe the international community favors Serbs in order to maintain peace in the region (Rrustemi, 2019). This perception may color interactions in which ethnicity has not been the basis for inequalities. A Serbian mayor of a Serbian-majority community told me, "An Albanian who moved to the municipality in 2012 complained to the newspapers that Albanian villages don't have paved roads. But everyone doesn't have paved roads, not just Albanians. How is it discrimination if he decided to move on top of a mountain with no paved roads?"<sup>15</sup>

The emphasis on minority rights in Kosovo has been driven by the international community with the purpose of protecting minorities writ large, but especially defending the rights of the Serbian population in order to ease the relationship between Kosovo and Serbia (Gjoni et al., 2010). Serbia uses concern about the welfare of Kosovar Serbs as a cudgel with which to claim both its authority over Kosovo and the necessity of Serbian state involvement in the Kosovar state (Gjoni et al., 2010; Visoka, 2008). The consociational structure foisted upon Kosovo by the international community reserves 20 seats in the national legislature for minority parties (10 Serb, 10 other minorities) (Doli & Korenica, 2013). When the dominant Serbian party, Srpska Lista, is confident in its dominance in the race for Serbian-reserved seats, it has been accused of directing excess voters to other minority parties who, in turn, may vote more sympathetically for Serbian-backed causes in the legislature.<sup>16</sup> Other minority parties face a trade-off between building alliances with Serbs to promote minority-focused policies and exposing themselves to anger and resentment from majority Albanian populations as a result of this association, living in "enclaves within enclaves"- endlessly marginalized and discriminated against" (Visoka, 2008, 163). Human Rights Watch's 2019 report noted "Roma, Ashkali, and Balkan Egyptians continue to face problems acquiring personal documents, affecting their ability to access health care, social

 $<sup>^{15}</sup>$ Author's interview 12/21/2018

<sup>&</sup>lt;sup>16</sup>https://balkaninsight.com/2021/01/28/belgrad-backed-party-in-kosovo-accused-of-dirty-tricks-in-elec

assistance, and education. There was no visible or reported progress towards integration of these minority communities."<sup>17</sup> These ethnic groups are targeted by about 13% of aid projects but are only 4% of the population of Kosovo. Other social groups also face social barriers and are targeted by donors in Kosovo. Less that 0.05% of projects are targeted at LGTBQ+ populations, who are also known to suffer discrimination in Kosovo.<sup>18</sup> Catholic Albanians, who face discrimination in some settings, are the beneficiary of roughly 0.001% of aid projects in Kosovo.

While Serbs are the most politically-contentious recipients of aid in Kosovo, aid to other minority groups may also be disputed. For example, Linos *et al.* (2020) demonstrate that aid agencies receive fewer individual donations when they highlight Roma as beneficiaries of aid than Greeks (the majority population in the study). Importantly, this aid allocation comes at no cost to the majority Greek population. Unpopular aid, then, may be unpopular because minority groups are perceived as acquiring more aid in a zero-sum game (leaving less aid for the majority group) or because the majority group perceives the minority group as less-deserving of the amount of aid they do get. Both the zero-sum model of aid allocation and the relative depravation model should result in the same observable implications.

### 3.1 Illustrative Case: Eastern Kosovo

The case of Qytet<sup>19</sup> is instructive here. The eastern Kosovo municipality has a sizable Serbian minority population (roughly 8%) which, in the main city, coexists with the Albanian population despite participating in parallel Serbian governance, health, and education structures. In 2017, after two decades of alternating rule between the two dominant parties in

<sup>&</sup>lt;sup>17</sup>https://www.hrw.org/world-report/2019/country-chapters/serbia/kosovo

<sup>&</sup>lt;sup>18</sup>https://www.hrw.org/world-report/2019/country-chapters/serbia/kosovo

<sup>&</sup>lt;sup>19</sup>Name of municipality changed in line with IRB protocol.

Kosovo politics, a challenger candidate from the Vetëvendosje<sup>20</sup> (VV) party came into power with a platform of ethnic harmony and reducing corruption in the municipality. The mayor appointed a Deputy Mayor for Communities (DMC) for the Serbian population despite this position only being required by Kosovo law when minority populations exceed 10% of the total municipal population. The party leader of Srpska Lista<sup>21</sup> (SL), the main Serbian party in Kosovo, selected the DMC, a prominent local pig farmer and former customs officer for the position because the customs officer was not a member of SL and was less likely to be accused by the Albanian community of representing Serbian state, as opposed to local Serbian population, interests.<sup>22</sup> Without the Serbian voting bloc<sup>23</sup>, the VV candidate would not have succeeded.<sup>24</sup> However, the national platform of LV refutes any form of cooperation with Serbian state entities that undermines the sovereignty of Kosovo (Visoka, 2019). The now-mayor's campaign and party were inconsistent with the methods the mayor used to get into office.

While the mayor and the DMC talk up the role the international community plays in supporting minorities and inter-community collaboration, including a class for Albanians and Serbians in Qytet to learn each others' language with the support of the US Embassy, others in the administration express trepidation. The deputy mayor, a member of the right-

 $<sup>^{20}</sup>$ Lëvizja Vetëvendosje started as a political movement called "the movement for self-determination" and became the self-determination party in 2010.

<sup>&</sup>lt;sup>21</sup>Serbian List

<sup>&</sup>lt;sup>22</sup>Author's Interview 21/12/2021, 18/12/2021, https://kosovotwopointzero.com/en/ qendron-kastrati-kamenica-eshte-nje-vend-model-se-si-ekziston-bashkejetesa-ne-mes-te-komuniteteve-te-r

<sup>&</sup>lt;sup>23</sup>The Serbian population consistently votes for SL or for whom SL directs them to vote. I have personally witnessed the party leader call individual members of the Serbian community in Qytet to remind people to vote at their specific polling location for a given party candidate. Refusal to support the chosen SL candidate in Kosovar or Serbian elections can have professional repercussions-teachers at the local school which employs the majority of Serbian adults in the community must participate in SL rallies in Kosovo and Srpska Napredna Stranka (SNS), the Serbian Progressive Party, rallies in Serbia or face difficulty in retaining their jobs. One student at the local high school whose father prominently supports Serbian opposition parties has complained that teachers grade her more harshly as a result of her political affiliation. Whether or not this is the case, the perception of SL dominance in Kosovo is complete.

 $<sup>^{24}</sup>$ Author's interview 21/12/2018.

wing Aleanca për Ardhmërinë e Kosovës<sup>25</sup> (AAK) party, spoke positively about the economic impacts of a 100% tax Kosovo imposed on Serbian goods<sup>26</sup>: "no one with Albanian blood was not satisfied with the taxes."<sup>27</sup> In contrast, the mayor spoke with greater trepidation about the tax due to the potential instability it could cause for international engagement with the municipality "Right now, investors might not be interested because of instability."<sup>28</sup> The tension between appeasing international investors for the economic benefit of citizens versus appealing to the ethnic cleavages within Kosovo exists even within a single administration.

Maintaining close relationships to donors, as local officials across Kosovo make a priority in order to attract supplementary funding, may come at a political cost. Opposition parties can malign the intentions of donors and the weakness of recipients: "[VV]... saw donor support for civil society as a form of control and a mechanism for preventing radical politics." (Visoka, 2019)29 VV has also tarred the political institutions of Kosovo which, under the guidance of donors, "built one system of exclusive privileges of territorial selfgovernment and institutions on ethnic and religious grounds, belonging only to the minority Serb in Kosovo and imposed a 'multi-ethnic' identity at the state level."<sup>29</sup> The benefits of international involvement, per VV, are outweighed by the sovereignty costs. For minority aid, these costs are doubled: the aid both creates additional opportunities for donor influence, sacrificing sovereignty, and reifies a state system that is perceived to prioritize minority rights and stability over democratic principles.

Less than a year into his mandate, the mayor of Qytet switched his political affiliation

<sup>&</sup>lt;sup>25</sup>Alliance for the Future of Kosovo

 $<sup>^{26}{\</sup>rm The}$  policy was instituted in response to Serbian derecognition campaigns to delegitimize the independence of Kosovo.

<sup>&</sup>lt;sup>27</sup>Author's interview 18/12/2018.

 $<sup>^{28}</sup>$ Author's interview 21/12/2018.

from VV to Partia Socialdemokrate e Kosovës<sup>30</sup> (PSD). He left the party because he was " frustrated with leftist parties that considered anyone with a different opinion dangerous."<sup>31</sup> VV required complete orthodoxy in order to belong in the party: "If anyone tried anything different, or put forth new scenarios, this was unacceptable. The party [was] taken over by paranoia that anyone might work against the party."<sup>32</sup> The mayor's platform of working with international organizations to support ethnic harmony in the municipality went against this orthodoxy. Resistance to the mayor's platform has come from his former party members within the local administration and national government. The mayor aimed to get EU funding to integrate the Serbian and Albanian schools in the municipality, a move that would also require the closing of several schools with small pupil populations. The Director of Education for the municipality, a member of VV, was asked to resign as she "created problems in relation to general reforms and to the creation of better relations with pupils" and immediately claimed that her firing was a result of her party membership.<sup>33</sup> The mayor also believes that his education reform plans are being undermined by the Minister of Education for Kosovo, Arbërie Nagavci, a VV member, " for political purposes, and all this says that it is being done to harm him in the local elections that will be held in the fall of this year."<sup>34</sup> Deviation from the party norm may undermine the mayor's mandate and provide opportunities for his former colleagues to subvert his re-election chances. Aid to minorities is directly related to the challenges the mayor faces in the 2021 mayoral elections

in Kosovo.

<sup>&</sup>lt;sup>30</sup>Social-democratic Party of Kosovo.

 $<sup>^{31}\</sup>mathrm{Author's}$  interview 21/12/2021.

 $<sup>^{32}</sup>$ Author's interview 21/12/2021.

 $<sup>^{33} \</sup>rm https://kosovotwopointzero.com/en/qendron-kastrati-kamenica-eshte-nje-vend-model-se-si-ekziston-bashkejetesa-ne-mes-te-komuniteteve-te-ndryshme/$ 

<sup>&</sup>lt;sup>34</sup>https://www.koha.net/kosove/269527/neser-nis-mesimi-alternativ-per-mbi-400-nxenes-te-kamenices-kast

## 4 Research Design and Data

Aid to unpopular groups is not allocated randomly. Indeed, the nature of targeted aid is to specifically distribute aid based on the characteristics of its recipients. I conduct an observational study of the relationship between aid project exposure and trust in government. In this study, I exploit plausibly exogenous variation in the *timing* of aid project implementation to calculate the "dosage" of an aid project received by an individual at a given moment in time. As Kersting & Kilby (2016) and Kilby (2005) have demonstrated, the timing of aid project implementation and disbursements is not random with regard to national elections. Donors engage in "electioneering" that fast-tracks aid disbursements to favored countries in the year before a national election. Marx (2017) shows that incumbent politicians expedite completion of large-scale, visible World Bank projects in the year before a national election.

However, within a short time period and a given country, the exact timing of aid implementation is plausibly exogenous to events in a recipient country. Bureaucratic idiosyncrasies of the donor, recipient, and other individuals and organizations involved in the aid project provide some randomness unrelated to political events. World Bank officials, for example, describe how budget issues from Bank principles may result in disruptions to project planning and implementation such as transferring the project between different units at the Bank.<sup>35</sup> Donor priorities may shift in response to domestic politics, prompting shifts in aid priorities that result in disruptions to planned aid timings (O'Brien-Udry, 2020). For example, the Global Gag Rule and freeze of US funding for reproductive services after the election of Republican presidents often generates logistical costs for aid agencies that planned to implement or continue projects related to reproductive health. (Bednar, 2010; gag, 2007; Pugh *et al.*, 2017; van der Meulen Rodgers, 2018). These costs extend beyond projects targeted at reproductive health; one policy change by a prominent donor can disrupt planned and

 $<sup>^{35}</sup>$ Author interview 5.27.2020.

ongoing projects in other sectors due to additional administrative burdens and need to find additional funding.<sup>36</sup> Brookings writes that "Foreign aid is not like a water reservoir ready to flow with a turn of the tap. Rather, it is like a business or a sports team, requiring planning and strategies, hiring and developing the right staff skills, soliciting grants and contracts, designing partnerships, providing management and oversight, monitoring and evaluation, feedback, and learning." <sup>37</sup> Disruptions to any part of the logistically-intensive supply chain of aid could result in delays in the receipt of aid that have no relation to the conditions of the recipient. Under the assumption of random timing of aid project implementation, the results of this study can be considered causal.

I use a single-country study of subnational aid projects in Kosovo to identify the correlation between exposure to minority aid projects and trust in government. Variation in project timing due to national elections, the outcome identified as a significant predictor of aid project timings by Kersting & Kilby (2016), is held constant. While Kosovo may be the beneficiary more or less aid closer to its national election due to the timing of elections in countries that are more important to aid donors, the single-country study removes this confounding factor in comparative aid allocation. Unlike Marx (2017), I use a multi-donor sample of projects. Variation in aid bureaucracy management and relationships between donors and Kosovo adds additional variation my measure of aid project timing. I extract data on the timing and location of aid projects from Kosovo's Aid Management Platform (see Appendix A). Aid is "minority aid" if the title or description of the aid project include key words related to minorities in Kosovo.<sup>38</sup> I include robustness checks for aid targeted specifically at Serbs, the most politically-polarizing ethnic group in Kosovo in Appendix C.

 $<sup>^{36}</sup>$ Author interview 5.22.2020.

 $<sup>^{37} \</sup>rm https://www.brookings.edu/blog/up-front/2018/06/04/erratic-budget-processes-threaten-us-foreign-aid/$ 

<sup>&</sup>lt;sup>38</sup>Aid is defined as "minority aid" if it includes the following keywords in the title, description, or objectives of the project: "minority," "vulnerable," "serb," "egyptian," "roma," "bosnia," "lgbt," "marginalized," "rae," "catholic," "croat," "turk," or "multi-ethnic."

I measure outcomes based on the third Life in Transition Survey (LITS III). This survey, implemented over the course of 2016, is the third iteration of a European Reconstruction and Development Bank (EBRD) project to understand the changing political landscape of post-communist countries. Respondents were selected using a random-walk procedure and the timing, within the survey year, of measuring the survey outcomes is random. The survey is conducted across a battery of countries and the timing is pre-determined by the concerns of the LITS team, unrelated to political events in a given country. The primary outcome measures of interest are trust in local and national governments.

I subset the data to projects for which an aid event (transaction, start, or end) in the 50 days before the LITS survey was implemented (calculated per respondent). By limiting the analysis to the 50 days before the survey, I eliminate most of the data but also reduce potential for the data to be driven by macro-trends in aid timing as opposed to micro-level variation. I also limit the sample to individuals and aid projects within 5 kilometers of each other. Aid projects closer to an individual respondent should be more salient and constitute a stronger test of my theory than aid projects further from an individual. I measure exposure to aid projects by calculating the number of days in the 50 before a respondent has been interview that a project has been active. Projects with transactions*further* further from the time of the interview should constitute a *lower* dosage of exposure to the aid project. I explain what exposure substantively means below.

I expect that aid to any minority group will produce backlash against political representatives and reduce support for and trust in government because majority group constituents expect politicians to acquire aid for their in-group. Aid to the out-group either represents less aid for the in-group or relative deprivation of the in-group. In either case, (**H1**) trust in government should decrease as exposure to unpopular aid increases.



Figure 1: *Map of aid project locations and survey respondents:* Aid projects are indicated by black circles and locations are indicated by black crosses.

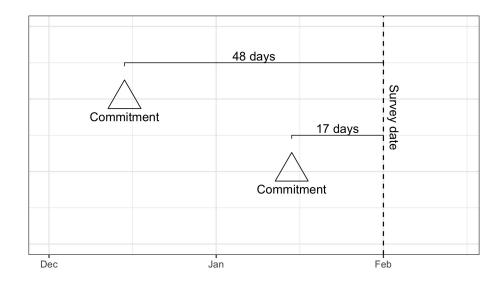


Figure 2: *Sample timeline:* A given aid event that happens closer to the time that an individual is surveyed constitutes a higher dosage of this aid project.

#### 4.1 Measuring Exposure to Aid

What does it mean for an individual to be "exposed" to an aid project? Previous literature has conceived of exposure to foreign aid as a function of information, physical proximity, and/or temporal proximity (Jablonski, 2014; Briggs, 2017; Knutsen & Kotsadam, 2020). Survey experiments, for example, may prime individual exposure by showing a picture of an aid project or information about an aid project's existence (Dietrich *et al.*, 2018). Observational studies, both descriptive and causal, rely on physical proximity to a project in a given time period to determine whether an individual is familiar with an aid project (Dreher *et al.*, 2020; Pearson *et al.*, 2020; Jablonski, 2014; Briggs, 2017; Knutsen & Kotsadam, 2020). Paler *et al.* (2020) nuance the conversation about aid project exposure by exploring individual relationships to aid projects as a function of whether or not the individual is a direct beneficiary of the project. Direct beneficiaries of an aid project, by design, are more exposed than indirect beneficiaries. However, indirect beneficiaries may still be considered exposed if they are aware of the project's presence and intended impact. I construct a measure of exposure to aid projects that includes both physical and temporal proximity.

Physical proximity is measure by the distance from the location of an individual, specifically their residence, to the location of an aid project. The approach follows an abundance of research on foreign aid, including Briggs (2017), who notes that for local public goods (as opposed to private public goods such as cash transfers, "the benefit of these kinds of goods declines as one moves away from them - a health clinic built near you is useful while a clinic built far away is less useful - so a necessary condition for this kind of aid to help the poor is that local public goods must be built where poor people live." (190) In my empirical tests, I test multiple windows of physical exposure to a project. The lowest level of exposure I test is 5 kilometers; the highest 50km.<sup>39</sup> I posit that individuals who live within 5km of an aid project can be considered more exposed to this project than individuals living 50km from a project.

Temporal proximity is generally measured by whether a project is active, or has been approved by both donor and recipient, at a given time period. See Table 1 for an example of a project timeline from Kosovo. Projects generally follow a specific timeline: pre-approval discussions and negotiations (generally not public knowledge), approval/start, implementation, and completion. A project is agreed upon, implemented, and then closed. Implementation is tracked through transactions between the donor and recipient. Two types of transactions are recorded for most aid projects: commitments and disbursements. Commitments generally reflect the planned schedule of funding, including dates and amounts. Disbursements are a more accurate record of the funds that are released from donors to recipients. However, data on aid commitments is generally more complete, easier to track, and more representative of the intentions of the aid project than disbursements, for which data is more likely to be missing and may be more reflective of the actual timing and process of implementation. Much of the aid literature uses commitment data due to the issue of missing data with dis-

<sup>&</sup>lt;sup>39</sup>Kosovo itself is roughly 10,000 square kilometers in area.

bursements.<sup>40</sup> Project implementation is dependent on the timing of funding disbursements. Contractors, trainers, acquisition of materials and venues, and any other aspect of a project requires funds to be released before it can proceed.

Implementation itself takes on different forms for different types of projects. For example, a school refurbishment, for example, requires contractors, building materials, and active repairs to the school building. A municipal training program may be less visible and intrusive: workshops are organized by the implementing organization and attended by personnel. An arts exhibition requires time to create the art, prepare a venue, advertise the exhibition, and open the exhibition. Individual exposure to different types of projects varies. A training or an exhibition should be visible, and therefor exposing individuals to the project, for a limited amount of time. Both word of mouth, active advertisement by beneficiaries and donors, and physical (temporary) presence in a locality constitute exposure to these types of projects. Once these types of projects are completed, individual exposure should fade. This does not imply that the effect of the projects on beneficiaries ends; one would hope that municipal trainings allow bureaucrats to gain lasting skills and that art exhibitions allow artists to make connections that further their artistic careers or inspire young people to create art. However, the public profile of these events should fade after their implementation.

Infrastructure projects, or visible changes in the landscape of a locality, are visible from the moment they are announced to long after their implementation.<sup>41</sup> A health clinic in a given locality whose construction was funded by foreign donor will presumably continue to operate long after the donor's initial contribution. If the infrastructure is branded by the donor, it may be difficult to see how exposure to the project can fade. However, I argue that the law of diminishing marginal returns should apply to these situations. A project cannot

 $<sup>^{40}\</sup>mathrm{Commitment}$  data does not always precede disbursement data; disbursements may occur without commitments for reasons related to donor timelines and annual budgets.

<sup>&</sup>lt;sup>41</sup>Marx (2017) notes that, in populations with high media consumption, infrastructure is no more visible than other aid projects. However, he does not consider the long-term visibility of projects in the paper.

always be salient and it will be more salient when the public is focused on the project. Projects under construction or recently completed will likely receive more attention from politicians and media than projects that have long since been completed, in part due to recency bias. Individuals will also acclimate to the presence of the project in their locality. In line with prospect theory, individuals assimilate gains quickly. (Levy, 1992) The new status quo should reflect the presence of the project.

A project is officially completed once all of the paperwork documenting uses of funds in accordance with donor guidelines is complete. This process may take days, weeks, or months depending on bureaucratic idiosyncrasies and administrative burdens at both the local and international levels. I conceive of temporal exposure to an aid project as highest when an aid project is currently being implemented, but diminishing as time passes after implementation. Exposure fades once implementation is over. Because official project completion is a measure of completion of paperwork, I posit that completion is an extremely conservative measure of the end of exposure. The salient aspects of a project's operation, those most visible to the public, end before the paperwork does.

	Event	Date
1	Start	10/12/2007
2	Commitment	01/01/2008
3	Disbursement	08/12/2008
4	Commitment	01/01/2009
5	Disbursement	14/12/2009
6	Commitment	01/01/2010
7	Disbursement	02/07/2010
8	Commitment	03/01/2011
9	Disbursement	26/01/2011
10	Disbursement	26/07/2011
11	End	30/06/2012

Table 1 depicts one project's timeline for representative purposes.

Table 1: *Sample timeline:* Project timeline for "Support to Kvinna till Kvinna," a Swedish-funded women's empowerment program.

Currently active projects, then, constitute higher exposure, or a higher "dosage," of aid for a given respondent. Aid exposure fades after the project is completed, proxied by both the last disbursement of funds and the official end of the project. If a project finished many months ago, it should be less salient than a project that only recently finished. For the main specifications, I report exposure to aid as a function of the date of a given commitment of funds for a given project. By focusing first on commitments, I demonstrate the signaling value of the presence of a minority aid project as commitments occur before funds are disbursed for a project. The commitment then is a visible signal from donors to recipients that a project will be implemented, but does not necessarily affect the material conditions of recipients as there is a time lag between commitment and disbursement of funds (see Table 1). Alternative project timeline specifications, including any disbursement, last commitment, last disbursement, official project start, and official project end, are available in Appendix C.

#### 4.2 Results

Figure 3 reports the number of individual observations (at the project-individual level) available for the main specifications: Albanian respondents exposed to minority and general aid within 5km of their location and up to 50 days after a given project received a given commitment from a donor.

The results for the GAM estimation are reported in Figure 4. The main results include two plots: Albanian exposure to general aid and Albanian exposure to minority aid. My theoretical expectations are borne out in the upper right plot (b) in Figure 4, in which an increase in exposure to minority aid decreases trust in government within Albanian respondents. This decrease is temporary, and by the end of the time period it tapers to average levels. No clear conclusions can be drawn from the Albanian exposure to general aid: initial results show an increase in trust with a decrease in exposure to general aid but these results

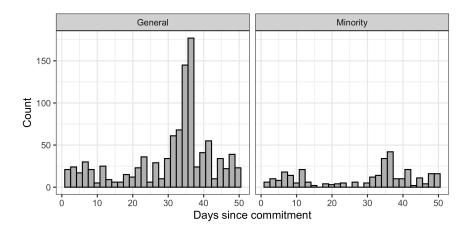
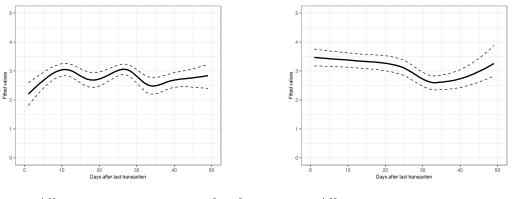


Figure 3: *Support:* Albanian respondents exposure to commitments for general and minority aid projects. Count refers to the number of individual responses given on a given day. Days since commitment refers to the number of days since a given project received a commitment of funds by a given donor.

are not robust to any alternative specifications.

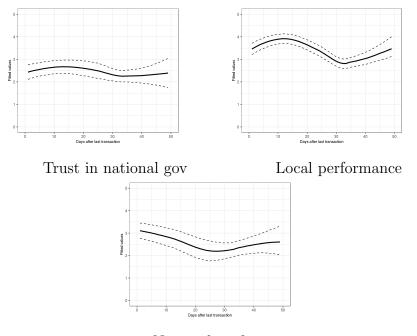


Albanian exposure general aid



Figure 4: *Main results:* GAM models for exposure to minority and general aid with covariates for outcome *trust in government*. Time window: 50 days; geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross-validation.

I replicate the findings for Albanian exposure to minority aid with different outcome measures in Figure 5. The pattern of decreasing trust in or approval of local and national governments followed by a reversion to the mean is present in every specification. The *trust in national government* results are weaker and not statistically-significant, suggesting that there may be some differences in credit- and blame-attribution across different levels of government.<sup>42</sup> The same is not true for Albanian exposure to general aid projects as depicted in Appendix C.



National performance

Figure 5: Alternative outcomes: GAM models for exposure to minority aid with covariates for multiple outcomes. Geographic window: 5km; temporal window: 50 days. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.

I explore the conditions under which Albanian exposure to minority aid is likely to decrease trust in government by looking at variation in results over distance, time, and prior exposure to aid. Figure 6 shows alternate spatial specifications for the model. The finding is robust to multiple geographic specifications: when the geographic window of exposure is expanded to only same municipalities, 10, 20, and 50 kilometers, the increase in trust in government resulting from a decrease in exposure to minority aid projects is maintained. An alternative specification that examines only individual responses to projects in the same

<sup>&</sup>lt;sup>42</sup>For more on credit attribution across levels of government, see Springman (Forthcoming) and Baldwin & Winters (2021).

municipality as the respondent also replicates the main results.

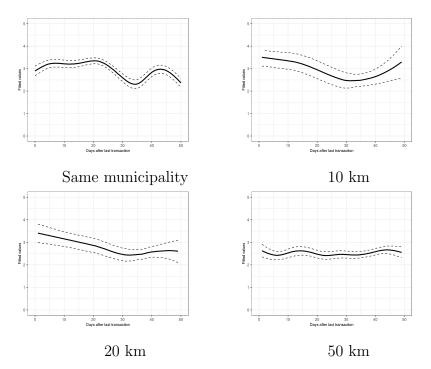


Figure 6: Alternative geographic windows: GAM models for exposure to minority aid with covariates for outcome *trust in government* for multiple geographic windows. Temporal window: 50 days. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.

Figure 7 shows exposure to minority aid across different time windows: 30, 100, 150, and 365 days. As the time window increases, the assumption that the variation cross time for commitment dates is exogenous becomes much weaker. While one may assume little difference between projects and municipalities that receive aid commitments on the 1st or 15th of a given month, the difference between projects implemented in June and December, for example, is likely to be much greater. Across all of the temporal specifications, there is a short-term drop in trust in government in the first 30-50 days after an aid commitment occurs. This pattern vanishes after 50 days. One sees an increase in trust in government from 50-100 which may reflect a reversion to the mean. After 100 days, the likelihood that trust in government is responding to the aid commitment event is low. The variation in trust in government thereafter may have other causes that remain outside of the scope of my inquiry.

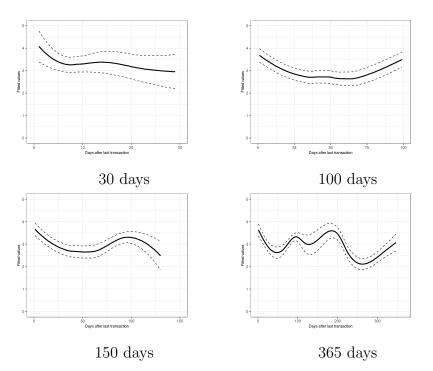


Figure 7: Alternative time windows: GAM models for exposure to minority aid with covariates for outcome trust in government for multiple time windows. Geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.

I use a placebo outcome to test if the results are driven by an underlying variable that could be affecting public opinion and attitudes write large, rather than specific governance outcomes. Attitudes towards gender are unlikely to be affected by minority aid projects; if attitudes towards gender equality follow the same pattern as governance outcomes, the model may be driven by variables other than minority aid projects. I use a battery of gender attitude questions to create a gender index for which high values represent more progressive gender attitudes. As Figure 8 shows, negative feelings towards immigrants does not follow the same pattern as governance outcomes.

In Appendix C, I also test for several different specifications. The main results are robust

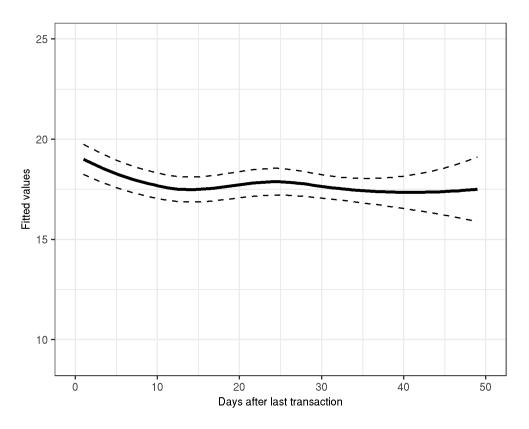


Figure 8: *Gender:* GAM models for exposure to minority aid with covariates for outcome *gender index* with covariates. Temporal window: 50 days; geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.

to donor fixed-effects, the exclusion of covariates, alternative minority codings, and multiple aid event specifications. Bypass aid drives the main results: when aid is directed through an NGO or other non-government entity, trust in local governments decreases with initial exposure and increases once this exposure fades. The sample is not large enough to detect effects of aid for government entities. Further tests will be run including randomization inference, additional breakdown of minority aid codings, and additional aid event types.

# 5 Conclusion

Minority aid may be popular among donors, but it may have pernicious consequences for recipient politicians. I provide evidence that exposure to minority aid projects is associated with a decreased trust in recipient governments. However, this association does not persist over time. However, disruptions in trust in government due to minority aid projects may produce windows of opportunity for political entrepreneurs with anti-government or antiminority sentiments to gain power.

This paper does not call for an end to aid targeted at minorities. The appropriate counterfactual of no aid to minorities is a harrowing prospect for vulnerable groups who receive little support from their countries' governments. Minority aid has many benefits overlooked by this paper, including economic and political empowerment. Indeed, the lack of a durable association between exposure to minority projects and trust in government suggests that the long-term benefits of minority aid may outweigh the temporary costs. The costs of this aid, however, should not be understated. Lack of attention to the political consequences of favoring, or perceived favoring, of minority groups could result in further disenfranchisement of these minority populations. Understanding how and why politicians may be blamed for aid is crucial to better developing aid programs that do not cause political harm.

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### A Kosovo Aid Management Platform

The data for aid in Kosovo from 2004-2020 was scraped from the Kosovar government's Aid Management Platform (AMP) (https://amp-mei.net/portal/). The AMP " a project of the Ministry of European Integration of the Government of Kosovo, funded by the European Union Office in Kosovo (EUO) and implemented by Development Gateway International."<sup>43</sup> As part of Kosovo's ongoing negotiations with the European Union to promote its accession to membership, the AMP was created to transparently and accurately document the inflow of aid from countries and donor organizations to Kosovo.

The dataset takes the following form each row is a project in a specific municipality by a specific donor. If the project only has one donor and takes place in one municipality, the project is represented by a single row. If it has two donors and two municipalities, the project is represented by four rows. I calculate the proportion of funding going to each municipality by multiplying the disbursements and commitments of each donor by the percentage listed in the "Location" tab. If no percentage is listed, I assume the funding is equally divided among municipalities.

<sup>43</sup>https://amp-mei.net/portal/node/11

# **B** Projects

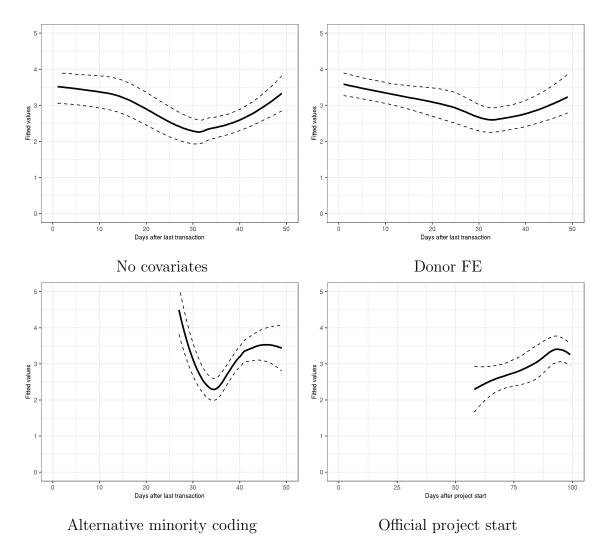
Title	Minority?	First Commitment	Lat Commitment	Donor	Municipality	Size (Euros)
Action for Munic-	0	2015-01-23	2016-01-01	European Union	Zvecan	227103
ipal Leadership				Office		
Action for Munic-	0	2015-01-23	2016-01-01	European Union	North Mitrovica	227103
ipal Leadership				Office		
Action for Munic-	0	2015-01-23	2016-01-01	Norway	North Mitrovica	227103
ipal Leadership						
Action for Munic-	0	2015-01-23	2016-01-01	Norway	Zvecan	227103
ipal Leadership						
AGRO	0	2015-03-13	2018-09-05	United States	Prishtina	1952431
				Agency for		
				International		
				Development		
Back home – and	1	2015-12-15	2015-12-15	Austrian Devel-	Prishtina	360000
now? Sustain-				opment Agency		
able reintegration						
of returnees and						
vulnerable fami-						
lies in Kosovo						
Back home – and	1	2015-12-15	2015-12-15	Austrian Devel-	Mitrovica	360000
now? Sustain-				opment Agency		
able reintegration						
of returnees and						
vulnerable fami-						
lies in Kosovo						
Back home – and	1	2015-12-15	2015-12-15	Austrian Devel-	Ferizaj	360000
now? Sustain-				opment Agency		
able reintegration						
of returnees and						
vulnerable fami-						
lies in Kosovo						
Block by Block	0	2016-02-01	2018-01-01	UN Habitat	Mitrovica	106496
– Mitrovica						
South/North						
(Urban Revitali-						
sation and Local						
Development)						
Block by Block	0	2016-02-01	2018-01-01	UN Habitat	North Mitrovica	106496
– Mitrovica						
South/North						
(Urban Revitali-						
sation and Local						
Development)						
Block by Block -	0	2015-04-15	2018-01-01	UN Habitat	Prishtina	59460
Prishtina (Urban		2010-04-10	2010-01-01	UN Habitat	1 Honoma	59400
i iisiitiina (Urban						

Building and	0	2015-09-15	2016-01-01	United States De-	Gjilan	333115
Reinforcing In-				partment of State		
clusive Commu-						
nities in Kosovo						
(BRICK)						
Building and	0	2015-09-15	2016-01-01	United States De-	North Mitrovica	333115
Reinforcing In-				partment of State		
clusive Commu-						
nities in Kosovo						
(BRICK)						
Building and	0	2015-09-15	2016-01-01	United States De-	Peja	333115
Reinforcing In-				partment of State		
clusive Commu-				1		
nities in Kosovo						
(BRICK)						
Counselling ser-	1	2015-11-01	2016-01-31	Embassy of	Prishtina	7865
_		2010-11-01	2010-01-01	Netherlands	1 115110111d	7803
				ivetheriands		
nity in Prishtina		0014 01 01	0010.01.01			2500
Dokufest 2016	0	2016-01-31	2016-01-31	Embassy of	Prizren	3500
				Netherlands		
Facilitation of	1	2015-07-15	2016-01-01	Office of the	Prishtina	130000
voluntary re-				United Nations		
turn of displaced				High Com-		
(RAE) families				missioner for		
from fYROM to				Refugees		
Kosovo through						
ARP (Alternative						
Return Package)						
Facilitation of	1	2015-07-15	2016-01-01	Office of the	Gjilan	130000
voluntary re-				United Nations		
turn of displaced				High Com-		
(RAE) families				missioner for		
from fYROM to				Refugees		
Kosovo through						
ARP (Alternative						
Return Package)						
Improving Ed-	1	2011-01-01	2016-01-01	German Govern-	NorthMitrovica	48810
ucation and				ment		
health status of						
Roma, Ashkali						
and Egyptian						
(RAE) children						
in Roma Mahala,						
Mitrovica and						
Leposavic camp						
after evacuation						
and relocation						
process						
Freedo						

Improving Ed-	1	2011-01-01	2016-01-01	German Govern-	Mitrovica	48810
ucation and				ment		
health status of						
Roma, Ashkali						
and Egyptian						
(RAE) children						
in Roma Mahala,						
Mitrovica and						
Leposavic camp						
after evacuation						
and relocation						
process						
Joint Domestic	0	2015-04-01	2016-01-01	Finland	Zvecan	93706
Violence Program						
Phase 2 North						
UNWOMEN Part						
	0	2015 04 01	2016 01 01	Finland	NorthMitrovian	02706
Joint Domestic	0	2015-04-01	2016-01-01	Finiand	NorthMitrovica	93706
Violence Program						
Phase 2 North						
UNWOMEN Part						
Joint Program	0	2015-04-01	2018-01-01	Finland	Zvecan	58417
on Domestic Vi-						
olence in Kosovo						
Ph2 North						
UNFPA Part						
Joint Program	0	2015-04-01	2018-01-01	Finland	NorthMitrovica	58417
on Domestic Vi-						
olence in Kosovo						
Ph2 North						
UNFPA Part						
Joint Programme	0	2015-04-01	2016-01-01	Finland	NorthMitrovica	109940
on Domestic Vi-						
olence in Kosovo						
Phase 2 North						
UNICEF Part						
Joint Programme	0	2015-04-01	2016-01-01	Finland	Zvecan	109940
on Domestic Vi-						
olence in Kosovo						
Phase 2 North						
UNICEF Part						
Municip. Spatial	0	2008-01-01	2016 01 01	Sweden	Iunik	950701
	0	2000-01-01	2016-01-01	Sweden	Junik	250791
Planning Support						
Programme in						
Kosovo						
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Mamusha	250791
Planning Support						
Programme in						
Kosovo						
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Mitrovica	250791
Planning Support						
Programme in						
Kosovo						
L			1			

	0	0000 01 01	0010 01 01		am	050501
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Gjilan	250791
Planning Support						
Programme in						
Kosovo						
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Ferizaj	250791
Planning Support						
Programme in						
Kosovo						
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Gracanica	250791
Planning Support						
Programme in						
Kosovo						
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Peja	250791
Planning Support						
Programme in						
Kosovo						
Municip. Spatial	0	2008-01-01	2016-01-01	Sweden	Prizren	250791
Planning Support						
Programme in						
Kosovo						
REDO Interna-	0	2016-01-31	2016-01-31	Embassy of	Prishtina	4000
tional Graphic				Netherlands		
Design Confer-						
ence						
Support to Impl.	0	2015-07-01	2016-01-01	Finland	NorthMitrovica	119931
of the Forest Pol-						
icy and Strategy						
Ph2 UNDP Part						
Support to Impl.	0	2015-07-01	2016-01-01	Finland	Zvecan	119931
of the Forest Pol-						
icy and Strategy						
Ph2 UNDP Part						
Support to	1	2014-04-01	2017-01-01	Sweden	Mitrovica	426853
Roma, Ashkalia						
and Egyptian						
Communi-						
ties in Mitro-						
vice/Mitrovica						
TEDxPrishtina	0	2015-12-11	2015-12-11	Embassy of	Prishtina	4500
(Joan de Boer)				Netherlands		
UNDP-DPA:	0	2014-03-18	2016-01-01	Norway	North Mitrovica	NA
Conflct Preven-				-		
tion						
UNDP-DPA:	0	2014-03-18	2016-01-01	Norway	Zvecan	NA
Conflct Preven-	5					
tion						

# C Alternative Specifications



#### C.1 Robustness

Figure 9: *Robustness checks:* GAM models for Albanian respondent exposure to minority aid with multiple specifications for outcome *trust in government*. Temporal window: 50 days; geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.

## C.2 Anticipartion

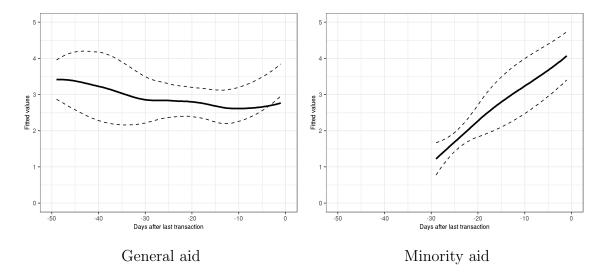


Figure 10: Anticipation: GAM models for Albanian respondent exposure to minority and general aid for outcome trust in government with covariates. Temporal window: -50 days to 0 days; geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross-validation.

C.3 Bypass Aid

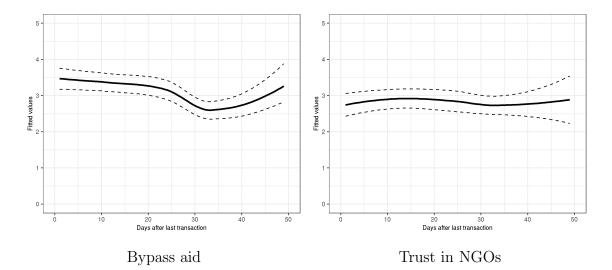
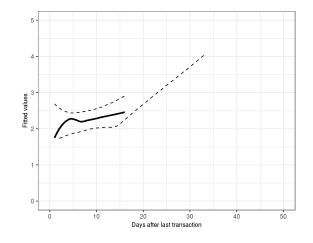


Figure 11: *Bypass Aid:* GAM models for exposure to minority aid with covariates for outcome *trust in government* for bypass aid and outcome *trust in NGOs* for all aid. Temporal window: 50 days; geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.

#### C.4 Minority Respondents



Minority exposure to general aid

Figure 12: *Minority respondents:* GAM models for minority respondent exposure to general aid with covariates for outcome *trust in government*. Data are insufficient to estimate minority respond exposure to minority aid. Temporal window: 50 days; geographic window: 5km. 95% confidence intervals reported. Standard errors clustered by individual and project. Smoothing parameter chosen using leave-one-out cross- validation.