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

Vera Eichenauer (Heidelberg University) Bernhard Reinsberg (University of Zurich)

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Multi-bi aid dataset

- Contents
 - Based on donor-reported aid activity level (OECD/DAC Creditor Reporting System CRS)
 - Three components: 290 multilateral institutions, aid projects, donor-year aggregates
- Advantages of the multi-bi aid dataset
 - Extended coverage temporally
 - Consistency over time due to taking perspective of the MAI
 - Additional variables (i.e., earmarking depth)

Comparison of datasets (1990-2012)



Donor market shares in multi-bi aid over time



2002-2012 %

Donors' use of multi-bi aid (2006-12)



Sources: CRS++ / DAC1a (Data aggregated over the period from 2006 to 2012)

For each donor, multi-bi aid includes the multi-bi aid of new multilaterals and the European Union according to its funding share in these organizatios over the period.

The French use of multi-bi aid channels (2006-12)



Primary use of pass-through multilaterals

- About 75% of France's multi-bi aid is due to its membership in passthrough multilaterals (2002-2012)
- France uses global funds to support its development agenda
- Member of 31 global funds in education (e.g., GPE), health (e.g., GFATM), and climate change (e.g., CTF, GCF, ...)
- Several French agencies tend to contribute to global funds (mostly held in trust at the World Bank)

Multi-bi aid activities of French aid institutions



Empirical evidence from the multi-bi aid data

- Cross-country and regional allocation
- Sectoral allocation
- Use of multilateral organizations

Regional allocation in comparison



Comparison of bilateral and multi-bi recipients (2006-12)

Top 10 recipients of		Top 10 recipients of	
earmarked aid	Amount	bilateral aid	Amount
1 Morocco	4595.46	Cameroon	582
2 Côte d'Ivoire	3725.51	Ukraine	67
3 Nigeria	2443.63	Sub-Sahara Africa	64
4 Cameroon	2088.21	West Bank & Gaza	41
5 Egypt	2081.69	Madagascar	41
6 China	2030.04	Ghana	38
7 French Polynesia	1993.57	Mauritania	31
8 Iraq	1984.26	Mozambique	31
9 Tunisia	1952.02	Pakistan	29
10 Vietnam	1885.57	Haiti	27

Note: Amounts in constant 2011 USD million

Sector allocation in comparison



Use of multilaterals in comparison



Econometric analysis

- Explaining the variation in multi-bi aid budgets between and within donors
- We explore the determinants of multi-bi aid using random effects and donor-fixed effects regressions
- Additional analyses
 - Comparison of the determinants of bi-, multi-, and multi-bi aid
 - Comparison of France with other donors

16 Hypotheses

- Four sets of hypotheses
 - A: International politics
 - B: Domestic politics
 - C: Donor preferences
 - D: Aid agency characteristics
- Control variables
 - Donor size
 - Donor wealth
 - Economic downturn
 - Total aid
 - Aid underreporting

General findings (selection)

- Fixed-effect regressions (significant findings)
 - Political globalization of donors: + ✓
 - Colonial past: -- ✓
 - Aid quality index: + ✓
 - Multilateral assessment: ✓
- No consistent effect of domestic politics or economic variables in any specification
 - see also: Reinsberg, Michaelowa, and Eichenauer 2015

Specific findings on France (selection)

- Significant findings
 - Misalignment with IDA: + \checkmark
 - Peer effort: + ✓
 - Right-wing partisan position: + ✓
 - Aid minister change: -- ✓
 - Multilateral assessment: ✓

Seemingly unrelated regression estimation (Main findings)

- Allows to account for cross-equation correlation in error term and statistical tests for differences between equations
- Bilateral aid and multilateral aid driven by similar determinants
 - Determined by other factors than multi-bi aid except for donor's political globalization
- Goodness of fit is adequate in all models (for any aid type)

Further research

Further research

- Recent literature on the motives for multi-bi aid provision
 - Official motives (IEG 2011)
 - Emergency relief: natural disasters and epidemics
 - Post-conflict needs
 - Global Public Goods
 - Bypassing of recipient countries with weak governance (Dietrich 2013; Knack 2014; Acht et al. 2015; Dietrich 2016)
 - Recipient characteristics and donor characteristics tend to interact
 - Weak governance is often a reason to circumvent the state
 - More pronounced in market-oriented donor economies that outsource government services on their own
 - Role of public opinion
 - Multi-bi aid and end of budget year in donor countries (Eichenauer 2016)

25 20 Percentage of respondents 15 10 5 0 **United Kingdom** France Germany Other EU countries

1991 ≥ 1994 **1996** 2009 ■2010

Public opinion: "Bilateral agencies most useful"



Summary

- Using a new dataset on multi-bi aid, we find:
 - France contributes 1% in 2002-2012 of all earmarked aid
 - Major contributor to global funds: indirect earmarking
 - Several French agencies contribute to the same global funds
 - France uses multi-bi aid differently than other donor groups
 - 50% for SSA and 40% global activities
 - Almost no earmarked humanitarian aid
 - Top-20 recipients of French bilateral and multi-bi aid differ
- Regression results for multi-bi aid
 - Primarily linked to international politics and aid agency characteristics
 - Determined by different factors than bilateral and multilateral aid

Thank you for your attention!

Vera Eichenauer Heidelberg University Vera.Eichenauer@awi.uni-heidelberg.de Bernhard Reinsberg University of Zurich Bernhard.Reinsberg@uzh.ch



Institutional structure



Example 1: 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 is represented on the GPE council and involved in bilateral staff exchange

Example 2: Environment

- France is a contributor to the following global funds:
 - Global Environment Facility (GEF): 300 USD million in the 5th replenishment in 2009 (equivalent to 8.4% of the total replenishment)
 - Clean Technology Fund (CTF): USD 266 million since 2011
 - Montreal Protocol Fund (MPF): USD 236 million since inception in 1993
 - Green Climate Fund (GCF): USD 1.6 million



Top-20 recipients of French bilateral aid



Top-20 recipients of French multi-bi aid

Specific findings on France (selection)

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	10000000 100	100000000 10	15.9	5000000000 58	-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***
HG	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***	191 191	89000a. 81	-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	1996/1290	-0.097*	-0.041	1999-1999-1999 199	1991	-0.034	0.001	the state of the s	
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	24	11t	0.020	(*)	0.108	0.000	25	751	10000 F07	5
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	0.050***	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
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p-values: * .1 ** .05 *** .01

Literature

- Aid budgets
 - Fuchs, Dreher and Nunnenkamp (2014): Literature review and EBA of aid budget determinants
- Choice of aid channel
 - Schneider and Tobin (2011)
 - Milner and Tingley (2013)
 - Dietrich (2013); Knack (2014); Acht, Mahmoud, and Thiele (2015)
 - Eichenauer and Hug (2015)
 - Reinsberg, Michaelowa and Knack (2015)

Hypotheses A: International Politics

- H1. Multi-bi aid relates positively to a donor's international engagement.
 - KOF Index of Political Globalization
- H2. Multi-bi aid positively relates to having hosted a G8 summit.
- H3. Lack of alignment with multilateral aid predicts more multi-bi aid.
 - Distance of bilateral aid allocation to IDA allocation
- **H4.** EU membership is negatively related to multi-bi aid.
 - EU membership indicator (RE)
- **H5**. Peer effort has a positive effect on own effort.

Hypotheses B: Domestic politics

- **H6.** Multi-bi aid budgets are higher for left-wing governments.
 - Political ideology of government
- H7. Interest divergence in government is associated with more multi-bi aid.
 - Ideological distance of cabinet parties
- H8. An incoming development minister reduces multi-bi aid in his/her first year in office.
 - Indicator for aid minister change
- **H9.** Multi-bi aid is positively related to donor transparency.
 - Perceived absence of corruption

Hypotheses 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)

Hypotheses D: Characteristics of aid agencies

- H13. Multi-bi aid relates negatively to the number of ministries involved in aid giving (RE)
- H14. Independent aid agencies are associated with higher multi-bi aid budgets.(RE)
 - OECD's (2009) indicator, model 3 and 4
- **H15.** The 'quality' of a donor's aid relates positively to multi-bi effort
 - Fuchs & Richert (2015) suggest three components: aid to LICs, aid to good-governance recipients, untied aid
- H16. Donors with an active multilateral aid policy provide less multibi aid.
 - Binary indicator for having conducted a multilateral aid assessment

Estimations

In(multi-bi aid commitments)_{it} = $\alpha + \beta' A_{it} + \gamma' B_{it} + \lambda_t + \delta_i + \varepsilon_{it}$



- I. Random effect (RE) and fixed effect (FE) estimations
- II. Seemingly Unrelated Regression (SUR) analysis for bilateral, multilateral, and multi-bi aid
 - I. Random effects
 - II. Fixed Effects
- III. Extreme Bounds Analysis (EBA): RE & FE

Robustness checks

- Extreme Bounds Analysis (EBA)
- Share of multi-bi aid instead of absolute amounts
- Additional controls
 - Economic controls
 - Bilateral and multilateral aid budgets
 - Lagged dependent variable
- Using original data

Share of trust fund contributions and donor fiscal years



France



Multi-bi aid dataset



MULTI-BI AID DATA PLATFORM Bernhand Resulters (University of Zuruh) and Vera Echanacer (Heidelberg University) have complied a new dataset on multi-bi aid for the last 25 years. Multi-bi earmarked wikingary (untributions to multilateral agencies, i.e., contributions outside the core funding, generally using special trust funds. More information about this dataset can be accessed here. Multi-Bl Aid Data. Version 1.1 This is a project level stataset of inult-bill aid (semarked voluntary contributions or non-care multilaterial aid) to multilaterial organizations that spane all OECO/D/ the 1990-2012 period. It includes more than 100,000 multi-bit and actuaties that are hand-coded for their channel of implementation and earmarking depth. The c based on the Creditor Reporting System from the OECD/DAC. Two complementary datasets include aggregate multi-bi aid flows and a complete list of multilatural multilatural multi-bi aid over the last two decar official Citation: Eichenauer, Vera 2, and Bernhard Reinsberg (2015). What determines earmarked funding to international development organization from the new multi-bi aid dataset. University of Zurich, mimeo. Please send an email to Vera Eichenauer for the most recent version. Codebook: Eichenauer, Vera 2, and Bernhard Reinsberg (2014), Multi-bi aid: Tracking the evolution of earmarked funding to international developmy organizations from 1990 to 2012. Download here. Data: Soon available online. As of now, request from Gernhard Reimberg, ALC LOCATIONS DURING CIVIL WARS SOUTH OF THE SAHARA, VERSION 1.0.

INNOVATION -

MAPS

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BLOG

RESEARCH V

Community-Contributed I. X

Data for International Development

DATA V

COMMUNITY-CONTRIBUTED DATASETS

C aiddata.org/community-contributed-datasets

AidData BETA

ABOUT -

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Codebook (Eichenauer & Reinsberg 2014)

AidData.org