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Building Bridges to Peace: A Quantitative Evaluation of Power-Sharing Agreements

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Abstract

Power-sharing agreements are used as a tool to reduce political violence in regions of conflict, but agreements are often followed by violence. This is due to the fact that such agreements are introduced during periods of political violence when a country is inside the conflict trap, which makes it difficult to distinguish the effect of the agreement from the political context that generates persistent political violence. In this study we match on pre-agreement risk to estimate the effects of power sharing agreements on violence using a difference-in-difference method. The results show that violence falls immediately after an agreement, with the effects strengthening over time. Subsequent changes in institutional features of democracy, such as the absence of exclusion, are also associated with reductions in political violence.

1. Introduction

Political violence is associated with tremendous human suffering of the directly exposed individuals, population displacements and long-term scarring of the affected economies. It is

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therefore no surprise that substantial effort goes into avoiding armed conflict or negotiating an end to it. A main policy carried into peace processes all around the world are power-sharing agreements. Power sharing refers to sharing of political power by different groups in the same government, like, for example, in a coalition government. Power sharing is a central pillar of armed conflict mediation and de-escalation attempts worldwide and is thus employed as a tool to reduce political violence. A large majority of peace agreements include power sharing provisions, the most recent ones include Libya, the Mindanao agreement and Colombia.

But does power sharing work in practice to reduce political violence? At face value, the news is not good. Almost 90% of power-sharing agreements do not result in a complete halt of political violence, and there is some controversy regarding their role in key cases such as Afghanistan and Iraq, where conflict parties lack political legitimacy amongst the international community.

Quantitative studies should be able to provide answers but have been hampered by the fact that power-sharing agreements are not agreed upon in a political vacuum. They are the result of the specific national, regional and geopolitical configurations in which they are agreed upon. Power-sharing agreements are introduced during periods of intense political violence in an explicit attempt to formalize a (re-)distribution of power - one that is more congruent with the actual distribution of power and resources in a given country- and thereby reduces the continuation of violence.

It is a known fact in the conflict literature that countries can fall into the so-called conflict trap, which is very difficult to escape (Collier and Sambanis 2002, Rohner and Thoenig 2021, Mueller and Rauh 2022a). The trap is characterized by repeated cycles of political violence.¹ Most power-sharing agreements are agreed while the country is inside the trap, with the intent of breaking it. Therefore, it is hard to distinguish the effect of the power-sharing agreement from the general political context that generates persistent political violence, i.e., the conflict trap. Without explicit handling of this endogeneity problem, the fact that high political risk is followed by both violence and an agreement, any attempt to measure effects will lead to a positive correlation of power sharing with political violence.

We study power-sharing agreements using the PAX dataset which provides quantitative analysis of the text of agreements. A primary distinction in the PAX coding of agreements is whether an agreement is *comprehensive*. We start by analyzing how these comprehensive agreements are different. Our study then uses a matched difference-in-difference method to estimate the effects of power-sharing agreements on violence in civil wars. The staggered and

¹ Throughout we use the definition of Uppsala Conflict Data Program (UCDP) for armed political violence. The basic unit of analysis for the UCDP's Georeferenced Event Dataset (GED) dataset is the "event". UCDP defines an event as: "An incident where armed force was by an organised actor against another organized actor, or against civilians, resulting in at least 1 direct death at a specific location and a specific date". See Sundberg et al (2013) and Croicu and Sundberg (2016) for more details.

repeated treatment of these agreements presents a challenge to standard methods of difference-in-difference estimates.

We therefore propose a difference-in-difference method that focuses on situations around the adoption date and matches these situations with a control group using a risk forecast before the adoption. Our method first extracts event windows with 6, 12 and 18 months before and after treatment without overlap. We then construct a set of non-overlapping control windows of the same size using a sampling method based on the distribution of violence intensity forecasts in the months before power-sharing agreements. The control group is sampled to generate placebo event windows which have the same distribution of violence risk before the adoption date. In this way we match situations holding constant the distribution of violence risk before the (placebo) adoption date. We then use one of the new standard methods for difference-in-difference estimators developed by Callaway and Sant'Anna (2021) to show how violence evolves before and after the adoption date compared to the matched control group.

The results show a clear pattern in which violence falls immediately after an agreement. The effects strengthen over time and the point estimates suggest large treatment effects towards the end of the event windows. For comprehensive agreements we find, for example, that after 12 months the occurrence of violence falls by 20 percentage points whereas violence intensity falls by 60%. Importantly, we find no clear pre-trends before the adoption of power-sharing agreements. Also, we do not find that our own forecasts that track the news environment of countries are able to anticipate the effect of power-sharing agreements. Overall, we find no evidence that conflict escalations in anticipation of power-sharing agreements could be driving our results. The study confirms the robustness of these results using 6, 12 and 18-month windows, alternative ways of defining event windows, and different ways of constructing the control group.

We then zoom out of the immediate aftermath of power-sharing agreements to get an understanding of the broader institutional features associated with violence reductions. We use simple country fixed effect regressions to show that changes in institutional features of democracy are associated with reductions in political violence. Specifically, we analyze the Variants of Democracy (V-Dem) dataset, which distinguishes five different components of democracy (deliberative, participatory, liberal, electoral, and egalitarian). Our analysis suggests that all components of democracy measured by V-Dem are associated with reductions in violence, but the strongest associations are found in the liberal, electoral, and egalitarian components.

Digging deeper we find that the elements that are most closely related to violence reductions are the absence of exclusion across political, social, socio-economic, gender or geographic dimensions. These variables capture access to power, public services, justice, and civil liberties and whether these are restricted for specific groups. Improvements in the strength

and neutrality of the legal system and public administration, fair access to public sector jobs and business opportunities, and strong and equal access to justice are specific institutional features that are strongly associated with reductions in violence.

We then turn back towards our difference-in-difference method to understand whether power-sharing agreements can be the starting point for these broader changes. Our analysis suggests that comprehensive agreements in particular are followed by institutional changes which are associated with reductions in political violence. This is significant in two ways. First, changes in the broader institutional set up might be a channel through which power-sharing agreements work, so that comprehensive agreements lead to larger violence reductions because they lead to larger knock-on effects on institutions. If this is true, then policymakers would need to keep these in mind when advising on power-sharing agreements. Secondly, these findings fit extremely well to the current view in policy circles and the academic literature that agreements are needed to be the result of a bargain that matches the underlying distribution of power. In this view, addressing exclusion through institutional changes is important because it brings *de jure* and *de facto* power more in line with each other.²

In the following section we first turn towards these discussions in the academic and policy literature before discussing the empirical challenge and presenting data, our empirical methodology and results.

2. Related Literature

There are at least two channels through which power sharing can help bring peace: providing a bargaining solution for a given distribution of power and providing a commitment device for intractable bargaining situations.

In the first view, the key to the success of power sharing is that institutional arrangements need to track a specific balance of power in the country. Providing an institutional arrangement which shares *de jure* power according to *de facto* power ensures peace. The leading group accepts the legally binding version of the agreement only because the threats of other groups in the coalition to organize a violent uprising is credible and very strong. This is the core mechanism described in Francois et al (2015) who demonstrate that power-sharing coalitions in Africa follow the strength of groups in the country. The influential report by Cheng et al (2018) makes the same point by modelling power sharing within a framework of *elite bargaining in a limited access order*,³ i.e. they stress the role played by the rent distribution underpinning peace agreements. In their view, institutions also need to reflect the

² *De jure* power is political power allocated by political institutions (such as constitutions or electoral terms) whereas *de facto* power emerges from informal sources of power like the ability to engage in collective action, wealth, or the ability to wield coercive power (Acemoglu and Robinson, 2006).

³ In limited access orders, the state does not have a secure monopoly on violence, and society organizes itself to control violence among the elite factions. (North et al, 2007).

underlying configuration of power and resources. Where this is not satisfied, the incentives for violence increase.

There is also a more subtle role for institutions during ongoing bargaining. Fearon (1995) posits that one of the reasons for political violence is that dynamic shifts in power do not allow for a bargaining solution. For the government it is easier to repress groups in society that are gaining strength rather than negotiating and sharing power. The problem in these circumstances is that the weaker group today will want to renegotiate tomorrow from a more powerful position and cannot credibly commit not to do this. Without a way to commit, violence can break out. Acemoglu and Robinson (2001, 2005) apply this logic to explain the adoption of democratic institutions more generally. They see democratizations as a reaction of the elite to a temporary threat of violence by the majority. The uprising population knows that if it disarms, the government can repress it again, and therefore has an incentive to engage in violence. In this situation, institutional changes can provide a commitment device for the elite. This commitment can solve the dynamic power problem posited by Fearon and avoid violence. This implies that power-sharing agreements, perhaps with outside involvement, can help bring down violence if they provide a commitment device.

One source of variation in power-sharing agreements is the involvement of outsiders. Hörner et al. (2015) study the role of negotiation explicitly by applying the theory of mechanism design to the study of international conflict resolution. They show that, despite only being capable of making unenforceable recommendations, mediators can be effective as arbitrators. These encouraging findings contrast with recent work by Canidio and Esteban (2022) who show that conflict parties can have incentives to arm themselves more with mediation. As discussed in Blattman (2022), this already indicates that, depending on the underlying reason for conflict, we can be more or less optimistic about the role played by mediated negotiations.

In their studies of power sharing, Gates et al. (2016) and Strom et al. (2017) typify three categories of mechanisms through which power sharing works: 1) pooling of power: representatives of designated parties or groups hold particular offices or participate in particular decision-making processes, 2) dispersion of power: distribution of authority among groups or regions in a well-defined pattern, 3) constraining of power: limiting agent's power (a party or social group) to protect vulnerable groups, increasing the cost of repressing. According to their findings, the third category is most strongly associated with reductions in violence. Gates et al (2016) postulate that power-sharing institutions work best if they constrain governments from abusing less powerful groups and individuals, thereby solving the commitment problem. This provides less incentives for ordinary citizens to join potential insurgents, making conflict less likely.

There are variants of this argument. Besley and Persson (2011), for example, model the role of cohesive institutions as a constraint on rent extraction for the group in power. It is this commitment to an even distribution of public resources that reduces violence. The

institutional commitment means that shifts in executive power do not shift the resource allocation, and this means that the incentives to fight for executive power are reduced. Strong institutions mean that the de jure and de facto power can fluctuate without triggering violence. Besley and Persson (2011) test their ideas using a measure of cohesive institutions and find that increasing cohesiveness indeed stops natural disasters or aid shocks from spilling into violence. Cheng et al (2018) also attribute institutions some degree of exogenous power over elite behaviour, by determining the context in which they will make decisions. Elites play a role in shaping the pathway to conflict resolution given the patterns of development, the global/regional contexts, and pre-existing social structures. What is important here is how strong these institutions are. In fluid situations, like in Iraq or Afghanistan, elites will not feel bounded by dismantled or collapsing institutions. In other situations, as in Northern Ireland or Indonesia, where state institutions are more durable and some function in consistent ways regardless of who is in charge, elites will feel compelled to act inside the framework of these institutions.

There is a striking disconnect, however, between the academic literature on power sharing and the policy world. In policy circles the dispersion or constraining of power is not referred to as ‘power sharing’. In diplomacy, ‘power sharing’ mainly refers to two or more conflict parties sharing executive power, e.g. in a “government of national unity” (similar to a coalition government). This view on power sharing is much more in line with the idea that de jure executive power needs to match de facto power in order to avoid violence. We will follow the academic literature by focusing on a data-driven definition based on “comprehensive” agreements defined in the next section.

3. Data description

This section describes the various datasets used in our quantitative analysis of power-sharing agreements. Over the past years, we have seen a significant improvement in the possibilities of examining this topic, due to the development of four datasets summarized in Appendix Table A1: fine-grained data on armed political violence, data on power-sharing agreements, data on political institutions, and forecasts of monthly conflict risk. We discuss these in turn.

Our goal is to conduct a study of monthly data for as many countries as possible reaching as long back in time as possible. As a result of this ambition, we restrict our analysis to a combination of the Uppsala Conflict Data Program (UCDP) (Sundberg and Melander 2013, Davies et al 2022) to measure armed political violence. We aggregate the Georeferenced Event Dataset (GED) at the country/month level summing over all types of fatalities and always take the *best* estimate. This gives us a dataset from 1989-2021 for over 170 countries. In some cases we normalize the violence data by population from the World Bank (2022).

We combine the resulting data with the PA-X Peace Agreement Database (Bell et al 2021) and Bell and Badanjak (2019) to capture power-sharing agreements. The PA-X dataset codes all peace agreements in the period between 1989 and 2020. A peace agreement is defined as a formal, publicly available document, produced after discussion with conflict protagonists and agreed to by some or all of them, addressing violence with an aim to end it.

Given the centrality of the PA-X data we discuss it in detail. The PA-X dataset codes different types of power sharing (political, territorial, economic, military). Power sharing refers to the specific divisions and amalgamations of power that ensure groups enjoy some form of equal ‘participation’ in the state’s structures, and/or shared ‘ownership’ of resources. *Political* power sharing is defined using Lijphart’s criteria, focusing on the establishment of, for instance, an executive grand coalition, the introduction of proportional representation in legislatures, mutual veto (or weighted majorities) in areas of groups’ ‘vital interests’, and segmental (by concept, e.g. ‘sport’, ‘education’) autonomy. Given the specific interest of policymakers regarding this definition, we will analyze it separately from other definitions which tend to disperse power instead of sharing it. Territorial power sharing in PA-X is defined as divisions of power on a territorial basis. Economic power sharing is defined as joint participation in economic institutions, or territorial fiscal federalism. Military power sharing refers to provisions which share power in the institutions of the police, army, or security ministries.

In part of our empirical analysis, we do not distinguish between different types of power sharing, but we analyze them jointly. As a result, we have more than 440 power-sharing agreements in monthly data from 1989-2020 for over 170 countries - more than 70,000 country/month observations. We will put a particular focus on so-called *comprehensive* agreements which play a special role in changing conflict dynamics. These are defined by PA-X as agreements between parties that are engaged in an ongoing discussion, manage to agree on substantive issues in a comprehensive attempt to re-solve the respective conflict. When we focus on comprehensive agreements, we have 73 agreements in the data.

Figure 1 shows the composition of all and comprehensive power-sharing agreements along a small subset of the dimensions tracked by PA-X. The dotted, blue line shows the share of elements present in all power-sharing agreements. The solid, orange line shows the share present in comprehensive agreements. The main take-away is that comprehensive agreements have a lot more elements. The orange line runs outside the blue line on all categories. All comprehensive agreements mention the security sector, close to 90% human rights and equality, over 80% political power sharing, and close to 70% mention justice sector reforms. Justice sector reform is also a big outlier in terms of increase in mentions from all to comprehensive agreements.

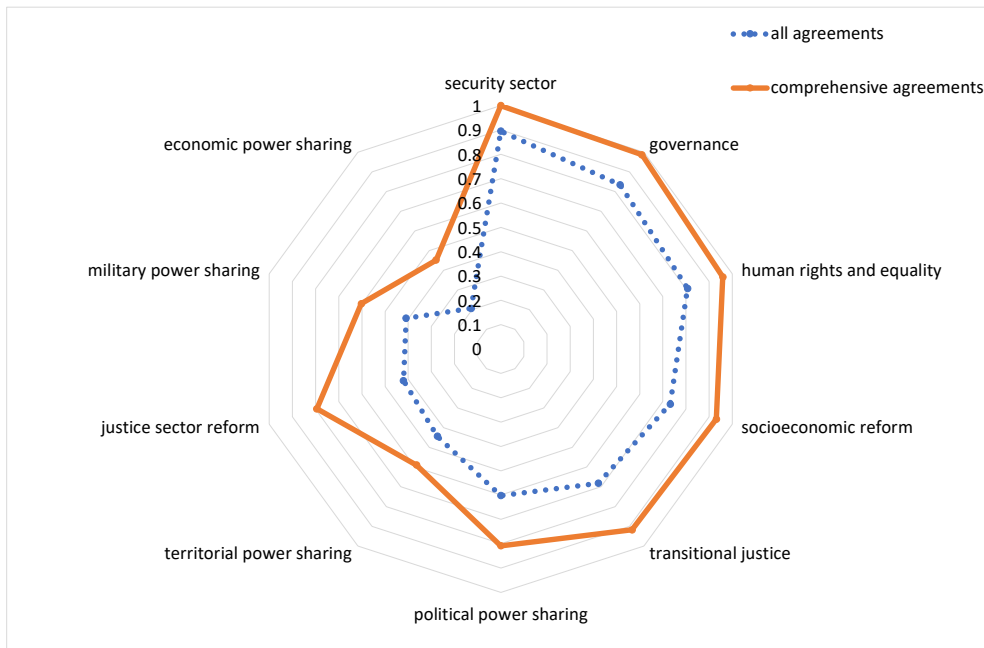


Figure 1: Comparison of all vs comprehensive power-sharing agreements

Notes: The figure displays the components of all power sharing agreements (dotted line) and comprehensive agreements (solid line) as indicated by the V-Dem dataset.

To analyze long-term institutional changes, we add the Varieties of Democracy (V-Dem) data (Coppedge et al 2021) to capture political institutions. V-Dem is one of the standard datasets in the political science literature on political institutions and it tracks many aspects of these institutions for countries worldwide.

Finally, we use data generated using our methodology at conflictforecast.org to generate forecasts of future violence outbreaks and intensity at the monthly level for the period 2000-2020.⁴ Our methodology uses news topics gained from summarizing around 5 million news articles using unsupervised machine learning combined with features that capture conflict dynamics in a forecasting framework to predict the occurrence and intensity of conflict. Conflict dynamics are captured through a set of variables that capture the time since the last conflict and the intensity of recent and ongoing violence. The prediction algorithm we use is a random forest. This is a method which combines variables using many decision trees in order to discriminate between outcomes. The random forest trained on past data can then be used to forecast conflict in situations which are mostly driven by ongoing conflict dynamics as well as situations with subtle conflict risk captured by news stories (Mueller and Rauh

⁴ We follow our method very closely. The only exception is that we need to use a single topic model (LDA) fit of the data to the data to be able to cover the entire period 2000 to 2020. Our original LDA model starts with a vintage of 2010.

2022a,b). We forecast the outbreak of any violence in the next 12 months using a random forest classifier and the intensity of violence per capita in the next 12 months using a random forest regression. We use the same hyperparameters as is our work for conflictforecast.org.

The forecast data we generate is based on rolling out-of-sample forecasts 12 months into the future. At each point in time T in the period 01/2000 to 12/2020 we take the information available up until time T and forecast violence 12 months into the future. We save these forecasts as the value at time T and then take one time step to $T+1$ and repeat. This procedure yields forecasts which are based on past information environments in the periods 01/2000 to 12/2020.

Throughout the article we use two sets of forecasts derived in this way. The first approach uses only past violence as predictor of future conflict. We use this to match treatment and control groups in our event studies as we explain in the following section. When we look at the relation between power-sharing agreements and the forecast error of our prediction models, we also include news text as a predictor. This forecast integrates discussions about economics, international diplomacy, and other topics. On the webpage these news topics are shown as bubbles on the respective country page. Reports on ongoing negotiations might be taken into account in this forecast.⁵ This allows us to check whether power-sharing agreements are reflected in the forecasts relying on information sets before the adoption date.

4. Power sharing as an endogenous treatment

Identifying the impact of power-sharing agreements is complicated by the fact that these agreements are specifically targeted at addressing violence or situations with a lot of future potential for violence. In this section, we first provide an overview over this problem and then discuss our approach.

4.1. Overview

Figure 2 shows the average propensity of the adoption of all power-sharing agreements (top) and comprehensive agreements (bottom) from PA-X with increasing forecasted risk of an outbreak of violence (left) and the forecast intensity (right). To produce these figures, we bin all our observations in percentiles of forecast values – lowest to highest. We then show the mean value of power-sharing agreements in the three following months for each of these bins. Clearly, the adoption of a power-sharing agreement is strongly associated with violence risk. For example, in the top figure we show that in the three months following observations at the median of our outbreak risk and intensity forecast the likelihood of a power-sharing agreement was close to 0. In the three months following the highest intensity forecast the likelihood of a

⁵ Figure A1 shows the news landscape leading up to a power-sharing agreement in Mozambique in August 2014, for example. Topics related to negotiations are clearly visible.

power-sharing agreement is around 6% and following the highest outbreak risk it is 3%. For comprehensive agreements the pattern is very similar.

Importantly, our forecasts use a rolling forecast method which means that we use only the information available up until time T to produce an outbreak forecast for the period $T+1$ to $T+12$. In Figure 2 we furthermore show the forecasts derived from a model that only uses conflict dynamics to forecast conflict. This means that when that the risk percentiles used in Figure 2 are not directly affected by the power-sharing agreement. We will return to this point in the robustness checks.

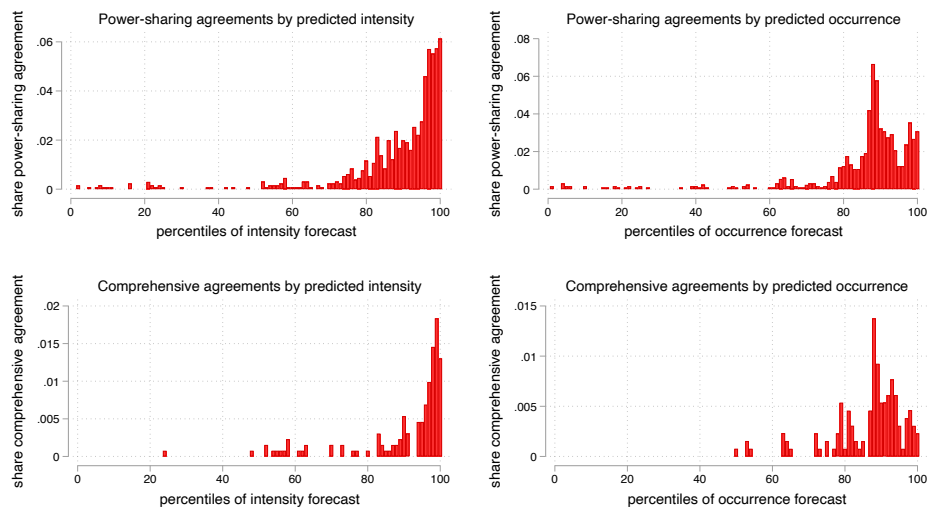


Figure 2: Likelihood of power-sharing agreement by conflict occurrence and intensity forecast percentiles

Notes: The panels show the distribution of all (top) and comprehensive (bottom) power-sharing agreements across percentiles of predicted intensity of violence (left) and likelihood of violence (right) in the three months leading up to an agreement.

The pattern shown in Figure 2 matches the mediation specialists we were in contact with at the German and UK government. Their actions are motivated, in part, by the prevention of future armed violence. This risk is evaluated by regional experts in the ministry headquarters in collaboration with staff in the local embassies. It is therefore entirely plausible that policymakers target situations with threatening violence dynamics, i.e. situations where future violence is most likely.

Why is this a problem for identifying the effect of power-sharing agreements? In Figure 3 we illustrate the typical context of peace agreements in directed acyclic graph (DAG). Circles indicate variables and arrows indicate causal relationships. In Figure 3 we are interested in identifying the marked circle – the effect of peace agreements with power-sharing provisions and future violence. However, peace agreements are introduced as a reaction to a specific country context. Often this context is characterized by an active armed conflict which is itself driven by competition over resources or executive power. This competition will independently affect conflict risk, i.e. the risk of armed violence continuing or re-emerging, with or without an agreement in place. But because the peace agreement is, in part, itself a reaction to these factors, it becomes impossible to distinguish the effect of these problems and the effect of the peace agreement. In the jargon of causal inference, the backdoor criterion is violated.

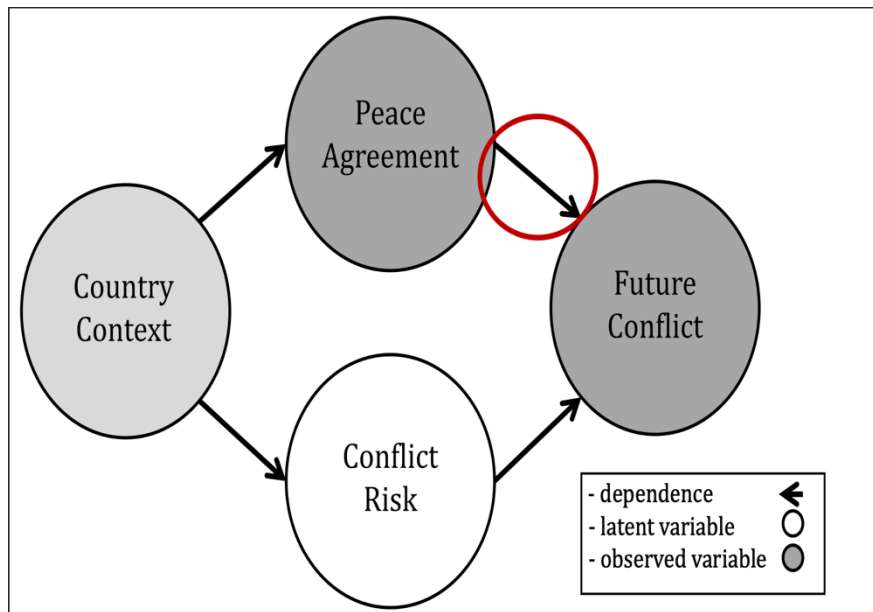


Figure 3: The identification problem

This violation imposes a potential bias of the effect of any study that tries to analyze the effect of power-sharing agreements and violence. If agreements work imperfectly, we will find that agreements are associated with increased violence compared to situations without peace agreements. Blaming peace agreements for violence is then akin to a situation in which a medical treatment to a severe illness is blamed for the following poor health. It is necessary to consider the conditions under which the treatment was administered.

4.2. Approach

We combine a standard event study approach with an attempt to measure conflict risk to get around this problem. Our method compares monthly violence data in event study windows

before and after the adoption of power-sharing agreements. This controls for factors at the country level that stay constant during this relatively short time window – in our case 6, 12, and 18 months before and after adoption.

However, the availability of an archive of rolling forecasts described above also allows us to control for conflict risk. The idea here is to match the conflict risk at the time of adoption in the truly treated event windows with other countries in similar situations with comparable conflict risk but no adoption of power sharing in the following months. This closes the backchannel shown in Figure 3 as we are making conflict risk observable and then construct a control group with the same characteristics.

Note, that our approach has limitations which need to be taken into account when interpreting the results. It is likely that other policies, like mediation, foreign aid, or external security controls, are implemented to support the peace agreement we study. If these other policies have an effect and their timing perfectly coincides with the month of the power-sharing agreement, then our method will capture the overall effect of these policies. Given that our intention to study the overall effect of peace agreements, our results should be regarded as the evaluation of a policy instruments with its supporting policies.

An alternative approach would be to try and find exogenous variation in the policy instrument. Such an approach has, for example, been implemented to study the effect of foreign food aid on armed conflict by Nunn and Qian (2014). The problem with this approach, is that exogenous variation in the policy instrument means that the policy is not endogenous, i.e. it is not demand-driven. But foreign policies which are not driven by local requirements and a demand for intervention by local actors might not be the most effective type of foreign interventions. Estimates are then causally identified but the treatment is a very specific one so that results don't generalize.

In light of these challenges, we implemented a method which combines difference-in-difference estimates in time-windows around the adoption of a power-sharing agreements with a matching of treated time/country windows with comparable non-treated time/country windows. Before we describe the method in Section 5.2. we discuss some case studies.

5. Results

5.1. Case studies

We first explore the link between violence and power sharing along the lines of three case studies. These case studies are selected in a completely subjective way and serve to illustrate

the aspects discussed above and to motivate our empirical estimation strategy. We will show average, and therefore generalizable, effects in the next section.

Our first case study, shown in the top panel of Figure 4, is Mozambique. The country experienced high levels of political violence in the beginning of the sample with around 150 fatalities per month (5 on the log scale). These levels of violence were the result of the Frelimo-Renamo conflict, which lasted fifteen years (1977-1992) and ended with the 1992 Rome peace agreement. The comprehensive agreement led to the establishment of multiparty elections in 1994. We mark the agreement with a red line - the dramatic drop in violence after the agreement is clearly visible.

Frelimo has won every election since, amidst widespread allegations of fraud and suppression of the opposition. Renamo has maintained an armed guerrilla force, and violence has occasionally erupted between them and the government, such as in 2013 and 2016, although it has never reached the level of intensity previously seen. In reaction to a particularly bloody outbreak in 2014, a new peace agreement was signed. Again, we see a decrease in violence following this agreement. The recent violence in the north of Mozambique involves a violent extremist group (IS) who was not part of the initial power sharing deal.

The middle panel of Figure 4 demonstrates the case of Angola. Here the effect of power sharing is less clear with violence levels being higher despite a cycle of seven consecutive power-sharing agreements, two of them comprehensive. In several cases, the number of fatalities decreased dramatically after the adoption of an agreement. For example, in 1991 the UNITA and the MPLA government signed the Bicesse Peace Agreement. The agreement provided for the establishment of a multi-party system, which allowed presidential elections to be held the following year. In the aftermath there was a brief episode of peace, but violence broke out again in 1992. A slightly longer stabilization can be observed after the comprehensive agreement in 1994, however, violence is again only de-escalating for a few years.

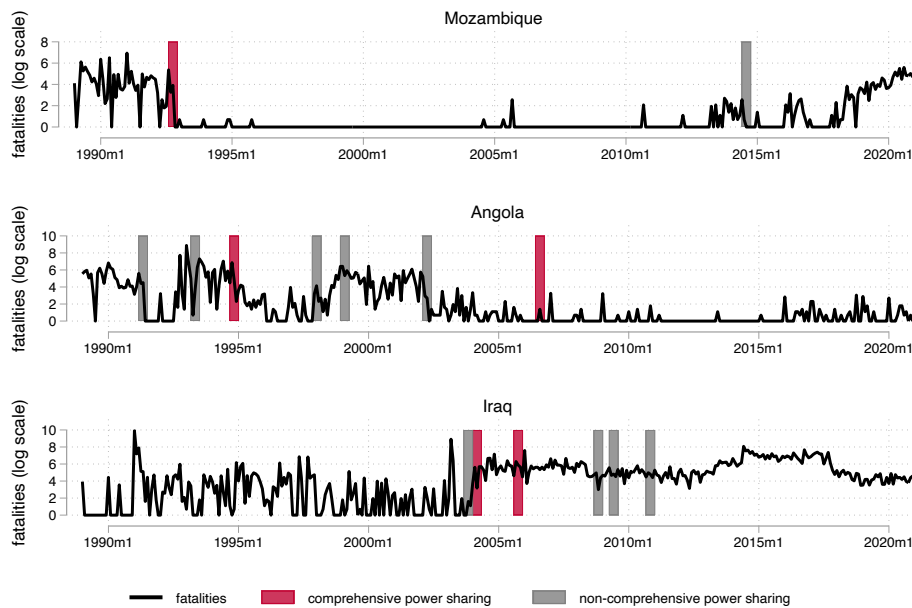


Figure 4: Power sharing case studies

The case of Angola illustrates clearly how local and external actors use power sharing repeatedly to decrease violence, with actors re-negotiating the distribution of power repeatedly. Sometimes this seems to reduce violence temporarily and at other times there is no effect, which means the content of the power-sharing deal did not provide sufficient incentives to cease violent competition. The case of Angola also illustrates the feedback of violence to agreements well: Once violence recedes, so does the frequency of power sharing attempts.

The history of Angola is therefore aligned with the theoretical model proposed in Figure 3 and the selection analysis shown in Figure 2. Power-sharing agreements are a reaction to a dire situation. The aftermath of power sharing is therefore, on average, still violent, but on a lower level. What is important to note, however, is that often, the months following directly after a power-sharing agreement has been agreed, are less violent than the months preceding it. We will return to testing this proposition statistically in the next section.

It is important to bear in mind that amongst recorded power-sharing agreements there are quite a few that seem to have had no or even a negative effect. The bottom panel of Figure 4 shows the case of Iraq where the first power-sharing agreement was concluded after the US-led Iraq invasion. The agreement preceded a dramatic escalation in violence which the following agreements could not appease. These agreements could also not prevent an insurgency by the Sunni tribes – who were not part of the deal – and who later formed the

Islamic State which pushed violent deaths to unprecedented level. We will return to this example, but it should be kept in mind that what we document is the average quantitative effect of peace agreements which includes failures like Iraq.

5.2. Matched difference-in-difference method

The staggered and repeated treatment of power-sharing agreements shown in Figure 4 poses a challenge to modern methods of difference-in-difference estimates for the correct identification of the Average Treatment Effects on Treated (ATT) (Callaway and Sant'Anna 2021).⁶ In the standard adoption of the method we would have pre-treatment months of one power-sharing agreement coincide with the post-treatment months of another agreement.

In addition, we have a selection problem in which the adoption of an agreement takes place in circumstances in which violence is ongoing, has escalated, or is in danger of escalating. This means that country fixed effects alone do not help controlling for risk.

We therefore focus our analysis on the months before and after the adoption of power-sharing agreements and do our best to build a good control group from the remaining, untreated data. In a first step, we select windows around the adoption of power-sharing agreements while ensuring that these are non-overlapping. We take a window range between 6, 12 and 18 months centered around the adoption month which we call month 0.⁷

We then sample from the remaining untreated data through a sampling method to construct a control group. We start by constructing a control group that is sampled using the distribution of violence intensity forecasts. To understand this sampling method, we direct the reader back to Figure 2. On the top left of Figure 2 we show the adoption likelihood by conflict intensity percentile. We can use these distributions to sample placebo treatments in the untreated data. Specifically, we use the distribution shown on the top left of Figure 2 to draw random treatments of power-sharing agreements across our entire dataset with the same likelihood shown in the Figure.⁸ Most of the percentiles have a likelihood of 0 and therefore do not receive a placebo treatment. This ensures that countries like Sweden or Germany are not part of our control group. Even for the percentiles with the highest violence forecast the adoption likelihood is never higher than 6% which means our placebo treatments are attributed in a very sparse way across the dataset. However, the distribution of conflict intensity forecasts in the resulting control group will approach the distribution of the actually treated units as can be seen for an example in Appendix Figure A2.

After we attributed random placebo treatments, we ensure that the windows around these treatments are intact so that we can track violence in the entire window before date 0 and after

⁶ We use the `csdid` package for STATA developed by Fernando Rios-Avila (Rios-Avila et al 2021).

⁷ To increase sample size, we accept windows that have 10% of their observations missing, i.e. this is between 1 and 3 observations of a given window depending on the window size.

⁸ Specifically, we draw placebo treatments 2 months after these observations as the Figure shows the average adoption likelihood 1-3 months before adoption.

date 0. This means we can now compare a treated group with some distribution of conflict risk before the adoption date 0 with a control group that has the same distribution of conflict risk before in the months before treatment sets in at 0. The only difference is that the treatment group indeed receives a treatment at 0 whereas the control group does not.

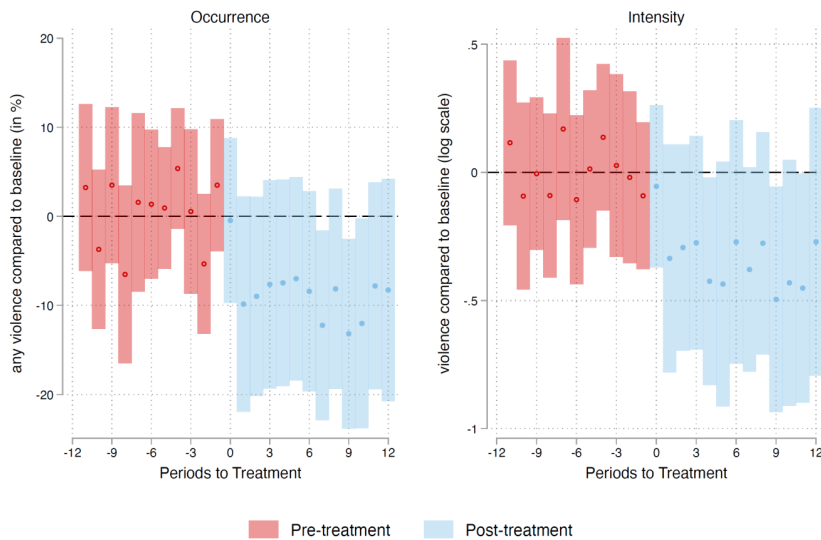


Figure 5: Violence occurrence and intensity after power sharing

Notes: This figure shows the estimated impact of all power-sharing agreements on the occurrence (left) and the intensity of violence (right) in the twelve months before and after the agreement. The control group is assigned placebo agreements based on the distribution of predicted intensity of violence in the three months leading up to agreements.

A visual representation of the results is shown in Figure 5. This is showing the difference-in-difference estimates using the estimation method by Callaway and Sant’Anna (2021) for a window of size of 12 months and a control group matched through the intensity forecast percentiles in months -3 to -1. The default omitted category is the first time period. There is a clear pattern in which point estimates for violence fall immediately the month after the power-sharing agreement. For violence occurrence the treatment effect here is around 10 percentage points whereas for intensity it is around 0.4 log points or 30%. The point estimates fall one month after the adoption data and stay relatively stable, without a noticeable rebound back to baseline. The overall effects are statistically significant at 10% confidence.

We find stronger effects for comprehensive agreements which we show for 12 months windows in Figure 6. Again, we build the control group using the intensity forecast percentile in the months -3 to -1 leading up to the agreement. We find that violence falls one month after the adoption of a comprehensive agreement. However, violence dynamics in the point

estimates now trend slowly downwards. For violence occurrence we now find treatment effects that approach a 20-percentage point reduction and for intensity a reduction of 100 log points, which is a fall in the intensity of violence of close to 60%. The overall effect is statistically significant at 1%.

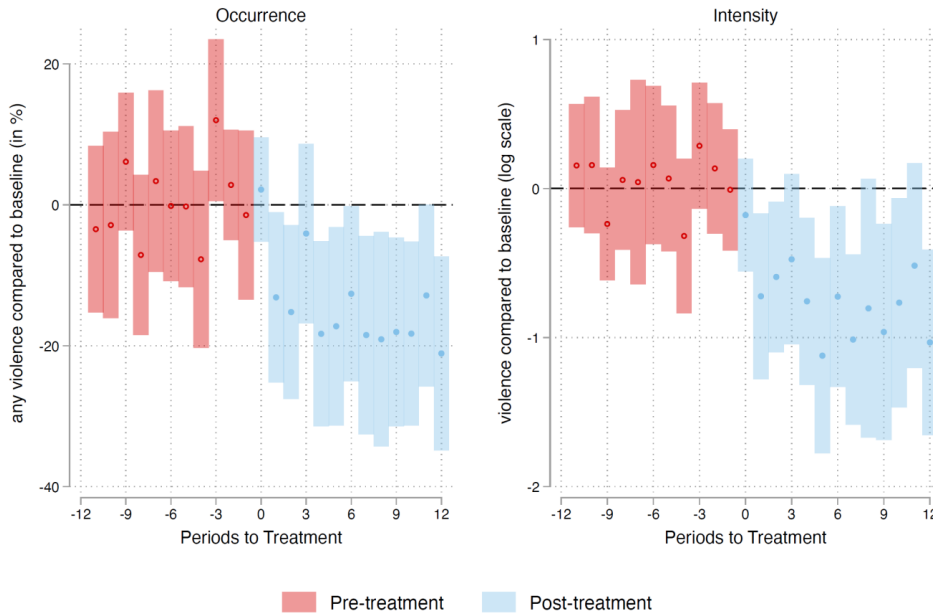


Figure 6: Violence occurrence and intensity after comprehensive power sharing

Notes: This figure shows the estimated impact of comprehensive power-sharing agreements on the occurrence (left) and the intensity of violence (right) in the twelve months before and after the agreement. The control group is assigned placebo agreements based on the distribution of predicted intensity of violence in the three months leading up to agreements.

In Table 1 we summarize our treatment effects for varying window sizes. Results suggest a stronger, more statistically significant effect with longer time windows both for all power-sharing agreements and for comprehensive agreements. The point estimate lies between 2 and 12 percentage point reductions in occurrence for all agreements and 7 to 14 percentage points for comprehensive agreements. Results are only weakly statistically significant for all agreements but are more precisely estimated for comprehensive agreements.

These results and visual inspection of the monthly ATT point estimates in Figures 5 and 6 suggests that effects strengthen over time. We confirm this using the equivalent approach with 18-month windows in Appendix Figures A4 and A5. The point estimates for all power-sharing agreements and comprehensive agreements are trending downwards. After 18 months the

point estimates for all power-sharing agreements suggests close to 18 percentage points reductions in occurrence and 45% reduction in violence intensity. For comprehensive agreements the effects are a 20 percentage points reduction in occurrence and a 70% reduction in violence intensity.

These results suggest that there is a fast response of violence to the adoption of power-sharing agreements. The point estimates we find towards the end of the event windows suggest very large treatment effects and the monthly estimates show a negative treatment effect setting in at the adoption date. We will demonstrate a remarkable robustness of these results in Section 5.4.

Table 1: The ATT of power-sharing agreements on violence occurrence and intensity

<i>Panel A: All power-sharing agreements</i>						
	(1)	(2)	(3)	(4)	(5)	(6)
	6 months window		12 months window		18 months window	
	any	intensity	any	intensity	any	intensity
ATT power sharing	-2.089 (2.920)	-0.143 (0.122)	-8.583* (4.862)	-0.338* (0.188)	-12.250* (6.528)	-0.428* (0.251)
N	231824	231824	361057	361057	459141	459141
treated	135	135	71	71	47	47

<i>Panel B: Comprehensive power-sharing agreements</i>						
	(1)	(2)	(3)	(4)	(5)	(6)
	6 months window		12 months window		18 months window	
	any	intensity	any	intensity	any	intensity
ATT power sharing	-6.881* (3.979)	-0.406** (0.200)	-14.327*** (4.857)	-0.744*** (0.257)	-13.980*** (5.094)	-0.887*** (0.273)
N	57239	57239	100397	100397	137764	137764
treated	59	59	47	47	44	44

Robust standard errors, clustered at the country level, in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Any violence is equal to 100 if there is any fatality according to UCDP in that month and zero otherwise. Violence intensity are $\log(\text{fatalities} + 1)$. All regressions restrict the sample to a window around the adoption of power-sharing agreements for treated countries and control for month fixed effects. The control group is a random sample of countries without power-sharing agreements but with the same distribution of predicted conflict intensity before adoption.

5.3. Difference-in-difference results looking at forecasting errors

Our forecasts use a complex way of capturing conflict dynamics using machine learning which is geared to get the best possible estimate of future violence using all possible information available at the time of the forecast. The full model also uses the information contained in millions of news articles which captures the political, economic and international context of each country. This reliance on news in the full model allows us to capture the information environment leading up to power-sharing agreements. In what follows we will use our conflict forecasts to see whether the adoption of power-sharing agreements can be anticipated. We can use the forecast to see whether, viewed from an information environment before adoption, the adoption of power sharing leads to positive surprises in which the forecast becomes overly pessimistic right before the agreement.

We forecast the occurrence of violence 12 months into the future. This means that we can look at forecast errors at points in time at which the treatment was not yet implemented. As a first step, we now shift the definition of *treatment* so that time 0 is the moment the future adoption of a power-sharing agreement enters the forecast horizon of 12 months. We then ask, given the information available at time 0 to 12, was the forecast for the next 12 months too optimistic or too pessimistic and how does this evolve as the adoption date approaches?

The forecast error here is defined as the true realization minus the forecast at time T – both measured as averages in the 12 consecutive months. Positive errors mean that, at the time of the forecast, we are too optimistic and underestimate future violence compared to the control group.⁹ Negative forecast errors mean that we are too pessimistic in our forecast. In our analysis we let T go from -6 to 12. At month 0 the future adoption of a power-sharing agreement enters the forecast horizon. Importantly, the forecast in the months 0 to 12 then spans a mix of treated and untreated months. Only in months 11 and 12 are the entire forecasting horizons inside the treated time interval.

This means we expect a relatively smooth drop of forecasting errors in the periods 0 to 12 if power-sharing agreements are not anticipated. Anticipated adoptions would mean that future violence reductions due to power-sharing agreements are already “priced in” at time 0 to 12. If the effect of agreements were priced in at time 11, for example, we would not see a negative error when compared to the control group. But if agreements are a surprise, we expect the forecast error to become negative as the adoption date approaches.

We show two difference-in-difference estimates for all power-sharing agreements in Figure 7. In the left panel we show the results using errors for violence outbreaks before agreements and on the right for the errors for the predicted intensity of violence. As discussed above, the treatment is now the entering of agreement into the *forecast horizon* at point 0, the actual adoption of the agreement happens at time 12. In the point estimates we see clear patterns in

⁹ We now need to sample the control group from the entire a sample as matching by conflict risk would lead to selection problems.

which there is a downward trend in the forecast error indicating a forecast that is becoming too pessimistic when using the information available before the adoption of an agreement. Our forecast model predicts too much violence. For intensity there is a slight increase of the error point estimates in months 2 to 6, followed by a clear decline closer to the agreement date. This is consistent with the idea that power-sharing agreements target situations with vicious conflict dynamics captured by an upward drift of the forecast error of our forecasting system. Agreements are then associated with a dramatic and systematic trend reversal in the forecasting error, i.e. even taking all possible information into account that is available in the months leading up to the agreement. Power-sharing agreements and their effect are positive surprises for our forecasting system even though it is able to capture the news environment.¹⁰ In Appendix Figure A3 we show the same patterns hold comprehensive agreements.

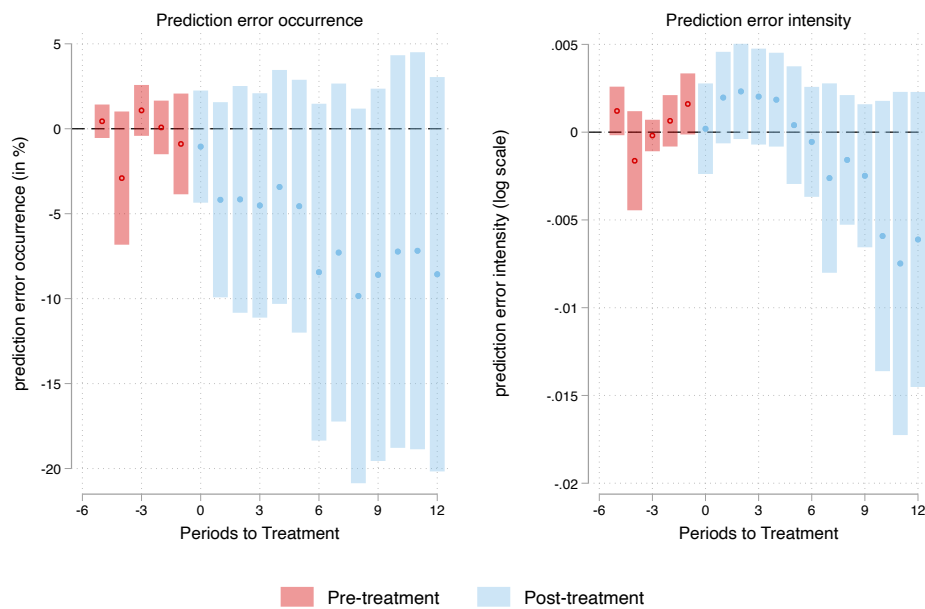


Figure 7: Forecast error for all power-sharing agreements

Notes: This figure shows the estimated impact of all power-sharing agreements on the forecast error of the occurrence (left) and the intensity of violence (right). In this figure the agreement takes place at month 12. The forecast is for the next twelve months so the impact of the agreement enters the forecast window at month 0. A negative forecast error indicates an overprediction of violence. The control group is random.

¹⁰ We have also analyzed the forecasting errors after the adoption dates. This exercise suggests that having the PAX data available when forecasting could bring down forecast errors. The system stays too pessimistic even after the adoption date and only slowly adjusts.

These results confirm the assumption that the adoption of power-sharing agreements can be modelled as a positive surprise which was hard to anticipate with the information set available in the months before the adoption of the agreement. The more of the forecast window lies behind the adoption date, the more pessimistic is the forecast. Interestingly, the point estimate for occurrence suggests a substantial error, i.e. around 10% for both all and comprehensive agreements.¹¹

5.4. Robustness and additional results

An important aspect of our identification strategy is the selection of the placebo control group. We therefore show two alternative ways of attributing placebo treatments: 1) a completely random control group; and 2) a control group that is sampled using the same distribution of the predicted likelihood of the occurrence rather than the intensity of violence as the treated group. Results are shown in Appendix Table A2. We find very similar or somewhat stronger results when sampling by conflict outbreak risk (Appendix Figure A6) and find weaker results when sampling randomly (Appendix Figure A7). This is consistent the idea that the targeting of escalating situations by efforts of the international community leads to a downward bias in the estimated treatment effects unless this escalation risk is explicitly taken into account through the matching on risk.

A difficult concern to address is reverse causality. Violence could be trending upwards before the adoption of power-sharing agreements because of the ongoing negotiations. Mediation attempts can increase violence because they increase the incentives to engage in violence to strengthen bargaining power (Canidio and Esteban 2022). This would make the months right before an agreement a bad control group and this would mean that our method of matching on risk in the three months before the agreement leads to an overestimate of the true effect. Appendix Figure A8 checks for this possibility by matching the control group using the months 4 to 6 before the adoption month. Results are robust to this. Note also that the estimation method we use would allow us to track deviations of violence in the treated group before the treatment but there is little evidence for this in Figures 5 and 6.

An additional channel of reverse causality is that increasing violence triggers a new agreement so that our sample is increasingly selected if we select intact event windows of lengths 12 and 18 months. We therefore run an alternative way of defining windows which ignores repeated treatments and simply cuts windows around all adoption dates. In other words, we don't select cases based on their duration. The control group is sampled as before. Note, that the sample is now selected negatively as we have repeated coverage of cases with repeated treatments. Treatments that do not work and are followed by another surge or ongoing violence then lead to another case which is also included in the sample.

¹¹ We forecast violence per capita for intensity which yields a very different dimensionality here than in the main results using log fatalities.

Figures 8 and 9 and Appendix Table A3 show the results. There is a substantial and statistically significant decrease in violence following all agreements and comprehensive agreements. Importantly, the effect of agreements is again growing over time which means this pattern is not due to selection effects. The size of the point effect is now somewhat lower for occurrence but very similar in size for intensity.

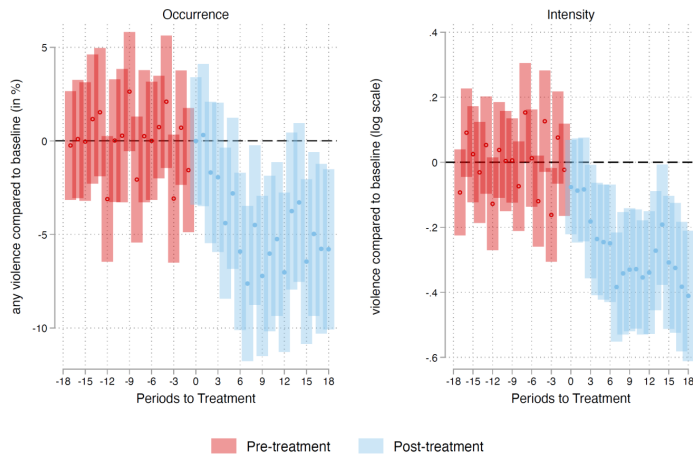


Figure 8: Violence occurrence and intensity after all power sharing (whether agreement is replaced or not)

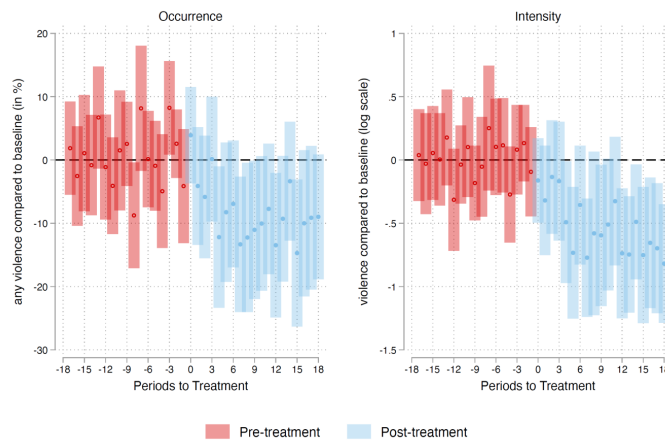


Figure 9: Violence occurrence and intensity after comprehensive power sharing (whether agreement is replaced or not)

Notes: These figure shows the impact of power-sharing agreements on the occurrence (left) and the intensity of violence (right) in the 18 months before and after the agreement. The control group is assigned placebo agreements based on the distribution of predicted intensity of violence in the three months prior to agreements. The sample includes all agreements at month 0, whether they are replaced in the following months or not.

One remaining issue in interpreting the findings in the previous section as causal treatment effects of power sharing is that power-sharing agreements are accompanied by other policies, often put in place by the international community, which also reduce violence and coincide with the implementation of a power-sharing agreement. This would lead to an omitted variable bias in as far as these other policies are not part of the comprehensive peace agreement but are additional measures which simply coincide with the agreement.

A policy which is closely linked to international attempts of pacification are peacekeeping missions. We therefore use two datasets from the UN webpages. First, the number of total peacekeeping troops present in a country and, second, the monthly budget spent on peacekeeping in a country. In the latter case we had to interpolate between quarterly or even yearly reports such that the timing is not precisely measured. However, presence of troops is relatively well recorded with even a handful of peacekeepers being tracked.

Figure 10 shows that peacekeeping is very clearly a policy that coincides with power-sharing agreements. Peacekeeping troops (left panel), peacekeeping budgets (middle panel) and a dummy indicating troop presence (right panel) shoot up in the aftermath of a comprehensive agreement (and in Appendix Figure A9 for all agreements). However, we find only weak evidence for an independent effect of peacekeeping on violence. Appendix Figure A10 report the difference-in-difference estimate of the impact when peacekeeping missions measured by the log of the number of troops + 1. This definition exhibits the strongest, yet often not significant, relationship in terms of reductions of violence.

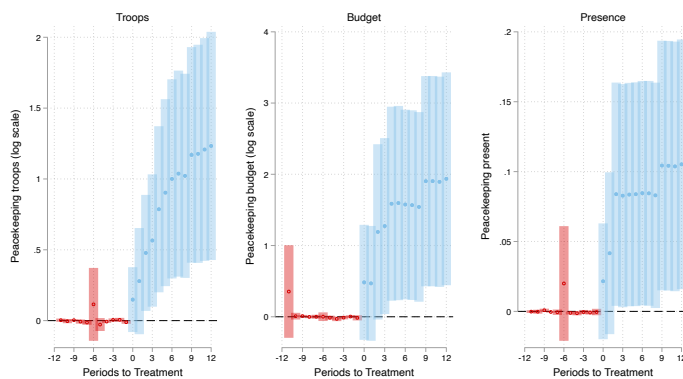


Figure 10: Peacekeeping activity after comprehensive power-sharing agreements

Notes: This figure shows the estimated impact of comprehensive power-sharing agreements on the log of peacekeeping troops + 1 (left), log of peacekeeping budget + 1 (middle), and presence of peacekeeping troops (right) in the twelve months before and after the agreement. The control group is assigned placebo agreements based on the distribution of predicted intensity of violence in the three months leading up to agreements.

Not surprisingly, our main results are robust to peacekeeping controls which we show in Table 2. Here we focus on comprehensive agreements and fix the window size to 12 months before and after the signature of an agreement and control for peacekeeping activity in three different ways. The main finding is that the estimated ATT of comprehensive power-sharing agreements does not change when compared to columns (3) and (4) in Table 1, Panel B.

Table 2: The ATT of comprehensive power-sharing agreements on violence occurrence and intensity controlling for peacekeeping

	(1)	(2)	(3)	(4)	(5)	(6)
	any	intensity	any	intensity	any	intensity
ATT power sharing	-15.403*** (5.052)	-0.745*** (0.263)	-15.691*** (5.003)	-0.747*** (0.263)	-15.491*** (5.029)	-0.757*** (0.262)
Ln(troops+1)	✓	✓				
Ln(budget+1)			✓	✓		
Any peacekeeping					✓	✓
N	100397	100397	100397	100397	100397	100397
treated	47	47	47	47	47	47

Robust standard errors, clustered at the country level, in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Any violence is equal to 100 if there is any fatality according to UCDP in that month and zero otherwise. Violence intensity are $\log(\text{fatalities} + 1)$. All regressions restrict the sample to a window of 12 months around the adoption of comprehensive power-sharing agreements for treated countries and control for month fixed effects. The control group is a random sample of countries without power-sharing agreements but with the same distribution of predicted conflict intensity before adoption. Columns (1)-(2) control for peacekeeping troops using $\ln(\text{troops} + 1)$, columns (3)-(4) for the peacekeeping budget using $\ln(\text{budget} + 1)$, and columns (5)-(6) using a dummy for whether peacekeeping troops are present.

If anything, these results suggest that the studies of peacekeeping, especially work using yearly variation, need to pay attention to the context of political agreements that prepare the ground for peacekeepers. Further work using subnational data might help to identify the independent effects of peacekeeping better.

6. Building bridges: The aftermath of power-sharing agreements

In this section we explore additional data on institutions to shed light on the broader institutional implications of power-sharing agreements. We will pay special attention to the role of comprehensive agreements. This will provide hints as to why they reduce political violence in a more robust way.

6.1. The duration of power-sharing agreements

We have already seen in the case studies, power-sharing agreements are no panacea. They are deployed repeatedly, sometimes within months. Even comprehensive agreements can be tried more than once in the history of a country and so the duration of an agreement will be endogenous to the country context. An complete analysis of agreement durations lies beyond the scope of this study.¹² Yet, we need to pay attention the mechanisms underlying heterogeneity in duration in the context of the identification problem shown in Figure 3.

In Figure 11 we show the share of comprehensive agreements which are replaced by new comprehensive agreements within the first 18 months. We split the sample into comprehensive agreements at the median in terms of predicted risk in the three months leading up to the agreement. We see that after 6 months 10% of the agreements have been replaced by a new comprehensive agreement, independent of the pre-agreement level of risk, suggesting that comprehensive agreements can also survive for enough time to reduce violence even when drawn up in high-risk situations.

Then the lines start to diverge and more than one third of the agreements introduced in high-risk situations are replaced by 18 months compared to less than 1 in 5 in lower risk situations. This is an important finding as it suggests a selection problem in which more difficult situations lead to more violence and lower duration. We already showed in the previous robustness section that the violence-reducing effects hold when looking at the impact of agreements unconditional on duration. This means that even as we mix the effects of agreements which remain in place with the effect of new agreements, we get similar overall results as in our main findings.

¹² For a study on the duration of peace agreements after international wars see Fortna (2003).

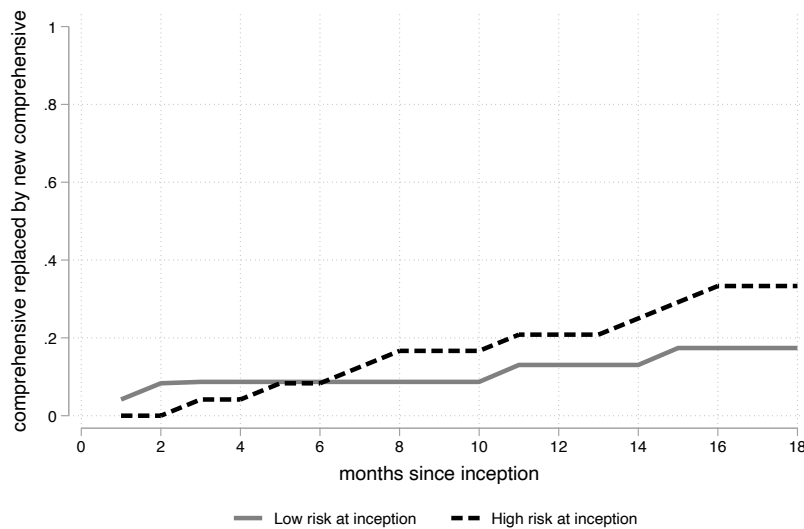


Figure 11: Share of comprehensive agreements replaced by new comprehensive agreements depending on level of risk at inception

Importantly, another way of reading Figure 11 is that the large majority of agreements are still in place after 18 months. Does this mean that power-sharing agreements can be part of a broader shift towards more peaceful equilibria? Put differently, can countries escape the conflict trap with power-sharing agreements as part of the escape plan?

In this context it is worth asking whether there is any hope for long-term effects of power-sharing agreements, and through which channels it may act. One direct channel through which power-sharing agreements could affect long-term trajectories are political institutions. This is well-understood in policy circles. International organizations like the UN/DPPA stress that peace agreements have a clear link to “constitution making” (Berghof Foundation and UN/DPPA 2020) and this means they can have a profound impact on the development on political institutions through their role.

However, for policy purposes it is worth understanding what the institutional features are that are associated with such long-term changes in violence. For this purpose, we now turn towards the V-Dem dataset. Instead of trying to prove the causal effect of a specific mechanism our goal here is explore descriptive evidence of which cluster of institutional features relate to long-term falls of violence and which features change systematically when power-sharing agreements are introduced. Clean identification of effects is a lot harder here as we will look at changes of violence and institutions across decades. The following evidence should be

regarded as providing possible channels instead of providing hard evidence for a causal effect of institutional features on violence.

6.2. Long-run institutional changes and violence

The Variants of Democracy (V-Dem) dataset allows us to analyse what type of institutional changes are associated with reductions in violence. We begin the analysis with the top layer of the dataset which captures the five different components of democracy that V-Dem measures. These are:

1. Deliberative: consultation and engaged society
2. Participatory: popular vote, elected local/regional government
3. Liberal: judicial & legislative constraints on executive
4. Electoral: clean elections, freedom of expression, suffrage
5. Egalitarian: equal protection and access

Figure 12 shows how strongly these elements are correlated with the extent of political violence occurrence and intensity. Throughout this section we control for country fixed effects and month fixed effects, i.e. the associations shown here control for fixed components like the country history and geography. Importantly, this implies that the results we show here are based on changes at the country level, i.e. our findings are based on realistic changes that have previously been observed at the country level.

The white dots in Figure 12 represent the average associations in our dataset. The bars indicate the uncertainty around this average experience. Broader bars indicate that specific histories can differ more from the average. In the top panel we find that all components of democracy measured by V-Dem are associated with reductions in violence – even when we control for country context and international context. We find the strongest associations in the liberal, electoral and egalitarian components and weaker associations with the deliberative and participatory components. The egalitarian component in the top panel of Figure 12 is particularly strongly associated with reductions in violence, which suggests that broadening horizontal and vertical inclusion can decrease violence. An increase of one standard deviation in this component is associated with a 10% reduction in violence.

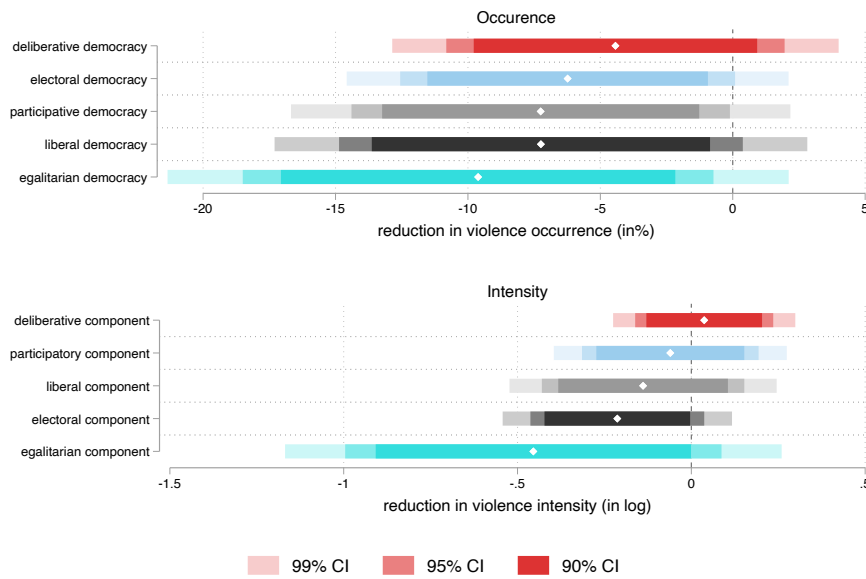


Figure 12: Facets of democracy and reductions in violence

Notes: The figure displays regression coefficients and their confidence intervals from regressing conflict occurrence (top) and intensity (bottom) on facets of democracy from V-Dem in a cross-country panel with fixed effects.

The top panel of Figure 13 looks at facets of the egalitarian component as measured by the V-Dem dataset. The elements that are most closely related to violence reductions are the absence of exclusion across political, social, socio-economic, gender or geographic dimensions. These variables capture access to power, public services, justice and civil liberties and whether these are restricted for specific groups.

The associations in the bottom panel of Figure 13 are large. Violence is reduced by between 15% and 25% when exclusion is reduced by one standard deviation. The association is even stronger if we look at violence intensity in the bottom panel of Figure 13. A coefficient size of slightly below -1 in Figure 13 implies that violence reduces by almost two thirds. This is a very strong and statistically significant association. Despite not knowing whether this is a causal effect, tracking exclusion indicators could be an important task for policymakers.

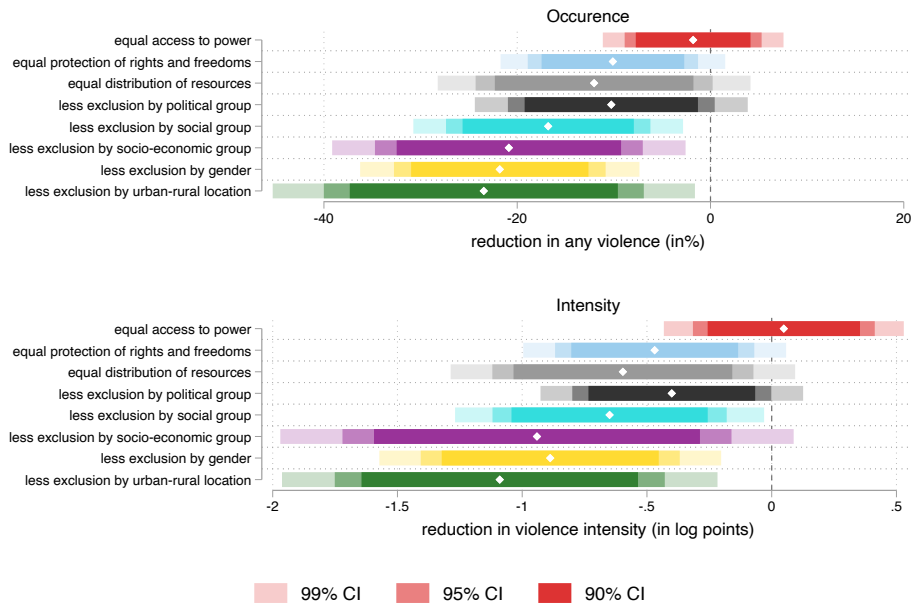


Figure 13: Egalitarian dimensions and reductions in violence

Notes: The figure displays regression coefficients and their confidence intervals from regressing conflict occurrence (top) and intensity (bottom) on egalitarian dimensions from V-Dem in a cross-country panel with fixed effects.

However, even if we believed that a part of these associations is causal, running from institutions to reductions in violence, it is hard to take away concrete policy advice. What are the concrete institutional features that are most strongly associated with reductions in violence? Our analysis, summarized in Figure 14, suggests that improvements in the strength and neutrality of the legal system and public administration might play a key role. Likewise, fair access to public sector jobs and business opportunities are strongly associated with reductions in violence. The most significant reduction in violence is observed with strong and equal access to justice. A darling of the international community, free and fair elections, seems to be associated with reductions in violence but this association is not pronounced.

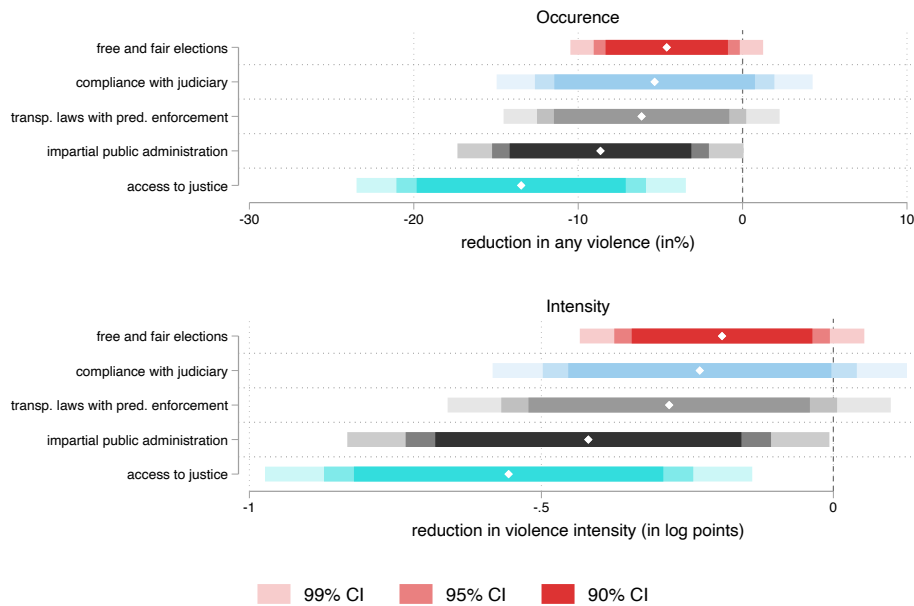


Figure 14: Institutional features and reductions in violence

Notes: The figure displays regression coefficients and their confidence intervals from regressing conflict occurrence (top) and intensity (bottom) on institutional features from V-Dem in a cross-country panel with fixed effects.

It is worth noting that these institutional changes do not only seem to capture a change of distributions of power inside the elite but seem to also indicate a shift in the rules and relationship between elite and population. The associations indicate that reductions in violence are associated with less exclusion along gender, geographic and socio-economic dimensions, stronger public service provision and access to justice.

6.3. Building the bridge with comprehensive agreements

Given these associations – what is the role of power sharing in all of this? Is the intuition in policy circles correct that external help in peace agreements can facilitate institutions building? Why do comprehensive agreements seem to have a larger, amplifying effect over time?

To explore these questions, we exploit the monthly variation of V-Dem to use our difference-in-difference methodology. The control group to a treatment of a power-sharing agreement are again countries with a similar intensity forecast in the three months prior to the (placebo)

adoption of an agreement. In our analysis, we will contrast the aftermath of all agreements and comprehensive agreements.

It is important to keep in mind that the different elements of power-sharing agreements shown in Figure 1 always coincide. At the same time, changes in dimensions in the V-Dem data also coincide. This makes it impossible to provide hard evidence on specific channels. The goal here is therefore merely to explore the changes in the aftermath of all and comprehensive agreements. The difference-in-difference methodology we rely on does, however, make us confident that the institutional changes we see are directly related to the adoption of power-sharing agreements.

In Figures 15 and 16 and Appendix Table A4 and A5 we turn towards the broad V-Dem categories of democracy. These all increase to a similar extent. However, the point estimates are lower for all power-sharing agreements than for comprehensive agreements. We, again, normalize each of the V-Dem variables by their respective standard deviation so that these results suggest that an increase in democracy scores following all power-sharing agreements of 5% of a standard deviation for all agreements (Figure 15) and 10% for comprehensive agreements (Figure 16).

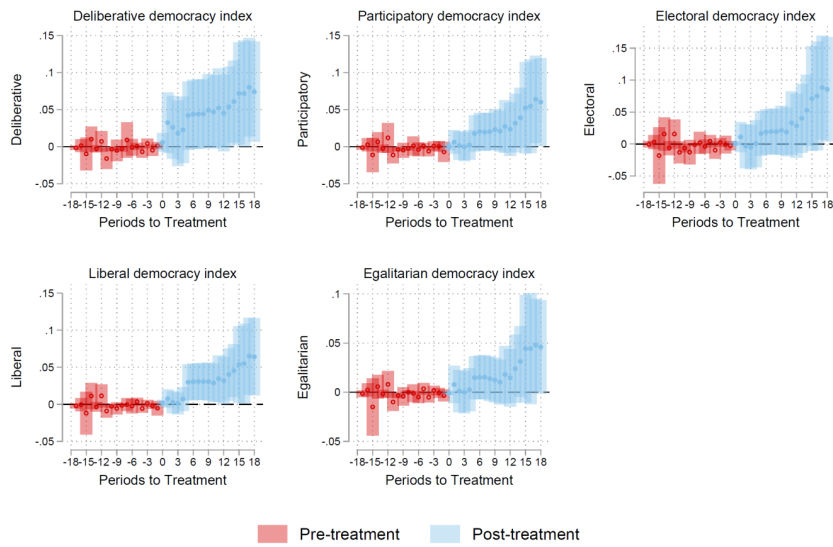


Figure 15: Democracy dimensions in the aftermath of all agreements

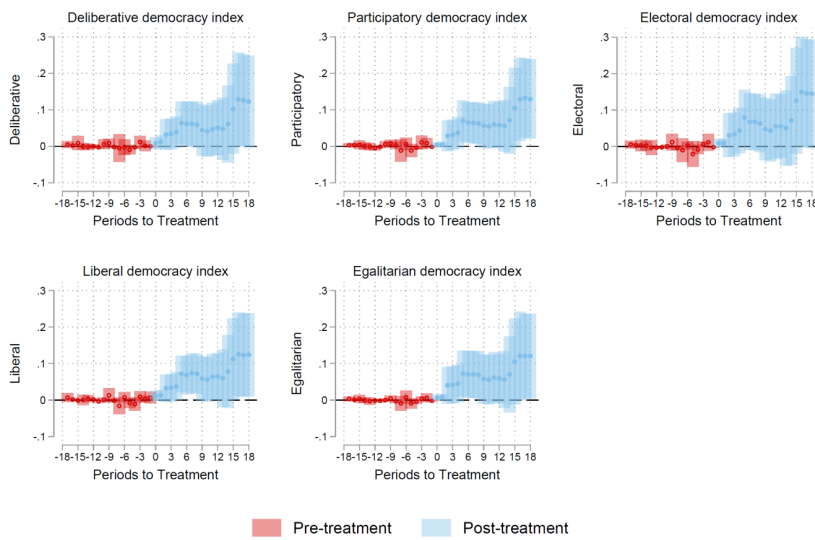


Figure 16: Democracy dimensions in the aftermath of comprehensive agreements

Notes: The figures show the estimated impact of agreements on dimensions of democracy in the V-Dem data in the 18 months before and after an agreement.

The figure does not really allow us to distinguish which institutional features improve. We therefore move one level lower in the aggregation by looking at the exclusion dimensions in Figures 17 and 18. Here we see some qualitative differences between all power-sharing agreements and the comprehensive agreements. In both cases we get the strongest decreases in exclusion along the lines of political groups and social groups. The changes are, again, slightly larger for comprehensive agreements. This makes a lot of sense given the goal of these agreements is to share power between political and social groups.

However, we see very little effects for socio-economic and urban-rural groups in all agreements and even some temporary worsening along the gender dimension. Here is where the comprehensive agreements are followed by much larger changes along all three categories. We know from the associations shown in Figure 13 that these are also the institutional dimensions that are most strongly associated with reductions in violence in the long run.¹³

In Appendix Figures A11 and A12 we also show that in the different dimensions of equality, comprehensive agreements are followed by much stronger changes and that the strongest difference seems to lie in the equal access dimension which captures power distributions by gender, social group and by socioeconomic position. Equal resource distributions change dramatically after comprehensive agreements. In Appendix Tables A5 and A6 we show that the associations also hold when including all agreements no matter whether they are replaced or not.

Overall, these findings are in line with the view on power sharing as a solution to political bargaining. The distribution of power seems to change significantly in the aftermath of agreements. The larger and more diverse response to comprehensive agreements also suggests a possible explanation for why comprehensive agreements lead to stronger reductions in violence which are also building up over time. However, it is hard to pin it on a single factor with gender, rural-urban dimensions and the distribution of resources all playing important roles. In any case, it is hard to see these changes purely as a result of a changing distributions of power inside the elite.

¹³ Our findings suggest an alternative interpretation to the mediation analysis conducted by Borman et al (2019) who show that *de jure* changes in the institutional set-up are mediated by behavioural changes. We show, using monthly instead of yearly data, that power-sharing agreements can spill over into broader institutional changes. In this view, institutional changes follow more informal arrangements and stabilize them.

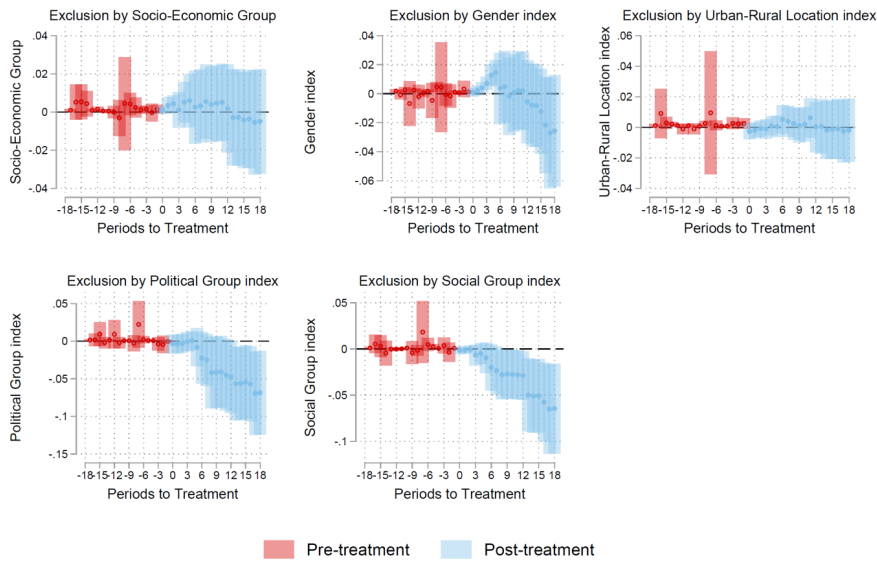


Figure 17: Exclusion dimensions in the aftermath of all power-sharing agreements

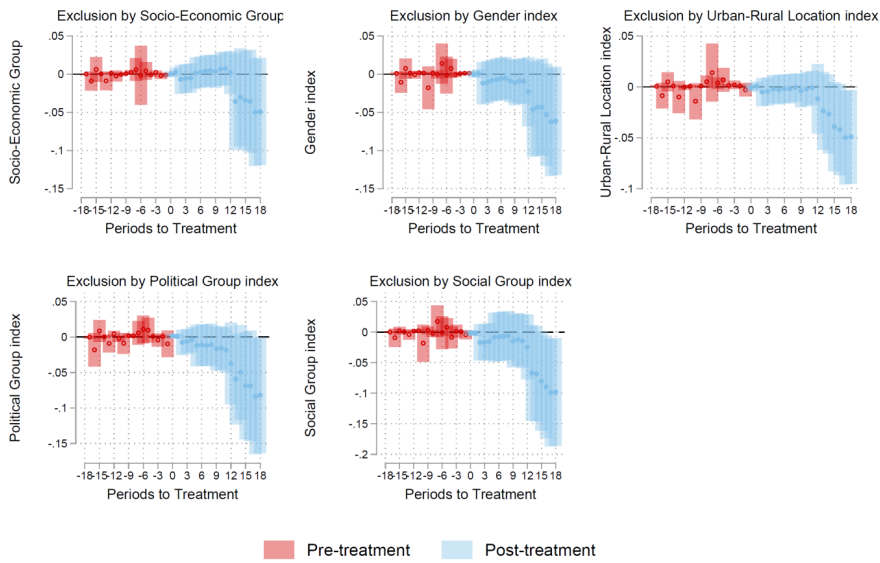


Figure 18: Exclusion dimensions in the aftermath of comprehensive agreements

Notes: The figures show the estimated impact of agreements on dimensions of exclusion in the V-Dem data in the 18 months before and after an agreement.

7. Discussion

Part of the reason why the conflict trap persists is that violence narrows the options for forward-looking decision making. This in turn is required for institutional or structural changes and for a sustainable reduction in violence. The conflict trap is also reflected in the level of power-sharing agreements, as more than half of all agreements are amended, or replaced by other agreements within a year.

This study shows that comprehensive power-sharing agreements nonetheless have a direct short and medium-term effect on violence. In some cases, the short-term reductions in armed violence seem to persist. We show that this effect is strongest for comprehensive agreements which are also associated with wider institutional developments and more dramatic reductions in violence. Some countries escape the conflict trap. Power-sharing agreements should therefore be seen as both a short-term solution and a facilitator of broader long-run changes. It is hard to point at specific institutional changes that are driven by comprehensive agreements, but our results suggest that gender, rural-urban dimensions, and the distribution of resources all shift in response. Further, comprehensive agreements seem to cover rights-based elements a lot more and access to justice is also most strongly associated with reductions of violence in the long run.

This is also where our findings echo the case study in the Pathways for Peace report by the World Bank/UN (2018), who conclude that countries that find pathways to sustainable peace have eventually tackled the messy and contested process of institutional reform. Often, the transition moment that led to sustainable peace is based on a shift away from security-led responses and toward broader approaches that mobilized a range of sectors in support of institutional reforms.

The quantitative results in this report can directly be interpreted within the influential framework proposed by Cheng et al. (2018), who stress that interactions and (mis)alignments between political settlements, elite bargaining and peace agreements may explain whether and how wars are terminated, and differing trajectories of post-war transition. According to Cheng et al. (2018), large-scale violence will only stabilize “*when the distribution of benefits in a society, supported by its institutions (e.g., political positions, business opportunities) is consistent with the distribution of power in society, and the economic and political outcomes of these institutions are sustainable over time*”. They stress that this includes both the horizontal relationships between different parts of the elites and the vertical relationships between elites and their constituencies. Our results, in particular regarding the role of reducing exclusion along gender, rural-urban, and socio-economic lines, might be what drives longer-run changes. This suggests that the most stable and peaceful bargain results seem to be those that manage to combine a solution for the horizontal elite bargain with institutional changes that address the vertical dimension. Access to justice and public service provision might play

a role here but this does not show up in the, relatively short, event windows we rely on for identification.

But there are other, complementary views to our findings which suggest that power-sharing agreements could be an entry point into changing the logic of the elite bargain itself by introducing elements of public goods, such as access to justice. Besley and Persson (2011) argue that the incentives of the incumbent government to invest in state capacity is key to understand how economic development, the distribution of resources and political violence evolve in the long run. Investment incentives increase when either institutions are cohesive, power is not contested, or the state is needed by the incumbent group to provide non-excludable public services. North et al (2007) propose that fragile countries represent a *limited access order* where elites use the state order to extract rents. Escaping this set-up is a necessary condition to escape the conflict trap. In this view, peace agreements need to complement the elite bargain with elements that allow for a change in the overall equilibrium in which the state can provide broader benefits. In this view, the goal of power-sharing agreements should be to improve social cohesion and frame the state as providing services, as compared to distributing rents. Put differently, the elite needs to be able to shift towards providing broader benefits beyond their narrow in-group. This makes agreements of power sharing more robust to shifts in de facto power.

How realistic is this? The differences between comprehensive and all power-sharing agreements we find are consistent with this view. Also, it has been shown that a sense of national identity can be affected by single events (Depetris-Chauvin et al 2020). If a peace agreement establishes a nucleus of unity this might be a starting point for broader legitimacy. Rohner et al (2013) point to lack of trust between the different groups in conflict as one of the reasons of the conflict trap. Practitioners involved in mediation and peace talks stress the importance of building trust during negotiations (Freeman and Clark 2020). The reduction of exclusion, protection of rights and access to justice might be essential elements in re-building this trust towards other groups and, hence, provide an escape route out of the conflict trap.

Several caveats apply to this project. First, identification hinges on our controls for predicted future risk. If these fail to capture conflict dynamics in a systematic way which is correlated with the adoption of a peace agreement, the result will be an underestimation of the effect of a peace agreement. The biggest problem for our quantitative estimates occurs if other unrelated initiatives co-occur with the month of a power-sharing agreement. We see this as unlikely given the sharp, monthly variation we exploit. Our results should nonetheless be seen in this context – agreements are not concluded in isolation but impacted by the initiatives of a range of actors, including external actors, the provision of financial incentives (aid), and security guarantees (deployment of peacekeepers). Quantitative researchers could, given data on state visits, aid, peacekeeping or adopted UN resolutions, try to disentangle the effects of these different contextual elements.

Second, if armed groups anticipate that agreements will cement the distribution of political power, then it is possible that violence increases before an agreement is struck. However, our results never suggest clear pre-trends before agreements and are robust to matching on earlier risk data. This makes us confident that short-term tactical considerations in the context of negotiations do not drive our results. A clear way forward for research is a further disaggregation of our quantitative analysis. With an actor-based focus it would be possible to see whether actors that are excluded from a peace agreement are more likely to engage in violence than those that are included. Insights could also be gained from a geographic disaggregation in which the participation or exclusion of specific ethnic groups could be linked to spatially disaggregated violence data. Another possibility is the development of a fully dynamic model in which armed political violence is modelled jointly with the timing and content of peace agreements. Recent theoretical work has opened avenues in this direction (Meirowitz et al 2019).

A clear limitation for practitioners is that deals with external actors or actors which are shunned by the international community might yield results but may have a legal, strategic, and moral price which is too high to pay. Our quantitative results should be interpreted with this in mind: all agreements are trying to achieve something very difficult in a particular context. In this context their effect is even more remarkable.

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APPENDIX

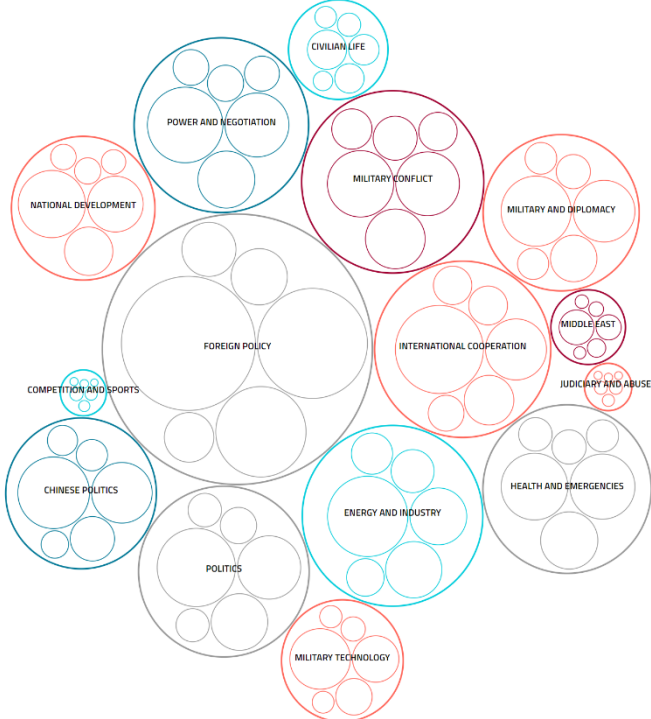


Figure A1: News topics in June 2014 for Mozambique

Notes: The snapshot was retrieved from conflictforecast.org on 24/02/2023.

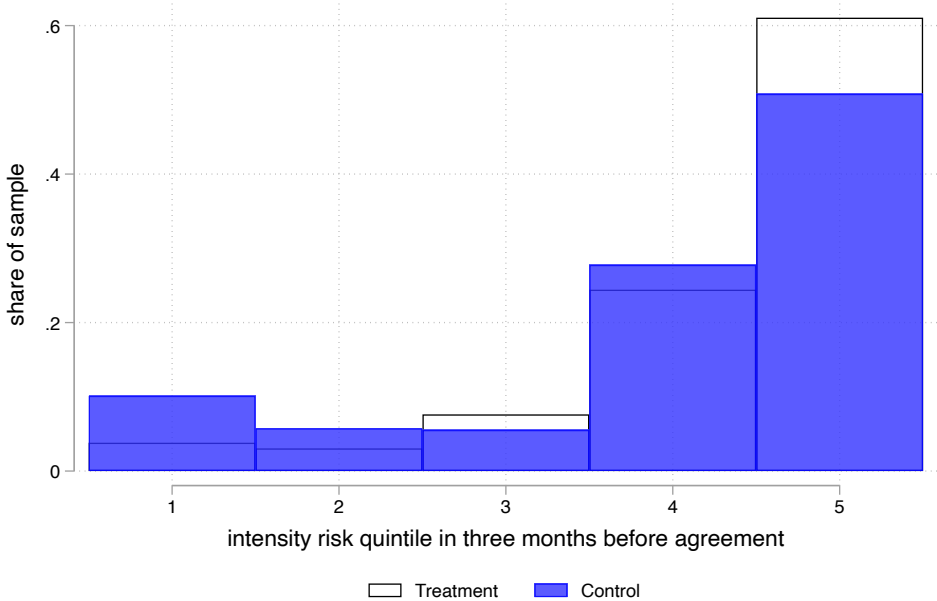


Figure A2: Distribution in terms of pre-treatment predicted intensity risk of all peace agreements in treatment and control group for difference-in-difference analysis

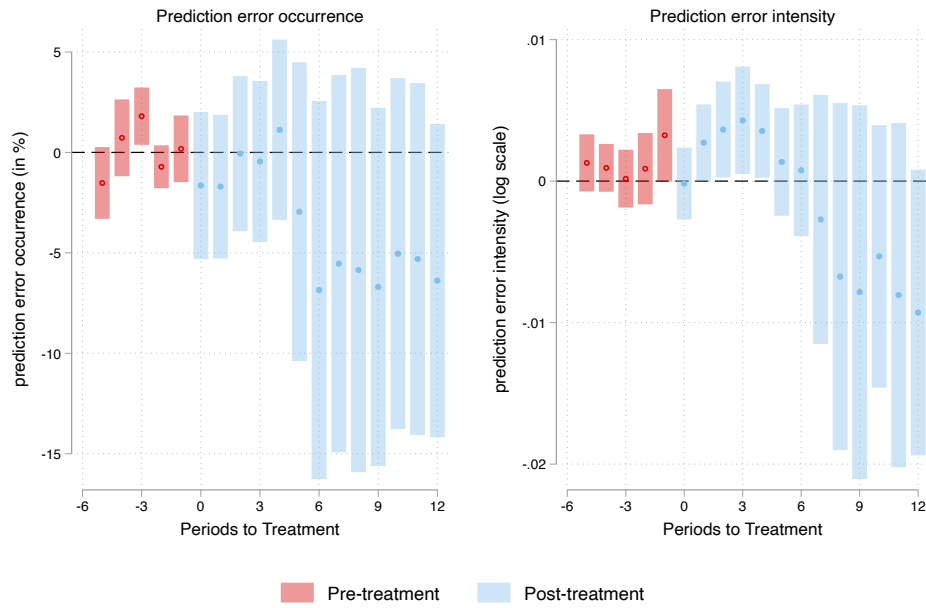


Figure A3: Forecast error for comprehensive power-sharing agreements

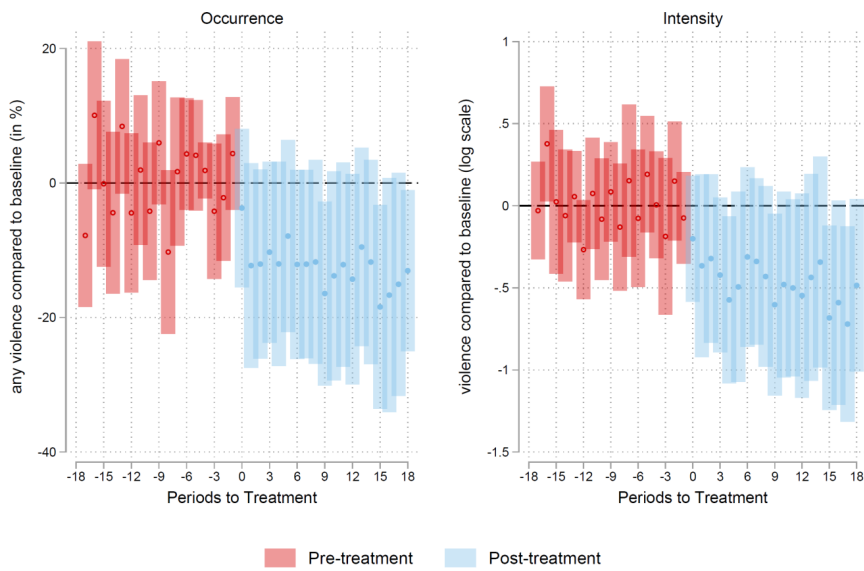


Figure A4: Violence occurrence and intensity after power sharing (18-month window)

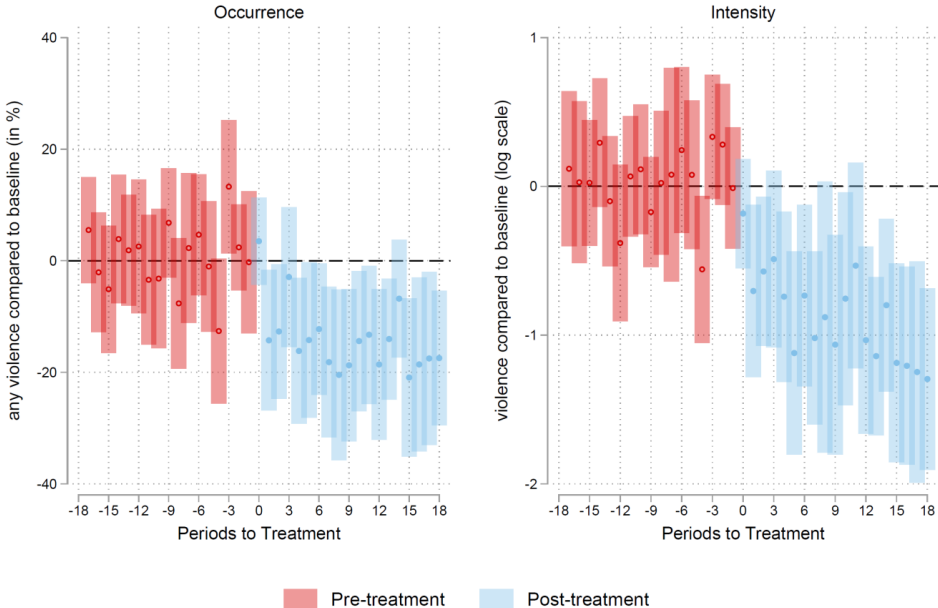


Figure A5: Violence occurrence and intensity after comprehensive agreements (18-month window)

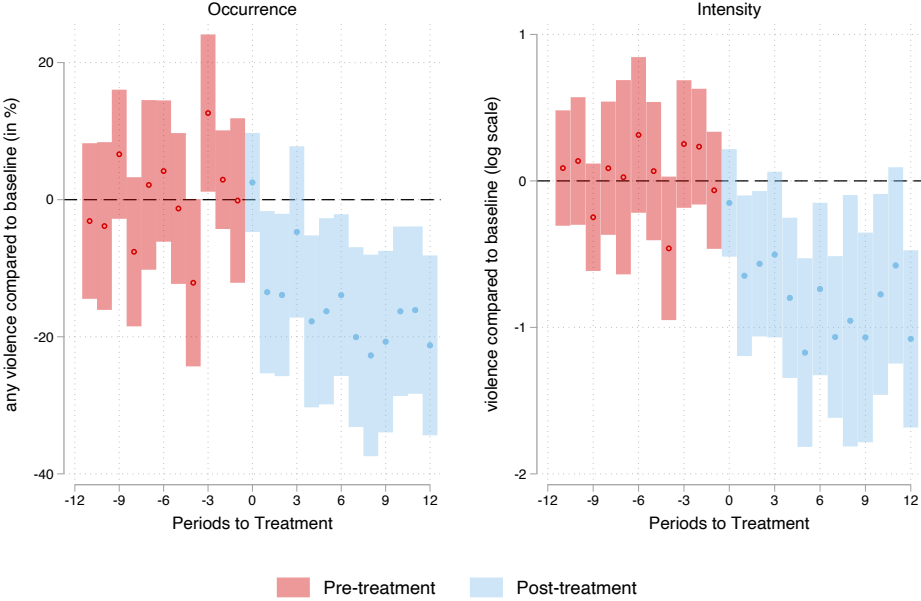


Figure A6: Violence occurrence and intensity after comprehensive power sharing matching on conflict occurrence likelihood

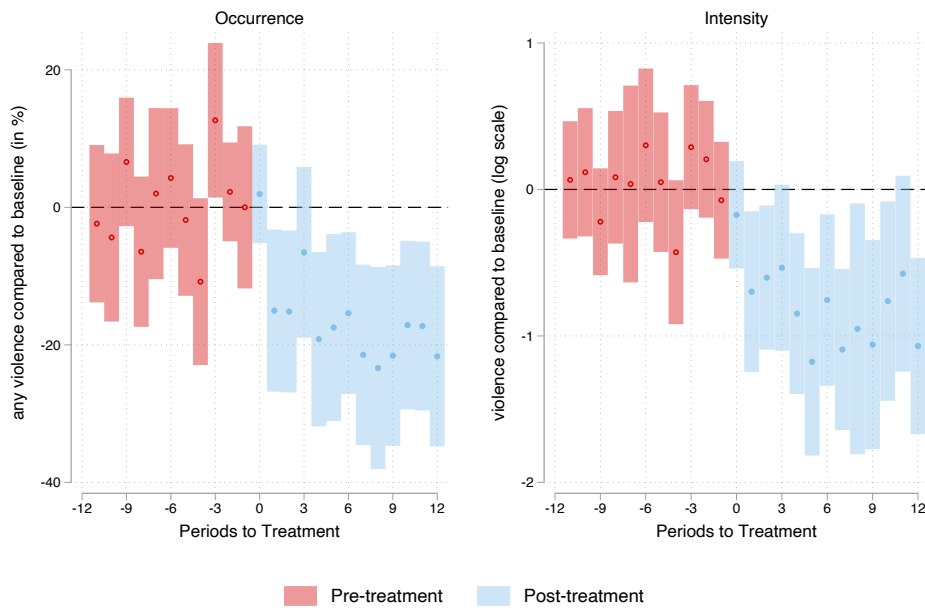


Figure A7: Violence occurrence and intensity after comprehensive agreement with random matching

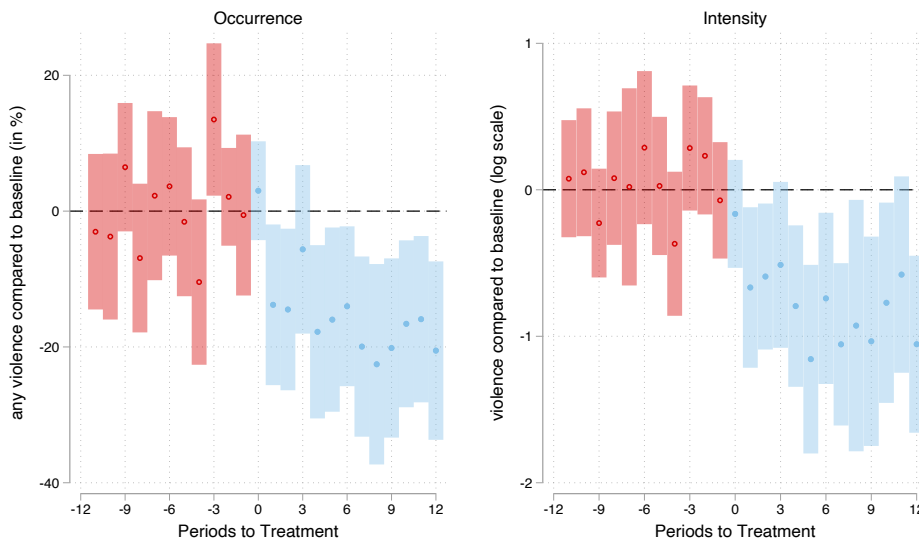


Figure A8: Violence occurrence and intensity after comprehensive agreement matching on 4-6 months before agreement

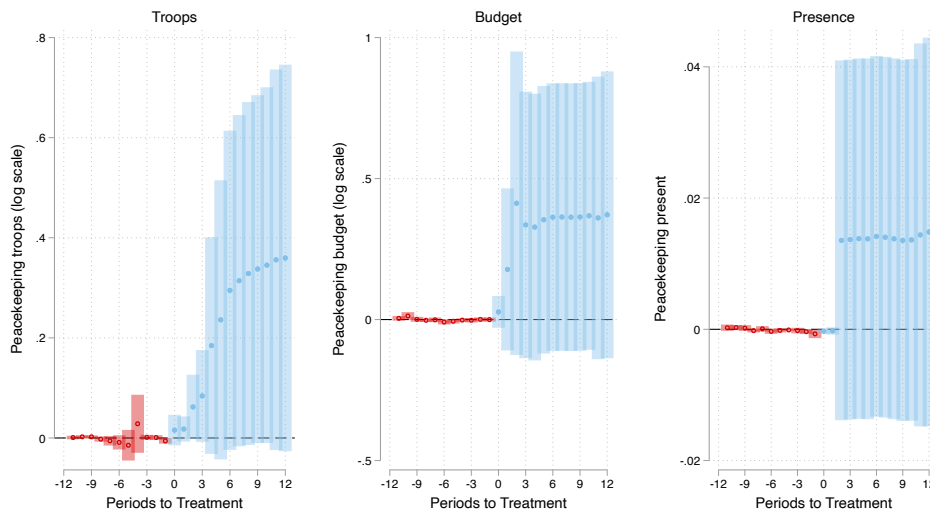


Figure A9: Peacekeeping activity after all power-sharing agreements

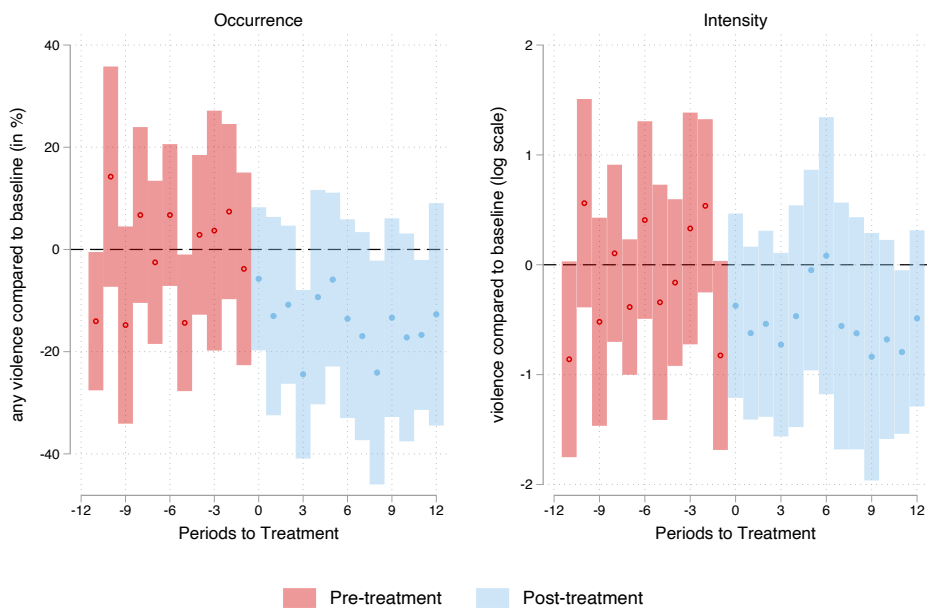


Figure A10: Violence occurrence and intensity when peacekeeping troops appear

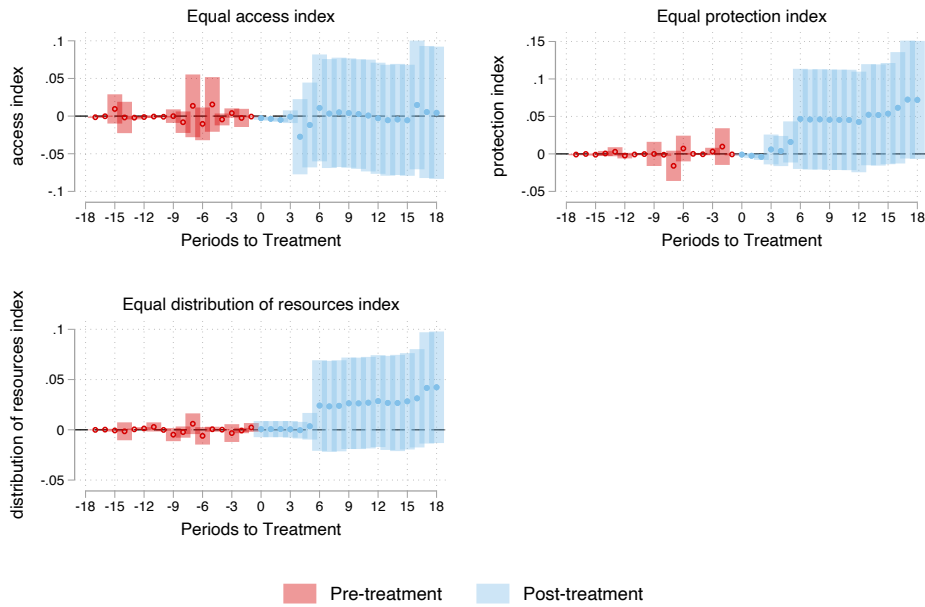


Figure A11: Equality dimensions in the aftermath of all power-sharing agreements

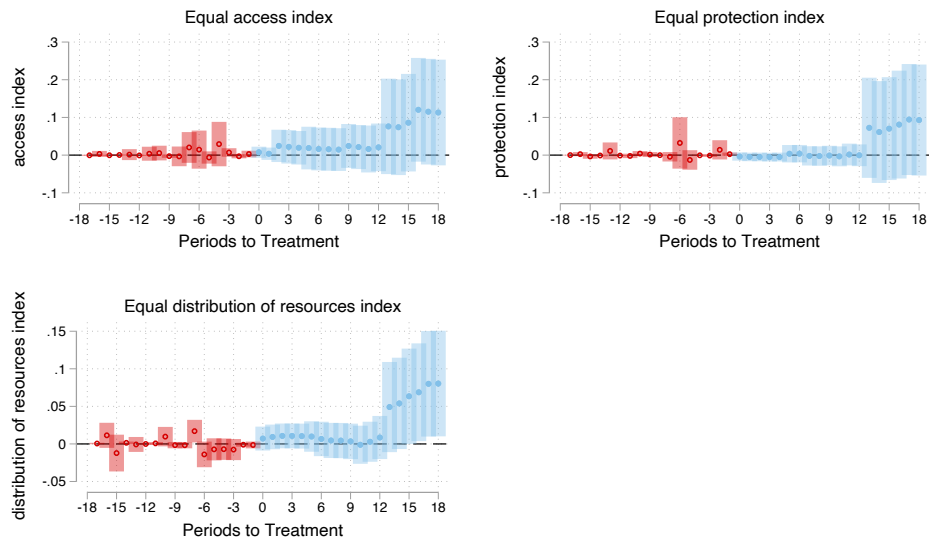


Figure A12: Equality dimensions in the aftermath of comprehensive power-sharing agreements

Table A1: Summary statistics

Variable	Obs	Mean	Std. dev.	Min	Max
Any power-sharing agreement	73,401	0.0060	0.0772	0	1
Comprehensive agreement	73,401	0.0010	0.0315	0	1
Ln(fatalities+1)	73,401	0.5568	1.4614	0	13.1503
Occurrence of violence	73,401	0.1601	0.3667	0	1
Ln(peacekeeping budget+1)	73,401	1.0491	3.9306	0	20.2203
Ln(peacekeeping troops+1)	73,401	0.3500	1.6182	0	10.5614
Conflict risk forecast	43,770	0.2764	0.3378	0.0016	0.9643
Intensity per capita forecast	43,770	0.0016	0.0081	0.0000	0.2622

Table A2: ATT of power-sharing agreements on conflict occurrence and intensity using different matching strategies

Panel A: All power-sharing agreements

	(1)	(2)	(3)	(4)	(5)	(6)
	6 months window		12 months window		18 months window	
	any	intensity	any	intensity	any	intensity
Matched on conflict likelihood						
ATT power sharing	-2.699	-0.179	-9.440*	-0.385**	-13.032**	-0.468*
	(2.893)	(0.121)	(4.842)	(0.187)	(6.483)	(0.249)
Random matching						
ATT power sharing	-0.819	-0.125	-7.758	-0.327*	-11.335*	-0.427*
	(2.949)	(0.122)	(4.865)	(0.187)	(6.480)	(0.250)

Panel B: Comprehensive power-sharing agreements

	(1)	(2)	(3)	(4)	(5)	(6)
	6 months window		12 months window		18 months window	
	any	intensity	any	intensity	any	intensity
Matched on conflict likelihood						
ATT power sharing	-8.375**	-0.449**	-15.988***	-0.784***	-16.319***	-0.928***
	(3.819)	(0.197)	(4.647)	(0.252)	(4.806)	(0.266)
Random matching						
ATT power sharing	-7.481*	-0.418**	-14.766***	-0.752***	-14.470***	-0.901***
	(4.023)	(0.200)	(4.877)	(0.257)	(5.049)	(0.272)

Robust standard errors, clustered at the country level, in parentheses. *** p<0.01, ** p<0.05, * p<0.1. Any violence is equal to 100 if there is any fatality according to UCDP in that month and zero otherwise. Violence intensity are log(fatalities +1). All regressions restrict the sample to a window around the adoption of power-sharing agreements for treated countries and control for month fixed effects. The control group is a random sample of countries without power-sharing agreements but with the same distribution of predicted conflict occurrence in the top subblock of each panel and a completely random sample without power-sharing agreements for the bottom subblock of each panel.

Table A3: ATT on violence occurrence and intensity (whether agreement was replaced or not)*Panel A: All power-sharing agreements*

	(1)	(2)	(3)	(4)	(5)	(6)
	6 months window		12 months window		18 months window	
	any	intensity	any	intensity	any	intensity
Matched on conflict intensity						
ATT power sharing	-2.635*	-0.175**	-4.355***	-0.252***	-4.420***	-0.270***
	(1.575)	(0.069)	(1.640)	(0.071)	(1.688)	(0.074)
Matched on conflict likelihood						
ATT power sharing	-2.721*	-0.189***	-4.446***	-0.270***	-4.473***	-0.286***
	(1.576)	(0.069)	(1.642)	(0.071)	(1.690)	(0.074)
Random matching						
ATT power sharing	-3.101**	-0.191***	-4.991***	-0.275***	-5.256***	-0.297***
	(1.569)	(0.068)	(1.634)	(0.071)	(1.681)	(0.074)
Treated	438	438	438	438	438	438

Panel B: Comprehensive power-sharing agreements

	(1)	(2)	(3)	(4)	(5)	(6)
	6 months window		12 months window		18 months window	
	any	intensity	any	intensity	any	intensity
Matched on conflict intensity						
ATT power sharing	-5.090	-0.344*	-7.800*	-0.453**	-8.229*	-0.528**
	(3.896)	(0.188)	(4.276)	(0.207)	(4.389)	(0.210)
Matched on conflict likelihood						
ATT power sharing	-5.134	-0.355*	-8.453**	-0.487**	-9.091**	-0.572***
	(3.869)	(0.188)	(4.255)	(0.207)	(4.372)	(0.209)
Random matching						
ATT power sharing	-6.191	-0.369**	-9.345**	-0.491**	-10.051**	-0.574***
	(3.874)	(0.187)	(4.261)	(0.206)	(4.375)	(0.209)
Treated	73	73	73	73	73	73

Robust standard errors, clustered at the country level, in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Any violence is equal to 100 if there is any fatality according to UCDP in that month and zero otherwise. Violence intensity are $\log(\text{fatalities} + 1)$. All regressions restrict the sample to a window around the adoption of power-sharing agreements for treated countries and control for month fixed effects. The control group is a random sample of countries without power-sharing agreements but with the same distribution of predicted conflict intensity.

Table A4: ATT of comprehensive agreements on V-Dem components

	(1)	(2)	(3)	(4)	(5)
Democracy index					
	Deliberative	Participatory	Electoral	Liberal	Egalitarian
ATT power sharing	0.054** (0.025)	0.056** (0.023)	0.057* (0.030)	0.059*** (0.022)	0.058** (0.025)
Power distribution					
	SES	Social group	Gender	Sex orient.	Urban-rural
ATT power sharing	0.000 (0.033)	0.045 (0.031)	-0.009 (0.008)	0.015 (0.022)	0.017* (0.010)
Equality index					
	Access	Protection	Resources		
ATT power sharing	0.018 (0.021)	0.001 (0.009)	0.013 (0.011)		
Exclusion index					
	SES	Gender	Urban-rural	Political	Social group
ATT power sharing	0.000 (0.008)	-0.007 (0.011)	-0.001 (0.006)	-0.015 (0.011)	-0.013 (0.015)
Institution index					
	Elections	Judiciary	Law enforce.	Public admin.	Justice
ATT power sharing	0.012 (0.058)	-0.034* (0.019)	0.023 (0.023)	0.002 (0.012)	0.011 (0.011)

Robust standard errors, clustered at the country level, in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The respective dependent variables are listed in the sub-headings and are standardized indices. All regressions restrict the sample to an 18-month window around the adoption of comprehensive power-sharing agreements for treated countries and control for month fixed effects. The randomized control group has the same distribution as the treatment group in terms of predicted conflict intensity before adoption.

Table A5: ATT of all power-sharing agreements on V-Dem components

	(1)	(2)	(3)	(4)	(5)
Democracy index					
	Deliberative	Participatory	Electoral	Liberal	Egalitarian
ATT power sharing	0.036*	0.023	0.020	0.030	0.014
	(0.021)	(0.018)	(0.020)	(0.020)	(0.013)
Power distribution					
	SES	Social group	Gender	Sex orient.	Urban-rural
ATT power sharing	-0.022	0.015	0.009	-0.005	-0.022
	(0.020)	(0.015)	(0.019)	(0.004)	(0.021)
Equality index					
	Access	Protection	Resources		
ATT power sharing	0.003	0.02	0.009		
	-0.017	-0.014	-0.009		
Exclusion index					
	SES	Gender	Urban-rural	Political	Social group
ATT power sharing	0.002	0.007	0.003	-0.014	-0.008
	(0.005)	(0.005)	(0.003)	(0.009)	(0.006)
Institution index					
	Elections	Judiciary	Law enforce.	Public admin.	Justice
ATT power sharing	-0.009	-0.001	0.017	-0.009	0.025**
	(0.030)	(0.008)	(0.019)	(0.014)	(0.012)

Robust standard errors, clustered at the country level, in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The respective dependent variables are listed in the sub-headings and are standardized indices. All regressions restrict the sample to an 18-month window around the adoption of all power-sharing agreements for treated countries and control for month fixed effects. The randomized control group has the same distribution as the treatment group in terms of predicted conflict intensity before adoption.

Table A6: ATT of comprehensive agreements on V-Dem components (whether agreement replaced or not)

	(1)	(2)	(3)	(4)	(5)
Democracy index					
	Deliberative	Participatory	Electoral	Liberal	Egalitarian
ATT power sharing	0.056** (0.024)	0.059*** (0.021)	0.063** (0.028)	0.052** (0.020)	0.054** (0.022)
Power distribution					
	SES	Social group	Gender	Sex orient.	Urban-rural
ATT power sharing	0.010 (0.026)	0.064** (0.026)	-0.008 (0.010)	0.015 (0.016)	0.022* (0.013)
Equality index					
	Access	Protection	Resources		
ATT power sharing	0.030 (0.020)	0.022 (0.017)	0.024** (0.012)		
Exclusion index					
	SES	Gender	Urban-rural	Political	Social group
ATT power sharing	-0.008 (0.009)	-0.015 (0.011)	-0.003 (0.007)	-0.013 (0.015)	-0.024* (0.014)
Institution index					
	Elections	Judiciary	Law enforce.	Public admin.	Justice
ATT power sharing	0.055 (0.047)	-0.003 (0.020)	0.027 (0.022)	-0.007 (0.016)	0.030* (0.015)

Robust standard errors, clustered at the country level, in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The respective dependent variables are listed in the sub-headings and are standardized indices. All regressions restrict the sample to an 18 month window around the adoption of power-sharing agreements for treated countries and control for month fixed effects. The randomized control group has the same distribution as the treatment group in terms of predicted conflict intensity.