Choosing International Organizations: When Do States Collaborate with the World Bank on Environmental Projects?

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Abstract

While international cooperation research pays considerable attention to institutional design, states mostly interact with existing organizations. Given the extent of institutional diversity in contemporary international politics, how do states choose organizations for cooperation? This question has particular relevance in the field of international development, given the number of active organizations and development projects. We develop a theory of agency choice, emphasizing the importance of domestic institutions, the scope of cooperation, and agency competence. If states are to cooperate with competent and resourceful funding agencies, such as the World Bank, they must accept more stringent conditions on project implementation. We argue that states emphasize competence if the public goods from project implementation are highly valuable. Empirically, this is the case for democratic states, large projects, and projects that produce national instead of global public goods. We test this theory using data on 2,257 Global Environment Facility (GEF) projects, 1991-2011. The GEF offers an ideal case because it delegates project implementation to various implementing agencies. We find that states implement projects in collaboration with the World Bank, which has the most expertise and resources among the GEF's implementing agencies, if their regime type is democracy, the project is particularly large, and the project produces clear national benefits.

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1 Introduction

In the field of development assistance, project funding remains a central and politically sensitive form of collaboration between recipients and international funding agencies (Dreher, Sturm, and Vreeland 2009; Kilby 2009; Winters 2010). If a recipient country seeks assistance to implement a project, such as building a road or a hospital, it can propose the project to any of a number of possible funders, ranging from the World Bank (WB) to regional development banks and even bilateral lenders. This article examines how potential recipient countries select their international partners for project implementation.

The question of choosing partners for project implementation is an example of a broader issue in international relations, namely how states choose among international organizations to pursue their goals. In recent years, international organizations have proliferated (Pevehouse, Nordstrom, and Warnke 2004) and "regime complexes" have become increasingly common (**?**Keohane and Victor 2011). Among scholars of international law, this same phenomenon is often referred to as "forum shopping" (Busch 2007; Sykes 2008) or "regime shifting" (Helfer 2004). Scholars of rational design refer to it as "institutional choice" (Jupille and Snidal 2006; Jupille, Mattli, and Snidal 2013). As scholars of all stripes have begun to emphasize the diversity of institutionalized cooperation in world politics, the choice of partners for collaboration has become an increasingly important topic in the study of international organization.

While the phenomenon of partner choice is now widely recognized as important both among scholars of international cooperation and development assistance, especially in light of the proliferation of regime complexes in international politics (Keohane and Victor 2011), researchers have made little progress in explaining variation in how states choose their international partners. Most studies of project implementation focus on a specific funding agency (Nielson and Tierney 2003; Fleck and Kilby 2006; Kilby 2009; Lyne, Nielson, and Tierney 2009; Winters 2010) and/or focus on donor incentives (Rodrik 1995; Milner 2006). This lack of attention to partner choice is troubling for several reasons. First, endogenous partner choice means that studies of donor-recipient collaboration may suffer from selection bias, as recipients strategically select donors to maximize their expected payoff. Second, partner choice is a natural avenue to an improved understanding of the broader issue of state choice among international organizations.

To illustrate the consequences of the current lack of theory and evidence, one only has to consider the funding decisions of the world's leading agency specializing in promoting global environmental protection,

namely the Global Environmental Facility (GEF). The GEF is essentially a capital fund that offers purely concessionary grants to fund project implementation, but it delegates the implementation of each projects to a variety of agencies, such as the WB and the United Nations Development Program (UNDP). Historically, developing country recipients have been suspicious of WB influence in the GEF. This mistrust induced substantial institutional reform in the GEF in 1994, wresting operational control of the GEF Trust from the WB, and creating an independent governance structure (Streck 2001).

Indeed, recipients have financial motivations for avoiding the WB; among the GEF's various implementing agencies, the WB consistently requires greater recipient co-financing than do other agencies. Figure 1 shows the mean share of GEF project costs paid by the WB and the United Nations Development Programme (UNDP), the two largest GEF agencies. Over the first decade of GEF operations, the WB typically required co-financing of roughly half of project costs. The UNDP, in contrast, required only twenty percent. In recent years, co-financing requirements have increased at both agencies, reflecting changes to GEF allocation rules. However, as recently as 2011 there remained a substantial gap between the two.

[Figure 1 about here.]

This presents a puzzle. Surely, recipients are not unaware that they incur greater costs when partnering with the WB than with other implementing agencies. If recipient countries have a general preference to minimize their financial responsibility with respect to project implementation, why do they continue to solicit WB partnership? While the overall share of GEF projects implemented by the WB has indeed decreased slightly over time, this simply reflects the fact that the number of GEF agencies has grown from three to ten since 1991.[1] Despite this proliferation in institutional diversity, the WB continues to be a common implementing agency for GEF projects, especially in the case of large projects. Therefore, recipients' interests must be broader than simply minimizing project costs.

To begin addressing this issue, we present a theory of how states select among international funders for projects that generate national and/or global public goods. We argue that as states choose international partners for their projects, their key trade-off is between agency *competence* and the conditions attached to the project. Analogous to price discrimination in oligopolistic competition, the most competent funding

[1]Originally, all GEF projects were implemented by one or a combination of three executing agencies: the UNDP, the United Nations Environment Program (UNEP), and the WB. As of 2012, there are ten such agencies, including a number of additional UN agencies and regional development banks.

agencies can afford to only fund projects that are designed in view of their own priorities. When a state considers a project, it must decide whether the additional conditions imposed by the most competent funding agency are worth the extra cost. Relying on a simple formal model, we demonstrate that a state's valuation of the public goods from the project determines its willingness to pay for competence. Accordingly, we derive the following three hypotheses:

1. Since democracies ascribe a higher value to public goods (Bueno de Mesquita et al. 2003), they are more inclined to collaborate with competent agencies than are autocracies.

2. Since the stakes are higher for large projects, states implement them with competent agencies more than they implement small projects.

3. Since states value national public goods more than global public goods, states implement projects emphasizing the former with competent agencies more often than they implement the latter.

Empirically, we analyze how states have chosen among different funding agencies to implement projects funded by the Global Environmental Facility (GEF). Our dataset covers all of the 2,257 bilateral projects the GEF has funded during its existence, 1991-2011. Consistent with our theory, we find that both recipient and project characteristics shape agency choice.

These findings can inform scholarship on regime shifting and forum shopping. In an influential manuscript, Jupille and Snidal (2006) suggest a number of factors that are likely to influence organizational choice, placing special emphasis on whether a focal institution exists in a given issue space. In cases where a single focal institution is not present, competitive dynamics may arise in which international organizations differentiate themselves to attract selection by states, and states "shop" among institutions to identify which will provide the most favorable terms. Although helpful in understanding the general phenomenon of forum shopping, this logic has less to say about the sources of states' preferences, and thus less to say about likely patterns of institutional selection. This article contributes to the literature on forum shopping by developing a theoretical model of agency selection based on recipient interests, and by offering a systematic empirical test of that theory in an institutional context defined by the lack of a single, focal organization, the GEF.

Empirically, our results on partner choice are a cautionary tale for scholars of development assistance. They demonstrate that recipients do value local projects differently than those that are global in scope.

If recipients are systematically less likely to select agencies based on institutional competence, this has troubling implications for the use of development finance to promote environmental public goods. The globally most useful projects may be implemented by the least apt implementing agencies because the recipients have little interest in paying the cost of working with a more competent agency.

The next section presents our theory and summarizes the resulting hypotheses. We then present our data and empirical approach. Statistical results and illustrative case studies follow, and the concluding section returns to the broader implications of our findings.

2 A Theory of International Agency Choice

Our theory focuses on how recipient countries select among possible funders for development projects. In the theory, recipient countries are interested in implementing projects that are only feasible with external assistance. The recipient countries can "shop" for a partner agency.[2]

We propose that one key dimension of this choice is the *competence* of the funding agency. By competence, we refer to the funding agency's available expertise and resources for project implementation. Some funding agencies have large capital endowments that allow them to readily allocate resources to manage the implementation of various projects. Others implement projects on a smaller budget, and the lack of fungible resources limits their ability to successfully implement projects, particularly large projects. Moreover, funding agencies differ in regard to their issue-specific expertise. Some funding agencies have decades of experience, competent and motivated staff, and a portfolio of tens of thousands major projects. Others have much less experience and face difficulties in retaining the most competent officials due to competition from the private sector and other public organizations. We argue these dimensions of competence play a key role in how states form partnerships with international funders for their projects.

Accounting for both supply and demand factors, the first section analyzes in greater detail the trade-off between more and less competent funding agencies. While one might initially expect all states to reach out to the most competent agencies, resulting in a monopoly of the most competent agency, our formal analysis suggests otherwise. When states implement projects that they do not find particularly valuable, they are

[2] In this section, we provide an informal description of the model. The formal theory can be found in the mathematical appendix in the supplementary appendix.

willing to collaborate with less competent agencies that demand a lower fee for project implementation. In contrast, states that value their putative projects the most are willing to pay the price, perhaps in the form of conditionality, imposed by the most competent agencies.

The second section derives three empirical hypotheses on the covariates of agency choice. First, we argue that democratic states value competence more than autocratic states. Second, we expect large projects to carry a competence premium. Finally, we expect projects prioritizing national rather than global public goods to hold a bias toward competent agencies.

2.1 Competence: Benefits and Costs

As states consider their alternatives for financing projects, they can choose from a variety of potential agencies. This decision is informed by the expected costs and benefits of collaborating with different donors. Costs associated with project implementation typically include lesser or greater co-financing requirements on the part of the recipient state. Moreover, agencies may stipulate specific conditions to be met for project funding to be disbursed. The international agency may also insists on issue linkage.

For example, World Bank project number P002978, which involved $11.8M USD in concessional financing from the World Bank's International Development Agency (IDA), assisted Uganda in natural resource management at the community level. World Bank approval was conditional on Uganda accepting a number of implementation guidelines and, notably, Uganda's creation of a National Ministry for the Environment (World Bank 2006). The World Bank also commonly imposes extra-project conditions, linking broader reforms to project approval. World Bank project number P008519 provided $20M in IDA financing to the Kyrgyz Republic to assist it in attracting private investment in petroleum exploration and production. World Bank approval in this case required meeting both project-specific conditions (e.g., on Kyrgyz National Energy Holding Company achieving financial performance criteria) as well as a number of broader conditions, such as the adoption of national legislation regulating electricity and petroleum development, and the establishment of social safety nets (World Bank 2006).

While states shop for partner agencies, these agencies endogenously set their conditions on project funding. We assume the different agencies can be ranked depending on their institutional competence, defined above as the combined value of their expertise and resources. The agencies are aware of their

relative standing, and they set their conditions for projects accordingly. Those agencies that have a low competence must offer relatively generous terms to secure partners. They compensate for their relative lack of resources by partnering with states that are averse to strong conditionality. Stringent conditions on project implementation would leave the agencies without customers, as states would either choose more competent agencies offering similar terms, or perhaps not implement the project at all.

At the same time, agencies with high competence can exploit their expertise to enhance their payoff from partnerships. They understand that states for whom successful project implementation is important will accept co-financing requirements and conditionalities. When an international agency has access to valuable resources that would benefit the recipient, it can offer these resources to the recipient's disposal in exchange for policy change (Dreher 2009; Kilby 2009; Stone 2011).

Given the resulting menu of alternatives, one may expect states to choose partners based on their own valuation of the project. Since some states place high value on successful project implemention in general, they are willing to make the trade-off between implementation cost and agency competence. Even if the project is costly and carries conditionalities, competent implementation is valuable enough. Other states may consider some projects to be less important than others. In such cases, they turn to agencies that allow project implementation at a low cost.

To illustrate these concepts, suppose an African state is faced between the choice of the WB and the African Development Bank (ADB). Of the two, it seems plausible to assume that the WB has more resources to implement projects in key issue areas, such as infrastructural development. The African state may turn to the WB, but it also understands that the WB refuses collaboration unless the African state agrees to play by the WB's rules. In contrast, the ADB hass less leverage because its resources and expertise are less valuable.

2.2 Testable Hypotheses

The theoretical association between project valuation and the equilibrium choice of competence is not itself a testable proposition. The second contribution of our theory is the development of three propositions regarding states' valuation of a given project. These propositions emphasize three specific influences, and by focusing on these covariates, we can test our hypotheses against project implementation data.

We focus on two different types of covariates. First, *state characteristics* may influence project valuation

and agency choice. For a given type of project, we may expect some states to ascribe systematically higher valuation to successful implementation. Since our projects focus on public goods, standard theories of governance, such as the selectorate theory (Bueno de Mesquita et al. 2003), suggest that democratic states value successful project implementation more than do autocracies. We expect that democratic governments will be more interested in securing any given public good because democratic political institutions empower mass constituencies who benefit from the broad supply of public goods. Conversely, autocratic leaders are, given the modest political benefits of the project, in relative terms more worried about the cost of the conditionalities and policy changes that competent agencies require. Since the survival of autocratic leaders depends on the provision of private benefits to elite supporters (Bueno de Mesquita et al. 2003; Wintrobe 1998), they cannot afford to accept the policy changes that competent agencies require in exchange for project implementation. From these considerations, we derive our first hypothesis.

Hypothesis 1 (democracy and agency choice). *When planning projects, democracies are more likely to emphasize competence in agency selection than autocracies.*

Second, in addition to state characteristics we also expect *project characteristics* to exert a strong influence on agency choice. Inevitably, states value some projects more highly than others. We can further test our theory by examining how project type shapes states' decision to collaborate with competent but selective funding agencies. For instance, we expect *project size* to affect a state's willingness to pay for competence. Large projects not only produce more public goods than small projects, but the intricacies of implementing large projects are of a different magnitude than those of implementing a small project. States have stronger incentives to emphasize competence in the implementation of large projects because the difference in resources and expertise between competent and incompetent funding agencies is more pronounced when large projects are under consideration.

Hypothesis 2 (project size and agency choice). *When planning projects, the likelihood that a country emphasizes competence in agency selection increases with project size.*

Another project characteristic of interest concerns the nature and scope of the public goods that the project generates (Hicks et al. 2008). Some projects facilitate the provision of local public goods, such as waste treatment and the provision of clean drinking water. The benefits of these projects accrue mainly, if

not entirely, within the borders of the recipient state. In contrast, other projects are designed to contribute to regional or global public goods such as conservation of biological diversity. While these projects may be located within a specific country, and may generate some local benefits, the primary purpose of such projects is to generate positive externalities. Given that a government's political survival depends first and foremost on the behavior of domestic constituencies, we expect that governments will be more likely to partner with selective, but competent, agencies when local public goods are at stake. Conversely, we expect that governments will prefer to lower implementation costs when designing projects that generate global public goods. We summarize these expectations in our third hypothesis.

Hypothesis 3 (project focus and agency choice). *When planning projects, the likelihood that a country emphasizes competence in agency selection is higher for projects focusing on local than on global public goods.*

One might question why governments would pay *anything* to provide global public goods. This criticism is provocative but misplaced. Our theory does not preclude the possibility that domestic constituencies may demand some level of global public good provision. It simply distinguishes between governments' incentives to pay for agency competence. Governments receive benefits from providing both types of public goods. However, failure to provide local public goods carries more significant and immediate political cost than failure to provide global public goods, since the latter may be obstructed by any number of events beyond the government's control.

3 Research Design

To test our hypotheses on agency selection, we compiled a dataset of all 2,257 bilateral GEF projects from 1991 to 2011.[3] This dataset excludes projects for which a specific recipient is not identifiable; for example, projects on global or regional scales are excluded. Projects within the GEF Small Grants Program are also excluded because they are inappropriate for this study. Unlike conventional GEF projects, these are not designed and implemented with the consultation of an implementing agency; agency selection is not relevant to this process. Moreover, small grant projects are not negotiated by recipient governments. Rather,

[3]This database is available online at `http://www.gefonline.org`.

they are proposed by, and awarded directly to community organizations.

The GEF is ideal for our purposes because, as we described earlier, the GEF delegates substantial authority to its implementing agencies. These agencies (the World Bank, several UN agencies, and a number of regional development banks) are not only responsible for implementing GEF projects, they also work with recipient government representatives to design project proposals for GEF consideration. One consequence of this, according to a former GEF CEO that we interviewed, is a strong competitive dynamic among GEF aencies, as each tries to maximize its share of GEF project funds in a given year (Barbut 2012). Tus, the GEF provides us with an ongoing example of forum shopping, involving a diverse set of organizations.

3.1 Dependent Variable

The outcome of interest is whether a recipient government has chosen to emphasize institutional competence in selecting which GEF agencies to partner with. Among the various GEF agencies, the WB stands out by offering the most institutional experience in implementing development projects, the most experience in implementing large projects, and the largest professional staff. In noting the WB's advantages in institutional competence, it is not necessary to make the dubious claim that other GEF agencies, such as the United Nations Industrial Development Programme (UNIDO), are qualitatively *in*competent. Rather, we simply observe that no other GEF agency has access to the same range of institutional resources as does the WB.

Our dependent variable, then, captures whether a country has chosen to partner with the WB for the purpose of obtaining project financing from the GEF. We do this by creating a dichotomous variable, set to 1 if the implementing agency is the WB, and to 0 otherwise.

Indeed, the GEF itself observes that different implementing agencies offer different comparative advantages. Interestingly, while the GEF differentiates among its various focal areas, there is very little variation in agencies' comparative advantages across issue areas. Rather, the different agencies' comparative advantages are driven mainly by the "type of policy intervention" of a given project. The GEF observes that the World Bank has a comparative advantage in *investment* across all focal areas, with the regional development banks providing secondary options. In contrast, the UNDP has a comparative advantage in the provision of *technical assistance* across all focal areas. Finally, the GEF finds that UNEP offers comparative advantages

in a variety of areas, such as standard-setting, monitoring, and norm promotion (GEF 2007).[4]

The GEF values a number of different types of institutional competence, based on the type of policy intervention. However, this does not mean that recipients assign the same value to each type of policy intervention. Our theory of agency choice suggests that recipients will place the greatest value on policies that affect them directly. In the case of the GEF, recipients will value investment projects more than, for example, provision of technical advice or assistance in setting standards.

3.2 Independent Variables

Our first hypothesis is that democracies will be more likely than autocracies to prioritize competence over project costs in selecting GEF agencies. Accordingly, our first explanatory variable is recipient government type. We use a binary measure (Cheibub, Gandhi, and Vreeland 2010), set to 1 if the recipient government was democratic in a given year, and otherwise 0, where democracy refers to the existence of free and competitive elections that determine the national leader's identity.

Our second hypothesis is that successful implementation of large projects will be particularly important to recipient countries. Accordingly, recipients will be increasingly likely to pay for institutional competence as project size increases. Our second independent variable, then, is project size. Rather identifying "large" projects by fixing an arbitrary threshold, we simply use total project value, as listed in the GEF project database. To mitigate the influence of outliers, we logarithmize these values.

Our third hypothesis is that recipients will assign greater value to projects that provide local public goods than those that provide global public goods. Accordingly, to assess our third hypothesis, we need to know whether the benefits of a given project are largely internal or external to the recipient. To do this, we leverage environmental impact coding from the newly-published AidData environmental project database.[5] Specifically, we matched projects from the GEF database to projects in AidData Environment, allowing us to use the brown/green measure in AidData Environment. Projects that are designed to generate positive externalities are coded "green," while projects that deliver primarily local benefits are coded "brown." Using these data, we constructed a binary indicator set to 1 if a project was coded green, and 0 otherwise.[6]

[4]Occasionally an additional agency is assigned to assist implementation. The GEF's description of comparative advantages suggests that policy intervention is important in selecting a primary agency; focal area expertise, where it exists, is listed second.

[5]Available online at `http://www.aiddata.org/content/index/Research/research-datasets`.

[6]In terms of AidData Environment, our indicator is set to 1 if a project is coded either "environmental strictly defined - green"

While it is true that the GEF was established for the purpose of financing global environmental goods, it is also the case that the GEF funds a range of projects, varying widely in scope. Many projects that fit fall in "global" environmental sectors, but nevertheless provide benefits that accrue most directly to the recipient. For example, GEF Project #32 financed the construction of small hydro power plants in Macedonia. For purposes of GEF governance, this project fell under the sectoral category of "climate change." However, the more fine-grained coding of AidData-Environment characterizes this project as "broadly environmental," with project benefits accruing mainly to the recipient. Accordingly, this "climate" project is coded "brown."

3.3 Control Variables

We present several models, with a variety of different control variables. First we control for the logarithm of per capita income in recipient countries, obtained from the World Development Indicators. Our theoretical model focuses on recipient willingness to pay for institutional competence; it is also possible that ability to pay influences agency selection. Conversely, funding agencies themselves may have demand for working with certain types of recipients in particular (Dreher, Sturm, and Vreeland 2009). In both cases, we would expect higher income recipients to be relatively more likely to partner with the WB.

Recipient population also may influence agency selection, particularly if certain types of agencies place particular value on working in large countries (Stone 2011). As with income, we obtain this information from the World Development Indicators. It is logarithmized to the influence of outliers.

Next, from the International Country Risk Guide ICRG, we add controls for corruption and investment climate. To the extent that corrupt governments may place added value on simply receiving project funding, as opposed to implementation success, corruption may influence agency selection. Similarly, a country's investment profile may influence the level of conditions that agencies attach to projects, thereby influencing the "price" of institutional competence and, thus, agency selection. Note that the ICRG scales these variables such that higher values are more favorable; higher scores thus denote less corruption and a more favorable investment climate.

The extent to which recipients have established a working relationship with the WB may also affect project conditions and the likelihood that a recipient will partner with the WB in the future. To account for

or "environmental broadly defined - green." Our indicator is set to 0 if a project is coded "environmental strictly defined - brown," "environmental broadly defined - brown," "neutral," "dirty strictly defined," or "dirty broadly defined."

such path dependence, we control for the cumulative number of WB projects in a recipient country at the time of GEF project design.

Other variables that may influence the "price" of working with the WB are recipient membership on the WB Executive Board and rotating membership on the United Nations Security Council (Kilby 2009). We add dummy variables for each of these, set to 1 if the recipient country was a member of the WBEB or UNSC at the time of GEF project design.

Finally, we use a series of regional dummy variables to control for possible regional influences and include cubic time polynomials to keep serial correlation at bay. We follow the WB coding scheme for classifying recipient country location.

Summary statistics and graphical illustrations of the distribution of the data can be found in the supplementary appendix.

3.4 Model Specification

The outcome of interest in our empirical model is whether or not a recipient has chosen to partner with the WB to implement a given GEF project. Since our dependent variable is a binary measure, we use a binary probit specification to model the underlying propensity to choose the WB as a partner agency. Thus, our basic model is:

$$\begin{aligned} \text{Probit}(Y^*_{i,j}) &= \alpha_j + \beta_1 \text{Global}_{i,j} + \beta_2 \text{Project Size (log)}_{i,j} + \beta_3 \text{Democracy}_i + \\ &\quad \gamma \text{Controls}_{i,j} + \epsilon_{i,j}. \end{aligned} \tag{1}$$

Here, $Y^*_{i,j}$ represents the probability of a project i in country j being implemented by the WB given relevant explanatory variables and controls. β_1 is the coefficient for project scope, β_2 is the coefficient for the logarithmized total project cost, β_3 is the coefficient for status as a democracy, and γ is a vector of coefficients for the control variables, including the region fixed effects and the cubic time polynomial.

We cluster standard errors by country j because observations may be correlated within countries. This is a near certainty given the context in which GEF projects are designed. Recipient country representatives are

likely to develop experience over time with one or more GEF agencies. Moreover, recipient governments are very likely to have pre-existing, outside relationships with one or more of the organizations that serve as GEF agencies.[7]

4 Findings

Table 1 shows the estimation results for nine models. Model (1) is the most minimal specification, with only the three explanatory variables of interest along with a cubic time polynomial. Models (2) through (5) introduce progressively larger sets of control variables, including regional indicators. Model (6) excludes projects from the GEF pilot, during which the GEF was governed substantially by the WB. Model (7) excludes projects after 2006, when the GEF adopted the Resource Allocation Framework (RAF), which provides formal allocation criteria that influence recipients' leeway in bargaining with the GEF and its agencies.[8] Model (8) excludes "enabling activities," defined as projects related to one of the multilateral treaties for which the GEF serves as the primary financing mechanism. Finally, Model (9) excludes multifocal projects. Although the AidData Environment database provides coding for the primary scope of benefits for *all* environmental projects, arguably such codes are less certain for projects that serve multiple focal areas – biodiversity, climate, land degradation, and so on – because they may generate several primary benefits.

The results support the agency selection model. We find strong evidence that the WB is less likely to be chosen as the lead implementation agency for global public good projects. Across all nine models, the global public good coefficient is negative, and statistically significant at $p < 0.01$. Likewise, we find that the project cost coefficient is positive and strongly significant across all nine models. Finally, we find that democracy generally has a positive effect on WB selection. In Models (1) through (4), the democracy coefficient is significant at $p < 0.01$. In Models (5), (6), and (9), the democracy coefficient remains broadly similar in sign and magnitude, though significance falls to $p < 0.05$, likely because of the smaller sample sizes of these models. Finally, democracy remains positive, but falls short of statistical significance in Models (7) and (8). Again, this is not surprising, given that these are the two smallest samples presented in Table 1.

[7] In checking the robustness of our results, we also estimate random effects probit regressions. Our findings are robust to this specification; we present complete results in the supplementary appendix.

[8] As Figure 1 shows, while partnering with the UNDP has been consistently less costly than cooperating with the WB, the difference shrank somewhat following the GEF's adoption of the RAF.

Regarding our control variables, we generally observe inconsistent or insignificant results, with three exceptions. We find a negative relationship between recipient income and WB selection. We believe that this relationship is likely driven on the Bank's side, reflecting a preference for promoting development in addition to funding the provision of environmental goods. We find that the extent to which a recipient has developed a working relationship with the Bank, which is measured as the cumulative number of WB projects in a country, has a positive effect on World Bank selection. Finally, we find a significant negative relationship between UNSC rotating membership and World Bank selection. At first glance, this seems surprising; we expected that UNSC membership might be a source of recipient leverage. However, the decision not to partner with the WB is functionally equivalent to the decision to partner with a UN agency. In hindsight, it is not surprising to see that rotating UNSC members are more likely to choose UN partner agencies.

[Table 1 about here.]

To shed light on the substantive effect of each of these variables, we simulated one thousand draws from a multivariate normal distribution, in an effort to estimate the change in predicted probability of WB choice following changes from local to global project scope, from autocracy to democracy, and from mean project cost to one standard deviation above the mean. When not used as a change variable, project scope and democracy were held at their median values; project cost was held at the mean value. For all three independent variables, we held the time polynomial at the mean value. Figure 2 plots the first difference in predicted probabilities of WB choice for each of the simulated changes described above. *Ceteris paribus*, we find that changing to a global scope reduces the probability of WB choice by roughly 0.2. Conversely, a one standard deviation in project cost increases the probability of World Bank selection by roughly 0.25. In contrast, we find weaker results for government type. Though the change from autocracy to democracy is significant, as the 95 percent confidence interval does not overlap zero, the change in predicted probability of World Bank selection is only 0.05.

[Figure 2 about here.]

While agency selection may be influenced by a wider range of variables than we discuss here, the changes in predicted probability shown in Figure 2 indicate that the propositions derived from our theoretical

model are quite powerful. An autocratic country, faced with the prospect of obtaining funding for a small to medium climate project is quite unlikely to choose to partner with the WB. In contrast, democratic recipients that are interested in providing major local or national public goods are substantially more likely to choose the WB, compared to an "average project, average recipient" baseline.

To further illustrate these effects, we offer a more nuanced analysis of the effect of project size on the choice of WB as an implementing partner. Though there is a strong relationship between project size and agency choice, it is not deterministic. In other words, the GEF does not direct all large projects through the WB, and all smaller projects through UN agencies. The WB has implemented a number of relatively small projects, and non-Bank agencies have implemented several large projects. GEF projects implemented by the World Bank range in (logged) project cost from 9.5 to 21.0, with a mean of 16.3. GEF projects implemented by non-Bank agencies range in (logged) project cost from 8.9 to 19.6, with a mean of 13.9. Figure 3 shows how the predicted probability of World Bank selection changes across the observed range of values of project cost.

[Figure 3 about here.]

To summarize, we have found that our three primary explanatory variables shape the likelihood that a recipient chooses to collaborate with the WB on environmental project implementation. Democratic recipients work more closely with the WB, and a given recipient is more likely to select the WB if the project is large and/or provides national instead of global public goods. These patterns are consistent with our theory of agency choice.

5 Robustness

We implemented several robustness tests. First, we estimated probit regressions with random effects to account for the panel nature of the data, with virtually no change in the results. Second, we allowed our independent variables to interact with each other. The only statistically significant interaction was between the indicator for global public good and project cost. With a positive sign, the coefficient suggests that these two factors reinforce each others' positive effect on the likelihood of WB selection.

6 Conclusion

As scholars have increasingly begun to emphasize, international cooperation occurs in a densely populated institutional environment. Understanding and explaining interactions between states and international organizations is complicated by the fact of choice. Neither states nor organizations hold all the cards in this process. In this article, we contribute to the literature on forum shopping in international relations by arguing that one of the main criteria differentiating organizations that operate in a given issue space is institutional competence. Absent such differentiation, one would expect that institutional diversity would lead to competition among international organizations, giving states power to dictate the terms of collaboration with the former. In reality, however, international organizations are differentiated within an issue space. In the fields of development assistance and environmental finance, the recognition that a given funding agency possesses advantages in institutional competence may weaken a state's outside options. This, in turn, provides funding agencies greater leverage to negotiate terms of cooperation.

We explored this dynamic by developing a theory of agency choice, and by testing the implications of that theory against project data from the GEF. We argue that the various agencies that implement GEF projects are, in fact, differentiated in institutional competence. Our theoretical model suggests that a state's willingness to pay for institutional competence is driven both by recipient characteristics and project characteristics. Democratically governed countries are likely to place greater value on institutional competence due to their need to provide public goods to broad constituencies. Additionally, states are more likely to value institutional competence as stakes increase due to an increase in project size. Finally, we show that states are more likely to value institutional competence when they expect to be the sole recipient of project benefits. Our analysis of GEF agency selection provided strong support to each of these hypotheses, as the central explanatory variables have large effects on the probability that a given state chooses to collaborate with the WB.

These findings highlight the fact that, perhaps unsurprisingly, recipient countries value local environmental goods and global environmental goods differently. To the extent that international finance for the provision of global environmental goods reflects donors' interests more than recipients', our findings have potentially troubling implications. It may be unrealistic to expect that institutions designed to promote development will be able to promote global environmental goods with the same effectiveness. A promising

avenue for further research will be to examine the extent to which donors act on this knowledge in choosing which international agencies to deliver environmental financing, which is itself an act of institutional choice.

The results also open avenues for future research. Our focus on project implementation is both substantive important and empirically convenient, but there are many other forms of collaboration between states and international organizations. One potentially interesting question that we leave for future research is the generalizability of our findings to other issue areas. For example, are states capable of choosing among multiple agencies when cooperation does not focus on specific projects, but instead focuses on the development of national policies? Similarly, are our findings applicable in areas of development assistance where the distinction between global and national public goods is less clear, such as public health? Providing a basis for analyzing these questions, our theory and empirics contribute to the study of forum shopping and the politics of agency selection international relations beyond the case of environmental assistance.

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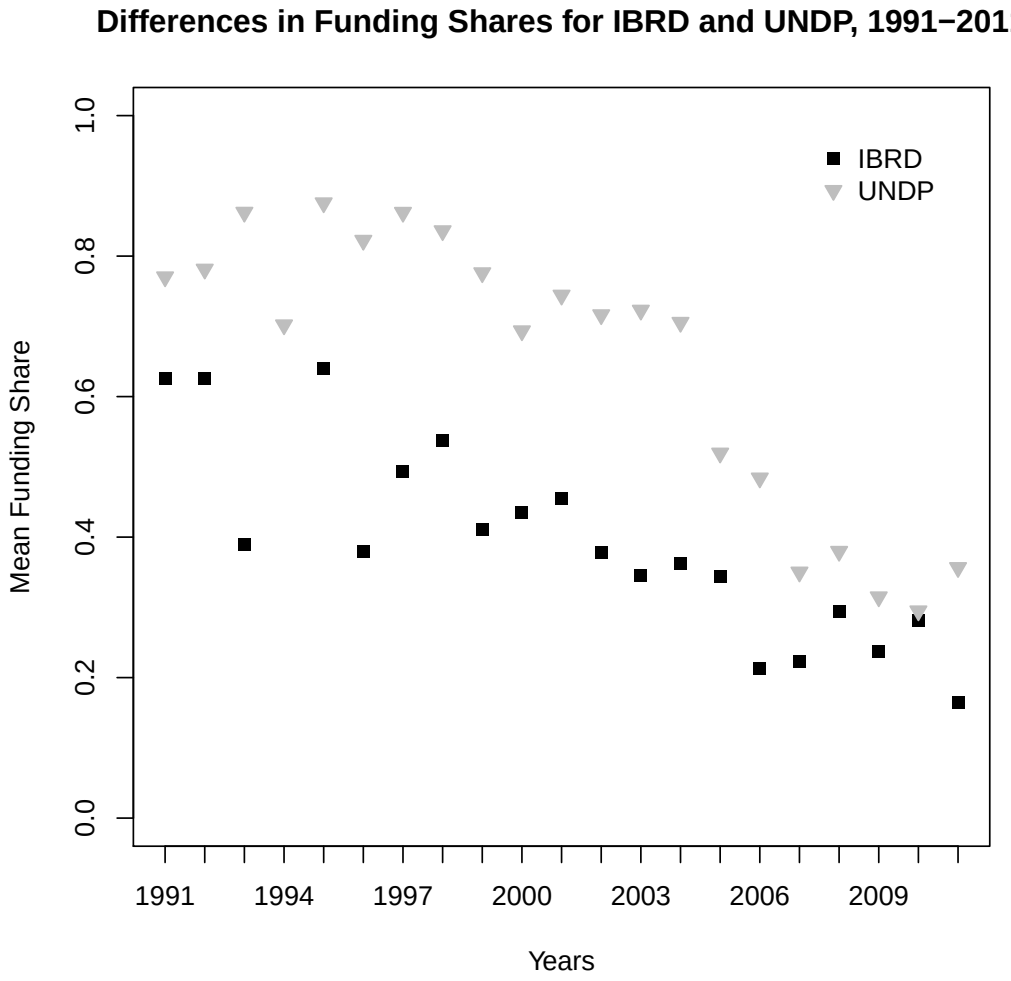

Figure 1: Funding Shares for IBRD and UNDP. The plot shows differences in mean funding shares for the IBRD and the UNDP implementing agencies over the years 1991 to 2011.

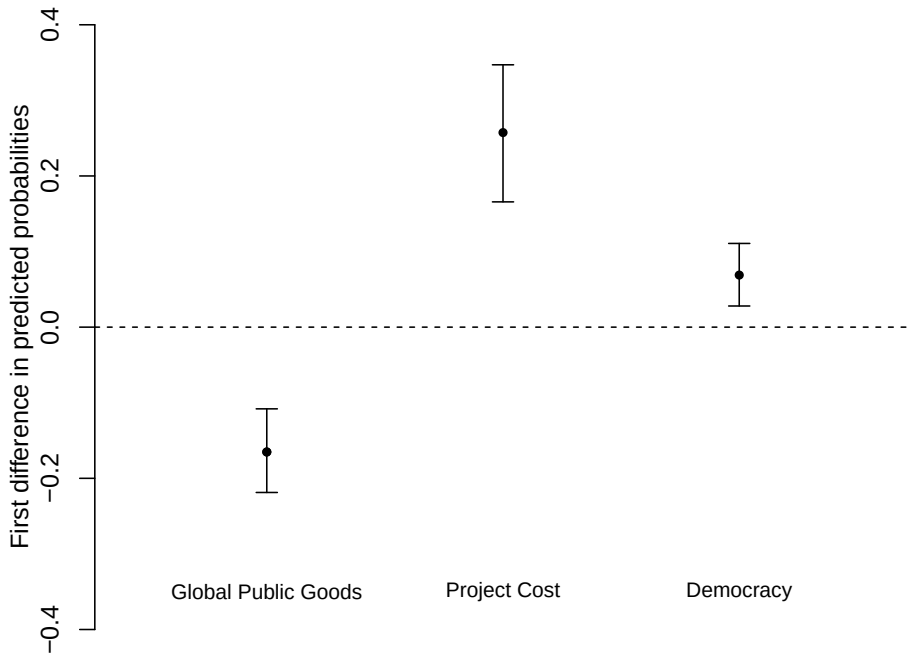

Figure 2: Substantive effects. The plots shows substantive effects for our main independent variables and illustrates changes from local to global public goods, from the mean project cost to one standard deviation above, and from an autocratic to a democratic regime. Error bars indicate 95% confidence intervals.

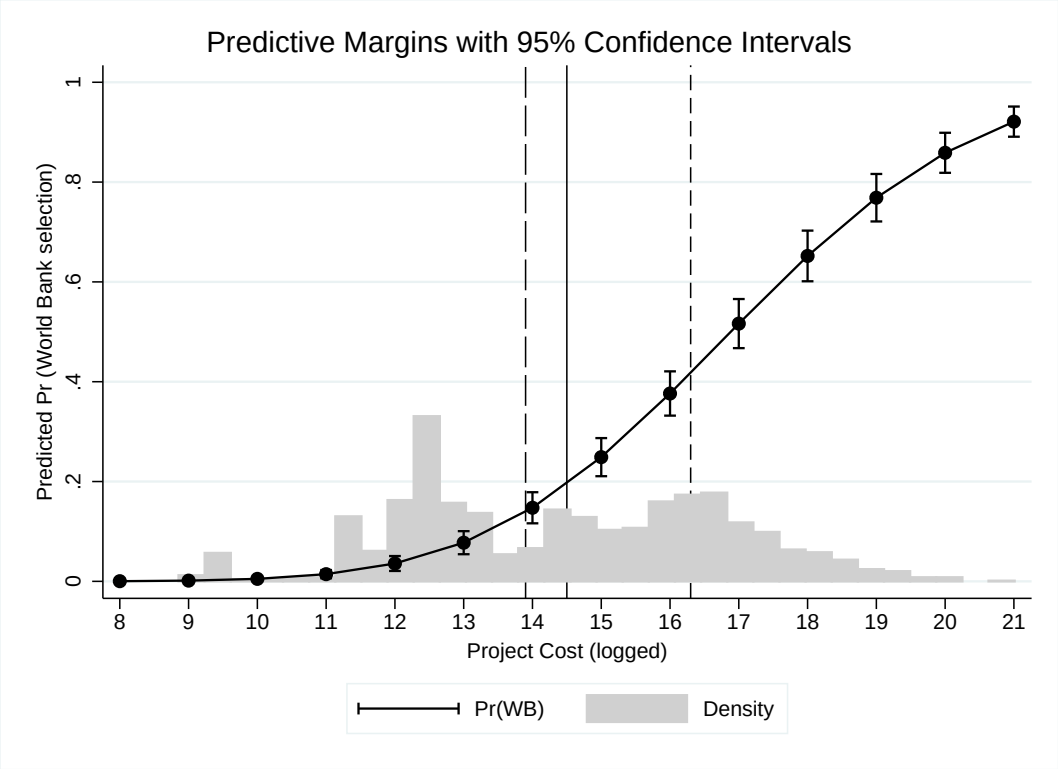

Figure 3: Predicted probability of WB selection by project size. Middle reference line reflects overall mean. Left reference line reflects non-WB mean. Right reference line represents WB mean. Error bars indicate 95% confidence intervals.

Main results

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model	(9) Model
Global Public Good	-0.477***	-0.460***	-0.440***	-0.446***	-0.513***	-0.523***	-0.579***	-0.591***	-0.515***
	(0.083)	(0.085)	(0.095)	(0.095)	(0.100)	(0.104)	(0.124)	(0.130)	(0.102)
Project Cost (logged)	0.285***	0.268***	0.253***	0.253***	0.260***	0.254***	0.410***	0.131***	0.301***
	(0.050)	(0.055)	(0.056)	(0.057)	(0.056)	(0.055)	(0.031)	(0.050)	(0.055)
Democracy	0.255***	0.328***	0.316***	0.309***	0.235**	0.247**	0.063	0.186	0.274**
	(0.075)	(0.095)	(0.110)	(0.120)	(0.118)	(0.120)	(0.152)	(0.129)	(0.119)
GDP p.c. (logged)		-0.067	-0.132*	-0.186**	-0.178***	-0.169**	-0.170**	-0.195***	-0.187***
		(0.058)	(0.076)	(0.074)	(0.067)	(0.071)	(0.071)	(0.072)	(0.073)
Population (logged)		0.067**	0.063*	-0.045	-0.009	-0.021	-0.136**	-0.044	-0.030
		(0.031)	(0.037)	(0.037)	(0.046)	(0.052)	(0.053)	(0.044)	(0.045)
Corruption			0.119**	0.090*	0.085	0.054	0.088	0.096	0.080
			(0.055)	(0.051)	(0.052)	(0.052)	(0.063)	(0.063)	(0.057)
Investment Profile			-0.029	-0.032	-0.027	-0.022	-0.080**	-0.032	-0.029
			(0.030)	(0.030)	(0.032)	(0.032)	(0.034)	(0.038)	(0.032)
IBRD Projects (cum. #)				0.067***	0.086***	0.086***	0.183***	0.084***	0.093***
				(0.022)	(0.030)	(0.031)	(0.029)	(0.024)	(0.030)
WB Executive Board Member					-0.053	-0.073	-0.074	0.058	-0.042
					(0.111)	(0.121)	(0.143)	(0.141)	(0.111)
Security Council Member					-0.565***	-0.514***	-0.561***	-0.600***	-0.593***
					(0.147)	(0.155)	(0.186)	(0.141)	(0.153)
Constant	-3.809***	-4.190***	-3.828***	-1.494	-2.283**	-2.386	-2.227**	0.777	-2.374**
	(0.854)	(0.707)	(0.882)	(0.949)	(1.037)	(1.791)	(1.135)	(1.114)	(1.115)
Region Dummies	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cubic Time Polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1949	1925	1503	1503	1321	1260	1004	808	1166
Pseudo R^2	0.217	0.229	0.206	0.224	0.246	0.236	0.363	0.150	0.268

Standard errors in parentheses
Dependent Variable: IBRD project.
Models (6) and (7) exclude years before 1994 and after 2006.
Model (8) excludes enabling activity projects.
Model (9) excludes multifocal projects.
All standard errors are clustered by country.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 1: Main results from the probit model with standard errors clustered by country.

Choosing International Organizations

Supplementary On-Line Appendix

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September 30, 2012

Contents

A1 Formal Analysis **APP-2**

A1.1 Players and Payoffs APP-2

A1.2 Sequence of Moves APP-2

A1.3 Equilibrium APP-2

A1.4 Comparative Statics APP-3

A2 Summary Statistics **APP-4**

A3 Correlation Matrix **APP-6**

A4 Data Description: Variable Distributions **APP-8**

A5 Robustness: Additional Specifications **APP-12**

A6 Robustness: Interaction Models **APP-14**

A1 Formal Analysis

This appendix presents a game-theoretic model of agency selection.

A1.1 Players and Payoffs

Let there be three actors, one recipient, r, and two funding agencies, $f = \{A, B\}$. The payoffs for the recipient are defined as

$$\Pi_r = b(t)q_f - p_f,$$

where q_f is the agency f's competence level for project implementation, p_f is the price the agency charges for its services, and $b(t)$ is the recipient's valuation of the project, with $t \in \{L, H\}$. Project valuation is increasing in project type, $b(H) > b(L)$. Further, let $\tau_t \in (0, 1)$ be the probability of type t, where $\tau_H = 1 - \tau_L$. Without loss of generality, we assume $q_A > q_B$.

Payoffs for agencies f are given as

$$\Pi_f = p_f - c_f,$$

where $c_f \geq 0$ is agency f's implementation cost.

A1.2 Sequence of Moves

The agency selection game proceeds as follows:

(1) Each funding agency f sets a price of project implementation, $p_f \geq 0$.

(2) The recipient type $\tau \in \{L, H\}$ is chosen.

(3) Recipient r selects a funding agency f.

A1.3 Equilibrium

We solve the game by backward induction for a subgame Nash equilibrium with random moves by nature. Such an equilibrium consists of an optimal choice condition by the recipient and a price vector,

$\mathbf{p} = (p_A, p_B)$. The choice of agency A is optimal if and only if

$$b(t)q_A - p_A > b(t)q_B - p_B \quad \Leftrightarrow \quad b(t)(q_A - q_B) > p_A - p_B.$$

This incentive compatibility constraint for r to choose agency A ensures that, in equilibrium, the more competent agency A has a competitive edge and holds agency B indifferent, so that $p_B^* = c_B$. With τ_L and τ_H as probabilities for type $t \in \{L, H\}$, and $\underline{p}_A > c_A$, A chooses equilibrium prices

$$p_A = \begin{cases} \overline{p}_A & \text{if} (q_A - q_B)\left(\tau_H b(H) - b(L)\right) + \tau_L(c_B + c_A) > 0 \\ \underline{p}_A & \text{if} (q_A - q_B)\left(\tau_H b(H) - b(L)\right) + \tau_L(c_B + c_A) \leq 0, \end{cases}$$

where $\overline{p}_A$ satisfies $b(H)(q_A - q_B) + c_B > p_A$ and $\underline{p}_A$ satisfies $b(L)(q_A - q_B) + c_B > p_A$. Given this pricing, r always chooses A except when the recipient is the low type and is offered a high price. For $p_A^* = \overline{p}_A$ and $t = L$, agency B is chosen in equilibrium.

The above equilibrium is unique if $\underline{p}_A > c_A$ holds. Suppose $\overline{p}_A > c_A \geq \underline{p}_A$, then $p_A^* = \overline{p}_A$ is the unique optimal price, which gets only accepted by the high type. The low type always prefers agency B. For $c_A > \overline{p}_A$, agency A withdraws from the market and B can set prices as a monopolist. For brevity, we exclude this possibility as with only one agency no selection takes place.

A1.4 Comparative Statics

To derive the comparative statics, we assume $\tau_H = \tau_H(s, l, d)$ is a function of project size s, the extent to which local public goods are prioritized l, and the strength of the country's democratic institutions d. This empirical focus is rationalized in the main text. The comparative statics are analyzed for the equilibrium in which both agencies are sometimes chosen; otherwise agency selection does not offer any empirical variation to be explained. In this equilibrium, the recipient r selects agency A at price $\overline{p}_A$ if and only if the recipient's valuation is $t = H$. The probability of this event is $\tau_H(s, l, d)$. As explained in the main text, we assume τ_H is strictly increasing in s, l, d. The comparative statics needed for the three hypotheses follow.

A2 Summary Statistics

Table A1 provides the summary statistics.

Summary statistics

	count	mean	sd	min	max
IBRD Implementing Agency	1321	0.30	0.46	0.00	1.00
Global Public Good	1321	0.66	0.47	0.00	1.00
Project Cost (logged)	1321	14.57	2.58	0.00	21.01
Democracy	1321	0.54	0.50	0.00	1.00
GDP p.c. (logged)	1321	7.12	1.13	4.39	9.79
Population (logged)	1321	16.95	1.78	12.58	21.00
Corruption	1321	2.38	0.88	0.00	5.00
Investment Profile	1321	7.80	1.96	1.00	12.00
IBRD Projects (cum. #)	1321	3.84	4.94	0.00	29.00

Table A1: Summary statistics for agency selection. The numbers are based on the model that includes all the control variables discussed in the main text.

A3 Correlation Matrix

Table A2 shows the correlation matrix.

Correlation matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) IBRD Implementing Agency	1.000								
(2) Global Public Good	-0.146***	1.000							
(3) Project Cost (logged)	0.429***	-0.056*	1.000						
(4) Democracy	0.085**	-0.008	0.025	1.000					
(5) GDP p.c. (logged)	-0.002	0.096***	0.106***	0.223***	1.000				
(6) Population (logged)	0.152***	-0.044	0.293***	-0.135***	-0.109***	1.000			
(7) Corruption	0.050	0.084**	-0.025	0.189***	0.242***	-0.184***	1.000		
(8) Investment Profile	-0.050	-0.019	0.007	0.198***	0.364***	-0.190***	0.070*	1.000	
(9) IBRD Projects (cum. #)	0.190***	-0.136***	0.284***	0.013	0.155***	0.595***	-0.157***	0.122***	1.000

Table A2: Correlation matrix for agency selection. The correlations are based on the model that includes all the control variables discussed in the main text.

A4 Data Description: Variable Distributions

Figures A1 to A6 illustrate distributions of our main variables.

- Figure A1 shows the histogram of logged total project costs.
- Figure A2 shows the histogram of logged GDP per capita.
- Figure A3 shows the histogram of logged total population.
- Figure A4 shows the histogram of the corruption variable.
- Figure A5 shows the histogram of the investment profile variable.
- Figure A6 shows the histogram of cumulative project count of IBRD projects.

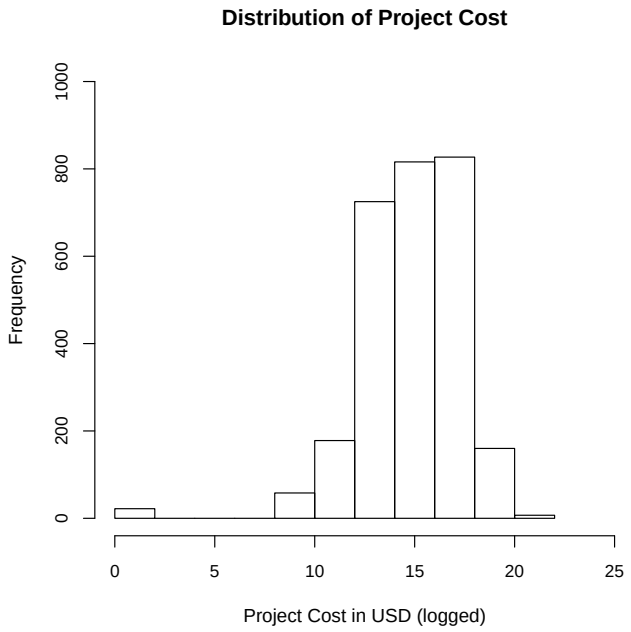

Figure A1: Histogram of project costs in US$ (logged).

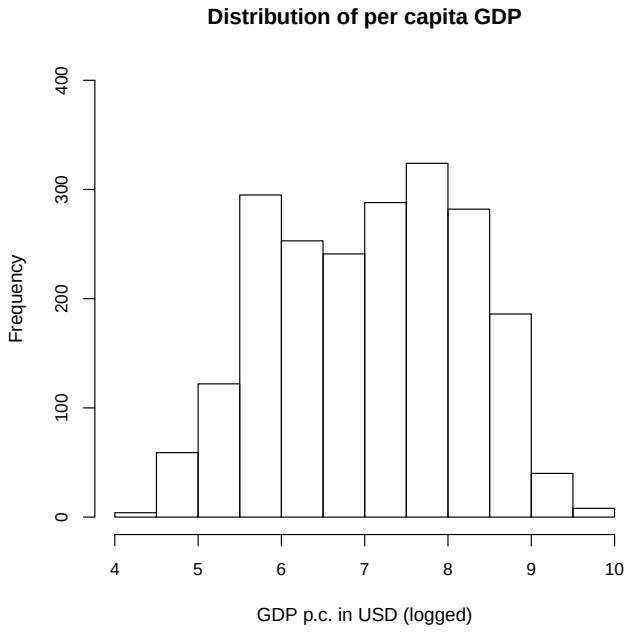

Figure A2: Histogram of GDP per capita in US$ (logged).

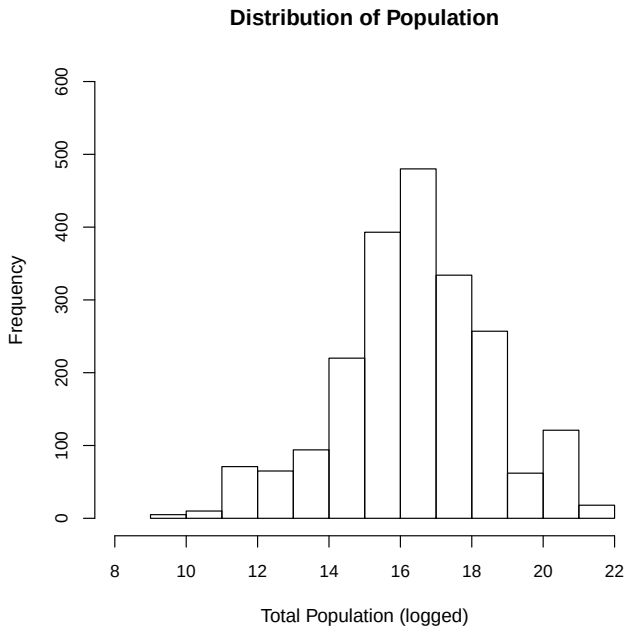

Figure A3: Histogram of total population (logged).

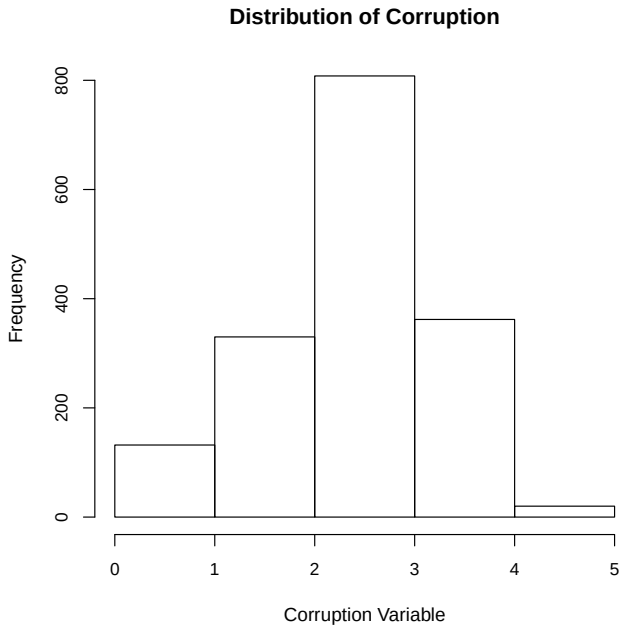

Figure A4: Histogram of corruption variable.

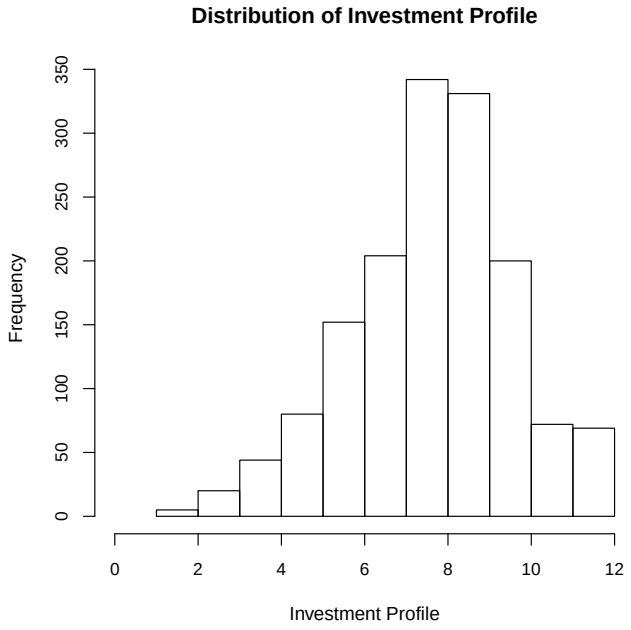

Figure A5: Histogram of investment profile variable.

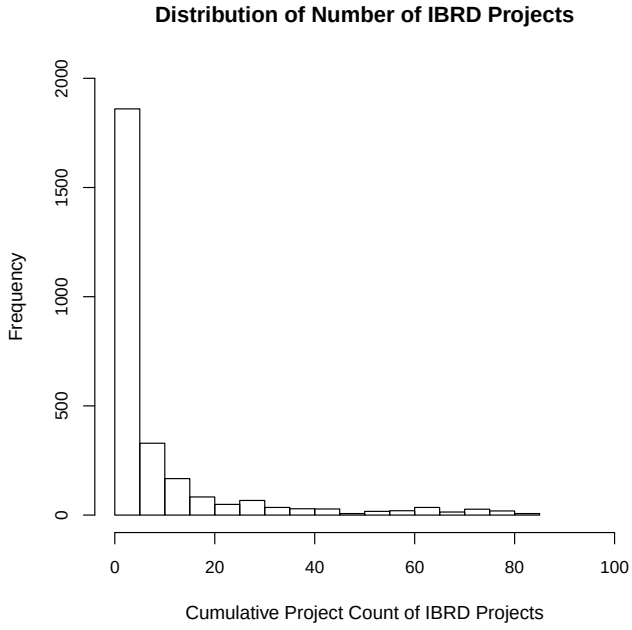

Figure A6: Histogram of cumulative number of IBRD projects.

A5 Robustness: Additional Specifications

Main results from random effects model

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model	(9) Model
Global Public Good	-0.473***	-0.463***	-0.441***	-0.450***	-0.517***	-0.526***	-0.579***	-0.591***	-0.519***
	(0.079)	(0.080)	(0.086)	(0.087)	(0.090)	(0.092)	(0.114)	(0.106)	(0.097)
Project Cost (logged)	0.287***	0.273***	0.257***	0.258***	0.262***	0.257***	0.410***	0.131***	0.302***
	(0.016)	(0.017)	(0.018)	(0.018)	(0.018)	(0.019)	(0.029)	(0.023)	(0.022)
Democracy	0.229***	0.292***	0.290***	0.262**	0.219*	0.232**	0.063	0.186	0.263**
	(0.085)	(0.094)	(0.107)	(0.110)	(0.112)	(0.116)	(0.135)	(0.123)	(0.119)
GDP p.c. (logged)		-0.065	-0.138**	-0.200***	-0.182***	-0.174**	-0.170**	-0.195**	-0.191***
		(0.048)	(0.062)	(0.065)	(0.067)	(0.069)	(0.078)	(0.079)	(0.070)
Population (logged)		0.074***	0.070**	-0.038	-0.007	-0.020	-0.136**	-0.044	-0.028
		(0.023)	(0.033)	(0.039)	(0.043)	(0.045)	(0.053)	(0.050)	(0.046)
Corruption			0.122**	0.092	0.088	0.055	0.088	0.096	0.083
			(0.056)	(0.057)	(0.060)	(0.063)	(0.072)	(0.068)	(0.063)
Investment Profile			-0.032	-0.034	-0.027	-0.022	-0.080**	-0.032	-0.029
			(0.026)	(0.027)	(0.028)	(0.029)	(0.033)	(0.032)	(0.029)
IBRD Projects (cum. #)				0.074***	0.089***	0.089***	0.183***	0.084***	0.095***
				(0.013)	(0.015)	(0.016)	(0.027)	(0.016)	(0.016)
WB Executive Board Member					-0.062	-0.084	-0.074	0.058	-0.048
					(0.130)	(0.136)	(0.154)	(0.147)	(0.137)
Security Council Member					-0.537***	-0.479***	-0.561***	-0.600***	-0.578***
					(0.152)	(0.160)	(0.177)	(0.159)	(0.160)
Constant	-3.844***	-4.375***	-3.947***	-1.553*	-2.324**	-2.435	-2.227**	0.777	-2.412**
	(0.395)	(0.596)	(0.739)	(0.853)	(0.926)	(1.805)	(1.094)	(1.099)	(0.977)
Region Dummies	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cubic Time Polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1949	1925	1503	1503	1321	1260	1004	808	1166

Standard errors in parentheses
Dependent Variable: IBRD project.
Models (6) and (7) exclude years before 1994 and after 2006.
Model (8) excludes enabling activity projects.
Model (9) excludes multifocal projects.
All standard errors are clustered by country.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table A3: Main results from random effects probit model.

A6 Robustness: Interaction Models

Model with Global Public Good X Project Cost Interaction

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model	(9) Model
Global Public Good	-3.058***	-3.060***	-3.410***	-3.591***	-3.638***	-3.476***	-0.347	-5.261***	-3.047***
	(0.963)	(0.932)	(0.993)	(0.960)	(0.971)	(0.937)	(0.900)	(1.000)	(1.091)
Project Cost (logged)	0.214***	0.198***	0.178***	0.173***	0.176***	0.174***	0.417***	0.052	0.220***
	(0.065)	(0.067)	(0.066)	(0.065)	(0.066)	(0.064)	(0.057)	(0.042)	(0.074)
Democracy	0.259***	0.345***	0.345***	0.343***	0.282**	0.293**	0.086	0.209	0.310***
	(0.076)	(0.096)	(0.109)	(0.116)	(0.115)	(0.116)	(0.149)	(0.129)	(0.120)
Global Public Good X Project Cost	0.171***	0.172***	0.194***	0.206***	0.206***	0.195***	-0.015	0.289***	0.166**
	(0.065)	(0.062)	(0.065)	(0.063)	(0.064)	(0.062)	(0.063)	(0.062)	(0.071)
GDP p.c. (logged)		-0.077	-0.142*	-0.197***	-0.190***	-0.179**	-0.159**	-0.210***	-0.197***
		(0.058)	(0.077)	(0.075)	(0.067)	(0.071)	(0.073)	(0.077)	(0.074)
Population (logged)		0.063**	0.057*	-0.054*	-0.011	-0.026	-0.122**	-0.058	-0.024
		(0.028)	(0.034)	(0.032)	(0.043)	(0.048)	(0.051)	(0.043)	(0.043)
Corruption			0.114**	0.085*	0.081	0.049	0.086	0.079	0.082
			(0.056)	(0.051)	(0.054)	(0.054)	(0.062)	(0.064)	(0.058)
Investment Profile			-0.029	-0.032	-0.027	-0.023	-0.079**	-0.033	-0.027
			(0.030)	(0.030)	(0.032)	(0.033)	(0.033)	(0.039)	(0.032)
IBRD Projects (cum. #)				0.068***	0.087***	0.087***	0.170***	0.086***	0.091***
				(0.020)	(0.027)	(0.028)	(0.029)	(0.022)	(0.027)
WB Executive Board Member					-0.096	-0.121	-0.065	0.035	-0.079
					(0.112)	(0.123)	(0.140)	(0.137)	(0.115)
Security Council Member					-0.545***	-0.482***	-0.556***	-0.603***	-0.570***
					(0.153)	(0.162)	(0.183)	(0.151)	(0.156)
Constant	-2.870***	-3.119***	-2.668***	-0.195	-0.967	-1.320	-2.649**	2.559**	-1.257
	(1.001)	(0.851)	(0.993)	(1.047)	(1.123)	(1.883)	(1.262)	(1.095)	(1.282)
Region Dummies	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cubic Time Polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1949	1925	1503	1503	1321	1260	1004	808	1166
Pseudo R^2	0.231	0.243	0.225	0.243	0.264	0.254	0.358	0.176	0.277

Standard errors in parentheses
Dependent Variable: IBRD project.
Models (6) and (7) exclude years before 1994 and after 2006.
Model (8) excludes enabling activity projects.
Model (9) excludes multifocal projects.
All standard errors are clustered by country.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table A4: Main results with global public good and project cost interaction.

Model with Global Public Good X Democracy Interaction

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model	(9) Model
Global Public Good	-0.511***	-0.507***	-0.499***	-0.470***	-0.428***	-0.443***	-0.568***	-0.565***	-0.399***
	(0.117)	(0.116)	(0.128)	(0.119)	(0.132)	(0.136)	(0.165)	(0.151)	(0.142)
Project Cost (logged)	0.285***	0.268***	0.253***	0.252***	0.258***	0.253***	0.407***	0.130**	0.299***
	(0.050)	(0.055)	(0.056)	(0.057)	(0.056)	(0.055)	(0.031)	(0.051)	(0.055)
Democracy	0.221*	0.281**	0.261*	0.286**	0.325**	0.330**	0.084	0.212	0.400***
	(0.118)	(0.119)	(0.135)	(0.141)	(0.148)	(0.154)	(0.187)	(0.172)	(0.154)
Global Public Good X Democracy	0.062	0.085	0.101	0.050	-0.137	-0.125	0.007	-0.032	-0.184
	(0.153)	(0.151)	(0.167)	(0.154)	(0.191)	(0.196)	(0.214)	(0.226)	(0.191)
GDP p.c. (logged)		-0.067	-0.132*	-0.181**	-0.173***	-0.163**	-0.159**	-0.188***	-0.182**
		(0.058)	(0.076)	(0.073)	(0.067)	(0.072)	(0.072)	(0.072)	(0.073)
Population (logged)		0.068**	0.063*	-0.039	-0.004	-0.016	-0.121**	-0.040	-0.024
		(0.031)	(0.037)	(0.037)	(0.045)	(0.050)	(0.050)	(0.044)	(0.044)
Corruption			0.116**	0.089*	0.090*	0.058	0.087	0.097	0.087
			(0.056)	(0.052)	(0.053)	(0.053)	(0.063)	(0.064)	(0.059)
Investment Profile			-0.030	-0.033	-0.027	-0.022	-0.079**	-0.033	-0.029
			(0.030)	(0.030)	(0.032)	(0.032)	(0.033)	(0.038)	(0.032)
IBRD Projects (cum. #)				0.064***	0.084***	0.083***	0.169***	0.082***	0.090***
				(0.021)	(0.028)	(0.030)	(0.029)	(0.023)	(0.028)
WB Executive Board Member					-0.059	-0.078	-0.068	0.048	-0.049
					(0.110)	(0.119)	(0.138)	(0.142)	(0.111)
Security Council Member					-0.559***	-0.507***	-0.555***	-0.588***	-0.586***
					(0.146)	(0.155)	(0.183)	(0.143)	(0.150)
Constant	-3.790***	-4.164***	-3.791***	-1.601*	-2.444**	-2.593	-2.521**	0.669	-2.587**
	(0.846)	(0.707)	(0.888)	(0.921)	(0.998)	(1.757)	(1.104)	(1.107)	(1.070)
Region Dummies	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cubic Time Polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1949	1925	1503	1503	1321	1260	1004	808	1166
Pseudo R^2	0.217	0.229	0.207	0.222	0.244	0.234	0.358	0.149	0.265

Standard errors in parentheses
Dependent Variable: IBRD project.
Models (6) and (7) exclude years before 1994 and after 2006.
Model (8) excludes enabling activity projects.
Model (9) excludes multifocal projects.
All standard errors are clustered by country.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table A5: Main results with global public good and democracy interaction.

Model with Democracy X Project Cost Interaction

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model	(9) Model
Global Public Good	-0.527***	-0.504***	-0.446***	-0.446***	-0.513***	-0.521***	-0.575***	-0.582***	-0.519***
	(0.085)	(0.088)	(0.094)	(0.093)	(0.100)	(0.103)	(0.123)	(0.128)	(0.103)
Project Cost (logged)	0.386***	0.369***	0.308***	0.299***	0.311***	0.299***	0.456***	0.192**	0.412***
	(0.065)	(0.073)	(0.071)	(0.071)	(0.075)	(0.073)	(0.043)	(0.095)	(0.039)
Democracy	2.356*	2.360*	1.654	1.460	1.490	1.346	1.314	1.750	2.757***
	(1.284)	(1.340)	(1.374)	(1.393)	(1.416)	(1.394)	(0.803)	(1.811)	(0.917)
Democracy X Project Cost	-0.137*	-0.132	-0.087	-0.075	-0.082	-0.072	-0.081	-0.097	-0.161***
	(0.082)	(0.086)	(0.087)	(0.088)	(0.091)	(0.090)	(0.053)	(0.110)	(0.058)
GDP p.c. (logged)		-0.101	-0.134*	-0.181**	-0.173***	-0.164**	-0.157**	-0.187**	-0.182**
		(0.065)	(0.076)	(0.074)	(0.067)	(0.072)	(0.071)	(0.073)	(0.074)
Population (logged)		0.068**	0.059	-0.040	-0.003	-0.015	-0.120**	-0.039	-0.024
		(0.033)	(0.036)	(0.036)	(0.045)	(0.051)	(0.050)	(0.044)	(0.044)
Corruption			0.114**	0.087*	0.083	0.054	0.083	0.095	0.065
			(0.055)	(0.051)	(0.053)	(0.053)	(0.062)	(0.062)	(0.059)
Investment Profile			-0.033	-0.036	-0.031	-0.026	-0.081**	-0.036	-0.035
			(0.030)	(0.030)	(0.031)	(0.032)	(0.034)	(0.038)	(0.032)
IBRD Projects (cum. #)				0.062***	0.082***	0.081***	0.168***	0.081***	0.088***
				(0.022)	(0.029)	(0.031)	(0.029)	(0.025)	(0.030)
WB Executive Board Member					-0.064	-0.082	-0.070	0.039	-0.053
					(0.109)	(0.120)	(0.136)	(0.144)	(0.113)
Security Council Member					-0.578***	-0.523***	-0.570***	-0.611***	-0.623***
					(0.152)	(0.158)	(0.189)	(0.145)	(0.159)
Constant	-5.352***	-5.483***	-4.575***	-2.309*	-3.192**	-3.206*	-3.256***	-0.307	-4.173***
	(1.063)	(1.100)	(1.214)	(1.233)	(1.301)	(1.775)	(1.194)	(1.786)	(1.045)
Region Dummies	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cubic Time Polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1949	1925	1503	1503	1321	1260	1004	808	1166
Pseudo R^2	0.225	0.235	0.210	0.225	0.247	0.236	0.360	0.152	0.274

Standard errors in parentheses
Dependent Variable: IBRD project.
Models (6) and (7) exclude years before 1994 and after 2006.
Model (8) excludes enabling activity projects.
Model (9) excludes multifocal projects.
All standard errors are clustered by country.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table A6: Main results with democracy and project cost interaction.