

Ranking Foreign Aid Agency Best Practices: New Donors, New Findings

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Abstract:

This paper ranks foreign aid donors on best practice commitments using 2012 data, providing the first comprehensive evaluation of DAC, non-DAC, multilateral, and United Nations agencies. Best practices include transparency, overhead costs, specialization, selectivity, and ineffective channels. On average, multilateral and UN donors outperform DAC and non-DAC agencies. Despite the negative impression of emerging donors, non-DAC perform similarly to DAC agencies. Comparing our rankings of DAC and multilateral agencies with previous studies employing the same methodology, we find that DAC rankings are declining as multilateral and UN rankings are increasing. These findings are consistent with other rankings of aid agencies.

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1. Introduction

Progress has been made in advancing the aid effectiveness agenda, yet major challenges persist. Evidence has shown that – despite the challenges encountered in the implementation of our respective commitments – many of the principles underpinning the Paris Declaration on Aid Effectiveness and Accra Agenda for Action have contributed to higher quality, more transparent and effective development co-operation. We will sustain our high-level political leadership to ensure that the commitments made here in Busan are implemented. Within this context, those of us that endorsed the mutually agreed actions set out in Paris and Accra will intensify our efforts to implement our respective commitments in full.

Busan Partnership for Effective Development Co-operation (2011, p. 4)

Foreign aid is one of the most researched and debated development topics. Many findings suggest that aid has not achieved its expected results.¹ The last decade has seen a growth in attempts to monitor foreign aid agencies in hopes of increasing the effectiveness of aid. In general, aid best practices focus on quality of delivery and effective allocation. The major impetus for change and commitment to best aid practices reached a critical mass with the Paris Declaration in 2005, followed-up by the Accra Agenda for Action in 2008 and the Busan Agreement in 2011. At each meeting, donors reaffirmed a pledge to these principles as illustrated in the above quote. Each forum acknowledged the challenges and slow progress from commitment to implementation, with particular emphasis on transparent and specialized aid.

Although commitments to best practices are publicly declared, there is not a common agreed upon method to evaluate how well donors are sticking to their promises. In this paper, we evaluate agency level practices using 2012 data in order to determine if donors actually alter their behavior as they claim they should. We do so by focusing on five areas of ‘best practices’ derived from principles that donors say are important, outside aid organizations monitor, and the

¹ For empirical studies supporting the ineffectiveness of foreign aid in achieving development, see Boone 1996; Svensson 1999, 2000; Easterly 2001, 2006; Knack 2001; Brautigam and Knack 2004; Easterly, Levine, and Roodman 2004; Djankov, Montalvo, and Reynal-Querol 2008; Heckelman and Knack 2008; Williamson 2008; Moyo 2009; Sheilfer 2009; Skarbek and Leeson 2009; and Young and Sheehan 2014.

academic literature suggest agencies should follow. We follow the methodology established in Easterly and Pfutze (2008) and Easterly and Williamson (2011) (henceforth EP and EW, respectively) to measure aid agency best practices including transparency, overhead costs, aid specialization, selective allocation, and effective delivery channels. We do so as these practices provide a comprehensive measure of agency behavior. Transparency is based on the ability to gather information such as employment numbers, budgetary data, and overhead costs. Overhead cost utilizes the data collected during the transparency stage and refers to an agency's costs relative to aid disbursements. Specialization captures the extent to which aid is divided among many countries and sectors. Selectivity refers to aid delivery to the poorest and democratically free countries while avoiding corrupt dictators. Ineffective channels measures the share of aid that is tied, given as food aid or as technical assistance. These reflect the standard best practices identified through years of research and evaluation of foreign aid.²

There are many challenges that arise from ranking donors in this capacity. For example, we rely on indirect measures of best practices. We acknowledge criticisms regarding the sensitivity of rankings and provide two approaches to deal with these challenges. First, we follow the methodology in EP and EW in order to engage in multi-year monitoring, which is usually not possible given the lack of consistent methodology. This is important as a snapshot-view can merely reflect one-time anomalies, whereas a multi-year analysis provides a more comprehensive perspective. Moreover, this allows for evaluation on how donor rankings have changed overtime. Secondly, because rankings can be sensitive to different methodologies, we provide a comparison of our findings with other main rankings in the field. Comparisons with

² See, Rome Declaration 2003; Commission for Africa 2005; IMF and World Bank 2005, 2006, 2010; Paris Declaration 2005; United Nations Development Program 2005; United Nation Millennium Project 2005; Roodman, 2006, 2009, 2012; Center for Global Development 2007; Knack and Rahman 2007; Easterly 2007; Accra Agenda 2008; Easterly and Pfutze 2008; Birdsall, Kharas, Mahgoub, and Perakis 2010; and Knack, Rogers, and Eubank 2010.

other rankings and multi-year monitoring allow for a more complete and robust analysis of donor aid practices. Nonetheless, individual donor rankings should be taken with caution.

One significant aspect of the Busan agreement is addressing the role of emerging donors, or non-DAC (Development Assistance Committee) donors such as Kuwait, Romania, and Russia. These donors operate outside of the Development Assistance Committee of OECD members, and they are historically left out of the discussion on aid effectiveness; however, non-DAC aid is growing in importance (Walz and Ramachandran, 2011; Fuchs and Vadlamannati, 2013; Strange et al., 2013). As such, questions regarding the extent to which emerging donors are implementing effective aid strategies have come under scrutiny. We add to this literature on emerging donors and aid practices by providing the first analysis ranking and comparing non-DAC donor best practices.

Our paper has two main contributions. 1) We update donor rankings based on best practices and methodologies in EP and EW. We also incorporate donors not previously assessed due to insufficient data availability including non-DAC agencies, and several new DAC, multilateral and UN donors. We categorize agencies as DAC bilateral, non-DAC bilateral, multilateral (such as regional banks), and UN donors and compare rankings across each subgroup using 2012 data. 2) We compare our results to EP and EW creating an eight-year time span from 2004-2012 to monitor changes in DAC and multilateral donor practices. Since we are using the same methodology, we can more accurately provide multi-year monitoring showing changes in agency behavior. We also compare our rankings to other studies ranking aid agencies in order to provide robustness to our findings.

We have several main results. We find that, on average, multilateral agencies are the top-performing group, consistent with EW, EP and other best practice rankings including Knack et

al. (2011) and Birdsall et al. (2010). New to our study is analyzing non-DAC donors. Overall, we find that non-DAC agencies perform similarly to DAC agencies, despite the impression that emerging donors engage in worse practices. Collectively, our results suggest that donors are still not meeting their standards in best aid practices, but that multilateral agencies and UN donors outperform both DAC and non-DAC bilateral donors. We supplement our analysis by implementing simple OLS regressions analyzing best practices controlling for size and type of donor, which is available in Appendix 1 (appendix is available online).

In addition, after tracking donor changes overtime, we find that since 2004 DAC donors' rankings are declining while both multilateral and UN rankings are improving. These changes are driven by multilateral and UN agencies becoming more transparent and specialized while DAC donors are becoming less specialized and are plateauing in other categories. When comparing to other scholarly studies employing different methodologies (mainly, Knack et al. 2011 and Birdsall et al. 2010), we consistently find multilateral agencies as the top-performing group. We also find consistency within each sub-group and measure of best practice.³ Our results focus mostly on generalizations that can be drawn from the data. However, we recognize that variations exist across agencies and practices; thus, we discuss individual agency outliers throughout the text.

Overall, our analysis on the performance of foreign aid donors connects to the broader literature on the political economy of best practices suggesting that the aid community continues to suffer from actual implementation of best aid practices, a common theme in the literature (see, Survey on Monitoring the Paris Declaration 2008; 2011). Our findings challenge donors'

³ As noted in previous studies, our results should be taken with caution as we face difficulty in obtaining reliable and consistent data. Most of the data used is taken from the OECD, which relies on voluntary reporting. Many donors, especially non-DAC donors, do not participate in sharing information through OECD, highlighting the pressing need for greater transparency in order to monitor and evaluate aid agencies.

rhetorical commitments to best practices, and call for further evaluation of the incentives of donors, especially bilateral agencies, to engage in best aid practices.

2. Best Aid Practices in the Literature

Scholars have pursued a variety of methodologies to evaluate the performance of donors. Knack et al. (2011) closely follow the main commitments in the Paris Declaration (2005) constructing an overall rank based on selectivity, alignment, harmonization, and specialization. Birdsall et al. (2010) create four pillars of aid quality—maximizing efficiency, fostering institutions, reducing burden, and transparency. Roodman (2012) ranks donors based on ‘development-friendliness’ policies and the quantity of aid given by bilateral donors. Based on the academic literature, Easterly and Pfutze (2008) and Easterly and Williamson (2011) incorporate additional methods for evaluation. The United Kingdom’s Department for International Development (DFID) has also constructed its own index for ranking multilateral agencies to help determine funding decisions (Multilateral Aid Review 2013). Other scholars use specific components of aid effectiveness to analyze donor behavior. Ghosh and Kharas (2011) rank donors on transparency; Acharya et al. (2006) provide a ranking of the worst bilateral aid proliferators; and Dollar and Levin (2006) rank donors based on aid selectivity. Nunnenkamp et al. (2011), Burky (2011), and Aldasoro et al. (2010) show that aid fragmentation has actually increased since the Paris Declaration in 2005, concluding that donors have not keep their promises to specialize and coordinate.

These various rankings provide a much-demanded monitor of aid agencies, but are met with a variety of challenges, questions, and potential shortcomings. The authors note these challenges, but Clist (2015) provides a more extensive analysis of potential problems. He

illustrates how making marginal alterations to the measurements and cutoffs have substantial impact on the rankings. Clist concludes that the scholars' decisions in their measurement choices are arbitrary and highly sensitive to slight changes. BenYishay and Wiebe (2009) also challenge ranking assessments. They reproduce Easterly and Pfutze's rankings and show the U.S. Millennium Challenge Corporation (MCC) moves up in the rankings after a few adjustments. These studies point to important challenges to the methodologies and interpretation placed on a specific, individual rank in one particular study highlighting the need for further analysis.

Another shortcoming is the lack of analysis on non-DAC donors, despite the emerging presence of non-DAC aid. This has led scholars to debate whether new donors provide 'rogue' aid that is counter to the DAC donors' development goals (Naím, 2007; Berger et al., 2011). Recent analysis suggests that non-DAC and DAC donors may differ in several respects, but these differences may be overblown as both DAC and non-DAC tend to allocate aid for 'self-interest' reasons or political considerations (Dreher et al., 2011; Dreher and Fuchs, 2015).

We believe the challenges from the literature call for 1) updating aid agency rankings, including non-DAC donors, based on previously established methodology in order to engage in multi-year monitoring, and 2) comparing rankings with other indices of aid quality. Our paper accepts these important challenges. We follow an approach to assessing aid that can be updated regularly and analyzed for donor improvements overtime.

3. Ranking Aid Agencies

In order to measure donor practices, we follow the methodology established by EP and EW including aggregation methods. Methodology for each practice is briefly summarized below before describing the results. We discuss the new rankings in detail before turning to a brief

comparison of each practice over time. We assess change by comparing our results with EP and EW giving an eight-year time span from 2004 to 2012.

We present each agency's scores grouped by bilateral agency-DAC, bilateral agency-non-DAC, multilateral agency, and multilateral agency-UN. This follows the presentation of aid agencies as in EW, but we now include bilateral non-DAC agencies as defined by OECD. We also assess several new bilateral-DAC, multilateral agencies, and UN agencies. If a country has multiple bilateral aid agencies, such as the United States, we collect data at the agency level when possible, then aggregate to the country level by taking a weighted average based on the size of each agency's budget. We attempt to include as many agencies as possible by consulting those listed on OECD and AidData.org. We keep an agency listed in our study if we were able to collect data for at least one practice. Unfortunately, several important emerging donors, such as China, still lack sufficient data for inclusion. At most, we are able to collect data on 29 bilateral-DAC, 18 bilateral-non-DAC, 23 multilateral, and 16 UN agencies, for a total of 86 donors. The list of all agencies in our study is included in Appendix 2. We are able to assign an overall rank to 73 agencies.

3.1 Transparency

Transparency is arguably the most critical component to aid effectiveness because it enables outside monitoring. If aid is not transparent, agencies are not accountable for ineffective use or misappropriation of aid. We cannot evaluate agencies if we cannot monitor where the money goes, and if we cannot evaluate aid agencies, then there is an absence of accountability on the part of the donors (Droop et al., 2008). In addition to leading to donor accountability, aid transparency is also necessary for donor coordination (Linders, 2013).

Two broad transparency indices, OECD reporting and Overhead Costs reporting, are created to form one overall transparency index. Both indices range from zero to one, with one implying full reporting. The first index is based on OECD reporting. For each table in OECD that an agency reports to it receives one point. The average is taken across all tables to construct an overall OECD reporting transparency index. The second index is based on the ability to directly collect data on overhead costs from each agency. Inquiries to collect data on four categories (permanent international staff, administrative expenses, salaries and benefits, and total development assistance disbursed) were taken in multiple stages. First, each agency's website and annual reports were consulted. If data was available, an agency received one point for that particular category. Next, all agencies were sent two rounds of emails requesting the data. If the information is not online but an agency replied with the requested data, they received 0.5 instead of a 0 in that category. If the data was not online and an agency did not respond to our emails, it received a 0 in that category. To create the transparency overhead costs index, the average across all four categories is calculated. We recognize that the data may not be perfectly comparable across all agencies, but take the standard benchmark that information should be available after inquiry; therefore, an average score below 0.5 indicates a severe lack of transparency.

[Insert Table 1 Here]

Table 1 above reports each agency's transparency scores. The first column reports the 2012 OECD reporting index. The DAC donors are by far the most transparent with 26 out of 29 fully reporting to OECD.⁴ The non-DAC donors are by far the worst performing on OECD transparency. The second column, the overhead costs reporting index, gives a different perspective on transparency. Out of the 108 agencies emailed, 43 responded: 16 of the 41 bilateral-DAC, 7 out of 21 bilateral non-DAC, and 20 out of the 46 multilateral and UN

⁴ It is not surprising that DAC donors rank higher than non-DAC donors since the OECD requires all DAC donors to fully report.

agencies. This number includes all automated responses, and responses with full, partial or no information. For example, both times we emailed UNWomen, they responded with an automated “out of the office” reply, but never replied to our email. We also had long correspondences with UNDP and Thailand’s TICA, but eventually they did not provide the information.^{5,6} The wide ranging responses highlight our limited knowledge in understanding aid agencies’ incentives to respond to public inquiry.

In terms of the second index, the multilateral agencies do the best and the bilateral non-DAC donors perform the worst. Of the non-DAC donors, Kuwait and Taiwan are the most transparent listing all overhead costs online and receiving a full transparency score. The bilateral DAC donors barely cross the benchmark with an average of 0.57 for overhead costs reporting.

The third column is the Overall Transparency Index, which is calculated by taking a simple average of the OECD reporting index and operating costs index. The most transparent donors are the traditional DAC bilateral donors (average = 0.76) slightly ahead of the multilateral donors (average = 0.75). The worst group is the newly assessed bilateral non-DAC donors (average = 0.30). The UN donors (average = 0.57) rank above the non-DAC, but well behind the DAC and multilateral donors. Some donors did receive perfect scores in the overall transparency index.⁷ Taken collectively, the DAC and multilateral agencies are far more transparent than either the UN or non-DAC, with the non-DAC donors being the least transparent of all the groups.

⁵ Thailand’s TICA had us answer a number of questions, and even requested an official letter stipulating the information request and asked for “high authority signatures for requiring our information.” After many emails with them, they did not give us any information and responded with: “Here is the answer you are waiting for: 1. We do not have international staff 2. We do not have TICA’s operating costs. 3. We do not have the accurate salaries and benefits.”

⁶ UNDP also requested to know who was contacted in previous studies from UNDP. After answering their questions and engaging in back-and-forth correspondence, UNDP did not give us any information.

⁷ These are Australia, Canada, France, Luxembourg, United Kingdom, AfDB, Arab Fund, AsDB, Global Fund, IDA, IDB, ISDB, and Nordic Development Fund

In addition to updating the rankings, we compare how rankings change over time. Recall that non-DAC donors were not previously assessed. In Appendix 3, Panel A we show the comparisons between DAC, multilateral, and UN donor groups for the transparency scores. We find that from 2004-2012 transparency has improved across each donor group with the overall transparency index average rising from 0.62 in 2004 to 0.77 in 2012.⁸ Multilateral agencies have experienced the greatest increase with improvements in transparency from agencies such as GEF, Global Fund, and the Nordic Development Fund. Both multilaterals and UN agencies are outpacing DAC donors in transparency improvements.

Even though donors are improving overtime, our updated rankings highlight the lack of transparency that still remains among specific donors suggesting that many of the transparency initiatives appear to be more talk than action. We do not believe our measure of transparency is unobtainable; in fact, the information requested is quite basic and one criticism could be that we should require more data for an agency to be considered transparent.

3.2 Overhead Costs

Overhead costs examine an agency's costs relative to aid disbursements. While overhead costs are a necessary part of running an organization and disbursing aid, extremely high overhead costs are signs of inefficiency. High overhead costs imply that a large percentage of the agency's budget is going more toward supporting the bureaucracy rather than delivering aid to intended recipients—thus, an indicator of inefficient aid practices.

Data on overhead costs is almost non-existent. In order to calculate overhead costs for individual agencies, we utilize the information gathered from the transparency overhead

⁸ The only exception is the DAC donors from 2008-2012 slightly fell from an average index of 0.82 in 2008 to 0.81 in 2012. Over the entire timespan of 2004-2012, the DAC average increased from 0.72 in 2004 to 0.81 in 2012.

calculations above to create three different categories of overhead cost indicators: ratio of administrative costs to official development assistance (or official development financing (ODF) for multilaterals that also do significant non-ODA activities), ratio of salaries and benefits to ODA (bilaterals) or ODF (multilaterals that include non-ODA activities), and total ODA or ODF disbursements per employee. Because missing data is such a problem, we utilize data from EP and EW when no new data is available for the current period. This method of recording missing data is copied from EW and is undertaken as to not incentivize poorly performing agencies in one round of monitoring to stop reporting data in the next round. We recognize that this process of gathering overhead data has resulted in numbers that are likely not standardized across agencies as different agencies have different notions of what defines ‘administrative costs’ and number of ‘permanent international employees.’

Table 2 below reports the three overhead costs indicators and the overall rank for each agency. In order for an agency to be included we required information for at least one of the three categories; therefore, quite a few donors are dropped. This leaves 27 DAC, 9 non-DAC, 21 multilateral, and 13 UN agencies.

[Insert Table 2 Here]

The first column reports data on the ratio of administrative expenses to ODA/ODF. The bilateral DAC donors have the lowest average ratio of 6 percent. The non-DAC agencies record administrative expenses similar but slightly higher than the DAC donors averaging 11 percent. The multilateral donors record much higher administrative costs, 43 percent on average. UN agencies record significantly higher administrative costs, 66 percent, on average, suggesting a distinct difference in administrative costs between bilateral donors and multilateral and UN agencies. This result could be due to the occurrence that many bilateral agencies, DAC and non-

DAC, distribute a large portion of aid through multilateral institutions instead of their own agency. For example, Poland and Italy, who have the lowest administrative expenses among DAC donors, gave 82% and 75%, respectively, through multilateral agencies.

The next category, ratio of Salaries and Benefits to ODA/ODF, is listed in column 2. A similar pattern emerges where the DAC donors record the lowest expenses with the non-DAC donors as a second group. Both multilaterals and the UN do much poorer, with the UN as the worst performer again. The United States has the highest salaries and benefits ratio among all the DAC donors, over 42 percent.

The third column records aid budget to staff as another measure of overhead costs. This measure attempts to capture overstuffed agencies by analyzing the number of employees per aid disbursement. The worst performing groups disbursing the least amount of aid per staff are the non-DAC and UN agencies. The best performing group is the multilateral agencies, and DAC donors rank slightly behind the multilateral agencies.

The last column gives an overall rank based on the overhead measures. DAC donors rank the best in maintaining low overhead costs followed by non-DAC and multilateral aid agencies. The UN agencies are by far the worst performers. In terms of individual donors, Romania is the highest-ranking donor and WFP is the most expensive donor ranking last overall.

In addition to wasteful behavior, differences across agencies might explain some of the differences in operating costs. First, as discussed, bilateral aid agencies (both DAC and non-DAC) may keep overhead costs relatively low by dispersing aid through multilateral agencies, essentially outsourcing part of their expenses. Second, multilateral and UN agencies undertake more program-based aid work, which might have higher operating costs. For example, such programs might utilize more personnel and require expensive purchases such as health

equipment. WFP and UNAIDS, the most expensive aid agencies in our study, seem to fit this description. Third, multilateral agencies may also be involved in activities beyond dispersing ODA or ODF, thus increasing their overhead expenses. Take for example, IAEA, who is involved in many activities beyond allocating ODF, and has the highest expenses in all three of categories. Lastly, in multilateral agencies, ownership is based on shares proportional to the donor's GDP with ownership being the most dispersed within UN agencies. Bilateral donors do not face this organizational structure. More diffuse ownership may suggest less effective control over salaries and other costs as owners face more severe principal-agent problems.

We view these potential alternative explanations as complementary to our main point. Extremely high overhead costs suggest inefficiencies within an agency, and these inefficiencies could stem from mismanagement, the nature of the organizational structure, allocation decisions, or type of programming, to name a few. Although we cannot definitely resolve the source of such inefficient behavior, we hope future research can distinguish among competing explanations providing insight to lower operating costs.

In Appendix 3, Panel B, we present a breakdown of the three measures of overhead costs from 2004-2012. The most striking finding is the extreme increase in UN agencies' operating costs. For example, UN administrative costs have increased by 30 percentage points. Over the same time period, both DAC and multilateral donors decreased their administrative costs. Specifically, multilateral agencies recording higher overhead costs than their bilateral counterparts have consistently improved in absolute terms in all three overhead cost categories.

3.3 Specialization

Aid fragmentation, or lack of specialization, is identified as one of the main challenges for effective aid.⁹ Too many donors in one country or sector leads to a duplication of efforts and high bureaucratic costs in recipient countries as well as increasing transactions costs in donor countries.¹⁰ A further problem with aid fragmentation is that it may be a rational response by donors: more donors in one country means less donor accountability creating a free-rider problem and strategic donor competition (Acharya et al., 2006; Kharas, 2009; Anderson, 2012; Annen and Moers, 2012; Rahman and Swada, 2012; Knack and Smets, 2013; Barthel et al., 2014; Fuchs et al., 2015). Similarly, Kilby (2011) finds that donors may fragment aid due to bureaucratic competition in donor countries as they attempt to ‘plant their flags’ in as many countries as possible in order to increase their budgets for the following year. These studies suggest that donors may find it difficult to specialize and may continue to engage in poor aid practices based on the incentives they face to do so (Knack, 2013).

[Insert Table 3 Here]

We measure specialization with herfindahl coefficients as a measure of market concentration (1 implies maximum concentration, 0 implies maximum fragmentation). Table 3 presents the 2012 country and sector herfindahls with an overall rank based on the average percent rank of the two indices. The first column reports the country herfindahls for each agency. The DAC donors are the least specialized with aid being fragmented among many countries. The non-DAC donors are the most specialized with an average herfindahl of 0.32—more than double the overall average of 0.15. Both multilateral and UN agencies’ country average indices are close

⁹ See, World Bank 1998, p. 25; Commission for Africa 2005, p. 62, 320; IMF and World Bank 2005, p. 171; IMF and World Bank 2006, p. 62; Easterly 2007; Accra Agenda for Action 2008, p.17; IMF and World Bank 2010, p. 131; Frot and Santiso 2009; Kimura et al. 2012.

¹⁰ Anderson (2012) finds that bilateral donors could reduce transaction costs by \$2.5 billion per year if they specialized more. Djankov et al (2009) find that a lack of specialization leads to more corruption in recipient countries and reduces economic growth.

to the overall average. UN donors have the least and most specialized donors. For example, UNECE is the most specialized donor because it only gives to one country – Albania. UNFPA is the least specialized giving aid to 120 countries.

The second column gives the sector herfindahl score. The most specialized group is the UN agencies with the multilateral agencies as a close second. DAC agencies fragment the most across sectors followed by the non-DAC donors; however, the non-DAC results should be taken with extreme caution, as we were only able to obtain data for two agencies. These findings should not be surprising as many of the multilateral and UN agencies have specific missions such as health or education. For example, UNFPA ranks highly because it only gives to one sector, population/reproductive health.

The third column reports the average of the two herfindahls indices and the fourth column gives the overall rank. On average, the non-DAC donors are the most specialized agencies with both multilateral and UN agencies falling slightly below. The DAC-bilateral agencies are the most fragmented lending support to the hypothesis that bilateral donors respond to political lobbying to ‘plant their flags’ across countries and different projects to increase visibility. The United Kingdom is especially susceptible to such pressures ranking last in this category. The non-DAC donors provide an interesting result since they also face political pressure but tend to be more specialized possibly due to the small size of their budget. The multilateral agencies are more specialized than DAC donors and appear to support aid more along the lines of their mission statement – for example, the World Food Program gives most of its aid to emergency response efforts.

As shown in Appendix 3, Panel C, since 2004, the DAC donors are becoming less specialized over time as both the multilateral and UN donors are increasing specialization. In

fact, DAC donors have consistently been the worst performers in this category in each cycle of monitoring. Ironically, the DAC donors are often the most vocal in claiming to commitment to less aid fragmenting and better donor coordination. For example, the United Kingdom (DFID) is often championed as a top donor engaging in best practices (Easterly and Williamson, 2011). However, across all three studies, the UK has not been very specialized and is fragmenting more over time, dropping 25 ranks since 2004. Further inquiry into the incentives facing bilateral agencies to not specialize is worth examining.

3.4 Selectivity

Selectivity is another practice emphasized by the Paris Declaration (2005), World Bank (2005, p. 171), and the Accra High Level Forum (2008). The consensus is that aid could be more effective at reducing poverty if it is selectively allocated to 1) to the poorest countries, 2) to more democratic countries, and 3) to less corrupt governments. The poorest countries are more likely to be authoritarian and corrupt, so agencies must strike a balance between supporting the poorest and those with better governance.

We calculate the share of aid going to low-income countries, free countries, and less corrupt governments. Free shares are based on three democracy score sources. Countries are classified as free if they receive a democracy score equal to 8, 9, or 10 according to Polity IV's 0 to 10 point democracy ranking, where 0 represents autocracy and 10 fully democratic. If no Polity IV data is available, we use a dichotomous democracy ranking from Przeworski et al. (2000) (updated in Cheibub et al., 2010). If this data is not available, we use Freedom House's free ranking for political and civil liberties.

Corruption shares are based on two sources. We first use International Country Risk Guide's (ICRG) political risk index where we classify a country as corrupt if it has a score of two or less on a six-point scale. If ICRG data is not available, a country is corrupt if Transparency International's CPI (2012) index is less than three. We use multiple data sources as to not bias the rankings due to significant missing data for many aid receiving countries. The low-income share is the sum of aid flowing to least developed countries plus other low-income countries, as defined by OECD. We create an overall composite selectivity score where donors get positive weight for aiding poor countries and negative weight for supporting corrupt or unfree countries.

[Insert Table 4 Here]

Table 4 reports the 2012 shares of aid going to free countries, noncorrupt countries, low-income countries, and the overall composite rank for each donor. The bilateral DAC donors have the largest share of aid going to free countries (30 percent). Multilateral donors give about 27 percent to free countries. The UN donors' average is 26 percent; however, this result is biased upward because of an outlier, UNECE. Recall that UNECE only gives to Albania, so 100 percent of its aid is classified as free. Without UNECE, the UN agencies are the worst performers—with only an average of 19% of aid going to free countries. The non-DAC donors also give a smaller share to free countries (22%).

The second column reports the shares of aid going to noncorrupt countries. DAC and multilateral donors do the best giving over 30 percent of aid to noncorrupt countries. The non-DAC donors do the worse allocating only 22 percent to noncorrupt followed by the UN donors who give slightly more, 25 percent of aid to noncorrupt countries. Somewhat ironic, UNECE scores the worst giving all aid to a corrupt country, Albania. Iceland, a DAC donor, also gives all of its aid to corrupt countries.

The last selectivity measure, share going to low income, is reported in the third column. There is tremendous difference between the bilateral agencies and multilateral and UN donors. Both the DAC and non-DAC bilateral agencies only give about 19 percent of aid to low income countries whereas the UN agencies give 48 percent and the multilateral agencies give 55 percent. AfDB is the best donor based on income selectivity, giving most of its aid to low income. However, AfDB is also one of the worst performers in terms of aid going to corrupt and unfree countries. This illustrates a tradeoff donors may face between giving aid to the poorest versus giving aid to uncorrupt and free countries.

The composite rank weighs all three selectivity categories and gives each donor an overall ranking. The best group of donors is the multilaterals, followed by then the UN agencies, and then by the DAC, with the non-DAC donors being the least selective agencies.

Ideally, donors would give to countries that are both in need and well-governed.¹¹ When we compare aid allocated to poor countries and given to democratic, non-corrupt countries, we find only a few donors fitting this allocation pattern. Many donors choose to maximize success in one dimension at the expense of the other. AfDB and UNPBF give aid mainly based on income. Slovenia gives aid based on governance with no consideration of need. The worst case is if a donor does not consider either need or governance.¹² Most donors performing poorly on all dimensions are bilateral-DAC and non-DAC donors including the UK, Sweden, and Finland, as well as Russia, Kuwait, and UAE. This suggests that there is no discernable difference between DAC and non-DAC on selectivity.

¹¹ Again, this could possibly be due to the fact that few countries fit the description of both ‘low-income’ and ‘well-governed’ since well-governed countries do not typically stay poor for long.

¹² Acht et al. (2015) find that donors try to resolve the dilemma of picking between poorly governed versus the most in need by delivering aid through non-state actors. The findings support the argument that bypassing governments via NGOs and multilateral organizations is a viable response to weak recipient institutions.

Some of what is driving these results is the mission of the agency. For example, regional banks, such as AfDB, may target needy but poorly governed African countries. The UN agencies seem to adhere more to a poverty agenda as a guide whereas bilateral donors may allocate aid based on geopolitical, historical or political reasons (Maizels and Nissanke, 1984; Fleck and Kilby, 2010; Frot et al., 2014). This can explain why the multilateral and UN agencies significantly outperform the bilateral agencies in terms of selectivity: bilateral aid is based on political economy factors (potentially ignoring need or governance), while multilateral agencies adhere to need as a guide for aid disbursements.

In Appendix 3, Panel D we present a comparison of the composite selectivity average index from 2004-2012. In absolute terms, all three groups are less selective since 2004 dropping the overall average from 0.46 in 2004 to 0.30 in 2012. This result calls into question the seriousness of donor commitments to allocating aid based on selectivity.¹³

3.5 Ineffective Channels

The last measure of best practices calculates the share of aid being allocated through ineffective channels. This includes share of aid that is tied, food aid, and aid allocated as technical assistance. Donors who engage in tied-aid may be more interested in increasing donor exports (Commission for Africa 2005, p. 92; United Nations Development Program, 2005, p. 102; IMF and World Bank, 2006). Food aid is seen as a mechanism by which donor countries can send excess agriculture products to recipient countries. Technical assistance is also viewed as a way for donors to promote their own interests and cause greater harm as these technical assistants

¹³ Winters and Martinez (2015) analyze governance and aid flows from 2004-2010 with a different conclusion. They find some evidence that aid composition and overall aid flows are responsive to the quality of governance in recipient countries, concluding that donors have been selective.

lack proper incentives and important local knowledge (United Nations Millennium Project 2005, p. 196–197; IMF and World Bank 2006, p. 7).

[Insert Table 5 Here]

Table 5 reports the share of aid that is tied, food aid, or in the form of technical assistance, as of 2012, and ranks agencies based on an average of the percentage ranks from all three categories. We only have data on tying status of DAC bilateral donors. The non-DAC donors do not report tying status, so this category is omitted for non-DAC donors. In addition, multilateral agencies do not tie aid, so all multilateral agencies, including the UN donors, record 0 percent share of aid tied. The remaining 0 percent scores recorded in the table are not missing data – the agency reports no aid disbursed through this channel. EW note that technical assistance from multilateral agencies is often unreliable, so we focus mainly on the outliers in the data.

Column 1 reports tied aid for donors. Over 14 percent of aid is still tied. Portugal performs the worst by tying almost 90 percent. Column 2 reports share of technical assistance. Only three of the 26 bilateral agencies do not provide aid through technical assistance (Poland, Slovak Republic and Slovenia). Greece provides over 70 percent of its aid through technical assistance. The third column reports food aid. Many agencies give some food aid but only a very small amount. The United States provides the second largest share of food aid at 3.3 percent, which may reaffirm speculations of food aid as a mechanism for agriculture powerhouse countries to send excess products to recipient countries.

The largest donor of food aid is WFP with a share of 10 percent. This makes sense given the reason why WFP exists is to provide food assistance; however, one may ask why isn't the share larger? The unusually low share of WFP food aid reported to OECD may highlight the

need for transparency, since it is difficult to monitor and evaluate donors without accurate information. This result also speaks to the reliability of OECD data, a complaint also found in previous studies.

Given the nature of the data, it is hard to draw precise conclusions; therefore, we do not focus on donor group comparisons or comparisons overtime. However, it should be noted that the bilateral DAC donors are by far the worst performing group through all three studies from 2004-2012. This is not surprising as no other sub-group of donors tied aid and most multilaterals do not provide technical assistance or food aid. These findings may highlight that aid given through these channels is mainly politically driven instead of based on effective aid delivery.

3.6 Overall Rankings

Table 6 presents the overall rankings based on our five categories. We only give a donor an overall rank if it has at least data on three of the five categories leaving a total of 73 donors.

[Insert Table 6 Here]

By far, the best performing donor group is the multilateral agencies with an average rank of 16. The other three sub-groups of donors do much worse. The UN ranks second with an average overall rank of 29. The DAC donors' average ranking is almost identical to the non-DAC donors' average rank, 46 and 47, respectively.¹⁴ This is consistent with the few studies on determining whether DAC and non-DAC aid are significantly different (Dreher et al., 2011; Dreher and Fuchs, 2015). Although there are specific ways in which DAC and non-DAC donors differ, in general, their differences tend to be overblown as both groups engage in similar practices.

¹⁴ We acknowledge that ineffective channels may bias against bilateral DAC donors because of insufficient data for multilateral and non-DAC donors. When eliminating ineffective channels from the overall ranking, the results remain consistent. Multilateral agencies perform best overall, followed by UN agencies, DAC-donors and then non-DAC donors.

Our findings imply that, on average, multilateral and UN donors have better practices than bilateral agencies (including both DAC and non-DAC). The multilateral donors are more selective, avoid disbursement through ineffective channels, do not fragment across many countries and sectors, and are transparent. The only component where multilateral aid agencies tend to perform very poorly is with overhead costs—and, as discussed above, this may be driven by bilateral donors using multilateral aid agencies to disperse part of their aid. UN donors also tend to have very high overhead costs possibly as a result of organizational structure or type of programming.

One of the more interesting results is the similar performance of non-DAC donors to DAC donors. This finding is counter to many of the speculations about non-DAC donors ‘corrupting’ aid. While some concerns are warranted, such as the lack of transparency, there are other margins where non-DAC agencies outperform the DAC donors. For example, non-DAC donors tend to perform very well in terms of overhead costs and aid specialization. The country specialization of non-DAC aid is in line with the literature showing how emerging donors focus on their own regions and concentrate aid in neighboring countries (Harmer and Cotterrell, 2005; Dreher et al., 2011; Dreher and Fuchs, 2015).

Perhaps the most important result is the poor performance of DAC donors. Although DAC agencies are the most transparent and have the lowest overhead costs, they are some of the worst performers in other areas such as specialization. Their average percentile rank is significantly lower than all other donor sub-groups, yet the DAC donor community publicly commits to the principle of aid specialization. Overall, these findings may suggest that bilateral DAC agencies are more susceptible to political economy pressures allocating aid for political reasons instead of development purposes (Maizels and Nissanke, 1984; Neumayer, 2003;

Kuziemko and Werker, 2006; Dreher et al., 2009; Fleck and Kilby, 2010; Tingley, 2010; Frot et al., 2014; Brech and Potrafke, 2014; Fuchs et al., 2014;).

In terms of individual donors, the best donor is AfDB. Global Fund comes in second. Both of these agencies are transparent, specialized and selective in aid allocation. On the other hand, the worst donor is Spain (rank 73) followed by Russia (rank 72). Despite the generosity of Scandinavian donors, they have low rankings, mainly because of a lack of specialization. The United States is ranked 41st out of 73 donors. The United States is transparent, but it provides over 75 percent of aid to unfree and over 70 percent to corrupt countries. It fragments aid across many countries and sectors, ties much of its aid, and has high overhead costs.

[Insert Table 7 Here]

To track changes of overall ranking, in Table 7, we compare our overall rankings with EW and EP reporting the changes from 2004 to 2012. Overall, both multilateral agencies and UN agencies are improving when compared to the bilateral-DAC donors, whose rank has been steadily falling. Currently, all bottom ten donors are DAC agencies. While most other agencies are improving, 21 of the 23 bilateral donors dropped in rank since 2004.

Why are DAC donors decreasing in rank while multilateral and UN donors are improving? Recall, Appendix 3 provides the absolute changes overtime. Part of this trend is a result of DAC donors increasing aid fragmentation. Simultaneously, multilateral and UN aid agencies improved transparency and specialization. For example, GEF, a multilateral organization has improved by 34 spots overall. This is due to an increase in transparency, specialization, and selectivity.

[Insert Figure 1 Here]

To further illustrate the changes overtime, Figure 1 presents changes in transparency, specialization, and selectivity from 2004 to 2012 by DAC, multilateral and UN donors. Using the average transparency index, Figure 1A illustrates the absolute changes among the three groups overtime. As shown, multilateral and UN agencies improved drastically, while DAC donors improved slightly between 2004-2008 then dropped between 2008-2012. Figure 1B illustrates the changes in the average specialization index. The multilateral and UN agencies greatly increase in specialization as DAC donors go in the opposite direction further fragmenting aid. Lastly, in Figure 1C, we illustrate the changes in selectivity overtime. As shown, all three groups are becoming less selective.

The correlations of the overall rankings as well as each best practice from all three studies are all positive and significant (at the 5% level). The results are more strongly correlated with EW than EP, as expected since we should pick up more change in the data over a longer time period. We view these correlations as showing consistency but change over time.

4. Comparison of Best Practices with Other Studies

We compare our current findings with other studies engaging in similar exercises as described above in section two, mainly Knack et al. (2011) and Birdsall et al. (2010). In Appendix 4, we show our overall group rankings and compare with overall group rankings from Knack et al. (2011) (KRE) and Birdsall et al. (2010) (BKMP). We also present a summary of average rankings across different studies for several best practice measures including transparency, administrative costs, selectivity and specialization.¹⁵

We find several consistencies among the various studies and methodologies, as well as some differences. First, in Panel A, we find that the multilateral aid agencies are the overall top-

¹⁵ The underlying data for each measure for the comparison exercises is available upon request.

ranking group performing much better than the bilateral donors or UN agencies in both KRE and BKMP, consistent with our own findings. However, one difference between our study and the other two is that the UN agencies are ranked much lower in KRE and BKMP. This is consistent with the prior EP and EW studies, which use data closer in time to KRE and BKMP. We believe this discrepancy highlights the importance of repeating and updating studies as new data becomes available.

In Panel B, we compare our transparency index and ranking to other measures including BKMP, Publish What You Fund (PWYF), International Aid Transparency Initiative (IATI), and a common reporting agreement to OECD. BKMP creates a transparency index using IATI member status and information reported to CRS. PWYF (2013) ranks donors on organizational level information, activity level information, and commitment to transparency. For the IATI rank, an average index is created based on whether or not the donor is member of IATI and whether or not the donor publishes to IATI. Lastly, for OECD Busan, ranks are based on commitment to publish information. We view each of these comparisons as complementary but capturing something different as our measure records only actual reporting of data, whereas others capture intent and agreement to report at some point in the future.

Overall, we find similarities across the various studies showing that DAC agencies are the most transparent both in actual reporting and agreed reporting—consistent with our study. The multilaterals have mixed results where they do provide data (either online or via email) but are not too involved with transparency initiatives. The non-DAC donors are consistently the worse group regarding transparency. The UN agencies also have mixed results where they are more involved with transparency initiatives but do not actually provide as much information as

other donors. In general, this exercise shows that attempting to measure transparency can be problematic given the lack of consistent, reliable data.

In Panel C, we compare our administrative costs, part of our overhead cost measure, with the reported administrative costs in OECD, and administrative costs in BKMP. We find some consistency where DAC donors tend to have lower administrative costs and UN agencies have relatively higher administrative costs. Although the overall administrative cost average is similar with OECD data, the UN donors have significantly lower OECD costs compared to our results. This could be explained by the difference in what donors report to OECD compared to what we collected online or through email request. Again, better data and transparency is required to be confident in the results.

In Panels D and E we provide comparisons of selectivity and specialization, respectively. Selectivity measures show more consistency between the DAC and non-DAC rankings. The biggest variation is from multilateral and UN agencies. Multilateral donors do worse in BKMP but have similar averages in our study and KRE. The UN agencies, consistent with the overall rankings, do much better in our study than both KRE and BKMP. With specialization, the multilateral agencies do better in both BKMP and KRE. Both studies are consistent with our finding that DAC-bilateral agencies tend to be the worst performers on aid fragmentation, which is also consistent when compared to studies with EP and EW.¹⁶

Overall, there is variation among specific donors when comparing the indices and the overall rankings to other studies, lending support to Clist's (2015) findings that individual donor rankings are sensitive to changes in methodology. However, we do find consistency in terms of which groups of donors tend to do better and worse for specific indices. For example, aid

¹⁶ Within donor subsets, however, there is tremendous variation. For example, Greece and the Czech Republic perform much worse in KRE than our study. Another extreme example is IFAD, which scores 8 in KRE, 2 in BKMP, and last in ours. Again, it is hard to decipher the exact cause due to changes in time of data and methodology.

fragmentation tends to be worse among DAC bilateral donors, while transparency of aid seems to be the category where DAC donors outperform all other groups. Likewise, multilateral agencies tend to outperform all other donors across all three methodologies.

5. Conclusion

Almost ten years since the Paris Declaration and many reaffirmations and recommitments to the same basic principles, donors as a whole are still not following their own best practices. Some donors are improving in certain categories, but the standards of effective aid practices are still not met. The most vocal group to these aid commitments is the DAC bilateral agencies; however, these donors are actually performing worse since previous studies, especially in terms of specialization and selectivity. Despite the rhetoric regarding the potentially negative impact of non-DAC donors on aid quality, non-DAC donors in reality perform similar to DAC donors. Although no donors are meeting the standards of best practices across the board, multilateral agencies do consistently outperform bilateral agencies (in both our studies and other rankings) and continue to improve their best practices over time. One of the most surprising results is that the UN agencies also outperformed DAC bilateral donors in our study.

The finding that DAC donors are falling in ranking and failing to improve their best aid practices calls into question the incentives of bilateral agencies to engage in best aid practices. If donors give foreign aid based on ‘self-interest’ reasons instead of development concerns, this could provide an explanation for why the rhetoric in terms of committing to best aid practices diverges from the reality of the practices they actually employ. The next step is gaining deeper understanding of the incentives donors face to engage in best practices, as simple commitment has not served to change agency practices.

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Appendix 1: OLS Regression, Size and Type of Agency and Best Practices

For robustness, we present basic OLS regressions correlating best practices and type of donor. In addition to controlling for donor type, we also examine whether the size of the donor correlates with best practices. We use the overall donor rank and each measure of best practice, including the overall practice rank as well as the subcomponents, as the dependent variables. We control for log ODA in 2012 to proxy for size of the donor and dummy variables for DAC, non-DAC, and UN donors.

In general, most of our previous findings hold. We also check the possible relationship between low overhead costs and bilateral donors giving aid through multilateral donors. Our regressions support this argument where share to multilaterals is positively and significantly related to low overhead costs. This suggests that bilateral agencies giving a larger share of their budget to multilateral agencies instead of directly dispersing aid can lower their overhead costs (possibly by hiring fewer staff). After controlling for type of donor, log ODA is positively and significantly related to the overall rank of a donor. This implies that larger agencies tend to engage in best practices more so than smaller donors.

Note: Constant term included in each regression. ***1% significance; **5% significance; *10% significance. Overall rank is from Table 7. Transp, T-OECD, T-overhead are the transparency indices from Table 2. Specialization, Country Herf, and Sector Herf are the specialization measures from Table 4. Select, Free, Clean, Low Income are the selectivity measures from Table 5. Avoid Ineffect, Tech Assist, Food Aid are measures of ineffective channels in Table 6. Low Overhead, admin, SB, and oda/staff are the overhead costs indicators in Table 3. Multi. Aid is the share of a donor's aid allocation given to multilateral institutions.

Panel A: Transparency					Panel B: Specialization			
Dep. Var:	Overall Rank	Transp.	T-OECD	T-overhead	Specialization	Country	Sector	
Log ODA	0.03** (0.013)	0.06*** (0.010)	0.05*** (0.013)	0.07*** (0.013)	-0.04** (0.011)	-0.03** (0.012)	0.002 (0.016)	
DAC	-0.46*** (0.069)	-0.17*** (0.047)	0.02 (0.062)	-0.30*** (0.076)	-0.24** (0.090)	-0.02 (0.058)	-0.35*** (0.099)	
nonDAC	-0.38*** (0.094)	-0.39*** (0.070)	-0.52*** (0.078)	-0.28** (0.113)	0.05 (0.095)	0.10 (0.069)	-0.24** (0.094)	
UN	-0.17* (0.091)	-0.17** (0.059)	0.08 (0.073)	-0.34*** (0.099)	0.09 (0.112)	0.002 (0.093)	0.02 (0.115)	
Observ.	72	73	73	73	69	69	50	
Adj. R ²	0.38	0.69	0.76	0.41	0.39	0.25	0.42	
Panel C: Selectivity					Panel D: Ineffective Channels			
Dep. Var:	Select	Free	Clean	Low Income	Avoid Ineffect	Tech Assist	Food Aid	Tied Aid
Log ODA	0.004 (0.013)	-0.04** (0.013)	0.01 (0.011)	0.02 (0.011)	-0.01 (0.010)	0.001 (0.008)	0.001** (0.0004)	-0.2 (0.01)
DAC	-0.34*** (0.080)	0.07 (0.051)	-0.04 (0.046)	-0.36*** (0.071)	-0.27*** (0.035)	0.18*** (0.035)	0.005** (0.002)	0.17*** (0.06)
nonDAC	-0.43*** (0.093)	-0.13* (0.078)	-0.10 (0.068)	-0.33*** (0.094)	-0.04 (0.027)	0.01 (0.017)	0.004** (0.002)	
UN	-0.08 (0.110)	-0.02 (0.073)	-0.09* (0.049)	-0.06 (0.112)	-0.01 (0.020)	-0.004 (0.004)	0.01 (0.009)	-0.006 (0.01)
Observ.	69	69	69	59	73	73	73	53
Adj. R ²	0.30	0.11	0.05	0.43	0.57	0.36	0.04	0.22
Panel E: Overhead Costs					Panel F: Overhead and Multilateral Aid			
Dep. Var:	Low Overhead	Admin	SB	oda/staff	Low Overhead	Admin	SB	oda/staff
Log ODA	0.04** (0.019)	-0.10 (0.072)	-0.13 (0.123)	0.81** (0.347)	0.05** (0.022)	-0.01 (0.007)	0.01 (0.018)	0.84** (0.394)
DAC	0.16** (0.076)	-0.45* (0.267)	-0.23 (0.195)	-0.20 (1.337)				
nonDAC	0.20 (0.123)	-0.63 (0.424)	-0.43 (0.346)	0.09 (1.854)				
UN	-0.28*** (0.072)	0.24 (0.407)	0.33 (0.424)	-2.39* (1.220)				
Multi. Aid					0.48** (0.193)	-0.12** (0.048)	-0.17** (0.072)	0.15 (4.263)
Observ.	58	54	38	47	35	33	19	27
Adj. R ²	0.39	0.16	0.07	0.11	0.16	0.20	0.06	0.06

Appendix 2: Donor Description Table

Note: New agencies not previously included in EW or EP are listed in bold.

Agency Name	Acronym	Brief Description
Bilateral Agency-DAC (29)		
Australia	DFAT	promote national interest, poverty reduction and economic growth
Austria	ADA	reduce poverty, conserve natural resources, and promote peace and security
Belgium	BTC, DGDC	eliminate poverty
Canada	DFAIT	increase food security, stimulate growth, secure future of children; aid effectiveness, transparency
Czech Republic	CzDA	implementing body of Czech Development Cooperation
Denmark	DANIDA	fight poverty through the promotion of human rights and economic growth
EU Institutions	EC	designs EU Development policies and delivers aid
Finland	MFA	aid effectiveness and transparency
France	AFD	economic growth, improve living conditions, preserve the planet
Germany	KFW, Giz, BMZ	KFW: poverty reduction; Giz: Federal Ministry; BMZ: fight poverty, emphasizes transparency
Greece	Hellenic Aid	Directorate General for International Development Cooperation of the Ministry of Foreign Affairs.
Iceland	ICEIDA, MFA	ICEIDA: bilateral aid; MFA: multilateral aid
Ireland	Irish Aid	reduce poverty and hunger particularly in sub-Saharan Africa
Italy	DGSC	Italian Development Cooperation in the Ministry of Foreign Affairs
Japan	JICA, JBIC, MOFA	JICA: tech. cooperation, capital grants/loans; JBIC: loans to Japanese corp abroad; MOFA: ODA
Korea	KOICA	sustainable development, strengthen partnership with developing countries
Luxembourg	LuxDev	sustainable, inclusive development through capacity building
Netherlands	MFA	assist fewer partners and fewer areas to add special value
New Zealand	NewZAID	sustainable development in developing countries
Norway	Norad	fight poverty; committed to quality aid
Poland	Polish Aid	democracy, civil society, long term economic development, humanitarian aid
Portugal	Instituto Camoes	development cooperation
Slovak Republic	SAIDC	global development, poverty reduction
Slovenia	MFA	develop political and economic relations, Western Balkans, Eastern Europe specifically
Spain	AECID	combat poverty, sustainable human development
Sweden	SIDA	reduce poverty in the world.
Switzerland	SECO, SDC	SECO: reduce poverty. SDC: economic and national self-sufficiency
United Kingdom	DFID	sustainable development and eliminate world poverty
United States	USAID, MCC	USAID: end extreme global poverty, support democracies; MCC: development, good policies
Bilateral Agency-Non-DAC (18)		
Bulgaria	MFA	development and humanitarian aid to serve foreign policy; international peace, security, poverty
Chile	AGCI	international cooperation; South-South Cooperation model
Cyprus	CyprusAid	poverty eradication; eventual phasing-out the need for foreign assistance
Estonia	MFA	eradication of world poverty; attain MDGs
Hungary	MFA	reduction of poverty
Israel	Mashav	human capacity building, training, education to guarantee sustainable growth
Kuwait	KFAED	technical assistance, contribute to capital stocks
Latvia	MFA	long-term social, economic human development, ensuring peace and security
Liechtenstein	LED	private-law foundation gives ODA; the disadvantage; gender issues, social justice, environment
Lithuania	MFA	sustainable, equitable and inclusive human & social development; security in neighboring regions
Malta	DG	represents at EU and UN discussions; bilateral assistance using OECD rules
Romania	MFA	support partner countries' efforts to implement own development strategies
Russia	Minfin	technical, humanitarian aid; socioeconomic development; strengthen global position & credibility
Saudi Arabia	SDF	grant loans and insurance to encourage national non-crude-oil exports
Taiwan (Chines Taipei)	ICDF	boost socio-economic development; promote economic relations

Thailand	TICA	sustainable global well-being
Turkey	TIKA	eradication of poverty
United Arab Emirates	ADFD	economic and social development
<hr/>		
Multilateral Agency (23)		
Arab Fund	AFESD	economic, social development; public & private investment in projects, grants, and expertise
African Dev. Bank	AfDB	sustainable economic development, social progress; poverty reduction
Asian Dev. Bank	AsDB	targeting wise investments; alleviate poverty; sustained and inclusive growth
Arab Bank in Africa	BADEA	economic, financial, technical cooperation; economic development, technical assistance, capital
Andean Development Corporation	CAF	sustainable development, regional integration; promote investments, business opportunities.
Caribbean Development Bank	CariBank	economic development; assist in borrowing; technical assistance
European Bank (Reconstr. and Develop.)	EBRD	invest in private sector clients; foster transition towards open and democratic market economies
Flemish Agency	FICA	combat poverty; focus on Mozambique, South Africa, and Malawi
Global Alliance (Vaccines)	GAVI	save children, protect health by increasing access to immunizations
Global Environment Facility	GEF	protect environment, promote environmental sustainable development
Global Facility (Disaster Recovery)	GFDRR	reduce their vulnerability to natural hazards and adapt to climate change
Global Fund Aids, Tuberculosis, Malaria	Global Fund	fight AIDS, tuberculosis, malaria; based on partnership, transparency, constant learning and results
International Atomic Energy Agency	IAEA	promote safe, secure and peaceful nuclear technologies.
International Develop. Assoc. (World Bank)	IDA	reduce poverty; boost economic growth; reduce inequalities, improve living conditions.
Inter-American Development Bank	IDB	reduce poverty and inequality; sustainable, climate-friendly development
International Finance Corp. (World Bank)	IFC	end extreme poverty by 2030; boost shared prosperity in every developing country
International Monetary Fund	IMF	global monetary cooperation, financial stability, sustainable economic growth; reduce poverty
Islamic Dev. Bank	ISDB	economic development, social progress in accordance with Islamic Law.
Montreal Protocol		comply with obligations to phase out the use of ozone-depleting substances
North American Development Bank	NADB	environmental conditions and quality of life along U.S.-Mexico border
Nordic Dev. Fund	NDF	facilitate climate change investments in low-income countries
OPEC Fund	OFID	foster South-South Partnerships; eradicate poverty
Organization Security and Co-op Europe	OSCE	security-related concerns: arms control, security-building, democratization, counter-terrorism
<hr/>		
Multilateral Agency-UN (16)		
Food and Agriculture Organization	FAO	food security
International Fund for Agri. Development	IFAD	reduce rural poverty; hunger, malnutrition; increase productivity, income, quality of life
Joint UN Programme on HIV/AIDS	UNAIDS	universal access to HIV prevention, treatment, care and support
UN Democracy Fund	UNDEF	democratization efforts; strengthen civil society, promote human rights, universal access
UN Development Programme	UNDP	build nations that can withstand crisis; growth; improve quality of life for everyone
UN Economic Commission for Europe	UNECE	promote pan-European economic integration; sustainable development and economic prosperity
UN Population Fund	UNFPA	every pregnancy is wanted, every birth is safe, every young person's potential is fulfilled
UN Refugee Agency	UNHCR	safeguard the rights and well-being of refugees
UN Children's Fund	UNICEF	rights and care of children; promotes girls' education, prevent HIV/AIDS among young people
UN Industrial Development Organization	UNIDO	reduce poverty through inclusive and sustainable industrial development
UN Office for Project Services	UNOPS	peace building, humanitarian and development projects
UN Peacebuilding Fund	UNPBF	peace in countries emerging from conflict
UN Relief for Palestine Refugees	UNRWA	promote a life of dignity and human development for Palestine refugees
UN Women (formerly UNIFEM)		gender equality and the empowerment of women
UN World Food Program	WFP	access to food needed for healthy life; ultimate goal: elimination of the need for food aid
World Health Organization	WHO	leader in health matters; shape health research agenda, articulate policy options, technical support

Appendix 3: Best Practice Comparisons from 2004-2012

Note: EW is Easterly and Williamson (2011) and EP is Easterly and Pfutze (2008). The rankings are recalculated with same methodology based only on donors included in the analysis; therefore, rankings may differ from original study. EBRD and UNTA were dropped since current data is not available. We do not include Ineffective Channels due to limited data for multilateral and UN agencies in 2004 and 2008.

	2012 Data	2008 EW Data	2004 EP Data
Panel A: Transparency - Average Index			
DAC Average	0.81	0.82	0.72
Multilateral Average	0.86	0.80	0.64
UN Average	0.57	0.56	0.39
Overall Average	0.77	0.75	0.62
Panel B: Overhead Costs			
	Admin costs	Admin costs	Admin costs
DAC Average	5.94%	7.60%	6.60%
Multilateral Average	18.77%	18.85%	27.50%
UN Average	85.47%	45.57%	55.00%
Overall Average	23.17%	17.26%	21.48%
	Salaries & Benefits	Salaries & Benefits	Salaries & Benefits
DAC Average	7.22%	4.51%	4.09%
Multilateral Average	11.89%	7.52%	14.50%
UN Average	83.72%	45.10%	56.00%
Overall Average	22.22%	11.85%	15.00%
	ODA per staff	ODA per staff	ODA per staff
DAC Average	\$4.33	\$8.49	\$2.90
Multilateral Average	\$3.66	\$3.69	\$2.20
UN Average	\$1.19	\$1.22	\$0.94
Overall Average	\$3.55	\$5.94	\$2.36
Panel C: Specialization - Average Index			
DAC Average	0.09	0.09	0.10
Multilateral Average	0.31	0.15	0.10
UN Average	0.27	0.23	0.10
Overall Average	0.18	0.13	0.10
Panel D: Selectivity - Composite Index			
DAC average	0.26	0.35	0.41
Multilateral average	0.38	0.48	0.55
UN average	0.34	0.40	0.48
Overall average	0.30	0.39	0.46

Appendix 4: Best Practice Comparisons: Other Academic Studies

Note: Our rank is recalculated using only the subset of agencies in each study. BKMP UN Select agencies: UNAIDS, UNDP, UNFPA, UNICEF, WFP. In order to compare, we took the average of those five UN agencies. UN selected agencies for KRE are unknown. Panel A: KRE rank is provided by authors. For BKMP, we calculate an overall rank by taking an average rank from the sub-indices. Overall ranking is calculated using only the donors ranked by KRE and BKMP. Panel B: PWYF assesses the availability and quality of data that agencies publish based on IATI-XML. For indicators which information is not published in IATI XML, the data is collected via a survey. IATI rank takes an average index based on whether or not the donor is member of IATI and whether or not the donor publishes to IATI. OECD Busan: a score of 1 is given if the donors have published their transparency implementation schedules, 0 otherwise. Panel C: OECD admin. costs are from CRS. BKMP administrative costs are calculated by taking the OECD donor administrative costs as a percentage of CPA (country programmable aid). Countries are rewarded for low administrative costs per dollar of gross CPA Panel D: UN selected agencies for our data: UNAIDS, UNDP, UNECE, UNFPA, UNHCR, UNICEF, UNPBF, UNRWA, WFP, WHO; BKMP rank calculated by taking the average of the BKMP data for ‘Share of allocation to poor countries’ and ‘Share of allocation to well-governed countries’. Panel E: UN selected agencies for our data: UNAIDS, UNDP, UNECE, UNFPA, UNHCR, UNICEF, UNPBF, UNRWA, WFP, WHO; BKMP rank calculated by taking the average of the BKMP data for ‘Specialization by recipient country’ and ‘Specialization by sector’.

Panel A: Overall Ranking Comparisons

Donor	2012 Data	KRE	BKMP	Differences	
	PW Rank	Rank	Rank	PW & KRE	PW & BKMP
DAC	23	22	18	-1	-5
Non-DAC	24	33		9	
Multilateral	6	10	6	4	0
UN	15	30	24	15	9
Overall	19	20	16	1	-3

Panel B: Transparency Comparisons

Donor	2012 Transp.		OECD	Member	2014 IATI			2013 PWYF		BKMP Rank
	Index	Rank			Publish	Index	Rank	Rank	Overall	
DAC	0.76	29	0.97	0.55	0.48	0.52	16	34	22	17
Non-DAC	0.30	69	0.00	0.00	0.00	0.00	31	56	36	
Multilateral	0.73	29	0.22	0.30	0.26	0.28	23	12	9	10
UN	0.56	47	0.38	0.44	0.38	0.41	20	13	9	21
Overall	0.62	41	0.45	0.35	0.30	0.33	22	34	22	16

Panel C: Administrative Costs Comparisons

Donor	2012 Costs			OECD		Difference: 2012-OECD	BKMP		Difference: 2012-BKMP
	Admin. Costs	Admin. Rank	Overall Rank	Admin. Costs	Overall Rank		Admin. Costs	Rank	
DAC	6%	15	17	7%	16	1%	12%	16	6%
Multilateral	10%	25	20	22%	24	12%	8%	9	-2%
UN	58%	23	36	22%	18	-36%	20%	28	-38%
Overall	8%	17	18	8%	16	0%	12%	15	4%

Panel D: Selectivity Comparisons

Donor	2012 Data	KRE	BKMP	Differences	
	Rank	Rank	Rank	PW & KRE	PW & BKMP
DAC	21	20	15	-1	-6
Non-DAC	31	34		3	
Multilateral	8	10	20	2	12
UN	8	32	28	24	20
Overall	19	19	16	0	-3

Panel E: Specialization Comparisons

Donor	2012 Data	KRE	BKMP	Differences	
	Rank	Rank	Rank	PW & KRE	PW & BKMP
DAC	22	22	18	0	-4
Non-DAC	10	21		11	
Multilateral	12	10	5	-2	-7
Overall	19	20	16	1	-3

Figure 1: Trends in Transparency, Specialization, and Selectivity, 2004 to 2012

Note: The rankings are recalculated with same methodology based only on donors included in EW and EP. Data for each donor group is collected from Appendix 3.

Figure 1A: Changes in the Transparency Average Index

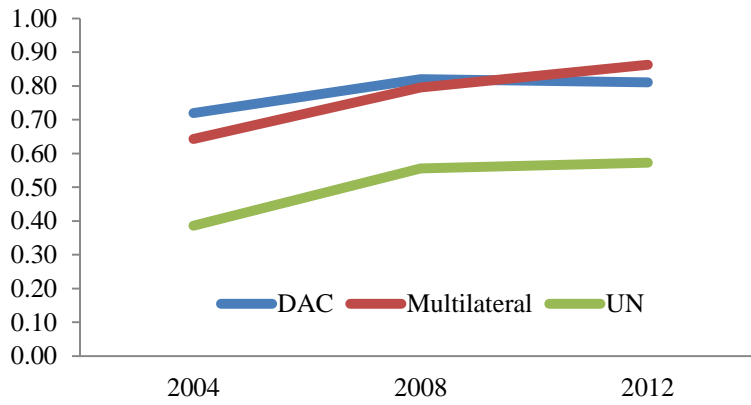


Figure 1B: Changes in the Specialization Average Index

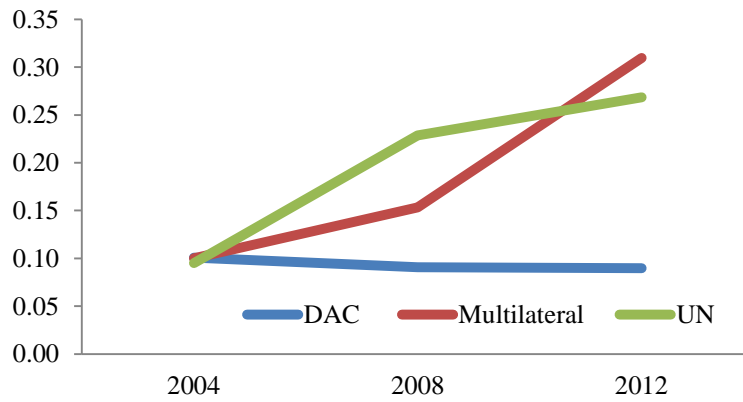


Figure 1C: Changes in the Selectivity Composite Index

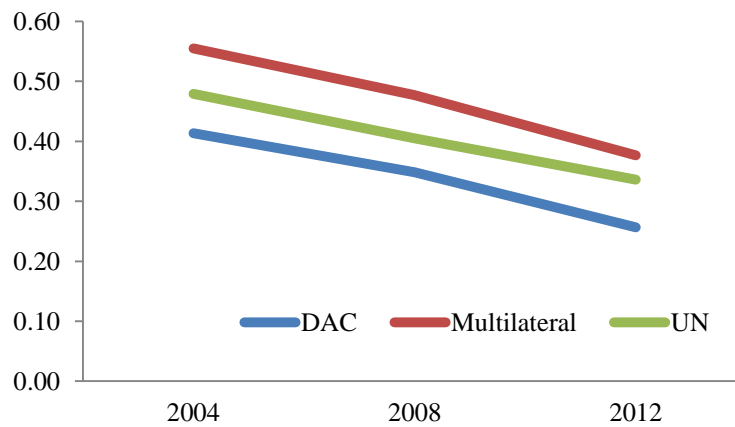


Table 1: 2012 Transparency Indices for Bilateral, DAC and Non-DAC and Multilateral and UN Agencies

Note: OECD Reporting: If an agency reports to one of five OECD tables for bilateral agencies and to one of three OECD tables for multilaterals, it receives one point for each table. The average across all tables is taken to construct an overall OECD reporting transparency index ranging from 0 to 1, with 1 implying full reporting. Overhead costs: Inquiries to collect data on four categories (permanent international staff, administrative expenses, salaries and benefits, and total development assistance disbursed) were taken in multiple stages. First, each agency's website and annual reports were consulted. If data was available, an agency received one point for that particular category. Next, all agencies were emailed requesting the data. This process took place September 2013 through December 2013, and each round of emails had a three-week deadline for a response. If the information is not online but an agency replied with the requested data, they received 0.5 instead of a 0 in that category. If the data was not online and an agency did not respond to our emails, it received a 0 in that category. To aggregate at the country level, averages weighted by ODA were used. Simple averages if ODA was not available (Czech Republic, Iceland, Germany, Japan). Average Index: Simple average of OECD reporting and overhead costs. Overall Rank: Based on average index.

Donor	Transparency Index Based on:			
	OECD Reporting	Overhead Costs	Average Index	Overall Rank
DAC Average	0.94	0.57	0.76	29
Non-DAC Average	0.24	0.36	0.30	70
Multilateral Average	0.68	0.83	0.75	28
UN Average	0.65	0.50	0.57	47
Overall Average	0.67	0.58	0.63	41
Bilateral Agency-DAC				
Australia	1.00	1.00	1.00	1
Austria	1.00	0.75	0.88	15
Belgium	1.00	0.59	0.80	27
Canada	1.00	1.00	1.00	1
Czech Republic	1.00	0.38	0.69	39
Denmark	1.00	0.50	0.75	29
EU Institutions	1.00	0.75	0.88	15
Finland	1.00	0.25	0.63	43
France	1.00	1.00	1.00	1
Germany	1.00	0.50	0.75	38
Greece	1.00	0.25	0.63	43
Iceland	1.00	0.25	0.63	43
Ireland	1.00	0.50	0.75	29
Italy	1.00	0.25	0.63	43
Japan	1.00	0.56	0.78	28
Korea	1.00	0.50	0.75	29
Luxembourg	1.00	1.00	1.00	1
Netherlands	1.00	0.75	0.88	15
New Zealand	1.00	0.25	0.63	43
Norway	1.00	0.75	0.88	15
Poland	0.40	0.75	0.58	55
Portugal	1.00	0.25	0.63	43
Slovak Republic	0.40	0.25	0.33	71
Slovenia	0.40	0.25	0.33	71
Spain	1.00	0.25	0.63	43
Sweden	1.00	0.50	0.75	29
Switzerland	1.00	0.75	0.88	15
United Kingdom	1.00	1.00	1.00	1
United States	1.00	0.91	0.95	14
Bilateral Agency-Non-DAC				
Bulgaria	0.20	0.00	0.10	82
Chile	0.00	0.50	0.25	73
Cyprus	0.20	0.50	0.35	67
Estonia	0.20	0.25	0.23	77
Hungary	0.20	0.00	0.10	82

Israel	0.20	0.00	0.10	82
Kuwait	0.60	1.00	0.80	26
Latvia	0.20	0.25	0.23	77
Liechtenstein	0.20	0.50	0.35	67
Lithuania	0.20	0.25	0.23	77
Malta	0.20	0.00	0.10	82
Romania	0.20	0.50	0.35	67
Russia	0.20	0.00	0.10	82
Saudi Arabia	0.20	0.50	0.35	67
Taiwan	0.20	1.00	0.60	54
Thailand	0.20	0.25	0.23	77
Turkey	0.40	0.50	0.45	63
United Arab Emirates	0.60	0.50	0.55	56
Multilateral Agency				
AfDB	1.00	1.00	1.00	1
Arab Fund	1.00	1.00	1.00	1
AsDB	1.00	1.00	1.00	1
BADEA	1.00	0.75	0.88	15
CAF	0.00	0.75	0.38	64
CariBank	0.33	1.00	0.67	41
EBRD	0.33	1.00	0.67	41
FICA	0.00	0.75	0.38	64
GAVI	1.00	0.75	0.88	15
GEF	1.00	0.50	0.75	29
GFDRR	0.00	1.00	0.50	58
Global Fund	1.00	1.00	1.00	1
IAEA	0.33	1.00	0.67	40
IDA	1.00	1.00	1.00	1
IDB	1.00	1.00	1.00	1
IFC	0.33	0.75	0.54	57
IMF	1.00	0.75	0.88	15
ISDB	1.00	1.00	1.00	1
Montreal Protocol	0.33	0.00	0.17	81
NADB	0.00	1.00	0.50	58
Nordic Dev. Fund	1.00	1.00	1.00	1
OFID	1.00	0.25	0.63	43
OSCE	1.00	0.75	0.88	15
Multilateral Agency-UN				
FAO	0.00	0.50	0.25	73
IFAD	0.67	1.00	0.84	25
UNAIDS	1.00	0.50	0.75	29
UNDEF	0.00	0.50	0.25	73
UNDP	1.00	0.25	0.63	43
UNECE	1.00	0.25	0.63	43
UNFPA	1.00	0.50	0.75	29
UNHCR	1.00	0.50	0.75	29
UNICEF	1.00	0.50	0.75	29
UNIDO	0.00	0.75	0.38	64
UNOPS	0.00	1.00	0.50	58
UNPBF	1.00	0.00	0.50	58
UNRWA	1.00	0.75	0.88	15
UNWomen	0.00	0.50	0.25	73
WFP	0.67	0.25	0.46	62
WHO	1.00	0.25	0.63	43

Table 2: 2012 Overhead Costs Indicators

Note: Utilizes data gathered from agency annual reports and email correspondences for the transparency overhead calculations, including ODA; however, calculations for multilaterals use official development financing (ODF) because the development banks tend to support other purposes besides granting aid from OECD. ODF is from OECD expect for CAF, FAO, FICA, GFDRR, NADB, UNIDEF, UNOPS where we used the agency's respective latest annual report. Data from Easterly and Pftuze (2008) and Easterly and Williamson (2011) is used to fill in missing data. Easterly and Pftuze in bold and italicized: Finland, UNDP, Portugal ODA/staff, Italy salaries&benefits/oda and admin/oda, Sweden salaries&benefits/oda, Switzerland salaries&benefits/oda, AsDB salaries&benefits/oda, Denmark ODA/staff, UNRWA salaries&benefits/oda. Easterly and Williamson in bold. For admin costs: Spain, Greece, Portugal, Germany (kfw), New Zealand, Sweden, FAO, UNFPA. For salaries&benefits: Austria, Germany (kfw), USA (MCC), Netherlands, New Zealand, IDA. For staff: Italy, New Zealand, UNRWA. Overall Rank: Based on percent rank. Percent Rank: Equals the average percent rank of the individual percent ranks from all three categories.

Donor	Ratio Admin budget to ODA/ODF	Ratio Salaries & Benefits to ODA/ODF	Total ODA/ODF million \$ per staff	Overall Rank
DAC Average	6%	7%	\$4.18	26
Non-DAC Average	11%	14%	\$2.33	33
Multilateral Average	43%	41%	\$4.31	36
UN Average	66%	74%	\$2.73	56
Overall Average	29%	30%	\$3.79	35
Standard Deviation	69%	78%	\$4.88	
Minimum	0%	0%	\$0.03	
Maximum	487%	485%	\$20.94	
Bilateral Agency-DAC				
Australia	6.7%	4.0%	\$1.85	32
Austria	7.6%	2.5%	\$3.66	21
Belgium	5.6%	20.9%	\$0.22	48
Canada	3.9%	3.2%	\$3.47	15
Czech Republic	4.5%	1.4%	\$1.18	20
Denmark	4.8%		\$0.60	37
EU Institutions	4.8%		\$15.82	9
Finland	4.0%		\$2.55	17
France	3.8%	2.5%	\$5.41	11
Germany	11.4%	5.4%	\$10.42	30
Greece	5.6%			22
Iceland			\$0.22	57
Ireland	5.3%			16
Italy	1.0%	0.0%	\$0.08	19
Japan	11.0%	3.1%	\$0.68	40
Korea	7.7%			36
Luxembourg	11.0%	8.9%	\$0.92	50
Netherlands	6.8%	1.1%	\$16.19	12
New Zealand	6.1%	3.6%	\$1.72	31
Norway	5.9%		\$2.87	24
Poland	0.1%		\$8.27	4
Portugal	2.5%		\$5.35	10
Spain	9.2%			46
Sweden	2.8%	4.0%	\$7.18	13
Switzerland	11.0%	6.0%	\$1.48	44
United Kingdom	1.7%	0.8%	\$4.47	7
United States	4.1%	42.4%	\$1.62	38
Bilateral Agency-Non-DAC				
Chile		34.6%	\$0.09	61
Cyprus	20.9%			56
Kuwait	16.5%	9.5%	\$0.99	53

Liechtenstein	6.4%		\$2.06	34
Romania	0.1%			1
Saudi Arabia	4.2%	2.7%		14
Taiwan	20.5%	9.0%	\$0.17	54
Turkey	5.6%			18
United Arab Emirates			\$8.31	6
Multilateral Agency				
AfDB	7.4%	5.6%	\$4.63	28
Arab Fund	3.5%	2.5%	\$12.95	8
AsDB	6.1%	8.0%	\$2.87	35
BADEA	11.0%	7.7%		47
CAF	1.0%		\$17.92	2
CariBank	27.5%	16.8%	\$0.58	55
EBRD	12.0%	7.9%	\$2.02	45
FICA	8.6%		\$1.42	42
GAVI	18.5%	3.2%		39
GEF	26.9%	2.9%	\$6.20	28
GFDRR	5.7%	0.7%	\$0.92	23
Global Fund	9.1%	4.0%	\$5.62	26
IAEA	486.56%	485.26%	\$0.03	69
IDA	12.1%	2.0%	\$3.03	27
IDB	8.2%		\$5.08	25
IFC	13.2%		\$1.60	49
IMF	63.1%	50.7%	\$0.63	59
ISDB	8.9%	6.2%	\$1.40	43
NADB	2.0%	0.9%	\$10.61	5
Nordic Dev. Fund	8.7%	5.0%	\$4.31	33
OSCE	169.3%	90.4%	\$0.05	67
Multilateral Agency-UN				
FAO	33.40%		\$0.49	58
IFAD	25.43%	14.02%	\$2.22	51
UNAIDS	59.46%	53.68%		63
UNDEF	1.28%		\$20.94	3
UNDP	129.00%	100.00%	\$0.19	65
UNFPA	97.64%		\$0.15	64
UNHCR	191.38%	162.27%	\$0.06	68
UNICEF	4.10%		\$0.09	41
UNOPS	49.47%	25.09%	\$0.16	60
UNRWA	91%	88.62%	\$5.61	52
UNWomen	39%			62
WFP			\$0.03	70
WHO			\$0.06	66

Table 3: 2012 Country and Sector Specialization

Note: Data is from OECD DAC. Herfindahl coefficients provide a measure of market concentration, with 1 implying specialization and 0 suggesting fragmentation. Herfindahls are created by calculating country shares or sector shares of aid and then summing the squares of these values. For agencies with both country and sector herfindahls, we take a simple average. Overall Rank: Based on average index. Percent Rank: Based on average index.

Donor	Herfindahl			Overall Rank
	Countries	Sectors	Average	
DAC Average	0.08	0.11	0.10	50
Non-DAC Average	0.32	0.22	0.33	21
Multilateral Average	0.14	0.44	0.25	30
UN Average	0.15	0.47	0.29	23
Overall Average	0.15	0.27	0.21	36
Bilateral Agency-DAC				
Australia	0.07	0.09	0.08	49
Austria	0.10	0.13	0.12	41
Belgium	0.11	0.09	0.10	42
Canada	0.03	0.06	0.05	66
Czech Republic	0.08	0.09	0.08	47
Denmark	0.04	0.07	0.06	61
EU Institutions	0.06	0.07	0.06	59
Finland	0.04	0.06	0.05	62
France	0.07	0.08	0.08	51
Germany	0.04	0.06	0.05	65
Greece	0.28	0.37	0.33	14
Iceland	0.18	0.11	0.15	36
Ireland	0.06	0.09	0.07	52
Italy	0.05	0.15	0.10	43
Japan	0.06	0.12	0.09	45
Korea	0.06	0.08	0.07	53
Luxembourg	0.06	0.08	0.07	56
Netherlands	0.04	0.09	0.06	58
New Zealand	0.06	0.06	0.06	60
Norway	0.04	0.07	0.05	64
Poland	0.28		0.28	19
Portugal	0.24	0.31	0.28	18
Slovak Republic	0.08		0.08	48
Slovenia	0.14		0.14	37
Spain	0.03	0.07	0.05	63
Sweden	0.03	0.10	0.07	57
Switzerland	0.02	0.12	0.07	54
United Kingdom	0.04	0.06	0.05	68
United States	0.04	0.12	0.08	50
Bilateral Agency-Non-DAC				
Bulgaria	0.70		0.70	3
Cyprus	0.37		0.37	11
Estonia	0.31		0.31	16
Hungary	0.18		0.18	31
Israel	0.23		0.23	27
Kuwait	0.11	0.23	0.17	33
Latvia	0.19		0.19	30
Lithuania	0.87		0.87	1
Romania	0.34		0.34	13
Russia	0.10		0.10	44
Thailand	0.39		0.39	9
Turkey	0.25		0.25	21
United Arab Emirates	0.11	0.20	0.16	34

Multilateral Agency				
AfDB	0.80	0.85	0.82	2
Arab Fund	0.18	0.29	0.24	23
AsDB	0.10	0.15	0.12	40
BADEA	0.05	0.22	0.14	38
CarDB	0.15		0.15	35
GAVI	0.06	0.85	0.45	7
GEF	0.04	0.85	0.45	8
Global Fund	0.03	0.50	0.27	20
IAEA	0.02		0.02	70
IDA	0.05	0.08	0.07	55
IDB	0.16	0.18	0.17	32
IMF	0.08	0.91	0.50	6
ISDB	0.05		0.05	67
Montreal Protocol	0.31		0.31	17
Nordic Dev.Fund	0.17	0.29	0.23	26
OFID	0.03	0.14	0.08	46
OSCE	0.13	0.33	0.23	25
Multilateral Agency-UN				
IFAD	0.03		0.03	69
UNAIDS	0.02	0.61	0.31	15
UNDP	0.02	0.45	0.23	24
UNECE	1.00	0.26	0.63	4
UNFPA	0.01	1.00	0.51	5
UNHCR	0.05	0.63	0.34	12
UNICEF	0.03	0.24	0.14	39
UNPBF	0.08	0.33	0.20	28
UNRWA	0.38	0.40	0.39	10
WFP	0.04	0.35	0.19	29
WHO	0.01	0.47	0.24	22

Table 4: 2012 Selectivity Measures Based on Aid Shares

Note: Free shares are based on three democracy score sources. Equals free if Polity IV = 8, 9, 10. If no Polity IV data is available, equals free if ranked a democracy by Przeworski et al. (2000) dichotomous ranking. If this data is not available, Freedom House's free score is used. Corruption shares are based on two sources. Corruption shares are based International Country Risk Guide's political risk index with a score of two or less on a six point scale. If ICRG data is not available, equals corrupt if Transparency International's CPI (2012) index is less than three. We use multiple sources as to not bias the rankings due to significant missing data for many aid receiving countries. Low-income shares is the sum of aid flowing to LDC plus other low income countries, as defined by OECD. Composite Rank: Based on composite percent rank. Composite Percent Rank is based on a composite score calculated as: 0.25 X Percentile Rank(share going to noncorrupt countries) + 0.25 X percentile rank(shares going to free countries) + 0.50 X percentile rank(shares going to low income countries).

Donor	Share Free	Share Noncorrupt	Share Low Income	Composite Rank
DAC Average	30%	31%	19%	42
Non-DAC Average	22%	22%	19%	51
Multilateral Average	27%	33%	55%	20
UN Average	26%	25%	48%	25
Overall Average	27%	29%	30%	
Bilateral Agency-DAC				
Australia	38%	31%	25%	29
Austria	32%	29%	5%	64
Belgium	11%	26%	19%	58
Canada	22%	23%	24%	43
Czech Republic	32%	18%	10%	65
Denmark	19%	37%	30%	31
EU Institutions	45%	48%	23%	19
Finland	20%	25%	23%	47
France	26%	47%	11%	40
Germany	31%	32%	19%	35
Greece	68%	13%	1%	55
Iceland	7%	0%	40%	50
Ireland	14%	32%	44%	24
Italy	24%	19%	6%	67
Japan	32%	55%	19%	27
Korea	18%	55%	27%	26
Luxembourg	46%	39%	26%	22
Netherlands	21%	32%	13%	57
New Zealand	34%	10%	27%	39
Norway	26%	38%	21%	34
Poland	14%	7%	4%	70
Portugal	48%	62%	28%	14
Slovak Republic	57%	22%	4%	49
Slovenia	76%	60%	1%	21
Spain	30%	27%	12%	56
Sweden	20%	26%	21%	51
Switzerland	27%	28%	18%	46
United Kingdom	20%	30%	25%	38
United States	24%	27%	34%	30
Bilateral Agency-Non-DAC				
Bulgaria	19%	19%		59
Cyprus	9%	48%		33
Estonia	20%	17%		60
Hungary	69%	13%	2%	52
Israel	28%	59%	2%	44
Kuwait	16%	21%	29%	41
Latvia	16%	26%	1%	68
Lithuania	2%	1%	33%	66
Romania	73%	17%	1%	45
Russia	26%	11%	18%	63

Thailand	5%	14%	57%	25
Turkey	4%	5%	18%	69
United Arab Emirates	6%	35%	26%	42
Multilateral Agency				
AfDB	2%	6%	93%	7
Arab Fund	6%	36%		53
AsDB	8%	49%	57%	12
BADEA	25%	46%	72%	2
CarDB	65%	21%		10
GAVI	16%	29%	56%	16
GEF	40%	43%	19%	28
Global Fund	22%	32%	58%	11
IAEA	36%	39%	13%	36
IDA	15%	37%	51%	17
IDB	31%	5%		62
IMF	34%	30%	66%	5
ISDB	13%	28%	77%	6
Montreal Protocol	51%	62%		1
Nordic Dev.Fund	19%	32%		37
OFID	23%	30%	43%	20
OSCE	55%	28%		13
Multilateral Agency-UN				
IFAD	20%	37%	61%	9
UNAIDS	28%	35%	11%	54
UNDP	17%	27%	58%	15
UNECE	100%	0%		4
UNFPA	24%	33%	44%	18
UNHCR	19%	39%	39%	23
UNICEF	18%	24%	37%	32
UNPBF	14%	7%	91%	3
UNRWA	13%	24%		61
WFP	13%	17%	78%	8
WHO	22%	35%	16%	48

Table 5: 2012 Ineffective Channels Based on Aid Shares

Note: Data for all three ineffective channels is collected from OECD. Data for tying status is from OECD DAC and data for technical cooperation and food aid is collected from OECD CRS. Overall Rank: Based on percent rank. Percent Rank: Equals the percent rank of the average of all three categories.

Donor	Share Tied Aid	Share Technical Assistance	Share Food aid	Average Shares	Overall Rank
DAC Average	14.52%	18.22%	0.62%	10.62%	54
Non-DAC Average		1.56%	0.13%	0.85%	12
Multilateral Average	0.00%	1.01%	0.01%	0.34%	16
UN Average	0.00%	0.00%	0.96%	0.32%	9
Overall Average	6.99%	7.73%	0.42%	4.48%	29
Bilateral Agency-DAC					
Australia	0.00%	43.83%	0.86%	14.90%	67
Austria	52.17%	36.16%	0.07%	29.47%	72
Belgium	6.83%	22.73%	0.02%	9.86%	63
Canada	0.00%	24.71%	1.07%	8.59%	61
Czech Republic	34.63%	24.13%	0.06%	19.60%	70
Denmark	3.88%	3.80%	0.17%	2.62%	48
EU Institutions	0.00%	7.40%	1.59%	3.00%	49
Finland	3.47%	26.49%	0.00%	9.99%	64
France	2.68%	22.18%	0.54%	8.47%	60
Germany	1.86%	48.93%	1.20%	17.33%	68
Greece	53.33%	70.71%	0.01%	41.35%	74
Iceland	0.00%	10.20%	0.00%	3.40%	52
Ireland	0.00%	1.56%	3.25%	1.60%	45
Italy	15.75%	3.79%	0.66%	6.73%	58
Japan	14.03%	19.67%	0.99%	11.56%	65
Korea	44.62%	21.16%	0.16%	21.98%	71
Luxembourg	1.28%	4.34%	0.37%	2.00%	46
Netherlands	1.79%	9.71%	0.70%	4.07%	55
New Zealand	1.66%	21.82%	0.14%	7.88%	59
Norway	0.00%	7.51%	0.13%	2.55%	47
Poland		0.00%	0.00%	0.00%	1
Portugal	89.78%	17.41%	0.00%	35.73%	73
Slovak Republic		0.00%	0.00%	0.00%	1
Slovenia		0.00%	0.00%	0.00%	1
Spain	16.57%	38.35%	1.45%	18.79%	69
Sweden	0.73%	16.74%	0.00%	5.82%	57
Switzerland	2.26%	8.52%	0.00%	3.60%	53
United Kingdom	0.00%	12.79%	1.15%	4.65%	56
United States	30.21%	3.61%	3.30%	12.37%	66
Bilateral Agency-Non-DAC					
Bulgaria		18.75%	0.00%	9.38%	62
Cyprus		0.00%	0.00%	0.00%	1
Estonia		0.00%	0.00%	0.00%	1
Hungary		0.00%	0.00%	0.00%	1
Israel		0.00%	0.00%	0.00%	1
Kuwait		0.00%	2.07%	1.03%	43
Latvia		0.00%	0.00%	0.00%	1
Liechtenstein		0.00%	0.00%	0.00%	1
Lithuania		0.00%	0.00%	0.00%	1
Malta		0.00%	0.00%	0.00%	1
Romania		0.00%	0.00%	0.00%	1
Russia		0.00%	0.00%	0.00%	1
Saudi Arabia		0.00%	0.00%	0.00%	1
Taiwan		0.00%	0.00%	0.00%	1

Thailand		0.00%	0.00%	0.00%	1
Turkey		7.70%	0.03%	3.87%	54
United Arab Emirates		0.09%	0.18%	0.13%	38
Multilateral Agency					
AfDB	0.00%	0.00%	0.00%	0.00%	1
Arab Fund	0.00%	0.00%	0.00%	0.00%	1
AsDB Special Funds	0.00%	0.00%	0.001%	0.00%	37
BADEA	0.00%	4.47%	0.00%	1.49%	44
CarDB	0.00%	0.00%	0.00%	0.00%	1
GAVI	0.00%	0.00%	0.00%	0.00%	1
GEF	0.00%	1.08%	0.00%	0.36%	41
Global Fund	0.00%	0.00%	0.00%	0.00%	1
IAEA	0.00%	0.00%	0.00%	0.00%	1
IDA	0.00%	1.04%	0.14%	0.39%	42
IDB	0.00%	10.04%	0.00%	3.35%	51
IMF	0.00%	0.00%	0.00%	0.00%	1
ISDB	0.00%	0.00%	0.00%	0.00%	1
Montreal Protocol	0.00%	0.00%	0.00%	0.00%	1
Nordic Dev.Fund	0.00%	0.00%	0.00%	0.00%	1
OFID	0.00%	0.55%	0.02%	0.19%	39
OSCE	0.00%	0.00%	0.00%	0.00%	1
Multilateral Agency-UN					
IFAD	0.00%	0.00%	0.00%	0.00%	1
UNAIDS	0.00%	0.00%	0.00%	0.00%	1
UNDP	0.00%	0.00%	0.00%	0.00%	1
UNECE	0.00%	0.00%	0.00%	0.00%	1
UNFPA	0.00%	0.00%	0.00%	0.00%	1
UNHCR	0.00%	0.00%	0.00%	0.00%	1
UNICEF	0.00%	0.00%	0.00%	0.00%	1
UNPBF	0.00%	0.00%	0.61%	0.20%	40
UNRWA	0.00%	0.00%	0.00%	0.00%	1
WFP	0.00%	0.00%	9.95%	3.32%	50
WHO	0.00%	0.00%	0.00%	0.00%	1

Table 6: 2012 Ranking of Donor Agencies

Overall Rank based on overall percentile rank, which is based on the average percentile ranks. Higher rank means better practice.

Donor	Rank	Transparency	Low Overhead	Specialization	Selectivity	Avoid Ineffective Channels
DAC Average	46	59%	63%	30%	41%	22%
Non-DAC Average	47	16%	59%	71%	30%	48%
Multilateral Average	16	60%	45%	57%	71%	49%
UN Average	29	40%	20%	68%	66%	50%
Overall Average	37	46%	50%	50%	50%	38%
Bilateral Agency-DAC						
Australia	34	86%	55%	30%	62%	10%
Austria	53	73%	71%	42%	12%	3%
Belgium	68	69%	32%	41%	10%	15%
Canada	44	86%	80%	6%	33%	18%
Czech Republic	63	55%	72%	33%	9%	5%
Denmark	49	58%	48%	13%	54%	36%
EU Institutions	16	73%	88%	16%	72%	34%
Finland	69	39%	77%	12%	26%	14%
France	31	86%	86%	28%	29%	19%
Germany	60	56%	58%	7%	51%	8%
Greece	46	39%	70%	81%	28%	0%
Iceland	65	39%	19%	49%	36%	30%
Ireland	22	58%	78%	26%	65%	40%
Italy	61	39%	74%	39%	6%	22%
Japan	42	68%	43%	36%	64%	12%
Korea	56	58%	49%	25%	61%	4%
Luxembourg	33	86%	29%	20%	71%	38%
Netherlands	45	73%	84%	17%	22%	26%
New Zealand	61	39%	57%	14%	49%	21%
Norway	37	73%	67%	9%	52%	37%
Poland	25	36%	96%	74%	0%	52%
Portugal	17	39%	87%	75%	80%	1%
Slovak Republic	66	16%		32%	38%	52%
Slovenia	36	16%		48%	74%	52%
Spain	73	39%	35%	10%	14%	7%
Sweden	50	58%	83%	19%	25%	23%
Switzerland	55	73%	38%	23%	35%	29%
United Kingdom	29	86%	91%	3%	46%	25%
United States	41	85%	46%	29%	59%	11%
Bilateral Agency-Non-DAC						
Bulgaria	67	0%		97%	20%	16%
Chile		12%	13%			
Cyprus	39	19%	20%	86%	58%	52%
Estonia	57	7%		78%	19%	52%
Hungary	64	0%		57%	30%	52%
Israel	58	0%		62%	39%	52%
Kuwait	40	71%	25%	54%	42%	42%
Latvia	71	7%		58%	4%	52%
Liechtenstein	51	19%	52%			52%
Lithuania	48	7%		100%	7%	52%
Malta		0%				52%
Romania	11	19%	100%	83%	41%	52%
Russia	72	0%		38%	16%	52%
Saudi Arabia	27	19%	81%			52%
Taiwan	59	38%	23%			52%
Thailand	21	7%		88%	70%	52%

Turkey	52	27%	75%	71%	3%	27%
United Arab Emirates	19	35%	93%	52%	43%	49%
Multilateral Agency						
AfDB	1	86%	59%	99%	93%	52%
Arab Funds	9	86%	90%	68%	1%	52%
AsDB	6	86%	51%	43%	87%	51%
BADEA	14	73%	33%	46%	96%	41%
CAF		24%	99%			
CariBank	23	52%	22%	51%	88%	52%
EBRD		52%	36%			
FICA		24%	41%			
GAVI	4	73%	45%	91%	78%	52%
GEF	7	58%	59%	90%	57%	45%
GFDRR		29%	68%			
Global Fund	2	86%	64%	72%	83%	52%
IAEA	70	54%	1%	0%	48%	52%
IDA	13	86%	62%	22%	77%	44%
IDB	30	86%	65%	55%	13%	32%
IFC		34%	30%			
IMF	5	73%	16%	93%	94%	52%
ISDB	20	86%	39%	4%	91%	52%
Montreal Protocol	12	6%		77%	100%	52%
NADB		29%	94%			
Nordic Dev. Fund	8	86%	54%	64%	45%	52%
OFID	38	39%		35%	67%	48%
OSCE	18	73%	4%	65%	84%	52%
Multilateral Agency-UN						
FAO		12%	17%			
IFAD	35	72%	28%	1%	86%	52%
UNAIDS	43	58%	10%	80%	23%	52%
UNDEF		12%	97%			
UNDP	32	39%	7%	67%	81%	52%
UNECE	3	39%		96%	97%	52%
UNFPA	15	58%	9%	94%	75%	52%
UNHCR	23	58%	3%	84%	68%	52%
UNICEF	28	58%	42%	45%	55%	52%
UNIDO		24%				
UNOPS		29%	14%			
UNPBF	10	29%		61%	99%	47%
UNRWA	26	73%	26%	87%	17%	52%
UNWomen		12%	12%			
WFP	47	28%	0%	59%	90%	33%
WHO	54	39%	6%	70%	32%	52%
<i>Number of agencies</i>	73	86	70	70	70	74

Table 7: Comparison of Overall Rankings: Current 2012 Data, EW 2008 Data, EP 2004 Data

Note: EW is Easterly and Williamson (2011) and EP is Easterly and Pfutze (2008). In order to be consistent, we recalculate all measures in all three studies using only the subset of donors available in all three studies. This leaves us with 40 donors including UN agencies, multilateral donors, and DAC bilateral agencies. The non-DAC donors are dropped, as they were not previously included in EP or EW. For EP we drop EBRD and from EW we drop UNTA and EBRD. This process results in adjustments in the rankings. Therefore, rankings for a specific donor may differ from the original study.

Donor	Overall rank			Change	
	2012	EW 2008	EP 2004	2008-2012	2004-2012
DAC Average	26	22	18	-4	-8
Multilateral Average	6	12	14	6	8
UN Average	20	27	33	7	13
Bilateral Agency - DAC					
EU Institutions	8	10	25	2	17
Ireland	10	5	4	-5	-6
France	11	35	5	24	-6
Portugal	13	27	18	14	5
Luxembourg	15	15	11	0	-4
United Kingdom	16	4	1	-12	-15
Australia	20	9	8	-11	-12
Norway	23	24	9	1	-14
Netherlands	24	11	20	-13	-4
Canada	25	18	23	-7	-2
United States	26	25	22	-1	-4
Japan	29	7	13	-22	-16
Sweden	30	30	10	0	-20
Denmark	31	20	21	-11	-10
Austria	32	28	24	-4	-8
Switzerland	33	33	12	0	-21
Greece	34	38	32	4	-2
Italy	35	26	28	-9	-7
Belgium	36	32	17	-4	-19
Finland	37	34	27	-3	-10
Germany	38	16	26	-22	-12
New Zealand	38	13	34	-25	-4
Spain	40	36	35	-4	-5
Multilateral Agency					
AfDB	1	1	7	0	6
Global Fund	2	2	16	0	14
IMF	3	21	15	18	12
AsDB	4	3	6	-1	2
GEF	5	39	36	34	31
IDA	6	8	2	2	-4
Nordic Dev. Fund	7	6	29	-1	22
CariBank	12	14	14	2	2
IDB	14	12	3	-2	-11
Multilateral Agency - UN					
UNFPA	9	17	39	8	30
UNHCR	17	40	33	23	16
UNICEF	18	23	19	5	1
UNRWA	19	22	31	3	12
IFAD	21	29	38	8	17
UNDP	22	19	30	-3	8
WFP	27	31	37	4	10
UNAIDS	28	37	40	9	12