Aid Diplomacy Reconsidered: Survey Evidence on the Microfoundations of Foreign Aid Suspensions

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Abstract

Foreign aid is a tool of policy, which donor governments use strategically to advance their diplomatic and commercial interests abroad. Why then do donors sometimes sanction even strategically-important recipient governments for committing political transgressions, such as political repression, election fraud, or corruption? In this paper, I argue that the willingness of donors to sanction a political transgression by suspending foreign aid depends not only on the strategic interests of donor governments, but also on the institutional incentives of donor agencies. To evaluate my argument, I present evidence from an original, multi-country survey of top-level donor representatives, including a list experiment designed to elicit truthful information regarding the willingness of a donor agency to suspend aid in response to severe political repression. Consistent with my argument regarding institutional incentives, I find that donor agencies are more willing to sanction a political transgression: (1) if the transgression directly affects the donor’s programming in the country, (2) if the donor agency provides direct budget support to the recipient government, and (3) if there are fewer veto players that can block an aid suspension decision.

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†Samuel Andreas Admasie, Rik van Hulst, Marije Oude Hengel, Elisabeth Krämer, and Maya Turolla all provided valuable research assistance with the survey. The author is grateful for comments and advice received at the 2014 EADI General Conference and the 2014 APSA Annual Meeting, as well as presentations at the University of Albany, Georgetown University, and Yale University. She is particularly indebted to Stephen Brown, Naomi Levy, Lucy Martin, Brad Parks, Bernhard Reinsberg, Steven Radelet, and Micheal Tierney for their very helpful suggestions. Funding for the research was provided by a Marie Curie Integration Grant under the EU’s 7th Programme Framework (Fp7), Project Number 322228.
Foreign aid is often used strategically by donor governments to advance their domestic interests abroad (Lancaster 2007; Milner and Tingley 2013). Even multilateral aid, which is arguably more isolated from domestic interests, often serves geopolitical and commercial purposes (Carter and Stone 2015; Dreher, Sturm, and Vreeland 2009; McLean 2015). It is commonly assumed that these strategic motivations are the main factor hindering the willingness of donors to suspend aid in response to political transgressions by recipient governments (e.g., election fraud, corruption, or political repression). Under this logic, normative commitments to conditioning aid on good governance can only be upheld when donor governments lack strategic interests in the recipient country. However, donors sometimes sanction recipient governments, even when the recipient country is strategically important to the donor government. For example, the United Kingdom suspended foreign aid to Pakistan in 2007 and to Afghanistan in 2010 (DfID 2008; DfID 2011). This suggests that there must be additional factors driving aid suspensions.

In this article, I argue that the institutional incentives of donor agencies have important consequences for the willingness of donors to sanction political transgressions by suspending foreign aid. By institutional incentives, I mean both how costly a political transgression is to donor agencies in terms of organizational performance and reputation, as well as organizational design features of the agency that make it easier or harder for aid to be suspended. Donor governments delegate the disbursement of aid to donor agencies (Gibson et al. 2005; Hawkins et al. 2006; Martens 2002; Nielson and Tierney 2009; Ostrom et al. 2002; Svensson 2006). This creates the possibility that institutional incentives to suspend aid could—at least under certain conditions—supersede strategic incentives on the part of donor governments not to suspend aid, influencing how aid diplomacy is practiced abroad.

Take, for example, Uganda; a key ally for Western countries in the fight against terrorism in East Africa and the Horn of Africa. Despite Uganda’s strategic importance, political transgressions
by the Ugandan government have resulted in multiple aid suspensions over the past decade. In
2013, for example, donors suspended just over $100 million dollars in foreign aid in response to
the passage of a bill that punished some homosexual acts (Reuters 2014). The bill was widely
reported on and condemned in the international media. This suspension, however, was relatively
minor compared a suspension that took place the year before when it was discovered that $11m in
donor funds had disappeared from an account held by the Office of the Prime Minister (Government
of Ireland 2012). Even though the theft of funds was discovered and reported to donors by the
Ugandan government, donors suspended over $300 million dollars in direct budget support. This
caused a huge hole in the national budget, infuriating the Ugandan government. The sanction
issued by donors in response to the corruption scandal was so strong, because the disappearance of
aid money was embarrassing for donors.¹ Donor programming had been affected, and it would have
looked irresponsible not to suspend.² In contrast, although reprehensible to many international
donors, suspending aid because of the anti-homosexuality bill would have disrupted projects and
programs that were in many cases substantively unrelated to the transgression.

To test the argument that institutional incentives have important consequences for the willing-
ness of donors to sanction political transgressions, I collected original data on the willingness of
donor agencies to suspend aid by directly surveying heads of development cooperation, commonly
referred to as HoCs, from twenty-three different donor agencies across twenty countries in Sub-
Saharan Africa. HoCs are the key interlocutors between donor agencies and recipient governments

¹ Source: Author Interviews in Kampala, October 2014.
² The EU Ambassador to Uganda remarked shortly after the scandal, “How can I now go back
to Europe and ask for aid for Uganda? The recent corruption scandals are a breach of trust
between the country and its development partners” (quoted in Jeanne and Njoroge 2012, 2).
and are responsible for negotiating and implementing programming at the recipient-country level. In addition to vignette questions that asked the HoC to indicate how likely it is that their agency will suspend aid in a number of different scenarios, the survey included a list experiment designed to elicit truthful information regarding the willingness of their donor agency to suspend aid following severe political repression. This novel source of data allows me, for the first time, to speak to the microfoundations of aid suspensions, using an approach explicitly designed to address possible respondent bias.

Based on the list experiment, I estimate that, across the whole sample, 45% of HoCs believe that their agency is willing to overlook political repression—including suspected assassinations of opposition leaders—if the government remains cooperative in other ways. Consistent with my argument, results from both the vignette questions and the list experiment vary in important ways related to the institutional incentives faced by donor agencies. First, respondents are more likely to report that their agency would suspend aid, if the political transgression directly affects the donor agency’s aid portfolio\(^3\) in the recipient country; for example, if there is corruption in a project their agency is supporting. In such cases, donor funds are directly involved in the transgression, making it costly for the the donor agency not to suspend aid. Second, respondents report a greater willingness to sanction political transgressions, if their agency provides direct budget support to the recipient government. Donor agencies that provide budget support are more directly impacted by the behavior of recipient governments, increasing their sensitivity to political transgressions. Third, respondents report a higher willingness to suspend aid, if there are fewer domestic veto players that can block an aid suspension decision.

\(^3\) By aid portfolio, I mean a donor agency’s combined set of projects and programs in a given recipient country.
My findings have important practical and theoretical implications. First, for scholars of international relations, my findings emphasize the importance of understanding institutional incentives in foreign policy decision-making. Contributing to what might be called a ‘bureaucratic turn’ in studies on foreign aid (see, for example, Arel-Bundock, Atkinson, and Potter 2015; Cornell 2014; Gulrajani 2015), my results suggest that institutional incentives can affect how aid diplomacy is actually exercised in recipient countries. At least under certain circumstances, strategic interests on the part of donor governments can be overcome by institutional incentives to suspend aid.

Second, my findings provide us with a richer understanding of when and where we might expect donor agencies to actually sanction political transgressions. Most bilateral and multilateral donor agencies formally condition their aid on governance and emphasize the importance of democratic governance in their mission statements (Carothers and de Gramont 2013). Thus far, however, our ability to measure the willingness of donor agencies to actually suspend aid has been limited with the data hitherto available. In this article, I draw on novel data that allows us, for the first time, to directly measure the willingness of different types of donor agencies to suspend foreign aid following different types of political transgressions. This is an important first step in evaluating whether aid sanctions are actually effective. If donor agencies cannot credibly commit to an aid suspension in response to a political transgression, then we can hardly expect aid sanctions to be effective in fostering good governance in recipient countries. My results suggest that recipient governments are more likely to be sanctioned for the misuse of aid funds than for violations related to human rights or political governance.

The paper is organized as follows. First, I provide an overview of what we know about aid suspensions and politically conditionality more broadly. Second, I make the case for taking the institutional incentives of donor agencies seriously when it comes to aid suspensions and present three testable predictions. Third, I provide a brief overview of the survey and the type of data it
can provide. Fourth, I evaluate my argument using original survey data, cross-checking its validity by comparing it to actual aid suspensions. Finally, I conclude by outlining the implications of the study and providing suggestions for future research.

The Politics of Aid Suspensions

Following the end of the Cold War, almost all donor agencies began formally conditioning their aid on governance (Carothers and de Gramont 2013). Even aid agencies that deliberately avoid formal democratization criteria, such as the World Bank, condition aid on good governance, emphasizing sound public financial management and the protection of basic human rights (Santiso 2001). However, our knowledge about the credibility of donors’ commitments to suspend aid following a political transgression is limited.

This is a big gap in our knowledge about political conditionality, or the willingness of donors to condition foreign aid on governance (Baylies 1995). While only one of the tools at policymakers’ disposal (Hackenesch 2015; Koch 2015; Molenaers, Dellepiane, and Faust 2015), aid suspensions are a key part of the success of political conditionally. Without the ability to sanction recipient governments, attempts to incentivize recipient governments to uphold good governance principles based on the promise of aid are likely to be less effective. Recipient governments work closely with donor agencies over many years. If donor agencies do not follow through with their threats to suspend aid, recipient-country officials are unlikely to be compelled to change their governance practices on account of aid suspensions threats.

In the early days of scholarship on political conditionality, scholars mainly focused on whether or not conditioning aid on governance was effective. Many scholars took a critical perspective (e.g., Crawford 1997; Collier et al. 1997; Killick 1998; Mosley, Harrigan, and Toye 1995; Regan 1995; Sorensen 1993; Stokke 1995), arguing that donors often appeared unwilling to enforce conditional-
In this way, the literature on political conditionality is closely linked with debates on how aid can impact decision making by dictators (Bueno de Mesquita and Smith 2009; 2010; Wright 2009).

6 For a summary of recent studies on the role of governance in determining foreign aid composition, see Table 1 in Winters and Martinez (2015, 517). For a summary (and classification) of studies linking aid to democratization, see Kersting and Kilby (2014).
While providing a number of interesting insights, the literature on political conditionality is presently limited in two key ways. First, cross-national studies of political conditionality have almost exclusively relied on regression analysis to provide an estimated effect of changes in a country’s score on governance indicators—e.g., the Freedom House Indicators or the Polity Index—on annual aid volumes. While this approach points to important trends in aid allocation, it cannot speak to the micro-foundations of aid suspensions, nor can it test causal arguments about donor responses to different types of political transgressions (e.g., a corruption scandal v. a human rights violation).

Second, there is reason to believe that the strategic interests of donor governments are not a sufficient explanation for why donors sometimes fail to suspend aid after a political transgression. As Carol Lancaster (2007) prominently argued, ‘foreign aid is a tool of policy’. While the importance of strategic interests may vary from case to case, aid is never entirely devoid of strategic motivations (Heinrich 2013). Moreover, donors sometimes suspend aid even when the donor country has strong strategic interests in the recipient country. For example, in November 2007, the United Kingdom’s Department for International Development (DfID) suspended £20 million of foreign aid to Pakistan in response to the government’s decision to declare a State of Emergency and issue a provisional constitutional order (DfID 2008). Similarly, in November 2010, DfID delayed a payment of £85 million to Afghanistan because of concerns about financial management and accountability (DfID 2011). In both cases, the UK had important strategic interests in the recipient country. Nonetheless, aid was suspended.

A notable exception is Molenaers et al. (2015).
Hypotheses & Observable Implications

In this article, I test the argument that the institutional incentives of donor agencies have important implications for the willingness of donors to sanction political transgressions by suspending foreign aid. By institutional incentives, I mean both how costly a political transgression is to donor agencies in terms of organizational performance and reputation, as well as organizational design features of the agency that make it easier or harder for aid to be suspended. In particular, I predict that donor agencies should be more likely to suspend foreign aid: (1) if the political transgression committed directly affects the agency’s aid portfolio in the recipient country, (2) if the donor agency provides direct budget support to the recipient government, and (3) if there are fewer veto players that can block an aid suspension.

It is well documented that institutional incentives can affect the quality and sustainability of foreign aid (Gibson et al. 2005; Martens 2002; Ostrom et al. 2002; Svensson 2006). Agency problems arise during aid distribution, because responsibility for disbursement is delegated to aid agencies whose preferences do not directly align with donor governments (e.g., Bush 2015; Gibson et al. 2005; Hawkins et al. 2006; Martens 2002).\(^8\) One particularly pertinent observation is that policy conditionality is often not enforced because of a ‘pressure to disburse’ (Ostrom et al. 2002; Svensson 2006). Donor agencies seek to maximize their aid budgets and are therefore incentivized to keep disbursing, even if the recipient fails to meet the policy conditions of the loan or grant.\(^9\)

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\(^8\) As Martens explains, donor agencies are the “the chief mediator between the preferences and interests of all persons involved in the aid delivery chain” (2005, 656). If there were zero transactions costs and fully shared preferences between donors and recipients, there would be no need for aid agencies (Martens 2002; 2005).

\(^9\) At the World Bank, for example, not only are country loan officers under pressure to meet country
This creates a moral-hazard problem, allowing recipient countries to put-off promised reforms (see, for example, Azam and Laffont 2003; Burnside and Dollar 2000; Collier 1997; Dollar and Svensson 2000; Hudson and Mosley 2001; Killick 1998).

In the event of a political transgression, institutional incentives on the part of donor agencies often overlap with the strategic interests of donor governments not to suspend aid. Suspending aid means that development programs have to be stopped mid-stream. Not only is this often undesirable from a developmental perspective, it is practically difficult to do in cumbersome, bureaucratic organizations like aid agencies (Brown 2005). Knowledge has to be filtered up and then acted upon. In addition, once suspended, it can be difficult to restart aid programs, which can adversely affect the amount of aid allocated to the agency in the future. As Ostrom et al. explain, “A nearly universal pressure exists within almost all development agencies...to spend the money that is allocated in one budgetary cycle, as parliamentarians are likely to interpret disbursement targets, there is a coordination problem in that staff are aware that it would not be financially productive to make an example of a particular country by refusing to disburse funds. Policy conditionality can also conflict with other objectives, namely the goal of providing quick-disbursing finance to limit potential loan defaults (Mosley, Harrigan, and Toye 1995).

For example, the resident representative of the Norwegian Agency for Development Cooperation (NORAD) in Tanzania reportedly discouraged aid personnel working on the ground from disclosing problems with the country’s forced villagization program (ujamaa) in the 1970s, because Tanzania had a special place in Nordic aid policy. Even once the issue was taken up at headquarters in Oslo, it took years before the full extent of the forced removals was widely known, because donor officials were afraid that the situation would be damaging to a still new aid system (Simensen 2007, 171).
unallocated funds as evidence that their funds are not needed” (2002, 70). Collier puts it more succinctly, writing that, “[p]eople get promoted by disbursing money, not withholding it” (2007, 109).

Importantly, however, there may also be cases where the strategic interests of the donor country and the institutional incentives of the donor agency clash. For example, because of bad press, a donor agency may find it costly not to suspend aid, even if the donor country considers the recipient government to be an important political ally. Similarly, a donor agency may find its work in a recipient country compromised by a political transgression, such as corruption, and thus find it costly to continue to give aid, even if, all other things being equal, the donor government would prefer not to suspend aid. My interest is in these cases, as it is here that we should see important variations in the willingness of donor agencies to sanction political transgressions. This leads me to the first hypothesis:

A donor agency is more likely to suspend foreign aid if the political transgression directly affects its aid portfolio in the recipient country.

Collectively, a donor agency’s combined set of projects and programs in a given recipient country is commonly referred to as their aid portfolio. Importantly, there is variation in how directly different types of political transgressions affect a donor agency’s aid portfolio. In some cases, a political transgression committed by a recipient government may be normative upsetting to donor officials but does not directly affect their agency’s work in the recipient country. In other cases, a political transgression may affect the donor agency’s ability to pursue its main objective: the disbursement of aid. We would expect donors to be more sensitive to the political transgression in the latter case, and thus more likely to suspend aid.

For example, imagine that corruption is discovered in a project a donor agency is supporting in
recipient country X. Not only has the project, which the donor agency would presumably like to be successful, been compromised, it would look irresponsible for the donor agency not to suspend aid after corruption has been reported. Not suspending aid could not only result in bad press but may even lead to a decrease in the amount of money that the donor agency is allocated in the future. Alternatively, imagine that the same recipient government is accused of preventing opposition parties from registering for parliamentary elections. While donor officials may normatively object to the government’s actions, their aid portfolio has not been directly compromised. Thus, we can expect that there are fewer institutional incentives to suspend aid.

In previous studies, the distinction between political transgressions that directly affect a donor agency’s aid portfolio and those that do not has been systematically overlooked. In studies which regress changes in annual governance scores on changes in annual aid commitments, it is impossible to distinguish between the effects of different types of transgressions. The hypothesis is, however, consistent with actual donor policies regarding aid suspensions. While many donor agencies have explicit policies regarding aid sanctions in the case of poor fiscal management, they frequently lack clear policies when it comes to political governance problems. Norway, for example, has a zero-tolerance policy on financial irregularities. All recipients of Norwegian funding are required to incorporate this policy into their financial and administrative procedures, and there is a special unit within the Norwegian aid agency (NORAD) that manages all cases related to financial irregularities and operates a whistleblower hotline. In comparison, its policies for suspending aid on account of

\[11\] A notable exception is Fisher (2015), who observes that in the case of UK, donors have been in recent years more likely to suspend aid in the case of corruption.

\[12\] Norway is not alone in having a whistleblower hotline. USAid, for example, also manages a hotline for the reporting of fraud, waste and abuse in projects sponsored by the agency.
political governance or human rights violations are much less specified and open to interpretation.\textsuperscript{13}

There may be, however, certain circumstances under which donor agencies are more likely to suspend aid more broadly; namely, if the donor agency is directly funding the recipient government via direct budget support. This leads me to a second hypothesis:

\textit{Donor agencies are more likely to suspend foreign aid if they provide budget support to the recipient government.}

Agencies that provide budget support disburse resources directly into the treasury of the receiving country, allowing the recipient to use their own allocation, procurement and accounting structures (Koeberle, Stavreski, and Walliser 2006). Instead of walling off funds in self-standing project accounts, when they provide budget support, donors directly fund the recipient government. As a result, all other things being equal, any political transgressions by the recipient country should implicate the donor’s programming in the country more than if the aid was being provided through stand-alone projects. As a donor official working in Ghana explained, when a donor agency provides budget support and things go ‘off-track’, their agency is implicated.\textsuperscript{14} In contrast, donor agencies that do not provide budget support are less likely to be help responsible for the political transgressions of the recipient government.

This prediction is consistent with recent cross-national findings that donor agencies are more willing to condition certain types of aid—namely economic programme aid—on governance (Clist, Isopi, and Morrissey 2012; Dietrich 2013; Nielsen 2013; Winters and Martinez 2015). It is also consistent with the empirical observations made by Molenaers (2012) and Faust and Koch (2014) that donor agencies are more frequently held accountable for directly supporting governments

\textsuperscript{13}E-mail exchange with Norad representatives, October 2014

\textsuperscript{14}Interview with bilateral donor representative: May 2013; Accra, Ghana
that commit political transgressions, and that design features of budget support often give donors more leeway to suspend for political reasons.\textsuperscript{15} Finally, at least anecdotally, it appears to help us better explain the strong reaction by budget support donors to the corruption scandal in Uganda mentioned at the outset of the paper. For budget support donors, it would have looked highly irresponsible not to suspend aid, as the scandal highlighted the vulnerability of the budget, which was being partially funded by aid, to fiscal misuse.\textsuperscript{16}

We should not expect, however, that all donor agencies should suspend aid in equal measure, even if the political transgression is similar. In some cases, it may be organizational more difficult for a donor agency to suspend aid even if, all other things being equal, the donor agency would prefer to suspend aid. This leads me to the third and final hypothesis:

*Donor agencies are more likely to sanction political transgressions if there are fewer veto players that can block aid suspension.*

In comparative studies of foreign aid, ‘donors’ are often discussed as if they are a monolithic group. However, donor agencies are organized in many different ways, and these variations in design can moderate the incentives of donor agencies to comply with the strategic preferences of the donor government (Arel-Bundock, Atkinson, and Potter 2015). When it comes to aid suspensions, my argument is that donor agencies with fewer veto players should suspend foreign aid more often.

According to Tsebelis (1995, 2002), the more individual or collective actors that can block

\textsuperscript{15}Most budget support programs include a set of underlying principles that are almost always related to governance.

\textsuperscript{16}The scandal was particularly devastating for donors given the ongoing European financial crises. Most of the stolen aid money was from Irish Aid. For several days after the scandal broke the Irish papers were filled with news articles and editorials about the missing aid funds.
changes to the status quo—i.e., the number of veto players—the less likely there is to be a change in policy. If we apply Tsebelis’ logic to aid suspensions following a political transgression, the status quo is a planned disbursement of aid; i.e., a failure to suspend aid. Donor agencies with fewer veto players should therefore be more likely to suspend aid following a political transgression.

The precise number and type of veto players is likely to vary considerably across donor agencies. However, as a first test of this argument, we can distinguish between three types of donor agencies: (1) multilateral donors agencies, (2) bilateral donor agencies with a minister for international development (ministerial bilaterals), and (3) bilateral donor agencies without a minister for international development (non-ministerial bilaterals). Suspending aid following a political transgression should be the most difficult for a multilateral agency, because there are many potential veto players, all of whom have multiple incentives—both strategic and institutional—not to suspend. Alternatively, ministerial bilaterals should be the most likely to suspend, because responsibility for development cooperation rests with a singular high-ranking, political appointee—the minister of international development. Therefore, if they opt to deviate from the status quo and suspend foreign aid, it should in principle be easier for them to do so. Non-ministerial bilaterals should fall somewhere in between.

Importantly, the logic behind my argument differs slightly from conventional wisdom around foreign aid. When it comes to aid allocation, independence from the executive should increased the agency’s ability to pursue developmental objectives (Arel-Bundock, Atkinson, and Potter 2015). This makes multilateral aid agencies particularly attractive, because it is generally assumed that, the more principals governing a single agent, the more independence the donor agent has (Hawkins et al. 2006; Lyne, Nielson, and Tierney 2006; Nielson and Tierney 2009; Stone 2002). Alternatively, I am arguing that bilateral agencies that are overseen by a minister for international development—political appointees and members of the ruling party’s cabinet—should find it easier to sanction
recipient governments for political transgressions. In making this prediction, I am not challenging robust findings on aid allocation, but rather suggesting that the logic behind aid suspensions should be slightly different. In the case of an aid suspension, the decision to allocate aid to a particular country has already been made. Thus, what is required is a change in the status quo. Under these circumstances, it is the number of players who can potentially block an aid suspension that should be important.

To clarify this argument, it is useful to look at how aid suspension decisions are generally made in these three different types of agencies. At the European Commission, a multilateral aid agency, it is the European Council—which is composed of ministers from each member state—that undertakes the decision to suspend aid.\(^\text{17}\) This means that any suspension decision has to overcome a number of potential veto players (all of which are collective veto players, according to Tsebelis’ logic). Similarly, at the World Bank, it is the Board of Executive Directors (appointed by the Board of Governors) that must green light suspensions. In terms of day-to-day management, the board has delegated a great deal of authority to the Bank’s management. However, the Board is still ultimately responsible for approving financial packages and therefore must sign off on any changes in approved packages, including aid suspensions.\(^\text{18}\) This opens up the possibility that one or more of the member states could block a suspension, decreasing the likelihood that the agency

\(^{17}\)E-mail correspondence with the European Commission, January 2015. As an example, see council decision 2002/148/EC, which suspended aid to Zimbabwe in 2002. For more on how foreign aid works at the EC, see Schneider and Tobin (2013).

\(^{18}\)In practice, the board does not typically ‘suspend’ aid but rather pulls financing or fails to renew financing. Following the anti-homosexuality bill, for example, the Ugandan government could continue to borrow from the Bank but financing for health was pulled.
will actually sanction a recipient government following a political transgression.

In contrast to multilateral agencies, bilateral agencies act on behalf of a single donor country, effectively reducing the number of potential veto players. However, donor countries organize their bilateral aid programs differently. In some donor countries, foreign aid is overseen by a dedicated minister for international development. The Danish Minister for Development Cooperation, for example, is charged with “coordinating Denmark’s participation in international negotiations relating to development policy issues” and “administering the Danish State’s bilateral and multilateral development cooperation” (Government of Denmark 2012, 1). In this capacity, the minister is the ultimate arbitrator of decisions regarding aid disbursements. Similarly, in the UK, decisions about aid disbursement—including aid suspensions—are ultimately the prerogative of the minister responsible for development cooperation.19 As De Felice explains, “British aid responsibilities squarely fall on the shoulders of one single individual, the Secretary of State for International Development, and a few senior officials within one single department, the Department for International Development” (de Felice 2015, 37).

In contrast, in other donor countries, foreign aid is managed by subordinate agencies that are subject to oversight by many different domestic actors, all of which could potentially veto an aid suspension. In the United States, for example, the majority of aid is disbursed through the United States Agency for International Development (USAID); a sub-cabinet agency that takes foreign policy guidance from the executive branch via the Secretary of State and is closely monitored by

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19E-mail correspondence with DFID, September 2014
20In any given year, up to fifteen different government agencies are involved in the disbursement of aid in the United States (Tierney et al. 2011). The largest amount of aid, however, flows through USAID.
the United States Congress (Lancaster and Van Dusen 2005; Lancaster 2007). Similarly, in France, aid is jointly managed by the Ministry of Foreign Affairs, the Ministry of Economic Affairs and the Agence Française de Développement (AFD), with the executive playing a significant role (de Felice 2015). The same goes for Austria, where suspension decisions require a concerted decision of the managing director of the Austrian Development Agency (ADA), the Austrian ministry of foreign affairs, executive staff members of ADA and even other donors.21

Here it is important to emphasize that I am not arguing that the design of an organization is exogenous to the strategic interests of a donor country (or countries). Certain bilateral aid agencies are arguably designed to support the promotion of domestic economic or security interests over developmental goals. Similarly, multilateral organizations—e.g., the World Bank—are often designed to prevent the organization from taking explicitly political positions. In practice, this might mean that, at least for some donor agencies, the possibility of sanctioning a recipient government is rarely or even never considered. This is not inconsistent with my prediction. My hypothesis is that, as the number of veto players increases, the less likely there is to be an aid suspension. Observed in practice, this may mean that an aid sanction is rarely considered in some donor agencies, because the barriers facing a suspension are so high.

**Data & Methods**

Between March 2013 and July 2014, I carried out an original survey of high-level donor representatives working at the recipient-country level. My survey targeted Heads of Cooperation (HoCs), or the senior civil servant working at the recipient-country level for a particular donor agency.22 The

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21E-mail correspondence with ADA, November 2014

22Official names for HoCs vary by donor. Within UNDP the equivalent would be the Resident Representative, while at the World Bank it would be the Country Director. Most bilateral
fact that donor officials are not widely studied is a missed opportunity (Brown 2011); they are the human face of donor agencies and thus have important insights into the practices and behaviors of donors. HoCs are a particularly interesting group, because they are key interlocutors between the donor agency and the recipient government and are responsible for negotiating and implementing programming at the recipient-country level.

In regards to aid suspensions specifically, HoCs working at the mission-level are in an excellent position to tell us under what conditions their employer—the donor agency—is likely to suspend aid. A HoC is typically not the one who makes the final decision to suspend aid. However, as the core representative of a donor agency in a recipient country, the HoC is the donor official who has the most information about the actual likelihood of an aid suspension in a particular recipient country. Take, for example, the UK. While suspension decisions are ultimately ministerial, decisions are undertaken based on the advice of the Head of Office (DFID’s HoC equivalent). As the head of development cooperation for a given recipient country, HoCs have considerable discretion in reporting and evaluating changes in the political environment and in recommending a course of action to the agency’s headquarters. Surveying donor officials working at headquarters would likely over-represent an agency’s willingness to suspend aid, because headquarter staff would only be able to answer questions about aid suspensions based on their knowledge about formal rules and guidelines rather than their personal experience working in the recipient country. At the same time, staff members working on specific initiatives at the mission-level may not have the

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agencies have a Head of Cooperation or Head of Development Cooperation. This position is different from the ambassador, who is responsible for the political relationship between the two countries. Instead, the HoC is responsible for the country’s development portfolio in the recipient country.
broad knowledge about the agency’s entire development program and/or the knowledge about how allocation decisions are made to be able to sufficiently answer questions about aid suspensions.

In total, 114 HoCs from twenty-three different donor agencies in twenty recipient countries participated in the survey with a response rate of 53%. The survey took respondents approximately twenty minutes to complete. Respondents in Francophone countries were given the opportunity to complete the survey in either French or English. Potential respondents were told upfront that all data collected would be anonymized and not associated with either their name or their agency’s name.23 Table 2 and 3 in the appendix provide a more extended description of the sample, including the number of respondents per recipient and donor country.24 The survey asked the HoCs to answer a variety of questions related to their agency’s activities in the recipient country.25 Two sets of questions are relevant for this paper: a list experiment and a set of vignette questions. I discuss each in turn below.

23The most difficult part of the survey process was identifying potential respondents, as many aid agencies are less than transparent. After the names and e-mails of the HoCs in a particular country were collected, an e-mail requesting participation was sent. Potential respondents were sent up to five e-mails requesting their participation; one approximately every week for four weeks and a final reminder before the survey closed. In addition, in some of the Francophone countries, respondents were also sent an additional e-mail in French to see if this would increase response rates. (It did not.)

24Only traditional, OECD-DAC donors and affiliated multilateral institutions were sampled. Accordingly, responses cannot be considered representative of how donor officials from non-traditional donor countries, such as China or Brazil, might respond.

25A full draft of the survey protocol is included in the supplemental information.
List Experiment

One possible challenge with directly surveying donor officials about their willingness to suspend foreign aid is social desirability bias. Despite anonymity, respondents might still be reluctant to directly admit that their agency is unlikely to suspend aid, because freely admitting this could possibly undermine the credibility of their bargaining position vis-à-vis the recipient government. Given this concern, I choose to rely first on a list experiment designed to estimate the percentage of donor-recipient dyads where the donor agency would be unwilling to suspend aid even after an incident of severe political repression.

List experiments use an experimental design to elicit truthful responses to a sensitive topic by circumventing respondent-related biases that could arise from social desirability or privacy concerns (Blair and Imai 2012; Lavrakas 2014). In a list experiment, the respondent is not asked to openly admit to holding a controversial belief (or in this case to admit that their agency might act against its publicly stated principles). Rather they are asked how many items are true from a list of statements that includes a sensitive item. The mean response of the treatment group is then compared to the mean response of a baseline group that received exactly the same statements, minus the sensitive item. From a comparison of these two means, an estimate of how many respondents believe the sensitive item to be true can be derived.26

In my list experiment, respondents in the baseline group were asked to indicate how many statements were true out of a list of four baseline statements (designed to avoid ceiling and floor

26Political scientists have used list experiments to address several sensitive topics, such as race relations, support for militant groups, and support for female political candidates (Bullock, Imai, and Shapiro 2011; Kuklinski et al. 1997; Streb et al. 2008).
In addition to the baseline statements, the treatment group was presented with the following sensitive item:

As long as the [Government of X] remains cooperative on our agency’s main priorities, political repression (including suspected assassinations of opposition leaders) would not lead to the suspension of aid.

In the individual surveys, [Government of X] was replaced with the government of the recipient country in which the respondent was working (i.e., Government of Uganda). Whether or not the HoC was in the baseline or treatment group was randomized, as were the statements.

I designed this question to be a strong test of the hypothesis that development agencies have an incentive to continue providing aid despite a political transgression. The decision to focus on political repression and to mention ‘suspected assassinations of opposition leaders’ was made because I wanted to present a vivid scenario to respondents that was clearly beyond acceptable norms of behavior. I wanted the logic of the question to be realistic (hence the use of the word ‘suspected’). I also wanted the statement to clearly imply that, while the recipient government had crossed a line, it remained cooperative with the agency in other ways.

Vignette Questions

In addition to the list experiment, I also asked survey respondents about the probability their agency would suspend aid in a number of different scenarios. The logic behind this approach is

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27 Respondents were instructed to “Please read the following statements and indicate how many are true.” The baseline statements were as follows: 1. I believe my development agency should focus more on HIV/AIDS reduction globally. 2. I think all development agencies should establish priority countries. 3. I believe that OECD countries should take a backseat to south-south cooperation. 4. I believe that too much development aid is currently spent in Africa.
very straightforward. I wanted to know how HoCs believed their agency would respond to different types of political transgressions. Therefore, I asked them to indicate how likely their agency was to suspend aid conditional on different types of political transgressions. The question was phrased as follows:

For each of the following events, how likely is it that your agency would suspend aid to [Country X] if the event occurred in [Country X] at some point in the future?

A: moderately fraudulent elections

B: corruption scandal in a project your agency is supporting

C: deterioration in the investment climate

D: changes in headquarter priorities

E: highly fraudulent election

F: deterioration in respect for civil liberties

G: corruption scandal in the government at large

In the individual surveys, [Country X] was replaced with the name of the country where the respondent was working (i.e., Uganda), and the different scenarios were randomized. The response options were unlikely, moderately likely, or very likely. In the analysis, I rely on the results for ‘very likely’, as any potential respondent bias should be lower in this category. While respondents may feel pressured to avoid admitting that their agency would not suspend aid in certain scenarios, they should feel less pressure to select that their agency is very likely to suspend aid.

In addition to the governance scenarios, I also included the options ‘changes in headquarter priorities’ and ‘deterioration in the investment climate.’ I included the option regarding headquarter priorities, because I was interested to see which scenarios would be more or less likely to lead to a suspension when compared to this relatively mundane (but frequent) bureaucratic event. I
included the option on investment climate as a measure of the commercial incentives of the donor country, which many suggest influence aid allocation decisions.

**What can data from the survey tell us?**

In both the list experiment and the set of scenarios, respondents are presented with several imaginary examples and asked how their agency is likely to respond. Presenting respondents with a fictional scenario is advantageous in that it helps us rule out exogenous factors that may influence a donor’s decision to suspend or not suspend aid. Because respondents are given only limited information about the hypothetical situation, they have to make their decision based on the information presented to them. This allows us to know with greater confidence that the decision to suspend is a result of the political transgression. However, it also means that the results do not take into account a variety of other potential factors not captured in the simple scenarios.

It is also worth emphasizing that data from survey does not tell us what the respondent—the HoC—actually thinks his or her agency *should do* in a given situation. Rather the questions are designed to gauge what the respondent believes their agency *is likely to do* in a given scenario. Thus, the results are not indicative of the preferences of the respondent, who may believe that aid should be suspended but is not likely to be, or vice-versa. Instead, the data should be interpreted as what the respondents believe will happen based on their (often extensive) experience working in the field of international development.\(^2^8\)

\(^2^8\)On average, respondents reported holding in their current position for 24.7 months (s.e. 1.5 months). Thus, respondents were not, on average, new to the position or the recipient country. (Country postings for donor staff are generally 3 to 4 years with postings for ‘hardship’ countries being considerably shorter at 1 to 2 years.)
Empirical Findings

If the organizational incentives of donor agencies have important consequences for aid conditional-
ity, then we should expect the willingness of donor agencies to suspend aid in response to a political transgression to vary based on: (1) if the political transgression directly affects the aid portfolio of the donor agency, (2) if the donor agency provides budget support to the recipient government, and (3) if there are fewer veto players that can block an aid suspension decision.

Tolerance for Political Repression

The list experiment was designed to measure the proportion of HoCs reporting that their agency is unlikely to suspend aid in the case of severe political repression, as long as the government is cooperative on their agency’s main priorities. Using a difference-in-means estimator, we can estimate that 45% of HoCs believe that their agency is unlikely to suspend in the treatment scenario (see Table 3 in appendix). Using a one-sided permutation test, we can reject the hypothesis that no donor representative affirmed the sensitive item (p=.017). An important consideration in the analysis of list experiments is the assumption of no design effect; i.e., the assumption that inclusion of the sensitive item had no systematic effect on respondents’ answer to the central items. Using Blair and Imai’s (2012) test, I find no evidence of design effects (see Table 4 in appendix). If close to half of HoCs report that a suspension is unlikely in the case of severe repression, it seems reasonable to expect that suspension rates will be even lower in more moderate cases of political repression.

To test the argument that institutional incentives have important consequences for aid conditionality, we can first break down the results by whether or not the agency has provided budget

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29Based on a uniform prior over the [0,1] interval, the 95% credible interval is [0.18,0.73].
support to the recipient country where the HoC is working (see Figure 1).\textsuperscript{30} Using a difference-in-means estimator, we can estimate that 94.4\% of HoCs representing agencies that do not provide budget support to the given recipient country believe that their agency would be unlikely to suspend in response to severe political repression. Alternatively, the proportion for HoCs representing agencies that have provided budget support to the recipient country is 20\%.

[Figure 1 about here]

As predicted, the results also vary by the type of donor agency the HoC works for (see Figure 2). Donor agencies with fewer veto players are more likely to suspend aid. The estimated proportion of HoCs reporting that their agency is unlikely to suspend aid in the case of political repression is over 71\% for multilateral agencies, compared to 41\% for HoCs representing non-ministerial bilaterals and 8\% for HoCs representing ministerial bilaterals.

[Figure 2 about here]

Here it is important to note that most bilateral agencies that provide budget support are ministerial bilaterals. This is not likely to be a coincidence. Controversial aid modalities, such as budget support, may also be less likely to be adopted if there is a greater number of veto players.\textsuperscript{31} That being said, in the sample, the two measurements capture different dynamics and vary in important ways. First, whether or not a donor agency provides budget support varies according

\textsuperscript{30}I include in this category HoCs that selected that their agency is currently providing budget support, as well as HoCs that selected that their agency provided budget support in the recent past. The latter category is quite small and theoretically, it makes more sense to include them with current budget support donors; the overwhelming majority reported that they ended budget support because of a political transgression by the recipient government.

\textsuperscript{31}For example, the US Congress is unlikely to approve budget support for most recipient countries.
to whether or not a particular donor agency gives budget support to the recipient country where the respondent is working, whereas the type of agency (multilateral, ministerial bilateral, or non-ministerial bilateral) is a sample-wide measurement. Second, there are donor agencies who give budget support but do not have a dedicated minister for international development. For example, Japan gives budget support to three recipient countries in the sample (Ghana, Tanzania, and Zambia), but does not have a minister for international development.\textsuperscript{32} Third, whether or not an agency provides budget support is not limited to bilateral agencies, as several multilateral donor agencies also provide budget support (in our sample, the European Commission, the World Bank, and the African Development Bank).

Collectively, results from list experiment are consistent with the argument that the organizational incentives of donor agencies have important consequences for aid conditionality. As predicted, the data vary in important ways related to the institutional incentives faced by the donor agency. In particular, the proportion of HoCs reporting that their agency is unlikely to suspend in the case of severe political repression, is higher for multilateral agencies and for agencies that do not provide budget support.

**Donors’ Willingness to Suspend Aid**

In contrast to the list experiment, the scenario questions measure the proportion of HoCs reporting that an aid suspension is *likely*. My prediction is that HoCs will report that aid suspensions are more likely in cases where their aid portfolios are directly affected, namely in the case of corruption in a project their agency is supporting. To further test the impact of organizational incentives, we can again break the results down by the type of donor agency and by whether or not the agency

\textsuperscript{32}Japanese development cooperation falls under the Ministry of Foreign Affairs, which has an International Cooperation Bureau overseen by a Director-General.
provides budget support.

Consistent with the argument that donor agencies frequently hesitate to suspend aid following a political transgression, across all of the scenarios at least 20% of HoCs reported that an aid suspension was unlikely. However, as predicted, HoCs also report differences in how their agency would likely respond to different political transgressions (see Figure 3). Only 18% of those surveyed responded that a deterioration in the respect for civil liberties was very likely to lead to an aid suspension. This is roughly equivalent to the proportion of HoCs indicating that a change in headquarter priorities is very likely to result in their agency suspending aid. In comparison, 53% of HoCs reported that corruption in a project their agency is supporting is very likely to lead to an aid suspension. If the corruption takes place in the government-at-large, the percentage of HoCs reporting that an aid suspension is very likely drops to 36%. These results are consistent with my argument about institutional incentives. Corruption in the government may or may not affect the agency’s portfolio in the country, while corruption in a project the donor agency supports clearly affects the agency’s activities in the recipient country.

[Figure 3 about here]

Quite interestingly, 38% of HoCs report that a highly fraudulent election is very likely to lead to an aid suspension. While somewhat surprising, this finding is not necessarily inconsistent with my argument that agencies are more willing to suspend in scenarios where their day-to-day operations are affected. Highly fraudulent elections could have enormous reputational costs for the aid agency, particularly if the donor agency is funding parts of the electoral process. The results are particularly interesting when one considers that only 2% of respondents (only 2 out of 85) report that moderately fraudulent elections are very likely to lead to a suspension. In the real world, how election fraud is described and understood by donors and the public may vary
considerably from case to case, even if the facts are similar. If aid agencies have a preference for continuing to providing aid, they may be incentivized to downplay the degree of election fraud.

Only 1% percent of HoCs report that a suspension is very likely in the case of a deterioration in the investment climate. This finding does not discredit the idea that commercial interests can drive decisions about aid allocation. A donor country may still choose, at least in part, to provide aid to a particular recipient country for economic reasons. However, the results do suggest that the donor officials surveyed do not believe that countries with a declining investment climate are likely to be punished through aid suspensions and adds further support to the argument that strategic incentives are not the sole driver of aid suspension decisions.

Just as with the list experiment, we can also break the scenario question down by whether or not the agency provides budget support to the recipient country in question (see Figure 4). Here we again see clear differences between budget support and non-budget support donors. HoCs working for agencies that provide budget support are twice as likely to report that their agency is very likely to suspend aid in the case of a highly fraudulent election or a deterioration in respect for civil liberties. They are also 15% more likely to report that their agency is very likely to suspend aid in the case of government corruption.

[Figure 4 about here]

Not surprisingly, budget support donors and non-budget support donors respond differently to the corruption scenarios. Overall, HoCs in both groups report that project-level corruption is the scenario most likely to lead to an aid suspension. However, HoCs working for agencies who directly support the government via budget support report that their agencies are more sensitive to corruption in the government-at-large, while HoCs working for agencies that provide their aid exclusively via projects report that their agencies are more sensitive to project-level corruption.
Responses also differ between HoCs working for different types of donor organizations (see Figure 5). Only 10% of HoCs working for multilateral agencies indicated that their agency is very likely to suspend if there is a deterioration in respect for civil liberties. Alternatively, 18% of HoCs working for non-ministerial bilateral agencies and 25% of HoCs working for ministerial bilateral agencies selected that their agency is very likely to suspend in this scenario. We see a similar pattern for highly fraudulent elections. In regards to corruption, the patterns are again slightly different. This makes sense, given that the majority of non-ministerial bilaterals do not provide budget support and thus are likely to be less sensitive to corruption in the government-at-large.

[Figure 5 about here]

Do the results mirror real world decision-making?

How do we know that these results mirror real life decision-making regarding aid suspensions? One way to verify the accuracy of the results is to look at actual cases of aid suspensions. It would be problematic to test our predictions using such data, as doing so would require us to select on the dependent variable. However, aid suspension data is useful for verifying that the patterns observed in the survey mirror actual suspension decisions.

Most aid agencies do not publicly release data on aid suspensions. However, as an initial test, I obtained data from the UK’s Department for International Development; a ministerial bilateral agency that provides budget support to many countries around the world. In 2006, DfID began publicly reporting aid suspensions in accordance with a new transparency law.\textsuperscript{33} Between 2006 and 2014, DfID reported fifty-five changes to their programming, of which forty can be classified as an aid suspension.\textsuperscript{34} Of these forty aid suspensions, only ten were related to problems with human

\textsuperscript{33}The ‘International Development (Reporting and Transparency) Act 2006’.

\textsuperscript{34}Fifteen of the reported changes came about because the government did not meet specific per-
rights or political governance. The remainder of the suspensions came about because of poor fiscal management and/or corruption. In total, this means that in 75% of the cases where DfID suspended aid between 2006-2014, the aid suspension occurred because of issues related to the integrity of the program rather than problems with human rights or political governance. These results are consistent with results from the scenario question that suggested that donor agencies are much more likely to suspend aid when their portfolio is directly affected.

**Conclusions**

Given the strategic motivations of donor countries, it is surprising that foreign aid donors sometimes suspend aid, even in strategically-important countries. In this paper, I argued that the institutional incentives of donor agencies have important consequences on the willingness of a donor agency to sanction political transgressions by suspending foreign aid. Using data from an original survey of high-ranking donor officials at the recipient-country level, I substantiated this argument by providing evidence that aid agencies are more willing to sanction political transgressions by the recipient government: (1) if the political transgression directly affects the agency’s aid portfolio, (2) if the donor agency provides budget support to the recipient government, and (3) if there are fewer veto players that can prevent an aid suspension.

In future scholarship, it would be useful to test more detailed predictions about donors’ willingness to suspend aid for specific donor agency-recipient country dyads. A larger sample size formance targets required for the release of budget support; therefore, it would be incorrect to classify them as aid suspensions due to political transgression.

35See supplementary data for a complete list of the forty cases where aid was suspended and data on how each suspension was coded.
that includes HoCs working in missions beyond Africa would make this possible and, at the same
time, add greater validity to the findings of the study. Nonetheless, the study is an important first
step in understanding when and where donor agencies can credibly commit to sanctioning political
transgressions by suspending foreign aid. Cross-national studies on political conditionality have
largely relied on regression analysis to estimate how changes in a country’s score on annual gover-
nance indicators affect annual aid volumes. This approach cannot speak to the micro-foundations
of aid suspensions, nor can it test causal arguments about donor responses to different types of
political transgressions. Alternatively, my approach allows us to estimate the willingness of donor
agencies to sanction recipients across different types of political transgressions.

My findings suggest that institutional incentives can change how aid diplomacy is actually
exercised in recipient countries. Once aid is committed, disbursement is left to donor agencies,
whose preferences do not perfectly align with donor governments. Even if aid is given largely for
strategic reasons, the institutional incentives of donor agencies may at times override the strategic
preferences of donor governments. My research suggests that an aid suspension is more likely if
the political transgression directly affects the donor agency’s work in the recipient government,
and if there are fewer veto players that can block an aid suspension decision.

The findings are important not only because they helps us to understand variation in aid
suspensions decisions, but also because they suggests that donor agencies can be designed in a
way to give them more independence over aid suspensions decisions. If the goal is to condition
aid on good governance, the number of veto players should be limited. From the recipient-country
perspective, my findings also suggest that to maintain aid flows, recipient governments should
focus their attention on fiscal management. Corruption, more than violations related to human
rights or political governance, is more like to result in a suspension of foreign aid.
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Figure 1: Budget support donors are more willing to sanction political repression

For each group, the chart shows point estimates of the proportion of HoCs whose agency would not suspend aid in case of severe political repression (the difference in means in the list experiment), as well as 95 percent credible intervals, based on a uniform prior over the [0,1] interval.
Figure 2: Willingness to sanction political repression varies by agency type

For each group, the chart shows point estimates of the proportion of HoCs whose agency would not suspend aid in case of severe political repression (the difference in means in the list experiment), as well as 95 percent credible intervals, based on a uniform prior over the [0,1] interval.
Figure 3: HoCs assessment of the likelihood of aid suspensions

- Corruption in agency’s project (N=89): 53%
- Highly fraudulent election (N=89): 38%
- Corruption in government (N=90): 36%
- Change in headquarter priorities (N=88): 18%
- Deterioration in respect for civil liberties (N=86): 17%
- Moderately fraudulent elections (N=86): 2%
- Deterioration in investment climate (N=88): 1%

Proportion of HoCs reporting that their agency is either ‘very likely’ or ‘moderately likely’ to suspend aid in several fictional scenarios with 95% confidence intervals for the population proportion.
Figure 4: Budget support donors are more likely to sanctions transgressions outside their own portfolio

Proportion of HoCs reporting that their agency is ‘very likely’ to suspend aid, by whether or not the agency provides budget support (with 95% confidence intervals for the population proportion)
Figure 5: Perceived likelihood of aid suspension varies by agency type

Proportion of HoCs reporting that their agency is 'very likely' to suspend aid in several fictional scenarios, by agency type (with 95% confidence intervals for the population proportion).
Appendix

Table 1: Description of Sample

<table>
<thead>
<tr>
<th>Country</th>
<th>ODA as a % GNI (2000-11)</th>
<th>HoCs Sampled</th>
<th>HoCs Participating</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Wave</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>9.20%</td>
<td>15</td>
<td>10</td>
<td>67%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>25.00%</td>
<td>21</td>
<td>10</td>
<td>48%</td>
</tr>
<tr>
<td>Uganda</td>
<td>13.28%</td>
<td>15</td>
<td>8</td>
<td>53%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>19.98%</td>
<td>14</td>
<td>11</td>
<td>79%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>12.76%</td>
<td>21</td>
<td>11</td>
<td>52%</td>
</tr>
<tr>
<td>2nd Wave</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burundi</td>
<td>28.31%</td>
<td>10</td>
<td>6</td>
<td>60%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>13.86%</td>
<td>16</td>
<td>7</td>
<td>44%</td>
</tr>
<tr>
<td>Guinea</td>
<td>7.09%</td>
<td>7</td>
<td>5</td>
<td>71%</td>
</tr>
<tr>
<td>Mauritania</td>
<td>13.53%</td>
<td>8</td>
<td>4</td>
<td>50%</td>
</tr>
<tr>
<td>Zambia</td>
<td>15.04%</td>
<td>15</td>
<td>7</td>
<td>47%</td>
</tr>
<tr>
<td>3rd Wave</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>30.37%</td>
<td>6</td>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td>Niger</td>
<td>13.57%</td>
<td>12</td>
<td>5</td>
<td>42%</td>
</tr>
<tr>
<td>Comoros</td>
<td>9.10%</td>
<td>4</td>
<td>2</td>
<td>50%</td>
</tr>
<tr>
<td>Liberia</td>
<td>73.38%</td>
<td>6</td>
<td>5</td>
<td>83%</td>
</tr>
<tr>
<td>Malawi</td>
<td>20.62%</td>
<td>8</td>
<td>6</td>
<td>75%</td>
</tr>
<tr>
<td>4th Wave</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Togo</td>
<td>7.20%</td>
<td>5</td>
<td>2</td>
<td>40%</td>
</tr>
<tr>
<td>Chad</td>
<td>8.59%</td>
<td>6</td>
<td>2</td>
<td>33%</td>
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<tr>
<td>Congo, Republic</td>
<td>6.92%</td>
<td>5</td>
<td>3</td>
<td>60%</td>
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<tr>
<td>Cote d’Ivoire</td>
<td>3.76%</td>
<td>7</td>
<td>2</td>
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</tr>
<tr>
<td>Kenya</td>
<td>4.53%</td>
<td>14</td>
<td>5</td>
<td>36%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>215</td>
<td>114</td>
<td>53%</td>
</tr>
</tbody>
</table>

Table 2: Donor agencies represented in the sample by type

<table>
<thead>
<tr>
<th>Ministerial Bilaterals (35)</th>
<th>Non-Ministerial Bilaterals (42)</th>
<th>Multilaterals (37)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium (3)</td>
<td>Australia (2)</td>
<td>African Development Bank (10)</td>
</tr>
<tr>
<td>Canada (1)</td>
<td>Austria (3)</td>
<td>European Union (12)</td>
</tr>
<tr>
<td>Denmark (5)</td>
<td>France (10)</td>
<td>UNDP (9)</td>
</tr>
<tr>
<td>Finland (2)</td>
<td>Italy (4)</td>
<td>World Bank (6)</td>
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<td>Germany (7)</td>
<td>Japan (7)</td>
<td></td>
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<td>Korea (3)</td>
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<td>Netherlands (4)</td>
<td>Norway (3)</td>
<td></td>
</tr>
<tr>
<td>Sweden (4)</td>
<td>Spain (2)</td>
<td></td>
</tr>
<tr>
<td>United Kingdom (3)</td>
<td>Switzerland (4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States (4)</td>
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Table 3: Estimated proportion of HoCs who would not suspend aid even in the case of severe political repression (difference in means estimator)

<table>
<thead>
<tr>
<th></th>
<th>Baseline Condition</th>
<th>Test Condition</th>
<th>Percent ‘Not Suspend’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean (s.e.)</td>
<td>1.2 (.13)</td>
<td>1.7 (.18)</td>
<td>45% (.22)</td>
</tr>
<tr>
<td>N=</td>
<td>47</td>
<td>48</td>
<td>p = .021</td>
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</tbody>
</table>

Table 4: Test of the no design effect assumption (Blair and Imai 2012)

<table>
<thead>
<tr>
<th></th>
<th>est.</th>
<th>s.e.</th>
</tr>
</thead>
<tbody>
<tr>
<td>π(y = 0, t = 1)</td>
<td>0.0674</td>
<td>0.0819</td>
</tr>
<tr>
<td>π(y = 1, t = 1)</td>
<td>0.1166</td>
<td>0.1016</td>
</tr>
<tr>
<td>π(y = 2, t = 1)</td>
<td>0.1653</td>
<td>0.0704</td>
</tr>
<tr>
<td>π(y = 3, t = 1)</td>
<td>0.0833</td>
<td>0.0399</td>
</tr>
<tr>
<td>π(y = 4, t = 1)</td>
<td>0.0208</td>
<td>0.0206</td>
</tr>
<tr>
<td>π(y = 0, t = 0)</td>
<td>0.1667</td>
<td>0.0538</td>
</tr>
<tr>
<td>π(y = 1, t = 0)</td>
<td>0.2451</td>
<td>0.0949</td>
</tr>
<tr>
<td>π(y = 2, t = 0)</td>
<td>0.1751</td>
<td>0.0938</td>
</tr>
<tr>
<td>π(y = 3, t = 0)</td>
<td>-0.0195</td>
<td>0.0535</td>
</tr>
<tr>
<td>π(y = 4, t = 0)</td>
<td>-0.0208</td>
<td>0.0206</td>
</tr>
</tbody>
</table>

H₀: No design effect.
Bonferroni-corrected p-value 0.5418