Do Less Transparent Donors Allocate Aid Differently?

Description

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JÃ¶rg Faust , German Development Institute D-I-E, 2010, APSA 2010 Annual Meeting Paper.
Available as pdf

Abstract:
â??Foreign aid is said to be more effective for development if it is allocated to relatively poor recipient countriesâ?? with relatively sound political institutions. This allocation rule also meets the preferences of citizens in donor countries, who expect their government to spent aid on countries that are needy and institutionally prepared to use it well. Unfortunately, aid allocation in the past often has diverged from this rule because donor governments and other bureaucratic agents often pursue special interest politics. This paper studies the variance of aid allocation patterns across donor countries. It relates this variance of aid allocation patterns to different levels of political transparency within donor countries. Where political transparency is high, donor governments are more accountable and have less maneuvering space to diverge from technocratic expertise and citizenâ??s preferences. An empirical test, using data for the 1998-2008 period confirms this hypothesis. Donor countries with higher levels of political transparency allocate aid more according to recipient countriesâ?? neediness and institutional performanceâ?•

Tags

1. aid allocation
2. Conference papers
3. transparency

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