



# Who Gives?: The Determinants of Humanitarian Aid

Shane Whitson

Linfield Department of Economics • Spring 2016

## I. Abstract

This paper studies the factors affecting a country's propensity to provide humanitarian aid. Using data for 136 countries over the period 2001-2013, we estimate a linear regression model in which humanitarian aid is a function of GDP per capita, trade openness, economic freedoms, political freedoms, and civil liberties. The results indicate that a one percent increase in GDP per capita will induce a nearly three percent increase in humanitarian aid per capita, implying that wealthier countries generally are capable of donating more humanitarian aid. In a surprising turn however, the higher a country scores on its civil liberties rating, the less it donates.

## II. Model and Variables

$$\ln(\text{AID})_{it} = \beta_0 + \beta_1 \ln(\text{GDP})_{it} + \beta_2 \text{OPEN}_{it} + \beta_3 \text{ECON}_{it} + \beta_4 \text{CIV}_{it} + \beta_5 \text{POLS}_{it} + \varepsilon_{it}$$

AID	Amount of humanitarian aid per capita donated during a given year by a given country measured in US millions in Constant 2013 prices
GDP	GDP per capita measured in US millions in constant 2013 prices
OPEN	A measure of dependence on international trade. Given as the sum of imports and exports divided by the country's GDP
ECON	An index of various measures of economic freedom which is defined as the ability for individuals to work, produce, consume, and invest in any way they choose to
CIV	An index measuring an individual's ability to maintain basic liberties and independent rights protected by the legal system
POLS	An index measuring an individual's ability to take part in politics and have representation within one's government

i = 1...136  
t = 2001...2013

## III. Theory and Hypothesis

Explanatory Variable	Expected relationship to AID
GDP	As GDP per capita increases, humanitarian aid should rise. We theorize that wealthier nations are more able to afford donations per capita.
OPEN	As dependence on international trade increases, humanitarian aid should rise. We theorize that countries dependent on international trade will donate more aid to better stabilize potential trade partners and protect their local economy.
ECON	As economic freedoms increase, humanitarian aid should rise. We theorize that greater economic freedom would create a social desire to invest in the welfare of other countries.
CIV	As civil liberties increase, humanitarian aid should rise. We theorize that greater civil liberties would create a social desire to invest in the welfare of other countries.
POLS	As political freedoms increase, humanitarian aid should rise. We theorize that more political freedoms would create a social desire to invest in the welfare of other countries.

## IV. Data

- Data is provided by [globalhumanitarianassistance.org](http://globalhumanitarianassistance.org) which calculated the amount of humanitarian aid donated using the Organization for Economic Co-operation Development Assistance Committee data and the United Nation's Office for the Coordination of Humanitarian Affairs Financial Tracking Service data.
- Includes data for 136 different countries, with complete data for all variables over a thirteen year period from 2001-2013

## V. Results

	1	2
GDP	2.782 (0.476) *	2.916 (0.461) *
OPEN	0.023 (0.013)	<del>0.023 (0.013)</del>
ECON	0.073 (0.036) *	0.068 (0.461)
POLS	0.485 (0.22) *	0.454 (0.217) *
CIV	-0.778 (0.295) *	-0.749 (0.291) *
Adjusted R Squared	0.714	0.735
Akaike	5.545	5.549
Schwarz	6.022	6.013

Standard Errors in Parenthesis  
\* denotes significance at a 5% level

## VI. Conclusion

- GDP
  - For every 1% increase in GDP per capita, there is a 2.8% rise in humanitarian aid per capita
- OPEN
  - Insignificant in both specifications
- ECON
  - For every point increase in the economic freedoms index, there is a 0.7% increase in humanitarian aid per capita
- POLS
  - For every point increase in the political freedoms index, there is a 0.5% increase in humanitarian aid per capita
- CIV
  - For every point increase in the civil liberties index, there is a 0.7% decrease in humanitarian aid per capita