

With a Little Help from My Friends:
Global Electioneering and World Bank Lending

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Abstract: This paper uses monthly World Bank project-level data to assess the impact of upcoming elections in recipient countries on loan activity. We analyze the extent to which geopolitics influence both the timing and size of loan commitments and disbursements. While developing countries have better access to new World Bank loans when they vote with the U.S. in the United Nations General Assembly, we do not find that the political cycle plays a role in the timing or size of new loans. For already approved loans, disbursement is faster when countries are aligned with the U.S. in the UN. Furthermore, disbursement accelerates prior to elections if the country is geopolitically aligned with the U.S. but decelerates if the country is not. These disbursement patterns are consistent with global electioneering that serves U.S. foreign policy interests.

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“What would you do if I sang out of tune/ would you stand up and walk out on me?”

John Lennon and Paul McCartney

1. Introduction

Do powerful World Bank members influence the institution’s lending practices to improve re-election prospects for friendly governments? Faye and Niehaus (2012) provide evidence that large donors increase their bilateral aid to friendly governments that face competitive executive elections. While there is a substantial literature on U.S. influence over World Bank lending activities (Akins 1981, Gwin 1997, Fleck and Kilby 2006), the link with recipient country elections has not been explored in depth. This paper builds on previous analysis of aid electioneering to explore whether World Bank lending responds differentially to competitive executive elections in countries aligned with the U.S. on United Nations General Assembly (UNGA) votes.

From a practical viewpoint, World Bank data provide several advantages over the annual data on aid flows typically available (Dreher and Vaubel 2004, Faye and Niehaus 2012). World Bank data are available at the project level which allows detailed controls for the composition of aid. Timing information—critical for determining if aid is provided in the run-up to an election rather than far earlier or even after the election (Faye and Niehaus 2012, Appendix)—is precise. For each project, we have the date of the initial loan commitment as well as month-by-month data on subsequent disbursements. Paired with vote-by-vote UNGA data, this allows analysis at the monthly level.

World Bank lending can improve an incumbent government’s re-election prospects via two channels, announcement value and expanded government resources. Announcements of

new World Bank lending can signal to the electorate the “quality” of the incumbent government, i.e., World Bank support of the government and its policies as well as the government’s ability to deliver resources (either as public goods or as private goods for key constituencies). This holds even if there is insufficient time prior to an election for the additional resources to impact voters because of lags between loan commitment and disbursement or lags between government spending and its impact on the economy. However, approving a new project for the purpose of influencing an election (and thus necessarily during a fairly narrow time window) may be impractical given World Bank project preparation procedures.¹ Disbursement of an existing World Bank loan, in contrast, may be easier to influence in a short period of time. This would not help the incumbent government by providing the opportunity for a well-publicized announcement, but it would expand government resources directly (through loan disbursement) as well as indirectly (through potentially improved access to private capital, bilateral aid and multilateral aid from other sources, especially if receiving the disbursements signals compliance with loan conditions).

World Bank loans fall into one of two categories, investment project lending and development policy lending (DPL). These categories differ significantly in terms of publicity and disbursement profiles and thus would not be interchangeable for electioneering purposes. Approval of investment projects may have some announcement value, but disbursement ramps up relatively slowly so that approval of a new investment project is unlikely to provide significant additional resources within the relevant timeframe for an election.² In contrast, DPLs

¹ See Kilby (2013B) for a detailed analysis on the political economy of World Bank project preparation.

² Of 5790 World Bank investment project loans approved between January 1, 1984 and September 1, 2012, only 341 (6%) reached 25% disbursement within a year of approval; the median time to reach 25% disbursement was 34 months. Just 116 investment project loans (2%) reached 50% disbursement within a year of approval; the median time to reach 50% disbursement was 49 months.

are both high profile and quick-disbursing.³ Yet the announcement value of a new DPL may well be negative because of controversy over the neoliberal policies underpinning DPLs and public perception of foreign imperialism. In addition, DPL disbursement may be tied to implementation of contractionary policies that are unlikely to benefit an incumbent government (though enforcement of World Bank conditionality has a decidedly mixed record; e.g., Mosley *et al.* 1995, Kilby 2009). In summary, the existence of different channels and loan categories through which influential shareholders may engage in electioneering necessitates a separate analysis of investment loans and DPLs as well as of new loan commitments and the flow of disbursements from ongoing projects.

We present evidence of electioneering tied to U.S. geopolitical interests in the disbursement of World Bank investment loans. We first examine projects' disbursement speed which we define in terms of the number of months until 25% of the project commitment amount is disbursed.⁴ Disbursement speed increases with the recipient country's geopolitical alignment with the U.S. Furthermore, periods before a competitive executive election reveal a strong differential effect: disbursement accelerates for countries aligned with the U.S. For example, a two standard deviation increase in UN voting alignment with the U.S. (e.g., Algeria v. Poland) is associated with a 6.8 month reduction in the time for disbursements to reach 25% with no impending election and an 11.3 month reduction with impending elections. This predicted difference is most often due to accelerated funding for governments that are favored rather than

³ Of 1135 World Bank DPLs approved between January 1, 1984 and September 1, 2012, 853 (75%) reached 25% disbursement within a year of approval; the median time to reach 25% disbursement was 4 months. Six hundred eighty-two (60%) reached 50% disbursement within a year of approval; the median time to reach 50% disbursement was 6 months.

⁴ The fewer the months to reach 25% disbursed, the greater the disbursement speed. In most cases changing the threshold to 50% or 75% has little impact on results (in terms of sign, significance or magnitude of coefficient estimates). Below we note the few cases where differences arise.

blocked disbursements for those that are not. However in the case of low alignment with the U.S., our results imply a slow-down in disbursement as an election approaches.⁵

Further supporting evidence is provided by a Tobit analysis of monthly disbursement data for active investment projects. We find greater disbursement for an investment project before competitive elections; this effect is larger when the country is geopolitically aligned with the U.S.

We do not find strong empirical support for powerful shareholders' use of the announcement channel. Loan commitments do not appear to be affected by the political cycle. There is some evidence, however, of a direct link between new commitments and geopolitical alignment with the U.S., a result that mirrors those of earlier studies (Andersen, Hansen and Markussen 2006, Dreher *et al.* 2009A). One potential explanation for the absence of an election effect is the significant amount of time it takes the World Bank to prepare a new project (Kilby 2013B). As a result, electioneering via generating new projects may be impractical.

Section 2 discusses the existing literature in more detail, highlighting the fronts along which the present paper makes progress. Section 3 provides details on the data and discusses modeling choices. Section 4 presents the results of the disbursement speed analysis, section 5 contains the discussion of the Tobit analysis of disbursements at the project-month level and section 6 contains the analysis of new loan commitments. Section 7 discusses the results and their robustness while section 8 concludes.

⁵ Twenty-five percent of observations have political alignment below the critical value at which having an election slows disbursements.

2. Previous research

The notion that powerful countries like the U.S. might influence World Bank lending to improve re-election prospects for friendly governments is built on a set of three premises. First, borrowing governments are able to direct these funds to key groups of voters, and this impacts election outcomes. Second, donors governments engage in electioneering, i.e., there is a political aid cycle. Third, powerful members of international financial institutions (IFIs) like the World Bank are able to influence the timing and amount of funds allocated by these institutions. Roughly speaking, these are means, motive, and opportunity.

Anecdotal evidence that aid funds are used by recipient governments to curry favor from important constituencies abound. Harder empirical evidence is also now emerging as geo-coded aid data become available to illuminate the subnational distribution of aid. Hannes and Nunnenkamp (2013) analyze data on the subnational allocation of World Bank and African Development Bank loans in 27 countries and find a bias toward the birthplace of the country's leader, consistent with government tactics to maintain ethnic-based political support. Briggs (2014) examines project aid in Kenya from the late 1980s to the mid-1990s and shows that even in this setting—with a small, relatively homogeneous set of donors who did not favor the incumbent—aid allocation was biased toward regions of the country favored by Kenya's president. This illustrates that aid flows can favor the incumbent even when aid donors do not. Focusing on Kenya in a later period with (sometimes) competitive elections, Jablonski (2014) examines the subnational distribution of World Bank and African Development Bank lending and finds strong evidence that aid flows are useful for incumbent governments. The allocation of these funds is biased toward regions of the country which support the incumbent regime (as measured by ethnic affiliation or past voting behavior) and change accordingly when regimes

shift. Jablonski also presents empirical evidence that aid flows do impact voting (as measured by election victory margins) and thus can help incumbent governments win elections.⁶

Given that additional aid can be used by incumbents to improve their re-election prospects, do donors provide more funding to favored governments in advance of elections? According to a recent study by Faye and Niehaus (2012), the answer is yes. Bilateral aid from the 5 largest Development Assistance Committee (DAC) donors—France, Germany, Japan, the United Kingdom, and the United States—increases in election years for governments that vote with the donor in the UNGA but decreases in election years for governments that vote against the donor in the UNGA.⁷

Finally, is it possible for powerful countries to influence decisions in IFIs like the World Bank in this fashion? Despite institutional charters that prohibit political considerations, past research on the World Bank, the International Monetary Fund (IMF) and other IFIs does identify the impact of geopolitics on numerous activities. Empirical analysis of the geopolitics of World Bank lending begins with Akins (1981) who finds that World Bank commitments reflect U.S. trade flows and bilateral aid.⁸ Expanding the scope of Akins' research, Frey and Schneider (1986) find that former colonies and current trading partners of U.K., France, and the U.S. receive more World Bank funding, *ceteris paribus*. The set of geopolitical variables used in the now extensive literature on the political economy of IFIs includes UN voting patterns—

⁶ The role of aid in elections also relates to the literature on leader survival (Bueno de Mesquita and Smith 2007, Licht 2010), regime change (Bermeo 2011, Aidt *et al.* 2012), and government crisis (Dreher and Gassebner 2012) though those models can apply even in the absence of contested elections.

⁷ Diarra (2011) examines disbursement speed of ODA in Africa using aggregate flows. In this setting, the effect of elections is negative (possibly reflecting donor concerns about misuse of aid funds) but the aggregate nature of the data do not allow exploration of donor-recipient alignments and thus cannot address political aid cycles.

⁸ Discussing the disparity between his descriptive analysis (which finds substantial U.S. control) and his empirical analysis (which finds limited U.S. control), Akins suggests that a project level analysis may be more appropriate. (Akins 1981, 286)

especially alignment with the U.S. on UNGA votes designated as important by the U.S. State Department—and temporary membership on the United Nations Security Council (UNSC).⁹

Whether or not IFIs are apolitical, their client governments clearly are influenced by politics so that IFI operations may be impacted by borrowing country elections. Demand for loans as well as borrower willingness to meet lending conditions may depend on the political cycle. To the extent that outcomes are the result of a bargaining process, variation in a country's willingness to meet lending conditions may result not only in variation in lending activity but also in variation in conditionality. These possible electoral effects have been explored more thoroughly for the IMF than for the World Bank. Dreher and Vaubel (2004) uncover evidence that IMF lending facilitates a political business cycle, with higher lending in the eighteen months prior to elections and in the eighteen months after an election (see also Vreeland 1999 and Przeworski and Vreeland 2000). Harrigan *et al.* (2006) also find a higher probability of an IMF program in Middle East and North African (MENA) countries the year after an election. Dreher and Jensen (2007) find fewer conditions for borrowing countries that vote with G7 countries, especially for programs initiated prior to elections. Rickard and Caraway (2014) focus on labor conditions—the element of IMF packages most salient for elections—which turn out to be less stringent in the 6 months prior to an election; the further away the election, the more stringent these conditions become. The authors attribute this to improved borrower government leverage.

⁹ Empirical research on the political economy of IMF lending includes Andersen, Harr and Tarp (2006), Barro and Lee (2005), Dreher *et al.* (2009B), Dreher and Jensen (2007), Stone (2002, 2004, 2011), and Thacker (1999). Work on the political economy of World Bank practices includes Andersen, Hansen, and Markussen (2006), Dreher *et al.* (2009A), Fleck and Kilby (2006), Kaja and Werker (2010), Kilby (2009B, 2013A, 2013B, 2014) and Weck Hannemann and Schneider (1991). The literature on the Asian Development Bank includes Kilby (2006, 2011A) and Lim and Vreeland (2013) while Bland and Kilby (2011) and Hernandez (2013) analyze the Inter-American Development Bank. Vreeland and Dreher (2014) examine the impact of temporary UNSC membership in numerous settings.

However, bargaining does not always result in agreement. Dreher (2003) finds IMF program interruptions more likely around election dates.¹⁰

While this research links IMF lending and conditionality to the timing of elections, such links may result from borrower politics (demand side) rather than geopolitics (supply side).¹¹ The same cannot be said of IMF forecast bias. Examining IMF forecasts for industrialized countries, Aldenhoff (2007) finds strong evidence of a “political forecasting cycle” in IMF forecasts about the U.S. economy, i.e., an upward bias for GDP growth and a downward bias for inflation prior to U.S. elections. Using a wider sample of countries, Dreher *et al.* (2008) uncover similar bias in IMF inflation forecasts prior to domestic elections for governments that vote with the U.S. on UNGA resolutions.

This paper focuses instead on political cycles in World Bank lending. Previous empirical work on this topic is limited to Dreher and Vaubel (2004) which reports lower borrowing from the non-concessional branch of the World Bank in the eighteen month period following an election. While our approach is quite different from the existing political aid cycles literature in a number of dimensions, there are two key innovations: First, as with Dreher (2003) for IMF lending, Dreher *et al.* (2008) for IMF forecasts, and Faye and Niehaus (2012) for bilateral aid, we examine the differential effect of elections when countries are aligned with the U.S. and when countries are not aligned with the U.S. to identify U.S./World Bank choices (supply effects) separately from recipient government choices (demand effects). Second, we make use of a much richer data set than was available to previous researchers, one with monthly project-level

¹⁰ Breen (2013) does not find an election year effect in his analysis of IMF conditionality.

¹¹ Dreher and Jensen’s (2007) election result is hard to explain without geopolitics since it is conditional on UN voting alignment. This approach and that in Dreher *et al.* (2008) most closely parallels the identification strategy we use in this paper.

data that allows us to avoid the pitfalls associated with aggregating over time and over heterogeneous types of aid.

3. Data and Estimation Method

We begin our analysis by examining the factors that influence the speed at which a World Bank project disburses funds. For each project, we compute the number of months it takes for cumulative disbursements to reach 25% of the total committed amount. Project data come from the World Bank Projects Database (World Bank 2013). These include approval date, commitment amount (for IBRD loans and IDA credits), sector, and lending instrument for 7,148 projects. In addition, we scraped monthly disbursement data from the on-line version of this database. Disbursement data are available by month for the vast majority of IBRD/IDA projects approved on or after January 1, 1984; our data collection ended September 17, 2013. However, our estimation sample stops in December 2010 because of availability of election data. We arrive at 433,957 monthly observations on 6,549 projects, an average of 66 months per project.

[Figure 1 about here]

Figure 1 displays the average cumulative disbursement pattern separately for investment projects and DPLs. The horizontal axis is the number of months since project approval while the vertical axis is cumulative disbursement as a share of total commitments, averaged over either all investment projects or all DPLs. Figure 1 illustrates that disbursement speeds differ dramatically across these types of activities: one year after approval, the average DPL project has disbursed 80% of committed funds while the corresponding number for investment projects is less than

10%.¹² For the following disbursement speed analysis a sample split along this dimension is thus a natural choice. We proceed to discuss the sample of investment projects, followed by DPLs.

[Table 1 about here]

As indicated in Panel A of Table 1, there are 5,369 investment projects in our sample. The average investment project takes 36 months for disbursements to reach 25% of the committed amount, ranging from projects where it took only a single month to one that reached the threshold only after 154 months (a \$500 million financial intermediary loan to Argentina approved in March 1994).

Special attention is warranted to the definition of the political economy variables *UN Alignment* and *CEE*. *UN Alignment* reflects the degree to which the recipient country's UN voting record matches that of the U.S. The basis for the measure consists of all UN votes that occurred in the previous 12 months and that the U.S. State Department officially designated as 'important.' *UN Alignment* ranges from zero to one, with one indicating perfect alignment.¹³ This measure, with minor variations, has been widely used in the literature on the political economy of foreign aid (e.g. Thacker 1999, Dreher and Jensen 2007). United Nations General Assembly voting data are drawn from Strezhnev and Voeten (2013) and U.S. State Department (1984-2012).

¹² Cumulative disbursement figures may exceed 100% or plateau below 100% for various reasons. Commitment and disbursement figures are reported in USD while the actual loans are in a variety of currencies (e.g., Euro). Thus, reported disbursements may exceed 100% when the dollar declines in value between commitment and disbursement or plateau below 100% when the dollar rises in value between commitment and disbursement. Cancellation of part of the loan amount (for projects finishing under budget or when portions of the planned project are cancelled) also contributes to cumulative disbursements not reaching 100%. Note that the DPL graph implicitly weights recent years more heavily since the advent of single tranche operations transformed larger, multi-tranche operations into more frequent, smaller operations. These latter DPLs are often approved only after conditions are met and so typically disburse quickly and fully.

¹³ We assign each vote a 1 if the country and the U.S. vote the same (treating abstentions and absences as equivalent), a 0 if the votes are opposite, and $\frac{1}{2}$ if one party abstains/is absent while the other votes. *UN Alignment* is the average of these values over the 12 month period.

CEE is binary and in any given month takes on the value one if a competitive executive election takes place within the next 12 months, zero otherwise. Data on the timing and competitiveness of recipient country elections are drawn from the National Elections across Democracy and Autocracy (NELDA) database (Hyde and Marinov 2012). Following Hyde and Marinov and also Jablonski (2013), we define competitive elections as elections meeting three criteria: i) there is more than one legal party, ii) opposition is allowed, and iii) there is a choice of candidates on the ballot.

Note that both *CEE* and *UN Alignment* are available by country at a monthly frequency. To investigate disbursement speed at the project level, we average *CEE* and *UN Alignment* across the months leading up to and including the month when cumulative disbursement reaches 25% of the committed amount. The mean of 0.12 for *CEE* indicates that for the average investment project one month in nine falls into a pre-election period. Of our investment project sample, 3,222 projects (60% of the sample) have a zero value for *CEE*, indicating that the project began and reached at least 25% disbursed without there being a forthcoming election in the country. The remaining 2,147 projects all include pre-election periods that correspond to a total of 152 competitive executive elections in 89 countries during the years 1984 to 2010.

Approval Period is the project's approval date measured in months since 1960 and thus allows for secular trends. *Approval Period* ranges from 288 (January 1984) to 611 (December 2010) and averages 450 (July 1997). *IDA* is a dummy variable, equal to 1 for projects that include IDA funding (i.e., no interest loans from the concessional window of the World Bank), some 54 percent of the sample. *Project Size* is the log of the project commitment amount (i.e., the amount of the IBRD loan and/or IDA credit) in millions of dollars. This ranges from -0.76 (a \$470,000 specific investment loan to Tajikistan approved in June 2000) to 8.23 (a \$3.75 billion

specific investment loan to South Africa approved in April 2010), with an average of 3.65 (\$38.5 million).¹⁴

We also include several widely available macro variables to capture the quality of the policy environment, the level of development, and the country's size. As with the political economy variables, these are averaged over the relevant period. *Inflation* is the annual percentage change in the GDP deflator and ranges from slightly less than zero to about 60 percent. *GDP* is the log of purchasing power parity (PPP) GDP in 2005 dollars, averaging 24.12 (\$29 billion) and ranging from 18.41 (\$99 million) to 28.98 (\$3.9 trillion). *Population* is the log of population which averages 17.10 (27 million people) and ranges from 10.63 (41 thousand people) to 21.01 (1.3 billion people). Data for all three variables are drawn from the WDI (Azevedo 2011, World Bank 2014E).

Turning to the DPL data, Panel B of Table 1 displays the summary statistics for the 1014 DPLs in the dataset. The important difference to note is the drastically higher disbursement speed. DPL projects reach 25% of commitments within a time frame ranging from 1 to 64 months, with an average of less than six months. In contrast to investment projects, DPLs generally have fewer, larger disbursements and complicating matters is the fact that the number of disbursement tranches has changed over time. At the official advent of adjustment lending in the early 1980s, program loans were structured in multiple tranches, each scheduled to disburse if the recipient government reached pre-determined benchmarks by the appointed date. Over time, the World Bank has shifted to single tranche operations where World Bank Executive Board approval of a DPL signals compliance with adjustment conditions and disbursement

¹⁴ Because of skew in the distribution of loan sizes, the average without logs is considerably higher at \$83.4 million.

follows directly.¹⁵ Thus, for analysis at the project level, both comparisons of DPLs over time and aggregation of DPLs over time pose problems.

We control for changing disbursement schedules by including approval period as an explanatory variable in all project-level specifications. In addition, fixed effects for lending instrument type and sector board code control for systematic differences in disbursement speed across those loan categories.

4. Disbursement Speed Analysis

We estimate the baseline specification using Ordinary Least Squares (OLS):

$$\# \text{ months}_{ijls} = \beta_1 UN \text{ Alignment}_j + \beta_2 CEE_j + \beta_3 X_i + \beta_4 Z_j + \gamma_j + \gamma_l + \gamma_s + \varepsilon_{ijls} \quad (1)$$

The unit of analysis is a project i that takes place in country j , uses lending instrument l , and falls into sector s . The dependent variable is the number of months it takes for cumulative disbursements to reach the threshold of 25% of the total committed amount.¹⁶ Country variables $UN \text{ alignment}$, CEE and Z are averages computed over the months during which the project's cumulative disbursement were at or below the threshold. The variables contained in the project-specific vector X include *Approval Period*, *IDA*, and *Project Size*. The country-specific vector Z contains measures of *Inflation*, *GDP* and *Population*. The model estimated includes a set of dummies for lending instrument type (γ_l), a set of dummies for project sector (γ_s), and country fixed effects (γ_j). Table 2 presents the results.

¹⁵ The median time from loan approval to reach 50% disbursement has fallen from 14.5 months for DPLs approved in the 1980s to 11 months for DPLs approved in the 1990s to 4 months for DPLs approved since the start of 2000.

¹⁶ Changing the cut-off threshold does not change the results, with the exception of very few cases. Those are discussed in detail below.

[Table 2 about here]

Column 1 of Table 2 corresponds to our baseline specification. The results indicate that projects take less time to reach 25% disbursement when the government is more aligned with the U.S. in the UN. Furthermore, projects occurring in pre-election periods take a shorter time to reach the threshold although this difference is not statistically significant. The coefficients on *Approval Period* and *Project Size* indicate that more recent and larger projects disburse more quickly, while the distinction between IBRD and IDA has no impact on the disbursement speed. Note that these results do not necessarily indicate favoritism or electioneering: The coefficient on *UN Alignment* might just indicate that when governments vote with the U.S. they also have other characteristics that allow for quicker loan disbursements (e.g., higher bureaucratic quality). Any election effect may be a demand story: in the run-up to an election a government may intensify efforts to secure disbursements from existing World Bank loans.

Column 2 presents the results of the baseline specification with the interaction of the two political economy variables. The results display a differential effect when projects cover a pre-election period: Loan disbursement accelerates prior to an election when the government is aligned with the U.S. In contrast, when governments are not aligned with the U.S. they see a deceleration of disbursements in pre-election months. Note that this result cannot be reconciled with the previous explanations: if governments are simply better at fulfilling requirements necessary to receive disbursements when they also happen to be aligned with the U.S., this effect should be independent of election timing. Similarly, if the election effect were purely a demand effect there would be no difference between cases where a government is aligned with the U.S. and cases where it is not. We thus interpret these results as evidence of electioneering with the goal of helping administrations that are friendly toward the U.S.

This effect is quantitatively significant. The difference between a high and a low level of geopolitical alignment with the U.S. makes a difference of 6.8 months in the time to reach 25% disbursed. This difference increases to 11.3 months in the case of an upcoming election.¹⁷

Our analysis requires us to decide how to treat projects that a) never reach cumulative disbursements of 25% of total commitments or b) have not reached that threshold by the end of our sample, December 2010. Columns 3 and 4 of Table 2 repeat the same estimation using a smaller sample where all of these cases are removed. (By keeping them in the sample, the estimations underlying columns 1 and 2 implicitly assume that the threshold is reached in the last month we observe the project.) The results are not qualitatively different; while the coefficient estimates are generally smaller, their sign and statistical significance are not changed.¹⁸

[Table 3 about here]

Next we turn to the analysis of DPL projects. Table 3 depicts the results of the same estimations on the changed sample. Our main finding is that there is no effect of geopolitical alignment with the U.S. or election-related timing on the disbursement of development policy loans. Note that the drop in number of observations between columns 3 and 4 versus 1 and 2 is much smaller than in the previous case (26 versus 804). The reason is the generally shorter duration of DPL projects: since disbursement occurs in big tranches there are very few projects that never reach 25% of the committed amount, and the number of censored projects (“cut off” due to our sample ending) is also considerably smaller.

¹⁷ For this computation we assume a difference of two standard deviations in the variable *UN Alignment*. This is the difference between countries such as Algeria and Poland, for example. The change in *CEE* is set to 0.29 if there is an election (the difference between zero and the variable mean conditional on being strictly positive).

¹⁸ The exception is the estimated coefficient for *CEE* which is now statistically significant in the baseline specification.

We also examine the robustness of our result to a change in the cut-off percentage. Since there is no deep theoretical reason to choose 25% of total commitments as the threshold to measure disbursement speed, we also use 50% and 75%.¹⁹

[Table 4 about here]

Table 4 presents the results, reporting only for the key political economy variables. The first three columns contain the 25%, 50% and 75% threshold results for investment projects while the last three show the parallel results for DPLs. We use the smaller samples throughout, i.e. projects that never reach the threshold in question are omitted, because this becomes a more serious issue as we move to 50% and 75% thresholds. A consequence of this approach is that increasing the percentage cut-off reduces the number of investment projects in the sample. However, as shown in Columns 1-3, increasing the threshold does not affect the significance of our main results. In fact, the coefficients on *UN Alignment*, *CEE* and the interaction all increase as the cut-off moves from 25% to 75%. This finding is intuitive, as the number of months it takes the average project to reach 75% of commitments is higher than for 25%, and acceleration would thus imply a larger change in the number of months.

Columns 4-6 show that there is an effect of geopolitical alignment on the disbursement of DPL programs, provided one allows for a sufficiently long time horizon. As the threshold increases, the coefficient on *UN Alignment* becomes negative and statistically significant. The

¹⁹ The trade-offs involved are as follows: Choosing a smaller cut-off focuses on the beginning of the life of a project and generally involves fewer periods. This results in more variation for our political economy variables as they are computed over a relatively small number of months. A larger cut-off, on the other hand, allows us to capture most of the life of the project, meaning evidence of acceleration or deceleration is less likely to be counteracted at a later time which is outside of the sample and thus unobserved. The long time period, however, means that the UN voting data and our measure of being in a pre-election period are somewhat diluted by averaging over, in many cases, several years. Because we see one important advantage of our study to be the detailed, monthly structure of our data, we choose the 25% threshold as the default.

results in Column 6 imply that a difference of two standard deviations in *UN Alignment* results in a difference of more than three months in the time to reach 75% disbursement. Note that on average a DPL project reaches that point after only 13 ½ months, so this is no small effect. The fact that DPLs disburse much more rapidly than investment projects is likely the cause of the lack of a result for the 25% cut-off.

However, we do not find any evidence of electioneering using DPLs across the three different cut-off percentages; the estimated coefficients on *CEE* and the interaction term never reach statistical significance.

5. Project level data at the monthly frequency

In this section we approach our question from a different angle. Instead of reducing every project to one observation, we exploit the richness of the data by estimating the determinants of disbursement for each project during each active month separately. While drastically increasing the number of observations, this approach also raises a number of questions, the most important of which we discuss in the following. First, the estimation method needs to take into account the large number of zeros in the data.

[Table 5 about here]

As Table 5 indicates, for investment projects there are over 400,000 observations corresponding to 5,407 projects. The number of months with strictly positive disbursements is about 200,000. Given the substantial number of zeros, a simple regression model is not attractive. We account for zeros via a standard Tobit estimation (i.e., modeling latent disbursement) rather than using an estimator that separately models selection and level (e.g., a

two part model). We do this because accelerated disbursement may imply adding a larger number of small disbursements in some cases and thus impact coefficient estimates in the level equation in such a model. The speed-of-disbursement estimates in Section 4 above (e.g., months to 25% disbursed) circumvent this problem via aggregation that ignores the microstructure of disbursement. A Tobit likewise would diminish the impact of adding small disbursements since the same parameter reflects both the likelihood of a positive disbursement and the size of that disbursement.²⁰

Equally important is the need to account for the typical disbursement schedule of World Bank projects.

[Figure 2 about here]

Figure 2 displays the disbursement profiles of investment projects and DPLs, averaged across projects by month. Disbursement for DPLs clearly tends to be front-loaded, with falling disbursement shares throughout the life of the project. In contrast, investment projects' disbursement profiles have a hump-shape with the largest disbursements (as a share of total commitment) occurring at about three years after the beginning of the project. In both cases, disbursement is not uniform over the projects' life cycle, and the probability of a disbursement in a given month therefore depends on the age of the project. We include a third-order polynomial in the duration of the project in our specification to control for this kind of "loan life cycle" effect. Lastly, a key variable that is expected to influence the frequency of disbursements is the overall size of the project. We thus include the total commitment amount both directly and

²⁰ In principle, one could look at the unconditional marginal effect in a Heckman selection model but there is no theoretical foundation for exclusion restrictions. The concern that added small disbursements could impact estimation results is borne out as estimation of a two part model yields selection equation results that are consistent with the earlier speed-of-disbursement estimates and the Tobit results below but level equation results which are not.

interacted with the duration polynomial terms, to control for project life cycle effects that may in turn differ depending on project size.

The complete specification is given by:

$$\begin{aligned}
 d_{ijlst} = & \beta_0 + \beta_1 Month_t + \beta_2 Month_t^2 + \beta_3 Month_t^3 + \beta_4 TOTAMT_i \\
 & + \beta_5 TOTAMT_i \times Month_t + \beta_6 TOTAMT_i \times Month_t^2 + \beta_7 TOTAMT_i \times Month_t^3 \\
 & + \beta_8 CEE_{jt} + \beta_9 UN\ Alignment_{jt} + \beta_{10} X_{jt} + \gamma_j + \gamma_l + \gamma_s + \varepsilon_{ijlst}
 \end{aligned}$$

$$Disbursement_{ijlst} = \begin{cases} d_{ijlst} & \text{if } d_{ijlst} > 0 \\ 0 & \text{if } d_{ijlst} \leq 0 \end{cases} \quad (2)$$

As before, the subscripts indicate project i in country j of loan type l in sector s at time t . $Month$ is the number of months the project has been active. d_{ijlst} is latent disbursement, observed as actual disbursement ($Disbursement_{ijlst}$) only when positive. X_{jt} is the usual vector of macro variables that includes inflation, log of GDP and log of population. The model estimated includes a set of dummies for lending instrument type (γ_l), a set of dummies for project sector (γ_s), and country fixed effects (γ_j).²¹ Standard errors are clustered at the project level to allow for potential within-project correlation.

[Table 6 about here]

Table 6 presents Tobit estimation results. Note that our analysis has shifted from “time” to “amount” so positive values now indicate better access to World Bank resources. The results of Column 2 confirm the global electioneering story for investment project disbursements at the monthly frequency. While *UN Alignment* has no impact on latent disbursements in general, the interaction with *CEE* in column two is positive and statistically significant at the 5% level. In

²¹ Because the unit of observation is the project-month, $T \gg N$ and country dummies can be estimated consistently.

order to see this in terms of the relevant observables—expected actual disbursements (i.e., conditional on being positive) and the probability of positive disbursements—we calculate marginal effects for *CEE* with *UN Alignment* set to one standard deviation below and above the mean and other variables held at their means. Table 7 presents the results.

[Table 7 about here]

When a recipient country is geopolitically aligned with the U.S., loan disbursements during the 12 months before an election are different: Conditional on there being a disbursement, the expected disbursement is larger by 16%. In addition, it is more probable that a disbursement will take place. When interpreting the value of 0.93%, recall that our data are monthly and the pre-election period lasts 12 months. As a result, the probability of receiving at least one disbursement in the run-up to an election is increased by 10.6 percentage points if the country is aligned with the U.S.²²

Returning to Table 6, columns 3 and 4 confirm our previous result that the influence of elections is limited to investment loans; neither *UN Alignment* nor *CEE* has a statistically significant effect on monthly disbursements of DPLs.

6. Commitment Analysis

As the third part of our analysis, we turn to the political economy of loan commitments. This question relates to the announcement effect—electioneering potentially takes the form of allowing incumbent governments to announce new projects to boost their reelection prospects. Studying this question requires yet another way to aggregate the data. As this question needs to

²² Computed using $(1 - 0.9907^{12}) = 0.106$.

be analyzed at the country level, the country-month (rather than the project-month) now becomes the unit of analysis and we aggregate across projects. In addition, we include all months from our time period, not only those with active World Bank projects. This results in a balanced, rectangular panel with 49,896 observations (154 countries with 324 monthly observations each—January 1984 to December 2010). The final step to arrive at our sample is to use data on eligibility for World Bank loans: Information on IBRD and IDA eligibility is taken from Knack et al. (2012) and World Bank (2014A-D).

[Table 8 about here]

Table 8 presents the summary statistics. Omitting periods of non-eligibility and non-eligible countries and cases with missing data reduces the sample to 39,459 observations and 148 countries. There are 4,831 total non-zero observations for *Commitment*.²³ This number is lower than the number of projects in the disbursement analysis because of aggregation to the country-month level; in some cases, there is more than one project per country-month. Note also that we only consider the first commitment of each project in this analysis.²⁴ The mean for *CEE* of 0.10 indicates that elections are relatively rare events in the sample. Of the 39,459 country-months in the sample, only 4,087 fall into the ‘pre-election’ category.

Formally, the specification we estimate is defined in terms of latent commitments (c_{jt}):

²³ This number refers to pooled commitments which can either be investment projects or DPLs. Separately, the number of non-zero observations is 4,187 for investment projects and 945 for DPLs.

²⁴ There are 534 projects that have additional commitments occurring at later points in the life of the project. As these additional commitments presumably have little to no announcement value for local politicians, we omit them for this analysis. That is not to say that the question whether these ‘tagged-on’ funds are politically motivated is uninteresting; it is just one that falls outside the scope of this paper.

$$c_{jt} = \beta_0 + \beta_1 UN\ Alignment_{jt} + \beta_2 CEE_{jt} + \beta_3 X_{jt} + \gamma_j + \gamma_t + \varepsilon_{jt}$$

$$Commitment_{jt} = \begin{cases} c_{jt} & \text{if } c_{jt} > 0 \\ 0 & \text{if } c_{jt} \leq 0 \end{cases} \quad (3)$$

Here $Commitment_{jt}$ is a new observed commitment of funds from the World Bank (either for investment projects only, DPLs only, or pooled depending on the specification) in country j in period t . The vector of country-specific variables again controls for inflation, real GDP and population. The model estimated includes year dummies (γ_t) and country fixed effects (γ_j).²⁵ Standard errors are clustered at the country level to allow for potential within-country correlation.

[Table 9 about here]

Table 9 presents the results. Overall, there is evidence of geopolitical influence on new World Bank commitments. The estimated coefficient on *UN Alignment* is positive, sizable and statistically significant throughout. However, there is only weak evidence of an election effect in Columns 1 and 5, and the statistical insignificance of the interaction term means that this may simply reflect demand: administrations that face an upcoming election may intensify their efforts to secure new loans, especially to finance investment projects. Analyzing the marginal effect of *CEE* on the expected level of commitments conditional on commitments being positive (based on estimates from Column 1), we find that an upcoming election increases the size of a new commitment by 15% relative to the case without an election. The effect on the probability of receiving a new investment project commitment is an increase of 0.85 percentage points per month. Repeating the calculation from the previous section indicates that the overall probability

²⁵ Again because we have monthly observations, $T \gg N$ and country dummies can be estimated consistently.

of receiving a new commitment before an election is raised by 9.7 percentage points. Turning to the marginal effect of increasing alignment with the U.S. on the size and probability of new DPL commitments, the results reported in Column 3 imply that a two-standard-deviation increase raises the (conditional) commitment amount by 16.7%, and increases the probability of a commitment by 0.9 percentage points per month (10 percentage points on an annual basis). In sum, this analysis of new loan commitments does yield evidence of geopolitical influence but no clear support for electioneering at the commitment phase.

7. Discussion and Robustness

In this section we examine alternative explanations for our results and assess their plausibility, considering both potential endogeneity and robustness. First, we focus on the exogeneity of the timing of competitive elections. Elections sometimes occur before or after their originally scheduled date, which may violate the assumption that *CEE* is uncorrelated with the error term, for example if the election date is changed by the incumbent to take advantage of World Bank loan disbursements.²⁶ NELDA election data identify elections that did not occur at the originally scheduled date.²⁷ We do not observe the exact reasons for moving the date of the election so we take the most conservative stance and view all such elections as potentially endogenous.

²⁶ Faye and Niehaus (2012) present evidence suggesting that endogenous election timing to take advantage of aid inflows is not prevalent. However in a different context, Ito (1990) finds that elections in Japan were timed to take advantage of economic expansions.

²⁷ We use the variable *nelda6* which is the answer to the question: “If regular, were these elections early or late relative to the date they were supposed to be held per established procedure?” In case the answer is “N/A” we referred to the election-specific notes to assess whether the timing of the election could have been influenced by loan disbursements. In 36 out of 43 “N/A” cases we characterized the election as potentially endogenous. In total, 138 of the 439 elections did not take place on schedule.

[Table 10 about here]

Table 10 shows that our results do not hinge on these suspect elections. Columns 1 through 4 replicate the main specifications from Table 2 (disbursement speed for investment projects), Table 3 (disbursement speed for DPLs), and Table 6 (monthly disbursements for investment projects and for DPLs). In each case, we use a sample that omits all observations where the timing of elections may be endogenous.²⁸ Comparing Column 1 of Table 10 with Column 2 of Table 2 (disbursement speed for investment projects) we see that dropping elections with changed dates shrinks the estimation sample by 463 observations from 5369 projects to 4906 projects. This 8% reduction in the sample has little impact on the results in terms of sign, size and significance. Turning to Column 2 of Table 10 as compared with Column 2 of Table 3 (disbursement speed for DPLs), the sample shrinks by 42 observations from 1014 to 972. This 4% reduction in the sample again has little impact; *UN Alignment*, *CEE*, and their interaction remain far from significant (although the signs of the estimated coefficients for *UN Alignment* and *CEE* do change). Likewise, Column 3 of Table 10 shows little change from Column 2 of Table 6 (Tobit results for monthly disbursements to investment projects); the number of projects declines by 1, the number of monthly observations falls from 402,898 to 392,797 (7%), and the sign, size and significance of *CEE* and the interaction term change very little. The estimated coefficient on *UN Alignment* switches from negative to positive but in any case remains small in absolute value and statistically indistinguishable from zero. Finally, Column 4 of Table 10 compares with Column 4 of Table 6 (Tobit results for monthly disbursements to DPLs). Dropping elections with date changes reduces the sample from 19,769 to 18,965 (4%). While the magnitude of some key coefficients changes, they remain statistically insignificant and their

²⁸ NELDA data do not generally allow us to identify endogenous “non-elections,” i.e., months that would have had elections if the election date had not been changed.

signs are unchanged. Instead of omitting the observations with suspect elections one could alternatively set the value of *CEE* to zero and keep the observation in the sample. This approach has the advantage of leaving the number of observations unchanged. Our results are robust to this approach, as well.

In addition to the question of endogenous election timing, we also explore the plausibility of scenarios in which disbursement speed could impact UN voting. Consider an incumbent executive whose preferences over UN votes align with the U.S. more than do those of their constituents. Facing re-election, the incumbent can garner popular support either by catering to voter preferences in the UN or by providing public and private goods. When World Bank funds disburse more quickly, the incumbent can provide more goods—instead of altering its UN votes to pander to an anti-U.S. public. In this scenario, an exogenously driven acceleration of World Bank disbursements increases UN voting alignment with the U.S., i.e., there is reverse causation. Note that this scenario also implies that, in general, UN voting alignment with the U.S. should be lower prior to elections (when unpopular actions have more immediate consequences) than at other times. Yet we do not find this pattern in the data. Using country/month data and regressing *UN Alignment* on *CEE*, the estimated coefficient on *CEE* is positive (though not significant). We also find a positive relationship with slightly more sophisticated specification that includes country dummies (to allow for country variation in the UN voting patterns and in the frequency of competitive elections) and time dummies (to allow for the downward trend in UN voting alignment with the U.S. and the upward trend in the frequency of competitive elections). This pattern is inconsistent with the reverse causation story just outlined.

Perhaps a simpler story of reverse causation is that incumbent governments expect disbursements-for-votes and that expectation drives their UN voting. We are less concerned with

this story for several reasons. First, the pattern identified (faster disbursement prior to competitive elections for incumbents aligned with the U.S.) also holds for UN votes not designated “important” by the U.S. State Department, a pattern consistent with support for a government with similar preferences rather than vote-buying *per se*. Second, there is little reason to think that the U.S. would be more interested in buying votes from governments facing a contested re-election than from other governments. Finally, the pattern would only be observed if World Bank disbursements did indeed follow the expected disbursements-for-votes behavior. Since this is the behavior we are trying to identify, it does not matter for our purposes whether the UN votes happen because payment was anticipated or for other reasons.

Turning to robustness, we subject our election measure to a variety of tests. First, we experiment with different pre-election windows, including both 6 month and 18 month windows. In the disbursement speed estimations, all results are robust to shortening the *CEE* window to half a year. However, the results of the Tobit analysis on monthly data become weaker, with the interaction term remaining positive but missing significance at the 10% level. This finding underlines the notion that electioneering is by definition forward-looking; by constructing the pre-election period too narrowly we run the danger of underestimating the effect.

Lengthening the window to 18 months leaves all of our results intact. In fact, the Tobit results for monthly project-level data are estimated with higher precision, suggesting that even one year might fall short of the true window of influence of an upcoming election.

Next, we conduct a placebo test by examining non-competitive elections rather than competitive ones. If the response we see in World Bank disbursements is an attempt to influence the outcome of elections, there is no reason to expect it in the case of non-competitive elections where extra funding for friendly incumbents or reduced funding for unfriendly incumbents

would have no impact on the outcome. Consistent with this interpretation, we do not find any significant election effects for the non-competitive cases.²⁹

Finally, we consider other alignment measures. As mentioned above, the key results (negative and significant coefficients on *UN Alignment* and *CEE × UN Alignment in the disbursement speed analysis*) hold whether we consider alignment with the U.S. on important votes, other votes or all votes. This acceleration of disbursements for aligned governments facing competitive elections also holds if we instead use the ideal point estimates from Bailey *et al.* (2013), whether they are based on all votes or important votes.³⁰ Likewise, using UN voting alignment with the G7 yields similar results with a negative and significant coefficient on *CEE × UN Alignment* again indicating accelerated disbursement for aligned governments facing competitive elections. Following Copelovitch (2010), we also consider a common agency framework and explore the impact of heterogeneity in G7 preferences by including G7 UN alignment, the variance of G7 UN alignment, and their interaction. The latter two terms prove insignificant, suggesting that preference heterogeneity does not play a significant role in determining outcomes in this setting.³¹

²⁹ Non-competitive elections are all those elections not included in our previous analysis, i.e., elections where opposition is not allowed or where there was only one legal party or where there was no choice of candidates on the ballot. There are 62 non-competitive elections in the NELDA data for our sample (as compared to 377 competitive elections).

³⁰ We owe a special thanks to Erik Voeten for calculating for us the ideal points based only on the votes designated as important by the U.S. State Department.

³¹ Nonetheless, there are notable differences between the roles of U.S. voting alignment and other G7 voting alignments. In addition, alignment with the U.S. on important and other votes is much more similar than for other G7 countries—the opposite of what one might expect—especially when considering partner countries outside of Europe. All this points to the need for further research on the determinants of UN voting alignment.

8. Conclusion

This paper examines whether powerful World Bank shareholders influence World Bank lending for purposes of electioneering in borrowing countries. There are several channels through which lending can improve the reelection prospects of incumbent governments, and we consequently analyze the speed disbursement and magnitude of individual disbursements for existing projects as well as commitments of new loans. Identification of powerful shareholder influence relies on measures of geopolitical alignment with the U.S. as indicated by voting behavior in the UN.

Using monthly data for over 6000 World Bank projects, we find that the disbursement of investment project loans accelerates if a borrowing country government faces an upcoming election and has been voting with the U.S. in the UN. In the case of low geopolitical alignment with the U.S., disbursement decelerates before an election. If we shift from examining disbursement speed (e.g., how quickly 25% of a loan disburses) to analyzing month-by-month project disbursements, a Tobit analysis yields similar results. The probability of a disbursement increases with the advent of an election if the incumbent government is aligned with the U.S. and the expected size of a disbursement (given that there is one) increases. However, neither analysis indicates such a political cycle for Development Policy Lending or in the case of non-competitive elections where incumbent government victory is assured with or without World Bank funds.

We also find new commitments (i.e., the awarding of new loans) depend on political economy factors but in a different way. Geopolitical alignment with the U.S. results in more commitments for investment projects as well as DPLs. There is a weak election effect but this effect does not hinge on geopolitical alignment with the U.S. Thus, we cannot rule out that

demand by the borrowing country, rather than electioneering by World Bank shareholders, is the driving factor in the case of loan commitments.

The extent to which the timing and allocation of funds lent out by the World Bank are influenced by political motives is an ongoing and important question. For researchers, understanding the objectives shaping development finance flows is important to improve our understanding of the overall effectiveness of aid and the dynamics of international financial institutions. In this paper, we present evidence that the influence of large World Bank shareholders extends to using the institution to keep friendly governments in power.

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Figure 1: Cumulative Disbursement by Type

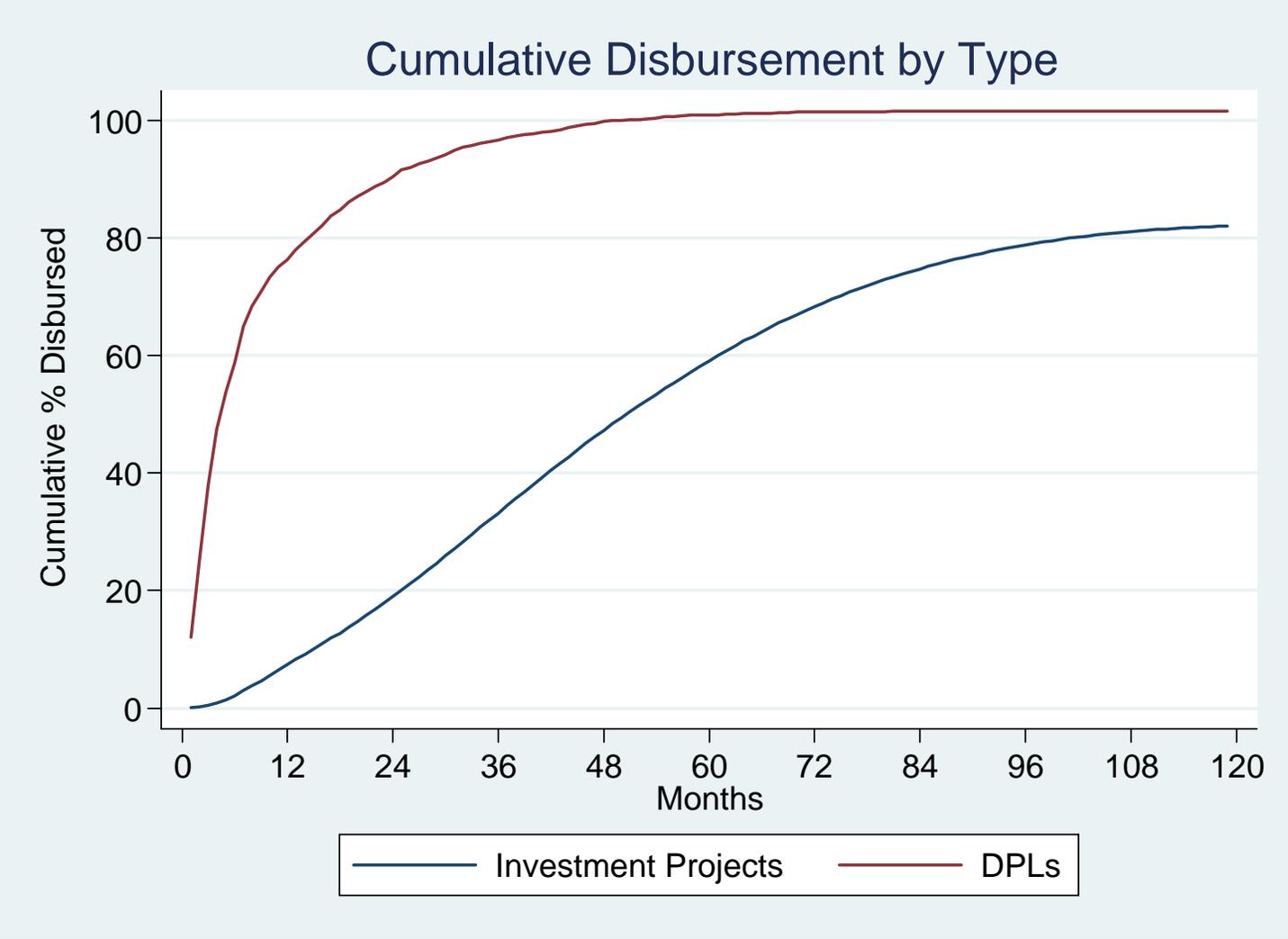


Figure 2: Disbursement Patterns by Type

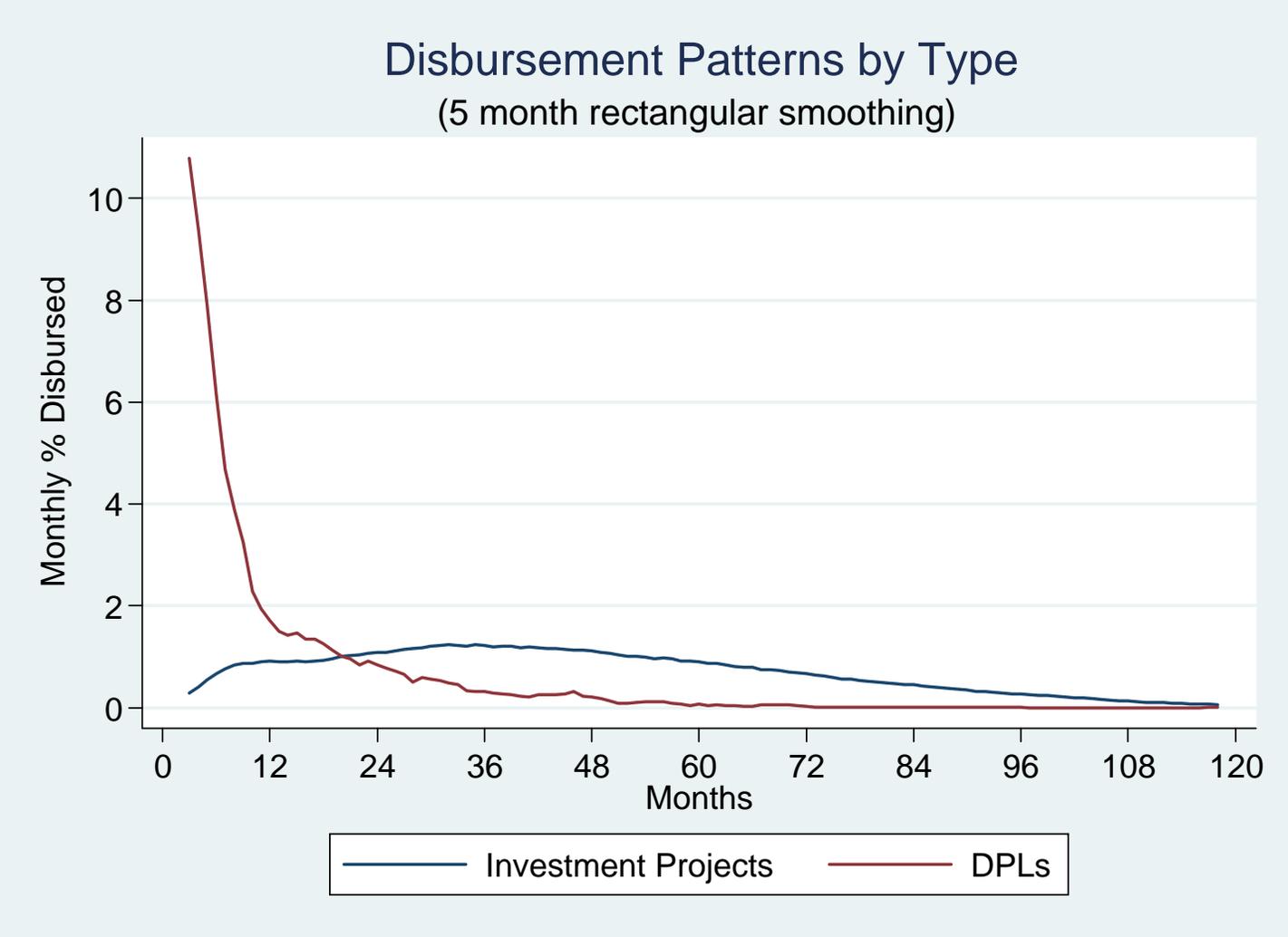


Table 1: Descriptive Statistics for Speed of Disbursement Regressions

Panel A: Investment Projects

	Mean	SD	Min	Max	Description
<i># Months</i>	35.95	19.36	1	154	Months from approval to 25% disbursement
<i>UN Alignment</i>	0.44	0.17	0	1	Alignment with U.S. on important UN votes
<i>CEE</i>	0.12	0.18	0	1	Competitive Executive Election
<i>Approval Period</i>	450.48	91.81	288	611	Project approval date (in months since 1960)
<i>IDA</i>	0.54	0.50	0	1	=1 if project received IDA commitments
<i>Project Size</i>	3.65	1.21	-0.76	8.23	Log of commitment amount (in millions of dollars)
<i>Inflation</i>	0.44	2.43	-0.17	60.76	Annual % change in GDP deflator
<i>GDP</i>	24.12	2.17	18.41	28.98	Log of PPP GDP in 2005 dollars
<i>Population</i>	17.10	1.97	10.63	21.01	Log of population
Observations	5369				IBRD/IDA investment projects approved between January 1984 and December 2010

Panel B: DPLs

	Mean	SD	Min	Max	Description
<i># Months</i>	5.67	6.39	1	64	Months from approval to 25% disbursement
<i>UN Alignment</i>	0.45	0.19	0	1	Alignment with U.S. on important UN votes
<i>CEE</i>	0.14	0.32	0	1	Competitive Executive Election
<i>Approval Period</i>	482.63	92.34	288	611	Project approval date (in months since 1960)
<i>IDA</i>	0.54	0.50	0	1	=1 if project received IDA commitments
<i>Project Size</i>	4.54	1.21	-0.69	8.01	Log of commitment amount (in millions of dollars)
<i>Inflation</i>	0.33	1.85	-0.17	45.24	Annual % change in GDP deflator
<i>GDP</i>	23.69	1.94	18.71	27.85	Log of PPP GDP in 2005 dollars
<i>Population</i>	16.58	1.54	11.16	20.91	Log of population
Observations	1014				IBRD/IDA Development Policy Loans approved between January 1984 and December 2010

The values of *UN Alignment*, *CEE*, *Inflation*, *GDP*, and *Population* vary through the life of project/DPL; figures reported are averages over the period from when project/DPL is approved until it reaches the 25% disbursement threshold.

Table 2: Time to 25%+ Disbursement, Investment Projects

	(1)	(2)	(3)	(4)
<i>UN Alignment</i>	-25.04*** (-11.29)	-20.08*** (-8.39)	-13.27*** (-6.06)	-10.30*** (-4.41)
<i>CEE</i>	-1.709 (-1.07)	20.06*** (4.66)	-4.187*** (-2.69)	9.772** (2.35)
× <i>UN Alignment</i>		-46.02*** (-5.44)		-29.10*** (-3.61)
<i>Approval Period</i>	-0.239*** (-26.82)	-0.245*** (-27.35)	-0.195*** (-19.88)	-0.200*** (-20.19)
<i>IDA</i>	-0.189 (-0.18)	-0.325 (-0.31)	0.870 (0.85)	0.764 (0.74)
<i>Project Size</i>	-1.208*** (-3.80)	-1.183*** (-3.73)	-0.991*** (-3.09)	-0.985*** (-3.08)
<i>Inflation</i>	-0.0792 (-0.74)	-0.0813 (-0.77)	-0.418*** (-3.31)	-0.425*** (-3.37)
<i>GDP</i>	18.63*** (12.62)	19.64*** (13.24)	20.82*** (13.26)	21.45*** (13.60)
<i>Population</i>	58.26*** (15.78)	59.00*** (16.01)	49.83*** (12.56)	50.30*** (12.69)
Observations	5369	5369	4565	4565

t-statistics in parentheses. All specifications include unreported country, lending instrument and sector dummies.

Dependent variable is # *Months*, the number of months to reach 25% disbursement. *UN Alignment* is voting coincidence with the U.S. on UNGA votes designated as important by U.S. State Department. *CEE* indicates overlap with the 12 month period prior to a competitive executive election. *Approval Period* is the project approval date measured in months since 1960. *IDA* is a dummy variable indicating projects that receive IDA commitments. *Project Size* is the log of the commitment amount. *Inflation* is the percentage change in the GDP deflator. *GDP* is the log of PPP GDP in 2005 dollars. *Population* is the log of population. *UN Alignment*, *CEE*, *Inflation*, *GDP*, and *Population* are period averages.

(1) and (2) include investment projects that reach (or exceed) 25% disbursement in our data as well as those that end before reaching 25% disbursement or that have not yet reached 25% disbursement at the end of our sample (December 2010).

(3) and (4) include only investment projects that reach (or exceed) 25% disbursement in our data.

*** $p < 0.01$

** $p < 0.05$

* $p < 0.1$

Table 3: Time to 25%+ Disbursement, DPLs

	(1)	(2)	(3)	(4)
<i>UN Alignment</i>	-0.678 (-0.43)	-0.467 (-0.28)	0.108 (0.08)	0.114 (0.08)
<i>CEE</i>	-0.209 (-0.32)	0.541 (0.31)	-0.243 (-0.42)	-0.221 (-0.14)
× <i>UN Alignment</i>		-1.577 (-0.47)		-0.0449 (-0.01)
<i>Approval Period</i>	-0.0282*** (-3.49)	-0.0283*** (-3.50)	-0.0317*** (-4.26)	-0.0317*** (-4.26)
<i>IDA</i>	0.388 (0.32)	0.419 (0.35)	0.362 (0.34)	0.363 (0.34)
<i>Project Size</i>	-0.438 (-1.27)	-0.432 (-1.25)	-0.737** (-2.36)	-0.737** (-2.36)
<i>Inflation</i>	0.121 (1.01)	0.119 (0.99)	-0.0297 (-0.26)	-0.0298 (-0.26)
<i>GDP</i>	6.259*** (3.83)	6.259*** (3.82)	5.452*** (3.68)	5.452*** (3.68)
<i>Population</i>	-1.447 (-0.48)	-1.401 (-0.46)	0.765 (0.28)	0.767 (0.28)
Observations	1014	1014	988	988

t-statistics in parentheses. All specifications include unreported country, lending instrument and sector dummies.

Dependent variable is # *Months*, the number of months to reach 25% disbursement. *UN Alignment* is voting coincidence with the U.S. on UNGA votes designated as important by U.S. State Department. *CEE* indicates overlap with the 12 month period prior to a competitive executive election. *Approval Period* is the project approval date measured in months since 1960. *IDA* is a dummy variable indicating projects that receive IDA commitments. *DPL Size* is the log of the commitment amount. *Inflation* is the percentage change in the GDP deflator. *GDP* is the log of PPP GDP in 2005 dollars. *Population* is the log of population. *UN Alignment*, *CEE*, *Inflation*, *GDP*, and *Population* are period averages.

(1) and (2) include DPLs that reach (or exceed) 25% disbursement in our data as well as those that end before reaching 25% disbursement or that have not yet reached 25% disbursement at the end of our sample (December 2010).

(3) and (4) include only DPLs that reach (or exceed) 25% disbursement in our data.

*** $p < 0.01$

** $p < 0.05$

* $p < 0.1$

Table 4: Time to 25%, 50%, and 75% Disbursement

	(1)	(2)	(3)	(4)	(5)	(6)
<i>UN Alignment</i>	-10.30*** (-4.41)	-15.75*** (-4.57)	-15.69*** (-3.35)	0.114 (0.08)	-6.225** (-2.16)	-14.43*** (-3.72)
<i>CEE</i>	9.772** (2.35)	16.21** (2.40)	30.24*** (3.00)	-0.221 (-0.14)	0.114 (0.04)	-0.181 (-0.04)
\times <i>UN Alignment</i>	-29.10*** (-3.61)	-46.11*** (-3.52)	-68.67*** (-3.49)	-0.0449 (-0.01)	2.026 (0.32)	3.347 (0.39)
Observations	4565	4090	3377	988	968	921

t-statistics in parentheses. All specifications include unreported *Approval Period*, *IDA*, *Size*, *Inflation*, *GDP*, and *Population* as well as country, lending instrument and sector dummies. *UN Alignment* is voting coincidence with the U.S. on UNGA votes designated as important by U.S. State Department. *CEE* indicates overlap with the 12 month period prior to a competitive executive election. *UN Alignment* and *CEE* are period averages.

(1) Dependent variable is number of months to reach 25% disbursement for investment projects (repeats Table 2, Column 4)

(2) Dependent variable is number of months to reach 50% disbursement for investment projects

(3) Dependent variable is number of months to reach 75% disbursement for investment projects

(4) Dependent variable is number of months to reach 25% disbursement for DPLs (repeats Table 3, Column 4)

(5) Dependent variable is number of months to reach 50% disbursement for DPLs

(6) Dependent variable is number of months to reach 75% disbursement for DPLs

*** $p < 0.01$

** $p < 0.05$

* $p < 0.1$

Table 5: Descriptive Statistics for Disbursement Regression

Panel A: Investment Projects

	Frequency	Mean	SD	Min	Max	Description
<i>Disbursement</i>	monthly	6.09	6.62	0	20.05	Log of disbursement amount
<i>UN Alignment</i>	monthly	0.43	0.19	0	1	Alignment with U.S. on important UN votes
<i>CEE</i>	monthly	0.12	0.32	0	1	Competitive Executive Election
<i>IDA</i>	by project	0.54	0.50	0	1	=1 if project received IDA commitments
<i>Project Size</i>	by project	3.68	1.17	-0.76	8.23	Log of commitment amount
<i>Inflation</i>	quarterly	0.50	5.09	-0.29	267.62	Annual % change in GDP deflator
<i>GDP</i>	quarterly	24.20	2.18	18.42	28.98	Log of PPP GDP in 2005 dollars
<i>Population</i>	quarterly	17.19	1.98	10.62	21.01	Log of population
No. of projects	5,407					
No. of observations	402,898					

Panel B: DPLs

	Frequency	Mean	SD	Min	Max	Description
<i>Disbursement</i>	monthly	4.26	6.82	0	21.82	Log of disbursement amount
<i>UN Alignment</i>	monthly	0.48	0.18	0	1	Alignment with U.S. on important UN votes
<i>CEE</i>	monthly	0.15	0.35	0	1	Competitive Executive Election
<i>IDA</i>	by project	0.57	0.50	0	1	=1 if project received IDA commitments
<i>Project Size</i>	by project	4.57	1.11	-0.69	8.01	Log of commitment amount
<i>Inflation</i>	quarterly	0.37	1.91	-0.17	45.24	Annual % change in GDP deflator
<i>GDP</i>	quarterly	23.44	1.89	18.42	27.85	Log of PPP GDP in 2005 dollars
<i>Population</i>	quarterly	16.44	1.37	11.16	20.91	Log of population
No. of projects	1,019					
No. of observations	19,769					

Disbursement is the log of (disbursed amount + 1). In the case of a negative value for disbursement, disbursed amount is set to zero.

Table 6: Tobit analysis of Disbursements at the project/month level – Investment projects vs. DPLs

	(1)	(2)	(3)	(4)
<i>UN Alignment</i>	0.162 (0.30)	-0.00629 (-0.01)	-3.902 (-1.46)	-3.801 (-1.42)
<i>CEE</i>	0.0635 (0.63)	-0.624** (-2.11)	-0.175 (-0.29)	0.322 (0.17)
× <i>UN Alignment</i>		1.520** (2.47)		-0.968 (-0.27)
<i>IDA</i>	0.0397 (0.12)	0.0441 (0.13)	1.330 (0.58)	1.342 (0.59)
<i>Inflation</i>	-0.0732*** (-6.75)	-0.0732*** (-6.75)	-0.247 (-1.54)	-0.248 (-1.54)
<i>GDP</i>	-0.492 (-1.06)	-0.532 (-1.14)	-8.087*** (-3.49)	-8.085*** (-3.49)
<i>Population</i>	4.047*** (3.47)	4.031*** (3.46)	-8.336 (-1.45)	-8.347 (-1.46)
Projects	5,407	5,407	1,019	1,019
Observations	402,898	402,898	19,769	19,769

t-statistics in parentheses. The dependent variable is the natural log of disbursements, where one was added to avoid taking logs of zeros. All Tobit specifications include unreported country, lending instrument and sector dummies. The lower limit for the Tobit is zero. Standard errors are clustered at the project level. All specifications also include controls for disbursement timing, namely a third-order polynomial in the age of the project in months. In addition, the size of the project is controlled for both separately and in the form of interactions with the project time variables (see text for full specification).

UN Alignment is voting coincidence with the U.S. on UNGA votes designated as important by the U.S. State Department. *CEE* indicates overlap with the 12 month period prior to a competitive executive election. *Inflation* is the percentage change in the GDP deflator. *GDP* is the log of PPP GDP in 2005 dollars. *Population* is the log of population.

(1) and (2) present results for investment projects, (3) and (4) present results for DPLs.

*** $p < 0.01$
 ** $p < 0.05$
 * $p < 0.1$

Table 7: Marginal effect of *CEE*

	Effect on <i>Disbursement</i> (conditional on <i>Disbursement</i> > 0)	Effect on the probability of <i>Disbursement</i> >0
<i>Low Alignment with U.S.</i>	-0.13 (0.08)	-0.0075 (0.0049)
<i>High Alignment with U.S.</i>	0.16** (0.07)	0.0093** (0.0043)

Standard errors in parentheses. *Disbursement* is the log of (disbursed amount + 1). In the case of a negative value for disbursement, disbursed amount is set to zero. *Low Alignment* corresponds to a value for *UN Alignment* of 0.25, which is the mean minus one standard deviation. *High Alignment* corresponds to a value of 0.61, which is the mean plus one standard deviation.

The null hypothesis of equal marginal effects for low and high alignment is rejected at the 95% confidence level.

- *** $p < 0.01$
- ** $p < 0.05$
- * $p < 0.1$

Table 8: Descriptive statistics for Commitment Analysis

	Mean	SD	Min	Max	Description
<i>Commitment (INV)</i>	1.86	5.43	0	22.04	Log of (commitment amount for investment projects + 1)
<i>Commitment (DPL)</i>	0.44	2.82	0	21.83	Log of (commitment amount for DPLs + 1)
<i>Commitment (pooled)</i>	2.17	5.84	0	22.19	Log of (total commitment amount + 1)
<i>UN Alignment</i>	0.47	0.20	0	1	Alignment with U.S. on important UN votes
<i>CEE</i>	0.10	0.30	0	1	Competitive Executive Election
<i>Inflation</i>	63.39	667.22	-29.99	26762	Annual % change in GDP deflator
<i>GDP</i>	22.83	2.06	16.99	28.98	Log of PPP GDP in 2005 dollars
<i>Population</i>	15.59	2.03	9.19	21.01	Log of population
No. of countries	148				
No. of observations	39,459				

Table 9: Tobit Analysis of Commitments

	(1) INV projects	(2) INV projects	(3) DPL projects	(4) DPL projects	(5) All projects	(6) All projects
<i>UN Alignment</i>	6.599* (1.74)	6.909* (1.83)	17.05*** (2.65)	15.54** (2.44)	8.489** (2.32)	8.525** (2.35)
<i>CEE</i>	1.395* (1.82)	2.881 (1.53)	1.396 (0.96)	-4.345 (-1.13)	1.323* (1.73)	1.496 (0.85)
× <i>UN Alignment</i>		-3.117 (-0.87)		12.05 (1.59)		-0.362 (-0.11)
<i>Inflation</i>	-0.00529*** (-3.30)	-0.00529*** (-3.28)	-0.00509* (-1.73)	-0.00504* (-1.71)	-0.00486*** (-4.00)	-0.00486*** (-4.00)
<i>GDP</i>	2.369 (0.92)	2.402 (0.94)	1.437 (0.29)	1.361 (0.27)	1.764 (0.69)	1.768 (0.70)
<i>Population</i>	4.727 (0.73)	4.704 (0.72)	17.10* (1.95)	17.00* (1.95)	6.005 (0.99)	6.002 (0.99)
Observations	39,459	39,459	39,459	39,459	39,459	39,459

t-statistics in parentheses. Dependent variable is the log of (commitment plus 1). Only first commitments are considered. All specifications include unreported country and year dummies. Standard errors are clustered by country.

*** $p < 0.01$
 ** $p < 0.05$
 * $p < 0.1$

Table 10: Results for Regularly Scheduled Elections Only

<i>Dependent variable</i>	(1) months until 25% of commitments disbursed	(2) months until 25% of commitments disbursed	(3) disbursement (logged)	(4) disbursement (logged)
<i>Lending instrument type</i>	Investment project	DPL	Investment project	DPL
<i>Estimation method</i>	OLS	OLS	Tobit	Tobit
<i>UN Alignment</i>	-18.39*** (-7.05)	0.168 (0.11)	0.0336 (0.06)	-3.611 (-1.34)
<i>CEE</i>	21.72*** (4.08)	-0.349 (-0.36)	-0.651** (-2.03)	1.165 (0.56)
× <i>UN Alignment</i>	-44.49*** (-4.38)	-0.771 (-0.28)	1.609** (2.39)	-2.256 (-0.58)
<i>Approval Period</i>	-0.241*** (-20.10)	-0.0253*** (-3.13)		
<i>IDA</i>	-0.594 (-0.56)	-0.170 (-0.14)	0.0374 (0.11)	1.421 (0.62)
<i>Project Size</i>	-1.459*** (-4.20)	-0.452 (-1.33)		
<i>Inflation</i>	-0.0336 (-0.20)	0.124 (1.06)	-0.0744*** (-6.82)	-0.251 (-1.52)
<i>GDP</i>	19.69*** (12.43)	5.260*** (3.24)	-0.499 (-1.06)	-8.036*** (-3.50)
<i>Population</i>	58.98*** (13.21)	-1.276 (-0.42)	4.318*** (3.68)	-7.113 (-1.23)
Projects	4906	972	5406	1009
Observations	4906	972	392,797	18,965

t-statistics in parentheses.

Column (1) corresponds to Column (2) of Table 2. Column (2) corresponds to Column (2) of Table 3. Columns (3) and (4) correspond to Columns (2) and (4) of Table 6. The estimation samples omit potentially endogenously timed elections. The specification is unchanged, for detailed notes please refer to the earlier tables.

*** $p < 0.01$

** $p < 0.05$

* $p < 0.1$