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The use of multi-bi aid by France in comparison with other donor countries

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The use of multi-bi aid by France in comparison with other donor countries

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Summary

This study provides an analysis of the French usage of multi-bi aid in comparison to other large donors of development assistance. Using a diverse set of methods, including document analysis, interview evidence, and state-of-the-art statistical methods, it seeks to identify general trends in the use of multi-bi aid, the underlying determinants of multi-bi aid and the relative importance of these determinants for bilateral, multilateral, and multi-bi aid for the average OECD/DAC donor. The study also examines the French-specific determinants of multi-bi aid and suggests some future avenues for the French multi-bi aid strategy.

Keywords: Foreign aid, multi-bi aid, trust funds, global funds, earmarking

JEL Classification: F30, F55, O19, P45

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Abbreviations

AFD	French Development Agency
AfDF	African Development Fund
APD	Aide Publique au Développement
ARTF	Afghanistan Reconstruction Trust Fund
AsDF	Asian Development Fund
CICID	Inter-Ministerial Committee for International Co-operation and Development
CDC	Crisis Center
CIF	Climate Investment Fund
CTF	Clean Technology Fund
CGAP	Consultative Group to Assist the Poorest
CGIAR	Consultative Group on International Agricultural Research
DAC	Donor Assistance Committee
DCP	Partnership Framework Document
DGM	Directorate-General for International Co-operation and Development
EBA	Extreme Bounds Analysis
EDF	European Development Fund
EU	European Union
FCPF	Forest Carbon Partnership Facility
GAVI	Global Alliance for Vaccines and Immunizations
GCF	Green Climate Fund
GEF	Global Environment Facility
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GPE	Global Partnership on Education
GNI	Gross National Income
HRTF	Haiti Reconstruction Trust Fund

IDA	International Development Association
IFC	International Finance Corporation
IFFIm	International Financial Facility for Immunization
LOPDSI	Law on the Orientation and Programming of Development and International Solidarity
MDGs	Millennium Development Goals
MCMI	Marseille Center for Mediterranean Integration
MAEDI	Ministry of Foreign Affairs and International Development
MFCP	Treasury in the Ministry of Economic Affairs, Finance and Industry
MNA	Middle East and North Africa
LSCTF	Lebanon and Syria Crisis Trust Fund
OECD	Organisation for Economic Cooperation and Development
ODA	Official Development Assistance
OLS	Ordinary Least Squares
SUR	Seemingly Unrelated Regressions
SSATP	Sub-Saharan Africa Transport Policy Program
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNITAID	International Drug Purchasing Facility (hosted at the WHO)
ZSP	French Priority Zone

Executive summary

This study investigates how the French government uses multi-bi aid to complement its bilateral and multilateral aid and compares the allocation behavior with other major donor countries. Multi-bi aid refers to earmarked funding to multilateral organizations and must be distinguished from bilateral aid and multilateral aid. Multilateral aid may be provided on a mandatory or voluntary basis but is always pooled and supports all activities of the multilateral organizations. In contrast, multi-bi aid supports rather narrow activities to be implemented by multilateral organizations and often requires special reporting to donor countries. The massive increase of multi-bi aid over the last two decades raises questions about the reasons for this surge, about the value-added to the multilateral aid system and its implications for recipient countries, the operations of multilateral organizations, and the financing of the Sustainable Development Goals. This study only touches upon the ongoing and important debate about these questions with implications for all donor countries. The focus of the paper is to assess whether the French multi-bi cooperation is complementary to its bilateral aid and consistent with overall French aid policy goals. French usage of multi-bi aid is then compared to both the other European Union (EU) donors and the member countries of the OECD's Development Assistance Committee (DAC)[3] using document analysis and statistical analysis based on new data on the evolution of multi-bi aid (Eichenauer and Reinsberg 2015) covering 23 DAC donors over 23 years.

The first part of the study reviews the strategy and actors of French development assistance and discusses how the allocation of bilateral and multilateral aid matches with these strategic objectives. The second part of the study compares the allocation patterns of the French government to other major donor countries and attempts to assess the role multi-bi aid takes in the French aid system. Most notably, France has used multi-bi aid to a lesser extent than the average DAC donor over the last two decades. In recent years, the share of French multi-bi aid as of its classic bilateral aid (5%) was more than three times smaller than the average share among other DAC and EU donors. In contrast, French usage of the bilateral channel is only slightly smaller than the DAC average according to a new multi-bi aid dataset (Eichenauer and Reinsberg, 2015) that improves upon the OECD-DAC data. France not only provides less earmarked aid than many other donors. Also, its earmarking is less tight by imposing fewer restrictions on the aid sectors than both the average DAC donor and also the average EU donor. However, a very high share of French multi-bi has a geographic earmark. More than 80% of its multi-bi aid is earmarked for a specific country, as opposed to only 50% for EU donors and 60% for DAC donors.

The sector distribution of the multi-bi aid portfolios of France and the other donor groupings are strikingly different. First, France uses multi-bi aid comparatively less to provide humanitarian aid than the average DAC and EU donor (11% vs. 18% for EU

[3] Data for 22 DAC donors and thereof 13 EU donors are available for the full time period in the Creditor Reporting System. These donors are AUS, AUT, BEL, CAN, CHE, DNK, DEU, ESP, FIN, GBR, GRC, ITA, ISL, JPN, KOR, LUX, NED, NOR, NZL, PRT, SWE, USA.

donors and 28% for DAC donors). This difference may be due to France's strong local presence and bilateral capacities to respond to humanitarian crisis. France allocates a larger fraction of its multi-bi aid to commodity assistance and debt relief rather than productive sectors and multi-sector aid. French multi-bi aid and bilateral aid is allocated similarly across sectors, which raises the question whether these funding channels are complementary in geographic terms rather than within different sectors of the same recipient country. We find that multi-bi aid is geographically more focused than bilateral aid and focuses on fewer countries whereof a few countries receive the bulk of funds. The African continent and regional activities receive a relatively higher share than in bilateral aid.

France also differs from the other donor groupings in terms of the type of multi-bi aid provided. Most of French multi-bi aid is channeled through global or vertical funds that the responsible ministry – the Ministry of Foreign Affairs and International Development (MAEDI) – considers as important channels for fulfilling French sector priorities and assuring donor coordination. However, a recent meta-study of the available evidence on the alignment of multi-donor trust funds with the principles of the Paris Declaration has found increased ownership in most cases but ambiguous results with regard to harmonization and managing for results (Barakat et al. 2012). A MAEDI report acknowledges that global funds may potentially undermine the coherence of the multilateral system. France complements its sector priorities through substantial contributions to nine global funds with mandates in education (1 fund), health (4 funds) and the environment (4 funds), particularly focusing on climate funds. Beyond financial clout, France influences policy in these sectors through (rotating) seats in the governing bodies of these new multilateral institutions.

France also contributes to trust funds hosted by international development organizations, albeit to a smaller extent than other major donors in relative and absolute terms. Data availability limits the analysis to the World Bank-managed rust funds. France engages mostly in well-established multi-donor trust funds, except for a small number of single-donor initiatives. France hence does not seem to wish to maneuver the Bank into unchartered territory, as opposed to some other donors (IEG 2011). This is laudable given the controversy around "advocacy trust funds" inside the World Bank (Reinsberg 2015), and the evidence that single-donor trust funds increase fragmentation while multi-donor trust funds have improved donor coordination at least in some cases (Barakat et al. 2012). We also find that some trust funds are supported by more than one French aid institution. This pattern of multiple French funding sources for the same multilateral institution suggests that France may want to improve the coordination of multi-bi aid across agencies and develop an overarching trust fund engagement policy.

Using various multivariate statistical methods, this study attempts to establish some robust determinants of the multi-bi use by donor countries and examine how explanatory factors differ between bilateral, multilateral and multi-bi aid. Despite careful choice of methods, results only represent systematic relationships and do not allow claims about causality. Through systematic testing of sixteen hypotheses

derived from reports, interviews and the literature, we establish robust evidence for three hypotheses and find an additional four factors to be related to the size of multi-bi aid budgets for a sample of 23 donor countries over the 1990-2012 period. Most robustly, we find that internationally engaged donors provide more multi-bi, bilateral and multilateral aid (Hypothesis 1). If political motives in aid allocation loom large, a donor provides less multi-bi aid (Hypothesis 10). Our straightforward interpretation of this finding is that politically motivated aid is preferably implemented bilaterally rather than delegated to a multilateral organization. We further find robust evidence that donors with an active multilateral policy provide less multi-bi aid in average, possibly because they are more aware of the, mostly negative, implications for multilateral organizations (Hypothesis 16). There is also evidence that European Union members provide less multi-bi aid on average, which could be due to the fact that they already provide substantial amounts of "multilateral" aid through the European Union budget (Hypothesis 4). Incoming aid ministers tend to reduce the flows of multi-bi aid (Hypothesis 8). Multi-bi aid is more easily reduced than other budget items and can thus be re-allocated to support the bilateral aid priorities of the minister. There is also substantial evidence that multi-bi aid budgets are higher in more transparent donor countries (Hypothesis 9) with an independent aid agency that is relatively removed from daily politics (Hypothesis 14).

Multi-bi aid is found to be related to quite different variables than multilateral and bilateral aid budgets which are relatively similar. Most strikingly, multilateral and bilateral aid budgets are larger when aid is more politicized while multi-bi aid is reduced (Hypothesis 10).

We also examined the determinants of multi-bi aid for France and nine major donor countries separately. Due to the small number of observations for each donor, results of this part of the analysis must be interpreted particularly cautiously. We find that in a majority of major donor countries, multi-bi aid is associated with the multi-bi behavior of donor peers (Hypothesis 5). This relationship is not observed for the Netherlands and the United Kingdom which are leading providers of multi-bi aid. Otherwise, French multi-bi aid is motivated by quite different factors than in other major donor countries. French multi-bi aid seems to be motivated by allocation preferences that differ from the consensus-based aid allocation of the World Bank's concessional arm, the International Development Association (IDA) (Hypothesis 3). Moreover, left-wing governments provide more multi-bi aid while in average incoming aid ministers decrease the multi-bi budget (Hypothesis 6). While the statistical modelling of French motivations for multi-bi aid highlights some explanatory factors, we suggest using qualitative research to determine additional and France-specific motivations for the use of multi-bi aid. This is beyond what quantitative data analysis can accomplish due to the statistical problems resulting from the small number of observations.

The rising multi-bi contributions of several large donor countries challenges existing funding models of multilateral organizations, which France – as an important contributor to multilateral organization – should follow closely. Over the last two

decades, French aid institutions have provided comparatively little resources as multi-bi aid. French multi-bi aid is mostly channeled through global funds in health, education, or climate change, or provided to well-established multi-donor trust funds that are known to be less problematic in terms of increasing the overhead costs of aid delivery. However, many questions about the role and value-added of these new funding vehicles in the international aid architecture remain. In the French aid bureaucracy, there seems to be policy space for improving the coordination of multi-bi funding across ministries and to systematically ascertain the complementary use of multi-bi, bilateral and multilateral channels to ultimately limit within-donor fragmentation.

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1. Introduction

Over the last decade, earmarked contributions from official donors to multilateral organizations increased fourfold (see Figure 1), the bulk of this multi-bi aid being received by the World Bank and United Nations agencies. Multi-bi aid is aid implemented by multilateral organizations but its use is restricted to specific countries, sectors or themes by donor countries (OECD 2011: 28). In contrast, traditional multilateral aid pools donor contributions which are then allocated at the discretion of the multilateral governing bodies. Donors may provide earmarked or non-core funding through two channels: directly to the multilateral organization through a variety of trust fund types involving one or several 'like-minded' donors, or indirectly through the financing of global or vertical funds[4] with narrow mandates that use multilateral organizations as implementers.[5] This makes vertical funds effectively to "pass-through" multilaterals. The way we identify indirect earmarked aid as multi-bi aid differs from the Donor Assistance Committee (DAC)'s at the Organisation for Economic Cooperation and Development (OECD) as we explain below.[6] The rise of multi-bi aid is associated with the Millennium Development Goals and the Paris Declaration principles for enhanced aid effectiveness. Set up in the spirit of these international agreements, some types of multi-bi aid, such as global funds and multi-donor trust funds for post-crisis countries, offer opportunities for improved donor coordination, allow for more inclusive governance structures, and may increase the rapidness of the international response to humanitarian needs or emerging challenges (IEG 2011, World Bank 2013). Trust funds also allow donors including multilateral organizations to jointly engage in contexts in which they would otherwise not be willing to engage or where multilaterals are restricted by their legal mandate (IEG 2011). However, evidence about the advantages of these funds is still largely lacking and inconclusive (for multi-donor trust funds see (Barakat, Rzeszut, and Martin 2012). Moreover, the rise of these financing structures and of single-donor trust funds in particular risk creating new inefficiencies in the multilateral system due to duplication (The 1818 Society 2012, Reinsberg, Michaelowa, and Eichenauer 2015), by "undermin[ing] the strategic and coherent allocation of resources for individual multilateral organisations" (Tortora and Steensen 2014: 4) and increase the influence of individual donor's interest in the multilateral organization (OECD 2011, IEG 2011). The sheer number of these funds, more than 900 at the World Bank, generates administrative expenses that could be spent more productively in developing countries. An overall assessment of multi-bi aid is highly complex if not

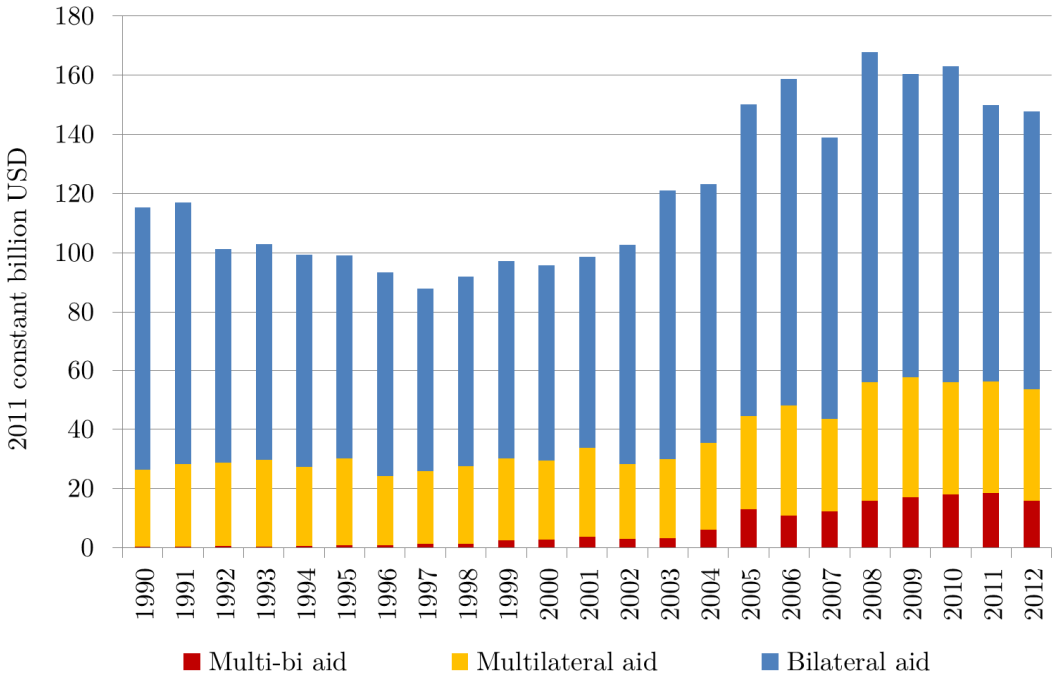
[4] The OECD defines global funds as "large multi-country funds that contain a significant element of earmarked funding for specific objectives with thematic, sectoral, or sub-sectoral coverage" (OECD 2011: 74). Other definitions include even more characteristic features (Isenman and Shakow 2010: 7; Sridhar and Woods 2012: 8-11; UNDP 2012: 15-16).

[5] The OECD has used multi-bi aid to refer to "voluntary external assistance from donors for a multilateral agency which is supplementary to core membership contributions and which is earmarked for specific purposes" (OECD 2005: 102). In general, earmarking might apply to a sector, theme, country, or region (OECD 2010).

[6] The OECD revised its 2005 definition in 2010 to add that multilateral aid also encompasses contributions to a "fund managed by such [an international] agency [that conducts all or part of its activities in favor of development]."

impossible as the efficiency and effectiveness of multi-bi aid must be assessed at the level of the donor country, the multilateral organization, and the recipient country and compared to the traditional two channels for official development assistance, multilateral or bilateral aid.

Figure 1: Evolution of multi-bi aid (1990-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015).

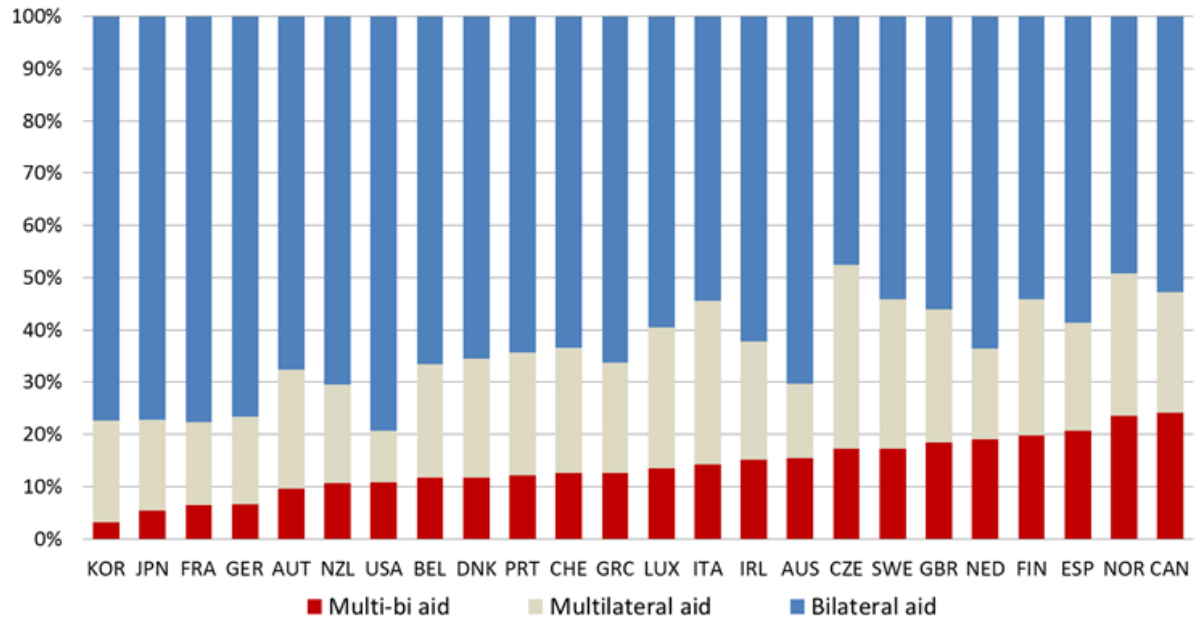
The recent growth in the use of the multilateral aid system has primarily been driven by multi-bi aid. The 19 billion USD in multi-bi aid that were provided in 2012 amount to almost 60% of multilateral aid and to about 20% of bilateral aid (Reinsberg, Michaelowa and Eichenauer 2015). A third of the World Bank budget is now earmarked and shares are substantially higher for several large UN agencies (Tortora and Steensen 2014). The high share of earmarked funding results in a lack of resources and autonomy to undertake multilateral “core activities” like, among others, knowledge generation and the development of international standards (Graham 2015; UN 2012). Figure 1 displays the rise of multi-bi aid over the last two decades and is based on the new multi-bi aid data set as are most graphs of this study (Eichenauer and Reinsberg 2015). The data set allows for a description of donors’ earmarking behaviour with respect to geographic or sector earmarking and the earmarking depth of contributions and it extends the availability of multi-bi aid data back to 1990.

The growing importance of earmarking funding requires individual donor countries to be aware of and respond to the practice of multi-bi aid by their peers. At the international level, scaling up existing pooled funding mechanisms or establishing new ones are proposed for financing the Sustainable Development Goals and figure

high on the agenda at international conferences (for example the Financing for Development Conference in Addis Ababa, July 2015).

This study examines the French use of multi-bi aid and compares its practice with other donors in the European Union (EU) and the DAC donors. Figure 2 shows that donors used multi-bi aid to different extents over the 2006-2012 period. While Norway and Canada spent more than 20% of their foreign assistance as multi-bi aid, this figure is less than 5% for South Korea and Japan. Proportionally to their aid budgets, France and Germany are the third-last and fourth-last users of multi-bi aid respectively.

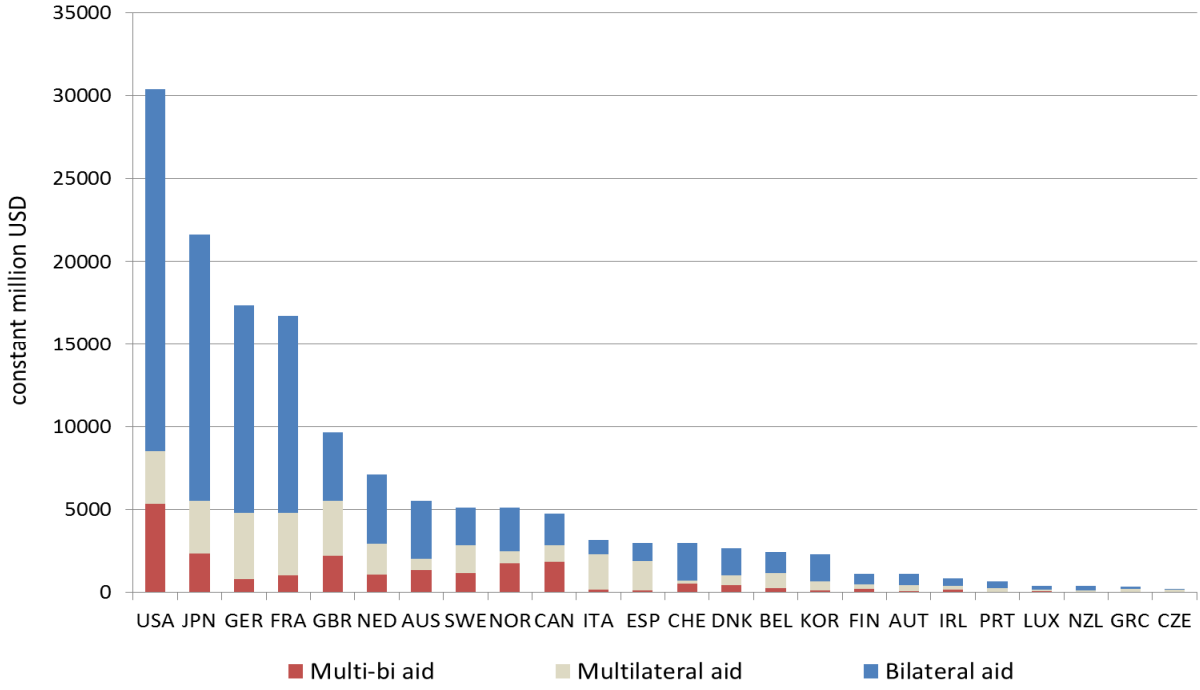
Figure 2: Relative use of multi-bi aid by donor countries (2006-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015).

When evaluating potential impacts of multi-bi aid on the multilateral system, the absolute size of donor countries' multi-bi aid budgets is more informative than its respective share in aid. Figure 3 shows the amounts of multi-bi aid by donor countries for the year 2012. Multi-bi aid therein includes the donor contributions to pass-through multilaterals that ultimately become earmarked aid. The figure shows that the largest donor in terms of total aid – the United States – also commits the largest amount of multi-bi aid. It is followed by a group of donors with similarly high amounts of multi-bi aid, namely the United Kingdom, Japan, Canada, and Norway. France and Germany are situated in the middle of the distribution, still behind the Netherlands, Sweden, and Australia.

Figure 3: Amounts of multi-bi aid by donor countries (2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015).

This study goes beyond these descriptive statistics and uses advanced statistical methods to study the determinants of multi-bi aid across donor countries and over time. We use the Eichenauer and Reinsberg (2015) multi-bi aid dataset that extends the OECD/DAC Creditor Report System (CRS) data on bilateral aid activities back to 1990, corrects for some coding errors in the original data and includes only genuinely earmarked contributions.[7] Figure 20 shows that the data slightly differ and that the evolution of multi-bi aid flows from 1990-2012 is traced more smoothly by the multi-bi aid data than the CRS data set.

The next section lays the ground for studying the French use of multi-bi aid by identifying its actors and policy goals in terms of sectors and geography and examining the current French bilateral and multilateral aid practices. The third section compares the French use of multi-bi aid with its own bilateral and multilateral allocation as well as with other EU donors and DAC donors. Sections four and five seek to explain the varying extent of multi-bi aid by DAC donors. Section 4 develops sixteen hypotheses and uses simply bivariate associations to assess their plausibility. Section 5 presents the results from multivariate analysis. It first examines the determinants of multi-bi aid by the average donor using panel regression methods and Extreme Bounds Analysis (EBA). The determinants of multi-bi aid are then compared to factors influencing the volume of multilateral and bilateral aid using

[7] See Codebook: Eichenauer, Vera Z. and Bernhard Reinsberg (2014), Multi-bi aid: Tracking the evolution of earmarked funding to international development organizations from 1990 to 2012. www.aiddata.org.

Seemingly Unrelated Regressions (SUR). Using ridge regression, the section also includes an analysis of the factors underlying multi-bi aid for ten donors including France. Section six concludes.

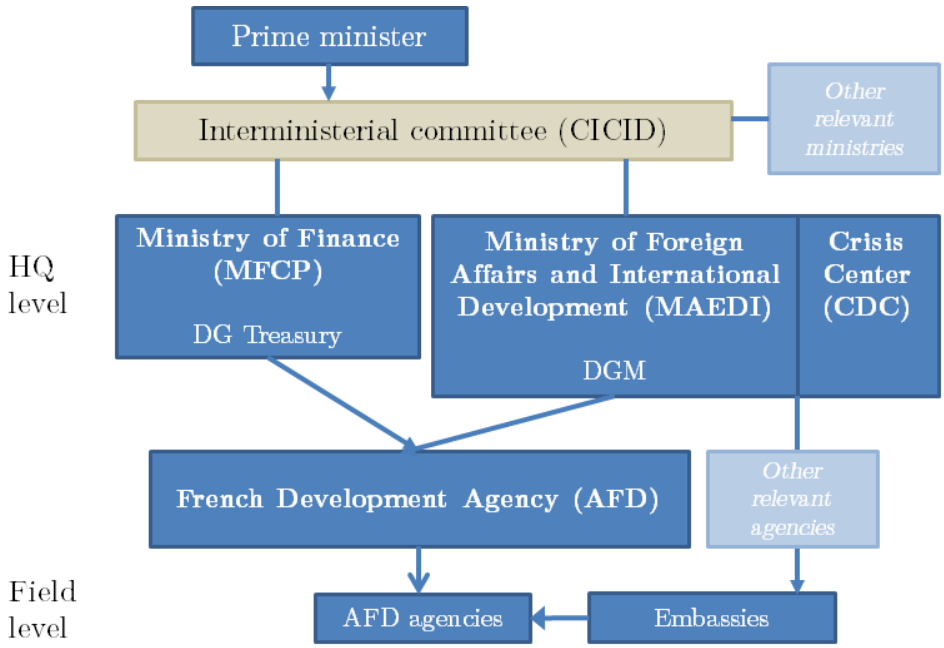
2. The French aid architecture

This section reviews the key features of the French aid architecture. In a first step, we introduce the key actors with responsibility in the area of *Aide Publique au Développement* (APD), followed by a summary of the respective policy priorities. Finally, we provide an overview of the French aid allocation.

2.1 Actors

France has adopted an organizational structure for managing aid in which the responsibilities for policy formulation and aid implementation are separated (Figure 4). Most other DAC donors, including Austria, Belgium, Germany, Japan, Spain, Sweden, and the United States follow this model (OECD 2009: 35).

Figure 4: A functional representation of the main actors in French APD



Source: adopted from MAEDI 2014

The main actors in the French aid architecture are the Directorate-General for International Co-operation and Development (DGM) in the Ministry of Foreign Affairs and International Development (MAEDI), the Treasury in the Ministry of Economic Affairs, Finance and Industry (MFCP), and the French Development Agency (AFD).

These institutions provide the bulk of all French aid. Smaller fractions of the French aid budget come from other ministries (e.g., the Ministry of Agriculture and Fisheries, the Ministry of Ecology and Sustainable Development, and the Ministry of Higher Education and Research). The MAEDI also hosts the Crisis Center (CDC) that allows France to quickly react to humanitarian catastrophes, France has also established a thematic inter-departmental working group to promote disaster prevention, mitigation and early warning approaches in development programs (OECD 2009: 103).

Over the last two decades, France made two important institutional changes in the organizational structure of its aid. The first concerns the establishment of the Inter-Ministerial Committee for International Co-operation and Development (CICID) in 1998. Chaired by the Prime Minister, its members include the 12 ministers who have responsibilities in the development co-operation program. The key goal of the CICID is to improve inter-ministerial coordination. The CICID specifically aims to

- specify the countries of the "French Priority Zone" (ZSP) benefitting from a special partnership with France;
- set guidelines for the objectives and instruments of international co-operation and development policy;
- ensure geographic and sectorial coherence among the different components and institutions of French co-operation; and
- monitor and evaluate aid primarily according to aid effectiveness targets (Euroresources 2012).

CICID meets at least once a year and may meet at official or senior official levels in between high-level meetings. The MAEDI and the Ministry of Finance build the co-secretariat for the committee (OECD 2009: 18). While the specific institutional design of the CICID is unique, other DAC donors such as Greece, Luxembourg, the Netherlands, and the United States have similar policy coordination committees.

The second reform concerns the creation of the DGM within the MAEDI. DGM was established in March 2009 in order to "ensure a more strategic approach in its relationship with developing countries" and to "facilitate partnerships between the MAEDI and civil society" (OECD 2009: 18). This institutional reform may have been initiated by the DAC peer review (OECD 2013) which attested France a rather weak engagement with civil society both in the formulation of its national aid policies and in the implementation of its development program (MAEDI 2014: 103).

To implement its bilateral program, France primarily relies on *Agence Française de Développement* (AFD). AFD is the pivotal actor for bilateral assistance in sectors associated with the Millennium Development Goals and for implementing global budgetary assistance. AFD reports to both MFCP and MAEDI.

Program implementation also involves French representation in the partner countries through diplomatic offices, co-operation and cultural action services, and research centers (MAEDI 2014: 120). Compared to the DAC average, France can be considered a relatively decentralized donor. About 55% of its development staff are located in the field (OECD 2009: 40). Only the European Commission or Denmark have similarly high shares of field staff.

The main instrument for programming assistance to the ZSP priority countries is the Partnership Framework Document (DCP). The framework presents the indicative financing envelope for French support, by sector of intervention, and spells out agreed activities over a five-year period. The frameworks are negotiated with the partner countries and confirmed in the “Strategic Orientation and Programming Conference”. The DCP is the key tool of the French Action Plan for aid effectiveness (OECD 2009: 132).

2.2 Policies

France recognizes that development co-operation is an important instrument of foreign policy – as do half of all DAC members. Explicit policy statements along these lines can be found for example for Finland, the Netherlands, Portugal, and the United States (OECD 2009: 17).

The last two years witnessed important steps toward the renovation of French aid at the policy level: the "development congregations" (during November 2012 and March 2013), the reunion of the CICID (July 2013), and the adoption of the first law on the strategic direction for development aid and international solidarity (so-called LOPDSI, July 2014).

As the result of this process, France today prioritizes the fight against poverty and the achievement of sustainable development in its economic, social, and environmental dimension. In particular, France and its partners seek to respond to four complementary challenges, including

- promotion of peace, stability, human rights, and gender equality;
- equity, social justice, and human development;
- sustainable economic development and employment generation; and
- preservation of the environment and global public goods (MAEDI 2014: 8).

In pursuing these substantive development priorities, French aid rests upon four overarching principles: transparency, coherence, concerted action with civil society, and efficiency (MAEDI 2014: 8).

These policy priorities and guiding principles build upon the traditional objectives of French aid, which have included poverty reduction and access to global public goods as epitomized in the Millennium Development Goals.

The CICID identified five priority sectors in the Millennium Development Goals (Euroresources 2012): Health; Education and Vocational Training; Agriculture; Food Security; Sustainable Development and Climate; and Global Growth. The “Biannual Report 2014” of the MAEDI enlists three sector priorities that are being addressed particularly through French support of global funds, namely education, environment, and health.

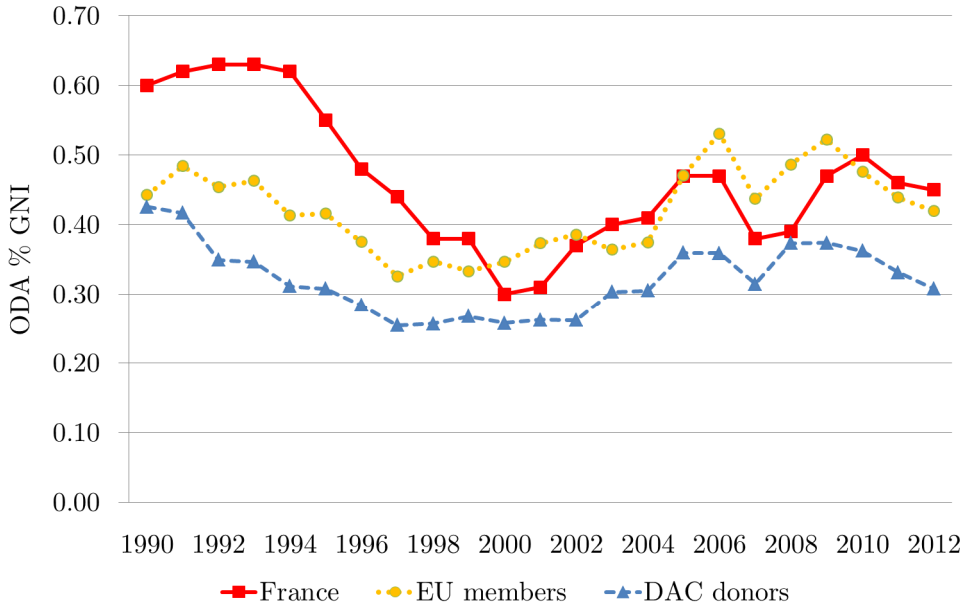
France has also sought to help emerging countries in their transition by supporting their economic and human development and to respond to crisis situations as effectively as possible (OECD 2009: 131). France has championed the idea of “differentiated partnerships” with its beneficiary countries. This approach implies adapting aid instruments to respond to the specific needs of beneficiaries. These differentiated partnerships extend to four groups of countries (MAEDI 2014: 50):

- Priority poor countries: Assistance to these countries will mainly take the form of concessional loans and grants;
- Intermediate countries maintaining privileged relations with France: Assistance to these countries takes the form of concessional loans and technical assistance;
- Emerging Countries: French aid to these countries will take the form of highly concessional loans and grants for the support of governance;
- (Post-)crisis countries: These countries also receive special grants and humanitarian funds.

2.3 Aid channels and aid allocation

In terms of its overall aid as a share of Gross National Income (aid/GNI), France exceeds the aid effort of most other DAC donors. While exceeding the average share of aid to GNI in the EU in the 1990s, France has been more or less matching the EU average since the 2000s (Figure 5). France reached the EU target of 0.51% in 2010, but aid effort declined thereafter. In 2013, France provided 0.41% of its GNI for APD.

Figure 5: ODA/GNI in comparative perspective.

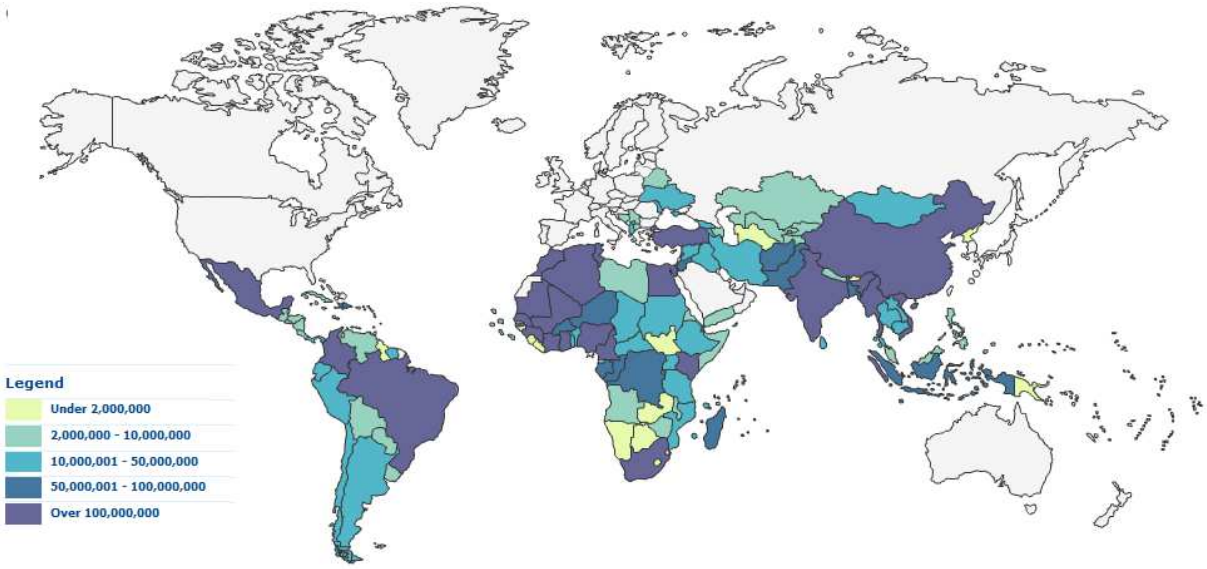


Source: DAC1 (OECD 2015)

Bilateral aid

As a donor with a long tradition of development assistance, France provides APD to more than 170 countries and territories (Figure 6). French aid also has a comparatively strong regional focus on Africa, which received 60% of French bilateral aid. Moreover, 12 of the 20 top recipients in 2013 were situated in Africa (Table 1).

Figure 6: Beneficiaries in 2013 based on French bilateral and multi-bi aid disbursement data



Source: EU Donor Atlas

Table 1: Top 20 recipients of APD disbursements in 2013

	Country	USD million
1	Morocco	878.37
2	Myanmar	592.26
3	South Africa	391.93
4	Mexico	319.85
5	Kenya	261.01
6	China	257.07
7	Vietnam	251.29
8	Côte d'Ivoire	245.66
9	Colombia	219.59
10	Senegal	212.89
11	Turkey	193.93
12	Cameroon	187.22
13	Tunisia	171.54
14	Guinea	158.18
15	Brazil	151.01
16	Algeria	149.96
17	India	139.54
18	Nigeria	119.98
19	Ghana	115.29
20	Mali	114.05

Source: EU Donor Atlas 2015

In terms of aid sectors, France channeled about USD 1.5 billion to education, followed by multi-sector aid (USD 1.4 billion), transport (USD 770 million) in 2013. It also provided USD 1.2 billion in debt relief. These sectors together accounted for more than a third of all French bilateral aid (see Appendix, Figure A-3). It thus seems that French bilateral aid allocation is only weakly related to its sector priorities spelled out by the CICID in 2009.

Multilateral aid

France considers multilateral agencies an important lever to respond to development challenges. When including pass-through multilaterals as multilateral contributions, almost 90% of its multilateral aid is channeled to just eight multilateral institutions. The top five multilateral organizations in the French portfolio when excluding the pass-through mechanisms are (MAEDI 2014: 74):

- European Union: France is the second largest contributor to the European Development Fund (EDF), a voluntary fund dedicated to the African, Caribbean, and Pacific developing countries, and the European Community budget (EUR 1.6 billion in 2012);
- World Bank: In 2012, France was the fifth largest contributor to the International Development Association (IDA), the soft-lending branch of the World Bank (EUR 446 million in 2012);

- United Nations entities: Cumulative contributions reached EUR 163 million in 2012 (thereof about EUR 40 million in core voluntary contributions); the four most important agencies are UNDP, UNHCR, UNRWA, and UNICEF, which together accounted for about 80% of French voluntary contributions to the UN system;
- African Development Bank (EUR 161 million in 2012);
- International Monetary Fund (EUR 68 million in 2012);

In its Law on the Strategic Direction for Development Aid and International Solidarity (July 2014), France recognizes its commitment to strengthen the complementarity between its bilateral channels and its multilateral development policy. In order to reduce fragmentation, the CICID also decided to develop a multilateral strategy including the United Nations, the European Union, and the Bretton Woods institutions (MAEDI 2014).

3. A comparative perspective on French multi-bi aid

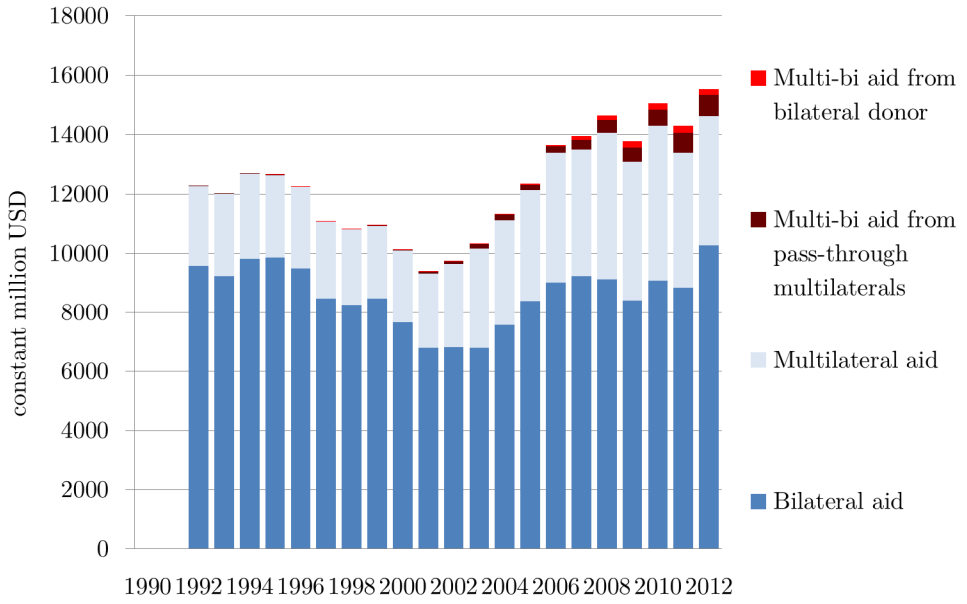
Multi-bi aid refers to earmarked contributions to international development organizations. It must be distinguished from both mandatory contributions and unearmarked voluntary contributions, which jointly form the core contributions available to these organizations. The multilateral's governing body decides over the allocation of these pooled funds.

Multi-bi aid has risen tremendously over the last two decades. According to our multi-bi aid dataset, multi-bi aid reached almost USD 18 billion in 2012, up from only USD 3 billion in 2000. This expansion is also reflected in the growth of trust funds housed at international development organizations. For example, the World Bank alone manages about 700 different trust fund programs, and presumably more funds and similar instruments exist across the United Nations system.

A parallel trend is the proliferation of new multilateral institutions with narrow mandates since the late 1990s. These so-called pass-through multilaterals, global or vertical funds mobilize funds for specific issues from a range of donors including private actors, while using the financial infrastructure, and, by and large, the implementing capacities of the established international development organizations. Therefore, pass-through multilaterals are an important source of multi-bi funding from the perspective of multilateral organizations besides the multi-bi funding extended by DAC donor countries.

In the case of France, the pro-rata multi-bi aid from pass-through multilaterals in which France is a member exceeds the multi-bi aid that France channels directly to international development organizations (Figure 7). This is hardly a surprise given the strong French support to global funds.

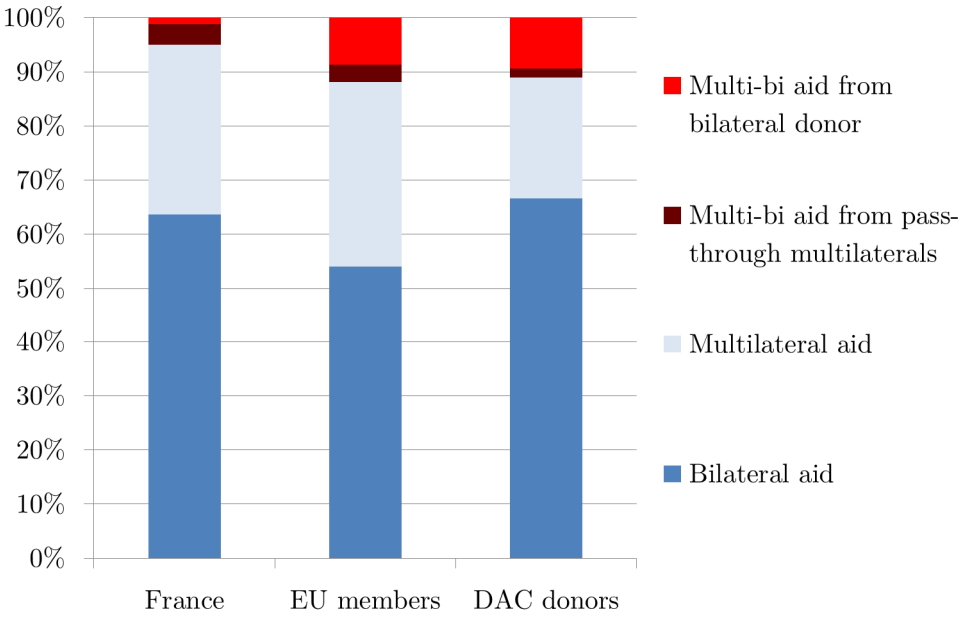
Figure 7: The French use of aid channels 1990-2012



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

France uses different channels as compared to other EU members as well as other DAC donors. Figure 8 illustrates this by summing each of the four aid channels over the most recent seven-year period. Whereas total French multi-bi aid accounts for a maximum of 5% of the French aid envelope, this corresponding share amounts to almost 15% for EU members and about 12% for DAC donors. Furthermore, France holds an intermediary position as regards its use of the bilateral channel, being somewhat closer to the DAC average of 66% than the EU average at 54%.

Figure 8: Use of aid channels by France and different donor groups (2006-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

3.1 French activities in pass-through multilaterals, global or vertical funds

Pass-through multilaterals, global or vertical funds are important channels for fulfilling French sector priorities. The MAEDI report stresses their benefits in terms of donor coordination. However, a systematic meta-study of the available evidence on the alignment of multi-donor trust funds with the principles of the Paris Declaration has found increased ownership in most cases but ambiguous results with regard to harmonization and managing for results (Barakat et al. 2012). The MAEDI report also argues that the massive proliferation of specialized multilateral institutions provides an opportunity to develop specific expertise, suggesting that this specific expertise lies at the core of the apparent success of these institutions in delivering tangible results (MAEDI 2014: 74). However, the report also acknowledges that these new multilaterals may potentially undermine the coherence of the multilateral system. Through its active support of global funds, France complements its bilateral priorities in three priority sectors (MAEDI 2014: 74).

In the area of **education**, France is an active supporter of the Global Partnership on Education (GPE), having contributed EUR 47.5 million over the period 2011-13. France shapes the policy framework of GPE through its representation in the governing council and several technical committees (MAEDI 2014: 84). Furthermore, France has sent two national experts to the GPE Secretariat.

In the area of the **environment**, France contributes to the fight against climate change through its participation in the Global Environment Facility (GEF), the Clean Technology Fund (CTF), the Montreal Protocol Fund, and the incipient Green Climate Fund (GCF). In the GEF, France contributed almost USD 300 million in the 5th replenishment in 2009 (equivalent to 8.4% of the total replenishment). In the CTF, which is the larger window of the Climate Investment Funds (CIFs), France donated USD 266 million since 2011. The CTF is the "most advanced in implementation of its program" (ICF 2014: X) as compared to the other initiatives under the CIFs. In the Montreal Protocol Fund, France contributed about USD 236 million since inception. In the GCF, France has engaged with USD 1.6 million in total.

In the area of **health**, a key sectoral priority, France supports all major sectoral pass-through multilaterals. It is the second largest contributor to Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) (with USD 300 million per year) and has committed half of all resources of UNITAID (USD 149 million per year).[8] France also is the second largest donor to the GAVI Alliance (EUR 27 million in 2012).

[8] In 2014, France cut its disbursement by EUR 25 million, provoking calls to stay put with its commitment.

It also allocated EUR 1.3 billion in guarantees until 2026 for the International Financial Facility for Immunization (IFFIm), an innovative finance vehicle that aims to reduce the costs of vaccinations. The financing scheme was co-founded with the United Kingdom and is supported by Australia, Italy, the Netherlands, Norway, Spain, Sweden and the United Kingdom; South Africa also joined recently (http://www.iffim.org/donors). Most French contributions to global health initiatives are funded through innovative financing mechanisms, including taxes on air flights and, since 2012, on financial transactions (Tobin tax) (MAEDI 2014: 85).

Through its support to global funds, France contributes to the achievement of the Millennium Development Goals (MDGs). In terms of cumulative volumes, the three most important pass-through multilaterals are GFATM, GEF, and IFFIm (Table A-4, see Appendix). Beyond financial clout, France influences policy in these international fora. In particular, France holds its own seat in the governing bodies of CTF, GFATM and UNITAID (where it also is a founding member), and it twice held the (rotating) chair of the relevant constituency in the Consultative Group on International Agricultural Research (CGIAR). In the GEF, France shares its seat in the governing board with Germany and the United Kingdom.

3.2 French participation in trust funds at international development organizations

In the following, we study the French engagement in the trust funds hosted by international development organizations. We take the bilateral donor perspective by considering multi-bi aid in the narrow sense of the term, which means excluding the aid provided from global funds.

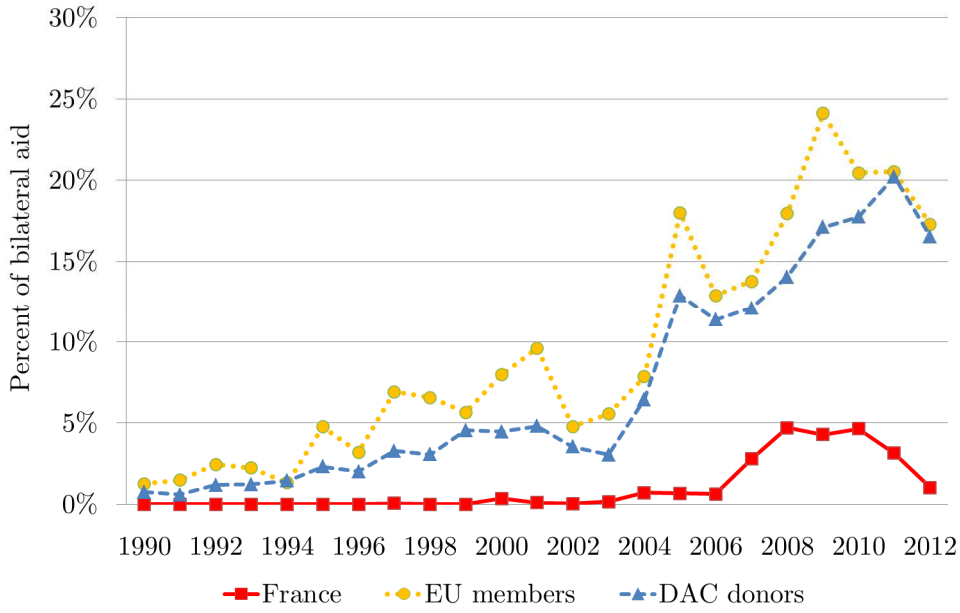
We compare French multi-bi aid to its own bilateral aid, and to the multi-bi aid of both EU members and DAC members. First, we seek to assess whether multi-bi cooperation is complementary to bilateral aid and whether it is consistent with overall French aid policy goals. Our inter-donor analysis juxtaposes France with the 13 other EU member countries and the 22 other DAC member countries[9].

Use of different aid channels

France has used multi-bi aid to a lesser extent than the average DAC donor (Figure 9). Its share of multi-bi aid in terms of the classic bilateral aid never exceeds 5%. This contrasts with the much greater use of multi-bi aid by the average EU member (peaking at almost 25%) as well as other DAC donors (reaching almost 20%). These other donors use multi-bi aid up to four times more frequently than France.

[9] Data for these 22 DAC donors are available for the full time period in the Creditor Reporting System. These donors are AUS, AUT, BEL, CAN, CHE, DNK, DEU, ESP, FIN, GBR, GRC, ITA, ISL, JPN, KOR, LUX, NED, NOR, NZL, PRT, SWE, USA.

Figure 9: Multi-bi aid as of bilateral aid



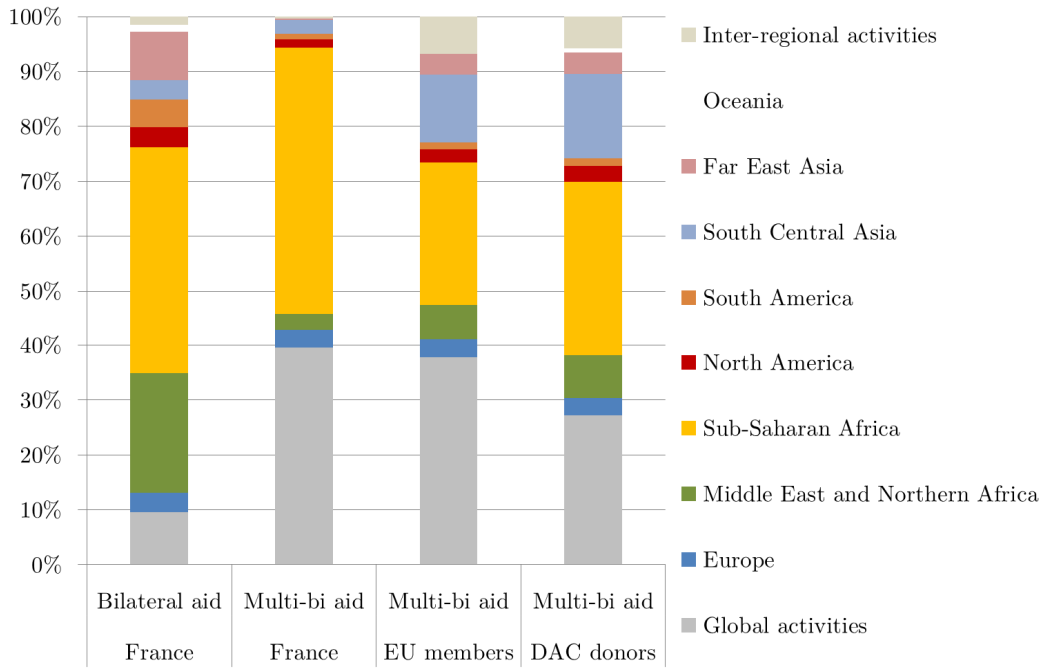
Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

While other donors have significantly expanded their multi-bi cooperation since the turn of the millennium, France started using trust funds around 2007. In the most recent years, data suggests a decline in French multi-bi aid.

Geographic priorities

Figure 10 shows the geographic allocation of French multi-bi and bilateral aid and the multi-bi aid allocation by other donor groups. Compared to the French bilateral aid portfolio, its multi-bi aid appears more strongly focused on Sub-Sahara Africa, the most important target region, and on global activities. Consequently, other regions are less important than in the bilateral aid program. In comparison to other donor groups, France provides more multi-bi to Africa, consistent with its stated aim to make Africa a priority region of assistance. Along with its support for global activities and the North African region, support to sub-Saharan Africa significantly exceeds the EU average and the DAC average. Hence, America and notably Asia are underrepresented in the French multi-bi aid program.

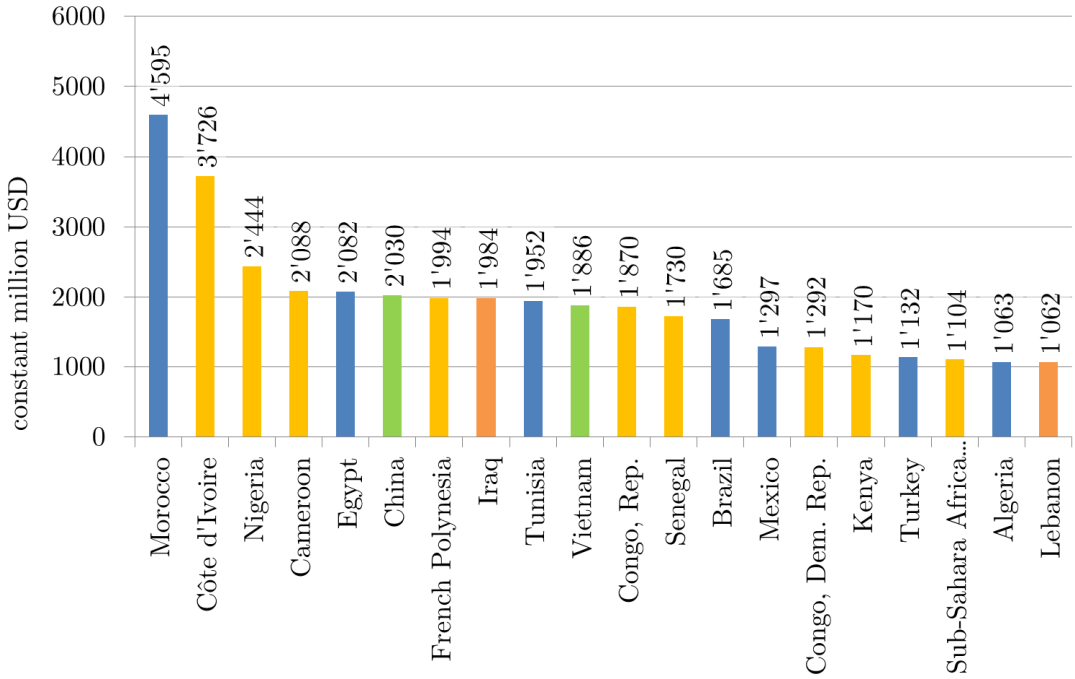
Figure 10: Geographic allocation of multi-bi aid and bilateral aid by France, DAC and EU donors (2006-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

A more fine-grained analysis goes beyond regional aggregates and considers the individual recipient countries of French aid. In terms of disbursements in 2013, the top ten beneficiaries of French bilateral and multi-bi cooperation were Morocco (USD 878 million), Myanmar (USD 592 million), South Africa (USD 392 million), Mexico (USD 320 million), Kenya (USD 261 million), China (USD 257 million), Vietnam (USD 251 million), Côte d'Ivoire (USD 246 million), Colombia (USD 220 million), and Senegal (USD 212 million) (Euroresources 2012).

Figure 11: Country allocation of French bilateral aid (2006-2012)

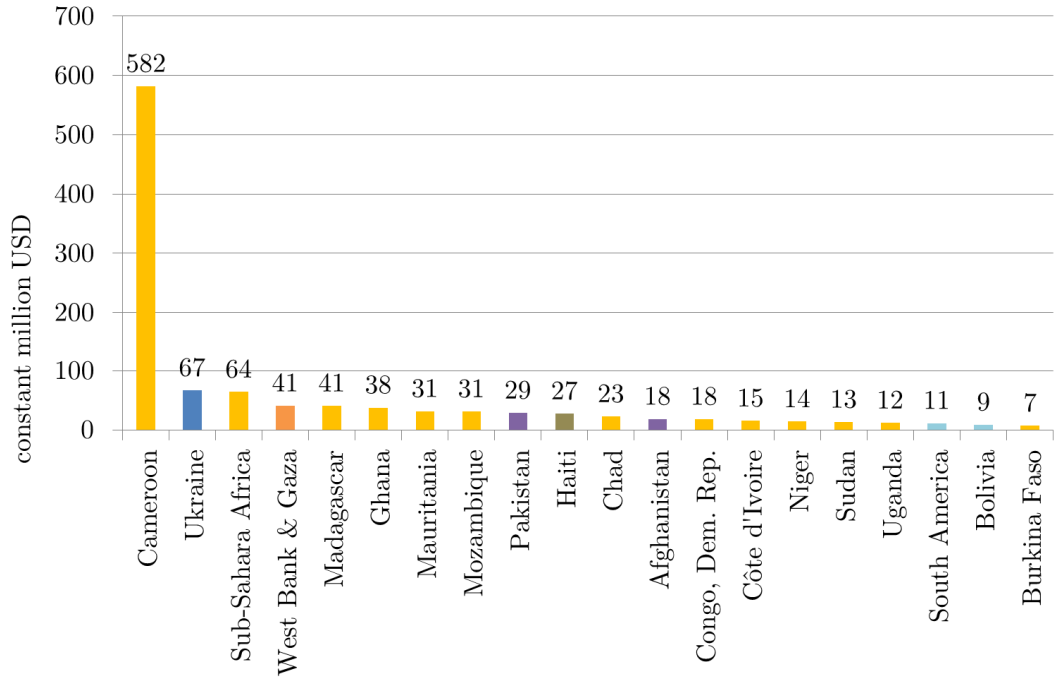


Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

The top bilateral recipients are similar even when the analysis is based on the 2006-2012 period instead of just the year 2013. For example, Morocco remains by far the most important beneficiary, followed by Côte d'Ivoire and Nigeria (Figure 11). The bulk of multi-bi funding over the 2006-2012 period went to Cameroon (almost USD 600 million), exceeding by far transfers to major recipient countries such as Ukraine, the Palestine territories, Madagascar, and Ghana, all of which received less than USD 80 million in the six-year period (Figure 12).

There are no countries that benefit from multi-bi aid but are not bilateral recipients of French aid. It is far more often the case than not that French bilateral aid exceeds multi-bi aid. In a few countries, France committed a relatively high share of its aid as multi-bi aid in 2006-2012 – including Ukraine (60%), South Sudan (56%), and Cameroon (28%).

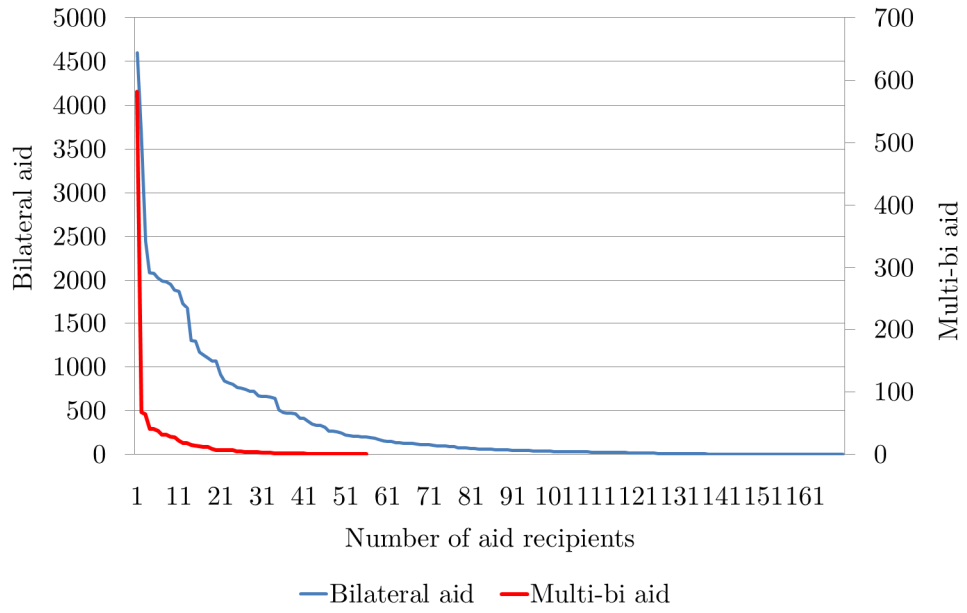
Figure 12: Country allocation of French multi-bi aid



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Our analysis hence detects two noteworthy features of the geographic allocation of French multi-bi aid. First, multi-bi aid is geographically more focused than bilateral aid. In particular, the African continent and regional activities receive a relatively higher share than in bilateral aid. Second, French multi-bi aid is concentrated on few countries and allocated more unequally. Figure 13 arranges the bilateral and multi-bi recipients by their aid volumes. Multi-bi aid declines more rapidly and supports fewer recipients than bilateral aid.

Figure 13: Distribution of aid amounts across recipients by funding type



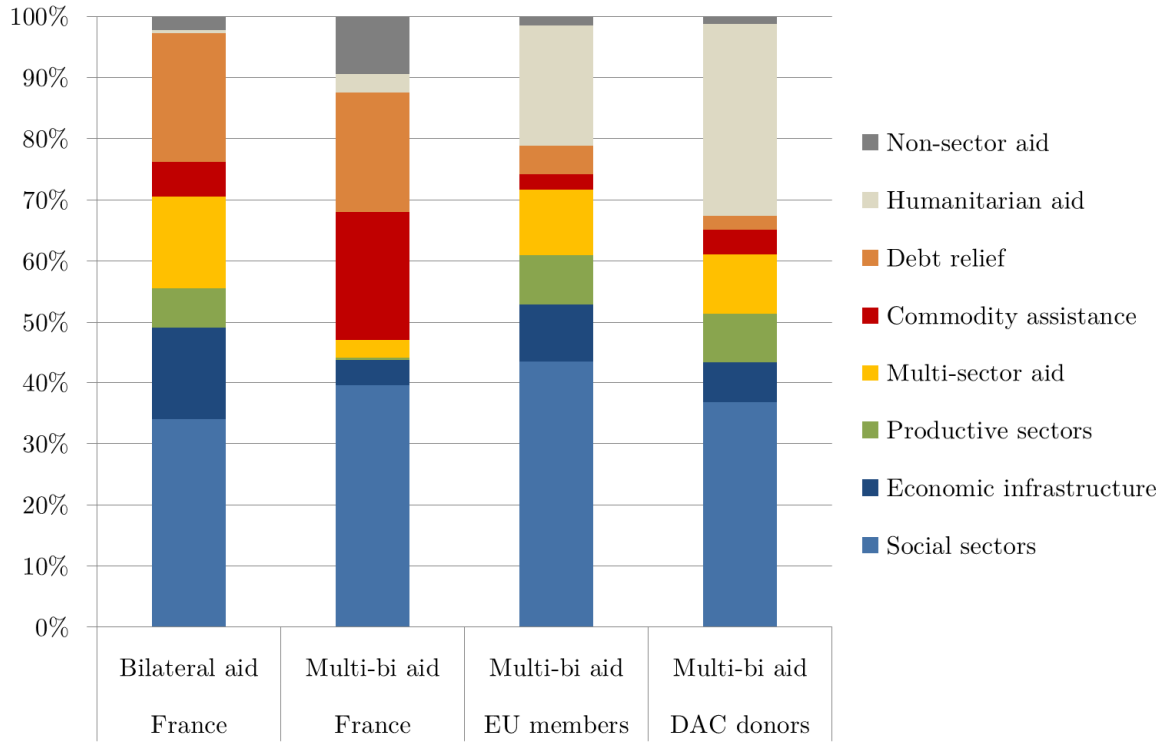
Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Sector priorities

According to the multi-bi aid dataset of Eichenauer and Reinsberg (2015), the sector distribution of the multi-bi aid portfolios of France and all other donors are strikingly different. First, France uses multi-bi aid comparatively less to target its humanitarian aid than the average DAC donor. While France channels 11% of its multi-bi aid for humanitarian purposes, the respective figure reaches 18% for EU donors and almost 28% for the average DAC donor. This difference may be due to France's own local presence and bilateral capacities to respond to humanitarian crisis.

France allocates a larger fraction of its multi-bi aid to commodity assistance and debt relief rather than productive sectors and multi-sector aid. French multi-bi aid and bilateral aid is allocated similarly across sectors. A higher share of multi-bi aid is spent in the social sector and for commodity assistance, at the expense of economic infrastructure, productive sectors, and multi-sector aid (Figure 14).

Figure 14: Sector allocation (2006-2012)

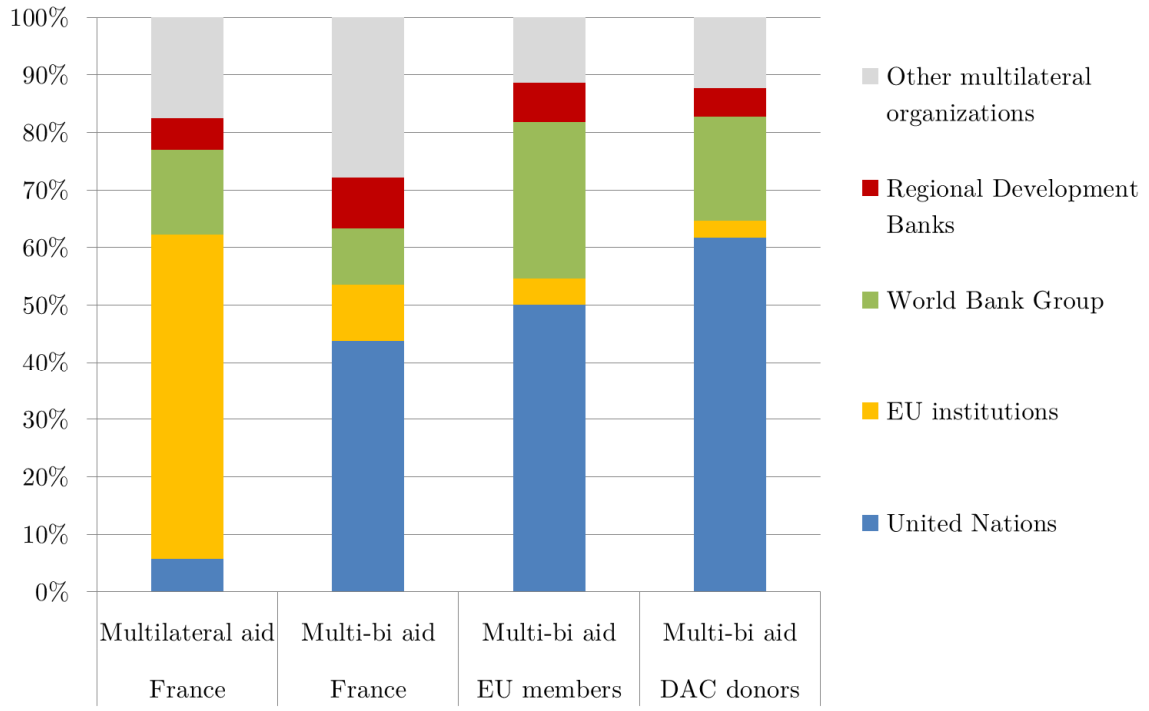


Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Use of multilateral organizations

Donors choose to which multilateral organizations to contribute how much and whether the financing is provided as earmarked or unearmarked. The French choice of international development organizations for the implementation of its multi-bi aid is fairly similar to other donors (Figure 15). France cooperates less frequently with the United Nations and the World Bank than DAC and EU donors on average. However, it uses regional development banks to a similar extent as the other EU members and more frequently than DAC donors. Moreover, France provides a higher share of multi-bi aid to the EU institutions and other multilateral organizations. The high volume for "other multilateral organizations" mainly accrues to UNITAID (which at the same time is a global fund). Smaller volumes are channeled to the Economic and Monetary Community of Central Africa, the Special Fund for Climate and Environment Protection of the Central European Initiative, and the International Union for the Conservation of Nature. France appears to use multi-bi aid to complement its core contributions (Figure 15). While most of its multilateral aid is dedicated to the EU, notably the EDF (in which it is the second largest donor), France does not channel a similarly high share of multi-bi aid through the EU. France privileges the United Nations for its multi-bi aid. The MAEDI's "Biannual Report 2014" establishes that for the year 2013, core contributions to the United Nations for development purposes reached USD 190 million (thereof USD 47 million as voluntary contributions), as opposed to USD 51 million in non-core contributions (MAEDI 2014: 83).

Figure 15: Use of multilateral organizations for multi-bi and multilateral aid (2006-2012)

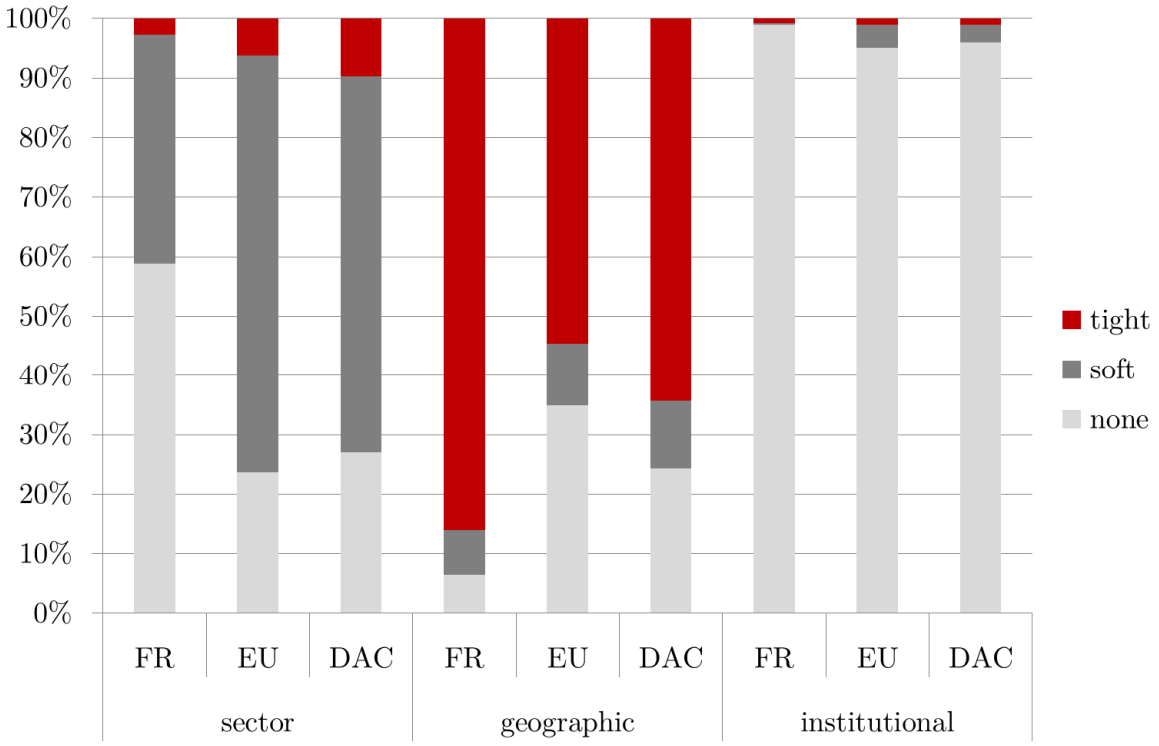


Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Earmarking patterns

While all multi-bi aid is earmarked, the restrictions to its use range from broad geographic earmarks to project-specific financing. Figure 16 shows that France imposes fewer restrictions on the aid sector than both the average DAC donor and also the average EU donor. However, a very high share of French multi-bi has a geographic earmark. More than 80% of its multi-bi aid is earmarked for a specific country, as opposed to only 50% for EU donors and 60% for DAC donors. Finally, France only seldom restricts its multi-bi support to specific departments within multilateral organizations or seconds own staff to multilateral organizations in its multi-bi aid cooperation as do other donors. The example of the GPE, in which France sent two experts to the Secretariat, seems to be a true exception.

Figure 16: Earmarking patterns (2006-2012)

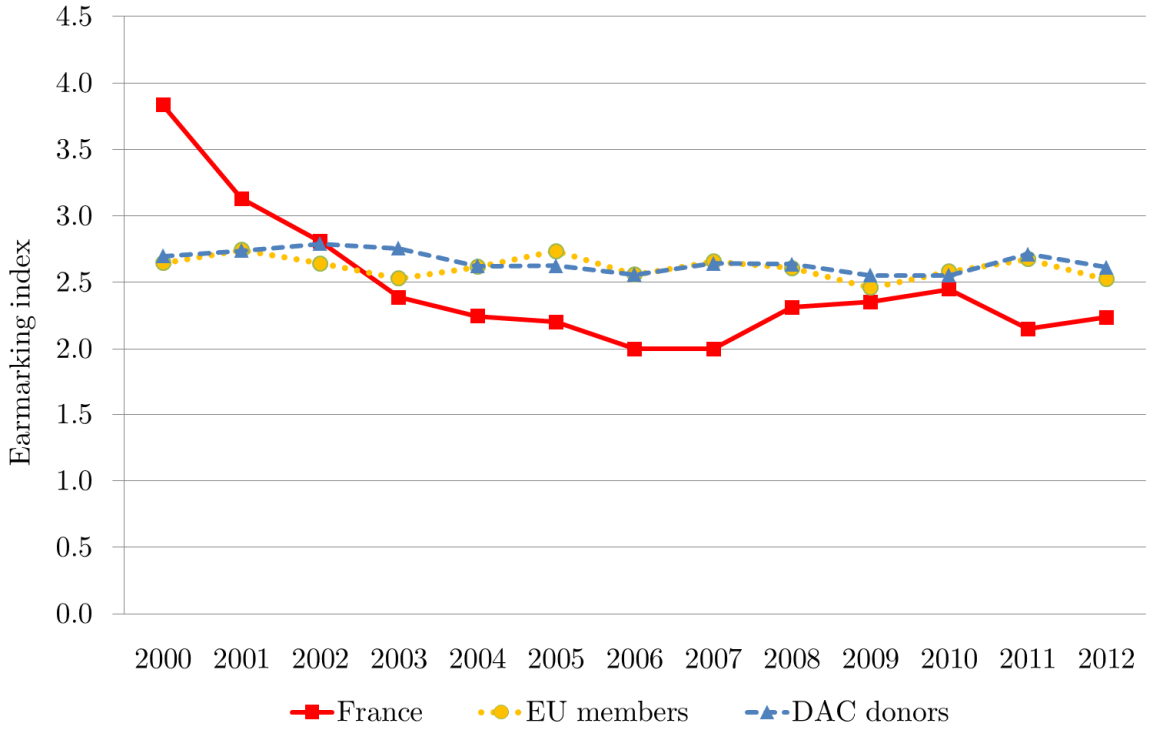


Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Figure 17 shows the average earmarking depth index in multi-bi aid for France and the other donors over the period 2000-2012.[10] While French aid was more heavily earmarked in the early years of the millennium, France has been more lenient than the average donor since 2003. There are some signs that the difference in earmarking depth however has recently started closing again.

[10] To construct the earmarking index, we simply built the sum of all earmarking dimensions, whereby in each dimension, a soft earmark counts as one index point, and a tight earmark counts as two index points. The index theoretically ranges from 0 to 6 (see also, Michaelowa, Reinsberg, and Schneider, 2014).)

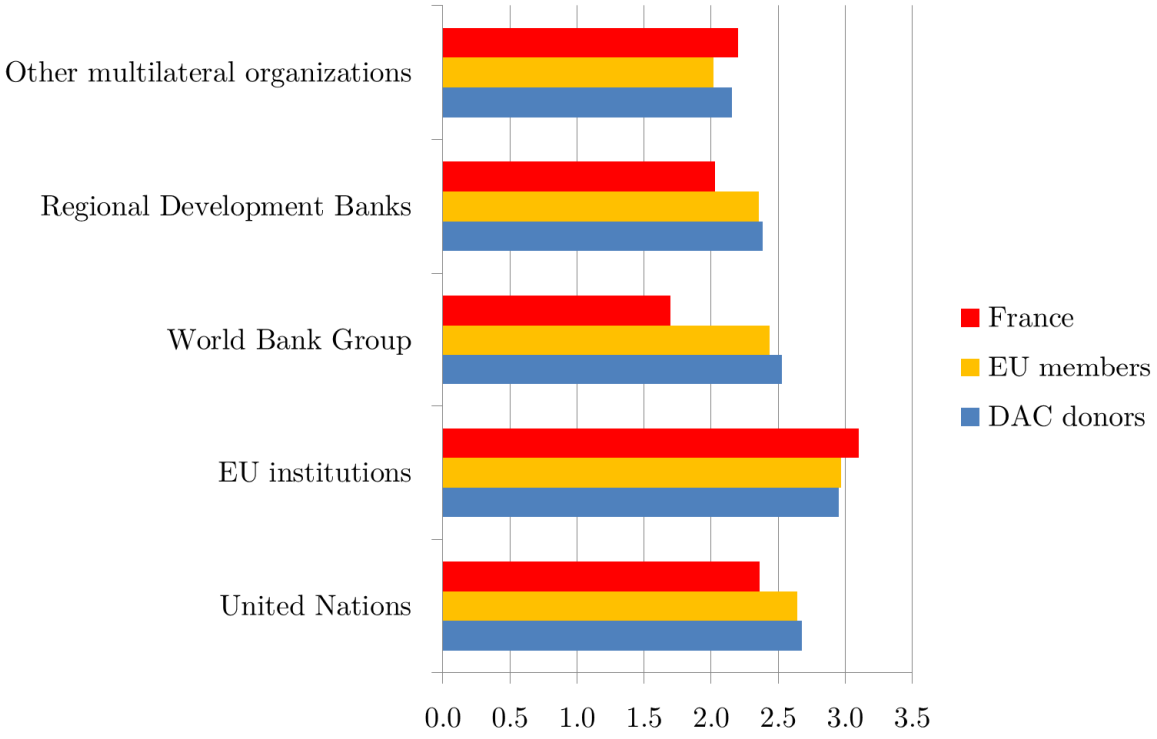
Figure 17: Earmarking depth over time (2000-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Findings are similar when earmarking is considered separately for different multilateral organizations (Figure 18). French earmarking depth is similar to that of the average donor when dealing with the EU institutions and the group of other multilaterals. France cedes more autonomy in multi-bi aid than other donors to the United Nations, the Regional Development Banks, and particularly the World Bank. The low earmarking of French multi-bi aid could indicate that France carefully chooses its multi-bi cooperation partners so that there is no need for further earmarking. France mainly supports established trust-funded programs at multilateral organizations with broad scope.

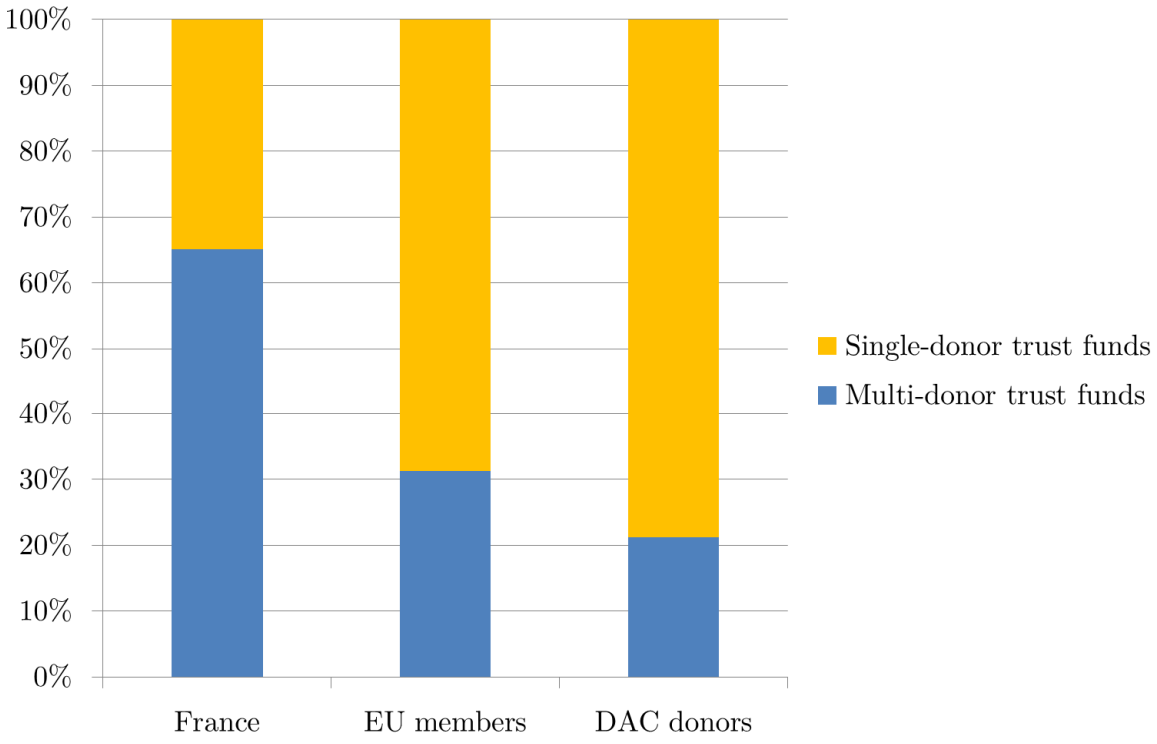
Figure 18: Earmarking depth across selected multilateral organizations (2006-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

The strong French preference for multi-donor trust funds over single-donor trust funds as compared to the average DAC donor lends further support to this interpretation (Figure 19). While France channels more than 65% of its multi-bi aid to global funds and trust funds hosted at international development organizations, the average DAC donor channels only 20% through such mechanisms. EU members seem to be closer to the DAC average in this regard, channeling 30% through multi-donor trust funds.

Figure 19: Type of trust funds at international development organizations (2006-2012)



Source: Multi-bi aid dataset (Eichenauer and Reinsberg 2015)

Institution-specific analysis at the World Bank

A complementary analysis of World Bank data suggests that France uses multi-bi aid in a way that is complementary to its other flows of aid.[11] The few trust funds with French support at the World Bank include regional programs and country-specific humanitarian funds and sector initiatives. The funds that have received cumulative French contributions above USD 10 million since inception include the free-standing trust funds with the Middle East and North Africa (MNA) vice presidency at the World Bank, consultant trust funds, Haiti Reconstruction Trust Fund (HRTF), Afghanistan Reconstruction Trust Fund (ARTF), Forest Carbon Partnership Facility (FCPF) (most notably the Readiness Fund), IFC Technical Assistance trust funds, and the West Bank and Gaza Trust Fund (Table A-5, see Appendix). All of these funds are multi-donor initiatives.

Some trust funds (though not the largest ones), are supported by more than one French aid institution. A prime example is the Lebanon and Syria Crisis Trust Fund (LSCTF), supported by all three major French aid players. Similar triple overlaps are observable for the Marseille Center for the Consultative Group to Assist the Poorest (CGAP), the Mediterranean Integration program (MCMI), or the Sub-Saharan Africa Transport Policy Program (SSATP), despite rather small overall contributions.

[11] The World Bank data is the most comprehensive available data on donor funding of individual trust funds and most pass-through multilaterals.

For a number of further funds, at least two of the key aid institutions are donors. This pattern of multiple French funding sources for the same multilateral institution may indicate that France currently does not yet coordinate its multi-bi aid across agencies, suggesting a need for an overarching trust fund engagement policy. This hints at some potential for enhanced organizational efficiency among French aid institutions. While there may be reasons for separate French contributors, it would generally be advisable for coherence and avoidance of duplication that France develops a division of labor in managing its trust funds at the Bank.

Another striking feature of the French engagement is that at the exception of a few single-donor initiatives, France mostly supports well-established multi-donor trust funds that finance established programs inside the World Bank. France does not seem to wish to maneuver the Bank into unchartered territory, as opposed to some other donors (IEG 2011). This is laudable given the controversy around “advocacy trust funds” inside the World Bank (Reinsberg 2015), and the evidence that single-donor trust funds increase fragmentation while multi-donor trust funds have improved donor coordination at least in some cases (Barakat et al. 2012).

4. The determinants of French multi-bi aid

The above analysis suggests that France follows a different approach than its peers in the use of multi-bi aid. On the one hand, France lies above the DAC average in terms of its funding of pass-through multilaterals. On the other hand, France contributes lower volumes and shares of bilateral aid to trust funds at international development organizations than its peers. In these contexts, France primarily engages in multi-donor trust funds supporting long-standing programs.

What are the reasons for this characteristic pattern? This section explores the potential determinants of French multi-bi aid patterns by first drawing on anecdotal evidence. Subsequently, it summarizes in a more systematic manner the potential determinants of multi-bi aid based on the literature and anecdotal evidence from other DAC donors. Finally, this section proceeds with an empirical systematic analysis of these potential determinants, using Extreme Bounds Analysis (EBA) on Ordinary Least Squares (OLS) regressions, and Seemingly Unrelated Regression (SUR) in order to compare the determinants of different types of aid.

4.1 Anecdotal evidence about French engagement in global funds

Why does France so much engage in global funds? The MAEDI report highlights a few reasons underlying this policy. Most importantly, pass-through multilaterals are powerful institutions to pool funds of multiple donors while specifying in advance a narrow policy goal. Moreover, their areas of intervention, health, education and environment, closely align with French priorities, also with respect to geographic allocation (MAEDI 2014: 88).

France considers that the global funds are particularly well positioned to assist crisis countries and fragile states, in which a stronger coordination of aid between donors tends to have the strongest benefits for aid effectiveness (see also OECD 2015). When considering the four groups of priority countries targeted by French aid, global funds seem to help France address its weak bilateral presence in fragile states, post-crisis situations, and poor countries. French bilateral aid is particularly strong in middle-income countries and transition economies.

Why does France – contrary to its engagement in global funds – rarely use multi-bi aid on its own? Again, the MAEDI report provides some insight by discussing the French engagement with the United Nations entities. Earmarked contributions are primarily used to finance French expertise inside the United Nations and the implementation of French priority actions in regions that the bilateral channel is unable to reach. These priority sectors are maternal health and child survival (MAEDI 2014: 84).

Informal communication with French aid officials suggests yet another reason for using multi-bi aid. For both small trust funds and bigger trust funds alike, the "need to spend money rapidly" can be a motivation to channel aid through trust funds. Trust funds allow disbursing funds that cannot be carried over to the next budget year. In addition, funds delegated to multilaterals (as well as multilateral aid) can be counted immediately and in full as Official Development Assistance in the year of contribution, even though project disbursements may occur later, sometimes substantively according to information from World Bank staff.

4.2 Hypotheses about the determinants of multi-bi aid

This section proposes sixteen testable hypotheses about the factors influencing the amount of multi-bi aid, drawing from the explanations suggested in the academic literature and policy reports (Reinsberg, Michaelowa, and Eichenauer 2015). The four sets of tentative explanations are related to international politics, domestic politics in the donor country, donor's aid preferences and the donor's aid management. Table A-6 (see Appendix) provides an overview over all hypotheses and Table A-7 (see Appendix) includes detailed information on how the variables were constructed. At the end of the section, the control variables are described.

International Politics

H1. Multi-bi aid relates positively to a donor's international engagement.

The international engagement of donors might be related to geopolitical ambitions, altruistic motives, and economic and political interests. While multilateral organizations are important fora to act upon these motives, donors also use bilateral diplomacy to diffuse their policies. Countries' participation in international relations can be measured using the "political globalization" sub-index within the KOF Index of Globalization. It combines information on the extent of membership in international organizations and UN peace missions, the number of embassies and high

commissions in a country, and the numbers of treaties signed (Dreher 2006, 2009). Membership in international organizations is a condition for contributing multi-bi aid to these organizations. Unsurprisingly, Fuchs, Dreher, and Nunnenkamp (2012) found the KOF index to influence multilateral aid budgets. As a second and more direct measure of a donor's multilateral activity, we take the share of multilateral aid in the total aid budget.

H2. Multi-bi aid is positively related to having hosted a G8 summit recently.

G8 countries rotate in hosting this summit that allows head of governments to discuss current challenges. Host countries undertake considerable efforts to assure that the summit is a success and often seek to demonstrate action on emerging challenges. One way of demonstrating action is to set up an international fund for a topic featuring high on the international agenda. Host countries of the high-level meetings are thus likely to contribute considerable amounts to such a fund in the year following the summit. We use the variable of Reinsberg, Michaelowa, and Knack (2015).

H3. Donors increase multi-bi aid if their preferences are not well aligned with multilateral aid.

The rise of multi-bi aid with characteristics of bilateral and multilateral aid has been linked to donor's perception about the alignment of the multilateral activities with donor's preferences (Eichenauer and Hug 2014, OECD 2015). Donors with preferences diverging from the collective preferences that result from multilateral negotiations might use multi-bi aid as a substitute for multilateral core aid. We use the measure of collective distance to IDA proposed by Reinsberg, Michaelowa, and Knack (2015). This measure is based on the sum of squared distances between the sector shares of the IDA portfolio and the bilateral aid portfolio of a donor.

H4. EU membership is negatively related with multi-bi aid.

Member states of the European Union are required to support the development efforts of the European Commission. This 'EU aid' may be considered multilateral aid by member states and thus crowd out earmarked (and unearmarked) contributions to multilateral agencies (e.g. if member states have a more or less fixed multilateral aid budget) (Addison, McGillivray, and Odedokun 2004). We test this by adding a dummy variable for EU membership and interpret a negative coefficient as evidence for partial or full crowding-out.

H5. A donor's multi-bi aid effort has a positive relationship with the multi-bi effort of donor peers.

Insofar that foreign aid is an international public good, the total aid effort is lower than optimal because of collective action problems. Donors are thus likely to closely watch potential free-riding of their peers. While free-riding arguably is a larger problem for multilateral aid than for other aid channels, multi-bi aid efforts may increase as a consequence of 'social' pressure from other governments and civil society demands

made through the media. For this reason, we expect a positive peer effect on a donor's multi-bi aid budget. For any given donor, multi-bi effort by peers is measured by the lagged and logged amount of multi-bi aid committed by all other donors.

Domestic Politics

H6. Multi-bi aid budgets are higher for left-wing governments.

It is straightforward to expect multi-bi aid budgets to be associated with spending on aid generally but also other government expenses so that the budget literature is relevant. The ideology of government has been shown to influence the degree of social spending and redistribution domestically (Potrafke 2009, 2011). Moreover, left-wing governments are more convinced of state capacity and the benefits of government intervention and thus likely to support higher public aid budgets while right-wing governments might encourage private charity. While Fuchs, Dreher, and Nunnenkamp (2014) find no evidence that ideology influences the size of the overall, multilateral, and bilateral aid budgets, Brech and Potrafke (2013) provide evidence that ideology influences the type of foreign aid. Following the lines of the literature (see also Milner and Tingley 2013 for the United States), we therefore expect that party preferences over aid allocation channels differ. We compute political ideology as the seat-weighted average of individual ideological positions of cabinet parties. We obtain information on individual parties from the ParlGov database (Manow and Döring 2012). This proxy variable has the advantage that it allows measuring political ideology for coalition governments, the prevalent type of government among the OECD/DAC donor countries in our sample.

H7. The size of the multi-bi aid budget is positively related to interest divergence in government.

This hypothesis is also related to the general budget literature that finds budget deficits to be larger for countries with several parties in the ruling coalition (see also Roubini and Sachs 1989, Volkerink and de Haan 2001). Round and Odedokun (2004) argue that this arguments also applies to the aid budget because more varied interests need to be satisfied by the budget. Fuchs, Dreher, and Nunnenkamp (2014) find no evidence that government fractionalization affects the size of the total aid budget. However, multi-bi aid is distinct from multilateral and bilateral aid. Unlike these aid channels, multi-bi aid is not pre-committed to cover membership fees in international organizations or employ national development staff and can thus be changed relatively easily during a legislature. In addition, our interviews with aid officials and the OECD/DAC's donor survey suggest that the competency to allocate multi-bi aid often lies in the hands of line ministries with distinct sectoral expertise (OECD 2011). For example, the Ministry for Energy or the Ministry for the Economy may manage payments to an energy trust fund at the World Bank rather than the Foreign Affairs office or the Development Ministry. We thus expect multi-bi aid to be particularly attractive in situations of preference diversity inside the government. We use the maximum ideological distance in political ideology among all cabinet parties

as proxy for such diversity, drawing on the ParlGov database (Manow and Döring 2012).

H8. An incoming development minister is associated with a reduction in multi-bi aid in the first year in office.

Political leaders have been shown to matter for many outcomes (e.g., Jones and Olken 2005) including the type of development aid provided to recipient countries (Fuchs and Richert 2015). We expect an incoming development minister seeks to profile herself just as a new head of government and her administration do in their first hundred and more days in office. To show her preferences and priorities, bilateral aid seems the most direct way for a newly appointed minister, in particular because the budget is likely to have been fixed in the previous year. A reshuffling of the budget from multi-bi to bilateral aid the most likely strategy because multilateral aid is based on long term commitments, based on burden sharing principles and peer pressure, or represents membership fees. In contrast, multi-bi aid can be reduced in a flexible manner based on donor preferences. Our development minister indicator variable is one in those years in which the development minister changes according to the data from Fuchs and Richert (2015). We lag the dummy by one year to account for the fact that a development minister may be incoming at any time of the year, including the end of the calendar year and that her policy changes result in changing disbursement patterns after several months only.

H9. Multi-bi aid is positively related to donor transparency.

Multi-bi aid is delegated to multilateral organizations for implementation. While donors keep some control over the allocation of these contributions through the earmarking, the micromanagement of aid delivery is not possible. Therefore, donor governments that are more corrupt in the delivery of their domestic public services may prefer to use bilateral aid that allows for full discretion with respect to the timing and delivery of aid in the recipient country. This argument does not extend to multilateral aid directly because a corrupt donor government might nevertheless provide some multilateral aid to satisfy her membership requirements in international organizations with membership being explained by (geo-)political considerations. We thus expect that corrupt governments, all else equal, provide less multi-bi aid and measure donor transparency alternatively by the perceived corruption measure of Transparency International and the World Bank's Governance Indicator for Control of Corruption (see variable description in the Appendix).

Donor preferences

H10. Multi-bi aid is negatively associated with the importance of political motives in bilateral aid provision.

The aid allocation literature has shown that former colonies and politically aligned countries receive more aid from former colonizers than equally poor countries (e.g., Alesina and Dollar 2000). For donor countries that allocate their bilateral aid

according to political motives, we expect the multi-bi aid budget to be lower. We measure the importance of political motives for a donor government by the partial R-squared of a donor-year-specific auxiliary allocation regression of the natural logarithm of bilateral aid on recipient need and donor self-interest variables. Specifically, our measure is the improvement in the adjusted R-squared when the (lagged) political and economic interest variables are added to a baseline specification (see also Table A-7).[12] As economic and political variables we follow the relevant literature and use recipient country exports and imports as a share of GDP (QoG 2015), colonial heritage, and measure political alignment in the United Nations General Assembly with ideal points (Strezhnev and Voeten 2009).

Bertoli, Cornia, and Manaresi (2008) argue that aid can be considered a substitute for a colonial past and thus is higher for those countries that did not have colonies previously. They find empirical support for this hypothesis. In their fixed effect estimations, Fuchs, Dreher, and Nunnenkamp (2014) also find evidence in favor of the argument. Instead of using a dummy for colonial heritage, we use the share of colonies in all bilateral recipient countries to measure the variation in the extent of 'colonial' aid provision.[13] We expect a negative coefficient because long-term strategic aid giving is more likely to be undertaken through the bilateral aid channel.

H11. Altruism in bilateral aid relates positively to multi-bi aid.

A substantial number of aid scholars consider the allocation of multilateral aid to be more need-oriented and less strategic than bilateral aid from large and geopolitically influential donors (e.g., Maizels and Nissanke 1984; Powell and Bobba 2006; Headey 2008; Easterly and Pfutze 2008; Birdsall and Kharas 2010; Knack, Rogers, and Eubank 2011). While economic and political interests influence multilateral aid as well (e.g., Kersting and Kilby 2015, Kilby 2009, 2013, Dreher, Sturm and Vreeland 2009), the relative importance of need arguably is higher for the multilateral aid channel. If aid allocation by multilaterals is indeed more need-oriented in average, the preferences of altruistic donor governments are quite well aligned with those of multilateral organizations. On the one hand, such preference similarly could increase the likelihood of delegation according to principal-agent arguments in the multilateral context (e.g., Schneider and Tobin 2013; Milner and Tingley 2013, Eichenauer and Hug 2014). On the other hand, altruistic donors might be aware of the (informal) influences taken by large shareholders in international organizations (e.g., Kuziemko and Werker 2006; Dreher, Sturm, and Vreeland 2009), even through voluntary unearmarked contributions (Graham 2015). Through earmarking of (some of) their multilateral aid, altruistic donors can assure that their funding is not diverted for strategic reasons. We therefore have no clear expectation about the sign of the coefficient. We measure the need orientation of a donor government by the relative improvement in the adjusted R-squared of a donor-year-specific auxiliary regression

[12] The baseline regression includes population, its square, and the need variables GDP per capita, life expectancy at birth, and number of telephone lines per 100 inhabitants (both WDI) (QoG 2015).
[13] To our knowledge, this is the first measure of colonial history of a donor country that varies along the time dimension; hence, it does not drop in fixed-effects regressions.

of the natural logarithm of bilateral aid on measures of donor self-interest (see H10) when augmenting this regression with variables that capture recipient-country need. Life expectancy, Gross Domestic Product per capita, and telephone lines (all lagged by one period) are chosen on the basis of data availability (see Table A-7).

Characteristics of aid agencies

H12. Vested interests in the aid bureaucracy relate negatively to multi-bi aid.

As with all public and private bureaucracies, aid bureaucracies can be expected to develop organizational interests that need not be aligned with the goals of their principal, being the donor government or the voters in this case (Vaubel 2006). We might thus hypothesize that donor agencies that have provided bilateral aid to a large number of recipient countries in the past have a well-developed network of bilateral agencies. We might then further expect this agency to defend this network and the staff associated with maintaining it and thus provides less multi-bi aid that is implemented by multilateral organizations. In contrast, donors with a smaller number of bilateral country offices might use multi-bi aid as a substitute for their lack of bilateral aid presence. Both arguments lead us to expect that donors with a large number of recipient countries provide, ceteris paribus, less multi-bi aid. A second potential measure of vested interests is the share of administrative expenses in total bilateral aid. The share of in-house costs is rough proxy of the importance of vested interests though other interpretations of a high ratio are possible. A high share of administrative expenses can be a sign of inefficient management of bilateral aid, which ceteris paribus could create public pressure to delegate aid to more efficient implementers such as multilateral organizations. An opposing interpretation is that a high ratio reflects donor capacity resulting from budget-intensive financial investments in research or in the close monitoring of implementation. Due to the ambiguous interpretation of the variable and thus the sign of the expected effect, we abstain from interpreting the coefficient but consider the ratio a relevant control variable for robustness checks.

H13. Multi-bi aid relates negatively to the number of ministries involved in aid giving.

In many donor countries, several ministries provide foreign aid. Each of these ministries is most concerned for specific sector(s) and wants to achieve its goals and development ideas abroad. Moreover, government agencies will consider these projects as being administered and implemented best under the auspices of their expertise. As each agency will seek to keep control over some of its projects, an increase in the number of aid-providing ministries increases the share of aid that is provided bilaterally. Moreover, each minister and ministry arguably has to satisfy their specific pressure groups, best achieved by keeping responsibility for the entire project management process. Decentralized aid giving seems to be an important reason for multi-bi aid. The OECD (2011: 18) notes: “when it comes to earmarking funds channeled through multilaterals, the responsibility for allocation may lie with an entirely different ministry than the one responsible for core (un-earmarked)

contributions to that organisation or fund." Similarly, the development professional Owen Barder noted in a hearing at the British House of Commons, that Britain is one of the few countries with a single department responsible for foreign aid that is "in a position to make those trade-offs [between multilateral, multi-bi and bilateral aid] directly" (House of Commons, Answer to Q38). To measure the decentralization of aid provision, we use data about the number of agencies within a donor government that report Official Development Aid (OECD 2015).

H14. Independent aid agencies are associated with higher multi-bi aid budgets.

Aid agencies might be sheltered from the effects of diverging interests in government or (temporary) budget cuts through institutional designs that offer some independence from the daily political business (Bertoli, Cornia, and Manaresi 2008). Bertoli, Cornia, and Manaresi (2008) that independent aid agencies prevent temporary reductions in aid during economic downturns but that independence does not lead to permanently higher aid budgets. In their fixed effect regressions, Fuchs, Dreher, and Nunnenkamp (2014) find that the existence of an independent aid agency is a (positive) determinant of the ratio of Official Development Assistance (ODA) to GNI. We employ a more fine-grained measure that exploits more of the OECD's (2009) classification of aid agencies into four types.[14] Specifically, we add a dummy variable for the two more independent aid agency types, treating the other two agencies as baseline.

H15. The 'quality' of a donor's aid relates positively to multi-bi effort.

The efficiency and effectiveness of multi-bi aid may be higher or lower than multilateral or bilateral aid. On the one hand, multi-bi aid is provided through small institutional units from which donors demand separate reporting (Reinsberg 2015, IEG 2011). This increases transaction costs and thus efficiency is lowered. On the other hand, by virtue of limited objectives, trust funds might indeed be more effective in addressing those specific challenges. Generally, multi-bi aid can be expected to be more need-oriented than bilateral aid, which can more easily be diverted to foster political goals because donors are in control of the entire micromanagement process (see H8). Therefore, we expect multi-bi aid to be positively related to the quality of aid. We follow the definition of QualityODA by Fuchs and Richert (2015) because several other comprehensive indices to measure the quality of ODA have not been computed prior to 2003 (see, among others, Easterly 2002; Easterly and Pfutze 2008; Birdsall and Kharas 2010; Knack, Rogers and Eubank 2010; Roodman 2012). Fuchs and Richert (2015) use three indicators that are used in those comprehensive indices but available for a longer period of time: (i) aid commitments to Least

[14] The OECD distinguishes four models of aid allocation: Model I ("Development co-operation is an integral part of the ministry of foreign affairs which is responsible for policy and implementation"), model II ("A Development Co-operation Directorate has the lead role within the ministry of foreign affairs and is responsible for policy and implementation"), model III ("A ministry has overall responsibility for policy and a separate executing agency is responsible for implementation"), model IV ("A ministry or agency, which is not the ministry of foreign affairs, is responsible for both policy and implementation").

Developed Countries, (ii) its untied ODA commitments, and (iii) its ODA commitments to countries with comparatively good governance (all variables are expressed as shares of the donor's bilateral aid budget). We standardize all three variables and combine them into an "QualityODA index".

H16. Donors with an active multilateral aid policy provide less multi-bi aid.

Over the last decade, several bilateral donor agencies have assessed multilateral agencies with respect to their efficiency, effectiveness, and their relevance for the donor's development objectives. The British aid agency DFID pioneered the approach in 2003 (DFID 2005, OECD 2008). The assessment methodology was further refined over the last decade while, simultaneously, policy efforts were made to coordinate these assessment approaches (OECD n/a).[15] The commissioning of an evaluation about the performance of multilateral agencies by a donor country can either be interpreted as expressing a genuine interest in the working of the multilateral system or as a means for a certain government to generate solid arguments to withdraw from multilateral cooperation. If the latter interpretation is correct, we would expect donors retreating from their international commitments. Empirically, donors stress that these assessments primarily serve as reform incentives for multilateral agencies and will only have funding consequences if no reforms are undertaken. We thus prefer the first interpretation, namely that multilateral aid reviews indicate an interest in the improvement of the multilateral system. This leads us to expect a negative coefficient on the indicator variable which turns and remains one starting in the year the first multilateral aid assessment is conducted by the donor country.

A second measure for a donor's engagement for multilateral policy is chairmanship of relevant working groups at the OECD's Development Assistance Committee (DAC). Reinsberg, Michaelowa, and Knack (2015) interpret chairmanship in these working groups as a sign of specific interest (and hence specific expertise) in a particular sub-field of development cooperation, and we follow their interpretation. The oldest working groups are the DAC (1960) and the Working Party on Statistics (1969). In the mid-1990s, donors became again interested in specific development themes, as evidenced by the creation of the working groups on Conflict, Peace, and Development (1995), on Poverty Reduction (1998), and Governance (2000). In the context of the aid effectiveness debate and the Millennium Development Goals, donors further established the working groups on Aid Effectiveness and Donor Practices, Development Evaluation, as well as on Gender Equality, and on Environment and Development in the early 2000s. Chairmanship is measured by a dummy variable for which we expect a negative sign.

[15] This resulted in the creation of the Multilateral Organisation Performance Assessment Network (MOPAN) with currently has a membership of 19 donor countries. Note that we rely on individual review efforts.

Control variables

While we already have an impressive set of variables to test our sixteen hypotheses, we control for potential confounders that the literature has identified as most relevant to explain the total aid budget and arguably help explaining the size of the multi-bi aid envelope. We control for the size of the total aid budget. In robustness analyses, we include bilateral and multilateral aid separately. We also include relevant determinants that were found robust by Fuchs, Dreher, and Nunnenkamp (2014) as this is the most recent paper in the aid budget literature and methodologically convincing. We posit a positive relationship between multi-bi aid and donor size and wealth, respectively. The donor's size is measured by population and Gross National Income (GNI) from the DAC General Statistics (OECD 2014a), where the latter also proxies affluence. Economic downturns have also been suggested to affect the aid effort (Dang, Knack, and Rogers 2013), and the multi-bi aid budget in particular (see Reinsberg, Michaelowa, and Eichenauer 2015) because earmarked aid is more easily reduced than other aid types due to its voluntary and delegated nature.[16] Multilateral core aid is mostly based on long-term international commitments while reduction of bilateral aid potentially has domestic political costs if, for example, domestic employees are laid off. For total aid budgets, Fuchs, Dreher, and Nunnenkamp (2014) find no effect of budget constraints or a deterioration of domestic macroeconomic conditions controlling for time-invariant donor characteristics. Grepin and Sridhar (2012) find that the share of multi-bi aid within development assistance for health decreased during the crisis years 2008 and 2009. We only control for the percentage change in public debt to avoid inflating the set of variables further. Note that a change in debt may grow due to a shrinking economy or higher deficits, both of which indicate challenges to the donor's budget. In robustness checks, we further include the fiscal deficit directly, as well as unemployment, and inflation. Data comes from the OECD (2014b) and the World Bank (2014) (see Table A-7 in the Appendix for a complete variable description). In sum, we control for total aid effort, population, GNI, and the percentage change in debt in all regressions and add further economic variables in robustness checks.

Several other variables are included in robustness checks. First, donors often note that multi-bi aid requires the political will to delegate aid and the capacity to monitor the use of earmarked contributions effectively, both aspects being more likely in more experienced aid agencies. However, the relationship could also be the other way around. New donors might use multi-bi aid to provide bilateral strategic aid without needing to set up their own implementation agency while older donors are more likely to already have had an implementing agency before the advent of multi-bi aid (see also the hypothesis H11 about the vested interests in aid agencies). As a proxy for experience, we measure donor age by an ordinal variable with three categories. Traditional donors, the baseline category in our regressions, established their aid

[16] The OECD also notes the possibility of fluctuating voluntary contributions: "the more DAC members' multilateral portfolios are shaped by non-core resources […] with a limited time horizon, the less predictable the overall funding of multilaterals become" (OECD 2010: 14).

program between World War II and the mid-1960s. Conversely, what we call “traditional latecomers” are countries that became democracies themselves or reached a certain level of development to start their own aid program (e.g., Finland, Greece, Ireland, or New Zealand). Finally, “new donors” started providing aid after 1989, notably some Eastern European donors (though many of them are not DAC member and thus not in the sample), but also Spain, Portugal, and Korea. Second, we control for multilateral replenishments, which might decrease the budget available for multi-bi aid. While multilateral commitments are made at the end of the replenishment conference, contributions are made in installments until the next replenishment conference. Thus, a null effect of having a replenishment conference in a given year is possible. The replenishment indicator equals one in years of replenishment of the International Development Association (IDA), the African Development Fund (AfDF), the Asian Development Fund (AsDF), and the Global Environment Facility (GEF).

4.3 Descriptive statistical analysis

We start with some descriptive statistics to probe the plausibility of these explanatory factors. In particular, we compare the averages of these variables over the sample period of 1990-2012 for France, the average EU member and the average DAC donor. Table 2 shows that France is more internationally engaged than the average donor because of its strong global presence and diplomatic networks. France also extends a higher-than-average share of its aid envelope as multilateral aid. Turning to domestic political factors, France is not particularly different from other donors, except for a slightly higher frequency of changes in the aid minister. Its aid allocation also clearly mirrors its colonial past, given the high number of bilateral recipient countries and the high share of colonies among all bilateral recipients. According to the aid quality measures of Fuchs and Richert (2015), French aid is of intermediate quality, lying above DAC average but below the EU average. This is consistent with DAC peer reviews that describe France as “a good donor, which must ensure to focus on the poor” (OECD 2013). Consistent with its strong international engagement and the fact that the OECD has its headquarters in Paris, France chairs disproportionally often a DAC working group. France only recently started to assess multilateral organizations.

Table 2: Comparative statistics of key explanatory factors (2006-2012)[17]

		FRA	EU	DAC
H1	International engagement (KOF index)	96.47	88.81	86.00
H1	Multilateral aid share	38.12	26.69	23.89
H2	G-8 summit host	0.13	0.03	0.04
H3	Distance to IDA	4.11	4.53	3.74
H6	Partisan position	5.66	5.35	5.75
H7	Ideological distance in the cabinet	1.26	1.65	1.36
H8	Aid minister change	0.48	0.29	0.35
H9	Perceived corruption control	7.09	7.57	8.06
H10	Share of colonies	0.23	0.07	0.01
H12	Number of recipients	144.30	87.04	107.94
H13	Number of aid ministries	20.00	10.63	9.29
H15	Aid quality index	0.002	0.21	-0.03
H16	Chair in DAC working group	0.35	0.20	0.13
H16	Multilateral assessment	0.04	0.08	0.00

Cell entries show (unweighted) averages based on the imputed sample.

We looked at the correlation between each variable of interest and French multi-bi aid separately. These bivariate correlations suggest three noteworthy relationships. First, multi-bi aid correlates negatively with the number of French aid recipient countries. The recent decrease in the number of bilateral aid recipients could indicate that multi-bi aid became a substitute for bilateral aid in recent years. It might also be due to a general tendency of DAC donors to concentrate on fewer countries in the realm of international commitments to reduce fragmentation. Second, multi-bi aid started growing and continuously increased during the year France assumed a leadership role as DAC chair but fell when France left the DAC chair. Though a causal relationship cannot be inferred, this pattern is strikingly clear. Third, multi-bi aid correlates with the share of multi-bi aid devoted to humanitarian relief. This simply shows that France responds together with other donors to humanitarian disasters through ad-hoc emergency trust funds.

While these bivariate correlations have the advantage of being intuitive, they do not allow accounting for time trends or variables that simultaneously influence the amount of multi-bi aid. Therefore, the next step will be to estimate multivariate regressions.

[17] This period is most useful for comparisons across as donors, as all major donors had established multi-bi aid programs by 2006 and reporting quality had become sufficiently high.

5. Multivariate analysis

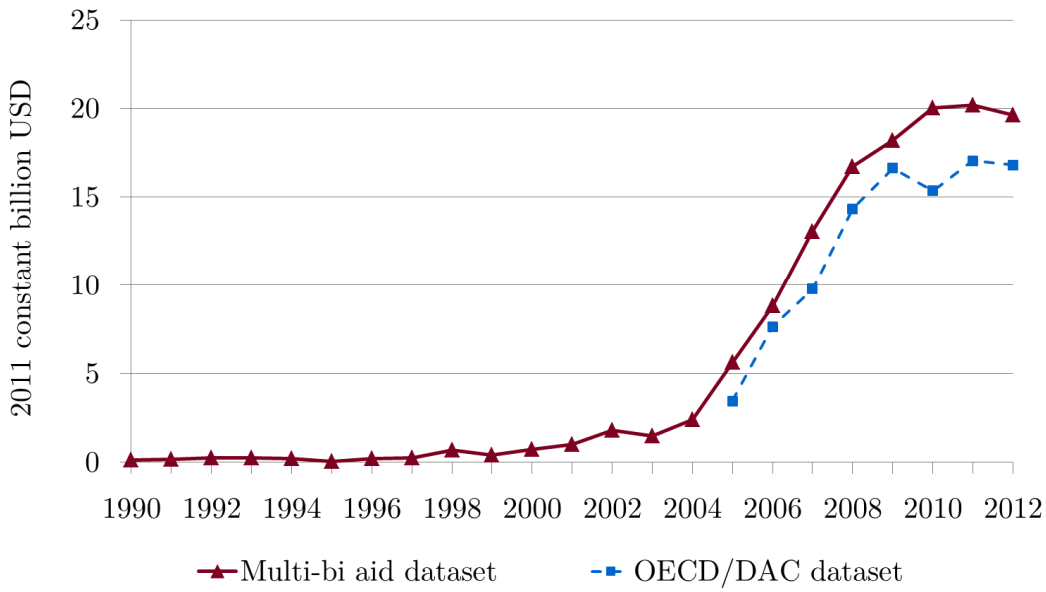
This section uses different econometric methods to systematically test the sixteen hypotheses about the donor characteristics that potentially explain multi-bi aid. Multivariate statistical analysis allows accounting simultaneously for several factors that might affect the amount of multi-bi aid a donor country provides. An estimated coefficient multiplied by the change in the corresponding variable represents the average importance of this variable on the amount of multi-bi aid provided. The significance level indicates whether this variable is closely related to multi-bi aid in most cases.[18] The coefficient value and its statistical significance must be considered together to judge the economic and statistical importance of a variable in explaining multi-bi aid. When interpreting the results, note that the econometric methods applied in this study allow identifying relevant and robust relationships but may not be interpreted as causal links.

5.1 Data

The data comes from the new multi-bi aid data set that improves upon the data in the Creditor Reporting System of the OECD/DAC (Eichenauer and Reinsberg 2015). In particular, the OECD/DAC data provide information on multilateral implementing channels only from the mid-2000s onwards and even for this short period, reporting quality varies within and across reporting donors. We extend the CRS dataset backwards to account for multi-bi aid flows since 1990. Taking the perspective of multilateral organizations, we also assess the depth of earmarking of each individual aid activity delegated to a multilateral organization. As our data only includes genuinely earmarked contributions and corrects for some coding errors in the original data, the aggregate aid amounts obtained for multi-bi and bilateral aid slightly differ from OECD/DAC data (see Figure 20).

[18] Thresholds of 90%, 95% and 99% are commonly used.

Figure 20: Comparing the multi-bi aid dataset with OECD/DAC data (1990-2012)



Data for the variables of interest and the controls are drawn from different sources and sometimes have missing values. It is well-known that missing data entails efficiency losses and might even result in biased results. For the Extreme Bound Analysis in particular, missing data is an issue because changes in coefficients may either result from changes in the sample size or the combination of variables. In our main analysis, we thus use a dataset in which all explanatory variables are imputed using multiple imputation (Honaker, King, and Blackwell 2011).[19] The imputed dataset has 529 observations (23 OECD/DAC donors observed over 23 years). A missingness map and results for the original dataset can be found in the Appendix. Note that in the imputed and non-imputed sample, we replace missing values in the dependent variable by zero, which is interpreting them as zero aid flows. Descriptive statistics for all variables and detailed variable descriptions are shown in Table A-7 (see Appendix).

[19] We draw five samples, specifying the following options for the imputation routine: no time trend, proper bounds for each variable based on its empirical range, leads and lags used to fill in values, and imputation within each cross-section based on the time-series information.

5.2 Methods

The econometric analysis proceeds in four steps and uses different econometric methods that are explained in some detail in the beginning of each section. Note that none of the method identifies causal relations in the strict sense though they systematically test for robust relationships between variables. Section 5.3 tests the sixteen hypotheses for all DAC donors to obtain the average importance of all variables of interest. We discuss the sensitivity of the results to imputation and the assumption of a closed budget and present robustness to alternative model specifications using an Extreme Bounds Analysis (EBA). In section 5.4, the importance of the variables for explaining multi-bi, multilateral and bilateral aid budgets are compared using Seemingly Unrelated Regression (SUR) analysis. Finally, section 5.5 shows how the importance of variables differs between France and each of the ten largest donors of development aid. The separate regression for each donor country is estimated using ridge regressions that allow circumventing the problem of low degrees of freedom. The sections apply different econometric methods for analyzing a multitude of questions. The following comments apply to all or several of these methods.

In sections 5.3 and 5.4, we use the full data set that includes all 23 DAC donors over 23 years (Eichenauer and Reinsberg 2015). The repeated observations of each donor country over a long time horizon allow us to control for a time trend in the use of multi-bi aid. Moreover, the data structure allows reducing unobservable or unmeasurable differences across donors that could explain their use of multi-bi aid. This so-called fixed-effect approach allows obtaining estimates that are more likely to be statically valid, i.e. unbiased and consistent. We also apply the random-effects approach that assumes that individual effects are uncorrelated with the other predictors.[20] Although the assumptions of this procedure needed for obtaining unbiased coefficients are more restrictive, the random-effect approach allows estimating the impact of time-invariant characteristics on multi-bi aid (e.g. EU membership), which is not possible in fixed-effect regressions.

The dependent variable in all regressions is the natural logarithm of multi-bi commitments provided for purposes other than debt relief and humanitarian aid.[21] Besides regressions on multi-bi aid, we also run regressions on the share of multi-bi aid in total aid and find that our results do not hinge on the assumption of a closed or

[20] Fixed-effect models do not make this assumption and omit non-varying variables. A Hausman test rejects the null hypothesis of equal coefficients. We suspect that this is mainly due to our main control variables as coefficients on our variables of interest are similar. We hence show results from both approaches.

[21] While debt relief is often multi-bi aid because it is earmarked for specific recipients, it tends to be the result of multilateral negotiations not studied here. It is common in the literature to analyze aid net of debt relief (e.g., OECD 2012; Fuchs, Dreher and Nunnenkamp 2014; Reinsberg, Michaelowa and Eichenauer 2015). We also subtract multi-bi aid for humanitarian purposes as it is driven by unforeseen catastrophes and an important share of humanitarian aid commitments are made at pledging conferences.

open budget.[22] In all estimations, we control for non-linear time trends in the use of multi-bi aid by including linear, squared and cubic time variables and estimate cluster-robust standard errors. In sum, we estimate equations of the following form:

$$\ln(\text{multi-bi aid commitments})_{it} = \beta' A_{it-1} + \gamma' B_{it-1} + \eta' C_{it} + \sigma_i + \lambda_t + (\lambda_t)^2 + (\lambda_t)^3 + \varepsilon_{it},$$

where our dependent variable represents the logged multi-bi aid a donor *i* provides in year *t* net of humanitarian aid and debt relief. Vector A contains our variables of interest. B is the vector of (lagged) control variables (see section 4). Vector C stands for contemporaneously included logged total aid, or, alternatively, bilateral and multilateral flows separately. Fixed-effect regressions also include σ_i, which represent donor-specific time-invariant effects. All regressions include time trends up to the third polynomial order.

5.3 The determinants of multi-bi aid across all 23 DAC donors

This section tests the sixteen hypotheses introduced above by estimating the average importance of the variables of interest for all 23 DAC donors over the 1990-2012 period. We first discuss random-effect results that include time-invariant variables before looking at the statistically more stringent fixed-effect estimations.

Hypotheses testing

Table A-8 shows the results from random-effect estimations. Columns 1-4 include the variables associated with one of the four sets of hypotheses; international politics, domestic politics in the donor country, aid preferences, and aid management, respectively, as well as the control variables. Column 5 includes all of those variables simultaneously while column 6 further adds the dummies for donor-age groups and replenishment years. We find that international political factors are relevant predictors of multi-bi aid and confirm the positive relationship between a donor's international engagement and multi-bi aid (H1, columns 1, 5, 6). As hypothesized, EU membership is negatively associated with multi-bi aid, though the variable is significant in Column 1 only (H4). Generally, domestic politics seems to be of minor importance though results in the relevant columns (2, 5, 6) provide support that incoming aid ministers significantly reduce multi-bi aid (H8). The results also lend support for the positive relationship between donor transparency and multi-bi aid (H9).

Regarding donors' aid preferences, we find support for the hypothesis that donor countries without colonial history or few aid relationships with former colonies provide more multi-bi aid (H10, columns 3, 5, 6). There is little evidence that political motives in bilateral aid allocation decrease multi-bi aid and no evidence that more altruistic donors provide more multi-bi aid in average. The final set of hypotheses relates to the donor's aid management and practice. There is strong evidence that more independent aid agencies (type IV) use multi-bi aid to a larger extent (H14,

[22] More precisely, the dependent variable in this case is the log odds of the multi-bi aid share over the share of all remaining aid as of total aid.

columns 4, 5, 6). At the same time, donors with a separate bilateral implementing agency (type III) use multi-bi aid to a lesser degree. Donors that have conducted multilateral assessments are less likely to use multi-bi aid though the coefficient is significant in column 4 only. While this provides support for H16 about the assessments being an indicator of genuine interest in multilateral aid, the SUR analysis below will reveal if conducting multilateral assessments is also related to multilateral aid. We do not find clear evidence on the relations of multi-bi aid with the remaining indicators of donors' aid management, including number of aid recipients, aid quality, or DAC chairmanship.

With respect to the control variables, it is noteworthy that multi-bi aid is negatively related to the total aid budget, significantly so in columns 1-3. Donor countries' wealth, size or changes in their debt level are not systematically related to multi-bi aid envelopes. As expected, the potential confounder of underreporting is highly significant and negative: donors with a lower share of detailed aid activities reported to the OECD are also less likely to provide multi-bi aid simply because these donors also report less about their earmarked aid. In column 6, we find evidence that the donor group of "traditional latecomers" that started their aid program after the 1970s provide significantly less multi-bi aid. There is no statistically statistical indication that being in the donor grouping of "least experienced donors" or the in a replenishment years affect the amounts of multi-bi aid (column 6).

In sum, random effect results provide support for seven of sixteen hypotheses. Moreover, we find that the signs of insignificant variables are mostly as hypothesized and run various robustness checks to check for the sensitivity of these estimates (see next section).

We now add donor-fixed effects to control for time-invariant unobserved characteristics of donor countries such as a general positive opinion in the population towards multilateral organizations or development aid.[23] However, this means that we cannot test the three hypotheses measured by time-invariant variables (i.e., EU membership (H4), number of aid ministries (H13), aid agency type (H14)).

Table A-9 shows results for fixed-effect regressions. Confirming random-effect results, we find strong support for the relationship between international engagement and multi-bi aid (H1). The negative association between a change in the aid minister and multi-bi aid persists, though significantly so only in Column 2 (H8). We obtain again large, negative and highly significant point estimates for the share of colonies among recipients (H10) with the other measure of the politicization of aid, the change in the R-square, is also negative but insignificant. There is evidence that improvements in the quality of aid is associated with more multi-bi aid (H15) while donors that have conducted multilateral aid assessments provide less earmarked aid (H16). We find that multi-bi aid is negatively related to increases in donors' absolute

[23] In principle, survey data could be used to control for public opinion about foreign aid or multilateral organizations but data is too sparse for imputation to be an option (for an overview of available survey data see Eichenauer and Hug 2014).

wealth, implying that as a donor becomes richer through growth – controlled for population – it tends to provide less multi-bi aid. Again, we find that multi-bi aid decreases as the total aid budget increases.

In sum, the fixed-effect results confirm five hypotheses whereof four were found to be significant already in the random effect regressions. Note however that two hypotheses previously found significant cannot be tested in the fixed effect framework because the variables are time-invariant (i.e., aid agency type, EU membership). The great similarity of the results between the tables suggests that our control variables are meaningful.

We tested the sensitivity of the random- and fixed-effect results by estimating alternative specifications. In particular, we added more control variables, including variables that characterize the economic situation of the donor country. None of these variables were statistically significant or changed the previous results. We also used the log odds of the share of multi-bi aid instead of the total amount as the dependent variable to test whether or not our results hinge on the open budget assumption. The findings were again very similar. Finally, we also tested the hypotheses on the non-imputed sample. Though the sample size dropped significantly in some models, the prior results on EU membership and independent aid agency (for random-effects), multilateral assessments, and international engagement persisted. For recent G8 hosts, we found a positive coefficient in random and fixed effect regressions. The random effect regression showed some evidence that more altruistic donors provide less multi-bi aid. These results show robust support for several hypotheses suggested in the literature and policy reports. Specifically, the evidence suggests that internationally engaged donors (H1) with an independent aid agency (H14) provide more and a higher share of multi-bi aid while EU members (H4) and donors with strong colonial ties in their bilateral aid (H10) provide less earmarked aid. Incoming aid ministers (H8) and donors having assessed multilateral organizations (H16) are associated with smaller multi-bi aid budgets. There is also evidence that an improvement in aid quality is positively related to multi-bi aid (H15), with quality being measured by an index composed of the respective shares of untied aid, aid to least developed countries, and to good governance countries. These results do not hinge on the imputed data or the assumption of an open budget.

Robustness test using Extreme Bounds Analysis

On top of the sensitivity checks described above, we employ Extreme Bounds Analysis (EBA) to test for the robustness of the relationships found in column 5 of Tables A-8 and A-9. An EBA implies estimating a large number of random combinations of explanatory variables. We use this method to preempt concerns about the sensitivity of the results presented in the previous section to alterations in the set of independent variables.

We show results of an EBA with random effects in Table A-10 and of an EBA with donor-fixed effects in Table A-11. The EBA is specified to conduct 10% of all possible variable combinations, resulting in 4,378 randomly drawn specifications for the random-effect EBA and in 2,176 combinations for the fixed-effects EBA.[24] We specify that EBA models can include up to five different candidate variables included at a time (doubtful variables). We always control for donor wealth, donor size, the change in public debt, total aid, the share of underreported aid and the time polynomials (so-called free variables). We add the dummy variables for agency types III and IV as free variables in the random-effect EBA. For both EBAs, we impose the restriction that the two proxies for political motivations (share of colonies and R-square) may never appear in the same regression.

Table A-10 shows the results for the EBA with random effects and provides details about the lower and the upper bound of the point estimates, the mean t-statistic, the share of estimates found be statistically significant at the five percent level, and the share of coefficients that lie above zero. Many variables are non-robust predictors because the coefficients switch signs between specifications or because they are insignificant in all or most cases. However, the significant predictors in the previous section turn out robust. Political globalization (H1), the share of multilateral aid (H1), the share of colonies among recipients (H10), and the share of underreported aid display the right signs and are statistically significant in all regressions with large mean t-statistics. There is also evidence that donor transparency (H9) and independent aid agencies (type IV, H14) are associated with larger multi-bi aid budgets. Mirroring previous results, we find consistent negative signs for a change in the aid minister variable (H8) and for multilateral assessment (H16) though the coefficients are only significant in some or even no regressions. The politics coefficient is also consistently negative though mostly insignificant (H10). The remaining results are ambiguous.

The results from an EBA with fixed effects are presented in Table A-11 and similar in many respects. International engagement (H1) measured by political globalization and the share of multilateral aid, the share of colonies among recipients (H10), donor multilateral assessment (H16), growth of donor wealth , and the share of underreported aid are always significant and have the expected signs. We thus find very robust support for three of the four hypotheses that we found statistically significant in the previous section. Moreover, negative signs and sometimes significant results can be observed when donor preferences are farther away from IDA's allocation (H3), political motives loom large (H10), or the population in the donor country or total aid increase. The aid minister coefficient (H8) is always negative but never significant, suggesting that the variable might only have an effect in a well-specified model.

[24] The number of random draws is higher for the random-effect EBA because the three time-invariant variables increase the number of possible combinations.

The Extreme Bound Analyses offer robust support for previous results. While some variables previously identified as relevant predictors were insignificant, the signs never switched. We conclude from these EBAs that four hypotheses have extremely robust support while three additional hypotheses have a consistent though not always significant association with the provided amounts of multi-bi aid.

5.4 Comparing the determinants of multi-bi aid, bilateral and multilateral aid across all 23 DAC donors

While some of the sixteen hypotheses are multi-bi specific, several others were derived from the general literature on (aid) budgets. Therefore, we seek to assess the common determinants of the three aid channels and to what extent multi-bi aid is determined by different factors than bilateral and multilateral aid. For studying this comparative question, the method of Seemingly Unrelated Regressions (SUR) is most adequate because it accounts for contemporaneous error correlation across equations. Table A-12 shows the results for a fixed-effect SUR model based on the imputed data for all 23 DAC donors. The dependent variables are (ln) bilateral aid, (ln) multilateral aid, and (ln) multi-bi aid in columns 1, 2 and 3 respectively. Note that we omit the share of multilateral aid previously included as second measure for the hypothesis about international engagement (H1) because of trivial correlation with a dependent variable (i.e., multilateral aid). Thus multi-bi aid (column 3 in Table A-12) does not exactly match previous fixed effect results (column 5 in Table A-9).

All three aid channels are positively and significantly related to the donor's international engagement (H1). However, multi-bi aid is different than both bilateral and multilateral aid in most aspects as indicated by switching signs between the first two and the last regressions and different significance level. Most strikingly, multilateral and bilateral aid budgets are significantly and positively related to the politicization of aid (H10, measured by the share of colonies in bilateral aid), while the coefficient is large, negative and highly significant for multi-bi aid. Multilateral and bilateral aid show a significant negative relationship with interest divergence in government (H7) while the coefficient for multi-bi aid is positive though insignificant. Moreover, vested interests in the aid bureaucracy (H12, measured by the number of recipient countries) increase multilateral and bilateral aid budgets to a small but significant effect.

Several variables are significantly associated with multi-bi aid only. Quality of aid (H15), donor commitment to multilateral policy (H16, measured by donor assessments) as well as changes in donor wealth and population are associated with multi-bi aid only. Finally, the control variable *share of underreported aid* shows a negative and significant association with the size of all three aid budgets. Note that the adjusted R-squared is highest for multi-bi aid (0.77), suggesting that our variables explain the variation in multi-bi aid quite well and better than other types of aid.

5.5 The specific determinants of French multi-bi aid

As a last step, we compare the determinants of multi-bi aid across the largest donor countries.[25] For this purpose, we run separate regressions for each donor country over the 23 years of observation (time-series regressions). The estimated coefficients in this application must be interpreted as the average marginal effect of a change in the variable of interest within a specific donor country. This implies that time-invariant characteristics cannot be included in the analysis. Note that we control for a time trend up to the third polynomial order.

This donor-specific approach creates the statistical problem that we have more potential predictors than observations (so-called "insufficient degrees of freedom problem"), which implies that we choose not to rely on the previously used statistical methods to estimate the donor-regressions. To resolve this problem, we employ a technique called "ridge regression" (Hastie, Buja, and Tibshirani 1995). While Ordinary Least Squares (OLS) – the most common estimation approach used in the previous sections – minimizes the mean squared error of the residuals to estimate the regression coefficients, ridge regression simultaneously minimizes the mean squared error and the standardized regression coefficients. Technically, this is achieved by penalizing too large coefficients (the penalty parameter is optimally chosen during the estimation using a cross-validation procedure). In this way, the optimization saves some degrees of freedom, which allows estimating a regression even when the number of potential predictors exceeds the number of available observations.[26] Ridge regression thus trade the unbiasedness of estimates against a reduced variance which often results in a lower (mean squared) error than OLS (Breheny 2013). Note that the slight bias toward zero of the coefficients makes us only less likely to find significant relationships and is thus statistically unproblematic. The adjusted R^2, calculated similarly as in OLS, shows that these regressions have explanatory power, despite the low number of observations.[27] However, the low number of observations calls for interpreting results reluctantly as small increases in the sample size can greatly affect results.

Three issues are important for the interpretation of these results. First, all coefficients are standardized between zero and one implying that larger coefficient values can directly be interpreted as larger effect sizes. Second, some coefficients are missing, which is due to lack of variation over time in the relevant indicator for a given donor (e.g., no German colonies). Third, note that the differences in coefficients across equations cannot be compared as we do not have a nested model.

Table A-13 shows ten regressions, which compare France with the Germany, the United Kingdom, the Netherlands, Sweden, Denmark, Belgium, the United States, Canada, and Japan. Given the wealth of results in the table, our discussion focuses

[25] Selection of these donor countries was coordinated with AFD.
[26] We use the R package *ridge* to estimate all results from ridge regressions.
[27] The R^2 is defined as the residual sum of squares plus the penalty-weighted absolute size of all coefficients divided by the total sum of squares (see also, Breheny 2013).

on the results for France and the differences with other donors and the results obtained for the average donor in previous sections.

International engagement (H1), as measured by the KOF index of political globalization, is positively associated with multi-bi aid for all donors including France but excluding the United States, which might be different because of her global role as hegemon. The coefficient is small and insignificant for France which can be explained by its high level of political globalization throughout the period of observation. For half of the donors, the relationship is significant as it robustly was for the average donor in previous sections. Hosting a G8 summit (H2) obviously is different from zero only for G8 members. For France, we find a positive but insignificant relationship with multi-bi aid. For other G8 members, the sign switches and, again, the United States are significantly different. France seems to complement multilateral aid using its multi-bi aid whenever its preferences diverge from the consensus allocation in the International Development Association (H3), while other donors do not seem to be motivated by this factor. Multi-bi aid seems to be motivated by peer effort for all donors including France though the coefficient is insignificant and smallest for the United Kingdom and the Netherlands, which are commonly considered as leading the multi-bi trend. In France and the Netherlands, left-wing governments significantly increased multi-bi aid while this effect is negative for Germany and no partisan effect is visible for other donor countries (H6). Preference diversity in governments generally has little impact on the multi-bi aid budget of donors, except in Denmark and Belgium (H7). Incoming French aid ministers have reduced multi-bi aid in average while there is no effect for any of the other donor countries (H8). For remaining hypotheses, we find no significant relationships or large coefficients for France. With regard to the control variables, we find that multi-bi aid is positively associated with growing donor wealth and population. Finally, the Pseudo R-square suggests that our specification explain the behavior of some donors quite well (United States and United Kingdom) but not others (Sweden, Canada, Germany). The explanatory power of our specification for France is moderate. We suggest using qualitative research to determine additional and country-specific motivations for the use of multi-bi aid which is beyond what quantitative data analysis can accomplish due to the statistical problems resulting from a small number of observations.

6. Conclusion

This paper studies the French use of multi-bi aid through document analysis and statistical comparisons with the aid allocation of other donor countries. The rise in earmarked aid over the last two decades challenges the funding and operation model of multilateral organizations and raises questions about its role in the aid architecture.

This study finds that France uses substantially less multi-bi aid than other donors. The sectoral allocation of French multi-bi aid is similar to its bilateral allocation while the geographical allocation of its multi-bi aid is relatively more focused on African countries and regional activities. Compared to other donor countries, French multi-bi aid is earmarked little in terms of sectors but strongly at the geographical level.

In contrast to other donors, the bulk of French multi-bi aid is allocated among nine global funds operating in the French priority areas of health, education and the environment, notably climate change. Beyond financial clout, France influences sectoral policies by holding (rotating) seats in a number of these governing bodies. A smaller share of French multi-bi aid is allocated to trust funds managed by international development organizations. Among World Bank-managed trust funds, France mainly supports well-established multi-donor funds and launched only a few single-donor trust funds. This is laudable as the proliferation of small initiatives increases overhead costs and fragmentation in the delivery of development assistance. Moreover, single-donor trust funds are often criticized for their “advocacy role” in the World Bank. The analysis finds evidence that some trust funds are supported by several French aid institution which suggests room for better coordination of the financing. More generally, France and other donor countries need to assess and strategize carefully the usefulness role of their multi-bi aid as an aid channel on top of multilateral and bilateral aid to avoid within-donor fragmentation.

Using various multivariate statistical methods, we attempt to explain the varying use of multi-bi aid by donor countries and examine the differences in determinants of bilateral, multilateral and multi-bi aid. Note that our careful analysis only allows claims about systematic relationships and not causal relationships. Through systematic testing of sixteen hypotheses, we establish three robust determinants and find evidence for an additional four factors that are related to the size of multi-bi aid budgets for the average donor. Most robustly, we find that internationally engaged donors provide more multi-bi, bilateral and multilateral aid (Hypothesis 1). The politicization of bilateral aid is negatively related with multi-bi aid because politically motivated aid is better provided bilaterally rather than delegated and channeled through a multilateral organization (Hypothesis 10). We further find robust evidence that donors with an active multilateral policy provide less multi-bi aid in average, possibly because they are more aware of the implications for multilateral organizations (Hypothesis 16). There is also evidence that European Union members provide less multi-bi aid in average, which could be due to the fact that they already provide substantial amounts through the European Commission (Hypothesis 4). Incoming aid ministers lead to a reduced use of multi-bi aid, which may result from the possibility to reduced or re-allocated multi-bi aid to support bilateral aid priorities of the minister more easily than other budget items (Hypothesis 8). Furthermore, multi-bi aid budgets are higher in more transparent donor countries (Hypothesis 9) with an independent aid agency (Hypothesis 14).

Multi-bi aid is found to be related to different explanatory factors than multilateral and bilateral aid budgets which are relatively similar. Most strikingly, multilateral and bilateral aid budgets are higher when aid is more politicized while multi-bi aid is reduced (Hypothesis 10). We also examine the explaining factors for multi-bi aid for France and nine other major donors of development assistance separately. The results in this part of the analysis must be interpreted particularly cautiously due to the small sample size. We find that a majority of major donor countries increases their multi-bi aid in response to multi-bi aid increases by their peers (Hypothesis 5). This effect is not observed for the Netherlands and the United Kingdom, which are leading providers of multi-bi aid. Multi-bi aid seems to be motivated by quite different factors in France than in other major donor countries. Increasing divergence in the donor's bilateral aid allocation and the allocation of the World Bank's concessional arm, the International Development Association (IDA), is associated with more multi-bi aid for France but not for other donors (Hypothesis 3). Moreover, left-wing governments provide more multi-bi aid while in average incoming aid ministers decrease the multi-bi budget (Hypothesis 6). While our statistical modelling of French motivations for multi-bi aid highlights some explanatory factors, we suggest using qualitative research to determine additional and France-specific motivations for the use of multi-bi aid. This is beyond what quantitative data analysis can accomplish due to the statistical problems resulting from the small number of observations.

Having commissioned this study on multi-bi aid, the French government and the French Development Agency have demonstrated that they are aware of the potential repercussions that the extensive use of earmarked funding by other donor countries might have for French influence and the success of the French strategy in multilateral organizations This study has established that the French government still uses multi-bi aid to a smaller extent that other donors though volumes have been increasing. If France decides to increase its earmarked aid, it should carefully assess the value-added for France of supporting these funds, in particular smaller and single-donor trust funds. Moreover, the study suggests policy space for improving inter-agency coordination which might be achieved through an encompassing trust fund engagement policy.

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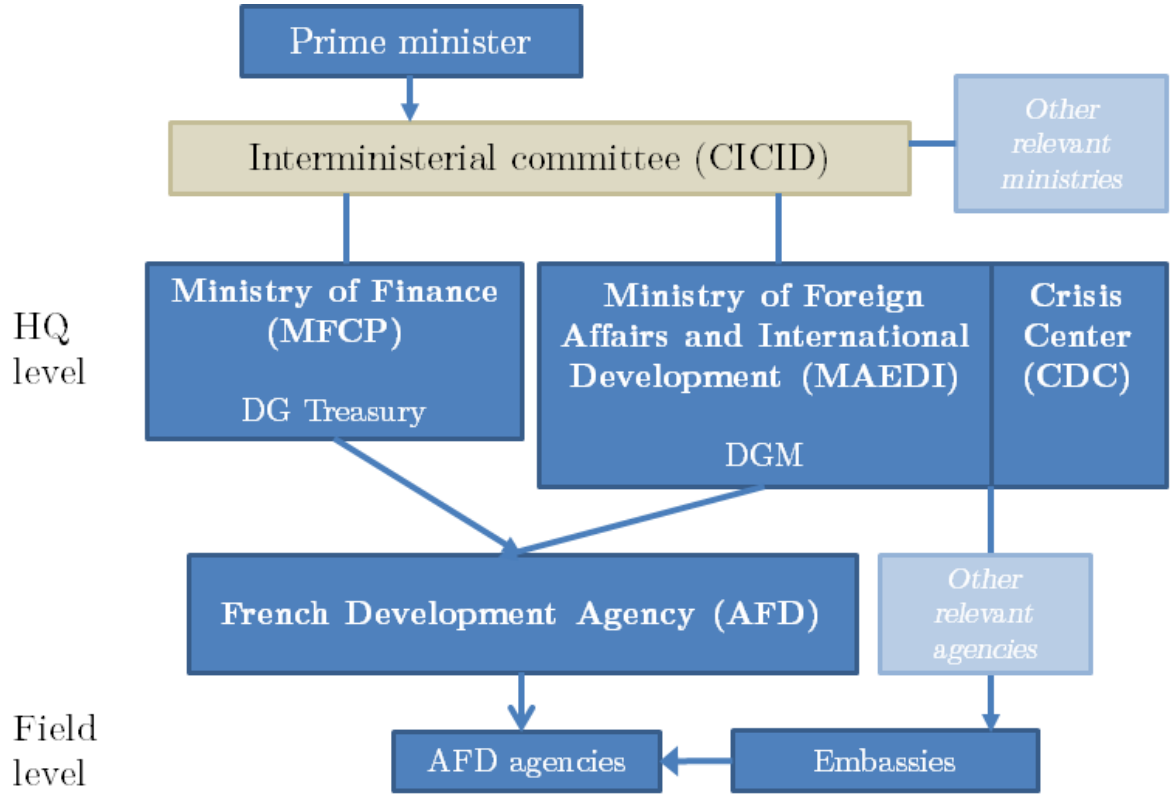
Appendix

Figure A-1: The French aid architecture



Other relevant ministries involved in APD:

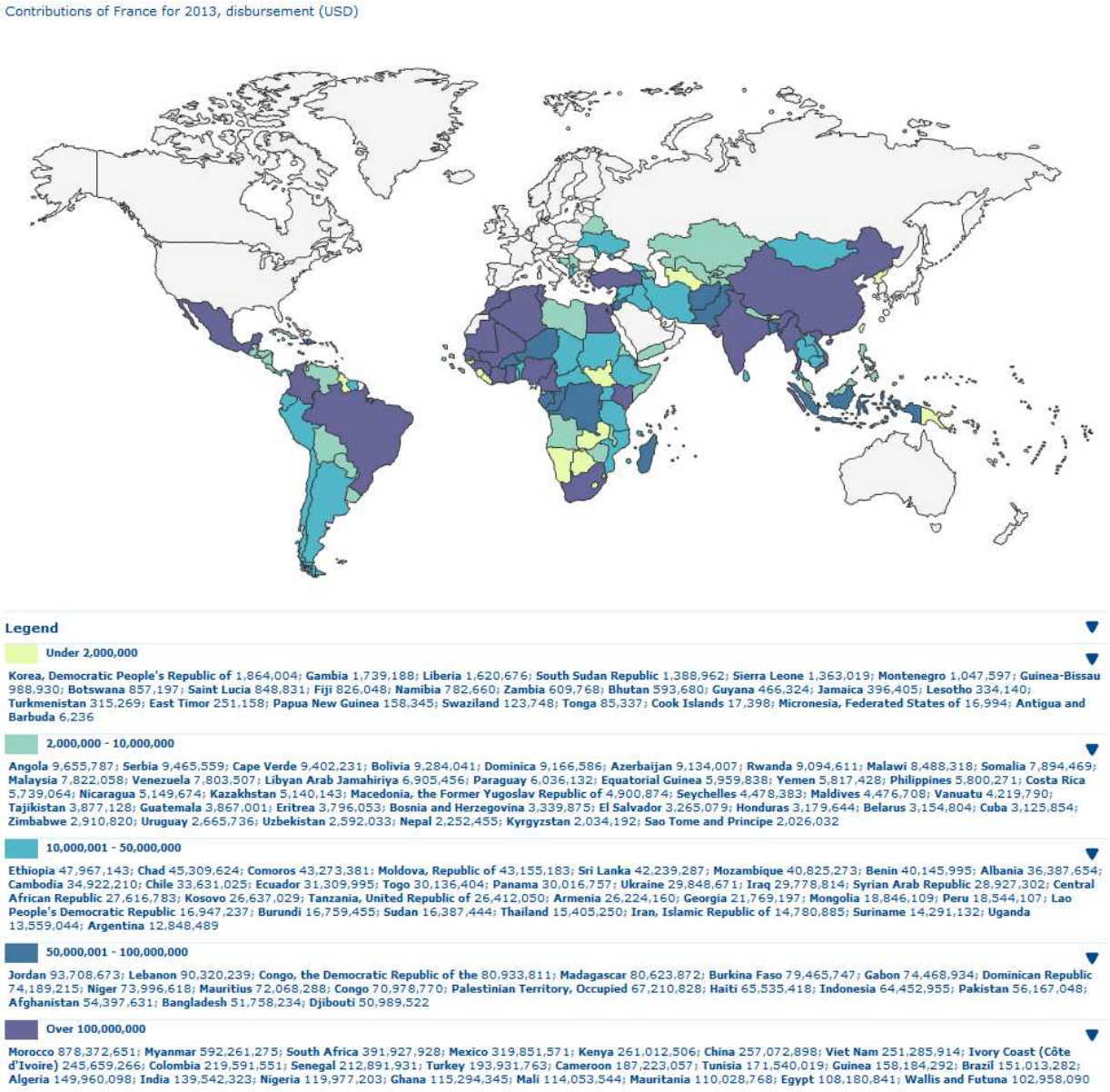
- Ministry of Agriculture and Fisheries
- Ministry of Ecology and Sustainable Development
- Ministry of Higher Education and Research
- Ministry of Immigration and National Identity

Other relevant bodies:

- Caisse des Dépôts et Consignations
- CDC Climat
- National Institute for Agronomic Research

Source: AidFlows.org; MAEID 2014

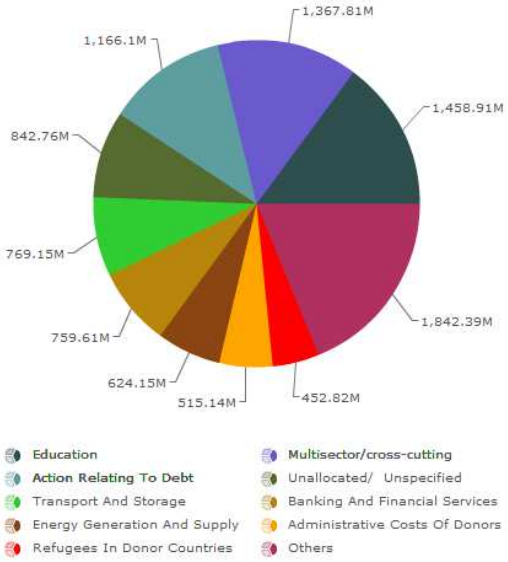
Figure A-2: Global map of French bilateral assistance, 2013



Source: EU Donor Atlas

Figure A-3: Sector map of French bilateral assistance, 2013

Contributions of France for 2013, disbursement (USD)



Contributions of France for 2013, disbursement (USD)

Rank	Name	Amount
		Over 100,000,000
1	Education	1,458,906,024.05
2	Multisector/cross-cutting	1,367,805,360.30
3	Action Relating To Debt	1,166,099,744.85
4	Unallocated/ Unspecified	842,757,519.61
5	Transport And Storage	769,146,580.33
6	Banking And Financial Services	759,610,633.30
7	Energy Generation And Supply	624,151,010.89
8	Administrative Costs Of Donors	515,142,831.79
9	Refugees In Donor Countries	452,817,466.81
10	Water Supply And Sanitation	354,162,570.92
11	Agriculture	333,773,078.88
12	Commodity Aid And General Programme Assistance	311,246,054.43
13	Health	208,872,104.20
14	Government And Civil Society	204,336,761.95
15	Other Social Infrastructure And Services	179,854,701.43
		50,000,001 - 100,000,000
16	Population Policies/programmes And Reproductive Health	74,048,199.89
17	Humanitarian Aid	60,465,517.18
		10,000,001 - 50,000,000
18	Industry	42,164,629.33
19	Tourism	16,535,604.78
20	Communications	14,886,536.45
21	Economic Infrastructure And Services	14,759,666.98
22	Fishing	12,978,311.06
		2,000,000 - 10,000,000
23	Business And Other Services	4,901,776.54
24	Construction	3,816,893.93
25	Forestry	3,506,795.31
26	Trade Policy And Regulations And Trade-related Adjustment	2,069,360.70
		Under 2,000,000
27	Mineral Resources And Mining	14,731.39
	Total	**9,798,830,467.27**

Source: EU Donor Atlas

Table A-4: French participation in pass-through multilaterals

Pass-through multilateral	Contribution period		Cumulative contributions (USD million)	Number of EU members	MFCP	MAEID	AFD
Global Fund to Fight Aids, Tuberculosis, and Malaria (GFATM)	2003	2015	4150.0	10	x	x	
UNITAID[28]	2006	2015	1140.3	5			
Global Environment Facility (GEF)[29]	1999	2014	1010.0	18	x		
International Finance Facility for Immunization (IFFIm)	2007	2015	541.0	6	x		x
Clean Technology Fund (CTF)[30]	2011	2011	266.0	5			x
Montreal Protocol Fund	1991	2014	236.0	7	x	x	x
GAVI Alliance	2011	2015	130.0	10	x		x
Education For All - Fast-track Initiative (EFA-FTI)	2008	2014	89.8	12		x	x
Heavily Indebted Poor Countries (HIPC)	2003	2010	59.1	(14)	x		
Consultative Group on International Agricultural Research (CGIAR)[31]	1999	2015	31.4	6	x	x	
MENA Transition Fund	2013	2014	13.2	4	x		
Africa Program for Onchocerciasis Control (APOC)	2002	2009	8.5	9	x	x	
Commercial Debt Reduction Facility (DRF)	1999	2004	6.6	5	x		
Adaptation Fund (UN-AF)	2014	2015	5.6	6		x	
Public-Private Infrastructure Advisory Facility (PPIAF)	2001	2012	4.5	6	x		x
Cities Alliance[32]	2002	2013	3.7	3		x	x
Green Climate Fund	2013	2015	1.6	12	x		
Global Coalition for Africa (GCA)	2005	2005	1.4	4		x	
Nagoya Program Implementation Fund (NPIF)[33]	2012	2012	1.2	0	x		

Notes: Last three columns show whether or not the relevant actor has made a financial contribution to the fund.
Sources: AidFlows.org; fund websites; climatefundsupdate.org; multi-bi aid dataset; MAEDI 2014

[28] Information on holding agencies not available
[29] held in a separate account termed “Ministry of the Economy”
[30] also supported by the Ministry of Agriculture and Fisheries
[31] also supported by the Ministry of Agriculture and Fisheries and the National Institute for Agronomic Research
[32] Other French ministries also hold accounts
[33] held in a separate account termed “Ministry of the Economy“

Table A-5: French contributions to World Bank trust funds

	Fund name	Contribution period		Cumulative contributions (USD million)	MFCP	MAEDI	AFD
MNA-FS	MNA VPU FREE-STANDING TRUST FUND PROGRAM	2008	2015	45.40	x		x
CTF	CONSULTANT TRUST FUND	2002	2005	36.00	x	x	
HRTF	HAITI RECONSTRUCTION FUND	2011	2012	32.30			x
ARTF	AFGHANISTAN RECONSTRUCTION TRUST FUND	2009	2014	27.10	x		
HOLDTF	HOLDING TRUST FUNDS	2010	2015	22.60	x		
FCPFR	FOREST CARBON PARTNERSHIP FACILITY[34]	2009	2015	20.30			x
ISF	INTEREST SUBSIDY FUND (ISF)	1999	1999	20.10	x		
IFC	IFC TA TRUST FUNDS	1999	2015	17.40	x	x	x
GEFCC	GEF - CLIMATE CONTROL	2004	2010	14.60	x		
WBGTF	WEST BANK & GAZA-NON-IBRD FUNDED	2005	2007	11.00	x		
AEITF	AFRICA EXTRACTIVE INDUSTRIES TRUST FUND	2014	2014	10.00	x		
BIOCFT	BIOCARBON TECHNICAL ASSISTANCE TRUST FUND	2005	2010	9.00			x
LSCTF	LEBANON SYRIAN CRISIS TRUST FUND	2015	2015	8.83	x	x	x
CGAP	CONSULTATIVE GROUP TO ASSIST THE POOREST	2003	2015	8.72	x	x	x
WBI	WORLD BANK INSTITUTE (FORMERLY EDI)[35]	1999	2011	8.10	x	x	
FS-SP	FREE STANDING - SINGLE PURPOSE TF[36]	2008	2009	7.74			x
DFSP	DONOR FUNDED STAFFING PROGRAM	2006	2015	6.91		x	
MCMI	MARSEILLE CENTER FOR MEDITERRANEAN INTEGRATION[37]	2011	2015	6.52	x	x	x
NBI	NILE BASIN INITIATIVE TRUST FUND	2006	2010	5.90			x
FTIE	EFA FTI EDUCATION PROGRAM DEVELOPMENT FUND	2007	2008	5.85			x
ESMAP	ENERGY SECTOR MANAGEMEN ASSISTANCE PROGRAM	2000	2012	4.89		x	x

[34] also CDC Climat
[35] also Ministry of Agriculture
[36] also Ministry of Immigration
[37] Caisse des Dépôts et Consignations

DS	GENERAL DEBT SERVICE TRUST FUND	2005	2013	4.59		x		
PWUD	PARTNERSHIP FOR WATER & URBAN DEVELOPMENT	2015	2015	4.39				x
MISC	MISCELLANEOUS TF	1999	2006	3.65		x		
AFRSD	AFR SUSTAINABLE DEVELOPMENT[38]	1999	2010	3.60			x	x
CTFBK	INTEGRATED CONSULTANT TRUST FUND	2003	2006	2.70		x	x	
SSATP	AFRICA TRANSPORT POLICY PROGRAM	2005	2013	2.31		x	x	x
MDRP	MULTI COUNTRY DEMOBILIZATION AND REINTEG	2003	2003	2.08			x	
WSP	WATER AND SANITATION PROGRAM(WSP)	2006	2010	2.07				x
FTI-S	FTI SECRETARIAT	2005	2011	1.95			x	x
EITI	EXTRACTIVE INDUSTRIES TRANSPARENCY INITI	2007	2014	1.81		x	x	
REIMB	REIMBURSABLE ARRANGEMENTS	2005	2005	1.66		x		
GFDRR	GLOBAL FACILITY FOR DISASTER REDUCTION	2009	2013	1.63			x	
FS-CFP	FREE-STANDING TFS FOR CFP	2010	2010	1.43		x		
GGFR	GLOBAL GAS FLARING REDUCTION	2007	2013	1.35		x		
FIAS	IFC-FOREIGN INVESTMENT ADVISORY SERVICE	2007	2007	1.33		x		
CAADP	CAADP PROCESSES	2010	2011	1.33			x	
ASEM	ASIAN EMERGENCY TRUST FUND (ASEM)	2004	2007	1.31		x		
WAVES	WEALTH ACCOUNTING & EVALUATION ECOSYSTEM	2013	2013	1.05				x
CFASST	CARBON FINANCE ASSIST[39]	2006	2007	0.93				x
PEFA	PUBLIC EXPENDITURE AND FINANCIAL ACCOUNT	2004	2014	0.83			x	
PROFSH	PROGRAM ON FISHERIES	2006	2013	0.80				x
KCP	KNOWLEDGE FOR CHANGE PROGRAM	2006	2008	0.79			x	
INFOD	INFODEV	2005	2005	0.78			x	
MFCD	MDTF UMBRELLA FACILITY FOR CAPACITY DEVT	2013	2013	0.67			x	
TFSCB	STATISTICAL CAPACITY BUILDING PROGRAM	2002	2006	0.63			x	
FS-SDN	FREE-STANDING TFS FOR SDN	2008	2009	0.48			x	
FEDC	FRENCH EDUCATION MANAGEMENT TRUST FUND	2007	2008	0.47				x
ALIVE	AFRICAN LIVESTOCK PARTNERSHIP(ALIVE)	2006	2009	0.41			x	

[38] also Ministry of Agriculture
[39] also Ministry of Ecology and Sustainable Development

MDDMAD	MDTF DEVELOPMENT MARKETPLACE[40]	2008	2009	0.28	Ministry of Immigration		
STAR	STOLEN ASSET RECOVERY INITIATIVE	2010	2012	0.27			
DFSG	DIAGNOSTIC FACILITY ON SHARED GROWTH	2007	2007	0.21			x
IAASTD	INTL ASST OF AGRI SCIENCE & TECH FOR DEV	2005	2006	0.21		x	
AFRCC	AFRICA CLIMATE CHANGE PROGRAM	2013	2013	0.13			x
TDRP	TRANSITIONAL DEMOBILIZATION & REINTEGRAT	2011	2015	0.13		x	
ADPTSE	ADAPT-SEC	2009	2009	0.12	x		
SDA	SOCIAL DIMENSIONS OF ADJUSTMENT	2005	2005	0.12	x		
PNOWB	PARLIAMENT NETWORK ON THE WORLD BANK	2009	2009	0.11	x		
SPTF	SINGLE PURPOSE TRUST FUNDS	2005	2011	0.11	x	x	
EOSIC	EVALUATION OFFICE SPECIAL INITIATIVES	2008	2008	0.03			x
GEFCO	GEF COFINANCING TRUST FUNDS	1999	1999	0.01	x		

Source: AidFlows.org

[40] Ministry of Immigration

Table A-6: Hypotheses and corresponding measures

A: International politics	
H1. Multi-bi aid correlates positively with a donor's international engagement.	KOF index: political globalization; Share of multilateral aid
H2. Multi-bi aid is positively related to having recently hosted a G8 summit.	G8 host indicator
H3. Donors provide more multi-bi aid if their preferences are not well aligned with multilateral aid.	Distance to IDA allocation
H4. EU membership negatively relates with multi-bi aid. (RE)	EU member
H5. A donor's multi-bi aid effort has a positive relationship with the multi-bi effort of donor peers.	Log(Peer effort)
B: Domestic politics	
H6. Multi-bi aid budgets are higher for left-wing governments.	Political ideology of government
H7. The size of the multi-bi aid budget is positively related to interest divergence in government.	Preference diversity in government
H8. An incoming development minister is associated with a reduction in multi-bi aid in the first year in office.	Aid minister change
H9. Multi-bi aid is positively related to donor transparency.	Absence of perceived corruption
C: Donor preferences	
H10. Multi-bi aid is negatively associated with the importance of political motives in bilateral aid provision.	Share of colonies among bilateral aid recipients; Politics coefficient (partial R2)
H11. Altruism in bilateral aid relates positively to multi-bi aid.	Need coefficient (partial R2)

D: Characteristics of aid agencies	
H12. Vested interests in the aid bureaucracy relate negatively to multi-bi aid.	Number of bilateral aid recipients; Share of administrative costs in bilateral aid
H13. Multi-bi aid relates negatively to the number of ministries involved in aid giving.(RE)	Number of ministries involved in aid giving
H14. Independent aid agencies are associated with higher multi-bi aid budgets.(RE)	OECD/DAC: agency type
H15. The 'quality' of a donor's aid relates positively to multi-bi effort.	QualityODA index
H16. Donors with an active multilateral aid policy provide less multi-bi aid.	Donor assessment of multilateral agencies; Chair in DAC working group
Control variables	
Donor size	Donor population
Donor wealth	Donor GNI
Economic downturn	Change in public debt
Total aid	Total aid
Underreporting	Share of missing information in CRS data
Robustness checks	
Older donors provide more multi-bi aid. (RE)	Ordinal variable with three categories
Replenishments of IDA, AfDB, AsDB, EDF, Global Fund, GEF	For each IO: indicator variables for replenishment year
Economic downturn	Public debt, fiscal deficit, unemployment, inflation

Notes: (RE) hypotheses can be tested only in random-effects regressions.

Table A-7: Variables

Dependent variable

Log(Multi-bi aid)	Logarithm of multi-bi aid (2011 constant USD). Multi-bi aid flows devoted to humanitarian aid and debt relief are excluded.

Key predictors

KOF index: political globalization	KOF index, dimension covering political globalization (Dreher 2006)
Multilateralism in foreign aid	Share of multilateral aid as of total aid in % (Eichenauer and Reinsberg 2015, adapted from OECD/DAC Table 1)
EU member	Binary indicator variable for whether donor country is an EU member state, own coding
Log(Peer effort)	Logarithm of aggregated multi-bi aid (i.e., Log(Multi-bi aid)) by all other DAC donors
Partisan position	Average left-right partisan position of the government, using vote shares of the constituent parties as weights for coalition government, own calculation based on ParlGov data (Manow and Döring 2012)
Preference diversity in government	Maximum ideological distance among cabinet parties, using left-right positions of individual parties
Aid minister change	Binary indicator variable for whether aid minister changed in the previous year (Fuchs and Richert 2015)
Country hosted G8 summit	Binary indicator variable for whether country hosted a G8 summit in the previous year (Reinsberg, Michaelowa, and Knack 2015)
Perceived corruption control	Transparency International, perceived control of corruption (data from QoG 2015, imputed using Amelia II)
Need coefficient (partial R2)	Partial R-squared from auxiliary aid allocation regressions of the bilateral aid of each donor and each year, using two sets of predictors, donor self-interest variables, and need variables. The partial R-squared measures the relative improvement in the adjusted R-squared when shifting from a model without the need variables to the model with them. Need variables include World Bank development indicators “Number of telephone lines per 1,000 inhabitants”, “Life expectancy at birth”, and “GDP per capita” (QoG 2015), chosen based on data availability. Political variables include “Exports as of GDP”, “Imports as of GDP” (QoG 2015), whether the country had ever been colonized (own coding), and the “ideal point distance in UNGA voting” (original data from Voeten, Strezhnev, and Bailey (2009), imputed using Amelia II). The baseline model (without need or politics variables) includes population and its square.

Politics coefficient (partial R2)	Partial R-squared from auxiliary aid allocation regressions of the bilateral aid of each donor and each year, using two sets of predictors, donor self-interest variables, and need variables. The partial R-squared measures the relative improvement in the adjusted R-squared when shifting from a model without the politics variables to the model with them (see “need coefficient” above for further explanations).
Share of colonies among recipients	Lagged share of recipient countries that were former colonies, own coding
QualityODA index	Standardized index of aid quality, which summarizes the share of aid a donor gives to well-governed countries, the share of aid a donor gives to least developed countries, and the share of untied aid (raw data obtained from Fuchs and Richert 2015), lagged by one period.
Administrative costs	Administrative costs as of pure bilateral aid in % (OECD 2015)
Number of recipient countries	Number of bilateral aid recipient countries of a donor in the previous year
Number of aid agencies	Number of agencies from one donor country reporting to the Creditor Reporting System (OECD 2015)
Donor assessement of multilateral agencies	Binary indicator variable, turning 1 when a donor conducted an assessment of multilateral aid agencies (donor-specific, not MOPAN) and remaining 1 in the years following the assessment. Original coding based on OECD 2008, 2010, 2012.
Chair in DAC working group	Binary indicator variable for whether a donor held a chair in an OECD/DAC working group in the previous year (Reinsberg, Michaelowa, and Knack 2015)
Control variables	
Log(Population)	Logarithm of donor population (QoG 2015)
Log(GNI)	Logarithm of Gross National Income (QoG 2015)
Change in public debt	Percentage point change in public debt as of GDP (QoG 2015)
Log(Total aid)	Logarithm of total Official Development Assistance of a donor (OECD 2015)
Log(Bilateral aid)	Logarithm of (pure) bilateral aid (OECD 2015)
Log(Multilateral aid)	Logarithm of multilateral aid (OECD 2015). These flows exclude the pro-rata (multilateral) contributions to the four pass-through multilaterals (i.e., GAVI, GEF, GFATM, EU) that ultimately become earmarked aid (see Eichenauer and Reinsberg 2014)
Economic growth rate	Economic growth in the donor country in % (QoG 2015)
Inflation rate	Inflation rate in the donor country in % (QoG 2015)
Unemployment rate	Unemployment rate in % (QoG 2015)
Deficit as of GDP	Fiscal deficit as of GDP in % (QoG 2015)
Current account balance	Current account balance (2012 constant million USD) (QoG 2015)

Year	Year of observation
Replenishment of IDA	Binary indicator of IDA replenishment over the last year (own coding)
Replenishment year of AfDF	Binary indicator of AfDF replenishment over the last year (own coding)
Replenishment year of AsDF	Binary indicator of AsDF replenishment over the last year (own coding)
Replenishment of GEF	Binary indicator of GEF replenishment over the last year (own coding)
Donor age	Ordinal variable capturing donor age, distinguishing three groups: “Traditional donors” (bilateral aid program before the 1970s), “traditional latecomers” (bilateral aid program before 1990s), “latecomers” (bilateral aid program after 1990) – as reported in DAC1 tables (OECD 2015)
Aid agency type	Organizational model of foreign aid provision. Four organizational models are distinguished (OECD/DAC 2009). Model 1: Development co-operation is an integral part of the ministry of foreign affairs which is responsible for policy and implementation. Model 2: A Development Co-operation Directorate has the lead role within the ministry of foreign affairs and is responsible for policy and implementation. Model 3: A ministry has overall responsibility for policy and a separate executing agency is responsible for implementation. Model 4: A ministry or agency, which is not the ministry of foreign affairs, is responsible for both policy and implementation.
Share of underreported aid	Share of underreported bilateral aid in the Creditor Reporting System (indicating the amount of potential underreporting in multi-bi aid) (OECD/DAC 2013, 2014). We assume that aggregate amounts of bilateral aid, which exceed the amounts aggregated manually from CRS data, are correctly reported in the DAC1 table. We also assume that reporting gaps are the same for pure bilateral aid and multi-bi aid. Hence, we can interpret the relative gap in the bilateral aid flows reported in both sources as the degree of underreporting in multi-bi aid.

Descriptive statistics of the key variables

	N	Mean	Sd	Min	Max
Dependent variable					
Log(Multi-bi aid)	529	13.45	7.80	0.00	21.87
Key predictors					
KOF index: political globalization	529	88.32	9.93	45.34	98.43
Multilateralism in foreign aid	529	33.03	13.70	2.38	84.99
Country hosted G8 summit	529	0.04	0.19	0.00	1.00
Preference distance to IDA activities	529	7.96	9.25	0.72	60.47
EU member	529	0.65	0.48	0.00	1.00
Log(Peer effort)	529	21.07	1.30	17.21	23.16
Partisan position	529	5.51	1.46	2.15	8.66
Preference diversity in government	529	1.53	1.60	0.00	5.63
Aid minister change	529	0.32	0.47	0.00	1.00
Perceived corruption control	529	7.70	1.57	2.99	10.00
Share of colonies among recipients	529	0.05	0.13	0.00	1.00
Politics coefficient (partial R2 approach)	529	0.85	1.54	0.00	10.00
Need coefficient (partial R2 approach)	529	0.60	0.83	-0.75	10.00
Number of recipient countries	529	93.19	38.35	0.00	155.00
Administrative costs	529	6.03	3.26	0.00	27.80
Number of aid agencies	529	10.22	6.79	3.00	31.00
Aid agency: type III	529	0.43	0.50	0.00	1.00
Aid agency: type IV	529	0.13	0.34	0.00	1.00
QualityODA index	529	0.06	1.59	-4.10	7.74
Donor assessment of multilateral agencies	529	0.05	0.21	0.00	1.00
Chair in DAC working group	529	0.18	0.44	0.00	3.00
Key controls					
Log(GNI)	529	13.29	1.36	10.06	16.55
Log(Population)	529	16.59	1.41	12.84	19.56
Change in public debt	529	1.23	5.34	-12.22	27.36
Share of underreported aid	529	0.28	0.31	0.00	1.00
Log(Total aid)	529	21.24	2.98	0.00	24.37
Other control variables					
Log(Multilateral aid)	529	20.03	2.82	0.00	22.65
Log(Bilateral aid)	529	20.81	2.95	0.00	24.17
Traditional latecomer	529	0.17	0.38	0.00	1.00
New donor	529	0.17	0.38	0.00	1.00
Replenishment of IDA	529	0.35	0.48	0.00	1.00
Replenishment of GEF	529	0.22	0.41	0.00	1.00
Replenishment year of AfDF	529	0.30	0.46	0.00	1.00
Replenishment year of AsDF	529	0.26	0.44	0.00	1.00
Economic growth rate	529	1.62	2.60	-8.97	10.33
Inflation rate	529	2.69	2.44	-4.48	20.40

Unemployment rate	529	6.92	3.44	1.16	21.67
Current account balance	529	-1986	25067	-200000	62438
Deficit as of GDP	529	2.51	3.58	-5.85	19.10

Missingness map

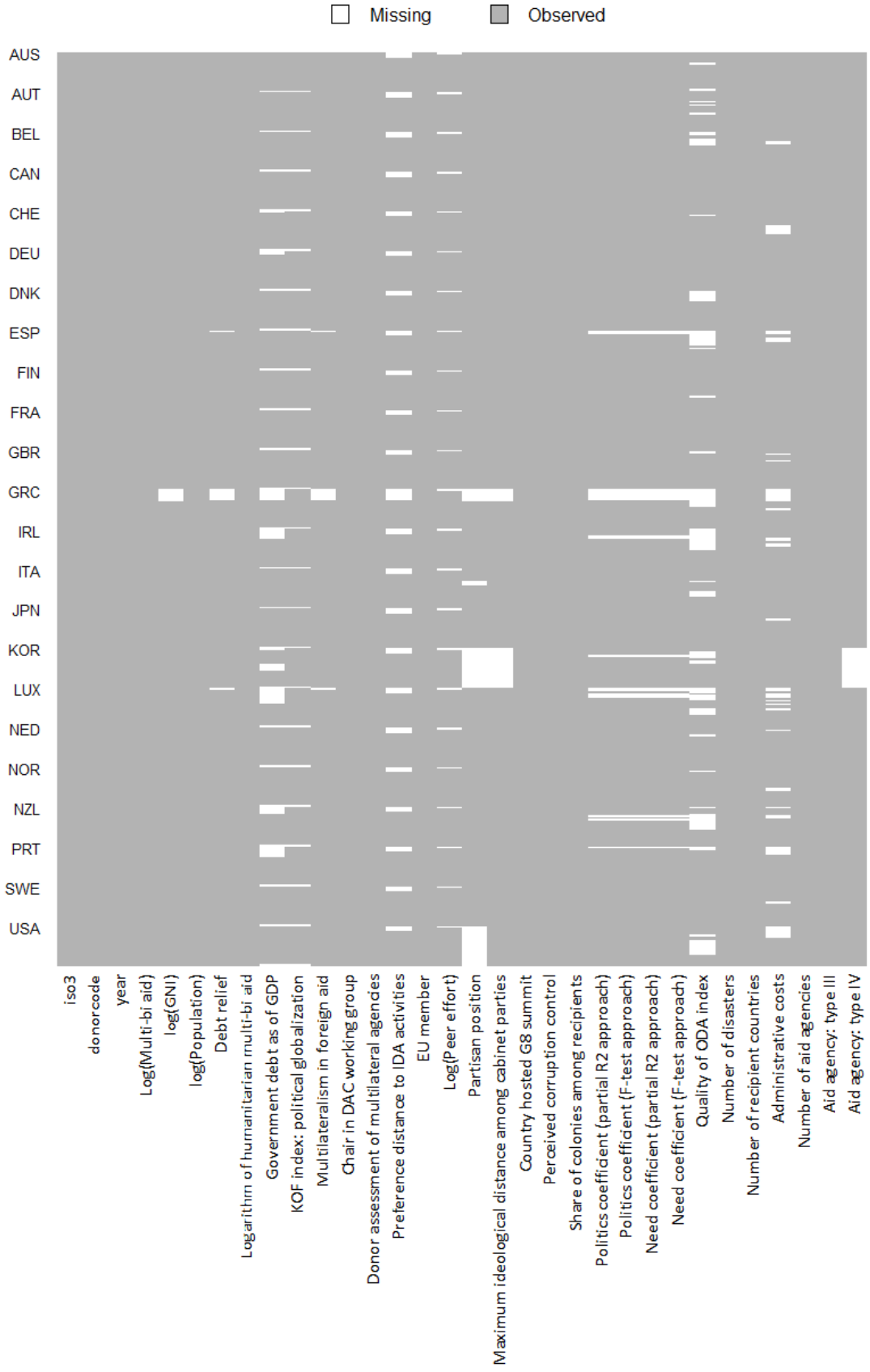


Table A-8: The determinants of multi-bi aid according to random-effects regressions on imputed data

		(1)	(2)	(3)	(4)	(5)	(6)
	International politics						
H1	KOF index: political globalization	0.165***				0.186***	0.166***
H1	Multilateralism in foreign aid	0.056**				0.048*	0.047**
H2	Country hosted G8 summit	0.929				0.699	0.851
H3	Preference distance to IDA activities	-0.043				-0.008	0.031
H4	EU member	-2.642***				-1.220	-0.741
H5	Log(Peer effort)	-0.808				-1.325	-1.255
	Domestic politics						
H6	Partisan position		0.000			-0.105	-0.108
H7	Preference diversity in government		0.067			-0.047	0.027
H8	Aid minister change		-0.618*			-0.708**	-0.661*
H9	Perceived corruption control		0.777*			0.672***	0.998***
	Donor preferences						
H10	Share of colonies among recipients			-7.344***		-5.808***	-6.967***
H10	Politics coefficient (partial R2 approach)			-0.214		-0.463**	-0.268
H11	Need coefficient (partial R2 approach)			0.056		-0.143	0.039
	Aid agency characteristics						
H12	Number of recipient countries				0.000	-0.009	-0.003
H12	Administrative costs				0.028	0.053	0.091
H13	Number of aid agencies				0.105	0.070	0.182
H14	Aid agency: type III				-1.995	-0.901	-2.706**
H14	Aid agency: type IV				4.149***	2.734***	2.606**
H15	QualityODA index				0.027	0.180	0.243

H16	Donor assessment of multilateral agencies				-1.983***	-1.030	-1.549
H16	Chair in DAC working group				-0.017	0.528	0.170
	Key controls						
	Log(GNI)	1.182	-0.089	-0.044	1.138	-0.203	-2.554
	Log(Population)	-1.538	0.230	-0.098	-1.616	-0.160	1.464
	Change in public debt	-0.002	0.015	0.003	0.001	-0.041	-0.031
	Log(Total aid)	-0.109**	-0.118**	-0.098*	-0.081	-0.056	-0.080
	Share of underreported aid	-13.118***	-13.571***	-13.792***	-13.427***	-12.611***	-12.761***
	Further controls						
	Traditional latecomer						-3.988**
	New donor						-0.199
	Replenishment of IDA						0.040
	Replenishment of GEF						0.553*
	Replenishment of AfDF						-0.015
	Replenishment of AsDF						-0.078
	Observations	529	529	529	529	529	529
	Donors	23	23	23	23	23	23
	Within-R2	0.66	0.65	0.66	0.65	0.66	0.67
	Between-R2	0.76	0.71	0.62	0.73	0.90	0.92

p-values: * .1 ** .05 *** .01

Table A-9: The determinants of multi-bi aid according to fixed-effects regressions on imputed data

		(1)	(2)	(3)	(4)	(5)	(6)
	International politics						
H1	KOF index: political globalization	0.129***				0.133***	0.134***
H1	Multilateralism in foreign aid	0.054**				0.057**	0.057**
H2	Country hosted G8 summit	0.789				0.784	0.78
H3	Preference distance to IDA activities	-0.104				-0.038	-0.039
H5	Log(Peer effort)	0.113				0.041	0.026
	Domestic politics						
H6	Partisan position		0.034			0.093	0.094
H7	Preference diversity in government		0.182			0.171	0.17
H8	Aid minister change		-0.558*			-0.504	-0.511
H9	Perceived corruption control		-0.172			-0.35	-0.347
	Donor preferences						
H10	Share of colonies among recipients			-8.327***		-7.928***	-7.893***
H10	Politics coefficient (partial R2 approach)			-0.259		-0.267	-0.268
H11	Need coefficient (partial R2 approach)			0.282		0.299	0.294
	Aid agency characteristics						
H12	Number of recipient countries				0.019	0.011	0.011
H12	Administrative costs				-0.037	-0.033	-0.032
H15	QualityODA index				0.193	0.437**	0.433**
H16	Donor assessment of multilateral agencies				-2.947**	-2.191*	-2.192*
H16	Chair in DAC working group				-0.413	-0.214	-0.213

Key controls						
Log(GNI)	-8.513***	-7.829***	-8.718***	-8.330***	-10.297***	-10.270***
Log(Population)	-11.294	-13.704	-13.632	-19.605	-19.264**	-19.268**
Change in public debt	0.017	0.028	0.019	0.025	0.009	0.011
Log(Total aid)	-0.152***	-0.116*	-0.117*	-0.189**	-0.134**	-0.136**
Share of underreported aid	-14.510***	-14.603***	-14.903***	-14.016***	-14.350***	-14.334***
Further controls						
Replenishment of IDA						-0.07
Replenishment of GEF						0.133
Replenishment of AfDF						0.038
Replenishment of AsDF						0.116
Observations	529	529	529	529	529	529
Donors	23	23	23	23	23	23
Within-R2	0.68	0.67	0.67	0.67	0.70	0.70
Between-R2	0.00	0.01	0.01	0.01	0.01	0.01

p-values: * .1 ** .05 *** .01

Table A-10: EBA analysis – random-effects estimation (see Table A-11 for notes)

		beta.lowest	beta.highest	pct.positive	beta.mean	beta.wmean	tstat.mean	pct.sgf95	type
H1	KOF index: political globalization	0.186	0.242	100.0%	0.210	0.210	5.883	100.0%	D
H1	Multilateralism in foreign aid	0.032	0.086	100.0%	0.066	0.067	3.216	99.9%	D
H2	Country hosted G8 summit	0.358	1.005	100.0%	0.752	0.766	0.777	0.0%	D
H3	Preference distance to IDA activities	-0.094	0.033	10.0%	-0.049	-0.064	-1.017	0.4%	D
H4	EU member	-2.492	1.274	32.3%	-0.405	-0.779	-0.358	0.8%	D
H5	Log(Peer effort)	-1.197	-0.269	0.0%	-0.666	-0.715	-0.870	0.0%	D
H6	Partisan position	-0.194	0.113	25.5%	-0.031	-0.041	-0.224	0.0%	D
H7	Preference diversity in government	-0.089	0.168	95.1%	0.095	0.115	0.534	0.0%	D
H8	Aid minister change	-0.729	-0.471	0.0%	-0.595	-0.598	-1.446	0.0%	D
H9	Perceived corruption control	0.327	1.126	100.0%	0.668	0.696	2.416	78.0%	D
H10	Share of colonies among recipients	-8.562	-5.668	0.0%	-7.168	-7.197	-3.139	100.0%	D
H10	Politics coefficient (partial R2 approach)	-0.443	-0.154	0.0%	-0.281	-0.289	-1.656	13.8%	D
H11	Need coefficient (partial R2 approach)	-0.014	0.311	99.8%	0.122	0.143	0.439	0.0%	D
H12	Number of recipient countries	-0.010	0.007	56.6%	0.000	0.000	0.024	0.0%	D
H12	Administrative costs	-0.085	0.092	66.3%	0.0070	0.006	0.109	0.0%	D
H13	Number of aid agencies	-0.014	0.190	99.5%	0.099	0.114	1.034	1.0%	D
H15	QualityODA index	-0.166	0.264	48.5%	0.001	0.018	0.008	0.0%	D
H16	Donor assessment of multilateral agencies	-2.285	-0.662	0.0%	-1.874	-1.898	-1.771	14.7%	D
H16	Chair in DAC working group	-0.355	0.575	34.5%	-0.041	-0.060	-0.082	0.0%	D
H14	Aid agency: type III	-2.532	0.303	0.4%	-1.308	-1.498	-1.410	16.2%	F
H14	Aid agency: type IV	2.221	5.351	100.0%	3.501	3.578	2.578	91.3%	F
	Log(GNI)	-1.333	3.278	92.3%	1.187	1.708	1.108	15.0%	F
	Log(Population)	-3.812	1.150	6.7%	-1.350	-1.954	-1.364	25.8%	F
	Change in public debt	-0.035	0.031	62.4%	0.003	0.004	0.068	0.0%	F
	Log(Total aid)	-0.201	0.019	0.3%	-0.093	-0.109	-1.090	4.0%	F
	Share of underreported aid	-14.487	-11.945	0.0%	-13.098	-13.113	-13.793	100.0%	F

Table A-11: EBA analysis – fixed-effects estimation

		beta.lowest	beta.highest	pct.positive	beta.mean	beta.wmean	tstat.mean	pct.sgf95	type
H1	KOF index: political globalization	0.116	0.170	100.0%	0.140	0.141	3.748	100.0%	D
H1	Multilateralism in foreign aid	0.045	0.071	100.0%	0.058	0.058	2.863	100.0%	D
H2	Country hosted G8 summit	0.562	0.998	100.0%	0.804	0.813	0.883	0.0%	D
H3	Preference distance to IDA activities	-0.139	-0.049	0.0%	-0.104	-0.108	-1.949	47.1%	D
H5	Log(Peer effort)	-0.062	0.534	99.7%	0.277	0.315	0.405	0.0%	D
H6	Partisan position	-0.031	0.155	89.2%	0.045	0.076	0.352	0.0%	D
H7	Preference diversity in government	0.113	0.222	100.0%	0.169	0.171	0.923	0.0%	D
H8	Aid minister change	-0.681	-0.411	0.0%	-0.562	-0.565	-1.485	0.0%	D
H9	Perceived corruption control	-0.594	0.105	4.3%	-0.246	-0.324	-0.626	0.0%	D
H10	Share of colonies among recipients	-9.781	-6.478	0.0%	-8.245	-8.288	-3.386	100.0%	D
H10	Politics coefficient (partial R2 approach)	-0.400	-0.191	0.0%	-0.288	-0.293	-1.777	21.3%	D
H11	Need coefficient (partial R2 approach)	0.219	0.511	100.0%	0.363	0.371	1.308	0.0%	D
H12	Number of recipient countries	0.008	0.022	100.0%	0.016	0.016	1.604	12.0%	D
H12	Administrative costs	-0.113	0.052	18.5%	-0.031	-0.048	-0.461	0.0%	D
H15	QualityODA index	0.086	0.441	100.0%	0.224	0.246	1.319	7.9%	D
H16	Donor assessment of multilateral agencies	-3.266	-2.137	0.0%	-2.749	-2.776	-2.558	100.0%	D
H16	Chair in DAC working group	-0.735	-0.179	0.0%	-0.473	-0.500	-0.976	0.0%	D
	Log(GNI)	-11.445	-5.881	0.0%	-8.591	-8.699	-3.561	100.0%	F
	Log(Population)	-21.984	-10.153	0.0%	-14.979	-15.348	-2.088	60.3%	F
	Change in public debt	-0.001	0.037	100.0%	0.021	0.023	0.589	0.0%	F
	Log(Total aid)	-0.218	-0.067	0.0%	-0.144	-0.15	-1.745	29.8%	F
	Share of underreported aid	-15.266	-13.732	0.0%	-14.509	-14.515	-16.119	100.0%	F

Notes: EBA analysis with 4,378 draws (Table A-10) and respectively 2,176 draws (Table A-11). Type indicates whether a variable is doubtful (D) or free (F). Free variables include the variables in the last four rows and third-order time polynomials. Column headers: beta.lowest (lowest coefficient among all draws), beta.highest (highest coefficient among all draws), beta.mean (mean coefficient across all draws), beta.wmean (mean coefficient weighted by t-statistic), tstat.mean (mean t-statistic across all draws), pct.sgf95 (percentage of significant coefficients), and pct.above.zero (percentage of coefficients above zero).

Table A-12: The determinants of multi-bi aid compared with other flows of aid according to fixed-effect SUR regressions

		Bilateral aid	Multilateral aid	Multi-bi aid
H1	KOF index: political globalization	0.041**	0.047**	0.136***
H1	Country hosted G8 summit	-0.049	-0.060	0.763
H3	Preference distance to IDA activities	-0.023	-0.022	-0.030
H5	Log(Peer effort)	-0.084	-0.058	0.089
H6	Partisan position	-0.056	-0.057	0.113
H7	Preference diversity in government	-0.248***	-0.240**	0.228
H8	Aid minister change	0.136	0.200	-0.481
H9	Perceived corruption control	0.284	0.229	-0.438
H10	Share of colonies among recipients	3.900***	3.396**	-9.031***
H10	Politics coefficient (partial R2 approach)	-0.006	0.030	-0.231
H11	Need coefficient (partial R2 approach)	-0.128	-0.142	0.309
H12	Number of recipient countries	0.030***	0.031***	0.006
H15	QualityODA index	-0.039	-0.086	0.406**
H16	Donor assessment of multilateral agencies	0.248	0.177	-2.302**
H16	Chair in DAC working group	-0.156	-0.127	-0.184
	Log(GNI)	-0.340	-0.673	-10.780***
	Log(Population)	-0.822	-1.619	-19.162***
	Change in public debt	0.014	0.010	0.002
	Share of underreported aid	-1.508***	-1.366***	-13.956***
	Adjusted R^2	0.57	0.52	0.77
	Observations	529	529	529

p-values: * .1 ** .05 *** .01

Table A-13: Comparison of determinants of multi-bi aid between France and nine major donors of development assistance

		FRA	DEU	GBR	NED	SWE	DNK	BEL	USA	CAN	JPN
H1	KOF index: political globalization	0.069	0.019	0.161***	0.177***	0.169*	0.205***	0.310***	-0.104	0.038	0.192
H2	Country hosted G8 summit	0.134	-0.057	0.053	.	.	.	.	-0.151*	0.064	0.063
H3	Preference distance to IDA activities	0.460***	-0.193	0.054	-0.037	0.134	-0.042	-0.128	0.018	0.087	-0.471***
H5	Log(Peer effort)	0.183***	0.176*	0.040	0.004	0.146**	0.115***	0.077	0.089***	0.148***	0.228***
H6	Partisan position	0.281**	-0.340**	-0.067	0.145*	-0.027	-0.034	0.027	0.005	0.118	0.079
H7	Preference diversity in government	0.037	-0.081	0.008	0.106	-0.013	-0.139***	0.259***	.	.	-0.289
H8	Aid minister change	-0.320*	0.136	0.051	-0.139	0.060	0.014	-0.052	-0.036	-0.033	0.020
H9	Perceived corruption control	-0.088	-0.132	-0.086	-0.127	0.146*	-0.111*	0.035	-0.051	-0.355***	0.353**
H10	Share of colonies among recipients	-0.046	.	-0.097*	-0.041	.	.	-0.034	0.001	.	.
H10	Politics coefficient (partial R2 approach)	-0.034	0.192	0.025	0.019	-0.228**	0.057	-0.013	0.040	0.165*	-0.126
H11	Need coefficient (partial R2 approach)	-0.117	0.060	0.089	0.046	0.044	-0.013	-0.047	0.091	0.142	0.125
H12	Number of recipient countries	0.042	-0.296**	0.024	-0.036	-0.013	0.070	0.025	0.075*	-0.040	0.099
H15	QualityODA index	-0.042	0.091	0.030	0.080	0.073	0.002	0.045	0.083	0.029	0.136
H16	Donor assessment of multilateral agencies	.	.	0.020	.	0.108	0.000	.	.	.	.
H16	Chair in DAC working group	0.034	0.248**	0.009	-0.021	0.018	-0.003	-0.105	0.122*	0.153	.
	Log(GNI)	0.250***	0.109	0.053*	0.075**	0.183***	0.041	0.095	0.080***	0.098**	0.122
	Log(Population)	0.177***	0.125	0.075***	0.079***	0.142**	0.027	0.049	0.067***	0.085**	-0.044
	Government debt as of GDP	0.033	0.185	0.004	-0.051	-0.270***	0.034	0.036	-0.035	-0.008	0.044
	Share of underreported aid	-0.183*	-0.261*	-0.076	-0.153**	-0.093	-0.005	-0.893***	-0.070	-0.196**	-0.238
	Pseudo-R2	0.23	0.11	0.44	0.41	0.07	0.56	0.23	0.66	0.10	0.36
	Observations	23	23	23	23	23	23	23	23	23	23

p-values: * .1 ** .05 *** .01