Supporting Information: Foreign Aid and

Undeserved Credit Claiming

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A Descriptive Statistics (Main Data Set)

	Mean	Std. Dev.	Min	Max
Mayor or Relative Reelected in 2007	0.60	0.49	0	1
KALAHI	0.24	0.43	0	1
Third Term Mayor	0.28	0.45	0	1
Number of Candidates	2.37	0.85	1	7
Dynasty Incumbent	0.15	0.36	0	1
Poverty Rating	0.51	0.13	0.05	0.87
Population (log)	10.2	0.82	7.56	13.10
Urbanization	0.93	0.26	0	1
Economic growth	0.15	0.36	-0.55	6.38
Observations	610			

B Descriptive Statistics (KALAHI Survey Data)

	Mean	Std. Dev.	Min	Max
Mayor Visits	3.30	5.78	0	42
Midwife Visits	31.0	45.5	0	144
KALAHI	0.49	0.50	0	1
Percent Dirt Roads	29.3	32.5	0	100
Barangay Meetings	20.6	7.12	1	33
Number of Households (log)	5.54	0.58	3.85	6.72
Poverty	0.66	0.19	0.14	1
Internal Revenue Allotment	13.4	1.20	10.6	20.7
Observations	134			

- *Percent Dirt Roads* is measured as the number of dirt roads in a village as share of total roads. Data are from the KALAHI impact evaluation survey.
- Baranguay Meetings counts the number of official meetings in each village. Data are from the KALAHI impact evaluation survey.
- *Number of Households (log)* is measured as the logged number of households in each village. Data are from the KALAHI impact evaluation survey.
- *Poverty* is the village average of a self-reported measure of poverty from the household KALAHI impact evaluation survey.
- *Internal Revenue Allotment* is a measure of revenue from the national government. Data are from NSCB.

C Issues of Non-random Selection

One concern is that the electoral effects result from the non-random nature of the selection process. As we describe above, municipalities receive KALAHI funding when they belong to the 25% poorest municipalities in the 50% poorest provinces. Consequently, poverty could be a perfect confounding factor that could render the relationship between KALAHI and reelection spurious. This would be problematic if we assumed that poverty independently increases reelection probabilities. The existing literature on the economic determinants of elections does not point to such a relationship, but it could be possible that poorer municipalities are either more corrupt or more clientelistic, thereby increasing the mayors' chances for reelection indirectly.

Including poverty in the analysis does not change the main results, and the variable itself has no significant effect on reelection probabilities. *Poverty Ratings* also does not turn significant when we exclude the KALAHI dummy. Nevertheless, it could be that poverty measures in the Philippines are not reliable, or that the relationship between poverty and mayor reelection is not linear. We therefore re-estimate the main model with alternative measures of poverty and analyze the effect of (i) an alternative measure of poverty in 2003; (ii) the main poverty measure squared; and (iii) the main poverty measure logged. Table C.1 presents the results, and demonstrates that none of these specifications change the main findings.

Of course, there could be other unobservable confounding factors specific to KALAHI and non-KALAHI projects. One straightforward way to explore whether systematic differences between KALAHI and non-KALAHI areas are driving the results is to conduct a falsification (placebo) test demonstrating that reelection probabilities in these areas were similar prior to the start of the KALAHI project. If there are no underlying differences between the areas, the KALAHI dummy should have no significant effect on reelection in 1998 and 2001, *before* the start of KALAHI. Table C.2 shows that mayors in KALAHI municipalities were not more likely to get reelected before KALAHI was initiated.² This also implies

¹All poverty measures are correlated with each other.

²We could not get information on the number of candidates for these elections so we used the mean number of candidates in 2004, 2007, and 2010 instead. Results are robust to excluding this variable entirely.

Table C.1: Measures of Poverty

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	Model 1	Model 2	Model 3		
	(2003 Poverty)	(Poverty Squared)	(Log Poverty)		
KALAHI	1.66*	1.69*	1.69*		
	(0.41)	(0.41)	(0.41)		
2003 Poverty Rating	1.00				
	(0.01)				
Poverty Squared		1.22			
· -		(1.05)			
Log Poverty			1.09		
·			(0.37)		
Third Term Mayor	0.17^{*}	0.16^{*}	0.16^{*}		
·	(0.05)	(0.05)	(0.05)		
Number of Candidates	0.57*	0.58*	0.58*		
	(0.07)	(0.07)	(0.07)		
Dynasty Incumbent	2.30*	2.25*	2.25*		
	(0.82)	(0.81)	(0.81)		
Population (log)	1.48*	1.38	1.38		
1	(0.26)	(0.22)	(0.23)		
Urbanization	0.70	0.75	0.75		
	(0.31)	(0.32)	(0.33)		
Economic growth	0.76	0.80	0.80		
G	(0.18)	(0.18)	(0.19)		
Province Fixed Effects	Yes	Yes	Yes		
Observations	614	599	599		
Wald χ^2	181.8^{*}	175.9*	175.9*		

Dependent variable: reelection of the incumbent mayor or his/her relative in 2007. Logistic regression with province fixed effects and exponentiated coefficients (odds ratios). Standard errors, clustered by province, in parentheses. * p < 0.05.

that the selection of eligible municipalities is not endogenous to any factors that are specific to municipalities in which mayors were more likely to get reelected.

Finally, an effective strategy for addressing the non-random selection of KALAHI municipalities is to use a regression discontinuity (RD) design. The RD design compares municipalities on both sides of the threshold (in

Table C.2: Falsification (Placebo) Tests

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	Model 1	Model 2			
	(Election in 1998)	(Election in 2001)			
KALAHI	1.36	1.25			
	(0.49)	(0.29)			
Term in Office 1995	0.11^{*}				
	(0.07)				
Clan Incumbent 1995	14.0^{*}				
	(11.42)				
Third Term Mayor in 1998		0.12^{*}			
		(0.03)			
Clan Incumbent 1998		2.29*			
		(0.75)			
Number of candidates (avg)	1.05	0.82			
	(0.19)	(0.11)			
2000 Poverty Rating	1.01	1.00			
	(0.01)	(0.01)			
2000 Population (log)	1.06	1.03			
	(0.23)	(0.17)			
Urbanization	1.59	2.30^{*}			
	(0.80)	(0.87)			
Economic growth	1.06	1.51			
	(0.20)	(0.49)			
Province Fixed Effects	Yes	Yes			
Observations	344	631			
Pseudo R^2	0.17	0.15			
Cragg-Uhler R ²	0.27	0.25			
Wald χ^2	76.8	128.9			
$P > \chi^2$	0.00	0.00			

Dependent variable: reelection of incumbent mayor or relative. Logistic regression with province fixed effects and exponentiated coefficients. Standard errors, clustered by province, in parentheses. * p < 0.05.

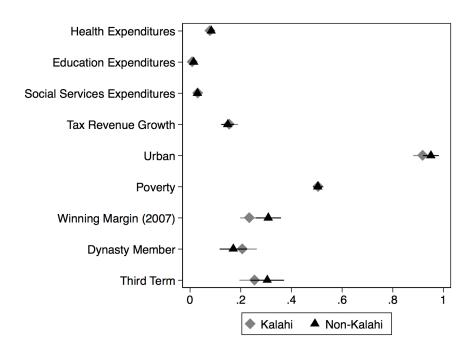


Figure C.1: Covariate Balance Above and Below the Threshold

our case, the threshold is whether a municipality is below or above the poverty rating that is determined by the 25% poorest municipalities in each province), on the rationale that municipalities around the threshold are similar on many dimensions (except whether they receive a KALAHI project or not), and therefore resemble a randomly selected sample.

The validity of the RD design depends upon covariate balance around the cut points and a distribution of municipalities in treatment and control municipalities that is consistent with the official formula. To analyze whether the municipalities are indeed similar on either side of the threshold, Figure C provides information on the balance of a number of potentially important covariates around the threshold for participation in KALAHI, using the more conservative small bandwidth. For each variable, the figure displays the sample mean and its 95% confidence interval for KALAHI participants (grey diamonds) and non-participants (black triangles). All covariates are balanced across the groups.³

³The results are similar using the medium bandwidth.

A second important question is whether the selection of KALAHI municipalities is consistent with the official poverty ranking. One limitation in applying the RD design in our case is that we do not have access to the actual poverty rankings used to assign municipalities to the KALAHI program. As a result, we approximate these rankings based on the raw poverty rankings developed by World Bank (2005). Figure C provides a histogram of our poverty ranking percentiles for both KALAHI participants (dark-shaded bars) and non-participants (light-shaded bars). The vertical line indicates the 75% threshold for KALAHI participation (the poverty index is measured such that poorer countries receive larger values). KALAHI participants should be above the 75th percentile.

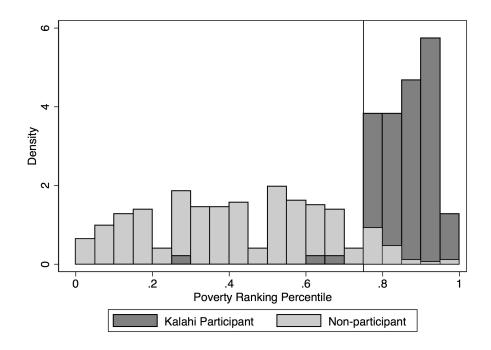


Figure C.2: KALAHI Participation by Ranking

Figure C demonstrates the importance of the threshold for the allocation of KALAHI grants. The overwhelming majority of KALAHI participants were indeed members of the group of 25% poorest municipalities. Only five out of the 155 KALAHI municipalities should not have received a project according to our poverty ranking and only 19 out of the 455

non-KALAHI municipalities should have received a project according to our poverty ranking.

Inconsistencies can arise for reasons other than the discrepancy between our approximated rankings and the actual rankings used. First, some municipalities participated in the pilot program, which was initiated prior to the establishment of the allocation criteria. We excluded these pilot municipalities to the best of our knowledge, but it is not clear whether they were counted when determining the threshold or the total number of participants for the province as a whole. Depending on how they were counted, they may have been assigned correctly to treatment and control groups in the official ranking.⁴ Second, we cannot completely rule out the possibility that some of these inconsistencies reflect actual errors or manipulations in the assignment process. For example, the municipality Hingyon in the province Ifugao received a project even though the rankings indicate that it is too rich. We analyzed economic data in this province and found that in terms of income measures, Hingyon is among the two poorest municipalities in the entire province. Other municipalities that should have been eligible for KALAHI were not chosen because they experienced conflict that interfered with efficient project implementation or because of reasons that made project implementation impossible. Third, in provinces in which the total number of municipalities are not easily divided into quartiles, we are uncertain whether the number of participants per province were rounded down or up, which can also lead to different outcomes in terms of assignment to treatment and control groups. Finally, some municipalities were eligible but declined to participate. The report for the initial roll-out of KALAHI indicates that these were rare: only 7 in the initial phase.⁵ At the same time, the fact that we can use the raw poverty rankings to closely approximate the actual allocation decision (as shown in Figure C) provides evidence that there was no large-scale effort to tamper with the allocation process. It is therefore unlikely that mayors could affect the actual allocation of KALAHI, which is the primary concern for the main analysis.

⁴Our main results hold excluding provinces which had municipalities participating in the pilot program.

⁵The municipalities that either declined to participate or dropped out of the program are: Caibiran in Biliran Province (Caibiran was able to complete cycle 1 and was eventually replaced by Naval); Tineg, Danglas, and Lagayan in Abra; Mercedes in Camarines Norte; Siruma in Camarines Sur; and Sta. Rita in Western Samar.

Figure C.3 graphically shows the results of a RD design. We present the results for both the small and medium bandwidths, implementing the optimal bandwidth calculations established by Imbens and Kalyanaraman (2012). The results are consistent with our findings in the logistic regressions. Receiving a KALAHI project significantly increases the changes of local mayors to get reelected.

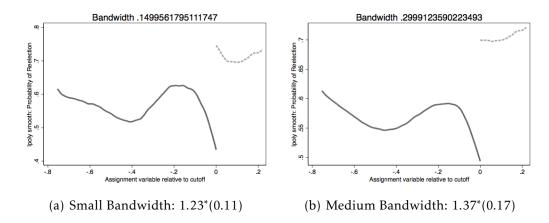


Figure C.3: Regression Discontinuity Graphs (Coefficients are odd ratios, standard errors in parentheses, *p < 0.05.)

Although the RD is an important robustness check that demonstrates the reelection effect of KALAHI, we do not use it as our main specification for two reasons. First, in terms of the suitability of the approach, the parameter estimated in our main model is as close to the average treatment effect as we can reasonably estimate, which is more applicable for this study than the local average treatment effect that we would get with regression discontinuity. Furthermore, the RD design is particularly sensitive to any inaccuracies in the rankings we approximated to assign the municipalities to treatment status. The estimation of a regression discontinuity design is potentially problematic in our case because we do not have access to the actual poverty rankings. Finally, the number of observations near the threshold is small by design (the program was only implemented in 40 provinces, so the most restrictive RD would lead to only around 80 observations).

D Sensitivity Analysis

In this section, we provide additional robustness checks. First, we analyzed the effect of clan membership on reelection probabilities, as an alternative measure for dynasty incumbents used in the main specification. Second, we re-estimated the main model restricting the sample by level of electoral competitiveness. Splitting the sample is beneficial in case the underlying processes linking participation in KALAHI and reelection rates are fundamentally different in dynastic and non-dynastic areas.⁶

Table D.3 presents the results. Model 1 includes a variable that accounts for whether the incumbent mayor was member of a political clan that has held office at any point since 1998. Model 2 includes a variable for the proportion of elections that were won by members of political clans since 1998. The inclusion of these variables does not affect our main findings. Model 3 estimates the main model for municipalities that are not clan-dominated, which refers to political families that have held office at any point since 1998. Again, our main findings are robust.

We also estimated our main model with a number of additional control variables that could affect the likelihood of receiving a KALAHI grant as well as the likelihood of reelection. Table D.4 presents the results. Model 1 includes a variable for the amount of KALAHI funding that each municipality received (as percent of total municipal funding). Model 2 controls for whether the mayor incumbent was a member of the national party at the time of the election. Model 3 includes the total grants from the national level that a municipality received as percent of total municipal funding (to ensure that it is not national funding, but KALAHI funding that led to the reelection of mayors). Model 4 accounts for second term

⁶The results are similar when an interaction effect is used instead.

⁷Total municipal funding includes the municipality's tax revenues plus any grants that the municipality receives from the federal government. In addition, the number of villages that directly benefit from the KALAHI grants may vary within each municipality. To analyze whether this has an impact on our findings, we estimated a model that controls for the number of villages that directly benefit from KALAHI subprojects. Including this variable does not affect our main results (available upon request).

⁸This variable likely captures any other type of foreign aid disbursement as well. Although there were other international organizations and foreign donors operating in the country, there were no other community-based projects, so any disbursement of grants from the national level would incorporate different types of foreign aid projects as well since most foreign aid will be channelled through the national government. The only

Table D.3: Electoral Competitiveness

	Model 1	Model 2	Model 3
	(Clan Incumbent)	(Clan Mayors)	(Non-clan Sample)
KALAHI	1.83*	1.72*	1.73*
	(0.45)	(0.42)	(0.47)
Clan Incumbent	2.20^{*}		
	(0.60)		
Clan Mayors 1998-2004		2.03	
		(1.21)	
Third Term Mayor	0.13*	0.16^*	0.074^*
	(0.04)	(0.05)	(0.03)
Number of Candidates	0.57*	0.58^{*}	0.58^{*}
	(0.07)	(0.07)	(0.09)
Poverty Rating	1.13	1.09	2.14
	(0.98)	(0.95)	(2.69)
Population (log)	1.34	1.36	1.51^{*}
	(0.22)	(0.22)	(0.30)
Urbanization	0.79	0.73	0.68
	(0.36)	(0.32)	(0.35)
Economic growth	0.78	0.79	1.08
	(0.22)	(0.21)	(0.23)
Province Fixed Effects	Yes	Yes	Yes
Observations	299	299	458
Wald χ^2	179.6^{*}	170.8^{*}	175.1^{*}

Dependent variable: reelection of the incumbent mayor or his/her relative in 2007. Logistic regression with province fixed effects and exponentiated coefficients (odds ratios). Standard errors, clustered by province, in parentheses. * p < 0.05.

mayors. These results support our main findings.

Finally, we analyzed whether our results are robust to using different model specifications. Our main specification uses both province fixed effects and clustered standard errors. Table D.5 presents different permutations. Model 1 uses robust standard errors and no fixed effects. Model 2 is an estimation with province fixed effects and robust standard errors. Finally, Model 3 is estimated with clustered standard errors only. These alternative specifications have no effect on our main results.

other comparable large-scale program, the 4Ps conditional cash transfer program, was not operating at the time (4Ps piloted in 2007 in four municipalities; our results are robust to excluding the provinces in which these municipalities were located).

Table D.4: Additional Control Variables						
	Model 1	Model 2	Model 3	Model 4		
	(Funding)	(Parties)	(Grants)	(Terms)		
KALAHI	2.96*	1.70*	1.67*	1.74*		
	(1.45)	(0.41)	(0.41)	(0.44)		
KC Funding (% Income)	0.36					
	(0.24)					
National Party		0.83				
·		(0.19)				
Total Grants (% Income)			0.097			
			(0.42)			
Third Term Mayor	0.16^{*}	0.17^{*}	0.16*	0.21*		
·	(0.05)	(0.05)	(0.05)	(0.06)		
Second Term Mayor				1.74*		
·				(0.45)		
Number of Candidates	0.58^{*}	0.58*	0.58^{*}	0.58*		
	(0.08)	(0.07)	(0.08)	(0.07)		
Dynasty Incumbent	2.21*	2.29*	2.27*	2.16*		
	(0.79)	(0.83)	(0.81)	(0.78)		
Poverty Rating	1.17	1.17	1.13	1.21		
	(0.99)	(1.00)	(0.98)	(1.01)		
Population (log)	1.39*	1.37	1.38	1.39*		
	(0.22)	(0.22)	(0.23)	(0.23)		
Urbanization	0.74	0.75	0.74	0.78		
	(0.33)	(0.33)	(0.32)	(0.34)		
Economic growth	0.82	0.79	0.80	0.78		
	(0.18)	(0.19)	(0.18)	(0.18)		
Province Fixed Effects	Yes	Yes	Yes	Yes		
Observations	599	599	599	599		
Wald χ^2	178.2*	176.6^{*}	176.2*	181.0*		

Dependent variable: reelection of the incumbent mayor or his/her relative in 2007. Logistic regression with province fixed effects and exponentiated coefficients. Standard errors, clustered by province, in parentheses. * p < 0.05.

Table D.5: Different Model Specifications

Table D.S. Different Woder Specifications				
	Model 1	Model 2	Model 3	
KALAHI	1.63*	1.69*	1.63*	
	(0.36)	(0.40)	(0.34)	
Third Term Mayor	0.20^{*}	0.16^{*}	0.20^{*}	
	(0.04)	(0.04)	(0.04)	
Number of Candidates	0.57^{*}	0.58^{*}	0.57^{*}	
	(0.06)	(0.07)	(0.06)	
Dynasty Incumbent	2.84*	2.25*	2.84*	
	(0.86)	(0.74)	(0.92)	
Poverty Rating	2.05	1.17	2.05	
	(1.45)	(0.98)	(1.52)	
Population (log)	1.25*	1.38	1.25	
	(0.14)	(0.23)	(0.19)	
Urbanization	1.08	0.74	1.08	
	(0.37)	(0.31)	(0.54)	
Economic growth	0.83	0.80	0.83	
	(0.16)	(0.18)	(0.16)	
Province Fixed Effects	No	Yes	No	
Robust Standard Errors	Yes	Yes	No	
Clustered Standard Errors	No	No	Yes	
Observations	610	599	610	
Wald χ^2	112.6*	175.9*	112.6*	

DV: reelection of the incumbent mayor or his/her relative in 2007. Logistic regression with exponentiated coefficients (odds ratios) Standard errors in parentheses. * p < 0.05.

E Strategic Redistribution of Local Budget Resources

We now analyze a potential alternative explanation to the credit-claiming argument. As we discussed, two fiscal mechanisms are possible. We demonstrated that the first—politicians divert the foreign aid resources for electoral purposes directly—does not apply to the relationship between KALAHI funding and reelection. In particular, the fact that the reelection effect takes place even in municipalities where none of the funding has been allocated yet indicates that this is more likely due to undeserved credit claiming (i.e. politicians cannot use foreign aid for electoral purposes if it hasn't been distributed yet). The second mechanism refers to the incentives of incumbent mayors to use the influx of foreign aid to hide a redistribution of their local budgets away from public goods towards greater targeted spending. Whereas politicians could only hide this redistribution once their municipality receive the foreign aid it could be that in very low information environments politicians can redistribute in anticipation of receiving the funding. If that were the case, then our explanation and the second fiscal explanation would be observationally equivalent for the existing tests.

We analyze whether mayors exploit KALAHI to redistribute local budgets in favor of targeted spending already. Our dependent variable is the distribution of municipal expenditures, covering only the municipal budget, thereby excluding the distribution of KALAHI project funds themselves. The fiscal data is taken from the Bureau of Local Government Finance (BLGF) of the Philippine Department of Finance. Expenditure categories include: 1) general public services, typically public administration and peace and order; 2) education, culture and sports/manpower development; 3) health, nutrition and population control; 4) labor and employment; 4) housing and community development; 5) social security/social services and welfare; 6) economic services, which generally includes agriculture, natural resources, energy, and transport and communication; 7)

⁹Before 2001, the BLGF reported municipal fiscal accounts using the Budget Operations Statement, or BOS. This was replaced in 2001 with the Statement of Income and Expenditures, or the SIE. As a result, the fiscal data used in this study is taken from the BOS for the years 1998 to 2000, and from the SIE dataset for 2001 onwards.

debt servicing; and 8) other purposes.¹⁰

The main challenge to test the fiscal hypothesis is that expenditure data does not explicitly identify the types of projects or spending that characterize public and targeted spending. In order to identify categories that could be characterized as targeted spending, we use more detailed budget data – which breaks down spending per project and sector – that is available for one province. According to this dataset, the projects that can be targeted (wages, direct cash assistance, e.g.) tend to fall under the general public services and labor and employment categories. The projects that are more difficult to target (vaccines, schools, infrastructure, e.g.) tend to fall under the following categories: education, culture and sports/manpower development; health, nutrition and population control; housing and community development; social security/social services and welfare; and economic services.

To calculate the public goods and targeted goods variables, we use the average spending on public goods or targeted goods as a share of total expenditure. Average municipal spending figures are calculated from the first year of participation in the program (or if a non-participant, the first year that any municipality in the province participated) to 2006. Using average spending until the election provides us with a good measure of clientelistic practices where incumbents tend to provide their clientele with targeted goods throughout their time in office (Kitschiest and Wilkinson 2007; Keefer and Vlaicu 2008; Stokes et al. 2013).¹¹

It is important to note that there are some potential pitfalls of this approach. First, there are examples of projects that contradict the general trend. For example, scholarships can be targeted but fall under education spending. Second, there are differences in how municipalities categorize projects, and the rubric used to categorize public goods versus targeted goods was devised using data from only one province. In general, the results are not very robust to using alternative operationalizations of the dependent variable (in terms of spending categories included, years used for analysis, etc.). Since we test an alternative explanation of our credit-claiming argument, we used the most favorable operationalizations

¹⁰The pre-2001 categories from the BOS were slightly different: 1) general government expenditures; 2) public welfare and internal safety; 3) economic development; 4) operation of economic enterprise; and 5) Other charges.

¹¹This is different from the notion of preelectoral spending where one would expect an increase in targeted goods spending just prior to the election.

in terms of finding a fiscal mechanism.

Table E.6 presents the results of the OLS regression model. The first two models present the effect of KALAHI on public and targeted spending using all municipalities. The last two models present the effect of KALAHI on public and targeted spending for municipalities that did not receive any funding until 2007. That is, the last two models test whether there is any anticipatory effect which would provide an alternative explanation for the credit-claiming argument.

Table E.6: Strategic Redistribution of the Local Budget

	All Municipalities (Public) (Targeted)		No Funding before 2007 (Public) (Targeted)	
KALAHI	-0.45*	1.50*	0.15	2.71
	(0.22)	(0.66)	(0.45)	(1.58)
Poverty Rating	-0.73	1.36	-1.47	11.5
	(1.10)	(4.58)	(1.81)	(10.30)
Population (log)	1.06^{*}	0.27	0.60	2.52
	(0.39)	(0.92)	(0.58)	(1.22)
Log Land Area	-0.50*	-0.15	-0.13	-1.39*
	(0.19)	(0.59)	(0.25)	(0.58)
Urbanization	-0.020	0.95	-0.29	1.26
	(0.51)	(1.01)	(0.50)	(1.31)
Log Total Expenditures	0.043	-7.04*	0.0071	-8.35*
	(0.55)	(0.89)	(0.40)	(1.35)
Constant	3.13	173.6^*	7.99	178.8^*
	(6.12)	(14.19)	(6.35)	(31.34)
Province Fixed Effects	Yes	Yes	Yes	Yes
Observations	644	595	208	159
R^2	0.314	0.364	0.416	0.383

DV: expenditure on public (Models 1 and 3) and targeted (Models 2 and 4) goods. OLS regression with province fixed effects.

Standard errors, clustered by province, in parentheses. * p < 0.05.

If we analyze fiscal redistribution for all municipalities we find that politicians whose municipalities received a KALAHI project significantly lowered public good spending and significantly increased targeted good spending. This provides some basic support for the fungibility arguments in the economic literature cited above. However, the effects are very small substantively (and not robustly significant when using alternative operationalizations of the dependent variable). Incumbents who received a KALAHI project, on average, increased their targeted expenditures by 1.5%, and decreased their public goods expenditures by 0.45%. This suggests that even though politicians have an incentive to redistribute their budget, even under the most favorable conditions, they are very limited in the amount of redistribution that can take place. Indeed, if we use the predicted probabilities of the targeted spending estimation as independent variable in the reelection model (including and excluding KALAHI), we find no significant effect of the increase in targeted spending on reelection probabilities (results are available upon request). Most importantly, the strategic redistribution does not take place in anticipation of receiving a KALAHI project, as the last two models demonstrate. In municipalities were KALAHI was announced but funding was not distributed until 2007, the effects of KALAHI on both categories of spending are insignificant. Interpreting this conservatively, the significant effect of KALAHI participation on reelection of mayors before the disbursement of funding cannot be due to the fungibility of foreign aid, but is largely consistent with our undeserved credit-claiming argument.

Consequently, the results imply that incumbents may indeed use a mix of strategies (including fiscal strategies) for electoral purposes if they receive a KALAHI project. Most importantly for our paper, we show that the credit-claiming mechanism is at work here, and that the findings (at least for KALAHI-CIDSS) cannot be purely understood using fiscal explanations.

F Additional Figures



Figure F.4: DSWD Anti-Epal Poster: "Only the national government has the right to remove beneficiaries from the *Pantawid Pamilyang Pilipino Program*. Get involved. Report [offenders]. *Epal* is not allowed here.' (Poster from the DSWD Field Office, photographed in May 2013 and translated from Tagalog by the authors).



Figure F.5: Ground-breaking ceremony for Kalahi-CIDSS Soil Erosion Control Project in Albay province, featuring the barangay captain, municipal mayor, and other officials. Photo credit: Bicol Mail regional newspaper.

References

World Bank. 2005. "Community Driven Development and Social Capital. Designing a Baseline Survey in the Philippines." Social Development Report 32405-PH.

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