

## **Economics Seminar, Indian Statistical Institute, New Delhi.**

**SPEAKER:** Rohini Somanathan, DSE.

**TITLE:** **Aid and Agency in Africa: Explaining Food Disbursements Across Ethiopian Households, 1994-2004.**

**TIME:** 11:30 PM - 01:00 PM

**DAY & DATE:** Friday, 30th August, 2013

**PLACE:** Seminar Room 2

**Abstract:**

We use a principal-agent framework and data from the Ethiopian Rural Household Survey between 1994 and 2004 to understand biases in the distribution of food aid in Ethiopia. We show that even when aid is systematically mis-allocated, aid recipients may match official classifications of needy households if agents deviate from allocation rules in ways that are difficult to monitor. Agent behavior is therefore best understood by comparing aid along dimensions of need that are visible to the principal with those that are difficult to observe outside the village. We do this using data on a panel of 943 households observed over six rounds of the Ethiopian Rural Household Survey. In support of our model, we find that while the demographics of aid recipients do match official criteria, disbursements are increasing in pre-aid consumption, self-reported power and involvement in village-level organizations. We conclude that the extent to which food aid insulates some of the world's poorest families from agricultural shocks depends on a nuanced interaction of policy constraints and informal structures of local power.

<http://www.isid.ac.in/~pu/seminar.html>