The Politics of Double Delegation in the European Union

Katharina Michaelowa  
University of Zurich

Bernhard Reinsberg  
University of Cambridge

Christina J. Schneider  
University of California, San Diego

Many international organizations channel financial contributions of their member countries through other international organizations to implement their programs and activities. In this context, the second step of the delegation chain is often costly and—at least seemingly—an easily avoidable duplication of a previous one. We examine the puzzling phenomenon of double delegation in the context of European aid. We argue that governments engage in double delegation in order to strengthen the role of the European Union (EU) as a multilateral donor agency. This leads to an increase in the flow of resources that, at times, exceeds what the Commission can effectively handle alone. Delegating aid to other organizations helps the Commission solve this capacity problem, but it also reduces its control over how the resources are spent. Consequently, the Commission must exercise judgment about which projects it delegates to other international organizations. Our quantitative and qualitative evidence shows that double delegation is more likely where the Commission’s capacity as an aid donor is low and where EU members have no strategic interests at stake. We also show that the Commission tries to mitigate the loss of control by earmarking the delegated aid projects more tightly, notably when member preferences are heterogeneous. The results provide a new way of thinking about international delegation and bureaucratic politics in international organizations. Delegation problems may occur even if the interests between the principal and the agent align. Our approach highlights why this happens and how actors try to minimize the costs of this understudied type of agency slippage.

International organizations often channel the contributions of their member countries through other multilaterals to implement their programs and activities. This phenomenon can be observed for a number of United Nations (UN) organizations that delegate their funds to their sister organizations within the UN system or other external organizations. Similarly, the Global Fund—a quasi-multilateral organization specialized on global health—delegates most of its funding to the World Health Organization (Sridhar and Woods 2013, 326–27). The Global Environment Facility (GEF) collaborates with the World Bank, the United Nations Development Program (UNDP), the United Nations Environment Program (UNEP), and fifteen additional agencies to develop and implement its projects (Bayer, Marcoux, and Urpelainen 2014; Global Environment Facility 2017, 414–15; Graham and Thompson 2015, 117–19). And the European Union (EU) delegates much of its development assistance to trust funds at various other international development organizations (IDO) (Michaelowa, Reinsberg, and Schneider 2017, 515–17).

In all these cases, member states delegate a task to an international organization that then further delegates this task to yet another international organization. The phenomenon of double delegation presents a puzzle. Members of most of the abovementioned organizations could simply delegate directly to the second organization without going through the former. The phenomenon of double delegation differs from other forms of previously studied complex delegation, such as multiple delegation along a chain of increasingly specialized agencies (as, for example, in Martens et al. 2003, chap. 5); simultaneous delegation by states to multilateral and to subnational agencies, that is, “dual delegation” (Eberlein and Newman 2008; Newman 2010); or simultaneous delegation to many multilateral organizations (Hodson 2011; Hodson 2015; Henning 2017). Double delegation oftentimes takes place within such a wider system of complex delegation. Yet, it adds a seemingly redundant additional step in the delegation chain.1

1 Our argument about the importance of complex delegation patterns in international relations follows similar arguments made about orchestration (Abbott et al. 2015; Abbott, Green, and Keohane 2016), new interdependence (Farrell and Newman 2014), and complex governance (Kahler 2016). For example, some authors analyze the collaboration between similar multilateral organizations from the perspective of orchestration. This perspective is useful as long as the role of the organization initially in charge is merely one of initiating, convening, coordinating, and assisting the work of other multilateral organizations. However, much of the abovementioned collaborations between international organizations...
Why do states choose to make this seemingly unnecessary detour, especially because the additional layer of delegation does not come free of cost? In the case of EU aid, direct costs arise because IDOs charge significant fees for their services (Michaelowa et al. 2017, 517). Indirect costs occur because the longer chain of delegation lowers governments’ control over the ultimate allocation of resources. These costs, in turn, imply fewer resources for the actual development efforts. In addition, the allocation of these resources may not even fully correspond to what EU member states consider efficient in terms of their objectives. Finally, the members’ objective to increase the visibility of the EU as an important foreign policy actor may be compromised when the implementing agency combines all funding resources within one single trust fund, making the EU contribution one among many.

Even though one cannot easily generalize the findings about double delegation in the EU, the EU’s importance as a donor in the developing world makes it intrinsically important to understand the causes of its double delegation. With an aid volume of more than $16 billion in 2014—corresponding to about 25 percent of the combined bilateral development assistance of its member states—the EU institutions have developed into the single largest multilateral donor; since 2010, they have surpassed even the World Bank (Schneider and Tohin 2013, 104).

Moreover, the basic mechanism of double delegation in the EU compares well to double delegation in other international organizations (IO). The EU constitutes an important case and provides an ideal starting point for analyzing the phenomenon. Just as for many other organizations, EU members provide resources mostly on a voluntary basis through the European Development Fund (EDF). As the main implementing agency of EU aid, the European Commission (EC) can decide to further delegate these resources to the different IDOs, typically in the form of trust funds. Overall, the Commission delegates about a quarter of its development finance to trust funds at IDOs including the World Bank, UNDP, UNICEF, and a number of regional organizations (own calculation based on data by Eichenauer and Reinsberg [2017]). By doing so, the EC follows in the steps of many bilateral donors that increasingly channel their aid through these IDO trust funds (Graham 2015; Reinsberg, Michaelowa, and Eichenauer 2015), a phenomenon dubbed “multi-bi aid” (OECD 2011, 18).

Why do EU member states delegate such a substantial part of their development assistance to the EU if the latter just delegates it further, often to IDOs to which individual member states also delegate aid resources directly, at lower cost? We explain the extent of double delegation with the existence of trade-offs between pressures to delegate more aid resources to the EU development agencies, the EU’s capacity to effectively allocate the increasing financial resources, and the ability of EU member states to control how those resources get spent. The increasing delegation of government funds to European aid agencies boosted the importance of the EU as an actor in economic development. It also dealt with some of the coordination problems among European donors.

The capacity of the EU as a foreign aid donor has not kept pace with these developments. Rather than limiting delegation to the EU, member states now allow the Commission to delegate some resources horizontally to other IDOs. With this double delegation, the EU can retain its standing in international development despite its own capacity constraints. At the same time, double delegation to other IDOs limits EU members’ control over the allocation of their foreign aid resources (which reduces their incentives to delegate to the EU in the first place). The Commission tries to solve this problem by (a) focusing double delegation on projects where its capacity in development finance is most severely limited and (b) by increasing its control over the double-delegated aid through specific earmarking of resources where it pertains to the strategic interests of its member states.

We analyze the empirical implications of our argument primarily through a quantitative approach, but one heavily informed by intensive interview-based qualitative research. The quantitative analysis uses specific coding of project-level information on development assistance to obtain the EU’s aid channels and the degree of earmarking from 2000 to 2012. The qualitative analysis takes information from interviews with about forty respondents at all levels of the double-delegation chain. We interview Commission staff, staff at the World Bank—the most important recipient of the EU’s double-delegation efforts, and staff from selected EU member countries. In line with our expectations, we find that double delegation primarily occurs when development projects are directed toward recipient countries where the Commission lacks capacity. Strategic interests among EU member states prevent the Commission from delegating to IDOs. The Commission earmarks aid to IDOs more strictly when member states are more reluctant to agree to double delegation in the first place and when member state preferences are heterogeneous.

Our argument and findings matter to a broader body of work, which applies principal-agent theory to international organizations (Pollack 1997; Nielson and Tierney 2003; Johnson 2013; Schneider and Slantchev 2013, 2014a, 2014b), and specifically to the literature of delegation within the EU (Coesn and Thatcher 2008; Eberlein and Newman 2008; Newman 2010). The traditional delegation literature relies on capacity gains as one important motive for delegation. Double delegation occurs when pressures to delegate mount even if the immediate agent does not have superior expertise. We demonstrate how the Commission navigates the conflicting goals of its own rapid growth as a major donor and development effectiveness, especially when it faces capacity constraints.

Our findings also provide new insights to the standard theory of bureaucratic behavior, which is based on the three key motives—agency reputation, budget maximization, and career advancement (Arel-Bundock, Atkinson, and Potter 2015, 548; Golden 2000; Vaubel 2006). In cases of double delegation, the preferences between the principal and the agent align well because the international recognition and relevance of the first agent (the Commission) is an immediate goal of the principal (the EU member states). Yet, agency slippage may occur when the Commission delegates to IDOs. Precautionary steps, including earmarking, may become relevant. Furthermore, the heterogeneity of member state interests does not necessarily lead to greater freedom for the IDO agency because member states will then expect the Commission to use stronger earmarks.

Finally, our analysis offers a new way of thinking about the phenomenon of multi-bi aid, which scholars have only examined from the perspective of bilateral donors. The focus is on there is on either electoral incentives (Eichenauer and

---

Schneider and Tobin 2013, 104).
Member states bilateral donors. Its aid to trust funds at other IDOs, the EU resembles many stage of the delegation process. Yet, by further delegating as the EU already assume a coordinating function at the first electoral incentives matter indirectly at best, and IDOs such arguments are not directly relevant for delegation by IDOs (outranking both the World Bank and the United Nations).

Largest multilateral donor in the world for over seven years (OECD 2013a). Just taking into account the multilateral portion of all development aid (OECD 2016). Member states are now the world’s leading donor, providing more than 50 percent of all development aid (OECD 2016). Development countries around the world increasingly rely on the EU’s foreign aid resources.

The Commission serves as the main implementing agency of EU development finance. It decides whether to distribute its resources directly (through its own country offices) or indirectly (through more specialized agencies such as non-governmental organizations (NGO) or local government agencies). The Commission also decides how much of these funds to delegate horizontally to other IDOs in form of trust funds. This type of delegation presents the second stage in our double-delegation chain. The IDOs serve as implementing agents that allocate the foreign aid resources either directly or indirectly through more specialized agencies in the recipient countries.

Delegation from the EU to other IDOs has increased dramatically over the last few years. Until the mid-2000s, the EU’s multi-bi aid accounted for less than 2 percent of its entire aid budget (Figure 2). The growth of multi-bi aid started later than in EU member states, but increased at even faster rates. In 2012, the EU delegated almost 25 percent of its aid to other IDOs, while the EU member states individually channeled only 13 percent of bilateral development assistance through multilateral agencies.

The Commission delegates to various different development organizations. Between 2002 and 2012, the EU delegated about 50 percent of its multi-bi aid to UN organizations, 20 percent to regional development organizations, and the remaining 30 percent to multilateral development banks, notably the World Bank and the European Bank for Reconstruction and Development. The World Bank was the single most important IDO for the EU’s multi-bi aid. The EU and the World Bank have a long-standing partnership, governed by a Framework Agreement of 2001. Over time, the EU has become the second largest donor to World Bank trust funds, after the United Kingdom and ahead of the United States (World Bank 2013a, 8). It contributed not only to multilender trust funds, but also established large single-lender trust funds (with no other partners involved), notably the $78 billion EC-ACP Natural Disaster Risk Reduction Program (World Bank 2012, 10).

The Commission could delegate the resources without imposing any constraints, but this hardly ever happens. For virtually all projects, the Commission prescribes at least a broader regional focus and oftentimes even specifies the recipient country (geographic earmarking). The Commission also frequently predefines the sector in which the IDO

**Double Delegation and Multi-Bi Aid in the European Union**

Double delegation is an integral part of international cooperation. It occurs whenever member states delegate tasks to international organizations that in turn delegate parts of these tasks to other international organizations. Double delegation implies that the delegation in the second step is horizontal without an increasing specialization of tasks along the chain of delegation. EU member states delegate resources to the EU in order to finance the EU’s development policies through one of three channels (the common EU budget, the EDF, and the European Investment Bank). The EU then delegates some of the development and implementation of aid programs to another multilateral donor.

Figure 1 illustrates the concept of double delegation. In the first stage, the EU member states contribute financial resources to the EU development institutions. These contributions—particularly to the EDF—are largely voluntary; not all EU members contribute. Some contributions—particularly, to the Commission’s EuropeAid agency—are determined by the EU members’ financial contributions to the general EU budget. EU members delegate about 17 percent of their bilateral foreign aid resources to the EU development programs. With these efforts, the EU and its member states are now the world’s leading donor, providing more than 50 percent of all development aid (OECD 2013a).

Just taking into account the multilateral portion of the EU’s development finance, in 2017 it had been the largest multilateral donor in the world for over seven years (outranking both the World Bank and the United Nations).
must spend the money (sector earmarking). Earmarking allows the Commission to ensure that the projects respect the specific preferences of individual EU member states. Earmarking is an important component of double delegation because it allows the Commission to balance some of the potential costs that arise for its member states with the benefits from delegating to IDOs.

The Politics of Double Delegation in the European Union

Our theoretical argument focuses on the preferences of three types of actors involved in the double-delegation chain: (1) the EU member countries that delegate aid resources to the EU, (2) the Commission that serves as the managing and implementing agency of the foreign aid resources, and (3) other IDOs to whom the Commission may delegate its aid resources (under the condition that the member states approve).

For simplicity, and based on our interview evidence, we assume that IDOs are generally ready to accept the Commission’s multi-bi aid. Multi-bi aid expands the IDO’s budget through both the aid resources transferred and the additional fees for trust fund management. The additional funding usually compensates the IDO’s own cost incurred related to the services they provide. However, the IDO has its own funding priorities, which may not necessarily align with the priorities of the EU. The loss of control incurs indirect costs for EU member states, which add to the direct cost of delegation. Furthermore, double delegation reduces the EU’s visibility as a foreign actor (see discussion below), so that the EU member states’ initial benefits from delegating to the Commission decline.

If the delegation of foreign aid resources to IDOs entails additional costs, why would EU member states delegate their aid to the EU in the first place (rather than to the IDOs directly)? And why would the Commission not allocate these resources to recipient countries directly? We argue that EU members have experienced increasing incentives and pressures to delegate to the European Union instead of spending their foreign aid resources bilaterally or multilaterally. EU member states stand to benefit because the pooling of resources at the EU-level contributes to the development of a single strong European agency with high international visibility. Through their participation in EU development programs, EU member countries have become more important and powerful partners of recipient countries in international development.

The position as a “champion of international development” is an important component of double delegation. The more important problem related to the second step of delegation is that the Commission (and by extension the member states) loses some control over the allocation of resources. If the longer chain of delegation reduces the influence of EU member states over the allocation of funds, they may have limited incentives to agree to double delegation in the first place. The more the IDO’s allocation departs from the ideal aid preferences of the member states, the greater the costs. EU members should be particularly concerned in areas of strategic relevance and when they want the EU to assume the role as a powerful foreign policy actor.

EU member states have experienced increasing pressures to delegate foreign aid resources to the EU as well. The Organization for Economic Cooperation and Development (OECD) performs regular reviews of the development cooperation efforts of its twenty-nine members. The objective is to improve the quality and effectiveness of development cooperation policies and system and to promote good development partnerships for better impact on poverty reduction and sustainable development in recipient countries. Over time, these reports have consistently highlighted the importance of coordination of European aid, following the goals of harmonization and donor coordination established globally in the Paris Declaration. In other words, the OECD has repeatedly promoted the delegation of more aid resources and decision-making capacity to the European Commission (OECD 2012, 20).

Even though the Commission has welcomed these developments in general, it is a multipurpose agency that manages all the EU’s policies with limited administrative capacity and even more limited specialized knowledge in its individual areas of activity. The EU budget for its own administration is very small; less than 5 percent of the EU budget support the entire body of administrative staff. It should not come as a surprise that in development assistance, the Commission has not yet developed the same level of professional expertise and experience as other IDOs. Due to these deficiencies, its interventions tend to be both less efficient and less effective (for example, Bodenstein, Faust and Furness 2017, 443; OECD 2012, 75–86).

To improve the effectiveness of EU development assistance, while at the same time retaining the standing of the EU in international development finance, it may be optimal for the Commission to channel some of its development resources to more experienced IDOs. The drawback is the loss of control and, possibly, a reduced visibility of the EU as a large foreign policy actor. Several of our interviewees at the Commission particularly mentioned the latter concern. It seems plausible to assume, however, that the reduction in visibility is smaller than if the EU members would have channeled the funds to the IDOs directly without the EU assuming any role at all. It further helps that the influence of large contributors like the EU in these IDOs remains relatively high, even within a trust fund managed by another agency.

The more important problem related to the second step of delegation is that the Commission (and by extension the member states) loses some control over the allocation of resources. If the longer chain of delegation reduces the influence of EU member states over the allocation of funds, they may have limited incentives to agree to double delegation in the first place. The more the IDO’s allocation departs from the ideal aid preferences of the member states, the greater the costs. EU members should be particularly concerned in areas of strategic relevance and when they want the EU to assume the role as a powerful foreign policy actor. The costs should increase when EU members’ geopolitical or commercial interests are at stake (especially when the IDO allocates the aid resources for [nonstrategic] economic development) and when the strategic interests of the IDO members conflict with the strategic interests of the EU member states.

How does the Commission—the agent that moderates between the member countries and the IDOs—solve this dilemma? How does it balance the objectives of visibility and control given its own capacity constraints? Two considerations seem important. First, aid projects differ. Not all are equally demanding with respect to capacity. And not all are

---

3 We focus our argument on gains from increasing the visibility of EU development finance in recipient countries. One could argue that the increasing delegation to the EU and the visibility of EU aid could also lead to greater support at the national level (Milner 2006).
equally important to EU member states. The Commission can be selective in delegating some of its projects and retaining others under its own full responsibility. Second, earmarking provides a tool to retain some control even when the Commission delegates to IDOs. To a certain extent, we may consider earmarking and retaining the project under the Commission’s own responsibility as substitutes. Any project characteristics that suggest less double delegation also suggest more earmarking (and vice versa), whereby the Commission can select both instruments in combination, or either of the two. Regarding the relevant project characteristics, we distinguish between three categories: Commission capacity in the specific area, member states’ strategic interests, and heterogeneous preferences among member states.

First, not all aid projects are equally demanding. For instance, the EU has experience in cooperating with some regions, but less so with others. Furthermore, the Commission’s capacity varies between different sectors of activity and over time depending on staff availability. The greater the Commission’s capacity constraints, the greater its incentives to rely on other IDOs. This implies more double delegation and less earmarking. Where the Commission has greater capacity, the opposite should be the case:

\[ H1a: \text{The likelihood for double delegation decreases for projects in recipient countries where the Commission has relatively more capacity and expertise.} \]

\[ H1b: \text{The likelihood for earmarking increases for projects in recipient countries where the Commission has relatively more capacity and expertise.} \]

Second, EU member states attach strategic relevance to some projects, either commercially (for example, because of strong trade relationships) or politically (for example, due to geopolitical interests). If such strategic interests are at stake, retaining control over the allocation of resources becomes more important. The Commission can achieve this goal if it either delegates less or earmarks more (or both):

\[ H2a: \text{The likelihood of double delegation decreases for projects in recipient countries where EU member states have strategic interests.} \]

\[ H2b: \text{The likelihood of earmarking increases for projects in recipient countries where EU member states have strategic interests.} \]

Finally, EU member states sometimes have diverging preferences with respect to the allocation of aid. Some of the EU members may exhibit extreme, and therefore salient, positions. Given the decision-making rules, all member countries have to agree on the Commission’s delegation of resources to another IDO. As a consequence, the Commission must retain sufficient control over the allocation of its resources in order to convince the most reluctant member that its preferences will be ensured. This implies either reduced double delegation or more earmarking (or both):

\[ H3a: \text{The likelihood of double delegation decreases for projects in recipient countries when EU members have heterogeneous preferences.} \]

\[ H3b: \text{The likelihood of earmarking increases for projects in recipient countries when EU members have heterogeneous preferences.} \]

Note that the first two sets of hypotheses relate primarily to the second part of the double-delegation chain, that is, the relationship between the Commission (influenced by member states’ preferences) and the IDO. The third set of hypotheses primarily addresses the first part of the double-delegation chain, that is, the interaction between the Commission and the member states. If we find empirical evidence for all of them, this will lend support to the importance of the complete double-delegation chain to explain the allocation of funding. Standard models of delegation assume that the heterogeneity of principals’ preferences provides for more discretion of the agency (that is, the Commission, who might put somewhat more weight on capacity than EU members, could benefit by delegating more aid to IDOs). Indeed, this result holds for the case when the Commission allocates foreign aid directly (Schneider and Tobin 2013, 109). In our context, however, the relevant divergence of preferences is not between the Commission and EU members, but between the former two and the IDO. In this case, the Commission should take up the salient request for control by some members and adjust its position on further delegation and earmarking accordingly.

Data and Methods

We test the implications of our theory using two complementary sources of evidence. We conduct regression analysis to assess the EU’s patterns of double delegation and earmarking of multi-bi aid activities. Furthermore, we illustrate the causal mechanism with qualitative evidence from the multi-bi partnership between the Commission and the World Bank. Our quantitative data cover the Commission’s aid activities for the 2000–2012 period. We base all general aid-related data either on the Creditor Reporting System (CRS) of the OECD or the OECD data on aggregate flows (OECD 2013a, 2013b). For activities delegated to IDOs, we use the multi-bi aid dataset by Eichenauer and Reinsberg (2017), which complements the existing OECD data on aid channeled through multilaterals by coding qualitative information on transition channels for additional years and by including information on earmarking along several dimensions. We collect additional data for the Commission and the World Bank from the organizations’ webpages, EU budget reports, and the World Bank’s (2013c) trust fund databases. We took all general recipient country information from the World Bank’s (2014) World Development Indicators, Eurostat (2015), and Mayer and Zignago (2006). Appendix 1 provides detailed definitions of all variables, including data sources, and descriptive statistics.\(^5\) The original aid data are at the project level, but our unit of analysis is at the recipient country-year level, which allows us to directly assess the impact of different recipient country characteristics on the Commission’s delegation patterns.\(^6\)

Our qualitative analysis draws on evidence from both interviews and official documents. Overall, we conduct more than forty interviews with Commission officials, World Bank staff, and individual bilateral donors. Our interviews at the Commission cover different respondents at the Directorates-General for International Co-operation and Development.

---

\(^{5}\) All appendices are available online and from the authors.

\(^{6}\) We follow Eichenauer and Reinsberg (2017) and exclude all aid flows dedicated to debt relief and humanitarian aid. These are distinct from aid activities for substantive development purposes. We also drop all aid activities that cannot be attributed to individual recipient countries.
and the World Bank. It applies to all Commission entities.

The Trust Fund and Co-Financing Framework Agreement—
—concluded in the early 2000s and periodically updated—
formalizes the specific partnership between the Commission
and the World Bank. It applies to all Commission entities
and to all trust funds of the Commission with the World
Bank (see European Commission 2013; World Bank 2013b).

Variables

In a first step, we analyze the determinants of double
delegation. We measure the dependent variable of the double-
delegation regressions as the percentage of EU aid to a re-
cipient that the Commission channels through an IDO each
year. In a second step, we analyze the extent to which the
EU’s multi-bi aid is earmarked. The dependent variable of
the earmarking regressions is the percentage of all double-
delegated EU aid that the Commission earmarks either
gEOgraphically to specific countries or sectorally. We consider
both dimensions separately. While our theory does not sug-
gest any specific differences, it is evident that, with a mean of
94 percent, geographic earmarking is much more frequent
than sector earmarking (mean of 20 percent).

The operationalization of our explanatory variables is less
straightforward. Many indicators reflect EC capacity, EU
member states’ strategic interest, and preference hetero-
genality. None of them cover these concepts in a comprehen-
sive way. To make matters worse, several variables relate to
both capacity and strategic interest. In some cases, data con-
straints limit our choice to imprecise measures of the con-
cepts at hand. We resort to a choice of variables that com-
bines different measures for each of the concepts, informed
by the general aid allocation literature (see, among many
others, Chauvet 2003; Berthélemy and Tichit 2004; Hoeffler
and Ostram 2011; Bermeo and Leblang 2015). In addition,
we make sure that at least some variables are not observa-
tionally equivalent for each concept we aim to measure, so
that it is possible to discriminate between effects related to
capacity and strategic interest.

To test the first set of hypotheses, we use measures related
to capacity. The Commission should have more capacity in
areas in which the EU has a long-standing presence. This in-
cludes the African, Caribbean, and Pacific Group of States
(ACP)—with whom the Commission has been collaborat-
ning since the very beginning of its development program in
1957—and to a lesser extent, the countries included in the
European Neighborhood Policy (ENP) developed in 2004.

Common language with the partner country further facil-
titates project implementation for the Commission, as its staff
will be able to understand the project documentation and to
communicate with local stakeholders more easily. We code
indicator variables for projects in the ACP and ENP regions
(ACP country, ENP country) and for recipients for which one

of the national languages corresponds to the language of at
least one EU member country (common language).

While we see these variables primarily as indicators of
greater capacity, they may also signal strategic interests. In
both cases, we would expect less double delegation and
more earmarking. The prediction is hence unambiguous,
and a failure to find corresponding evidence would put in
question both the first and the second set of hypotheses.

To directly address only the capacity-related hypothe-
ses, we further consider a count of Commission staff (log).
The available data varies only across time. EuropeAid can
more easily handle projects that are launched in years when
the Commission has more staff (at given aid volumes) be-
because more people are available to manage and
monitor these projects, both in the headquarters and on
the ground. Since we only consider aggregate numbers,
changes reflect the member states’ overall support for the
EU’s aid activities, but not new areas of strategic priority.

Second, capacity could be conceived as a relative concept,
that is, by comparing the Commission’s capacity to the ca-
pacity of the IDOs to which it could delegate. Many donors
expect substantial gains driven by economies of scale in
large organizations like the World Bank and by the expertise
of their staff (Milner and Tingley 2013, 317–18). Projects
in countries in which other IDOs are very well represented
and experienced may lead the Commission to think twice
about whether to rely on its own limited capacity or to reap
the benefits from further delegation. To capture this relative
perspective, we include information on the major IDO that
may represent an alternative: the World Bank. We do not
have specific information on the number of local staff, but
we know whether the World Bank has an office in the respec-
tive country (WB delegation), and we know the World Bank’s
volume of aid. We use World Bank aid volume as percent-
age of Commission aid (WB amount) to capture the relative
capacity advantage of the local World Bank office.

Third, we introduce an indicator for areas that have only
recently become relevant within the aid community for rea-
sons beyond the EU’s control. In these cases, the EU lacks
capacity to address the emergent interest in this aid sec-
tor. We infer the importance of specific sectors from the
creation of new Development Assistant Committee (DAC)
working groups—informal discussion groups among the
OECD/DAC donors that set the agenda on new develop-
ment issues such as poverty alleviation, fragile states, and
the environment (Reinsberg et al. 2017). Important sector is
a dummy variable that captures whether a country has ob-
tained aid projects in any of the new DAC working group
priority sectors in each year. In these areas, the EU lacks
capacity, and we expect that this should lead to more double
delegation and less earmarking. 7

To test the second set of hypotheses, we include variables
related to strategic interests and purely developmental mo-
tivation of aid. To capture economic interest, we use the
export share of the three most influential EU members—
Germany, France, and the United Kingdom—in percent of
their exports to developing countries (export share in EU-3).

To measure developmental needs, we include three vari-
ables related to poverty and vulnerability: life expectancy (log),
GDP per capita (log), and an indicator variable for fragile
states (fragile state).

7 Capacity cannot be confounded with strategic interest because the EU mem-
ber states do not attach specific relevance to the topics covered by DAC working
groups, even if strategically relevant for the donor community as a whole. Even
if they were, expectations for the effect on double delegation and earmarking
would be opposed to the prediction we get for the interpretation in terms of a
lack of capacity.
Some of these variables may be ambivalent. When countries are prioritized by the EU for either strategic reasons or for reasons of developmental needs, this may induce the Commission to build more capacity in these countries. For the export-related variable, predictions are indeed indistinguishable as both greater capacity and strategic interests should decrease double delegation and increase earmarking. For the need-related variables, however, the two interpretations lead to opposing predictions: while greater development needs suggest more double delegation and less earmarking, higher capacity that the Commission may have built in the context of such countries suggests less double delegation and more earmarking. If our suggested interpretation in terms of the strategic interest (versus needs) hypotheses dominates, fragile states and countries with low life expectancy or GDP per capita should be associated with more double delegation and less earmarking.

To test the third set of hypotheses, we include measures of interest heterogeneity in the EU. Matching our decision to separately examine geographical and sectoral earmarking, we define EU member heterogeneity along the same two dimensions. Assuming that members’ own bilateral aid allocation corresponds to their individual preferences over multilateral aid allocation (Schneider and Tobin 2013, 105; 2016, 648), we use the different shares of bilateral aid they allocate to any given recipient each year to compute a coefficient of variation that captures geographical heterogeneity (geographic heterogeneity). For the heterogeneity of sectoral preferences (sector heterogeneity), we further distinguish between sector shares within each recipient (see Appendix 2 for a formal exposition). Both measures include merely the EU-15 subset of members because new members became official donors only recently, and they have contributed relatively little bilateral aid (so that their inclusion may be misleading).

We further include Commission aid growth, measured as the annual percentage growth in foreign aid provided by the Commission (to put the Commission staff numbers into perspective), a dummy for the period after the Paris Declaration in 2005 that arguably gave a push to multi-bi aid (post–Paris Declaration), and a linear time trend. We use all variables in both columns, with the exception of the post–Paris Declaration dummy, which is relevant only for the decision on double delegation (Barakat, Rzeszut, and Martin 2012; Reinsberg et al. 2015).

Model Specification

The equations estimating the effect on double delegation and the equations estimating the effect on earmarking are not independent from each other. The decision to increase earmarking can substitute for a decision to reduce double delegation. In addition, when there is no double delegation, the Commission cannot earmark. A standard Heckman selection model is not appropriate because we measure double delegation as the percentage of EU’s multi-bi aid given to a specific recipient in each year. Reducing this variable to a binary choice variable would lead to a loss of information and to an arbitrary decision about the cut-off. We resort to a more flexible version of a Conditional Mixed Process (CMP) model that allows us to jointly estimate the two regressions in an extended Seemingly Unrelated Regression (SUR) framework (Roodman 2009). In addition, we cluster standard errors at the recipient level.

The use of recipient fixed effects would in principle be compatible with this framework but leads to some difficulties in our context. Many of our variables of interest are time-invariant country characteristics. These would drop out in a fixed-effects estimation. To preempt concerns about the potential bias due to omitted time-invariant variables, we test for the presence of unobserved heterogeneity using the Mundlak approach. We add the cross-section means of all variables to our model and conduct an F-test on their joint significance. This approach works as a diagnostic device for unobserved heterogeneity because a linear combination of these variable means approximates the fixed effects (Mundlak 1978). The F-test was not significant in either of the two models, so fixed effects do not seem necessary in our analysis.

Empirical Analysis

Tables 1 and 2 present the results of the CMP estimation. Table 1 focuses on the double-delegation model, Table 2 on the earmarking model. In both tables, the first three columns refer to geographic earmarking and member heterogeneity while the remaining three refer to sector earmarking and heterogeneity. Within each set of regressions, the second and third columns provide more refined specifications of the capacity-related variables (see below).

Capacity

Supporting Hypothesis 1a, double delegation is significantly less frequent in regions where the Commission exhibits greater capacity. Projects in ACP countries are about 0.8–1.2 percentage points less likely to be funded through other IDOs. This effect is nonnegligible. For much of the period under consideration the share of projects with double delegation remained less than 5 percent. Common language shows an even greater effect in reducing the probability of double delegation (by up to 1.9 percentage points). The coefficients for ENP countries generally point in the right direction but never become significant—probably because the Commission has started to build capacity in this region only relatively recently.

What about the effect of capacity on earmarking (Hypothesis 1b)? Even though we find the expected positive effect for common language, the two other variables are largely insignificant. It appears that the effect of capacity works predominantly through a reduction of double delegation, rather than an increase in earmarking. For geographic earmarking, we observe a strong positive effect of capacity. It seems that the Commission spends more efforts in selecting the recipients when it has a larger staff, leaving less room to maneuver for the IDOs. Wherever significant, the effect on double delegation points in the direction suggested by our hypothesis, but it appears much less robust. The variables for a local World Bank delegation and the amount it oversees (introduced to capture the Commission’s relative capacity) are insignificant or (in one case) contradictory. Of course, the Bank is present in almost all recipient countries, and there is little variation on this variable, which may explain the insignificant finding. In addition, the variation in aid volumes may not reflect the variation in the capacity of the country offices very well. Unfortunately, we could not obtain more concise information on local Commission and IDO capacity.

We now turn to the indicator for aid sectors that have recently become important within the DAC. We expect the Commission to lack capacity in these sectors, which—according to Hypothesis 1a—should lead to increased double delegation. Our results indicate a highly significant positive effect on double delegation, the size of which
### Table 1. Double delegation model

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACP country</td>
<td>-0.833*</td>
<td>-0.908**</td>
<td>-0.838*</td>
<td>-1.052**</td>
<td>-1.249**</td>
</tr>
<tr>
<td>(0.495)</td>
<td>(0.449)</td>
<td>(0.497)</td>
<td>(0.510)</td>
<td>(0.540)</td>
<td>(0.510)</td>
</tr>
<tr>
<td>ENP country</td>
<td>-0.957*</td>
<td>-0.779*</td>
<td>-0.963*</td>
<td>-0.953*</td>
<td>-0.759*</td>
</tr>
<tr>
<td>(0.755)</td>
<td>(0.801)</td>
<td>(0.752)</td>
<td>(0.749)</td>
<td>(0.791)</td>
<td>(0.746)</td>
</tr>
<tr>
<td>Common language</td>
<td>-1.851**</td>
<td>-1.641**</td>
<td>-1.853**</td>
<td>-1.737**</td>
<td>-1.518**</td>
</tr>
<tr>
<td>(0.748)</td>
<td>(0.675)</td>
<td>(0.749)</td>
<td>(0.715)</td>
<td>(0.640)</td>
<td>(0.716)</td>
</tr>
<tr>
<td>Commission staff (log)</td>
<td>-1.930</td>
<td>-6.615*</td>
<td>0.794</td>
<td>-2.170</td>
<td>-6.676*</td>
</tr>
<tr>
<td>(3.301)</td>
<td>(3.539)</td>
<td>(3.604)</td>
<td>(3.592)</td>
<td>(3.446)</td>
<td>(3.631)</td>
</tr>
<tr>
<td>WB delegation</td>
<td>-1.327</td>
<td>0.232</td>
<td>-1.349</td>
<td>-1.401</td>
<td>0.461</td>
</tr>
<tr>
<td>(1.278)</td>
<td>(0.424)</td>
<td>(1.307)</td>
<td>(1.403)</td>
<td>(0.437)</td>
<td>(1.439)</td>
</tr>
<tr>
<td>WB amount</td>
<td>0.179</td>
<td>0.183</td>
<td>(0.202)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Important sector</td>
<td>0.851***</td>
<td>0.877***</td>
<td>(0.254)</td>
<td>(0.252)</td>
<td></td>
</tr>
<tr>
<td>Export share in EU-3</td>
<td>-0.139</td>
<td>-0.142**</td>
<td>-0.139*</td>
<td>-0.117*</td>
<td>-0.112*</td>
</tr>
<tr>
<td>(0.075)</td>
<td>(0.071)</td>
<td>(0.075)</td>
<td>(0.070)</td>
<td>(0.063)</td>
<td>(0.070)</td>
</tr>
<tr>
<td>Life expectancy (log)</td>
<td>-2.754**</td>
<td>-3.795***</td>
<td>-2.714**</td>
<td>-3.011**</td>
<td>-4.344***</td>
</tr>
<tr>
<td>(1.320)</td>
<td>(1.387)</td>
<td>(1.317)</td>
<td>(1.294)</td>
<td>(1.532)</td>
<td>(1.292)</td>
</tr>
<tr>
<td>GDP per capita (log)</td>
<td>0.127</td>
<td>0.222</td>
<td>0.132</td>
<td>0.048</td>
<td>0.123</td>
</tr>
<tr>
<td>(0.256)</td>
<td>(0.336)</td>
<td>(0.257)</td>
<td>(0.253)</td>
<td>(0.294)</td>
<td>(0.236)</td>
</tr>
<tr>
<td>Fragile state</td>
<td>0.243</td>
<td>0.560</td>
<td>0.247</td>
<td>0.206</td>
<td>0.542</td>
</tr>
<tr>
<td>(0.577)</td>
<td>(0.610)</td>
<td>(0.578)</td>
<td>(0.580)</td>
<td>(0.610)</td>
<td>(0.582)</td>
</tr>
<tr>
<td>Geographic heterogeneity</td>
<td>-0.064</td>
<td>-0.304</td>
<td>-0.047</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.364)</td>
<td>(0.514)</td>
<td>(0.365)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector heterogeneity</td>
<td></td>
<td></td>
<td>0.304</td>
<td>0.292</td>
<td>0.343</td>
</tr>
<tr>
<td>(0.330)</td>
<td>(0.369)</td>
<td>(0.330)</td>
<td>(0.332)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commission aid growth</td>
<td>0.267</td>
<td>-0.456</td>
<td>0.233</td>
<td>0.270</td>
<td>-0.523</td>
</tr>
<tr>
<td>(1.426)</td>
<td>(1.103)</td>
<td>(1.433)</td>
<td>(1.437)</td>
<td>(1.123)</td>
<td>(1.443)</td>
</tr>
<tr>
<td>Linear trend</td>
<td>0.356***</td>
<td>0.332***</td>
<td>0.376***</td>
<td>0.368***</td>
<td>0.351***</td>
</tr>
<tr>
<td>(0.100)</td>
<td>(0.079)</td>
<td>(0.101)</td>
<td>(0.095)</td>
<td>(0.073)</td>
<td>(0.096)</td>
</tr>
<tr>
<td>Post–Paris Declaration</td>
<td>1.310**</td>
<td>2.001***</td>
<td>1.025*</td>
<td>1.391***</td>
<td>2.072***</td>
</tr>
<tr>
<td>(0.524)</td>
<td>(0.727)</td>
<td>(0.553)</td>
<td>(0.531)</td>
<td>(0.757)</td>
<td>(0.562)</td>
</tr>
<tr>
<td>Observations</td>
<td>1542</td>
<td>1138</td>
<td>1542</td>
<td>1533</td>
<td>1136</td>
</tr>
<tr>
<td>Recipient countries</td>
<td>125</td>
<td>121</td>
<td>125</td>
<td>125</td>
<td>121</td>
</tr>
<tr>
<td>R²</td>
<td>0.13</td>
<td>0.13</td>
<td>0.14</td>
<td>0.13</td>
<td>0.17</td>
</tr>
</tbody>
</table>

Notes: (1) Double delegation equation of SUR system. (2) Recipient-clustered standard errors in parentheses. (3) Statistical significance: *p < 0.10, **p < 0.05, ***p < 0.01.

The Politics of Double Delegation in the European Union

corresponds to the effect of ACP country (Table 1, columns 3 and 6). The EC could additionally (or alternatively) react by reducing sector earmarking (Hypothesis 1b). Yet, the effect on sector earmarking is not significant at conventional levels. In line with our previous results, capacity predominantly affects double delegation, but not earmarking.

Our quantitative results support the first set of hypotheses: the likelihood of double delegation decreases when the Commission’s capacity and expertise increase. While some of the variables are imprecise, most show the expected relationship with respect to double delegation and earmarking. This is also true for the variables Commission Staff and important sector. We find more support for Hypothesis 1a than for Hypothesis 1b. However, based on the quantitative analysis alone, this result should be interpreted with caution given that the earmarking regressions are based on a much smaller number of observations.

Our qualitative results further support the outcome of our quantitative analysis. Many interviewees at all three levels of the double-delegation chain (member countries, Commission, and IDO) mention capacity constraints as one of the key reasons for the Commission to delegate aid further. In our interviews, World Bank officials state that the EU valued the Bank for its “broad network of contacts on the ground needed for rapid implementation.”

This and other related statements imply that the EU delegates its foreign aid resources to IDOs mainly to take advantage of their expertise and related efficiency gains. The Commission’s rapid increases in foreign aid resources that have gone unmatched with proportional increases in capacity led to serious capacity constraints. While our respondents at the Commission focus on staff numbers when they speak about capacity, other sources see the capacity deficits primarily in the Commission’s lack of expertise. One Commission official stated that the Commission gained additional benefits due to the comfort of delegating aid further and “‘getting things done’ without a lot of own human resources.” According to a regional expert at the World Bank, the Commission lacks capacities for processing foreign aid even in its own neighborhood. This could provide an additional explanation why even the ENP variable does not become significant in our statistical analysis; only with ACP countries, significantly

---

* Interview with Donor Focal Point, World Bank (July 30, 2013) and with Trust Fund Coordinator, World Bank (July 24, 2013).

* Interview with Advisor to the Director-General, European Commission (November 4, 2014).

* Interview with Trust Fund Coordinator, World Bank (July 24, 2013).
Table 2. Earmarking model

<table>
<thead>
<tr>
<th></th>
<th>Geographic earmarking</th>
<th>Sector earmarking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td></td>
<td>(2.062)</td>
<td>(2.396)</td>
</tr>
<tr>
<td>ENP country</td>
<td>–0.520</td>
<td>–1.239</td>
</tr>
<tr>
<td></td>
<td>(2.151)</td>
<td>(1.288)</td>
</tr>
<tr>
<td>Common language</td>
<td>3.190**</td>
<td>1.275</td>
</tr>
<tr>
<td></td>
<td>(1.464)</td>
<td>(1.216)</td>
</tr>
<tr>
<td>Commission staff (log)</td>
<td>74.559***</td>
<td>59.736**</td>
</tr>
<tr>
<td></td>
<td>(15.351)</td>
<td>(15.276)</td>
</tr>
<tr>
<td>WB delegation</td>
<td>–4.614*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.629)</td>
<td></td>
</tr>
<tr>
<td>WB amount</td>
<td>–0.035</td>
<td>–0.052</td>
</tr>
<tr>
<td></td>
<td>(0.259)</td>
<td>(0.256)</td>
</tr>
<tr>
<td>Export share in EU-3</td>
<td>0.397***</td>
<td>0.254*</td>
</tr>
<tr>
<td></td>
<td>(0.144)</td>
<td>(0.148)</td>
</tr>
<tr>
<td></td>
<td>(10.524)</td>
<td>(11.014)</td>
</tr>
<tr>
<td>GDP per capita (log)</td>
<td>–2.392**</td>
<td>–0.378</td>
</tr>
<tr>
<td></td>
<td>(0.935)</td>
<td>(0.905)</td>
</tr>
<tr>
<td>Fragile state</td>
<td>2.203*</td>
<td>0.698</td>
</tr>
<tr>
<td></td>
<td>(1.262)</td>
<td>(1.243)</td>
</tr>
<tr>
<td>Geographic heterogeneity</td>
<td>3.967***</td>
<td>3.269**</td>
</tr>
<tr>
<td></td>
<td>(1.209)</td>
<td>(1.511)</td>
</tr>
<tr>
<td>Sector heterogeneity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear trend</td>
<td>–1.200***</td>
<td>–0.991***</td>
</tr>
<tr>
<td></td>
<td>(0.271)</td>
<td>(0.245)</td>
</tr>
<tr>
<td>Observations</td>
<td>655</td>
<td>538</td>
</tr>
<tr>
<td>Recipient countries</td>
<td>125</td>
<td>121</td>
</tr>
<tr>
<td>R²</td>
<td>0.05</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Notes: (1) Earmarking equation of SUR system. (2) Recipient-clustered standard errors in parentheses. Statistical significance: *p < 0.10, **p < 0.05, ***p < 0.01.
decreases by roughly 3–4 percentage points. The effect on earmarking is even greater, albeit significant in only one regression (Table 2, column 4). These results point to a dominance of strategic interests (or the lack thereof). If the Commission focused its capacity on countries with low life expectancy, then increasing life expectancy should lead to more—rather than less—double delegation and to reduced earmarking. This is not what we observe. There are no significant results in the double-delegation models, but some significant coefficients for earmarking. They suggest that the Commission earmarks more when projects benefit poorer countries. We check whether the direct correlation between life expectancy and GDP per capita explains these findings by running the models with only one of the two variables. This does not change our results. The additional indicator variable for fragile states almost never turns significant.

Overall, our quantitative analysis provides support for strategic interests with respect to the recipients’ share of EU-3 exports and life expectancy in recipient countries. Our qualitative analysis provides additional evidence. In the words of a Bank official, “the [Commission] has its thematic priorities,” which “respond to salient member state interests.” Another World Bank staff member said that, given that the Commission now manages a significant multilateral budget, “it is unavoidable that those pressures [from influential donor countries] are scaled up at the European level.” Commission officials shared this view. One official stated: “large member states influence implementation on important issues” and thereby “reinforce their own bilateral priorities,” which “respond to salient member state interests.”

Commission officials shared this view. One official stated: “large member states influence implementation on important issues” and thereby “reinforce their own bilateral priorities,” which “respond to salient member state interests.” Another World Bank staff member said that, given that the Commission now manages a significant multilateral budget, “it is unavoidable that those pressures [from influential donor countries] are scaled up at the European level.”

Overall, our quantitative analysis provides support for strategic interests with respect to the recipients’ share of EU-3 exports and life expectancy in recipient countries. Our qualitative analysis provides additional evidence. In the words of a Bank official, “the [Commission] has its thematic priorities,” which “respond to salient member state interests.”

Another World Bank staff member said that, given that the Commission now manages a significant multilateral budget, “it is unavoidable that those pressures [from influential donor countries] are scaled up at the European level.” Commission officials shared this view. One official stated: “large member states influence implementation on important issues” and thereby “reinforce their own bilateral priorities,” which “respond to salient member state interests.”

To summarize, the results suggest that a trade-off between efficiency gains of delegation, notably when the Commission’s capacity is low and the interest to control aid allo-
cation is great, explains double delegation. Even if agency slippage does not occur between the Commission and the EU member countries as its principals, further delegation to the IDO may lead to agency slippage by this secondary agency. This is why the Commission tends to renounce on double delegation in areas in which it possesses higher capacity and where member states’ strategic interests are at stake. To maintain control, the Commission can also increase earmarking, but we find slightly less evidence for this

...?
alternative strategy. In contrast, when the Commission reacts
to heterogeneous member preferences, its preferred strat-
egy includes an increase in earmarking. Individual members
with particularly salient preferences seem to support double
delegation as long as the tighter earmarking protects their
interests. We thus obtain some supportive evidence for all
three sets of hypotheses derived from our theoretical frame-
work, in particular for Hypothesis 1a, 2a and 3b.

Conclusion

International organizations oftentimes delegate tasks be-
stowed upon them by their member states to other inter-
national organizations, without any obvious gain in the spe-
cialization of expertise. Given that the second step of the
delegation chain does not come free of cost, this article
questions why they pursue these strategies and why member
states do not directly delegate these resources to the second
organization.

Our analysis focuses on the double delegation of develop-
ment assistance in the European Union. We argue that EU
member states have experienced increased pressures and in-
centives to delegate foreign aid resources through the Euro-
pean institutions. The increased delegation of foreign aid
may overburden even a large institution. Indeed, the Com-
mision’s capacity to handle development finance lags be-
hind the pace of increasing delegation to the EU. Double
delegation presents one strategy for the EU to maintain its
role as a major foreign aid actor in international develop-
ment, while at the same time ensuring efficient aid provision
by delegating its resources to other IDOs. The EU can con-
tral the latter through different levels of earmarking when
necessary. Our qualitative and quantitative analyses provide
support for this argument. We find that capacity constraints
play a central role in the decision to double delegate.

We also find that EU members’ strategic interest place con-
straints on this delegation to other IDOs. When such inter-
ests are strong, double delegation does not take place at all,
or the EU maintains control through tighter earmarking.
When EU member preferences are heterogeneous, the level
of control depends on the most skeptical member state. This
is reflected in an even tighter earmarking.

These results differ from what one would expect in a stan-
dard principle-agent context. If we consider EU members
and the Commission, we would easily misinterpret aid al-
locations that do not follow the members’ preferences as
agency slippage by the Commission. This would imply a re-
duction or tighter control of funding to the EU. This is not
what we observe. The agent responsible for potential agency
slippage is the IDO rather than the Commission, whose in-
terests are well aligned with those of the member states in
the context examined here. Similarly, a standard principal-
agent model would suggest that heterogeneity in member
preferences, that is, divergence of interest among the multi-
ple principals of the Commission, should provide more dis-
cretion to the latter that it could use for its own benefit (for
example, by delegating more aid to other IDOs). This is not
what we observe here. There is no substantial difference in
the preferences of the Commission and the member states
in the first place. Both parties want strong and powerful
EU institutions, and both parties want to maximize aid ef-
effectiveness under these conditions. To understand the em-
pirical evidence, we must take into account the full double-
delegation chain.

The empirical findings shed some light on the puzzle of
why the EU, which is a major international develop-
ment organization itself, delegates to other IDOs. They
indicate that although the EU—as a multilateral donor—
outsends even the World Bank, it still depends on other
more established development organizations as vehicles to
maximize the effectiveness of its aid. The benefits from
double delegation are strongest for foreign-aid resources
that support projects in some of the poorest regions of
the world. Most double-delegated EU aid flows into these
countries.

These findings complement the extant literature on del-
egation and principal-agent problems in international orga-
nizations by introducing a second (horizontal) step of del-
egation, without any gains in specialization. It accounts for
the important and proactive role of the international bu-
reauocracies (Johnson 2013, 2014a, 2014b), but relaxes as-
sumptions that grant agent expertise a central role in ex-
plaining delegation (Schneider and Slantchev 2013). And it
contributes to the discussion of new funding mechanisms
for international organizations (Graham 2015; Goetz and
Patz 2017) and the emerging literature focusing on multi-
bi aid (Reinsberg et al. 2015, 2017), with a focus on trust
funds in IDOs by IDOs.

Even though it is beyond the scope of this article to offer
a test of double delegation in other areas, our findings pro-
vide insights about the conditions under which we would
expect to see double delegation. First, incentives for dou-
ble delegation arise when pressures and opportunities to
delegate are independent of the expertise of the interna-
tional organization. If such pressures exist (for example,
when there is the need to coordinate actions in a single
entity to increase effectiveness and visibility), double dele-
gation may occur because the organizational agent may not
be able to implement the tasks efficiently. Second, double
delegation assumes that there exists a second layer of inter-
national organizations that can accommodate the resources
(or other tasks) in the second stage of delegation—as well as
implement them more efficiently. Finally, the international
organization in the first stage needs some ability to control
the actions of the international organization at the second
stage. In our case, the EC was able to control the IDOs’ be-
havior using different levels of earmarking. If such control
is not possible, we expect less double delegation, especially
when member state interests are strategic, heterogeneous,
or not in line with the international organization at the sec-
ond stage.

While not all of these conditions hold for every case of
double delegation, they can help scholars develop more spec-
sific hypotheses about the relationships between capacity,
interests, heterogeneity, and double delegation. The Global
Environment Facility (GEF) may prove an interesting case
for further research. The GEF is the only tangible outcome
of the Rio Earth Summit in 1992 and the only established
and well-functioning international organization responsible
for climate finance. Its international standing and the size of
its activities matter a lot to member countries. While there
is a more direct interaction between recipient countries and
GEF agencies than in the case of EU aid, the projects elab-
ored and implemented by GEF agencies—like the World
Bank or the UNDP—could, in principle, also be funded by
member states directly. This suggests a similar puzzle to the
one posed in our article. The phenomenon of double dele-
gation is particularly interesting because the second step
of the delegation chain is parallel—that is, between rather
similar organizations. This suggests that there may also be
cases where two organizations mutually entrust each other
with some of their projects.
Supplementary Information

Supplementary information is available at the *International Studies Quarterly* data archive and on Christina Schneider’s webpage (https://quote.ucsd.edu/cjschneider/).

References


