

Multi-bi aid: Tracking the evolution of earmarked funding to international development organizations from 1990 to 2012

Vera Z. Eichenauer & Bernhard Reinsberg

CIS Working Paper No. 84

Center for Comparative and International Studies (CIS)

# Multi-bi aid: Tracking the evolution of earmarked funding to international development organizations from 1990 to 2012

# Codebook

Vera Z. Eichenauer (Heidelberg University) Bernhard Reinsberg (University of Zurich)

## December 1, 2014

# Contents

1	Introduction	4
2	The components of the multi-bi aid dataset	11
3	Component 1: Multilateral institutions	13
4	Component 2: Aid activities	18
5	Component 3: Aggregate aid	32
6	Examples	34
7	References	35



Written in the context of the research program "The Proliferation of Multilateral Funds: Explaining the shift towards multi-bi aid and related institutions", this project benefited from financial support by the Swiss Network for International Studies. Thanks to the OECD/DAC Secretariat for continuous exchange and to aiddata.org for encouraging feedback.

## Abbreviations

AfDF African Development Bank AsDB Asian Development Bank AsDF Asian Development Fund

ARTF Afghanistan Reconstruction Trust Fund

CGIAR Consultative Group on International Agricultural Research

CITIES Cities Alliance

CRS Creditor Reporting System (OECD aid activity database)

DAC Development Assistance Committee

DFID Department for International Development

EIF Enhanced Integrated Framework
ESMAP Energy Sector Management Program

EU European Union

FAO Food and Agriculture Organization

FSO Fund for Special Operations

GAVI Global Alliance for Vaccination Initiative

GCDT Global Crop Diversity Trust

GCF Green Climate Fund

GEF Global Environment Facility

GF Global Fund (to Fight Aids, Tuberculosis and Malaria) GFATM Global Fund to Fight Aids, Tuberculosis and Malaria

GPE Global Partnership on Education
IADB Inter-American Development Bank
IDA International Development Association
IDO International Development Organization
IFPRI International Food Policy Reseach Institute

ILO-IPEC International Labor Organization

International Program on the Elimination of Child Labor

IMF International Monetary Fund

INGO International Non-Governmental Organization IOM International Organization for Migration

JPO Junior Professional Program

MDTF Multi-donor trust fund

ODA Official Development Aid (OECD definition)

ODIHR Office for Democratic Institutions and Human Rights

OECD Organization for Economic Co-Operation and Development

OSCE Organization for Security and Co-operation in Europe

PPP Public-Private Partnership

PRGF Poverty Reduction and Growth Facility

RDB Regional Development Bank SDTF Single-donor trust fund

TF Trust fund UN United Nations

UNCHS United Nations Center for Human Settlements

UNDCP United Nations Drug Control Program
UNEP United Nations Environment Program

UNESCO United Nations Educational, Scientific and Cultural Organization

UNIDO United Nations Industrial Development Organization
UNHCR United Nations High Commissioner for Refugees

UNICEF United Nations Children Fund

UNMAS United Nations Mine Action Service

UNODC United Nations Organization for Drugs and Crime

UN WOMEN United Nations Entity for Gender Equality and the Empowerment of Women

WBG World Bank Group

WHO World Health Organization

3MDG Three MDG Fund (formerly, Three Diseases Fund)

## Terms and conditions

Please request current citation of the multi-bi aid dataset from the authors.

# 1 Introduction

Multi-bi aid is an increasingly important source of funding for various multilateral organizations (see Reinsberg, Michaelowa, and Eichenauer 2015 for an overview). Multi-bi aid refers to aid flows from donor countries that are channeled through multilateral organizations but earmarked by donors for specific regions, countries, themes, or sectors (OECD 2012: 28). Existing records of multi-bi aid data are not suitable for analyzing the evolution of the phenomenon and its effects. We therefore introduce a dataset adapted for the purpose of studying multi-bi aid. The next section describes the data and presents our solutions to these challenges. Sections 2, 3, 4, and 5 explain the components of the dataset and the coding rules.

## 1.1 Data on multi-bi aid: challenges and solutions

The OECD's Development Assistance Committee (DAC) provides data about the official development assistance provided by donor countries. Member countries report to the DAC their aggregate flows of multilateral, multi-bi and bilateral aid (Table DAC1) and information about the individual aid activities financed by their aid in the Creditor Reporting System (CRS). The data structure is provided corresponding to either the perspective of the donor country or the recipient country. For our research interest, we take the perspective of the multilateral institution in defining earmarked aid flows.<sup>1</sup>

Our definitions and data requirements thus differ from the donor perspective inherent in Table DAC1 and the CRS. The next section describes the available datasets and is followed by a discussion of the data challenges that result from our research question. The subsequent sub-sections provide our re-operationalization of the aid flows and describe how we aim to tackle the data challenges.

## 1.2 Data on multi-bi aid flows

The OECD/DAC Secretariat records two types of databases on ODA flows reported by donors. Table DAC1 records aggregate bilateral, multi-bi and multilateral aid flows. Total multi-bi flows received by individual multilateral organizations are not reported.

The Creditor Reporting System (CRS) contains information about donor-reported individual aid activities for bilateral and multi-bi aid flows. Some of the information contained in the detailed project descriptions is systematically recorded in variables indicating, e.g., the sector

Our SNIS research project considers the implication of multi-bi aid for multilateral organizations.

and the beneficiaries of the aid activity. Particularly useful for our purpose, CRS also contains a channelcode variable that records the institution to which the aid project is delegated for implementation. Donors may channel their aid flows through a range of institutions, including bilateral aid agencies, or non-governmental organizations. Most importantly, earmarked aid activities channeled through a multilateral institution<sup>2</sup> are considered multi-bi aid activities. The OECD/DAC Secretariat maintains a list called "Annex 2" of all eligible institutions for Official Development Assitance (ODA). Institutions are assigned a unique 5-digit channelcode within Annex 2. The list only includes the most important multilateral institutions. Moreover, an institution may graduate across different categories of channels according to decisions of the OECD/DAC Working Party on Statistics.

Beyond OECD/DAC data, the reporting from individual multilateral organizations about earmarked aid inflows is certainly most accurate. However, such data are not available for all organizations over a prolonged time period and are not easily comparable across organizations.

#### 1.3 Data limitations and challenges

There are three interlinked challenges facing researchers that seek to study the phenomenon of multi-bi aid, notably (1) data quality and data coverage; (2) discontinuities over time due to "graduation"; (3) risk of double-counting aid.<sup>3</sup>

#### Data quality and data coverage

The existing OECD/DAC datasets do not readily allow tracking the flows of multi-bi aid over a prolonged time period. Donors have only provided the channel institution since 2004 and reporting quality across donors and even within donors is heterogeneous. Generally, the reporting quality has improved in the last few years.<sup>4</sup>

<sup>&</sup>lt;sup>2</sup> We use "multilateral aid institution" as a catch-all term for international development organizations (e.g., UNICEF), pass-through multilaterals (e.g., 3MDG fund) and multilateral partnerships (e.g., Cities Alliance). In individual cases, this differs from current practice of the OECD, which does not consider multilateral partnerships as multilateral institutions.

<sup>&</sup>lt;sup>3</sup> The OECD/DAC Secretariat is of course aware of issues of double-counting and their aggregate statistics are not affected by this. However, the issue of discontinuities in aid types remains a problem for researchers interested in these specific aid types.

<sup>&</sup>lt;sup>4</sup> CRS data have some well-known problems of coverage and underreporting in earlier years (see, http://www.oecd.org/dac/stats/crsguide.htm, accessed November 24, 2014).

## Discontinuities over time due to "graduation"

For the purpose of studying multi-bi aid, the re-classification of aid flows from multi-bi to multilateral, the "graduation", generates problematic discontinuities for time-series analysis. To understand of the problem, one needs to be familiar with the OECD's conceptual definition of multilateral aid and its practical implementation.

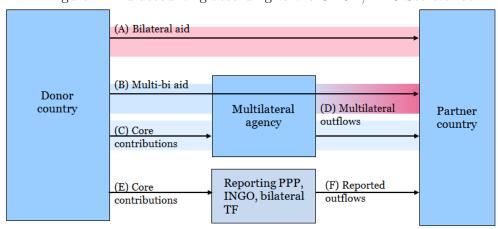


Figure 1: Aid accounting according to the OECD/DAC Secretariat.

Source: Own representation based on communication with DAC secretariat.

The figure shows that the OECD/DAC aid statistics take the perspective of either the donor country, or the partner country, to avoid double counting. From the perspective of the donor country, multibiated only refers to the part of bilateral aid channelled through a traditional multilateral agency (B). Conversely, contributions to pass-through multilaterals and other trust funds are fully accounted for as multilateral core contributions (E), even though some of these funds may become earmarked aid to another multilateral agency at the next delegation stage. From the perspective of the partner country, all flows from a multilateral agency are alike, whether initially earmarked by a donor or not (D). This accounting approach ignores the perspective of the multilateral agency.

Conceptually, the OECD defines multilateral ODA as comprising "official concessional contributions to multilateral agencies" (OECD 2012: 14).<sup>5</sup> These flows are also referred to as multilateral "core" contributions (to be distinguished from "non-core" or multi-bi contributions described in detail below). The OECD/DAC refers to multilateral core aid as "multilateral inflows". According to the OECD/DAC's statistical directives, a contribution is classified as multilateral only if the institution: (i) "conducts all or part of its activities in favour of development; (ii) is an international agency, institution, or organisation whose members are governments

<sup>&</sup>lt;sup>5</sup> According to the OECD, "multilateral organisations" are international institutions with governmental membership. They include organisations to which donors' contributions are reported, either in whole or in part, as multilateral ODA as well as organisations that serve only as channels for bilateral ODA" (OECD, 2012).

or a fund managed autonomously by such an agency; and (iii) pools contributions so that they lose their identity and become an integral part of its financial assets" (OECD 2012: 14).

In practice, the OECD/DAC maintains a list of ODA-eligible multilateral organizations, Annex 2. The list of ODA-eligible multilateral aid institutions is revised yearly, and any changes have to be approved by the DAC members. Contributions to some of the newly added multilateral organizations then start to be considered as multilateral aid instead of multilateral channels, which means that from one year to another they stop being accounted as multi-bi aid and start to be counted as multilateral aid (see section 6 for a detailed discussion). A graduation however does not change the mandate of the respective institution. From the perspective of the international development organization (IDO) receiving the funds, the funding from the graduated institution is just as narrowly earmarked as before.

#### Risk of double-counting aid

The structure of the readily available OECD/DAC aid statistics accounts for the perspective of either the bilateral donor or the recipient country. Our interest however lies in earmarked aid from the perspective of the multilateral implementing organization. The naïve combination of the available aid statistics (DAC1 and CRS) for the study of multi-bi aid would result in double-counting of aid flows due to the reporting structure in CRS.

European Union institutions

recipient country

bilateral donors

Figure 2: Risk of double-counting for the case of the European Union.

This problem is easily explained by the case of the EU as illustrated in Figure 2. The EU is reporting as a bilateral donor to CRS while, simultaneously, bilateral contributions to the EU by its member states are counted in full as multilateral aid. This problem multiplied with the proliferation of "pass-through multilaterals" – new multilaterals without implementing capacity that channel their funds to IDOs for implementation, notably Global Alliance for Vaccination Initiative (GAVI), Global Environment Facility (GEF), and Global Fund to Fight Aids, Tuberculosis, and Malaria (GFATM). These institutions all report as "bilateral" donors in the CRS while re-

ceiving multilateral contributions from bilateral governments.<sup>6</sup> Thus, the risk of double-counting becomes more pronounced due to the rise of these pass-through multilaterals (see section 6 for a detailed description of one example).

In the following, we show how our data coding effort contributes to alleviating the empirical challenges in the study of multi-bi aid.

## 1.4 Adjustments for the study of multi-bi aid

Our re-coded and adjusted data, based on publicly available OECD/DAC aid data, allow studying how multi-bi aid evolved over time for all multilateral institutions. They also allow assess how much donors restrict the use of earmarked funding, which we simply refer to as "depth of earmarking". Figure 3 illustrates how we distinguish between the three types of aid. We then discuss how the re-attribution of certain flows resolves the challenges outlined.

## Multilateral aid (line 1)

As the first line of figure 3 illustrates, we consider all unearmarked aid to a multilateral organization as multilateral aid (as does the OECD/DAC). This means that contributions to multilateral institutions reported in the CRS, which are unearmarked according to our coding and thus are not multi-bi aid, are also considered multilateral aid. The OECD/DAC cannot re-attribute unearmarked aid because their data do not have earmarking indicators.

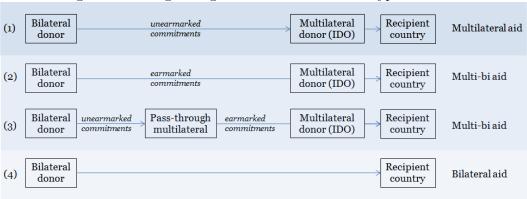
### Multi-bi aid (lines 2 and 3)

From the perspective of multilateral organizations, multi-bi aid comes from two sources. The first source is earmarked contributions from bilateral donor countries. The second sources is earmarked contributions from pass-through multilaterals, themselves financed by multilateral aid contributions of bilateral donor countries. As shown in the figure, our multi-bi aid concept includes these flows from lines 2 and 3.

Our operationalization of the multi-bi aid concept is more encompassing than that of the OECD while we keep their definition of multi-bi aid ("earmarked aid channeled through multi-lateral institutions"). The difference to the OECD/DAC arises because of a change in perspective.

<sup>&</sup>lt;sup>6</sup> IDOs might also engage in passing through part of their own funds. In particular, UN agencies might only implement part of the funds received while passing on funds to other UN entities. We thank Pawel Gmyrek for highlighting this.

Figure 3: Distinguishing multi-bi aid from other types of aid.



Notes: "International development organizations" (IDOs) and "pass-through multilaterals" are defined below (see section 3.2). We take the perspective of implementing agencies, therefore multi-bi aid can be extended by both donor countries and pass-through multilaterals. All non-earmarked contributions to multilateral donors are considered multilateral aid. Bilateral aid is development assistance provided under the direct responsibility of donor country agencies (adapted from Reinsberg, Michaelowa, and Eichenauer 2015: 10).

The OECD/DAC counts as earmarked contributions only aid to multilateral agencies directly provided by donor countries. From the perspective of a multilateral organization, however, one also needs to account for the earmarked contributions received via pass-through multilaterals (i.e., GAVI, GEF, or GFATM). Aid flows from pass-through multilaterals are earmarked because they have more narrow mandates than the implementing organizations so that almost all of their aid outflows are received as earmarked aid by the IDO.<sup>7</sup> Our operationalization of multi-bi aid provides a complete picture of earmarked inflows for the implementing multilateral organization (the IDO). In the years prior to 2004, the OECD/DAC has no multi-bi aid statistics. Our dataset contains the multi-bi aid volumes for the entire 1990-2012 period.

We also extend the OECD/DAC list of ODA-eligible multilateral organizations (Annex 2) with channelcodes to identify multi-bi aid to all multilateral institutions.

#### Bilateral aid (line 4)

Bilateral aid is defined as by the OECD/DAC with respect to its CRS data (line 4). Minor changes in bilateral aid flows may result from assigning and correcting channelcodes in the CRS data. In contrast, DAC1 data summarizes total bilateral aid, which includes multi-bi aid defined by the OECD/DAC as "bilateral aid channeled through multilateral institutions". However, one

 $<sup>^7</sup>$  Some outflows from pass-through multilaterals are also channeled to private implementing organizations (e.g., NGOs), but this is not relevant for the purpose of tracking multi-bi aid.

must exclude multi-bi aid from aggregate bilateral aid in order to avoid double counting. Our aggregate data adopts this adjustment (see Component 3, section 5).

Our volumes of multi-bi aid calculated from the perspective of multilateral organizations are larger than the corresponding OECD/DAC figures. This is because our extension and improvement in channelcodes from our hand-coding results in higher flows of multi-bi aid, and hence potentially lower volumes of (net) bilateral aid in the CRS data. For multilateral aid, there are two adjustments. On the one hand, our flows are smaller because we deduct the originally multilateral contributions to pass-through multilaterals that eventually become multi-bi aid. On the other hand, multilateral aid includes unearmarked aid channeled through multilateral institutions as reported in the CRS data. These flows are neglected because the CRS data do not have indicators for earmarking.

## 1.5 Addressing the data challenges

Our dataset gives a complete and prolonged account of multi-bi aid from the perspective of the implementing multilateral organizations. The manual re-coding of the channelcodes and the earmarking depth in the CRS data over the 1990-2012 period improve data quality and data availability over a longer time span. The extended Annex 2 allows us to uniquely identify over major 200 multilateral organizations (while recording overall more than 600 multilateral channels). The re-operationalization of multi-bi aid as described in the previous section has the advantage of avoiding double-counting and discontinuities in the data. We achieve continuity in the data by defining contributions as multi-bi aid whenever earmarking takes place anywhere in the delegation process.

The dataset is thus readily usable for studying the evolution of multi-bi aid over time and analyzing the proliferation of multilateral institutions. More generally, this dataset improves the quality of existing data by our hand-coding of channelcodes of individual multi-bi aid activities.<sup>8</sup>

<sup>&</sup>lt;sup>8</sup> Well-known quality problems and underreporting of aid activities remain in those aspects of the data which were not re-coded (e.g., coverage, see OECD CRS guide: http://www.oecd.org/dac/stats/crsguide.htm (accessed November 24, 2014).

# 2 The components of the multi-bi aid dataset

Figure 4: Components of the multi-bi aid dataset

#### Component 1

- List of institutions involved in multi-bi aid that captures key institutional characteristics
   1) part of another parent organization?
  - 2) implementation capacity?
  - 3) substantive issue area according to mandate?
  - 4) geographical scope according to mandate?

#### Component 2

- Identify multilateral channel
- Assess patterns of earmarking from the perspective of the parent organization
  - 1) thematic earmarking
  - 2) geographic earmarking

#### Component 3

- Multi-bi aid aggregated from projects by all reporting bilateral donors and passthrough multilaterals
- Correction of multilateral aid given by OECD/DAC countries supporting the pass-through multilaterals

The database consists of three components:

Component 1: Multilateral institutions. This cross-sectional dataset lists all multilateral institutions through which donors channeled aid activities from 1990 to 2012. The database includes variables on key characteristics of these multilateral institutions such as substantive mandates, institutional characteristics, and governance arrangements, using information available on their websites and secondary sources as of autumn 2014. Component 1 therefore extends and updates Annex 2 of the OECD/DAC.

Component 2: Aid activities. This component records multi-bi aid activity data at the project level, based on the CRS aid activity data of OECD/DAC. The dataset covers all bilateral aid and multi-bi aid activities by DAC donors from 1990 to 2012. For multi-bi aid activities, the dataset contains updated information on the channelcode as well as information on the depth of earmarking of such activities along several dimensions. All new variables are based on hand-coding of aid activity information.

Component 3: Aggregate aid. This time series dataset includes the adjusted aggregated data on multilateral, multi-bi and bilateral aid flows over the 1990-2012 period. Data are adjusted in a way that amounts from all three types of aid flows aggregate up to the total annual amounts of ODA provided by donors.

We consider Component 2 – the hand-coding of aid activities with respect to multilateral implementing channels – our main contribution to the study of multi-bi aid. Our coding on Component 2 pursues two goals (see also section 4).

Our first interest is to identify whether aid reported as bilateral is bilateral or multi-bi aid. In technical terms, we are interested in the variable *channelcode*. In terms of coverage, donors have started reporting the channelcode in 2004, and it is only recently that reporting has become more complete and accurate. Hence, besides validating the existing reporting, we complete the dataset by inserting channelcodes for years prior to 2004, starting in 1990. This is important because multi-bi aid activities are hidden in the older bilateral aid data, erroneously considered as bilateral aid for these years. Thus, multi-bi aid is systematically underestimated for years before the mid-2000s.

Our second interest is in qualifying the "depth of earmarking" of multi-bi aid. We use the information from project descriptions. We have added additional variables to the dataset to capture those features. Those variables are explained in section 4.

Our overall coding process has proceeded as follows. We started with Component 2, completing the information on the multilateral channelcodes. Based on the information of donors' use of multilateral institutions, we generated Component 1, an extension of the OECD/DAC's list of multilateral organizations eligible for Official Development Assistance (ODA). Then, we turned back to Component 2 to assess the depth of earmarking of the aid projects that are channeled through a multilateral institution as identified in Component 1. For Component 3, we aggregated aid amounts for multi-bi aid activities, relying on the list of eligible institutions (Component 1) and the reported aid flows through these institutions at the level of individual projects (Component 2). Hence, Component 3 includes aggregated flows of multi-bi aid, along with bilateral aid and multilateral aid after the necessary adjustments that avoid discontinuities and double-counting are made (see Figure 4).

# 3 Component 1: Multilateral institutions

This component seeks to build up a database on multilateral aid institutions. Its main purpose is to assess through which (new) multilateral institutions donors channel their multi-bi aid, and, which IDOs receive most earmarked funding.

Component 1 is a cross-sectional dataset of all multilateral aid institutions that have received funding from DAC donors during the 1990-2012 period. We assign a unique channelcode to each multilateral institution and code key characteristics of these institutions, using the most recently available information. Our cross-sectional dataset of all multilateral institutions extends the OECD's list of ODA-eligible multilateral organizations (Annex 2).

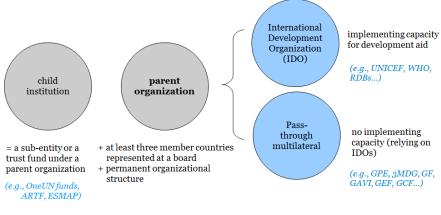
We proceed in three steps. In section 3.1, we describe in detail our approach of identifying multilateral institutions. Second, we lay out our criteria for a multilateral institution in section 3.2. Third, we provide information on the variables that further characterize the multilateral institutions (section 3.3 for so-called parent organizations, and section 3.4 for so-called child institutions).

## 3.1 Approach

Our list of multilateral institutions is based on an inductive approach. This allows us to identify all multilateral institutions used by bilateral donors at least once in the 1990-2012 period. We assign each multilateral institution a channelcode, extending the OECD's Annex 2 of 193 multilateral institutions (as of June 7, 2012) to 686 multilateral institutions (not all of these institutions are major multilateral channels, as explained below). While our dataset is thought to be as complete as possible, we do not claim to be exhaustive.

Our database differs from other databases of international organizations because we focus on multilateral institutions active in development cooperation (the OECD/DAC's Annex 2 was created for the purpose of identifying ODA-eligible multilateral organizations and we build on their work). Norm-setting institutions are excluded. As mentioned above with respect to discontinuity in time series data, the OECD's list of multilateral organizations may change every year and their list of channelcodes has become longer over the period considered. For consistency, we thus treat multilateral institutions as if they were coded in 2012.<sup>9</sup>

Figure 5: Hierarchy of multilateral channels and defining criteria.



**Coding hierarchy** 

Types of parent organizations

Notes: The coding of multilateral institutions is hierarchical. Child institutions have an own child channelcode but are affiliated with one parent organization which is the only organizations a child institution may use for implementation. Child institution and parent organization thus share the parent channelcode (see also Figure 6). International development organizations (IDOs) and pass-through multilaterals may receive a parent channelcode. This is because they both have a permanent organizational structure and at least three sovereign members. However, only IDOs have the capacity to implement projects, while pass-through multilaterals rely on the implementing capacities of IDOs.

## 3.2 Classifying multilateral institutions

We apply certain criteria to determine whether or not multilateral institutions are included in our dataset. We differentiate between three types of multilateral institutions, namely international development organizations, pass-through multilaterals, and non-independent multilateral institutions.

International development organizations and pass-through multilaterals share two characteristics. First, they have at least three member countries represented at some Board and a permanent organizational structure (i.e., a secretariat). The distinctive criterion between these two types of multilateral institutions is the capacity to implement projects. In other words, we call a multilateral institution an international development organization if the organization has implementing capacity and pass-through multilateral otherwise. Note that pass-through multilaterals rely on IDOs for implementation of the activities funded (also see the right hand side of Figure 3).

<sup>&</sup>lt;sup>9</sup> For example, UN WOMEN was created by a merger of three UN agencies dedicated to women issues, however, we only assigned a single *channelcode* throughout the entire period.

The third type of multilateral institution is either a sub-entity or a trust fund of a multilateral organization. These multilateral institutions depend on IDOs not only for implementation but rely on its financial management and are established under their law. Typically, this legal arrangement precludes that a trust fund uses an IDO other than its hosting parent organization to implement projects.<sup>10</sup>

Hence, our cross-sectional database of eligible multilateral channels has a two-level hierarchical structure. The first level of the hierarchy refers to independent multilateral organizations. All IDOs and pass-through multilaterals receive their unique parent channelcodes. Parent-channel institutions include traditional multilateral organizations like the World Bank and a broad range of new institutions that have proliferated after the end of the Cold War. These new multilaterals receive their own channelcode because they "are autonomous institutional arrangements" (Droesse 2011: 19) or they represent alliances with "legally constituted financing arms" (Droesse 2011: 26). Some of the new pass-through multilaterals have not yet been assigned their own channelcode by the OECD/DAC, hence, we generated new channelcodes.<sup>11</sup>

The second level of the hierarchy assigns a child channelcode for dependent multilateral institutions, such as trust funds. Departing from legal practice, we consider de-facto affiliation as the criterion for assigning institutions to parent organizations.<sup>12</sup> Importantly, the projects financed by the child organization must have a sole multilateral implementer, which will be the parent channel. If multilateral affiliates use several IDOs as implementers, they do receive an own parent channelcode. Parent channelcode and child channelcode only differ for child institutions.

Based on this cross-section list of multilateral institutions and the multi-bi aid activity data with corresponding channelcodes, it is possible to evaluate the relevance of each institution for development purposes, its popularity with different donor countries, and its use over time.

For all organizations with their own unique parentID, we code a number of characteristics explained under section 3.3. We also collect variables for specified institutions housed at a parent organization, for example whether the institution associated with childID is a sub-entity or a

<sup>&</sup>lt;sup>10</sup> Indeed, this is the legal criterion used by the World Bank. More recently, however, it has become possible to have contracting-out agreements even within trust funds hosted by the World Bank. Since this is empirically not a relevant phenomenon, we abstract from such anomalies.

 $<sup>^{11}</sup>$  In the dataset, the variable annex2 indicates whether the multilateral institution was listed on Annex 2 (June 2012 version of Annex 2).

<sup>&</sup>lt;sup>12</sup> Note that from a legal perspective, affiliates of multilateral organizations that are based on their own establishing treaty (e.g., IDA, AfDF, or AsDF) are independent of these organizations, whereas special windows are not (e.g., FSO at IADB, PRGF at IMF) (Droesse 2011: 60). We do not find this a useful basis of distinction for questions of identification of multi-bi aid from the perspective of IDOs. Hence, concessional windows and special funds created under the institutional law of the parent organization have their own parent channelcode, regardless of the legal instrument establishing these special windows. This is consistent with current OECD/DAC practice.

Figure 6: Simplified snapshot of the dataset on multilateral aid institutions.

parentID	childID	Acronym	IDO	parentSector parentRegion		
30008	30008	CITIES	0	430	430	
41122	41122	UNICEF	1	998	998	
44000	44000	WBG	1	998	998	
44000	44201	ARTF	1	998	998	
44000	44231	ESMAP	1	998	998	
47043	47043	GCDT	0	311	998	
47201	47201	3MDG	0	121	635	

Notes: The list of multilateral institutions extends the OECD/DAC list of ODA-eligible multilateral organizations and adds several variables capturing the mandate, the age and the institutional hierarchy of multilateral institutions.

(single-donor) trust fund of the parent organization, and in which sectors and regions it is active (see section 3.4). A glance at the dataset is given below (see Figure 6).

## 3.3 Variables at the parentID level

## Parent organization parentID 5-digit code

Any multilateral organization with permanent secretariat and at least three donors in a Board.

#### Child institution childID 5-digit code

De-facto affiliated institution that solely relies on the implementing capacity of the parent organization. Without a child institution being specified, *childID* equals *parentID*.

# **Acronym** acronym short string

Acronym of the institution associated with *childID*.

#### Full name name string

Full name of the institution associated with childID.

## International Development Organization ido binary variable

parentID with implementing capacity (for pass-through multilaterals, ido=0 must be coded). Missing if  $childID \neq parentID$ .

#### Year of establishment yestab 4-digit number

## All-purpose organization all purpose binary variable

Organization covers several main sectors of ODA (equivalent to parentSector = 998).

## Sector parentSector 3-digit OECD code

Most general sectorcode that circumscribes the mandate of the parent organization. For example, parentSector=110 indicates an organization that only addresses "education".

## Global organization global binary variable

Organization has global mandate (equivalent to parentRegion=998).

## Geographical mandate parentRegion 3-digit OECD code

Most general recipient code that circumscribes the geographical scope of the parent organization. For example, parent Region=625 for an aid institution that only operates in Afghanistan.

## Previously listed on Annex 2 annex2 binary variable

annex2 = 1 if parent organization has been listed on Annex 2 (version June 7, 2012).

#### 3.4 Variables at the childID level

#### Sub-division of parent organization sub binary variable

sub = 1 if childID is a sub-division of parentID; if sub = 0 and childID differs from parentID, the child institution may be a trust fund, or a program housed at the parent organization.

#### Trust fund under parent organization tf binary variable

Institution associated with childID is a trust fund housed at the parent organization; trust funds being managed by a specified sub-division also have sub = 1.

## Single-donor trust fund sdtf binary variable

sdtf = 0 if specified child institution is a multi-donor trust fund, otherwise sdtf = 1.

#### Child-institution sector childSector 3-digit OECD code

Most general sectorcode that circumscribes the mandate of the institution associated with childID.

#### Child-institution region childRegion 3-digit OECD code

Most general recipient code that circumscribes the geographical scope of the institution associated with child ID.

# 4 Component 2: Aid activities

The multi-bi aid activity data, which is the second component of the multi-bi aid dataset, has two purposes:

- 1. Assigning a multilateral channelcode to each multi-bi aid activity (parentID and a, possibly equivalent, childID)
- 2. Assessing the depth of earmarking along different dimensions, taking the perspective of the multilateral institution

We explain each of these two objectives in greater detail below, after having presented the coding procedure for this component.

#### 4.1 Coding procedure

Using the additional information from the individual project descriptions, we added and updated the channelcodes wherever they were missing, incorrect or imprecise (section 4.2). This allowed us to eventually obtain a comprehensive dataset with detailed channelcodes for all DAC donors from 1990 to 2012.

We further added information on the degree of earmarking from the perspective of the implementing organization (section 4.3). For this purpose, we evaluated project descriptions with respect to three potential dimensions of earmarking: (1) a thematic dimension (section 4.3), (2) a geographic dimension (section 4.3), and (3) an institutional dimension (section 4.3).

Within each dimension, we distinguish between no earmarking, soft earmarking, and tight earmarking depending on the degree of flexibility left to the IDOs that eventually manage and implement the projects. On the thematic dimension, for instance, tight earmarking implies that the exact project is specified, whereas soft earmarking only specifies the sector or general theme to which aid must be allocated. For geographic earmarking, we distinguish between the definition of the country (tight earmarking) and the definition of the broader region (soft earmarking). For institutional earmarking, soft earmarking refers to contributions to specific (sub-)divisions of the implementing IDOs, while tight earmarking involves the delegation of staff from the bilateral donor to the IDOs to carry out a concrete task.

Finally, we coded the available information on whether multi-bi aid reflects the initiative of a group of bilateral donors resulting in multi-donor trust funds (MDTFs) or individual undertakings leading to single donor trust funds (SDTFs) (Section 4.3). The coding regarding MDTFs versus SDTFs is based on two types of information. First, the project descriptions may entail references to a well-known trust fund having its own *childID*. Second, any mentioning of collaboration

Figure 7: The structure of the multi-bi aid activity data.

Year	Donor	Recipient	Sector	Project title	Channel name	parentID	childID	thm	prj	reg	
1990	1	625	151			 44000	44201	1	0	0	
1990	1	625	410			 44000	44000	0	1	0	
1990	2	625	151			 44000	44201	1	0	0	
1990	2	998	111			 41122	41122	0	1	0	
1990	3	998	111			 41122	41122	1	О	0	

Note: This is a simplified snapshot of the dataset to ease illustration.

with other donors in the project description led to a coding as an MDTF.<sup>13</sup> Further variables that are only of secondary role are described in section 4.3. In addition to the new variables, our dataset includes some original CRS variables.

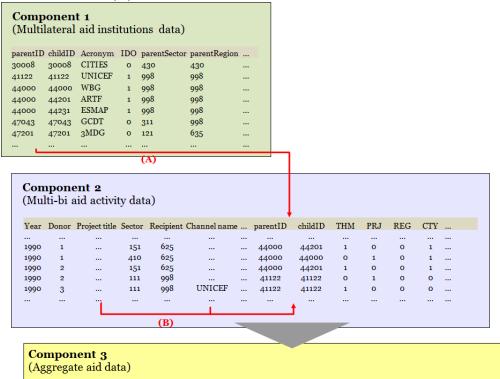
## 4.2 Completing the channelcode

As mentioned above, the coding of multi-bi aid is based on the CRS aid activity database. CRS records donor-supervised bilateral aid activities, third-country executed aid and aid activities channeled to multilateral institutions for implementation. We are interested in multi-bi aid, which, technically speaking means that we focus on aid activities with a multilateral institution in the CRS variable channelcode.

Three possible situations must be distinguished as regards the information contained in the channelcode and in the project description as provided by donors in the CRS data. In the first case, donors did not specify the exact channel (i.e., channelcode is blank from 1990 to 2004). However, the channel institution can often be inferred from channelname, which would state the name of the organization receiving the funds, or any of the three variables that contain further information on the project, notably projecttitle, shortdescription, and longdescription. We have implemented an automatic pre-coding on these auxiliary variables to filter out the relevant multilateral institutions using keyword searches with institution names. Subsequently,

This procedure may leave some MDTFs unidentified and hence bias our shares towards an overestimation of SDTFs. Yet, a comparison with data from the World Bank, where detailed information for the type of trust funds is available, increases our confidence in the appropriateness of our coding.

Figure 8: Process of identifying multi-bi aid activities through the information available in project-specific variables such as projecttitle and channelname (B), and plugging in relevant parentID and childID (A).



we went through each pre-coded multi-bi aid activity to verify the channel institution (see Figures 7 and 8).

From 2004 onwards, donors started providing the channelcode. For this period, we verified this information based on the very same approach used in the case of missing channel information, thereby correcting obvious mistakes and more precisely specifying the multilateral institution if reported information was too general (e.g., only UN reported even though UNICEF was used as channel). Using our approach, we coded parentID and childID (possibly identical to parentID) based on explicit reporting of the channelcode as well as auxiliary project information. In some instances, we could identify the multilateral institution even though it did not have a channelcode on Annex 2. The channelcode would then merely have a general multilateral identifier, but our variable parentID would have a precise identifier with a newly created institution code. To maintain consistency with Annex 2, we created another variable channel1 to which we assigned the general multilateral identifier when an institution was not explicitly mentioned on Annex 2.

In a third coding situation, it was not possible to reconstruct the multilateral institution through which the donor channeled its aid. However, a general entry in the channelcode indicated that the donor reported a multi-bi aid activity. Since in these cases we lack an independent source of verification whether the activity actually was multilaterally channeled, we left *parentID* blank but copied the general *channelcode* into *channel1*. In this way, we can recover the aggregate amount of multi-bi aid based on donors' own reporting of these activities.

In addition, our coding allows for the tracking of cases of multiple channeling. The CRS database only records the first channel of an aid activity. This implies that CRS project data do not record potential downstream multilateral channels. Nor do they capture cases in which several IDOs are involved in project implementation. Therefore, we added the variables *channel2* and *channel3* to account for possible downstream multilateral agencies, inferring this information from the auxiliary project variables. In the case of earmarked contributions to pass-through multilaterals, *channel1* records the pass-through multilateral (i.e., GEF), while *channel2* records the implementing IDO (i.e., United Nations Environment Program (UNEP)).<sup>17</sup>

<sup>&</sup>lt;sup>14</sup> For example, the 3MDG fund would have channel1=47000, even though it can be exactly identified in our coding by parentID=47201.

<sup>&</sup>lt;sup>15</sup> Throughout our coding, we ensured the highest possible degree of consistency with Annex 2. However, we treated multilateral institutions as if they existed in earlier years, e.g. see footnote 9 on UN WOMEN.

<sup>&</sup>lt;sup>16</sup> For example, if the donor merely reported channelcode=40000, we coded channel1=40000, but parentID=., since the particular institution was unknown.

<sup>&</sup>lt;sup>17</sup> In this case, channel and parentID would be identical, as parentID also captures the first channel.

## 4.3 Qualifying the type of earmarking

Although multi-bi aid always implies that an IDO receives earmarked funds, it remains an unresolved question of how much discretion the IDO has in carrying out these funds. The project descriptions contain useful information, namely the variables shortdescription, projecttitle, and longdescription. Other sources of information about earmarking to regions, countries or sectors can be found in variables such as recipientcode (aid beneficiary),  $aid_t$  (aid type), and sectorcode (CRS code of the sector at three digits) of the aid activity. We always coded from the perspective of the organization contained in parentID when deciding on the type of earmarking. This implies that we need to have identified the multilateral institution and assigned a parentID (Figure 9). From the perspective of the parent organization, we then coded three dimensions of earmarking, distinguishing between thematic, geographic, and institutional earmarking.

#### Thematic earmarking

We differentiate between soft earmarking (for broad development sectors) and tight earmarking (for specific projects). These categories are mutually exclusive: An activity is either thematically earmarked, or it is earmarked for a specific project.

Earmarking at the project level (prj) is the tightest type of earmarking and applies when a donor pre-determines funds for specific activities that have a clearly defined output, a specified beneficiary, and a clearly delineated intervention period. Examples include preparatory studies, official reports, evaluations, or conference proceedings. We used aid type for further verification; project-type interventions have the code C01 though it is often missing.

Thematic earmarking (thm) occurs when donors target a particular area in the overall mandate of the IDO. For example, the World Bank is an all-purpose IDO, but donors might want to assist "fragile states" through the multi-bi channel, which would be thematic earmarking. Some IDOs have established their own programs, e.g., for reducing water pollution. Funding of programs means co-financing programs about which the IDO decides how exactly to allocate and implement funds.

No thematic earmarking exists if contributions support the overall mandate of the IDO in an unrestricted way. Donors may report this as "general contribution", or as "support to the work program of UNHCR" (while "support to the HIV/AIDS program of UNICEF" would be thm=1 again). Support for the work program is thm=0 because there is no earmarking from

<sup>&</sup>lt;sup>18</sup> For example, multi-bi aid can only occur in aid types B03, B04, C01, D01, D02 but a blank does not mean that it is not multi-bi aid (see CRS Annex).

the perspective of the IDO.<sup>19</sup>

From this logic, it follows that thematic coding is specific to the IDO. The list of multilateral institutions in Component 1 includes a variable indicating the highest possible sector-code for each multilateral institution (parentSector), i.e., also for each IDO (see section 3).

## Geographic earmarking

With respect to the geographic earmarking depth, we distinguish between regional earmarking (reg) and country earmarking (cty). Again, the two indicators are mutually exclusive. The variable recipientcode together with information on the geographic scope of the IDO mandate (parentRegion, see Component 1) and the project description indicate which level of earmarking applies.

Regional earmarking refers to funds pre-determined for a region or a group of at least two countries in an IDO that would otherwise be able to support a larger group of countries. For example, aid channeled to the AsDB is reg=0 if the Asian region is specified as recipient region, but reg=1 if funds may be used only in the Caspian region (without a specific country being specified).

Country earmarking implies that implementation of the aid activity is restricted to one country (and the parent organization is not a country-specific organization), i.e., cty=1.

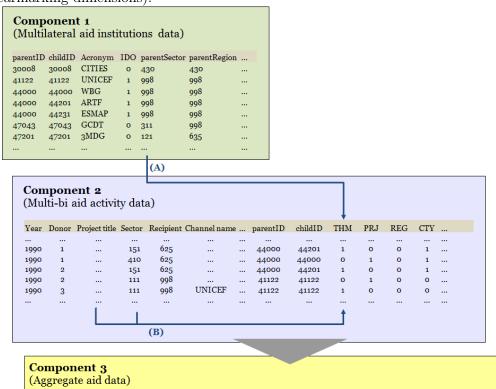
## Institutional earmarking

We also consider earmarking with respect to sub-entities of multilateral institutions (inst) and earmarking with respect to bilateral and other staff (staffbi and staffco). These categories are not mutually exclusive.

First, *inst*=1 refers to multi-bi aid that is earmarked to particular departments or other subunits such as a working group under the roof of a head organization. For example, OSCE has a special liaison office in Warsaw, ODIHR, which supports dedicated issues. Another example of *inst*=1 would be United Nations Drug Control Program (UNDCP), the flagship program of

 $<sup>^{19}</sup>$  With these coding instructions, the coding of some aid modalities is still not straightforward. For example, budget support channeled through IDOs is a flexible resource for recipients, but not IDOs. IDOs are involved in the supervision of the aid activities of the recipient rather than in the elaboration of their own projects. Therefore, budget support may rather be thm=1. In contrast, if a donor covers debt owed by the recipient to the IDO, this frees up resources for the IDO that it can freely use to allocate to its own projects. Hence, the correct coding would be thm=0. Some organizations have their own sub-accounts for buyback of debt, that are given its own childID in Component 1.

Figure 9: Schematic illustration of the coding process on the thematic dimension (similar for other earmarking dimensions).



Note: The figure schematically illustrates the coding process for the depth of earmarking, taking the example of the thematic dimension. First, we compared the activity purpose (variable sectorcode, Component 2) with information about the general scope of thematic activities by the IDO according to its mandate (variable parentSector, Component 1). If the mandate is more general than the specified activity, this implied that a thematic earmark must be set. Second, we consulted the qualitative information on the project to decide upon the level of specificity of the activity. Third, in case of doubt, we considered the information about the type of activity  $(aid_t)$ . If the donor indicated the activity to be a distinct project, we coded prj=1. Hence, the decision between thm=1 and prj=1 involves various information, implying a coder judgment. We used single coding, with automatic plausibility checks, and random spot checks.

UNODC. In addition, inst=1 applies if donors indicate specific implementing agencies under a pass-through mechanism (e.g., UNEP-implemented activity through the GEF or an earmarked contribution to a CGIAR research program through a specified research institute such as IFPRI) We code trust funds as tf=1 (see below), and never as inst=1.

Along a staff dimension, we distinguish three scenarios through a combination of two variables. If a bilateral donor sends its own experts to the IDO, we consider this the tightest earmarking (bilateral staff, staffbi=1). We verified our coding of staffbi with the CRS variable aid type, which should feature D01 for "donor personnel" though information is often missing.

If the IDO receives funds to hire additional staff at its own discretion, this implies soft earmarking (co-financed staff, staffco=1). staffco=1 also applies to cases in which a donor provides in-kind support for office space, salaries, and related social charges for existing individual positions inside IDOs (e.g., special representatives, ombudsmen, committee chairs, and the like).

If bilateral staff is provided for a UN peace-keeping mission, then staffbi=0 and staffco=0 because there is no influence of the donor on the operations of the IDO. The coding rule applies to other organizations whose main purpose is to conduct field missions. In cases of doubt whether staff was sent by the donor country, we coded staffbi=1 and staffco=1 (e.g., "staff expert").

#### Trust funds

The variable tf captures explicit reference in the project description that multi-bi aid is paid into a trust fund or that a new administrative agreement has been concluded with an IDO, i.e., tf=1 if a "trust fund" was explicitly mentioned as the form in which the contribution was held (a similar key word is "facility"). Note that tf=1 only for TFs hosted at IDOs. De-facto independent multilateral trusts may have their own parent channelcode and hence from the perspective of this fund, there is no TF-earmarking.

Whenever tf=1, we conducted further research about the governance structure of the fund to decide whether it was supported by only one donor (sdtf=1) or multiple donors (sdtf=0). Sometimes, donors refer to a "multi-donor fund" in the project description. The variable aid type can help assess whether a trust fund is a SDTF or not; B04 indicates a basket fund, which can never be a SDTF. An example of a SDTF would be a Memorandum of Understanding or partnership agreement between a donor and the IDO, which specifies the use of funds by the trustee. Examples are "framework agreement with UNIDO", or "Bank-Netherlands partnership program". If tf=0, SDTF is always missing (sdtf=.). Some TFs have gained momentum to such an extent that we have assigned them separate identifiers (i.e., a new childID, see Component 1 of the dataset).

#### Other variables

There are further variables that are only of secondary interest that give an idea of the types of activities supported through multi-bi aid. Thus, these variables should not be included in aggregate indices of earmarking of multi-bi aid. Most of the following variables are hand-coded from project-level information.

Since we focus on development activities with the goal of long-term impacts, we generate a binary variable indicating a humanitarian relief activity (hum). While the three-digit sectorcode 720 is a good guidance of short-term aid activities in the realm of humanitarian relief, our ultimate basis of judgment is the project description. It turned out that some donors reported sectorcode 720 even though the activity was not humanitarian, at least not from the perspective of the IDO. We always checked whether activities with these properties can be plausibly defined as humanitarian relief, which is conventionally defined as short-term operations lasting no longer than six months and that is directed towards alleviating immediate needs arising from disasters and sudden-onset shocks. Hence, we did not code feeding programs at WFP as humanitarian aid if they are not related to a specific crisis (e.g., school feeding programs).

All earmarking dimensions can also apply to a humanitarian relief activity. Cash contributions for a humanitarian cause are always thm=0, as well as contributions to an emergency response facility (which in addition is tf=1). In-kind contributions of several assets are thm=1, as well as "protracted relief operations". Finally, specific in-kind contributions, or contributions targeted to specific sub-groups of beneficiaries that are narrower than what the mandate of the IDO prescribes (e.g., "urban poor girls supported through UNICEF") are prj=1.

For humanitarian aid activities, we check whether the donor responds to a call (r2c=1 and hum=1), i.e., the IDOs or recipient countries themselves demand aid. r2c is automatically coded based on key words such as calls, appeals, or consolidated appeals (mostly by the UN) in the project descriptions and manually corrected. It is important to code this variable since arguably, earmarking in these circumstances is less of a problem from the perspective of IDOs.

Finally, donors sometimes make available funding to assess their multi-bi programs, either by the implementing IDO or by means of independent evaluations from third parties. An indication of such activities would be aid that is non-allocable to a specific sector (sectorcode=998) and that no recipients are specified. The binary indicator variable ev captures activities evaluating the work of IDOs. The variable is primarily hand-coded, partly assisted by automatic coding based on keywords.

In the process of hand-coding the data, we became aware of special cases that were more frequent than expected. We resorted to automatic coding to generate additional variables of interest based on the terms used in the project descriptions and the notes of the coders in the

- variable problem (PR) (search terms listed in the next section).
- **Delegates financing** Bilateral donors frequently earmark aid for supporting travel costs of conference delegates from developing countries (deleg=1).
- Conferences Donors have an interest to support specific multilateral conferences. We code as conf=1 those multi-bi aid activities supporting conferences, seminars or workshops.
- Support to missions Donor countries often send bilateral staff on missions to developing countries. Missions are in-kind and short-term support to the work of multilateral organizations (mis=1). Missions are conducted to observe elections, or for capacity building and knowledge transfer such as police training. Missions are not considered staff earmarking (staffbi) as long as the IDO relies on missions qua its mandate to perform its duties. In the realm of missions, no special treatment is given to donor country nationals and thus mis is not an earmark but an activity qualifier.
- **Reports** Multi-bi aid is often used to finance reports and studies. These cases are automatically coded as rep=1.
- Co-financing Whenever multi-bi aid supports an existing project of the multilateral agency, this co-financing is captured by cof=1. However, spot checks revealed that "co-financing" can have different meanings in different contexts. In most cases, donors indeed reinforced an existing project of an IDO. We consider this important qualifying information, as it would affect our interpretation of project earmarking (prj=1): If the project was co-financed, it would exist anyway and thus do not reduce the autonomy of the IDO in the same way as a newly established project based on donor priorities. Wherever possible, we verified that co-financing was used in this meaning. However, the automatic coding could not exclude cases in which bilateral donors co-financed each other to charge an IDO with the implementation of their joint priorities (e.g., "This project, co-financed by DFID and AusAid, aims at [...]").
- **Verification mission** To capture verification missions, which are activities to examine evidence of impact of aid projects, we code the variable verf=1.
- **Window** The variable wdw equals one whenever the project description mentions a specific window of a trust fund.
- Capacity support Activities earmarked for institutional capacity building of the IDO are coded as cap=1.

Note that the most obvious coding using keywords like "(un)earmarked contribution" can be misleading. Donors did not specify their reference level when using terms such as earmarking. For example, an "unearmarked contribution" to a small trust fund housed at a large organization may ultimately reflect a higher level of "earmarking" than an earmarked contribution for a broad theme given to the overall organization. Moreover, donors used these terms haphazardly, leading us to dismiss the possibility of a separate variable to be coded.

#### 4.4 Variables in the multi-bi aid dataset

This section lists all variables by order of appearance in the database. Note that all dimensions of earmarking are applicable to the parentID. The childID merely serves for identification of relevant affiliates of the main institution. parentID and childID are based on the cross-section database of multilateral institutions, explained in section 3. Note that in addition to the variables mentioned in this section, our dataset also includes some original CRS variables.

## Parent organization parentID\* 5-digit code

Equals parentID from Component 1, based on successful identification of the institution, otherwise missing.

## Child institution $childID^*$ 5-digit code

Equals childID from Component 1, based on successful identification of the institution, otherwise jointly missing with parentID.

#### First channel channel 5-digit code

Equals parentID if institution appears on Annex 2, otherwise it is a more general code provided by the donor; first channel of a multi-bi aid activity.

## Second channel channel 5-digit code

Second channel of a multi-bi aid activity, otherwise missing.

#### Third channel channel 5-digit code

Third channel of a multi-bi aid activity, otherwise missing.

#### Thematic earmark $thm^*$ binary variable

thm = 1 if donor specifies a broad theme within the overall portfolio of activities of the parent organization, e.g., "improvement of infrastructure" (World Bank), "minorities protection" (International Organization for Migration); but thm = 0 for "Mine clearance through UNMAS" (UNMAS has its own parentID).

## **Project earmark** $prj^*$ binary variable

prj = 1 if donor specifies a precise project (a clearly identifiable intervention) at the parent organization, e.g., "to revise the earlier UNCHS manual on solid waste vehicle and equipment" (UNCHS), "building the basis for a state statistical system".

# Regional earmark $reg^*$ binary variable

reg = 1 if donor specifies a (sub-)region within the mandate of the parent organization, e.g., "shelters in Transnistria/Abchasia" (UN), "ILO-IPEC Trafficking" and recipient code = 798; reg = 1 also if a list of countries is given within which the activity may take place.

## Country earmark $cty^*$ binary variable

cty=1 if donor specifies a country within the mandate of the parent organization, e.g., "UNDP electoral assistance in Sudan", but cty=0 for a general contribution to the 3MDG fund.

## Institutional earmark $inst^*$ binary variable

inst = 1 if donor specifies a sub-entity of a parent organization, e.g., "support to UN Crime Prevention Center (UNODC)", "expert to the Global Water unit" (World Bank); "UNESCO Institute for Statistics" (there is a separate childID for this institute due to its frequent use, while parentID is UNESCO).

#### Bilateral staff exchange staffbi\* binary variable

staffbi = 1 if the donor sends its own personnel to the program, e.g., "Junior Professional Officer (JPO)", "Associate Expert Program", "funding for secondment at the UNESCO Institute of Statistics"; hand-coding assisted by key word search on "secondment", "JPO", and similar items.

#### Other staff support $staffco^*$ binary variable

staffco = 1 for donor support to an existing position untied to nationality (e.g., "office of the Secretary-General", "ombudsmen", "tax exemption for employees"); demand for consultancy from the organization (e.g., "consultancies", "Globalkredit Sachverständige", "to support consultancy costs for the UN initiative...").

#### Earmarked contribution $em^*$ binary variable

em=1 if donor explicitly states that the activity is earmarked, e.g., "contribution affectée", "... specified activities in humanitarian action", "earmarked contribution to CGIAR"; hand-coding assisted by key word search in several languages.

## Unearmarked contribution unem\* binary variable

unem = 1 if donor explicitly states that the activity is unearmarked, e.g., "World Food Program - core funding", but also, "unearmarked contribution to ILO-IPEC program" (even though thm = 1); hand-coding assisted by key word search in several languages.

## Trust fund $tf^*$ binary variable

tf = 0 if no explicit reference to a trust fund (not necessarily listed under Component 1); tf = 1 for explicitly mentioned SDTFs and MDTFs (e.g., "UNIDO IDF", "ARTF", "ESMAP TF"); tf = 1 also for partnership agreements (see also, sdtf = 1).

## Single-donor trust fund $sdt f^*$ binary variable

Missing if tf = 0; for tf = 1, sdtf = 1 if SDTF explicitly mentioned or for a partnership agreement between the donor and the IDO, otherwise sdtf = 0.

# Humanitarian activity hum binary variable

hum=1 for humanitarian interventions, e.g., "UN/APP Ethiopia Drought", "UN Flash Appeal Pakistan Floods".

## Response to UN call r2c binary variable

r2c=1 if donor contributed to an appeal, e.g., "Flash Appeal Pakistan Floods"; hand-coded variable assisted by key word search for "CAP" and "appeal".

#### Evaluation $ev^*$ binary variable

ev = 0 for operational activities (unless the only mandate of the agency is to do evaluations); ev = 1 for evaluation activities (e.g., "evaluation of water irrigation project"), hand-coding partly assisted by key word search on "evaluation" or "assessment".

## Capacity building cap binary variable

cap = 1 if donor supports institutional capacity of the multilateral institution (typically a partnership), but not institutional capacity building for the ultimate beneficiary; key word search and manual validation;

Key words: "capacity", "instit\*strength\*".

## Co-financing cof binary variable

cof = 1 if donor supports an existing project for which the parent organization employs its own resources; key word search and manual validation;

Key words: "co-financing".

## Conference conf binary variable

conf = 1 if donor supports workshops at multilateral organizations; key word search and

manual validation;

Key words: "workshop", "conference", "seminar", "curso", "roundtable", "debate", "meeting", "ASEM".

## Recipient-country delegation deleg binary variable

deleg = 1 if donor assumes expenses related to participation of delegations at multilateral conferences; key word search and manual validation;

Key words: "representative", "particip\*", "travel cost", "travel expen\*", "deleg\*".

## Report rep binary variable

rep = 1 if donor support knowledge function of multilaterals through the preparation of reports; key word search and manual validation;

Key words: "report", "study", "human development report", "world dev\* rep\*" (and other pertinent publications).

## **Verfication** verf binary variable

verf = 1 for verification missions and other activities aimed at providing "evidence of impact"; key word search and manual validation;

Key words: "verif\*", "audit".

## Mission mis binary variable

mis = 1 if activity involves do nor participation in a field mission; key word search on selected channel institutions, manual validation.

Key words: "mission", "observat\*", "election", "police train\*".

#### Window under a trust fund wdw binary variable

wdw = 1 if donor only contributes to a specific window in a larger programmatic trust fund (e.g., private sector window at GFASP); key word search and manual validation; Key words: "window", "track"

#### UN volunteers unv binary variable

Always coded channel2=41135 and channel1 the receiving institution in the UN system (hence, channel1=parentID); Key word search and use of channel information.

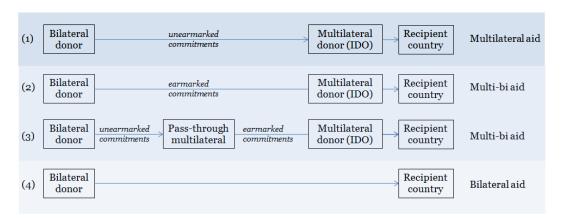
Notes: Variables with an asterisk are only coded when parentID and childID are not empty. For some variables, we used a pattern-matching algorithm strmatch in STATA, which allows searches with placeholders. Please request the detailed do-file for further information.

# 5 Component 3: Aggregate aid

The third component of our database is a time series dataset including the adjusted amounts of multilateral, bilateral, and multi-bi aid. The first part of this section describes our approach, while the second part lists the variables of Component 3.

## 5.1 Obtaining aggregate aid figures

Figure 3 (see below, replicated from above) illustrates how we distinguish between the three types of aid.



Notes: Figure replicated from above.

As the first line in the figure illustrates, we consider all unearmarked aid to a multilateral organization as multilateral aid (like the OECD). Hence, contributions to multilateral institutions, which are unearmarked according to our coding, are considered multilateral aid as well (unlike the OECD/DAC because their dataset lacks indicators for earmarking).

The second and third line show how we define multi-bi aid. All contributions having a multilateral channelcode in the CRS data are considered multi-bi aid. Line (2) thus corresponds to the OECD's definition of multi-bi aid. In addition and unlike the OECD, we also consider as multi-bi aid all contributions channelled to an international development organization with implementing capacity (an IDO) through a pass-through multilateral. Even though the aid flow from the bilateral donor to the pass-through multilateral is unearmarked, the aid is received as earmarked aid by the implementing agency. Due to the narrow mandates of pass-through multilaterals, all of their aid outflows are received as earmarked aid by the IDO which have broader mandates.

Given our approach to capture multi-bi aid from the perspective of implementing IDOs, some adjustments to the traditional channels of aid are necessary. On the one hand, aggregate

bilateral aid in the DAC1 table includes multi-bi aid. The OECD/DAC considers multi-bi aid as a bilateral flow being channeled through IDOs. To obtain the net amount of bilateral aid (bilateral aid not channeled through IDOs), we simply subtract multi-bi aid from total bilateral aid.

On the other hand, aggregate multilateral aid includes the unearmarked donor contributions to pass-through multilaterals, particularly, the European Union institutions, GAVI, GEF, and the GFATM. Among all multilaterals, we have coded multi-bi aid exhaustively for these four multilaterals. Hence, the aid amounts in CRS through these four multilaterals that ultimately became earmarked contributions to implementing IDOs must be deducted from the multilateral aid accounts of donor countries to avoid double-counting. Note that other outflows from these four multilaterals as far as they are not channeled through IDOs are not affected. For example, if the EU institutions channel 10 percent of their own outflows through other IDOs, while implementing 90 percent on their own, the original multilateral contributions of their member states must be deducted by exactly 10 percent, assuming that member state inflows that are intended to be earmarked later on will ultimately match the earmarked outflows.

## 5.2 List of variables for Component 3

**Year** year 4-digit number

Any year between 1990 and 2012.

#### Multilateral aid ml float number

Aggregated multilateral aid as reported to the OECD/DAC statistics (Table DAC1) covering 23 DAC donors; figures converted into 2011 constant million USD.

#### Net multilateral aid *mlnet* float number

Multilateral aid (ml) corrected in two ways: (1) the amount of multilateral contributions to four multilaterals that eventually become earmarked contributions to IDOs (these four multilaterals are GAVI, GEF, GFATM, and EU institutions); (2) activities in the CRS data channeled through multilateral institutions that actually are unearmarked (hence, correcting coding errors on the part of donors).

#### Bilateral aid biDAC1 float number

Bilateral aid as reported to the aggregate OECD/DAC statistics (Table DAC1) covering 23 DAC donors; figures converted into 2011 constant million USD.

#### Net bilateral aid biDAC1net float number

Bilateral aid (biDAC1) corrected for the multi-bi aid flows by the 23 DAC bilateral donors

 $(mbi\_bl)$ ; figures converted into 2011 constant million USD. An alternative is provided by the aggregation of bilateral aid activities (not channeled through multilaterals) based on the CRS (biCRSnet). Until the mid-2000s, donors reported their total bilateral flows separately from the individual aid projects, which may imply some discrepancy between these figures.

#### Multi-bi aid mbi float number

Total multi-bi aid contributed by any donor; aggregated from Component 2.

## Multi-bi aid from donor countries mbi bl float number

Multi-bi aid from bilateral donor countries (corresponding to line 2 in Figure 3). 23 DAC donor countries covered from 1990 to 2012.

Multi-bi aid from four pass-through multilaterals  $mbi\_pm$  float number Multi-bi aid from four multilaterals (i.e., GAVI, GEF, GFATM, EU institutions), corresponding to line 3 of Figure 3.

# 6 Examples

## 6.1 Example of discontinuity and risk of double-counting

"The Global Environment Facility (GEF) was created in 1991 as a programme within the World Bank, but gaining more autonomy in 1994 in the wake of the Rio Earth Summit. GEF generally contributes its funds to the World Bank, the UNDP or the UN Environment Programme (UNEP) for actual implementation (GEF 2013). Once the OECD/DAC recognized the GEF as an independent agency, the GEF's contributions to the actually implementing IDOs were accounted for as bilateral aid. Simultaneously, the bilateral donors' contributions to the GEF that provided the financial basis for the GEF's funding of Word Bank, UNDP or UNEP programmes were reported as multilateral aid. Hence, simply adding up all financial flows leads to double counting ever since the GEF was recognized as an autonomous organisation whose own aid allocation also appears in DAC statistics. In contrast, had the GEF been continued as a simple program within the World Bank, related contributions would have been counted only once, namely as bilateral, earmarked aid channelled through the World Bank.

This is no rare example: In summer 2014, there were more than 90 of these "pass-through multilaterals", i.e., multilateral funds funding the activities of existing IDOs. They are often called "global funds" by the OECD or "financial intermediary funds" by the World Bank. As explained above at the example of the GEF, whenever the DAC members consider these organisations as sufficiently autonomous from their parent organisations (e.g., the World Bank or the

UN), the contributions of bilateral donors to these organisations are coded as multilateral aid in the CRS, while the pass-through organisations' own contributions are considered as bilateral aid. These new multilaterals - along with the GEF one might want to mention the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) or the Global Partnership for Education (GPE) generally earmark their financial contributions when they provide them to the IDOs eventually intended to implement the projects. Hence eventually, aid channelled through these organisations mostly turns into multi-bi aid." (Reinsberg, Michaelowa, and Eichenauer 2015: 9).<sup>20</sup>

## 6.2 Coding examples

We do not provide examples in this codebook, as the data can be easily browsed through in statistical software. Students of multi-bi aid in particular institutions will be able to filter the relevant channelcodes and hence understand how specific project information were coded as regards the depth of earmarking.

# 7 References

- Droesse, Gerd (ed.) (2011). Funds for Development: Multilateral Channels of Concessional Financing. Asian Development Bank: Manila.
- GEF (2013). Report of the Global Environment Facility to the Conference of the Parties.

  United Nations Framework Convention on Climate Change, Warsaw.
- Marcoux, Christopher, Claire Peeters, and Michael J. Tierney (2012). Principles, Principals, and Power: Institutional Reform and Aid Allocation at the Global Environment Facility (GEF).
- OECD (2012). Multilateral Aid Report 2012. Organisation for Economic Co-operation and Development, Paris.
- OECD (2013). Annex 2: List of ODA-eligible multilateral institutions, Version June 2012 (accessed June 26, 2013).
- OECD (2014). CRS Activity Database. Available online (http://stats.oecd.org). Years 1990 to 2011 downloaded on March 20, 2014; Year 2012 on January 10, 2014. Commitments and disbursements transformed into 2011 constant million USD.

<sup>&</sup>lt;sup>20</sup> For an excellent account of the history of the GEF, see Marcoux, Peeters, and Tierney (2012).

- Reinsberg, Bernhard, Katharina Michaelowa, and Vera Z. Eichenauer (forthcoming). The proliferation of trust funds and other multi-bi aid. Handbook on the Economics of Foreign Aid. Edward Elgar.
- UN (2011). Analysis of the funding of operation activities for development of the United Nations system for 2009. Report of the Secretary-General. United Nations General Assembly Economic and Social Council, Geneva.

World Bank (2012). 2011 Trust fund annual report. The World Bank Group, Washington D.C