

APPENDIX A-1: GOVERNMENTS AND IDOs INCLUDED IN ANALYSES

<i>Governments</i>	<i>IDOs</i>
Australia	African Development Fund
Austria	Asian Development Fund
Belgium	European Development Fund
Canada	European Union Development
Denmark	Inter-American Development Bank
Finland	International Development Agency
France	International Fund for Agricultural Development
Germany	International Monetary Fund
Greece	United Nations Childrens Fund
Ireland	United Nations Development Program
Italy	United Nations Population Fund
Japan	World Food Progamme
Luxembourg	
Netherlands	
New Zealand	
Norway	
Portugal	
Spain	
Sweden	
Switzerland	
United Kingdom	
United States	

APPENDIX A-2: WORLD BANK SECTORS INCLUDED IN ANALYSIS

Education
Health
Population Policy & Reproductive
Health
Water Supply & Sanitation
Government & Civil Society
Other Social Infrastructure & Services
Transport & Storage
Communications
Energy
Banking & Financial Services
Business & Other Services
Agriculture, Forestry, Fishing
Industry, Mining, Construction
Trade Policies & Regulations
Tourism
General Environment Protection
Other Multisector
General Budget Support
Food Aid/Food Security
Emergency Response

APPENDIX B: DERIVATION OF PORTFOLIO SIMILARITY

A government's bilateral aid portfolio is calculated as the bilateral aid of each government i to a recipient country k , as a percentage of that government's overall bilateral aid, in each year t :

$$\text{Government's Foreign Aid Portfolio}_{i,t} = \frac{\text{Foreign Aid}_{i,k,t}}{\text{Foreign Aid}_{i,t}}$$

The measure takes greater values the more bilateral aid a government gives to a particular recipient as a share of the government's total bilateral aid. Greater values for a *Government's Foreign Aid Portfolio* imply that a government has increasingly salient interests in providing aid to a particular recipient.

Next, we derive the foreign aid portfolio of any given IDO. We measure *IDO's Aid Portfolio* as the aid from IDO j to recipient k as a percentage of that IDO's total aid for each year t :

$$\text{MAI's Aid Portfolio}_{j,t} = \frac{\text{Foreign Aid}_{i,k,t}}{\text{Foreign Aid}_{i,t}}$$

Next, to measure *Portfolio Similarity* at the government-IDO level, we take the absolute value of the difference between these two values, multiply it by negative one (in order to measure similarity rather than dis-similarity), and average it across all recipients for each government-IDO pair:²²

$$\text{Portfolio Similarity}_{i,j,t} = -1 * \left(\sum_{k=0}^k \frac{|\text{Government's Aid Portfolio}_{i,k,t} - \text{MAI's Aid Portfolio}_{j,k,t}|}{k} \right)$$

²² This only includes government-IDO pairs where the government is a member of the IDO.

APPENDIX C: SUMMARY STATISTICS

<i>Variable</i>	<i>N</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min</i>	<i>Max</i>
Financial Contributions	2,911	0.075	0.124	0	0.875
Portfolio Similarity	2,911	0.101	0.479	0.004	9.999
Sectoral Similarity	1,077	0.346	0.343	0	0.99
Predicted Similarity	2,948	0.010	0.008	0.005	0.067
QuODA	2,911	0.141	0.378	-0.420	0.790
# Major Powers	2,911	5	2	0	7
IDO Age	2,911	28	15	0	63
Member	2,911	0.927	0.260	0	1
# Members	2,911	105	68	0	191
Regional IDO	2,911	0.275	0.447	0	1

APPENDIX D.1: SAMPLE CHANGES

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	Imputed	50% Threshold	25% Threshold	Post Cold War	5-year periods	Yearly
Portfolio Similarity	0.0108* (0.00660)	0.112** (0.0437)	0.134*** (0.0408)	1.430*** (0.335)	0.582*** (0.209)	0.0351* (0.0218)
QuODA	0.0346*** (0.0118)	0.0945*** (0.0228)	0.0959*** (0.0239)	0.0536*** (0.0203)	0.0263 (0.0290)	0.0941 (0.0623)
# Major Powers	0.00664*** (0.00148)	-0.00927* (0.00492)	-0.00976** (0.00486)	-0.00149 (0.00408)	0.0118** (0.00517)	-0.0124 (0.00947)
IDO Age	-0.000218 (0.000213)	-0.00352*** (0.00116)	-0.00270*** (0.000996)	-0.000795* (0.000477)	0.00132 (0.000979)	-0.00367*** (0.00138)
Member	0.0380*** (0.00804)	0.0647*** (0.0231)	0.0752*** (0.0227)	0.0186 (0.0212)	0.0779 (0.0549)	0.0661 (0.0948)
# Members	-0.00026** (0.000116)	-0.000322 (0.000227)	-0.000406* (0.000221)	-0.00104*** (0.000287)	-0.00204*** (0.000516)	-0.000314 (0.000252)
Regional	-0.0522*** (0.0105)	-0.174*** (0.0255)	-0.177*** (0.0250)	-0.187*** (0.0356)	-0.254*** (0.0699)	-0.180* (0.0949)
Constant	0.0226*** (0.00468)	0.294*** (0.0695)	0.256*** (0.0623)	0.232*** (0.0531)	0.120 (0.111)	0.324*** (0.0767)
Observations	8800	2685	2901	1459	1864	8269
N (Govt.-IDO)	550	223	257	261	262	262
Period FE	Yes	Yes	Yes	Yes	Yes	Yes
Hansen J (p)	0.02	0.21	0.20	0.20	0.17	0.89
Arellano Bond (p)	0.08	0.25	0.21	0.001	0.10	0.20
# Instruments	113	125	125	73	35	1148
AR P-Score	0.0814	0.0001	0.0001	0.0001	0.0019	

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX D.2: MODEL SPECIFICATION

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	Govt.-FE	Random Effects	Govt.-FE	Random Effects	SGMM	Fractional Logit
Portfolio Similarity	0.106*** (0.0220)	0.108*** (0.0233)				
Portfolio Similarity (lagged)			0.112*** (0.0217)	0.114*** (0.0225)	0.116*** (0.0391)	1.600*** (0.302)
QuODA	0.0883*** (0.00606)	0.0875*** (0.00698)	0.0958*** (0.00626)	0.0953*** (0.00733)	0.101*** (0.0250)	1.363*** (0.0872)
# Major Powers	0.000822 (0.00258)	0.00142 (0.00158)	-0.000895 (0.00267)	-0.000443 (0.00164)	-0.00543 (0.00610)	0.455*** (0.0372)
IDO Age	-0.00163*** (0.000251)	-0.00158*** (0.000184)	-0.00160*** (0.000258)	-0.00156*** (0.000195)	-0.00133 (0.00116)	-0.0389*** (0.00360)
Member	0.0699*** (0.00905)	0.0582*** (0.00833)	0.0684*** (0.00950)	0.0582*** (0.00893)	0.0740*** (0.0241)	0.572*** (0.132)
# Members	-0.00058*** (0.0000775)	-0.00059*** (0.0000821)	-0.00046*** (0.0000796)	-0.00047*** (0.0000830)	-0.00035 (0.000243)	-0.018*** (0.00111)
Regional	-0.157*** (0.00684)	-0.157*** (0.00920)	-0.153*** (0.00682)	-0.153*** (0.00898)	-0.151*** (0.0292)	-3.148*** (0.0950)
Constant	0.122*** (0.0133)	0.128*** (0.0141)	0.103*** (0.0154)	0.108*** (0.0166)	0.155* (0.0863)	-3.546*** (0.249)
Observations	2911	2911	2739	2739	2739	2739
N (Govt.-IDO)	262	262	262	262	262	262
Period FE	Yes	Yes	Yes	Yes	Yes	Yes
Hansen J (p)					0.30	
Arellano Bond (p)					0.97	
# Instruments					111	
AR P-Score					0.0001	

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX D.3: OPERATIONALIZATION OF DEPENDENT VARIABLE

	Model 1	Model 2	Model 3	Model 4
	Log Contributions	Disbursements	Log Disbursements	Log Transformation
Portfolio Similarity	1.165* (0.720)	0.108*** (0.0346)	13.98** (5.705)	5.824* (3.610)
QuODA	0.665* (0.386)	0.0829*** (0.0202)	0.0790 (0.436)	2.183*** (0.251)
# Major Powers	0.0340 (0.0948)	-0.00764* (0.00434)	0.424*** (0.128)	0.484*** (0.0808)
IDO Age	-0.0461** (0.0224)	-0.00217** (0.000875)	-0.0225 (0.0149)	0.0224 (0.0149)
Member	0.903** (0.438)	0.0666*** (0.0203)	0.739 (0.514)	-0.329 (0.476)
# Members	-0.00240 (0.00427)	-0.000393** (0.000197)	-0.0173*** (0.00479)	-0.0232*** (0.00346)
Regional	-1.804*** (0.516)	-0.152*** (0.0214)	-1.840*** (0.581)	-2.751*** (0.298)
Constant	3.801*** (1.436)	0.206*** (0.0529)	11.74* (6.426)	-3.436*** (0.938)
Observations	2638	2911	3023	2097
N (Govt.-IDO)	240	262	262	211
Period Fixed Ef- fects	Yes	Yes	Yes	Yes
Hansen J (p)	0.15	0.056	1	0.002
Arellano Bond (p)	0.24	0.103	0.534	0.575
# Instruments	125	125	113	111
AR P-Score	0.0004	0.0001	0.0001	0.0016

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX D.4: ADDITIONAL CONTROLS

	Model 1 Concessional	Model 2 Govt.-level	Model 3 IDO-level
Portfolio Similarity	0.124*** (0.0396)	0.133*** (0.0390)	0.0657* (0.0380)
QuODA	-0.132*** (0.0452)	0.0872*** (0.0245)	
# Major Powers	0.00488 (0.00359)	-0.00880* (0.00467)	0.0289 (0.0218)
IDO Age	-0.00414*** (0.00114)	-0.00218** (0.000864)	-0.00115* (0.000654)
Member	0.0464** (0.0225)	0.0773*** (0.0243)	0.0611* (0.0350)
# Members	-0.00138*** (0.000200)	-0.000386* (0.000221)	-0.00157*** (0.000549)
Regional	-0.132*** (0.0255)	-0.163*** (0.0254)	-0.164*** (0.0491)
Concessional	0.259*** (0.0548)		
Govt. Unemployment		-0.000998 (0.00112)	
GDP Growth		-0.000762 (0.00200)	
Government Expenditure		0.000276 (0.00154)	
Effectiveness			0.0620*** (0.00867)
Efficiency			-0.00000688* (0.00000371)
Constant	0.363*** (0.0711)	0.218*** (0.0683)	0.161* (0.0922)
Observations	2911	2783	2427
N (Govt.-IDO)	262	262	220
Period FE	Yes	Yes	Yes
Hansen J (p)	0.106	0.007	0.141
Arellano Bond (p)	0.134	0.577	0.461
# Instruments	126	125	126
AR P-Score	0.0001	0.0001	0.0001

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX D.5: EXCLUDING GOVERNMENTS AND IDOS

	Model 1 Excluding Large Donors	Model 2 Excluding EU Governments	Model 3 Excluding EU IDOs	Model 4 Global IDOs
Portfolio Similarity	0.140*** (0.0432)	0.129** (0.0498)	1.875*** (0.389)	2.307*** (0.478)
QuODA	0.0756*** (0.0239)	0.0818*** (0.0218)	0.0900*** (0.0175)	0.119*** (0.0236)
# Major Powers	-0.00574 (0.00530)	-0.0125** (0.00518)	0.00421 (0.00314)	0.0185* (0.0102)
IDO Age	-0.00203** (0.000983)	-0.00294*** (0.000948)	-0.000628 (0.000543)	-0.000104 (0.000713)
Member	0.0771*** (0.0236)	0.136*** (0.0213)	0.0306 (0.0191)	0.0179 (0.0415)
# Members	-0.00051** (0.000250)	-0.00088*** (0.000211)	-0.0024*** (0.000333)	-0.00055 (0.000417)
Regional	-0.171*** (0.0278)	-0.228*** (0.0221)	-0.354*** (0.0489)	
Constant	0.215*** (0.0623)	0.300*** (0.0584)	0.413*** (0.0770)	-0.0502 (0.0560)
Observations	2319	2040	2504	1976
N (Govt.-IDO)	214	190	220	176
Period FE	Yes	Yes	Yes	Yes
Hansen J (p)	0.406	0.006	0.378	0.465
Arellano Bond (p)	0.654	0.219	0.486	0.513
# Instruments	125	125	125	124
AR P-Score	0.0044	0.0057	0.0001	0.0034

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX D.6: FIRST STAGE ESTIMATES FOR PREDICTED PORTFOLIO SIMILARITY

DV: Bilateral Aid (%)

Log GDP Per Capita	-0.182*** (0.0397)
Log GDP Per Capita Squared	0.00649 (0.00716)
Log of Population	-0.256*** (0.0819)
Log of Population Squared	-0.0387*** (0.00823)
Log of Trade	0.0419*** (0.00454)
Democracy	0.0103*** (0.00142)
UN Voting Affinity	-0.993*** (0.0837)
Political Risk	0.00412*** (0.000734)
Multilateral Aid	0.00523*** (0.000887)
Constant	7.591*** (1.463)
N	42322
Log lik.	-50624
R-Squared	0.77

Level of analysis is the government-recipient-year

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Notes on Data Sources and Model Specification

GDP Per Capita, Population, Trade and Multilateral Aid from the World Development Indicators. Democracy from Polity IV, UN Voting Affinity from Erik Voeten and, Political Risk from ICRG.

Model based on Alesina, Alberto, and David Dollar. 2000. "Who gives foreign aid to whom and why?" *Journal of Economic Growth* 5(1): 33-63.