

CHOOSING AID: WHEN DO STATES BECOME DONORS?

РЕСМИ КӨМЕК КӨРСЕТУ САЯСАТЫ: ҚАНДАЙ ЖАҒДАЙДА МЕМЛЕКЕТТЕР
РЕСМИ КӨМЕК ДОНОРЛАРЫНА АЙНАЛАДЫ?

ПРЕДОСТАВЛЕНИЕ ОФИЦИАЛЬНОЙ ПОМОЩИ: КОГДА СТРАНЫ СТАНОВЯТСЯ
ДОНОРАМИ?

by

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Abstract

The objective of this thesis is to investigate the conditions under which states become foreign aid donors. While the number of aid donors has dramatically increased in recent years, we know little about when states choose to become donors. By extending two existing theories of foreign aid allocations, I argue that there are three key factors driving states to give aid: the level of individual income, the overall level of governmental resources, and the size of winning coalition. I test these hypotheses using a newly collected data on states' donorship. The statistical findings suggest that states are more likely to become foreign aid donors when the level of their citizens' income and their governmental resources increase, providing support for my hypotheses. Surprisingly, the findings also suggest that states with smaller winning coalitions are more likely to become aid donors. It is contrary to the expectations that democratic regimes are primary donors of foreign aid. This thesis contributes to the literature on foreign aid by examining a new question about aid initiations, offering a new dataset on aid donorship, and providing statistical evidence that calls for new theoretical explanations.

Index words: foreign aid, aid donorship, Official Development Assistance, emerging donors, aid-for-charity model, aid-for-policy deals model.

Acknowledgments

My interest in foreign aid started when I had a conversation with an Afghan student who was funded by our government to receive education in Kazakhstan. Then, I had long conversations about foreign aid with Professor Kobayashi, during which I found out that Kazakhstan has recently started making tremendous efforts to launch the Kazakhstan Agency for International Development (KazAID). These conversations got me curious about why some countries start giving aid and become aid donors. Certainly, my thesis does not provide full answer, but I believe that it provides some insights and help us predict which countries become new donors.

It was a new journey for me to write a thesis. It helped me to understand and examine what it is like to be a researcher. I am grateful to Professor Yoshiharu Kobayashi and Professor Barbara Junisbai for guiding and encouraging me throughout this process. Their supervision and help, comments and suggestions were very helpful to clarify my thinking, writing, and developing research skills. Many thanks to Professor Kobayashi for his academic enthusiasm that inspired me to learn and think critically.

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Chapter 1 Introduction

According to conventional wisdom, rich countries like the United States and European Union members should share and invest into the development of worse off nations. This is how we typically understand the drive behind foreign aid: Wealthy democracies are more likely to give aid than others. However, wealth may not be the most important driver of states' decisions to become active donors of foreign aid. For example, Singapore has a huge economy with the level of wealth exceeding those of most other countries. In 2015, Singapore ranked sixth globally with the per capita GDP of 53,224 USD according to the International Monetary Fund (IMF). If wealth is an indicator of the state's generosity and plays a key role in determining states' decisions to give aid, Singapore should be among the leading foreign aid donors. However, Singapore is not very active in giving official development assistance to developing nations. On the contrary, while China is relatively poor country with per capita GDP of 8,280 USD, it is a well-known donor of foreign aid. This leads to an interesting puzzle: What factors drive states' decisions to become active foreign aid donors?

In this thesis, I aim to provide answers to this puzzle by questioning: when and under what conditions do states initiate aid giving? Drawing on a prominent model of foreign aid allocations (Bueno de Mesquita and Smith 2007; 2009; Lumsdaine 1993; Noël and Thérien 1995), I argue that other than some obvious determinants such as states' per capita GDP, factors including overall budget capabilities and transitions to more democratic regimes play crucial roles in determining whether states choose to become foreign aid donors. Such capabilities allow prospective donor countries to use foreign aid policy in their arsenal of foreign policy instruments.

I empirically test my hypotheses using regression analyses. As far as the outcome of interest is the donorship, I have collected data on official foreign aid donors. I designate donor countries as only those with an official aid agency. The reason for doing so is as follows. First, aid agency is a key institutional body that implements aid policies and programs. Second, presence or the launch of aid agency imparts symbolic value meaning that the country is a donor or in transition from recipient to donor stance.

Using this new data set, I investigate the determinants of states' donorship. As expected, the results show that resource-rich countries and those countries that have high individual income are more likely to become donors of foreign aid. I also demonstrate that the results regarding the governmental resources and individual income are robust. Surprisingly, my findings also suggest that states with small winning coalitions (i.e. autocratic regimes) are more likely to give foreign aid than those with large winning coalitions (i.e. democratic regimes).

My thesis contributes to our understanding of foreign aid in several ways. First, this thesis proposes a novel question that has not been studied in the field of foreign aid. I demonstrate that investigating the question of when states choose to become aid donors provides one area in which we can examine the motivations behind aid giving. Second, the thesis extends the existing theories of foreign aid allocations to examine this new question. Third, and most importantly, this thesis introduces a novel measurement of aid donorship and provides a new data set to test my hypotheses about when states become aid donors. Finally, my empirical findings suggest that both humanitarianism and self-interests appear to motivate states to become aid donors, but also identify empirical patterns that require new explanations. Namely, the existing theories of foreign aid cannot account for my empirical finding that states with small winning coalitions seem more motivated to become aid donors. This suggests that future

research should investigate this relationship further and seek to provide theoretical answers to this surprising finding. Taken together, my thesis makes a significant contribution to the study of foreign aid.

The thesis proceeds as follows. In the second chapter, I describe the broad literature related to the study of foreign aid. The third chapter presents the theoretical framework of the research question and derives testable hypotheses. In the fourth chapter, I construct the research design and test main hypotheses. Finally, the fifth chapter discussed the results and implication for future study.

Chapter 2 Literature Review

A new facet of foreign policy that has gained prominence since World War II is international aid. In the last two decades, not only the amount of foreign aid but also the number of donor states have grown exponentially. As I will show below, much is written on how states allocate foreign aid among recipient countries. However, I will also show that we know little about when and why states start employing foreign aid as a foreign policy tool. To address this gap, I will extend existing theories on foreign aid allocations and seek to identify the conditions under which states choose to provide aid more generally.

The literature on foreign aid addresses two important research topics: 1) the effectiveness of foreign aid and 2) the allocation of foreign aid among recipients. To start with, I will discuss literature on the first research topic, and then proceed to the literature on aid allocations. The latter is more relevant to and important for the thesis because my theoretical arguments are built on the insights from this literature.

2.1. Aid effectiveness

Foreign aid scholars have long debated whether foreign aid is effective in promoting economic growth in recipient countries (Boone 1990). To this date, there is still no consensus on the aid and growth nexus. Instead of arguing whether aid is effective or not, the recent literature argues that aid can be effective under certain conditions. As such, the recent literature is primarily interested in identifying the conditions under which the impact of aid disbursements is effective in promoting economic growth and alleviating poverty in recipient countries.

Studies by Burnside and Dollar (2000), Dollar and Levin (2004), and Radelet (2004) are good examples of the argument that aid might be effectiveness under conditions. They make a

strong link between aid effectiveness and good policies in recipient countries and argue that aid is likely to expedite growth within the good governance and policies environment. Consistent with this argument, other studies also find countries with good human rights records (Jenkins and Scanlan 2001), and high level of democratization (Kosack 2003) tend to use aid more effectively. Clemens, Radelet and Bhavnani (2004) also argue that different types of aid have different effects on economic growth while on aggregate level it might not show clear growth-promoting effects.¹

These examples illustrate that the characteristics of recipient countries are key factors in determining aid effectiveness. In the same vein, Buffardi (2011) incorporates donor-side variables into empirical analysis of aid effectiveness. The author finds that insufficient level of aid transfers, high volatility of aid flows, predominantly self-serving nature of aid in form of tied aid, deficiency of policy coherence within donor countries and across them, accountability only to constituents of donor countries rather than to project beneficiaries make aid ineffective.

The literature also reveals that aid selectivity based on policy rewarding and poverty reduction goals are important in determining the effectiveness of aid. Roodman (2003) develops the aid selectivity index, which is essentially the combination of institutional and poverty selectivity. Institutional selectivity aims at targeting countries with sound institutional environment while poverty selectivity guides donors to favor the poorest countries since it aims at enhancing development there (Dollar and Levine 2005; McGillivray 2003).

Altogether, the literature on the aid effectiveness has successfully identified some conditions under which foreign aid is effective. These findings are supposed to inform policymakers to improve the quality of foreign aid and thus contribute to the economic

¹ They find that budget support and aid targeting infrastructure, agriculture and industry are highly effective in comparison to other types of aid because they are oriented at enhancing growth in short period of time.

development and poverty alleviation in recipient countries. However, one implicit assumption here is that donors allocate foreign aid to address poverty. In fact, some opponents of foreign aid like Easterly (2003) are skeptical about donors' motivations because despite decades of failure of aid in Africa and South Asia, there is no observable improvement in growth records. Below, I will discuss the literature on foreign aid allocations and motivations behind aid giving.

2.2. Aid allocations and motivations behind aid giving

One more fundamental research topic is determinants of foreign aid. This group of literature attempts to explain reasons behind those aid transfers by analyzing the distribution of foreign aid among recipients.

Aid scholars have identified two reasons for why donors provide foreign aid. Thus, they argue that aid allocations can be explained by (1) *strategic and political considerations* (Alesina and Dollar 2000; Balla and Reinhardt 2008; Bearce and Tirone 2010; Meernik, Krueger, and Poe 1998; McKinlay and Little 1977; Maizels and Nissanke 1984; Schraeder, Hook, and Taylor 1998); (2) *moral considerations* (Lumsdaine 1993; Lancaster 2007); and (3) *development motives* (Azam and Laffont 2003; Bermeo 2007; Dunning 2004; Neumayer 2003). Below, I will describe them in order.

2.2.1. Humanitarian motivations

Humanitarian concerns are considered one of the key drivers of short-term assistance in response to emergencies and long-term development assistance targeting poverty reduction and boosting economic growth in developing countries. One of the most important studies that frames foreign aid as a humanitarian foreign policy instrument is a study by Lumsdaine (1993). According to Lumsdaine (1993), states with democratic traditions and strong welfare

redistribution institutions are more likely to be concerned with poverty abroad and as a result more willing to provide foreign aid. This argument was echoed by Noël and Thérien (1995), who also argue that welfare state on the domestic level is replicated at the international level. Their argument is that principles institutionalized in social democratic welfare state influence publics to support foreign aid policy. Hence, public support for foreign aid is crucial in conditioning government's distributive behavior abroad. These theoretical arguments give a ground to content that individual attitudes to government efficiency and income positively correlates with foreign aid support (Chong and Gradstein 2008).

While the argument that humanitarian concerns and sympathy are important drivers of aid giving, there is a vast literature suggesting that foreign aid is all about national interests and is a measure to pursue foreign policy goals. According to Griffin and Enos, "... there are other reasons for which foreign aid is given, and by which donor countries judge its effectiveness. Individuals may be humane and disinterested, but nations are not. When people collect together to promote their own interests, they lose their sympathy for others" (1970, 314). Therefore, it is pertinent to consider selfish intents for aid giving.

2.2.2. Selfish motivations

It is widely recognized that political and economic interests drive the allocations of foreign aid. The most prominent theoretical work that provides explicit causal mechanisms of aid giving include that of Palmer, Wohlander and Morgan (2002) on the "two-good model" of foreign aid and Bueno de Mesquita & Smith (2007, 2009) on the "aid-for-policy deals model".

Palmer, Wohlander and Morgan (2002) were the first to apply a general theory of foreign policy to study foreign aid allocations. They attempt to explain aid donations in the context of foreign policy portfolio where foreign aid policy is one of the tools to seek change or maintain

status quo in the international system. Their findings suggest that powerful states (i.e. countries with considerable national capabilities) are more likely to give foreign aid rather than weaker states because their affluent financial capabilities allow them to “buy” influence from less capable states.

Bueno de Mesquita and Smith (2007; 2009) provide different theoretical explanations to aid giving. They theorize that “aid-for-policy-deals” are determined first and foremost by domestic politics and considerations, rather than some vague notions of states’ “national interests”. Aid policy initiation is thus dependent on key parameters like resources, size of winning coalition and issue salience. Foreign aid, when viewed as an interaction, is clearly a foreign policy instrument that seeks policy concessions. Therefore, foreign aid opens new opportunities and serves as an advantage for donors while recipients seek “easy money” to sustain their political survival.

As the previous paragraphs indicate, scholars argue that foreign aid is a useful instrument of statecraft and helps leaders achieve foreign and domestic policy goals. Aside from Bueno de Mesquita and Smith (2007; 2009) and Palmer et al. (2002), much empirical evidence supports these arguments. For example, some find that aid is given in search for reputation (Horiuchi and Goldsmith 2012), preferential trade agreements (Baccini and Urpelainen 2012), gaining access to natural resources (Dreher et al. 2015), production of transnational public goods (Ohtsuki 2015), alignment with UN voting (Kuziemko and Werker 2006). The decision to become a donor, therefore, may be a deeply political one.

While the extant literature suggests that foreign aid is indeed a valuable foreign policy instrument, prior research has not explicitly addressed the question of when states give aid. I argue that it is important to understand when states give aid in the light of the emergence of

new donors. Below, I will discuss the new literature on the emerging donors and point out that this literature also fails to explain why these new donors started giving aid.

2.3. “New” donors of foreign aid

New donors widely known as emerging or non-DAC donors refer to countries with re-emerging aid programs (Poland, Slovenia, Mexico, Turkey, etc.), providers of South-South Cooperation (BRICS), Arab donors, and very recent providers of aid (Azerbaijan, Kazakhstan).²

There is an increasing interest in analyzing aid allocation patterns of those non-traditional donors. Woods (2008), Dreher et al. (2011), Petrikova (2016) suggest that so-called emerging donors do not differ from the traditional donors like the United States and Japan. They find that these new donors also pay less attention to the “need” of developing countries. Case studies of China (Dreher and Fuchs 2011), Arab donors (Neumayer 2003; 2004), and India (Fuchs and Vadlamannati 2013) suggest that these emerging donors allocate more aid to their neighboring countries, to countries that share their religious identities, and to resource-rich recipients (e.g. Chinese aid to Africa). In most cases, the literature on emerging donors is limited in a sense that they only study the determinants of the aid allocation patterns of the emerging donors. Therefore, my contribution is to identify why they became donors in the first place.

Below, I will draw on the existing theories of foreign aid and explore factors that explain states’ decisions to start giving aid and thus the emergence of new donors.

² Donors that are not members of Development Assistance Committee (DAC) within Organization for Economic Co-operation and Development (OECD).

Chapter 3 Theoretical Framework

The objective of this thesis is to identify the conditions under which states become a donor. To do so, I draw on two different perspectives of aid giving. The first one is what I call “aid-for-charity” model in which humanitarian considerations influence states’ aid giving. The second is the “aid-for-policy deals” model in which states’ self-interests influence states’ use of foreign aid.

The theory section starts by briefly discussing Lumsdaine (1993), Noël and Thérien (1995), Bueno de Mesquita and Smith’s (2007; 2009) insights into motivations of aid giving. It then turns to assessing how these insights help identify key factors that precondition states’ donorship.

3.1. Aid-for-charity model

Historically, the strong support for foreign aid has been linked to donors’ humanitarian motivations. Moreover, foreign aid by its own definition – making goods available to developing countries on the concessional basis - is concerned with something beyond material interests of the state. Therefore, I first consider humanitarian concerns as a main motivation for donors’ aid giving. I rely on the established theory by Lumsdaine (1993), Noël and Thérien (1995).

Lumsdaine (1993) argues that the “state” identity plays a key role in understanding foreign aid giving. “State” identity is a composition of individuals’ identity and their support for poverty alleviation. It implies that maturity of civil society’s giving values plays a key role in forming foreign assistance. Additionally, in their recent paper, Lumsdaine and Schopf (2007) have expanded the humanitarian framework to explain the aid allocation patterns by the

emerging donors, specifically on the case of South Korea. They argue that the values of civil society in 1990s were decisive in employing aid for Korean government's political purposes like entering into the United Nations and enhancing economic relations with developing countries. Then, only starting from 1999s Lumsdaine and Schopf (2007) state that Korean aid is the result of humanitarian motivations due to increased citizens' participation and volunteering, extended activities of NGOs.

Noël and Thérien (1995) improve this humanitarian theory by introducing the role of welfare state. They argue that developed mechanisms of economic and welfare redistribution within countries positively influence their distributional behavior abroad. It follows that states with effective social spending policies are more likely to give foreign aid to other nations for the purpose of poverty alleviation. They show that the level of expenditures, government's partisan orientation, and institutional attributes of the state are indicative of aid giving. They further argue that Sweden and Netherland's active foreign aid efforts can be mainly explained by their considerably high social spending as a percentage of their gross national products.

Altogether, the humanitarian perspective by Lumsdaine (1993), Noël and Thérien (1995) argues that states' concerns for the poor influence states' aid giving behavior. I argue that public opinion is a decisive factor that determines states' concerns for the poor. Furthermore, I argue that public support and the sense of obligation to help the poor should positively correlate with their increased individual income. Then, we should expect that the higher the income level, the more support citizens give to aid giving and thus the more likely their government is to become an aid donor. This leads to the first hypothesis:

Hypothesis 1: As individual level income increases, the state is more likely to become an aid donor.

Before moving further, it is pertinent to mention rationale behind limiting operationalization of public support to only individual GDP and not adding other components. While one of the obvious measures of public support seems to be public opinion, it turns out problematic. The reason is that it is harder to measure public opinion in large-N study with different countries. Data is not consistently available. The literature also suggests left-wing parties (Tingley 2010), domestic social spending (Noël and Thérien 1995), bureaucracy (Arel-Bundock, Atkinson and Potter 2015; Lancaster 2008), ideology alike individual-level and society-level variables affect citizens to choose aid as an option they wish their leaders to pursue. However, excluding them is also connected to bad data issues.

If we assume that states give foreign aid only because of their humanitarian concerns, then we would expect that this should also explain aid-giving behavior by emerging donors such as China and Brazil. However, many emerging donors give aid but at the same time continue receiving aid from traditional donors. On the surface, this observation is inconsistent with the argument based on the “aid-for-charity” model. According to the rationale of the “aid-for-charity” model, emerging donors should be giving aid out of moral obligations to contribute to poverty alleviation. However, what is the essence of giving aid if you need it yourself?

I show here that this observation is not that consistent with the “aid-for-charity” model. In contrast to the traditional Western donors, the emerging donors seek to help other poorer states by giving aid in specific sectors in which they have expertise. Moreover, I argue that their shared “developing country” identity helps those emerging donors provide help more effectively. To see whether this logic works or not, I will consider aid giving by Brazil and China. I select these cases because China and Brazil implement the most comprehensive aid programs in comparison to other emerging donors. This allows my in-depth investigations of

their aid activities. Below, I assume that states' sector preferences in aid allocations reflect their developmental expertise. If there is a case of inconsistency between sector and expertise, then I expect that donor states pursue more than only humanitarian objectives. On the contrary, if emerging donors provide aid into sectors where they achieved developmental success and expertise, moreover, traditional donors recognized it; I infer that it justifies their humanitarianism.

According to Wolford and Nehring (2015), about 50% of Brazilian aid between 2003 and 2010 focus on agricultural, health, and education sectors. In the subsequent paragraphs, I will look into the actual aid data and attempt to check whether Brazilian expertise reflects sector priorities in aid allocation.

According to AidData (Tierney et al. 2011), three sectors account for about 50% of development aid provided by Brazil during 1998-2009, which is consistent with Wolford and Nehring (2015). First, the agriculture sector represents 13 percent of Brazilian aid programs. This is consistent with Brazil's expertise because Brazil in the last four decades has become the seventh agricultural giant. Given the similarities in soil and climate between Brazil and Africa, for instance, implies that aid technologies can easily be adapted in recipient countries.

Moreover, the health and education sectors account for 43% per cent of development programs by Brazil during 1998 and 2009. Brazil's initiatives in HIV/AIDS treatment are a reflection of its homegrown success of development because Brazil is the first developing country that achieved large-scale production and distribution of antiretroviral drugs for HIV patients within its own country (Greco and Simao 2007). The third-largest share of aid is in education sector. Altogether, it demonstrates that Brazil has reached a certain level of excellence in those sectors, thus prioritizes those areas in aid programs. Precisely, Brazilian aid

mirrored on prioritizing literacy programs, combating urban violence and youth gangs, HIV-AIDS awareness and prevention initiatives, agricultural technologies. This discussion shows that Brazil indeed shares its expertise with other developing countries by giving aid in particular sectors. This suggests that Brazil case is consistent with the aid-for-charity model.

Unlike the Brazilian case, Chinese aid appears to reflect considerations beyond its moral concerns. That is, Chinese aid does not appear to reflect its expertise. According to the White Paper on China's foreign aid, its aid sector preferences fall on the economic infrastructure (44.8 %), social and public infrastructure (27.6 %), goods and materials (15%).³ In the same vein, AidData reports that infrastructure and public works projects and natural resource development activities constitute the largest share of Chinese aid during 2000 and 2013.⁴ Contrary to the Brazilian case, sectors that have been successful in China's own developmental process such as agriculture, renewable energy, poverty reduction find less reflection. China, for example, allocated only 2% of total aid into agriculture during 2010-2012 period. It follows that China is mostly engaged in infrastructure and natural resources sectors (Kjøllesdal and Welle-Strand 2010; Lum, Fischer, Gomez-Granger, and Leland 2009).

In sum, the behavior of emerging donors appears to challenge the logic of the aid-for-charity model because they give and receive aid simultaneously. However, once we look more closely at the content of aid given by emerging donors, we see evidence that aid giving by emerging donors are driven at least in part by humanitarian concerns. I demonstrated this with the case of Brazil. However, my discussion also shows that some emerging donors like China seems to show more than its humanitarian concerns. This leads to the next section in which we consider other motivations of aid giving.

³ White Paper on China's Foreign Aid issued by the information Office of the State Council on July 10, 2014.

⁴ Chinese Official Finance to Africa. AidData dataset. Available at: <http://aiddata.org/donor-datasets>

3.2. Aid-for-policy deals model

As demonstrated in the literature review, foreign aid is motivated not only by donors' humanitarian concerns but also their strategic interests (Alesina and Dollar 2000; Bueno de Mesquita and Smith 2007, 2009; Bearce and Tirone 2014; Kuziemko and Werker 2006). Thus, in this subsection, I will make arguments about aid initiation based on the assumption that states are selfish.

My main approach to foreign aid is built on the selectorate theory.⁵ The theory assumes that states employ self-serving policies including foreign aid. By giving aid, donors engage in so-called aid-for-policy deals in which both donor and recipient leaders make rational decisions on resource allocations to move forward interests of political elites and protect their political survival.

3.2.1. Selectorate theory

First, I discuss the essence of the selectorate theory. This theory assumes that political leaders seek to maximize the chance of their survival in the office. All polities comprise of two institutions: selectorate and winning coalition. The selectorate is the set of people who have a say in choosing a potential leader. One distinctive attribute of the selectorate is that it is a pool of citizens from which a leader forms his/her winning coalition. The incumbent leader needs to maintain the support of those who are in her winning coalition for the purposes of her political survival.

The key decision for the incumbent leader is to allocate her resources between two types of goods: public and private goods. Public and private goods represent policy provisions with

⁵ I use selectorate theory developed by Bueno de Mesquita, Smith, Siverson, and Morrow (2005).

one difference. While public goods policies provide benefits to everyone in the polity (including winning coalition members as well as selectorate), private goods policies benefit only the winning coalition members. The allocation of private and public goods is obviously constrained by the level of resources available to the incumbent leader. Thus, the leader has an incentive to maximize these resources because it is the key to secure support from her winning coalition. The main sources of the leader's resources include taxation, external economic relations (trade, FDI, foreign aid, etc.) and revenues from natural resources, if there is any.

The incumbent leader's decision on resource allocation; (i.e., government budget); involves two strategic calculations. First, she must consider how much to spend on the winning coalition in order to secure loyalty and support. Second, she must consider how much should go to public and private goods. The cost of private goods is determined by the size of her winning coalition. The larger the winning coalition, the more spending it requires because there are simply more members to serve.

How much the incumbent leader spends on private versus public goods depends on the size of her winning coalition. When a polity has a small winning coalition, then a relatively small number of key backers, whose support is required, can be satisfied by private goods. When polity has a large winning coalition, then provision of private goods has trade-offs such as increasing the cost of buying support. It is a considerable burden to the government resources because the leader is constrained by them. Thus, as the size of winning coalition increases, the focus from private goods shifts to the allocation of public goods.

3.2.2. Aid-for-policy deals

Following the selectorate theory discussed above, I assume that state leaders choose policies to maximize the chance of their survival. I view foreign aid as one of policies that state leaders can use to satisfy their winning coalitions and thus stay in office. That is, one state leader can bribe another with aid money in order to obtain policy concessions that are in interest of her winning coalition. By policy concessions, I mean an adoption of policy that fits the objectives of a donor country, such as the provision of preferential trade with the donor, support in international organizations, and support in collective actions in the international politics.

Buying policy concessions from recipients comes at a price. Donor leaders must give up some portions of their resources that might otherwise have been used to fund domestic provisions for their winning coalition. The theory treats that price as a foreign aid, which depends on the size of the recipient's winning coalition, governmental resources, and the extent to which policy concessions are salient to the recipient. More concretely, policy concessions from relatively wealthy and democratic states would cost more for the donor than those from autocratic countries with poor economic performance. The logic behind these results is simple. The leaders of wealthier and large-winning coalition states require much more money to satisfy their coalitions.

For example, the US government committed \$150 million in aid to Kyrgyzstan during the campaign in Afghanistan in order to gain access to its air base. On the other hand, in its campaign to Iraq, the US government offered \$6 billion to the government of Turkey in order to base US troops there (Bueno de Mesquita and Smith 2009, 322). In both cases, the US sought strategic interests, but due to different characteristics of the recipient governments, the aid volumes varied. These clearly show that the more democratic and wealthier the recipient

country, the more aid it requires to alter its behavior. This also suggests that the wealthier the state, the more expensive concession it can extract from other states. Thus, I argue that donor countries must have considerable financial capabilities to engage into aid-for-policy deals with other countries to pursue their interests.

Thus, countries with considerable governmental resources can afford buying policy concessions and engage in aid-for-policy deals. In contrast, resource-poor countries cannot afford acquisition of policy concessions by making side payments. By following this logic, I derive the following hypothesis:

Hypothesis 2: As its pool of resources increase, the state is more likely to become an aid donor.

The rationale behind this hypothesis is that states first and foremost require sufficient resources that exceeds of recipient countries in order to be able to offer an aid deal. Hence, I theorize that budgetary capabilities of prospective donors are one of the factors that influence their donorship.

It is worthwhile to emphasize that Hypothesis 2 is distinct from Hypothesis 1 and that they follow different logics. Hypothesis 2 relates aid donorship to the state's overall resources, (as measured by gross domestic product or GDP), whereas Hypothesis 1 concerns the citizens' income levels (as measured by GDP per capita). The difference is also connected to the theoretical predictions they imply. To recall, Hypothesis 1 argues that helping/giving values determined my individual income, and consequently conditions donorship. Hypothesis 2 states that the size of economy matters for the same purposes, but helps to achieve policy concessions in exchange.

In addition, I expect that the size of winning coalition to have a positive impact on donorship. The key point here is that the size of winning coalition shapes the focus of policy toward provision of public or private goods. In small coalition states, which are also more likely to be nondemocratic, leaders reward members of the coalition by providing private goods (e.g. trade contracts). However, as the size of winning coalition increases rewarding its members comes at a high price, so that the leader shifts to providing more public goods. Because policy concessions from recipient states are normally public goods in nature (e.g. votes in international organizations), donation of foreign aid can be considered public goods policy. Therefore, I expect the following relationship:

Hypothesis 3: A state is more likely to become a donor as the size of its winning coalition increases.

In other words, more democratic states are more likely to donate foreign aid than less democratic states. In the theory section, I extended the logic of the “aid-for-charity” and “aid-for-policy deals” models and identified factors that precondition states’ aid giving. In doing so, I propose that the level of individual income (Hypothesis 1), the level of governmental resources (Hypothesis 2), and the size of winning coalition (Hypothesis 3) are key determinants of states’ donorship.

Chapter 4 Research Design

Building on the existing models of humanitarian and selfish donors, I expect that the governmental resources, individual income, the size of winning coalition positively and independently affect the decisions to initiate aid giving. This chapter discusses all aspects of my empirical tests of these hypotheses – i.e. how theoretical concepts are operationalized and measured, the data sources, and the method used to estimate effects.

4.1. Sample and unit of analysis

My hypotheses concern what factors drive states to become donors or non-donors. Thus, it is appropriate to use a county year as a unit of analysis. I include all potential donors—i.e. all states. The temporal domain I selected is from 1960 to 2014. It covers the post-World War II era when the majority of traditional donors began to employ foreign aid

In order to construct a sample of countries, I rely on the definition of states by Correlates of War Project (Small and Singer 1982).⁶ This data contains a list of 243 countries in the international system that have been the members of the League of Nations/United Nations, have a population no less than 500,000 people, and received recognition at least from two major powers. After excluding those countries, which were not members of the international system in 1960, the sample is reduced to 202 states. The Correlates of War Project It is a prominent resource which most of scholars in international study refer in order to identify sovereign states (Bremer 1992; Gibler and Sarkees 2004).

Thus, my sample includes 202 states and the total of 10,634 observations for the period 1960-2014.

⁶ The Correlates of War Project <http://correlatesofwar.org/data-sets/state-system-membership>

4.2. Operationalization of variables

This section discusses the operationalization and measurements of all variables and describe the data sources for each. The dependent variable, independent variables, and control variables are defined and discussed in turn.

4.2.1. Dependent variable: donorship

The dependent variable determines whether a state is a donor of foreign aid or not. It represents donor status of all observations, i.e. countries in all years, included in the sample. Thus, I consider and refer to the donorship as the outcome variable. It is a dichotomous variable, which we coded as one when it managed to have an aid agency, and zero otherwise.

I use the presence of aid agencies as a measure of aid initiations for two reasons. First, theoretically, aid agencies represent institutions that implement mediations between interests and preferences of donor and recipient countries. As it was demonstrated in the literature review chapter, aid determinants, i.e. humanitarian and selfish motivations, are fundamental motivations for giving aid. Aid agencies are a key body in promoting state's policy and constituents' support concerning aid giving. Once a state established aid agencies, they develop and go through institutional changes rather than suspending their activity.

Second, the presence of aid agencies better capture systematic aid giving rather than some ad hoc aid giving. For example, Kazakhstan has recently given aid to neighboring recipients; however, those were temporary funds given for specific purposes.⁷ Thus, to capture a systematic

⁷ KAZINFORM. 2014. "Kazakhstan leads in terms of assistance in in Central Asia and Afghanistan" Available at: <http://www.government.kz/en/novosti/21166-kazakhstan-leads-in-terms-of-assistance-in-central-asia-and-afghanistan.html>

aid giving rather than an ad hoc aid giving, I opt for using aid agencies as a measure of aid giving in my thesis.

Alternatively, another measure of aid donorship could be constructed with actual commitments or disbursements of Official Development Assistance (ODA).⁸ While this is more in line with the traditional aid literature, I argue that there are several issues for the purpose of this thesis. The first issue has to do with the issue of country coverage. The classic aid data source, i.e. Creditor Reporting System (CRS), covers 34 traditional donors only, while the analysis requires the sample of all donor countries including the emerging donors.⁹ The new AidData data is able to fill this gap by providing extensive information about non-traditional donors.¹⁰ Nevertheless, it also lacks key donors like China and is constructed in a way that presents disaggregated data of project records. For these reasons, I opted for collecting my own data on states' aid donorship. In the following paragraphs, I will discuss how the data are collected.

To start with, I refer to Organization for Economic Co-operation and Development to define aid agencies (OECD, 2009). Institutional models of aid agencies vary from country to country, and thus incorporating them under a common concept is important for the clarity of data. There are four institutional models of aid agencies within the framework of OECD. The first one is development cooperation, which is integrated in the Ministry of Foreign Affairs,

⁸ Development Assistance Committee (DAC) defines foreign aid as an Official Development Assistance (ODA) if “transaction (1) is administered with the promotion of economic development and welfare of developing countries as its main objective, (2) is concessional in character and conveys a grant element of at least 25 per cent” (OECD DAC Factsheet “Is it ODA?”. November 2008. Available at <https://www.oecd.org/dac/stats/34086975.pdf>). However, DAC statistics do not include loans repayable within one year, grants and loans for military purposes, and transfer payments to private individuals.

⁹ OECD DAC maintains Creditor Reporting System (CRS). It is a competent source of ODA and other official flows from DAC members. The data available at: <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>

¹⁰ AidData is a country-level research data consisting of aid statistics for more than 90 bilateral and multilateral donors. The data available at: <http://aiddata.org/country-level-research-datasets>

thus responsibility for policy and implementation is shared, e.g. Danish International Development Agency (DANIDA). Second, development cooperation is completely managed by the Ministry of Foreign Affairs, e.g. Irish Aid. Third, the ministry is responsible for the strategic and political dimension and special agency takes responsibility to implement operational aspects, e.g. Swedish International Development Cooperation Agency (SIDA). Forth, separate agency is responsible for both policy and implementation of international development assistance, e.g. USAID. Additionally, it is worth adding public institutions governed by boards of directors such as in Saudi Arabia and Kuwait.

As it turns out, the establishment of those aid agencies is not static over time. To demonstrate the extent to which different institutional models of aid agencies were considered in structuring my data, I present the case of the British aid agency. UK's aid agency has its origins in the Overseas Development Administration (ODA) that was created in 1970. It was under the control of Foreign Office. Then it has been separated from the Ministry of Foreign Affairs in 1997. For the purposes of the thesis, I consider Britain to be a donor of foreign aid starting from 1970. This procedure was applied to the entire sample. Of course, the change in the institutional design of agencies indicates changes in strategic orientation and policy priorities, political salience of development assistance. However, the sole presence of an aid agency is enough to conclude that states take seriously interaction with developing recipient countries and commit to aid giving. Another coding issue is related to the presence of multiple aid institutions. As in case of Germany, there are a number of governmental and non-governmental aid institutions (e.g. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), GmbH German Corporation for International Cooperation, and German Development

Bank (KfW) for financial cooperation) To overcome this problem, I code the initial aid institutions that is consistent with the OECD institutional models.

In the data collection, I mainly searched for and used information from official websites of Ministries of Foreign Affairs and aid agencies. However, I was not able to find relevant information in all donors. For example, there is no official information on the Iraqi aid agency while a study by Van den Boogaerde (1991) shows that during the period of 1974-1982 Iraq had an aid agency. Therefore, I also used scholarly articles and books to find relevant information about whether states had aid agencies. Specifically, a study by Neumayer (2005) was useful in providing the nuances of Arab aid agencies' structure and functions. Moreover, I used extended reports by OECD to find information about aid agency of Portugal (OECD 2006) and Colombia (OECD 2013). More information about donors and their implementing aid agencies can be found in in the Appendices section.¹¹

Through my extensive data collection efforts, I found that 52 states became donors and 150 remain non-donors. Once establishing aid agencies, almost all states remain as aid donors. However, interestingly, I found that Iraq had an aid agency, i.e. the Iraqi Fund for External Development, in 1974 but decided not to become donor any more in 1982.

4.2.2. Independent variables

The main independent variables are the size of winning coalition, level of government resources, and per capita income. These variables allow me to test the hypotheses presented in the theory chapter. In the subsequent paragraphs, I will present measurements used for explanatory variables and try to link theoretical concepts and empirical representations of them.

¹¹ Detailed information on aid agencies of separate countries is presented in the Appendix A.

Winning coalition (*W*)

According to Bueno de Mesquita et al., a winning coalition is a group that “controls the essential features that constitute political power in the system” (2005, 10).

The variable for winning coalition sizes (*W*) is operationalized in accordance with the one proposed by Bueno de Mesquita et al. (2005).¹² It is a composite measure of several executive recruitment variables drawn from the Polity IV Project (Marshall, Jaggers and Gurr 2010) and a regime type variable from the Democracy Time-Series Data (Norris 2009). More specifically, the component variables for the executive recruitment are the competitiveness of executive recruitment (*XRCOMP*), openness of executive recruitment (*XROPEN*), and the competitiveness of participation (*PARCOMP*). The winning coalition variable takes the maximum value of 1 and minimum value of 0. In my sample, the mean of this variable in the sample is 0.56 with a standard deviation $SD = 0.27$.

Government resources (*lnGDP*)

Government resources variable represents the level of resources available to the leader of a prospective donor government. In other words, it is the budgetary capability of the potential donor state. The state’s resources are operationalized with the inflation-adjusted Gross Domestic Product (GDP) indicator in billion dollars. Following the existing studies, I take the natural logarithm of GDP (*lnGDP*). The mean of the variable is 23.31 while the standard deviation is $SD = 2.40$. I drew data on countries’ real GDP from the World Development Indicators (World Bank, 2014).

¹² See Bueno de Mesquita et al. (2005) for detailed description of how this variable is constructed.

Individual income (*lnGDPprc*)

The income variable represents the level of citizens' income in a potential donor country. I use per capita GDP of states to capture the level of citizens' income. As in the case of government resources, I also take the natural logarithm of GDP per capita (*lnGDPprc*). In my sample, the mean of the income variable is 7.91 and the standard deviation is 1.601. The data are taken from the World Development Indicators (World Bank, 2014).

4.2.3. Control variables

Trade (*lnexportGDP*)

I include another variable as a control variable in my empirical models. Scholars have argued that aid promotes the export and import capacity of a recipient country (Cali and Te Velde 2011; Helble, Mann, and Wilson 2012). It follows that trade interests motivate donor countries to provide foreign assistance. By liberating trade in recipient countries, donor governments can ensure sustained and continuous trade relations with them. Therefore, I control for the effect of self-interest to gain trade benefits by including exports of goods and services as a share of its GDP. The mean of the trade variable is 3.47 and its standard deviation is 0.70. The data on export (% of GDP) are drawn from the World Bank Indicators (World Bank 2014). The set of control variables constrained to only trade because the literature lacks alternative determinants of donorship.

4.3. Statistical model

To test my hypotheses, I employ logit models. Logit models are appropriate given that my dependent variable, i.e. donorship, is a dichotomous variable. Therefore, the full statistical model is as follows:

$$Donorship_i \sim \prod_{i=1}^n \left(\frac{\exp(\beta_0 W_i + \beta_1 \ln GDP_i + \beta_2 \ln GDP pc_i + \beta_3 \ln export GDP)}{1 + \exp(\beta_0 W_i + \beta_1 \ln GDP_i + \beta_2 \ln GDP pc_i + \beta_3 \ln export GDP)} \right)^{y_i} \times \left(\frac{\exp(\beta_0 W_i + \beta_1 \ln GDP_i + \beta_2 \ln GDP pc_i + \beta_3 \ln export GDP)}{1 + \exp(\beta_0 W_i + \beta_1 \ln GDP_i + \beta_2 \ln GDP pc_i + \beta_3 \ln export GDP)} \right)^{1 - y_i} \quad (1)$$

According to the “aid-for-charity” model, I expect a positive relationship between the level of individual income and the probability of donorship ($\beta_2 > 0$). The “aid-for-policy deals” model suggests that parameters estimates on the winning coalition size and governmental resources should be positive ($\beta_0 > 0$ and $\beta_3 > 0$).

Chapter 5 Empirical Analysis of States' Donorship

5.1. Empirical results

The results from my analyses of states' decisions to become aid donors are summarized in Table 1. Model 1 includes only the winning coalition variable (W) while Model 2 the governmental resources variable ($\ln GDP$) and Model 3 the individual income variable ($\ln GDPpr$). In Models 4 and 5, I include different combinations of those variables. Finally, Model 6 presents the full specification.

Table 1: Analysis of Donorship

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Winning coalition	4.475*** (0.153)			1.549*** (0.164)	1.055*** (0.165)	-0.550*** (0.185)
Government resources		0.942*** (0.0265)		0.853*** (0.0272)		0.751*** (0.0302)
Individual income			1.504*** (0.0429)		1.416*** (0.0443)	1.382*** (0.0543)
Constant	5.033*** (0.120)	-25.08*** (0.678)	-15.28*** (0.414)	-23.90*** (0.673)	-15.23*** (0.414)	-32.57*** (0.973)
Observations	10,484	7,929	7,925	7,929	7,925	7,923

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

First, consider Model 1. The estimated coefficient on the winning coalition variable is positive as predicted and statistically significant. This suggests that the probability that a state becomes an aid donor increases with the size of its winning coalition. This finding is consistent

with the theoretical argument made by Bueno de Mesquita and Smith (2007; 2009) that democratic countries are more likely to employ foreign aid as a foreign policy tool and supports H3.

Next, consider Models 2 and 3. The results show that the levels of governmental resources (*lnGDP*) and individual income (*lnGDPprc*) are positively related to the donorship variable and the relationship is statistically significant. These findings suggest that as the financial capabilities of the state and citizens' welfare increase, the government is more likely to start donating foreign aid. These findings provide support for H1 and H2.

The results are similar when we include some of the key independent variables in the same models. Model 4 represents the "aid-for-policy deals" model in that it includes both the winning coalition and governmental resources variables. The results indicate that both of them are statistically significant and positively correlated with states' decisions to become aid donors. On the other hand, Model 5 includes both the winning coalition and individual income variables. The findings from Model 5 support the same conclusions from the previous models.

Finally, consider Model 6 that includes all three key independent variables. The results reveal two key findings. First, the effects of the governmental resources and individual income variables remain positive and statistically significant. This demonstrates that when states and their citizens are wealthy, they are more likely to be donors of foreign aid. Importantly, it suggests that strategic and development-minded intentions both drive aid giving. These findings are consistent with recent findings from a study by Heinrich (2013) that broad news coverage of recipient countries and donor's incentives to buy policy concessions simultaneously shape aid giving. Second, unlike the previous models, the full model (Model 6) provides a novel finding that states with small winning coalitions are more likely to be donors. After controlling

for both the income and overall resources levels of states, the effect of the winning coalitions variable turned out to be opposite of what was expected. Hence, what makes countries with small ruling coalitions to take on the donor role? A few specific cases help illustrate significance of this statistical finding. Georgia, for instance, is relatively democratic in comparison to Egypt. However, while Georgia is not active in foreign aid giving, Egypt became a donor of foreign aid by establishing an aid agency in 2014. This finding is novel and surprising in that neither “aid-for-charity” nor “aid-for-policy deal” models can explain this.

5.2. Robustness checks

To see whether the aforementioned results are robust to changes in measurements and model specifications, I re-estimated Model 6 with the following changes. First, I added the trade variable, i.e. control variable (Model 7). The results are summarized in Table 2. Second, I constructed an alternative measure of the winning coalition using *polity2* variable (Model 8). I do so because the winning coalition size can be considered as a measurement of regime types. Polity2 variable takes values between -10 and +10 with -10 indicating the most autocratic regime and +10 indicating the most democratic regime. Model 7 supports key finding of Model 6 that discretionary of sufficient governmental resources and increased per capita income are conditions under which states are able to turn into donors.

Table 2: Robustness Checks

VARIABLES	Model 7	Model 8	Model 9
Winning coalition	0.0207 (0.256)		
Government resources	0.820*** (0.0489)	0.556*** (0.0368)	0.845*** (0.0601)
Individual income	1.575*** (0.0834)	1.434*** (0.0596)	1.428*** (0.0836)
Trade	-0.379 (0.111)		0.211 (0.149)
Polity 2		0.0172** (0.00786)	0.0487*** (0.0112)
Constant	-35.62*** (1.546)	-28.47*** (1.001)	-36.25*** (1.799)
Observations	4,174	6,525	3,558

My main results regarding the effects of individual income and resource levels change little and thus are robust. In Models 7 and 8, the Governmental resources and Individual income variables are still positive and statistically significant.

Models 8 and 9 show that the effect of the winning coalition is not robust. Previously, I demonstrated that states with small winning coalitions (i.e. autocratic regimes) are more likely to be aid donors. However, Models 8 and 9 demonstrate that the polity2 variable is positive and statistically significant regardless trade within the specification or not. This suggests that as a state becomes more democratic, it is more likely that the state becomes a donor. These robustness checks demonstrate that there is much to be done to understand how domestic institutions affect states' decisions to become aid donors.

Chapter 6 Conclusion

The purpose of this thesis was to identify when states choose to become a donor. Drawing on two prominent theories of foreign aid giving, “aid-for-charity” and “aid-for-policy deals” models (Bueno de Mesquita and Smith 2007; 2009; Lumsdaine 1993; Noël and Thérien 1995), I proposed three key determinants of states’ donorship. To investigate whether these factors affect states’ decisions to become aid donors, I collected data on when states created aid agencies and tested my hypotheses empirically. My statistical analyses suggest that wealthier states in terms of overall GDP and GDP per capita are more likely to become donors of foreign aid. These provide support for both existing theories of foreign aid. However, my findings also suggest that the relationship between the winning coalition size and states’ donorship is not very clear. On one hand, I found some evidence that autocratic regimes (i.e. small winning coalitions) are more likely to engage in aid initiation. This finding is counterintuitive, challenging dominant narratives about donor states as western democracies. However, these results turned out to be not very robust. One interpretation of these findings is that domestic institutions do not matter for states’ choice to become a donor. Nonetheless, I believe that these findings call for more research on how domestic institutional structures affect states’ decisions to become aid donors.

My thesis has several policy implications. First, my results predict that we will see more foreign aid donors in the near future. Given that many countries are becoming wealthier in terms of their GDPs and individual incomes, they are likely to become aid donors in the future. Second, and more importantly, my findings are useful in predicting which states are next foreign aid donors. For example, consider cases like Argentina, Malaysia, Peru, and South Africa. These countries currently do not have established aid agencies yet, but according to my

findings, they are likely to become aid donors in the near future, if their governmental resources keep rising. Also, consider Kazakhstan. Given its rapid economic growth, it is not surprising that Kazakhstan has started planning to have an aid agency. The new agency will systemize previous aid efforts and lead to the transparent aid giving practices. It says about Kazakhstan's willing to apply their experience and knowledge to the development of neighboring region. However, my results also suggest that the most recent recession may slow down the process of establishing aid agencies. Finally, the establishment of new aid institutions indicates that aid giving will no longer be ad hoc, alternatively international assistance becoming substantial parts of new donors' foreign policy. Therefore, the entry of new donors is likely to create or intensify competition among traditional and emerging donors. The object of competition is the effectiveness of aid, where each side would claim that their aid brings real development. Thus, I would conclude that coordination and consensus between DAC activities and practices of emerging donors is a crucial area for policy makers.

Appendices

Appendix A

List of Countries with Aid Agencies in the Sample

Country	Agency name	Start year	End year	URL	Notes
Kuwait	Kuwait Fund for Arab economic Development	1961		Neumayer (2004, 282); Aramco World 30(6) http://archive.aramcoworld.com/issue/197906/arab.aid-who.gives.it.htm	Provide grants, soft loans on easy terms, guarantees, technical assistance
Saudi Arabia	Saudi Fund for Development	1974		Neumayer (2004, 283); Aramco World 30(6) http://archive.aramcoworld.com/issue/197906/arab.aid-who.gives.it.htm	It is an autonomous organization that administrated by a board of directors. The board chaired by the Minister of Finance and National Economy
United Arab Emirates (UAE)	Abu Dhabi Fund for Development (originally Abu Dhabi Fund for Arab Economic Development)	1971		Neumayer (2004, 282); Aramco World 30(6) http://archive.aramcoworld.com/issue/197906/arab.aid-who.gives.it.htm	
Iraq	The Iraqi Fund for External development	1974	1982	Van den Boogaerde (1991)	
Libya	-			Van den Boogaerde (1991, 5)	Give foreign aid (project loans) via Libyan Arab Foreign Investment Company. Although, does not have a national aid agency.
Qatar	Qatar Development Fund	2009		Shushan and Marcoux (2010); Ministry of Foreign Affairs of the State of Qatar http://www.mofa.gov.qa/en/TheMinistry/Departments/Pages/DepartmentOfInternationalDevelopment.aspx	The agency is chaired by the Minister of Foreign Affairs
Australia	Australian Development Assistance Agency (1974), Australian Development Assistance Bureau (1976), Australian International Development Assistance Bureau (1987), Australian Aid (1995)	1974		Australian Government, Department of Foreign Affairs and Trade http://dfat.gov.au/aid/Pages/australias-aid-program.aspx	It was independent agency until 2013, and then it was integrated into the Department of Foreign Affairs and Trade.

Austria	The Austrian Development Agency (ADA)	2004		Austrian Development Cooperation http://www.entwicklung.at/en/austrian-development-cooperation/	The agency is an operational unit of Austrian Development Cooperation, which is under authority of Federal Ministry for Europe, Integration and Foreign Affairs.
Azerbaijan	Azerbaijan International Development Agency (AIDA)	2011		http://www.mfa.gov.az	The agency was established under the Ministry of Foreign Affairs.
Belgium	Belgian Development Agency (BDA)	1998		Belgian Development Agency https://www.btcctb.org/en/legal-framework-management-and-control-bodies	
Brazil	Brazilian Cooperation Agency (ABC)	1987		http://www.abc.gov.br/training/informacoes/ABC_en.aspx	Affiliated to the Ministry of External Relations, thus it is not an aid agency as such. It has limited autonomy (Cabral and Weinstock 2010).
Canada	Canadian International Development Agency (CIDA), Department of Foreign Affairs, Trade and Development (2013)	1968		http://www.international.gc.ca/development-developpement/index.aspx?lang=eng	In 2013, it was affiliated to Department of Foreign Affairs.
Chile	Chile International Cooperation Agency (AGCI)	1990		http://www.minrel.gob.cl/minrel/site/edic/base/port/development_cooperation.html	
China	Foreign Aid inter-agency liaison mechanism within Ministries of Commerce, Foreign Affairs and Finance. In 2011, it was upgraded into inter-agency coordination mechanism.	2008		http://news.xinhuanet.com/english/2010/china/2011-04/21/c_13839683_14.htm	There is no independent agency or department. It captures inter-agency coordination mechanism involving Ministry of Commerce, The Export-Import Bank, Ministries of Foreign Affairs and Finance.
Czech Republic	Czech Development Agency (CzDA)	2008		http://www.czda.cz/czda/about-us.htm?lang=en	Reports to the Ministry of Foreign Affairs. CzDA identifies, formulates, implements, and monitors projects in developing countries.
Denmark	Danish International Development Agency (DANIDA)	1962		http://um.dk/en/danida-en/	
Egypt	Egyptian Agency of Partnership for Cooperation (EAPC)	2014		http://www.mfa.gov.eg/English/EDA/about/Pages/default.aspx http://eapd.gov.eg/en-us/AboutUs.aspx	It was founded in the result of merging “The Egyptian Fund for Technical Cooperation with Africa” and “The Egyptian Fund for Technical Cooperation with the countries of Commonwealth and Islamic countries and Newly

					Independent States”. It is an independent institution formed to grant technical cooperation and humanitarian support.
Finland	The Finnish Department for International Development Cooperation (FINNIDA)			http://formin.finland.fi/public/default.aspx?nodeid=49273&contentlan=2&culture=en-US	
France	French Development Agency (AFD)	1998		http://www.afd.fr/lang/en/home/AFD/presentation-afd	
Germany	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (German Corporation for International Cooperation) for technical cooperation and German Development Bank (KfW) for financial cooperation	1961		https://www.devex.com/news/german-development-aid-what-you-need-to-know-74981	GIZ was reorganized in 2011 by merging several development organizations: German Technical Cooperation (GTZ), (DED), German Development Service. All of them function under Federal Ministry of Economic Cooperation and Development.
Greece	Hellenic Aid (the Directorate General International Development Cooperation Department)	2002		http://www.mfa.gr/en/the-ministry/structure/hellenic-aid.html	
Ireland	Irish Aid	1974		https://www.irishaid.ie/	It is a division of Department of Foreign Affairs and Trade.
Israel	Mashav (Agency for International Development Cooperation)	1958		http://www.mashav.mfa.gov.il/MFA/mashav/AboutMASHAV/Pages/default.aspx	
Italy	Directorate General for Development Cooperation of the Ministry of Foreign Affairs, Italian Cooperation Agency (ICA, 2014)	1987		http://www.esteri.it/mae/en/politica_estera/cooperazione_sviluppo/ Clarke and Welham (2014)	Now reorganized agency has organizational, regulatory, administrative, budgetary and accounting autonomy.
Japan	Japan International Cooperation Agency (JICA)	1974		http://www.jica.go.jp/english/	Administratively independent it became in 2003, thus it is independent governmental agency.
South Korea	Korea International Cooperation Agency (KOICA)	1991		http://www.koica.go.kr/english/main.html	
Luxembourg	Lux-Development S.A.	1992		http://luxdev.lu/en/home	Originally, it was an agency aimed at supporting small and medium enterprises. Only in

					1992 it launched international development programs.
Mexico	Mexican Agency for International Development Cooperation (AMEXID)	2011		http://amexcid.gob.mx/index.php/en/	It is a decentralized body of Mexican Secretariat of Foreign Affairs.
New Zealand	NZAID	2002		https://www.mfat.govt.nz/en/aid-and-development/	Semi-autonomous body was integrated into Ministry as the International Development Group in 2009.
Netherlands	Ministry of Development Cooperation			https://www.government.nl/topics/development-cooperation/contents/the-development-policy-of-the-netherlands	
Norway	Norwegian Agency for Development Cooperation (NORAD)	1968		https://www.norad.no/	Starting from 2004, Ministry of Foreign Affairs is responsible to implement bilateral aid transfers.
Poland	Polish Aid	2012		http://www.msz.gov.pl/en/foreign_policy/polish_aid/	
Portugal	The Portuguese Institute for Development Support (IPAD)	2003		OECD (2006, 22)	Supervised by the Ministry of Foreign Affairs.
Republic of China (Taiwan)	The International Cooperation and Development Fund (ICDF)	1989		https://www.icdf.org.tw/mp.asp?mp=2	Government established the International Economic Cooperation and Development Fund (IECDF) in 1989, but then it became an independent organization in 1996.
Romania	Development Assistance Unit at the Ministry of Foreign Affairs (UAsD)	2009		http://www.mae.ro/en/node/2062	
Russian Federation	Rosotrudnichestvo (Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation)	2008		http://rs-gov.ru/	
Slovakia	SlovakAid	2003		http://www.slovakaid.sk/	
Spain	The Spanish Agency for International Cooperation (AECID)	1988		http://www.aecid.es/EN/aecid	
Sweden	Swedish International Development Cooperation Agency (SIDA)	1995		http://www.sida.se/English/	

Switzerland	The Swiss Agency for Development and Cooperation (SDC)	1976		https://www.eda.admin.ch/deza/en/home.html	Office-level agency. Federal Department of Foreign Affairs.
Turkey	Turkish Cooperation and Coordination Agency (TIKA)	1992		http://www.tika.gov.tr/en/page/history_of_tika-8526	Starting from 1999, TIKA functions under the Prime Ministry.
United Kingdom	Department for International Development (DfID)	1970		https://www.gov.uk/government/organisations/department-for-international-development	This department was separated from the Foreign And Commonwealth Office in 1997.
United States	USAID	1961		https://usaid.gov/	
Colombia	Presidential Cooperation Agency	2011		OECD (2013)	“the agency in charge of setting priorities and ensuring the alignment of international aid with the National Development Plan and Colombia’s foreign policy, as well as achieving greater efficacy and impact for the aid received and offered by Colombia” (OECD 2013, 211).
Cyprus	CyprusAid	2005		http://www.cyprusaid.gov.cy/	
Estonia	Division for Development Cooperation and Humanitarian Aid	2001		http://www.vm.ee/en/overview-estonian-development-cooperation	Within External Economic and Development Cooperation Department of the Ministry of Foreign Affairs.
India	Development Partnership Administration (DPA)	2012		http://www.mea.gov.in/development-partnership-administration.htm	
Iceland	The Icelandic International Development Agency (ICEIDA)	1981		http://www.iceida.is/english/about-iceida/	
Latvia	Development Cooperation Policy Division	2005		http://www.mfa.gov.lv/en/policy/development-co-operation/latvias-contribution-to-development-assistance	Within Economic Relations and Development Cooperation of the Ministry of Foreign Affairs.
Lithuania	Three divisions: Development Cooperation Policy and Planning; Multilateral Cooperation; and Bilateral Cooperation.	2007		http://www.dsw.org/euroresources/donor-profiles/lt-lithuania.html?L=0	Ministry of Foreign Affairs
Malta	Development Division	2007		http://www.dsw.org/euroresources/donor-profiles/mt-malta.html	Ministry of Foreign Affairs
Thailand	Thailand International Cooperation Agency (TICA)	2004		www.tica.thaigov.net/	

Appendix B
Descriptive Statistics

VARIABLES	N	mean	SD	min	max
Donorship	10,484	0.114	0.318	0	1
polity2	7,739	0.965	7.452	-10	10
Winning coalition	10,634	0.558	0.275	0	1
Governmental resources	8,010	23.31	2.401	16.59	30.33
Individual income	8,006	7.907	1.606	4.242	11.97
Trade	4,264	3.472	0.700	-5.226	5.439

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