The bureaucratic politics of trust funds: Evidence from the World Bank

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Abstract

This paper studies the incentives for trust funds from the perspective of multilateral agencies. Using the example of the World Bank, it argues that different units in the multilateral bureaucracy have different incentives to pursue trust funds. They also pursue different kinds of trust funds. The paper hence addresses three related questions: What types of trust funds do exist? Which bureaucratic actors want trust funds and for which purposes? Under which conditions do units raise trust funds? In doing so, it adopts a mixed-method approach that combines evidence from staff interviews, documentary search, formal modeling, and multivariate analysis. The results suggest that donor-driven explanations are not sufficient to account for the dynamics of trust fund growth at multilateral agencies. Generally, budget constraints turn out to be the most important reason for fundraising efforts by individual units. They are the most important reason when individual units raise trust funds to support their own work program. In so-called "pass-on funds," however, a constraint to fundraising becomes the degree of misalignment between the preferences of the host unit and the implementing unit. Complementary factors of fundraising in the empirical analysis include the purpose of the funds being raised, which differs between the various units, as well as the regulatory environment.

Key words: Trust funds, political economy, multilateral agencies, World Bank

JEL codes: D73, F13, O19

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1 Introduction

Trust funds at international development organizations have become increasingly popular with bilateral donor countries. At the World Bank alone, the number of active trust funds has risen from 360 in 1990 to 1,075 in 2010 (IEG 2011, p.105). In terms of portfolio size, trust funds grew from USD 1.3 billion in 2002 to USD 4.4 billion in 2010, excluding financial intermediary funds, for which the Bank only provides financial services but no implementation (IEG 2011, p.100).

These patterns suggest that trust funds confer tangible benefits to donor countries, including higher control over multilateral disbursements and enhanced visibility of multilateral contributions as compared to multilateral aid, and benefits of pooling, administrative cost savings, and higher influence on multilateral policies as compared to bilateral aid (e.g., OECD 2011; Sridhar and Woods 2013; Michaelowa, Reinsberg, and Schneider 2014; Tortora and Steensen 2014; Eichenauer and Hug 2015; Reinsberg, Michaelowa, and Eichenauer 2015).

What about the multilateral agencies themselves? Narrative evidence suggests that trust funds enable multilaterals to expand their work program, to more rapidly respond to emergencies, and to pilot new development approaches (IEG 2011; UNDP 2012; UN 2012). The management of these trust funds on behalf of bilateral donors also provides multilateral agencies with fee income that may complement their administrative budget. Finally, two organizations in the multilateral system, notably the World Bank and the United Nations Development Program (UNDP), play a significant role as fiscal agent by providing financial intermediary service to large multilateral trust funds, for example the Global Environment Facility (GEF), the Global Fund to Fight Aids, Tuberculosis, and Malaria, and the United Nations Peacebuilding Fund. The World Bank considers the fee income earned from these institutions as "a stable source of revenue" (IEG 2011, p.68).

On the flipside, multilateral agencies face three main challenges from an increasing reliance on trust funds. First, trust funds increase administrative burdens due to additional expenses related to fund-raising, monitoring, and reporting. Second, trust funds pave the way for undue influence by individual donors. For instance, using the example of the World Bank, trust funds almost never require approval by the Board of Executive Directors, which represents the entire shareholder community; trust funds may also be a mechanism to infiltrate a specific kind of development thinking and related operational practices into agency staff. Finally, and most relevant for the present paper, trust funds and core resources do not typically support

the same activities; therefore, the funds alter the priorities in the work program and therefore distort the fine balance of power across departments inside these agencies (Reinsberg 2015).

The starting point of this paper is to open up the black box of multilateral agencies and to study the rise of trust funds from the perspective of individual units inside these agencies. This is in contrast to most of the literature, which often regards multilateral agencies as unitary actors. In the case of trust funds, the unitary-actor assumption is not helpful because costs and benefits from trust funds differ across different units even within the same organization (Reinsberg 2015). What is more, it is hard to believe that multilateral agencies are responsible as unitary actors for thousands of trust funds being created under their roofs. At the United Nations, there not even exists a complete list of trust funds, and even for the World Bank, where such a list does exist, it is implausible to assume that the Bank leadership approved each individual fund in its overall portfolio of about 1,000 funds.[1]

Hence proceeding with a non-unitary actor view of multilateral agencies, my main question in this paper is: Which actors within the multilateral bureaucracy want trust funds and why? For this purpose, I need to consider the following two preliminary questions: What are the relevant units within the multilateral bureaucracy and their different roles and incentives? What different trust funds exist and what are their potential costs and benefits for the different units?

To approach these questions, I adopt a multi-method approach to a rich body of evidence on the World Bank. The World Bank is an ideal case to study agency incentives for trust funds because it has the most comprehensive data on trust funds and manages the largest variety of trust fund arrangements. I address the two preliminary questions based on descriptive analysis of the World Bank's (2013f-h) trust fund databases, my own interviews conducted at World Bank headquarters, and complementary document analysis.[2] I argue that the most important distinction in the Bank's operational structure is between "network units" and "regional units." While the latter manage country-specific projects, the former conduct analytical work that focuses on specific themes rather than individual countries. Each unit can raise trust funds that support its own work program, which I all call "own

[1] The United Nations only maintains a database for the multi-donor trust funds administered by the United Nations Development Program (UNDP), available at http://mptf.undp.org (accessed June 10, 2015). It covers an estimated 5% of all trust funds (UN 2012).

[2] I encode all interviews with a unique interview number and refer to them in the text, for example "I 71". The complete list is in the Appendix.

funds" despite the more fine-grained distinctions that would be available. Hence, one part of the main question is to examine the conditions under which an individual unit raises its own trust funds. In addition, a unit can also raise so-called "pass-on funds," which are trust funds intended for implementation by another type of unit. Another part in this paper hence is to examine under which conditions a unit hosts a trust fund that will be implemented by another unit. In the first part, I derive hypotheses from a verbal theory and test them using multivariate regression analysis. In the latter part, I consider a game-theoretic model in the spirit of Romer and Rosenthal (1978), in which one unit proposes a trust fund for a specific issue and another unit either accepts or rejects the proposal. The model yields a number of hypotheses on the number of pass-on funds that I test through multivariate analysis. The results underscore the need to distinguish different types of bureaucratic actors and the different budgetary implications of the various trust funds in order to fully understand the empirical patterns in the use of trust funds at multilaterals like the World Bank.

From a theoretical perspective, I follow public choice theory and related approaches that argue that bureaucracies seek to expand their budget (e.g., Niskanen 1973; Migué and Bélanger 1974; Moe 2006), while at the same time adapting this argument to the specific context of international development organizations (e.g., Frey 1984; Vaubel and Willett 1991; Vaubel 2006). In particular, these organizations comprise individual units with not fully aligned preferences, and these units mutually interact to achieve a common goal but also to advance their own autonomy. Each unit can advance its autonomy by raising trust funds to support its own work program, being constrained only by the available staff time and the opportunity costs from doing so. It may be less costly for an individual unit in terms of own resources being invested into donor relations and trust fund accounting to expand its program budget by using a trust fund raised by some other unit. The downside from relying on trust fund support from another unit represent a relative loss in autonomy related to less aligned funding preferences. In addition, I qualify the budget maximization conjecture by showing that agencies have different kinds of budgets and different types of trust funds have different implications on these budgets. In particular, the distinction between program budgets and the administrative budgets that support these program budgets has not been fully appreciated, while being highly relevant in the context of trust funds.

I proceed as follows. In Section 2, I describe the main actors at multilateral agencies, using the example of the World Bank. In Section 3, I discuss the main

purposes of trust funds and argue which bureaucratic actors have the greatest interest in pursuing trust funds. I also show which units at the World Bank host the trust funds and which units implement them, leading to the analytical distinction between own funds and pass-on funds. In Section 4, I develop a theoretical argument that seeks to explain why individual units raise own funds and test it empirically. The section also examines the determinants of pass-on funds, whereby one unit hosts a trust fund and passes on resources to another unit. In doing so, I develop a game-theoretic model whose predictions are tested on a dyadic dataset of World Bank units over the past decade. In Section 5, I conduct an out-of-sample probe of these models with respect to the creation of new trust funds at the World Bank in the 1990s, using qualitative evidence from my own interviews and complementary documents. Section 6 consolidates the findings and discusses some implications for further research.

2 Multilateral agencies as heterogeneous actors

In this paper, I examine the incentives of bureaucratic actors within multilateral agencies for pursuing trust funds. As the rise of trust funds is a new phenomenon, the issue has not yet been explicitly addressed in the existing literature. However, I can draw on more general theoretical arguments from related strands of literature.

2.1 A literature review

What do multilateral agencies want? Answers to this question may inform the theoretical debate as to why they want trust funds. A necessary premise for analyzing this question is that agencies are actors in their own right. Relevant branches of literature that are ready to adopt this premise agree that agencies have a realm for independent action (e.g., Barnett and Finnemore 1999; Pollack 2003; Moe 2006), but they do not necessarily agree on what agencies want.

Public choice theorists take the most radical view by arguing that bureaucracies want to expand their budgets, regardless of whether being national bureaucracies (e.g., Tullock 1965; Downs 1967; Barro 1973; Niskanen 1973; Migué and Bélanger 1974; Becker 1983) or international bureaucracies (e.g., Fratianni and Pattison 1982; Frey 1984; Vaubel and Willett 1991; Frey 1997; Vaubel 2006; Vaubel, Dreher, and Soylu 2007). The question, however, pertains to the ultimate goals that bureaucracies want to achieve by pursuing budget maximization. Some argue that large

budgets are the necessary means to obtain autonomy, power, prestige, security, and loyalty (Downs 1967; Fiorina and Noll 1979; Breton and Wintrobe 1982; Michaelowa and Michaelowa 2016). In this regard, international bureaucracies are not different from national bureaucracies. In fact, "international organizations can be regarded as bureaucracies in which the individual members (especially the top officials) further their own utility subject to political-economic constraints" (Weck-Hannemann and Schneider 1991, p.249).

However, bureaucracies may also strive for higher budgets because they care about impact, most notably on substantive issues over which they have salient preferences. Extensive literature has emphasized the role of staff values (e.g., March and Olsen 1998; Momani 2005; Momani 2007; Bebbington, Lewis, Batterbury, Olson, and Siddiqi 2007; Häfliger and Hug 2012). In a similar vein, organizational sociologists argue that multilateral agencies (also) strive for legitimacy, which endows them with authority beyond budgetary resources (Barnett and Finnemore 1999, p.20; Barnett and Coleman 2005, p.597; Weaver 2008, p.4). What agencies want may also depend on engrained bureaucratic practices and organizational structure (e.g., Barnett and Finnemore 1999, p.19; Weaver 2008, p.37; Balding and Wehrenfennig 2011).

Whatever the deep-seated motivations of bureaucrats, external resources hold a key for the survival of multilateral agencies (Pfeffer and Salancik 1978; Barnett and Coleman 2005; Weaver 2007). Agencies need both material resources – financial contributions from bilateral donors – and immaterial resources – the legitimacy conferred to them by their stakeholders (Haas 1964; Suchman 1995; Babb and Buira 2005), especially when they expand their mission (Gray, Lindstädt, and Slapin 2015). The expansion of remits called "mission creep" is a key strategy by which agencies seek to secure their budgets (Einhorn 2001; Pincus and Winters 2002; Babb and Buira 2005; Vaubel 2006). Since agencies also face competition from other agencies with similar capabilities, they seek to shape their competitive environment, for example by forming cartels (Vaubel 1986), reducing the resource flows to direct competitors (e.g., Hurd 1999; Posner 2009), and diversifying their own resource base (Reinalda and Verbeek 2004, p.232) by drawing new donors or building alliances with non-state actors (Hawkins and Jacoby 2006). Multilateral organizations such as the United Nations, which completely depend on government outlays to finance their operations, are even more externally constrained than the multilateral development banks with respect to their budgetary situation.

In most accounts of international organizations as non-unitary actors, a Board of Executive Directors and the multilateral bureaucracy are distinguished (e.g., Nielson

and Tierney 2003; Dreher 2004; Vaubel 2006). While the former represents the member states, the latter represents the bureaucrats, and their interactions are typically studied in a principal-agent framework (e.g., Nielson and Tierney 2003; Hawkins, Lake, Nielson, and Tierney 2006; Johnson and Urpelainen 2014).

More specifically, existing studies on trust funds tend to be heavily leaned on the member-state perspective, assuming that member states are the key drivers behind the trust funds as the ultimate providers of the associated financial resources (e.g., Sridhar and Woods 2013; Eichenauer and Reinsberg 2015; Reinsberg, Michaelowa and Knack 2015). For example, Reinsberg, Michaelowa, and Knack (2015) study participation decisions by bilateral donors in World Bank trust funds. Arguing that individual donors trade off burden-sharing gains in larger funds against a relative loss of control in smaller funds, they are able to account for the observable patterns of donor participation in the various trust funds. Their model does not distinguish between the participation in a fund and the creation of a fund. This particularly implies that bureaucrats are assumed to be passive.

If at all, most existing approaches consider the agent to be a homogenous actor. A problem with this assumption is that individual incentives of bureaucrats directly translate into preferences of the multilateral bureaucracy as a whole. This does not need to be case, especially when bureaucratic actors within an organization do not want the same things. The available evidence indeed suggests that costs and benefits are unevenly distributed inside the agency when it expands into new issue areas and therefore a non-unitary actor view must be considered. For example, Michaelowa and Michaelowa (2011) relate the engagement of the World Bank into carbon finance to the entrepreneurship of the respective unit. Graham (2013) notes that internal fragmentation can reduce the faithfulness of an agency to its stakeholders.

Another problem with existing approaches is their lack of differentiation in the types of material resources on which multilateral agencies can draw. In the context of national bureaucracies, Dunleavy (1991) distinguishes different budget types and shows that different actors in the bureaucracy make different cost-benefit considerations on these items. For example, senior managers tend to face high costs from pushing for core budget increases because this often means resistance from peer managers, while the benefits from increased core budgets are reaped by operational staff (Dunleavy 1991, p.180f.). I seek to leverage the apparent heterogeneity in budgets and apply them to international organizations. In the next section, I develop these premises in greater detail for the case of the World Bank.

2.2 The World Bank bureaucracy as a heterogeneous actor

The World Bank is a multilateral agency that promotes development mainly through the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).[3] Multilateral policies are broadly determined by the member states, which convene every three years in the Board of Governors, and on a regular basis in the Board of Executive Directors. The main role of the Board of Executive Directors is to approve individual IBRD/IDA projects. Member states also appoint the World Bank President. Together with the Managing Directors, the World Bank President represents the "Bank leadership." The Bank leadership features prominently in historical accounts of the World Bank, which relate organizational behavior to the actions of the leadership (e.g., Kapur, Lewis, and Webb 1997; Pincus and Winters 2002; Mallaby 2004; Weaver 2008).

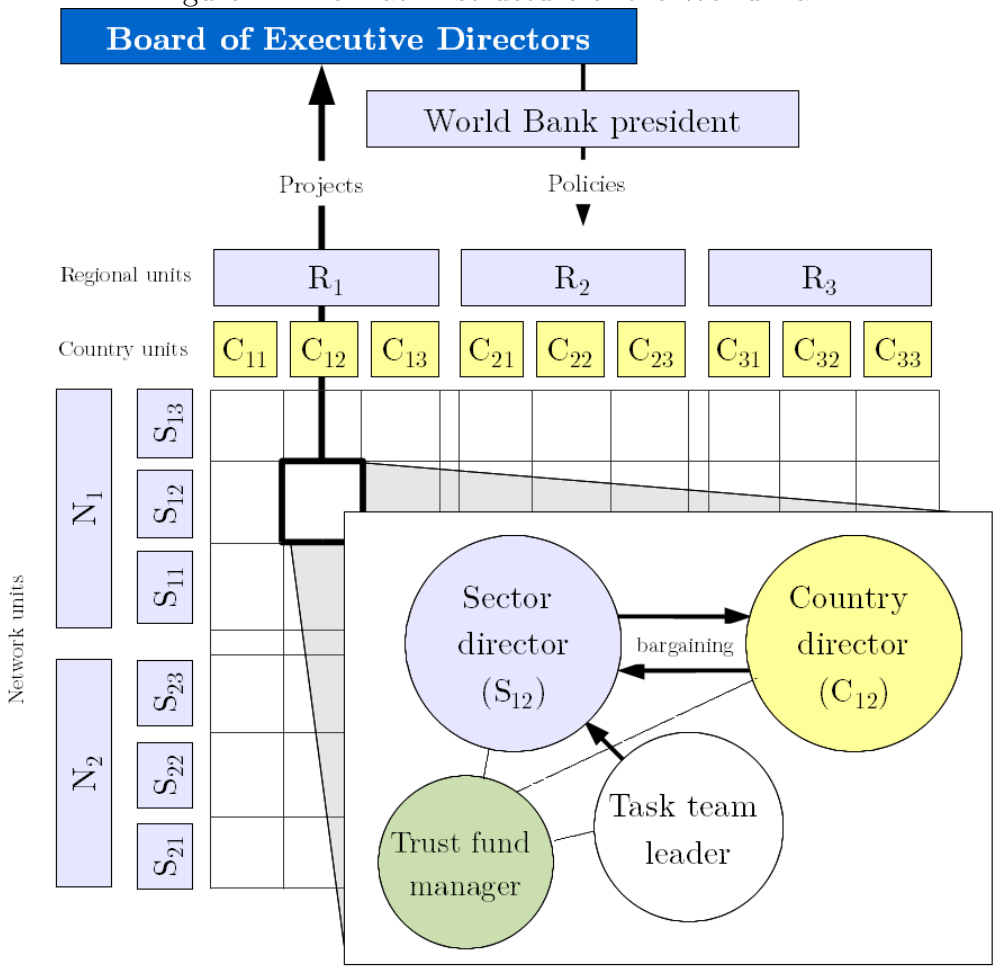
With respect to trust funds, I argue that it is misleading to merely study the Bank leadership. It would be implausible to argue that Bank leadership actively pushed for all these funds because its public statements are rather skeptical toward trust funds (IEG 2011, p.xv), funds are raised in a decentralized manner (World Bank 2007a, p.7; World Bank 2007b, p.22), and funding volumes involved are too insignificant compared to the overall size of Bank lending (World Bank 2013i); the leadership also would not have enough capacity to dog all these funds even if it wished to do so. In a few instances, as documented for the case of carbon finance (Michaelowa and Michaelowa 2011), the World Bank President actually knew about trust-funded activities. In a few high-profile cases, World Bank presidents also actively had to push the Bank into new issue areas, oftentimes through trust fund support, for example the re-engagement in post-conflict states and the fight against corruption (e.g., Pincus and Winters 2002; Mallaby 2004; Weaver 2008). Despite these cases, however, trust funds rarely emanate from initiatives of the Bank leadership.

The main source of trust funds are operational units, which I jointly refer to as the "Bank bureaucracy." The World Bank bureaucracy consists of the regional units and individual country offices, the network units and individual sector units, as well as task team leaders (Figure 1).

For the past two decades, the World Bank operated under a so-called matrix

[3] Other branches include the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ICSID) (World Bank 2015c). These branches do not focus on recipient-country governments or are less relevant with respect to trust funds and therefore are not further discussed here.

Figure 1: The matrix structure of the World Bank



structure, which intertwines two types of units: regional units and network units. On the one hand, regional units are headed by regional vice presidents, and each regional unit consists of several country managing units, each headed by a country director. The country directors maintain the relationship with beneficiary countries, which entails the joint elaboration of so-called "Country Assistance Strategies (CAS)." Following a large decentralization program in FY 1997, most country directors are located in the field, while regional managers have remained in World Bank headquarters.

On the other hand, network units address sectors and themes cutting across countries and regions, such as education, energy, environment, finance, governance, health, private sector development, transportation, or trade. The network units consist of sector directors, who are responsible for elaborating development projects. Sector directors manage a whole portfolio of different projects, while delegating

project preparation to individual task team leaders.

A typical country-specific IBRD/IDA project starts with the task team leader preparing an initial proposal under the guidance of the sector director. The initial proposal must be approved by the country director. Absent his veto, the proposal will be submitted for approval to the Board of Executive Directors. This procedure comes to bear whenever an activity involves core program resources, regardless of potential support from a trust fund.[4] Hence, due to the matrix structure, an ordinary IBRD/IDA project comes about by internal market forces, whereby regional units "buy" sector-specific services from network units, for example an analytical report for a specific sector in a given country.

In addition to ordinary IBRD/IDA projects, however, the network units also produce global knowledge independently from country demand. These activities do not individually require approval by the Board of Executive Directors. A task team leader may therefore be charged with two types of activities – an IBRD/IDA project that caters to a specific country, and a global activity that caters to a specific sector interest. While the two types of units in the Bank share common goals – "eradicating poverty and boosting shared prosperity (World Bank 2015c)" – they arguably have different beliefs regarding how to achieve them. Generally, trust funds may be an instrument by which an individual unit can reinforce its own approach and thereby gain autonomy vis-à-vis other units. To probe the plausibility of this statement, I first need to consider what different trust funds exist and what are their potential costs and benefits for the different units. I am doing this in the next section.

3 A political economy of trust funds

3.1 Which types of trust funds do exist?

According to the World Bank, trust funds fulfill three purposes: financing country investments, supporting global initiatives, and financing Bank-executed activities such as technical assistance and analytical work (World Bank 2005a; IEG 2011; World Bank 2013a; World Bank 2013b). As the qualitative difference of these purposes renders simple comparisons by one metric almost uninformative, I examine the dynamic evolution of these purposes by considering the number of grants being

[4] In contrast, stand-alone trust funds do not need to be approved at the Board. This may be useful for certain stakeholders who wish to avoid Board discussions on contentious issues (see also, World Bank 2013c).

disbursed within the World Bank as well as their aggregate funding volume, using data from the World Bank trust fund databases (World Bank 2013g).

3.1.1 Country investments

The World Bank uses trust funds to promote country investments. In particular, trust funds are the only alternative to support activities in non-member countries, including countries that are not creditworthy for IBRD loans, weakly governed countries that are ineligible for IDA grants, and post-conflict states, for example Bosnia and Herzegovina, Somalia, Sudan, and Timor-Leste (World Bank 2005b, p.35). Trust funds are also the preferred instrument to respond to emergencies, as exemplified by the trust fund established in the aftermath of the tsunami in Aceh/Indonesia. In addition, trust funds are used to a large extent to co-finance ongoing IBRD/IDA projects. "Co-financing trust funds" provide additional resources to ongoing projects without increasing administrative burdens because these trust funds dispense with the need for additional reporting. Staff anyway reports on project activities according to standard operational procedures.

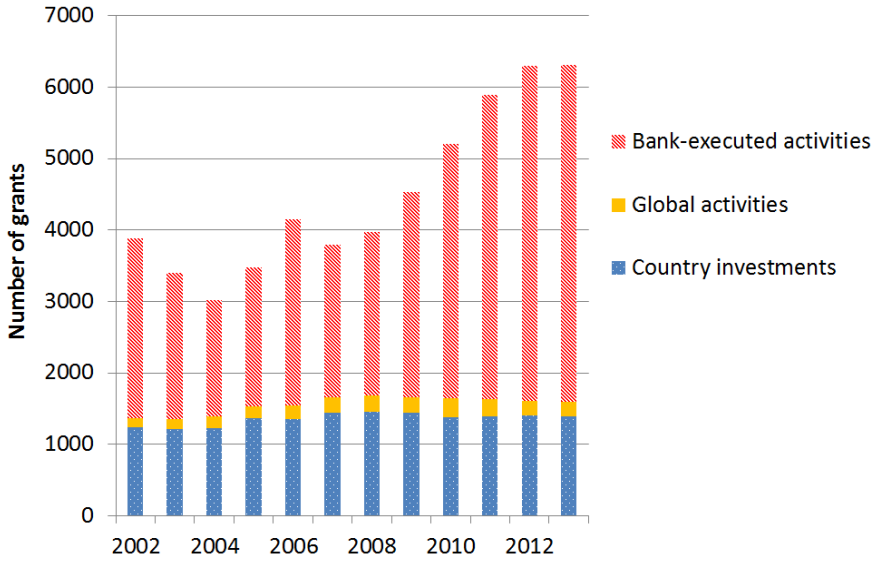
The number of trust fund grants to support country operations has remained stable from FY 2002 to FY 2013. In FY 2013, country teams used about 1,200 grants for this purpose (Figure 2), with a cumulative volume of more than USD 3 billion (Figure 3). What cannot be inferred from the graphs is that trust funds and more particularly co-financing trust funds support an ever larger share of country investments. Following a steady growth in the 1990s, the share of co-financed projects for the first time exceeded stand-alone IBRD/IDA projects in FY 2002 (World Bank 2013g).

3.1.2 Global activities

Trust funds also enable the Bank to expand its remit into global activities. For most of the fund volume dedicated to global purposes, the World Bank only provides limited fiduciary services, while the programs are implemented by other multilateral agencies. I exclude these items. What is left refers to stand-alone (inter-) regional activities that do not involve IBRD/IDA commitments. As only one example, a World Bank unit might implement a regional climate project under the Global Environment Facility.

In terms of overall numbers, the Bank administers only a few trust funds for non-country activities (Figure 2). In terms of volumes, however, global funds are

Figure 2: Distribution of trust fund purposes by number of grants



Notes: The figure excludes transfers in the realm of financial intermediary funds in which the Bank does not have any implementing role. In FY 2013, the World Bank recorded 17 such transfers.
Source: World Bank (2013g)

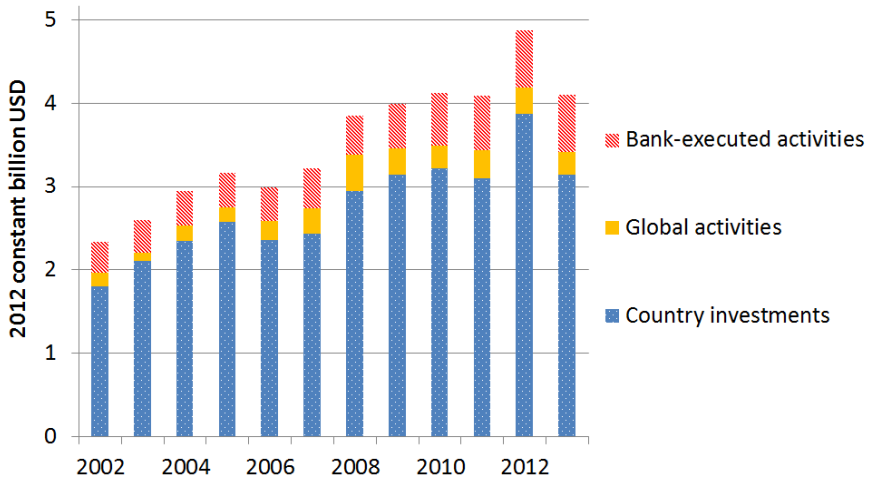
extremely big. Including funds for which the Bank only provides fiduciary services, global funds have risen from USD 250 million in FY 2002 to almost USD 6 billion in FY 2013 (Figure 3).

3.1.3 Bank-executed activities

Finally, the Bank uses trust funds to support its own analytical work, technical assistance, and in some cases also project preparation. In contrast to country investments and global activities, in which the World Bank passes on the funds for implementation to a third party, the World Bank can hire its own experts and charge the staff costs to these so-called "Bank-executed trust funds." Technically, all expenses for secretariat services are also accounted for by Bank-executed trust funds. These trust funds are small but valuable because they cover expenses directly incurred by the Bank.

The widely lamented proliferation of trust funds at the World Bank has been to a significant extent due to the explosion of Bank-executed funds. The number of grants supported from these funds has doubled from less than 3,000 in FY 2002 to over 6,000 in FY 2013 (Figure 2). Over the same period, the total volume has almost quadrupled from USD 200 million to more than USD 700 million (Figure 3). Bank-executed funds are the most important funds in terms of numbers because they

Figure 3: Distribution of trust fund purposes by funding volume



Notes: The figure excludes financial intermediary funds in which the Bank does not have any implementing role. In FY 2013, the World Bank passed on USD 6 billion as financial intermediary funds.
Source: World Bank (2013g)

support small-scale activities that are less costly than country investments. In fact, among all purposes, technical assistance assumes the largest share with more than half of all Bank-executed grants (World Bank 2013g). Trust funds for consultancies have declined in relevance: While the were a key purpose for Bank-executed trust funds in the early 1990s, they accounted for onyl 15% of all Bank-executed grants in FY 2012. Conversely, project preparation grants have rapidly grown over the past five years. They represented about 9% of all Bank-executed grants in FY 2012 (World Bank 2013g).

3.2 Which bureaucratic actors want trust funds?

Having established which types of trust funds exist, I analyze which bureaucratic actors have incentives to establish the different trust funds. The analysis illustrates that trust fund advocates differ across the three purposes.

3.2.1 Country investments

The main beneficiaries of trust funds for country investments are the regional units and most notably the country offices. For trust funds that extend Bank lending and Bank aid to non-member countries, the gains tend to concentrate on the level of the regional vice presidents, if not the Bank leadership as such. On the one hand, the

Bank leadership can demonstrate to interested donors that it has taken bold action underpinned by a trust fund. While the risk from doing so may be opposition from certain groups of member countries in the Executive Board, these opposition groups are typically not the ones that are able to oust the World Bank President. On the other hand, regional directors may claim credit for delivering activities in previously "unbankable" countries. There also are limited risks in terms of crowding-out projects because non-member countries cannot be reached by IBRD/IDA resources, and portfolio risk spreads over a larger number of client countries (I 76). Nonetheless, challenges may be potential negative spillovers on other business in the unit, for instance due to the necessary refocusing of staff time. A potentially larger risk in non-member countries might also reduce the possibility to make risky investments in other countries based on the guardrails in force and supervised by Controlling (I 76).

As regards co-financing trust funds, most benefits accrue to the relevant country directors. Co-funding arrangements are agreed locally between the respective country offices and the supporting donor(s). They are a key mechanism for the country director to boost her country operations, without the need to go through a fight for more resources at World Bank headquarters (I 76).

Task team leaders also favor co-financing trust funds over other types of trust funds. These types of trust funds do not involve tangible administrative burdens, which would otherwise have to be borne by them. This makes co-financing trust funds a non-controversial issue among relevant actors in the regional unit. This also implies that Bank actors will usually accept co-financing trust funds whenever they are being offered; the available amount of donor monies hence should determine the overall amount of co-financing. It is hardly a surprise that co-financing has increased precisely at the time when the Bank devolved its operations to the field. By "mimicking" the structure of large bilateral agencies – that is, the World Bank and a bilateral donor agency have the same organizational structure, the World Bank thereby was able to develop new opportunities for co-financing partnerships (I 71).[5]

While co-financing trust funds are undoubtedly beneficial, problems arise when trust-funded country investments are not aligned with ongoing projects. In fact,

[5] In staff interviews, it was repeatedly mentioned that the World Bank and the Department for International Development (DFID) of the United Kingdom have a similar degree of decentralization to the field and tend to devolve budget authority (I 59; I 63; I 71). Without much surprise, DFID has been mentioned to use country-specific earmarking to a significant extent (I 2; I 3; I 57).

management oversight is "appreciably lower" when tasks are financed by trust funds rather than by Bank budget (IEG 2011, p.61). This partly relates to the Bank's rules, which do not require the same level of quality assurance, but also to "insufficient supervision budget or too many small activities to supervise properly," as well as "[a]ttitudes of task team leaders who do not have the same sense of accountability as for Bank budget" (IEG 2011, p.75).

A major problem of free-standing trust fund activities refers to their tendency to eat into the Bank budget, because they often do not provide sufficient resources to cover project-related expenses incurred by the Bank. A regional official experienced with small recipient-executed grants said that "if you have a half-a-million grant and no supplemental budget from the trust fund to supervise it, some more important project or non-lending activity will get 50,000 dollars less" (I 77). This amount is needed for instance to supervise a project or to do analytical work and must be paid out of the regional budget. The official therefore warned to "always think twice whether it is worth [using such a trust fund]" (I 77). Especially since recipient-executed trust fund grants are smaller but involve virtually the same administrative procedures as core projects, they may not provide enough net benefits for the regional units.

Another challenge frequently mentioned in the context of trust funds are their potential implications on project quality. All actors in the regional unit have an incentive to avoid a decline in project quality. Actors might be intrinsically motivated by good projects, notably the task team leaders (IEG 2014, p.74). Actors might also be agnostic about project quality and focus on quantitative targets (Wapenhans 1992, p.12). To the degree that Board approval hinges on the proven ability of a regional unit to deliver high-quality projects, however, this quantity focus cannot be sustainable and eventually forces the bureaucratic actors to consider the implications of trust funds on their core program activities. There remains the question whether trust funds actually have an impact on project quality. Statistical analysis does not suggest that trust-funded projects have lower quality than stand-alone IBRD/IDA projects (Reinsberg 2015). What essentially remains is that trust-funded projects tend to be smaller, which implies that their supervision costs relatively more Bank budget than a stand-alone IBRD/IDA project (see I 77 above).

3.2.2 Global funds

Global funds support specific themes at a global level, and it hence is useful to call them "thematic funds" in order to not confound them with the "global funds" that were created as independent multilateral institutions, for example the Global Fund to Fight Aids, Tuberculosis, and Malaria. Thematic funds are raised by the network units, which ally with their sector counterparts in donor capitals.

Network units are the main beneficiaries of thematic funds for at least two reasons. The first is that these funds tend to be sizable and therefore generate significant fee income that the network unit can use to pursue its priority activities independently from country demand (World Bank 2007a, p.4). The second reason is that thematic funds allow sector directors to promote their specific sector interests, even if a sector is not of greatest priority to country needs. This implies a potential conflict of interest between sector director and country director.

As task team leaders share an interest with sector directors to not be out of business, they are ready to use a grant from a thematic fund rather than having no project at all. In the early days of trust funds, the network units even could operate independently from the regional unit – without the country manager taking note of their in-country activities supported by trust funds. Following a major trust fund reform in the mid-2000s, the relevant network unit must consult with the country director before initiating a trust-funded project. Despite the reform, country-specific alignment of global funds remains a challenge (IEG 2011, p.37) and supervision quality is low because the country unit has little ownership in these funds. As the Independent Evaluation Group (IEG) reports, "[...] the smaller funds, especially those managed by the networks, seem to be 'off the radar screen' of the country management unit once they are approved" (IEG 2011, p.61). Sometimes, trust funds even provide a "supervision budget" in order to incentivize grant uptake by regional units. This practice most likely further reduces the ownership by regional units, which do not have to commit their own resources to supervise these activities.

From the perspective of regional units, funds that support specific global themes are beneficial only under certain conditions. The IEG evaluation emphasizes the role of country investments contributing to public goods whose benefits extend beyond the specific country. The funds then provide country staff with a foot in the door of government officials with whom they did not interact beforehand, hence increasing the potential for new projects. Indeed, "[... trust fund] grants are an incentive to trigger internal actions within countries and also provide the Bank with a way to

engage with line ministries in middle-income countries" (IEG 2011, p.35). However, the intrusion of thematic funds into country priorities represents a significant disadvantage. Thematic funds are "sometimes used for studies not related to country demands" (IEG 2011, p.37). One official gave an example of a study intended to advance the knowledge base of a sector-specific fund, but it turned out that it did not have any concrete value to the client country (I 76). Another manager asked for an IEG study criticized the Carbon Funds for causing "[...] a thousand flowers to bloom," and that the funds have become "an operational mess, supporting things that we should not be doing" (IEG 2011, p.36).

In summary, global funds help the network units expand their remits and to establish an independent base of funding for their activities beyond the immediate demand for their services from regional units. However, there are potential conflicts of interest with the regional units because typical Bank projects, regardless of whether or not they receive support from a global fund, must be programmed at the country level, but the global fund may not have its primary interest in the country at hand.

3.2.3 Bank-executed trust funds

Bank-executed trust funds have a wide range of supporters given their high degree of flexibility. First and foremost, task team leaders obtain utility by virtue of being the implementers of small-scale activities, notably analytical work. Sector directors have an incentive for Bank-executed trust funds because they provide resources for (global) knowledge creation as well as for the piloting of innovative approaches. As noted by an IEG review, "[s]ector managers stress the importance of trust fund resources for their analytical work [...]" (IEG 2011, p.37). As only one example, consider the Knowledge for Change program (KCP). Hosted by the Development Economics Vice Presidential Unit (DECVP), it combines four trust funds that provide supplemental funding to Bank research projects exclusively carried out by DECVP. Its main advantage is that it provides the unit with a flexible funding source (I 4). The motivation for the program hence came "from within DECVP (I 4)," building on the "broad consensus that there is a shortage of research funds" (World Bank 2012b, p.39). In other sectors, the pilot work supported from Bank-executed trust funds has the potential to be mainstreamed in ordinary Bank projects, which ensures a growing task load for the respective sector units. The only drawback from a growing trust fund portfolio refers to administrative costs. As

the IEG noted, "while staff look to trust funds to supplement Bank budget, they perceive at the same time that it costs more to manage trust-funded activities than trust funds typically provide for this purpose" (IEG 2011, p.75).

Bank-executed trust funds also confer some benefits to regional units. They may boost lending operations by financing related expenses for proposal, appraisal, and supervision of projects. An important example of such trust fund is the Policy and Human Resources Development (PHRD) fund. Supported by Japan, the trust fund provides resources to develop lending projects and to enhance their quality. The annual report for this trust fund states: "Project success can often be related to the [...] solid project preparation, which would not have been possible without PHRD support" (PHRD 2012, p.8). In one project discussed in the report, "the PHRD grant was instrumental in the preparation and approval [...] by the World Bank Board of Executive Directors" (PHRD 2012, p.10). The quote demonstrates that an individual project preparation grant may be valuable, but the overall figures suggest that only very few projects actually benefit from project preparation grants, given their limited availability (recall the discussion on the individual purposes of Bank-executed grants, see Figure 3).

A bigger number of Bank-executed funds supports technical assistance and country-specific analytical work. Country directors particularly benefit from trust funds for technical assistance since they do not have to commit their own Bank budget for the prospect of a future lending project in a country that benefited from capacity building. For example, "[i]n Indonesia, which is reluctant to borrow IBRD funds for technical assistance, as much as 23% of the trust fund portfolio is dedicated to such work [...]" (IEG 2011, p.36). Even the trust funds for analytical work that at first sight do not seem to be useful for country lending may be beneficial for the country director. In fact, it may be useful to access a trust fund for analytical work and to re-allocate Bank budget from economic and sector work to project preparation. As an IEG review noted, trust funds are "[...] sometimes fungible when paying for staff designated to work on the implementation of Bank projects." If they do so, "there are pressures to access trust funds for economic and sector work [...] in order to preserve Bank budget for project appraisal and supervision" (IEG 2011, p.75).

However, regional units also face drawbacks from a growing portfolio of Bank-executed activities. Notably, they may become increasingly dependent on grant allocations from network-hosted trust funds. Having relinquished full control over their budget, country directors cannot dictate on which topics network units will do research. This implies a related drawback that these trust funds support activities

that are not priority issues from the perspective of country units. The IEG states that "[...] while virtually all of the trust-funded technical assistance and economic and sector work deals with issues relevant to the country, the work is not always of the highest priority, would not have been done using the Bank's budget, and does not always receive management attention and quality assurance [...]" (IEG 2011, p.37). In fact, "[i]t is staff in those sectors that are crowded out of the CAS [Country Assistance Strategy] or who do not accept that theirs is not a sector expected to feature active Bank engagement in the country who then go looking for trust-fund funding (since this is not made available by the CMU [Country Management Unit]). It is this sort of entrepreneurial activity that leaves counterparts complaining about studies not relevant to the country and studies that lie outside donor coordination mechanisms" (IEG 2011, p.37).

In summary, Bank-executed trust funds most unambiguously benefit network units by supporting their own analytical work. Conversely, regional units only benefit insofar as Bank-executed trust funds ease budget constraints that enable them to promote their lending business. The downsides, however, are a loss of autonomy and a growing dependence on network unit resources.

3.3 The division of labor on trust funds

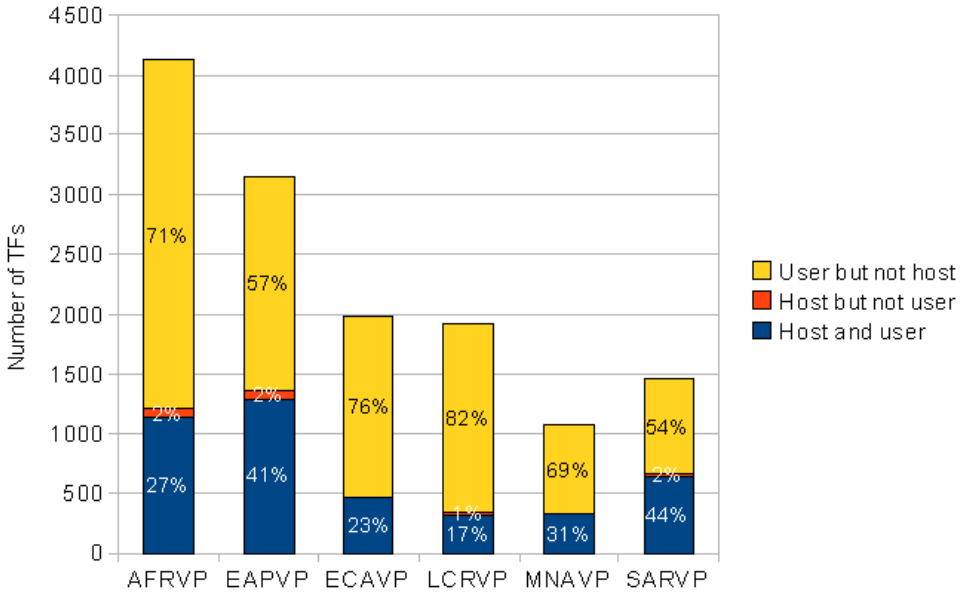
Discussing the three main purposes of trust funds, the previous section also cursorily touches upon the division of labor in managing trust funds. This section looks at this issue in greater detail, aiming at a simpler categorization of trust funds for subsequent modeling purposes.

In general, each individual unit can be involved in trust funds in only three distinct ways. Either the unit hosts the trust fund and allocates the fund to its own work program (labeled "Host and user" in my figures), or the unit hosts a trust fund passing on its resources for implementation to another department (labeled "Host but not user"), or the unit uses a fund that it does not host itself (labeled "User but not host").

Again using the World Bank trust fund databases, I detect considerable variation in these three possible roles. The largest difference in host-user patterns holds between regional units and network units. Figure 4 shows that regional units primarily are receivers of grants from trust funds established elsewhere in the Bank (yellow bars in Figure 4). In contrast, regional units almost never raise trust funds intended for implementation by other World Bank units (red bars). A moderate

share of trust funds comes from own fundraising (blue bars).

Figure 4: Host-user relations for World Bank trust funds for regional units

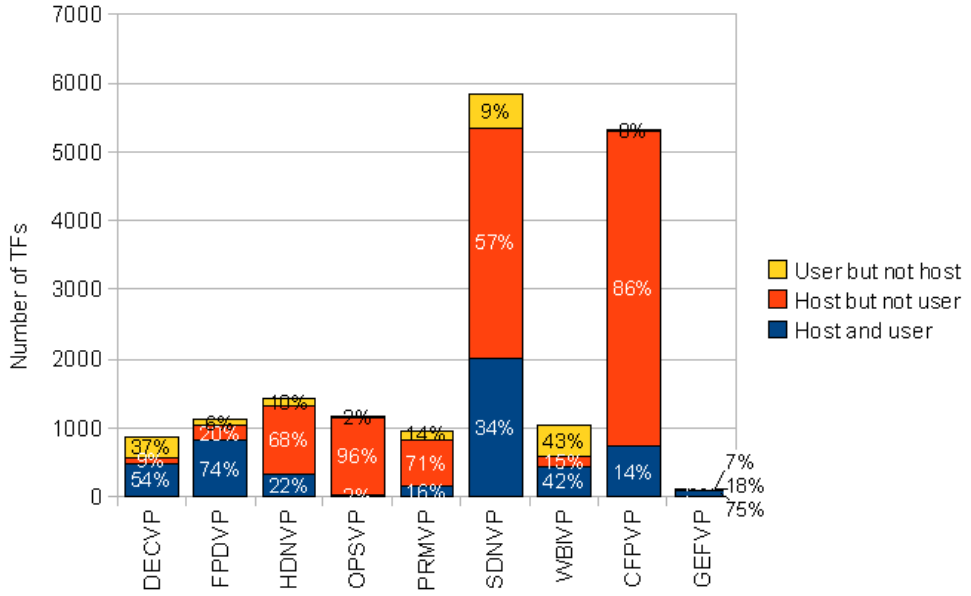


Source: World Bank (2013g)

In contrast, network units to a large extent serve as hosts of trust funds that allocate trust fund grants to other departments (Figure 5). The largest units delegate more than half of their funds to other units, some units have an even higher share of delegated funds (red bars in Figure 5). Conditional on delegation, network units provide funding almost exclusively to regional units. In contrast, it is clearly the exception that network units take funding from other departments (yellow bars). Finally, there is significant heterogeneity among network units in the use of own funds (blue bars).

These patterns suggest a simple conclusion: Network units primarily host trust funds, whereas regional units implement them. In addition, each unit decides how much trust fund resources to raise through its own funds. This duality informs all my subsequent investigations. For analytical purposes, I first theorize on the determinants of "own funds" (first part in Section 4). I then examine the determinants of "pass-on funds" based on a game-theoretic model (second part in Section 4).

Figure 5: Host-user relations for World Bank trust funds for network units



Source: World Bank (2013g)

4 Theory and hypotheses on the rise of trust funds

4.1 Own funds

Each unit has the possibility to raise trust funds in support of its activities. Under which conditions is a given unit willing to do so? In this section, I develop a simple decision-theoretic framework based on the the costs and benefits of trust funds under time constraints and budget constraints. I derive a number of empirical implications, which I subsequently test on a panel of World Bank units.

4.1.1 A decision-theoretic model of trust fund creation

I argue that each unit considers at least two important factors. First of all, staff time is limited and may be used for different types of activities. Time can be devoted either to project activities – including stand-alone IBRD/IDA projects, stand-alone trust fund activities, and jointly funded projects – or fundraising for trust funds. Hence, pursuing trust funds implies an opportunity cost for staff, for instance due to less time to work on projects or due to less time for quality assurance on a given set of projects. A second factor pertains to the budgetary implications of trust funds. Depending on its purpose, a trust fund may provide program resources similar to IBRD/IDA funds, or it may be directly cover Bank expenses, similar to the Bank

budget. Just as any other multilateral agency, the World Bank hence manages two types of budgets – a program budget that consists of IBRD/IDA loans, IDA grants, and recipient-executed trust funds, being transferred to the recipient countries for execution purposes, and the Bank budget, fueled by the net income from lending operations, fee income, and Bank-executed trust funds, with which the Bank covers its own expenses.

These two factors give rise to different predictions on the fundraising behavior of the two types of World Bank units. In the regional units, trust funds mostly provide a program budget to support recipient-executed activities. However, they do not provide sufficient resources to cover program support costs (World Bank 2007b, p.41). Therefore, regional units rely on their Bank budget to cover these costs. Besides the Bank budget, the limited time budgets of regional staff represent another constraint. These characteristic features of regional units generate two predictions.

First, since trust funds in the regional units do not ease the constraint on the Bank budget, they are only useful when Bank budget is relatively abundant. Bank budget hence is complementary to program budgets.

"Bank budget complementarity hypothesis" For regional units, Bank budget positively relates to the number of own funds.

While a positive relationship between the Bank budget and the number of own funds can be interpreted as evidence for regional staff seeking out trust funds when Bank budget resources are idle, the reverse channel that trust funds help a unit increase its allocations from the Bank budget can also be intuited. The former channel interprets trust funds as a reaction to work program increases and the related Bank budget increases, while the latter channel invokes that regional units raise trust funds because they expect the associated program budget increase to induce an increase in the Bank budget in the future. I return to this issue in Section 5.

The second prediction on the fundraising behavior of regional units refers to the relationship between own funds and alternative sources of program funding. If a regional unit has a large portfolio of IBRD/IDA projects, its human resource capacities are likely to be fully utilized. The unit does not need to raise additional funds, as its capacities and its Bank budget are not idle; it fares best not to increase its program budget any further.

"Program budget substitution hypothesis" IBRD/IDA program budget negatively relates to the number of own funds.

A negative relationship between the program budget and the number of own funds can be interpreted as evidence for regional staff seeking out trust funds when it does not have a large enough IBRD/IDA project portfolio. The reverse channel does not make much sense because narrative evidence suggests that IBRD/IDA projects exist before own funds are created to supplement them. Moreover, the argument supporting the reverse channel that fundraising could reduce project quality does not find statistical support (Reinsberg 2015).

While IBRD/IDA resources and trust funds are substitutes with respect to their claims on the Bank budget, this does not apply in the special case when the trust fund merely co-finances ongoing operations. In this case, for example, the costs related to project supervision are already allotted. Therefore, I expect a weaker relationship between the number of own funds and the Bank budget for those regional units that rely on co-financing to a large extent. Hence, the third hypothesis is:

"Aligned co-financing hypothesis" While an increasing availability of Bank budget increases the demand for own funds, it does less so in regional units with a high share of co-financing trust funds due to their better alignment with core programs.

In contrast to regional units, network units do not have program budgets. They have Bank budget that supports their analytical work. Bank-executed trust funds can be used to substitute for a lack of Bank budget. I therefore expect a negative relationship between the number of own funds and the available Bank budget for network units.

"Bank budget substitution hypothesis" For network units, Bank budget negatively relates to the number of own funds.

An alternative interpretation of a negative relationship between Bank budget and own funds for network units might be that network units raise trust funds and that their fundraising leads to a reduction in their Bank budget. For this mechanism to happen, a network unit that was successful in raising new funds would need to be punished in the subsequent Bank budget allocation process. This arguably makes no sense. Even if it did, the network unit would anticipate the punishment and

prefer not to raise funds in the first place, given that Bank budget is better than trust funds (I 4).

Unlike the regional units, network units also raise pass-on funds. Network units differ in the extent to which they mobilize pass-on funds. Over the past few years, it has become an ever more common practice for pass-on fund secretariats to pay supervision budgets to implementing units. They are doing so in order to facilitate the take-up of pass-on fund grants. To the degree that such a gift reduces the available budget of the network unit, it increases the need to raise an increasing number of own funds in order to ease this constraint. This yields another hypothesis:

"Fund-hosting hypothesis" A high number of pass-on funds by a network unit increases the demand for own funds.

4.1.2 Empirical analysis

To test these hypotheses, I construct a panel for all Vice Presidential Units at the World Bank observed from 2002 to 2012. Ideally, I would have liked to use data for a longer time period, but key predictors cannot be constructed for years prior to 2002. In particular, Bank budget figures are not publicly available before the 2000s. The World Bank also started to account for trust-funded activities at a disaggregated level only since 2002; notably, there is no information on trust fund disbursements prior to 2002, which would be required to compute the number of pass-on funds because the users of trust funds are only known once the individual grants are approved.

I conduct two separate analyses for regional units and network units respectively. In each case, the dependent variable is the number of trust funds that a unit creates in a given year that support the unit's own activities. As the dependent variable only takes on positive integer numbers, I estimate a count data model using Pseudo-Poisson quasi-maximum likelihood (PPML). The econometric model reads as

$$E(y_{it} \mid X_{it}, \alpha_i, \phi_t) = \exp(X_{it}\beta + \alpha_i + \phi_t) \tag{1}$$

whereby y_{it} represent the number of own funds being raised by unit i, X_{it} collects the vector of time-varying covariates, α_i represents the fixed effect, ϕ_t captures year effects, and β represents the parameter vector.

PPML generates consistent estimates even if the data actually do not follow a Poisson distribution (Santos Silva and Tenreyro 2011). As opposed to the standard

Poisson model, in which inference is not robust against violations of the equidispersion property, I obtain valid inference by calculating robust standard errors, clustered on units (Simcoe 2008).[6]

Turning to the right-hand side variables, I always include the lagged Bank budget available to a given unit. The relevant data are extracted from World Bank budget reports for the longest available time period (e.g., World Bank 2005b; World Bank 2007a; World Bank 2014a). For regional units, a key predictor to test the program budget substitution hypothesis is the volume of their IBRD/IDA projects over the past three years. I logarithmize this variable to improve model fit and to ease interpretation. I also include the share of co-financing activities in all IBRD/IDA projects over the past three years, and interact this variable with the Bank budget in order to test for a conditional effect of Bank budget increases as stated in the aligned co-financing hypothesis.

For the analysis on network units, the Bank budget and the number of pass-on funds are straightforward predictors to test the Bank budget substitution hypothesis and the fund-hosting hypotheses, respectively. To identify a trust fund as a pass-on fund, I track its disbursement record over the sample period and verify that it has allocated grants to units other than the host unit (World Bank 2013g).

Given the small number of observations in each set of regressions, I opt for alternating sets of control variables. In the first two estimations, I include two-way fixed effects on both Bank units and individual years. This is the most robust alternative as it controls not only for unobserved time-invariant effects of Bank units that predicts their fundraising behavior, but also for global trends affecting all Bank units in the same way. The drawback is that it is not possible to examine what exactly these global trends are. Therefore, in the last two estimations, I replace the year effects by a series of time indicators that capture important years for the World Bank as a whole, notably a lagged indicator variable for an IDA replenishment, the size of the most recent IDA replenishment, the heterogeneity of DAC donors with respect to their bilateral aid activities (for the construction of this measure, see, Reinsberg, Michaelowa, and Knack 2015), and the weighted heterogeneity of DAC donors whereby the weights are the sector shares of all IBRD/IDA projects of a unit over the past three years. Data come from OECD/DAC's Creditor Reporting

[6] A negative-binomial regression with two-way fixed effects indicates only very mild overdispersion. Accuracy hence is higher when calculating robust standard errors, but the differences to a Poisson model are very small.

System (OECD 2015) and the World Bank's project database (World Bank 2013i). I also seek to capture the impact of Bank management's regulatory effort by including a binary indicator for all years following the introduction of the Trust Fund Management Framework (TFMF). Introduced in 2007 by the Bank leadership, the reform sought to consolidate the trust fund portfolio and to align it with the Bank's strategic agenda (World Bank 2007b).

While these control variables are common to both sets of regressions relating to each type of unit, I include some unit-specific covariates for regional units. Based on the theoretical discussions and other pertinent literature, I use additional control variables to capture the "enabling environment" for the specific fundraising activities of the regional units. There are two specific control variables. The first is the number of cases a regional unit faced before the Inspection Panel in the past year (World Bank 2015b) as a percentage of all its projects. Public scrutiny on the Panel commits administrative resources that cannot be used to raise new funds, which suggests a negative effect of this variable. The second is the average supervision quality of all projects in the unit over the past three years, evaluated by the Independent Evaluation Group (World Bank 2015a). One may expect a singaling effect of high supervision quality, which would make it easier for a unit to raise new funds with external donors.

Finally, I also include the logarithm of the number of projects over the past three years in order to separate out the effect of project size versus the number of projects. The other results do not hinge upon including this variable. In regressions for network units, which themselves do not manage projects and therefore the project count is a global variable, the latter variable can be seen as an alternative to the IDA envelope. The only purpose of using the project count instead of the IDA envelope is to provide another robustness check.

4.1.3 Main results

Table 1 shows the results on the determinants of own funds for regional units. Column 1 tests the unconditional hypotheses in a simple framework that includes the two-way fixed effects. Column 2 includes the interaction term of the Bank budget and the co-financing percentage in order to test the aligned co-financing hypothesis. The remaining columns replace the time effects by the substantive predictors that seek to account for global trends.

The models lend support to the first hypothesis, according to which a growing

Bank budget increases the amount of own funds being raised by a regional unit. In substantive terms, an increase in the Bank budget by USD 67 million – representing one standard deviation among the regional units – increases own fundraising by one fund over two years. This is not a huge number of funds, given that the average regional unit raises about 10 own funds every year. Nonetheless, the result is statistically significant in almost all models, except for column 2 (note the high correlation between Bank budget and the interaction effect, $\rho^2 = 0.87$).

The results also provide support for the hypothesis that a high amount of ongoing projects reduces the need to raise trust funds. This again demonstrates that trust funds in the regional units mainly provide resources that can be seen as a substitute to IBRD/IDA program budgets. Substantively, a 10% increase in the volume of projects (roughly a standard deviation) yields about 7 own funds that are not being raised. Taken together, these results are consistent with the argument that regional units need Bank budget to prepare, appraise, and supervise their program activities, which can be financed either by IBRD/IDA resources, own trust funds, or a combination of both.

The results are also consistent with the aligned co-financing hypothesis. Upon inclusion of the co-financing interaction term, the Bank budget continues to have a positive effect on own fundraising, but this effect declines as the co-financing share increases. The substantive effect is very small though. A greater prevalence of co-financing in a regional unit itself increases the amount of fundraising, which is also consistent with the theoretical expectations. One challenge is the decline in statistical significance of key predictors, which is most likely due to the small sample size and the high correlation between the constituent terms and the interaction term. Despite the lack of statistical significance, the result lends further credibility to my theoretical argument on the budget implications of trust funds in different circumstances.

When replacing time effects by substantive control variables, the main effects do not change qualitatively, while all control variables have their expected effects. For example, using the fully specified model in column 4 as a benchmark, an increase in the regional project portfolio by 10% reduces the need of fundraising by about 10 funds (p <0.01). The arrival of Inspection Panel cases tends to reduce fundraising, while IEG ratings on supervision quality do not have a consistent effect. The results also show that regional units are not insulated against global trends at the World Bank. An increasing donor heterogeneity as well as an IDA replenishment round both significantly reduce the number of own funds, suggesting that these two

contextual factors lower the success of fundraising. In contrast, given that an IDA replenishment occurred, the larger it was the more trust funds regional units will raise subsequently. This could hint to donors' generosity and faithfulness in the Bank's capacities in the realm of significant IDA increases.

Table 2 presents the findings on the determinants of fundraising for network units. Column 1 tests the two hypotheses in a two-way fixed effects panel regression. Column 2 and 3 seek to model the time effects with different sets of control variables, while column 4 repeats the analysis of Column 1 for a restricted set of network units that are involved in the regional units' core projects as sector experts rather than as independent think tanks or departments that provide corporate services.[7]

In all regressions on own funds being raised, the Bank budget tends to have a negative coefficient. The effect is substantively small and not statistically significant. While the lack of significance may partly be due to the low number of observations, another interpretation may be that the average network unit seeks out for trust funds to support its work program regardless of its budgetary situation. The important takeaway, however, is that there is a complementarity between the Bank budget and own funds in the regional units, whereas there is none in the network units. This reflects the different task structure of these units and the budget implications of trust funds being raised in each unit.

What is more, the number of pass-on funds and the pursuit of own funds are positively related for network units. Substantively, for an increase by ten in the number of pass-on funds, the average network unit raises one additional fund on its own. This result is strongly statistically significant (p <0.01). The result can be intuited by the fact that pass-on funds create administrative costs that the fund managing unit seeks to cover by raising another fund on its own. One might also argue that units which find themselves successfully raising own funds want to expand their fundraising into pass-on funds. This alternative path is shut off in my fixed-effects analysis, given that fundraising success is a fairly persistent unit trait.

In the models with additional control variables, the main variables of interests are not affected. There are interesting differences in some control variables in comparison to Table 1. For example, IDA replenishments has the reverse effect and the IDA envelope size relates negatively to fundraising. Intuitively, a larger IDA budget

[7] The last column excludes the Development Economics group, the World Bank Institute, the Concessional Finance and Partnerships unit, and the Global Environment Facility unit. I thereby follow the pertinent categorizations in the Bank's budget reports (e.g., World Bank 2014a).

Table 1: The determinants of own funds – regional units

	(1)	(2)	(3)	(4)
Bank budget [BB]	0.007***	0.006	0.009*	0.010***
	(0.002)	(0.004)	(0.005)	(0.004)
Co-financing share [CO]		2.854		
		(2.798)		
[CO] × [BB]		-0.023*		
		(0.0001)		
Log(Project volume)	-0.689***	-0.751***	-0.560	-0.704**
	(0.262)	(0.229)	(0.375)	(0.341)
Log(Project number)			-0.818***	-1.093***
			(0.312)	(0.300)
IP cases (%)			-0.015	-0.056
			(0.042)	(0.043)
IEG rating: Supervision quality			-0.034	0.045
			(0.277)	(0.245)
Specific donor heterogeneity			0.194	1.217
			(1.362)	(1.324)
Overall donor heterogeneity			-0.001	1.157**
			(0.463)	(0.451)
TFMF reform			-0.169	-0.087
			(0.180)	(0.203)
IDA replenishment				-0.368***
				(0.067)
IDA envelope				0.030***
				(0.006)
Unit-fixed effects	x	x	x	x
Year-fixed effects	x	x		
N	66	60	66	66
Pseudo-R^2	0.04	0.04	0.04	0.04

p-values: * .1 ** .05 *** .01

Notes: Panel of regional units. Robust standard errors clustered by individual units shown in parentheses.

Table 2: The determinants of own funds – network units

	(1)	(2)	(3)	(4)
Bank budget	-0.002	-0.004	-0.004	-0.009
	(0.006)	(0.005)	(0.004)	(0.006)
Number of pass-on funds	0.106***	0.114***	0.121***	0.099***
	(0.024)	(0.021)	(0.024)	(0.014)
IDA replenishment		0.307***		
		(0.110)		
IDA envelope		-0.034***		
		(0.013)		
Log(Number of projects)			-0.641***	
			(0.167)	
Specific donor heterogeneity		-0.213	-0.127	
		(0.433)	(0.440)	
Overall donor heterogeneity		-0.705*	0.302	
		(0.374)	(0.395)	
TFMF reform		-0.390	-0.452**	
		(0.259)	(0.224)	
Unit-fixed effects	x	x	x	x
Year-fixed effects	x			x
N	88	88	88	55
Pseudo-R^2	0.14	0.11	0.12	0.04

p-values: * .1 ** .05 *** .01

Notes: Panel of network units. Robust standard errors clustered by individual units shown in parentheses.

increases the regional demand for network services. Network units thus do not have to worry to be out of business and require less own funds. In addition, donor heterogeneity and the TFMF reform tend to have a mitigating effect on own fundraising. The TFMF reform did not have an effect on regional fundraising (see Table 1). This may reflect the fact that the TFMF reform sought to discourage fundraising for small funds by raising the minimum size requirement and introducing a startup fee for every new trust fund, and the network units have smaller funds on average than regional units (World Bank 2007b, p.56).[8]

The analysis on the determinants of own funds shows that the purposes of trust funds and their respective impacts on the different types of budgets are the main determinants of the fundraising by individual units. In particular, in the units relying on trust funds to prop up their program budget and where trust funds hardly cover program support costs, fundraising increases along with the Bank budget while decreasing with the program budget as an alternative source of project funding. Conversely, in the units that use trust funds to fill gaps in the Bank budget, it is this gap that can account for the proliferation of trust funds. In the latter case, trust funds are a substitute for the Bank budget.

While this analysis on pass-on funds overall demonstrates that budget constraints are an important, if not the most important reason for why staff pursues trust funds (IEG 2011, p.75), it qualifies this statement by showing which budgets actually are relevant for different units and which trust funds are most useful to ease the underlying constraints and which trust funds are not. What is more, the analysis sheds light on some additional factors that are commonly thought to co-determine fundraising, such as the external funding environment and preference constellation among donors, as well as trust fund regulation.

4.2 Pass-on trust funds

Implementing units also have the possibility to obtain grant funding from other units that host trust funds. In contrast to own funds, which can be better attuned to the priorities of a unit, the host unit that administers the pass-on fund may have its own agenda that may not be fully aligned with these priorities. To study the conditions under which pass-on funds are established, I propose a game-theoretic model between two units with non-identical preferences. In this model, preference

[8] The minimum size has recently been increased (World Bank 2013d; see also, World Bank 2013e, for ongoing reforms).

alignment is payoff-relevant, rather than the size of the budget, as in the decision-theoretic model. As the game-theoretic model is built around preference alignment, regional units are thought to face a tradeoff between larger funding volumes and economies on transaction costs against a potentially lower alignment of trust funds with their own work program.

4.2.1 A simple game-theoretic model

To study the use of pass-on funds, I propose a game-theoretic model with a network unit N and a regional unit R. In light of the empirical evidence on host-user relations on trust funds at the World Bank, I assume that network units host trust funds and pass them on to regional units for implementation.The basic structure of interaction between the units and their payoff schedules follow the agenda-setting model by Romer and Rosenthal (1978), albeit with simplifying adaptations of the actor space and the parameter space.

The game proceeds in three steps. First, nature determines the location of $\theta_R > 0$, which can be conceived as an "ideal point" of unit R in the unidimensional space. This ideal point may be interpreted as the salience of a particular issue area in the overall regional portfolio managed by unit R. Note that there is no ideal point for unit N, but an unconstrained unit would like to pursue its own theme to the maximum extent. The status quo is assumed to be at zero. The choice of zero as an anchor point is arbitrary. What is needed is that both units wish to pursue platforms that are larger than the status quo, implying that both units consider the existence of some need in a given issue area. It is easy to see that if units even disagreed on whether or not there was a need to be engaged in an issue area, there would be no pass-on fund at all. This constellation arguably is unrealistic, given that both units share a common goal.

In the second step, N announces a platform θ for the potential trust fund. In the third step, R decides whether or not to obtain a grant from the trust fund. If R wishes to use the trust fund, a pass-on fund comes into existence; if R refuses to use the trust fund, no pass-on fund will be created. In any case, N must bear a cost when it proposes a platform.

Figure 6 depicts the extensive form of the game, along with the payoffs in each branch. In normal form, the game has the following representation:

- Players: $\{N,\ R\}$

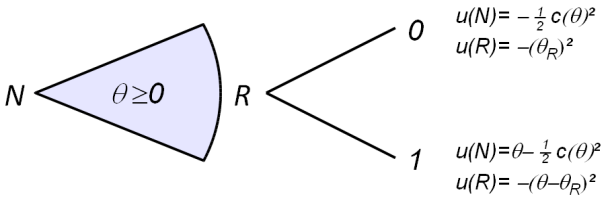
- Strategies: The strategy space can be represented as $\mathcal{S} : \{\theta \geq 0\} \times \{0,\ 1\}$. Let $s_R \in \{0,\ 1\}$ denote the binary decision of R.

- Payoffs:

$$u_N = s_R\theta - \frac{1}{2}c(\theta, \cdot)^2 \tag{2}$$

$$u_R = -s_R(\theta - \theta_R)^2 - (1 - s_R)\theta_R^2 \tag{3}$$

Figure 6: Game tree for the interaction leading to pass-on funds



As discussed earlier, these payoff functions reflect potential divisions over the importance of certain issue areas between the two units. Network units wish to engage as much as possible in a certain theme, provided that the benefits of doing so exceed the costs. In equation 2, $c(\theta, \cdot)$ represents a cost function that depends on several parameters to be defined later on. I assume that the function satisfies $c(0) = 0,\ \ c(\theta) > 0,\ \ c'(\theta) > 0$, and $c''(\theta) > 0$. These assumptions intuitively reflect the fact that fundraising is costly, for instance due to the necessary staff time and the underlying opportunity cost (see also the previous section), and that pursuing more extreme platforms (i.e., θ being very large) becomes ever costlier, for instance due to the difficulty to find enough donors that are willing to fully embrace a specific agenda or the growing resistance from within the multilateral organization. In the following, I identify the subgame perfect Nash equilibrium (SPNE).

4.2.2 Game-theoretic analysis

Using backward induction, I first analyze the optimal decision by R, given a proposal θ from N. Formally, the problem reads as follows:

$$\max_{s_R \in \{0,1\}} \ -s_R(\theta - \theta_R)^2 - (1 - s_R)\theta_R^2 \tag{4}$$

R seeks funding (only) if its utility from doing so is not lower than the utility from rejecting the trust fund and facing the status quo, yielding the condition (that

is simplified in the subsequent lines):

$$-(\theta - \theta_R)^2 \geq -\theta_R^2 \tag{5}$$

$$-\theta^2 + 2\theta\theta_R - \theta_R \geq -\theta_R^2 \tag{6}$$

$$\theta(2\theta_R - \theta) \geq 0 \tag{7}$$

$$\theta \leq 2\theta_R \tag{8}$$

For $\theta \leq 2\theta_R$, R wishes to obtain a trust fund grant, hence, the unit would still accept a proposal that is twice as extreme as its own ideal point rather than being left with the status quo of inaction.

Anticipating this best response, N optimally chooses the platform of its trust fund by maximizing the utility

$$\max_{\theta} \; s_R\theta - \frac{1}{2}c(\theta, \cdot)^2 \tag{9}$$

If $s_R = 0$, N is left with just minimizing the cost of fundraising, which leads to $\theta = 0$. This strategy profile would result in the equilibrium of "inaction," in which N never raises a fund and R never accepts one.

If $s_R = 1$, implying that condition 8 holds, the best response for N is given by

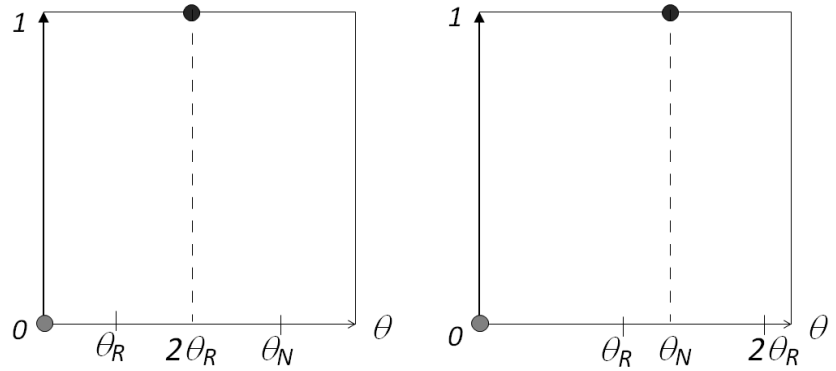
$$1 - c'(\theta, \cdot)c(\theta, \cdot) =^{!} 0 \tag{10}$$

Let θ_N denote the value of θ that just satisfies condition 10. For an equilibrium, both conditions 10 and 8 must be satisfied. Depending on parameters, two different cases may arise.

In the first case, N has a high enough net benefit from pursuing a more extreme platform than $2\theta_R$. However, N cannot choose a higher platform than $2\theta_R$ as R's participation constraint is binding, so that $\theta^* = 2\theta_R$. This indeed is a SPNE as no actor has an incentive to change its best response given the strategy of the other player. For N, any lower platform leaves room for a further utility improvement, but any larger platform triggers rejection from R and the worst payoff for N based on the status quo. Conversely, R does not have an incentive to deviate given N's strategy, because R cannot increase its utility when it does not accept the proposal at $2\theta_R$ (Figure 7, left panel).

In the second case, costs for N from pursuing an extreme platform are so high that $2\theta_R > \theta_N$, where θ_N represents the optimal platform from condition 10. The

Figure 7: Best responses under different preference constellations



Notes: Both panels show the equilibria of the pass-on fund game, using gray dots. The left panel illustrates the case in which N has extreme preferences, the right panel shows the case in which R has more salient preferences.

equilibrium obtains at $\theta_N$and acceptance by R, because neither unit can do better by deviating; in particular, if R rejects, it would trigger the the inferior inaction equilibrium.

Mathematically, the equilibrium strategies of this game can be summarized in the following way:

$$\theta^* = \begin{cases} \theta_N, & \text{if } \theta_N \leq 2\theta_R \\ 2\theta_R, & \text{if } \theta_N > 2\theta_R \end{cases} \qquad s_R^* = \begin{cases} 1, & \text{if } \theta \leq 2\theta_R \\ 0, & \text{if } \theta > 2\theta_R \end{cases} \tag{11}$$

The ultimate quantity of interest emanating from the game-theoretic analysis is the number of pass-on funds hosted by N and implemented by R. To test the empirical implications of the model, I assume that a more salient platform proportionally translates into a higher number of funds for that purpose.

As it depends on the exact values of the parameters which equilibrium in Figure 7 realizes, it is necessary to analyze the impact of exogenous parameters on both equilibria. As regards equilibrium choice, the general prediction is that in issue areas where network units have strong preferences, the left-hand equilibrium in Figure 7 occurs, whereas in the alternative case the right-hand equilibrium occurs. As it is impossible to accurately measure the salience of issues at the level of individual units, this expectation will not be tested. Therefore, I study an average effect of exogenous parameters across these two equilibria in the following.

To generate some testable implications on the equilibrium outcomes, I parametrize the utility functions of both units. For network units hosting the trust funds, the

costs of pursuing a certain platform depend not only on the platform itself but also a number of external conditions such as the regulatory environment on pass-on funds as well as the benefits that network staff can reap from alternatives to fundraising. Each of these factors arguably impacts the willingness to raise funds for pass-on purposes. In particular, tighter regulation should reduce fundraising. The network unit also does not have to pursue pass-on funds if it is well equipped with Bank budget and Bank-executed trust funds that both support its own work program.[9]

For the regional units that implement the trust funds, I let their ideal points depend on exogenous parameters. For example, a tendency toward bigger grants to be obtained from a pass-on fund should render each unit more tolerant against more extreme platforms. The same argument applies if the funding comes from a network unit in which the regional unit has trust due to a long history of collaboration on IBRD/IDA projects.

Other potential determinants of fundraising have theoretically ambiguous effects. For example, the volume of ongoing projects in the regional unit may increase the demand for pass-on funds as there are more opportunities for support of project activities. Conversely, a large project portfolio may also lessen the need for alternative program funding. In summary, the game-theoretic analysis yields the following hypotheses:

"Autonomy hypothesis" Higher budget autonomy for the fundraising unit due to higher Bank budget and Bank-executed trust funds reduces the amount of pass-on funds.

"Host regulation hypothesis" Tighter regulation on fundraising activities reduces the amount of pass-on funds being raised.

"Bang-for-the-buck hypothesis" If the regional unit expects a larger contribution from a pass-on fund, it is more likely to accept it.

"Collaboration hypothesis" Increased interaction between host unit and implementing unit in the past predicts a higher number of pass-on funds in this

[9] These seemingly intuitive predictions involve rather difficult formal derivations, as exemplified for an increase in regulation r. With $c(\theta, \cdot) = c(\theta; r)$, the equilibrium in which $\theta^* = \theta_N$ changes due to

$$\frac{\partial \theta^*}{\partial r} = -\frac{\partial (10)}{\partial r} / \frac{\partial (10)}{\partial \theta} = -\frac{\partial c(\theta, r) c(\theta, r)}{\partial \theta \partial r} + \frac{\partial c(\theta, r)}{\partial r} \frac{\partial c(\theta, r)}{\partial \theta} / \frac{\partial^2 c(\theta, r) c(\theta, r)}{\partial \theta^2} + (\frac{\partial c(\theta, r)}{\partial \theta})^2 < 0.$$

This result uses the assumption of convex costs and zero cross-partial derivatives on costs.

dyad.

4.2.3 Empirical analysis

The above game has three equilibria: the "no-fundraising equilibrium" and the two "fundraising equilibria." Only 15% of all dyad-year observations involve no pass-on funds. As I have no reason to expect these observations to be driven by a different mechanism than the observations with a positive number of pass-on funds, I conduct a unified panel analysis with the number of pass-on funds for each possible host-user dyad as the dependent variable. As the dependent variable involves count data, I estimate a Poisson model, using Pseudo-Poisson maximum likelihood with fixed effects on both dyads and years (Santos Silva and Tenreyro 2011). I also allow for arbitrary correlations in the errors by computing a robust variance-covariance matrix clustered for dyads (Simcoe 2008). The econometric model reads as

$$E(y_{(i,j),t} \mid X_{(i,j),t}, \alpha_{(i,j)}, \phi_t) = \exp(X_{(i,j),t}\beta + \alpha_{(i,j)} + \phi_t) \tag{12}$$

whereby β contains the parameter estimates, $\alpha_{(i,j)}$ represents the fixed effect on dyad (i, j), and ϕ_t captures global shocks to the number of pass-on funds. The inclusion of two-way fixed effects already mitigates potential bias due to omitted variables. I nonetheless include additional control variables that vary over time and across dyads. A potential confounder is the project volume managed by the regional unit, which may simultaneously affect fundraising by the network unit and fund usage of the regional unit. For the same reason, the Bank budget under the control of the regional director must be included.

To operationalize the main variables of interest, indicated by the covariate matrix $X_{(i,j),t}$, I require measures for host-unit budget autonomy, pass-on funding regulation, expected contributions of pass-on funds, and the historical record of inter-unit collaboration.

First, measures of host-unit budget autonomy are the lagged amount of Bank budget as well as the number of Bank-executed trust funds of a given network unit. I use a one-year lag for the Bank budget in order to not lose too many observations – Bank budget figures are publicly available only after 2000 (e.g., World Bank 2014a). As regards Bank-executed trust funds, I count the total number of such funds being created by a network unit over the past three years, requiring that these funds

support its own work program.[10] I construct this variable based on information on trust funds (World Bank 2013h) and trust fund disbursements (World Bank 2013g).

Second, to capture pass-on funding regulation, I cannot simply include a binary indicator for the TFMF reform as its effect cannot be identified in the presence of year effects. I therefore calculate a time-varying measure of regulation that captures the extent to which a network unit is affected by the TFMF reform. More specifically, the TFMF reform increased the minimum threshold for new trust funds from USD 200,000 to USD 1,000,000, introduced a start-up fee of USD 35,000, and augmented the fees for some types of trust funds (World Bank 2007b, p.v). Based on this information, I compute an index of regulatory pressure facing the host unit by averaging over the respective shares of trust funds that the network unit created in the past three years that must be expected to be more tightly regulated after the TFMF reform along these three dimensions. As only one example (see the annex for a complete description), if a unit had raised funds without charging donors a setup fee, it would score one in this dimension, because all trust funds raised over the past three years will be subject to the setup fee requirement. To be sure, the setup fee is only required for new funds, but practices tend to change slowly and therefore a unit that did not charge such fees will face more difficult times after the TFMF reform than a unit that already charged them. The last step in the construction of the index involves mean-deviation standardization of the relevant shares, which all reflect greater exposure to regulatory risk.

Third, to construct a measure for expected contributions from a pass-on fund, I exploit the fact the global funds are significantly larger than any other type of fund. I therefore include the number of global funds previously raised by the network unit (World Bank 2013h). By interpolation from historical practice, a regional unit must expect higher potential contributions from pass-on funds emanating from network units that have been able to raise large global funds.

Fourth, the historical record of inter-unit collaboration can be captured by the percentage of IBRD/IDA projects of the regional unit over the past three years passing the Sector Boards administered by a given network unit. Each IBRD/IDA project is assigned a Sector Board, which is in charge of aligning sector programs with country-specific needs. Therefore, a higher percentage of projects through a Sector Board indicates higher alignment between the priorities of the two units. This

[10] To account for the possibility of data errors, I consider a trust fund to be intended for own use if more than 95% of its grants are used within the unit.

predicts a positive impact on pass-on fundraising as another dimension of inter-unit collaboration.

4.2.4 Main results

Table 3 presents the results from multivariate regressions of pass-on funding on the predictors of interest. Column 1 includes only the predictors related to the hypotheses derived from the pass-on funding game. Column 2 adds potential confounders that capture program activities of the regional unit. Column 3 adds further regional-unit control variables that have been used before in the analysis of the establishment of own funds, notably the incidence of Inspection Panel cases and the supervision quality of regional programs as evaluated by the Independent Evaluation Group. Column 4 restricts the sample of host units to those network units that are actively involved as sector experts in regional-unit core projects, while keeping the six regional units as potential destinations of pass-on funds.

It turns out that host-unit Bank budget represents a highly robust determinant of pass-on funds. As expected by the first hypothesis, a network unit that possesses a higher Bank budget engages into pass-on funding to a lower extent. Albeit strongly statistically significant, the effect is substantively small. Even when increasing the Bank budget from its minimum to its maximum, this only leads to 10 fewer pass-on funds (the mean number of funds is 35).

Bank-executed funds that are used by the network unit itself have no significant impact on the number of pass-on funds, in contrast to what was expected. This might hint to simultaneity bias in that a lack of Bank budget in fact causes both pass-on funds and fundraising for own purposes. These mechanisms cannot be entangled in a regression framework with observational data.

There is support for the host-unit regulation hypothesis. Tighter regulation on host-unit trust funds robustly reduces pass-on funding. An one-standard deviation increase in the normalized regulation index reduces the number of pass-on funds by half a fund on average.

The data also are consistent with the hypothesis that larger expected contributions increase the number of pass-on funds by making a regional unit more willing to accept pass-on funding. A one-standard deviation increase in the number of global funds (which equals about 67 funds) increases pass-on funding by half a fund on average.

Finally, stronger historical ties between a network unit and a regional unit as

Table 3: The determinants of pass-on funds

	(1)	(2)	(3)	(4)
Host-unit Bank budget	-0.008**	-0.008***	-0.008***	-0.015***
	(0.003)	(0.003)	(0.003)	(0.003)
Host-unit Bank-executed trust funds	0.003	0.003	0.003	-0.004
	(0.004)	(0.004)	(0.004)	(0.006)
Host-unit regulation	-0.937***	-0.884***	-0.882***	-0.621***
	(0.239)	(0.207)	(0.207)	(0.132)
Number of global funds	0.007***	0.007***	0.007***	0.0006
	(0.003)	(0.003)	(0.003)	(0.002)
Sector Board ties	0.020***	0.020***	0.022***	0.015***
	(0.007)	(0.008)	(0.008)	(0.006)
Log(Project volume)		0.091	0.058	0.072
		(0.303)	(0.266)	(0.187)
Implementing-unit Bank budget		0.009	0.009	0.009***
		(0.006)	(0.006)	(0.003)
IP cases (%)			0.023	
			(0.109)	
Implementing-unit supervision quality			0.155	
			(0.103)	
N	570	570	570	354
Pseudo-R^2	0.17	0.21	0.21	0.18

p-values: * .1 ** .05 *** .01
Notes: Dyadic panel of World Bank units. Robust standard errors clustered by individual dyads shown in parentheses.

measured by their interaction through the relevant Sector Boards has the expected positive impact on the number of pass-on funds. A one-standard deviation increase in the percentage of projects passed through the relevant Sector Boards predicts about 0.35 more pass-on funds on average.

The inclusion of control variables does not affect the main results at all and hence does not change the conclusions on the hypotheses. Neither the Bank budget of the regional unit nor its project volume have any confounding impact on pass-on funding. Similarly, in a further robustness check (column 3), the prevalence of IP cases and the supervision quality on IBRD/IDA projects are insignificant. The occurrence of insignificant findings may be due to the conservative estimation strategy with two-way fixed effects. While ensuring unbiased estimates to the largest extent possible, this estimation strategy has the drawback that it cannot estimate the impact of between-unit differences in covariates.

Overall, the results lend support to all hypotheses derived from the pass-on funding game, at the exception of the expected impact of Bank-executed funds. While the effects are not always economically substantive, they are strongly statistically significant. The results suggest that pass-on funds are determined by considerations in both the network units that host the funds and the regional units that eventually implement them.

5 Discussion

5.1 Threats to inference

One limitation of the previous analysis may be its lack of causal identification. The issue is whether the budget squeeze causes units to seek out trust funds, or whether fundraising by individual units affects their subsequent receipt of Bank budget. With observational data, my statistical analysis remains correlational and hence cannot arbitrate between these two views. I can invoke some additional explanations that enhance the plausibility of my preferred interpretation.

In particular, I adopt a rather conservative estimation strategy that uses two-way fixed effects and lags all right-hand side variables. This mitigates omitted-variable bias from time-invariant unit characteristics and global shocks that equally affect all units. What is more, I also include time-varying covariates at the unit level such as the number of ongoing activities, the preference constellation of key donors, and the regulatory environment. The fact that all these covariates are unable to alter the main results demonstrates that the suggested mechanism cannot be reduced to alternative mechanisms. For example, if it is true that budget cuts trigger trust fund growth, then a negative relationship between the lagged budget and the number of funds should be observed. This relationship indeed holds, despite having considered potential alternatives. I also argue that I have offered causal mechanisms that are consistent with the data. Any alternative explanations must be able to at least reproduce all the empirical findings.

I anticipate that readers might consider the Bank budget to be endogenous. It is hence instructive to take a closer look at the budget allocation process. The Bank budget is allocated at the beginning of each fiscal year in a collaborative effort among the Vice Presidents and the Treasury. Allocation obeys the following rules: 70% of the Bank budget resources are allocated according to lending size, number of projects, and project difficulty. 30% are reserved for contingencies. Country

Managing Units eventually decide over allocating Bank budget resources to supervise ongoing projects and to prepare new projects under conditions of scarcity.

Bank budget is endogenous with respect to the number of own funds when fundraising also has a positive impact on IBRD/IDA projects that require Bank budget in the future, for example for project supervision. As trust funds only account for 10% of operations in the regional units (World Bank 2012a), they are unlikely to have sufficiently large implications on regional budgets. The budget allocation also occurs before a regional unit actually establishes a trust fund. Co-financing arrangements, in particular, presuppose an existing IBRD/IDA project. Finally, the Bank budget may be subject to global trends that are unrelated to the operational activities of a given unit.[11] For all these reasons, I argue that Bank budget changes precede rather than succeed the fundraising activities of individual units.

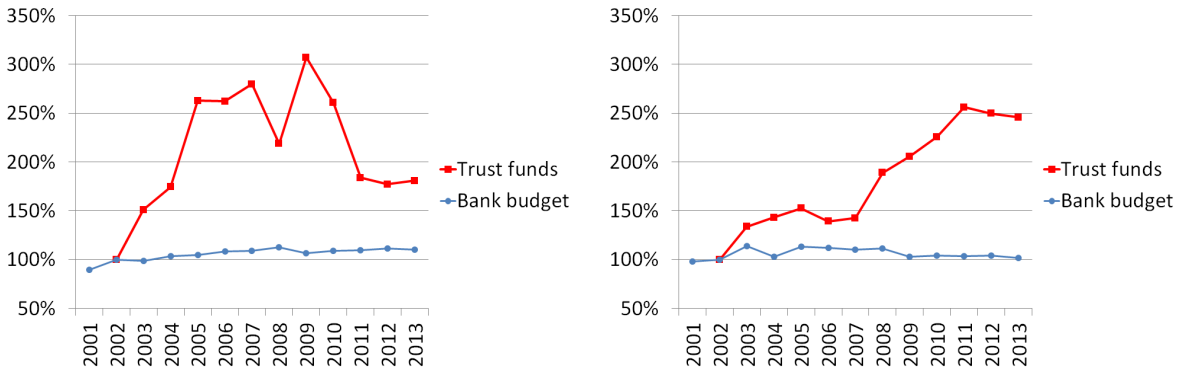
This can also be seen by inspecting the evolution of the Bank budget over the past decade (Figure 8). The total Bank budget overall has remained flat in real terms over the past decade. While the regional units (at the exception of Europe and Central Asia) have witnessed moderate budget growth (left-hand panel), the network units have almost uniformly suffered budget declines (right-hand panel). Consistent with my favored explanation, network units display a relatively stronger relationship between their Bank budget and their total volume of trust funds, as compared to the regional units, where this correlation does not seem to hold.

5.2 Theoretical objections

There might also be objections to my argument on theoretical grounds. Why would regional units ever take a pass-on fund in light of the possibility to raise funds on their own and thereby being able to tailor the funds to their particular needs? To be sure, by raising its own funds, a unit can often well align the fund with its own priorities. However, there are limits as to which impacts these trust funds can achieve. Own funds in the regions often co-finance individual projects, often with the support of a single donor. Apart from a few single-recipient flagship funds such as the Afghanistan Reconstruction Trust Fund (ARTF), these regional funds tend to be hardly visible for the larger donor community and hence do not attract huge

[11] For readers strongly interested in a causal interpretation, it might be possible to identify exogenous variation in the Bank budget that does not relate to the operational activities of the individual units.

Figure 8: Bank budget versus trust funds



Notes: The left-hand panel shows the average Bank budget evolution for regional units, the right-hand panel the corresponding figure for network units. All series are centered on their values for FY 2002 to facilitate comparisons.

Sources: World Bank (2013g) and World Bank (2014a)

amounts of contributions. If a regional unit decides to raise its own fund, it also faces administrative costs due to the maintenance of donor relations and trust fund secretariat services, which may overburden the capacities especially of the smaller units. Finally, country directors often are unable to access those donor officials in the capitals who make significant donor budget decisions.

Therefore, pass-on funds may be a better option under some circumstances. They often mobilize large amounts of resources for specific themes that may also be relevant in a given recipient country. Their global scope increases attention from a larger pool of donors, which implies larger fund sizes. Indeed, global funds on average are five times larger than country-specific funds, soliciting contributions of about USD 200 million per fund – this difference is strongly statistically significant (calculations based on World Bank 2013h). This provides the case for pass-on funds as an additional funding mechanism besides own funds.

By taking grants from pass-on funds, regional units essentially trade off increased funding volume and lower transaction costs against lower alignment of the funds with their own priorities. The game-theoretic model incorporates this money-versus-alignment tradeoff by assuming the status quo to be lower than the ideal points of both units, even though the different units may have different preferences over the exact platform.

Another objection might relate to the fact that the result seems to hinge on the unfavorable status quo, because the regional unit accepts a fairly extreme proposal rather than being left with nothing. In this case, a slight modification of the model

that yields a dynamic version of the tradeoff generates a useful prediction. In particular, when the regional unit maximizes a discounted stream of utility from all future activities, it does not want to reject a pass-on fund, especially when this implies being cut off from future funding. Indeed, one task team leader at the World Bank reported a case in which the Secretariat of a large thematic fund asked for a study that was not deemed relevant for country needs, but the regional unit accepted it in order to maintain its good reputation with the Secretariat. Asked about the possibility to reject the request, the task team leader admitted that "you think twice before doing that because some networks are very powerful and you do not say no to a grant from them" (I 76). This shows that network units may have gained autonomy through thematic funds up to a point where resisting their priorities might reduce the prospect of obtaining grants in the future.

5.3 An out-of-sample probe

One limitation of my analysis refers to data availability. Testing the posited relationships for a longer time period is not possible with the available data. I thus conduct an out-of-sample probe using qualitative information.

My aim is to show that budget concerns were a key driver of trust funds also for the more distant past at the World Bank. In fact, the Bank massively expanded its trust-funded activities since the end of the Cold War. While it historically only assumed a limited fiduciary role in trust funds, notably in the realm of partnership programs, the World Bank started establishing a number of consultant trust funds with bilateral donors in the mid-1980s. In the mid-1990s, the World Bank created trust funds supporting its work program at a higher rate than ever before. The new trust funds addressed emerging development issues, for example post-conflict reconstruction, good governance, and carbon finance (Barakat, Rzeszut, and Martin 2012, p.13). By the end of the 1990s, according to an experienced task manager, the landscape of trust funds at the World Bank "looked very fragmented," characterized by "many small funds supporting isolated activities" (I 62).

During the 1990s, the World Bank faced increasing pressures on its budget, both the regional units and the network units, albeit at different points in time. The regional units witnessed growing demands on their Bank budget due to increased requirements on safeguards, a changing country portfolio, and measures to improve country ownership. First, the Bank had to revamp its environmental safeguards in the early 1990s. In 1989, the Narmada dam project in India provoked massive crit-

icism from environmentalists, forcing the Bank to adopt environmental safeguards in 1991 and espousing "green development" (Weaver 2008, p.23). The Bank later also revised its social-economic safeguards, responding to criticism on the alleged failure of "structural adjustment policies" (Danaher 1994; Weaver 2008; Jolly 2014). Second, regional units also faced higher costs as they engaged in difficult country contexts, most notably post-conflict states (World Bank 2005b, p.35), which need a lot of technical assistance without offering the immediate prospect of taking up a loan from the Bank. After the end of the Cold War and the related shift in donor motives in aid allocation, the World Bank also committed to direct IDA funding toward poorer clients and to Africa, which "resulted in faster growth of expenditures" (World Bank 2005b, p.38). Finally, following accusations of a pervasive "lending culture" (Wapenhans 1992), the World Bank also sought to increase country ownership through "greater participation in formulating country development assistance strategies," which likewise increased costs for the regional units (World Bank 2005b, p.33). While the Bank successfully managed to attract increased program resources by expanding its remit into new areas, it was unable to match this growth with similar increases in the Bank budget. This implied hard choices to be made. As one interviewee for an IEG review explained: "I have plenty of examples of technical specialists that I haven't been able to bring on mission [...] because there is no money in my supervision budget after hiring fiduciary, procurement, and safeguard specialists [...]," while others confirmed that on supervision missions "compliance specialists" tend to crowd out sector specialists (IEG 2014, p.49).

The growing exigencies on safeguards and the expanding regional work program also adversely affected the Bank budget being available for the network units. Lower demand for sector specialists, as indicated in the above quote, posed a threat to the network units. The ultimate blow to their autonomy was the budget decline associated with the "Strategic Compact," a three-year organizational reform program by World Bank president James Wolfensohn. The reform sought to invigorate Bank business by introducing an internal market system in which the regional units buy sector-specific expertise from the network units to enhance their projects. The regional units were given greater budget autonomy, and Bank operations were devolved to the field (see also, World Bank 2001). While in FY 1996, not a single country director was located in the field, already three quarters of the country directors were dislocated to the field in FY 2005 (World Bank 2005b, p.34). The built-up of local infrastructure was costly, which reduced the Bank budget available for other purposes, including the analytical conducted by the network units in Bank head-

quarters. The Strategic Compact was a blow to the autonomy of the network units, which according to one official "were desperately looking for their sense of being." As a result, "a pathological trust fund culture emerged, where [task team leaders] chased even after ten thousand dollars and labeled this a great success for their cause" (I 76). Similarly, the IEG states that individual staff members had incentives to shop around for trust fund monies, oftentimes leading to studies that were not considered as relevant for country needs (IEG 2011, p.37). In addition, senior management in the network units sought to regain its autonomy vis-à-vis the regional units by raising large funds for thematic priorities, working on the reversal of budget control inside the World Bank. They could monetize on the increased donor attention toward social development since the Millennium Declaration. Allying with sector specialists in donor capitals, network staff mobilized "huge buckets of money" (I 27). Without the intention to do so, the Strategic Compact further increased the proliferation of trust funds and incited the network units to start building their own trust-funded chiefdoms.

Overall, the case study of the World Bank from FY 1990 to FY 2002 confirmed that budget pressures are an important driver of trust funds. As summarized in the IEG report, "[a]ccording to the vast majority of those interviewed, budget constraints are [...] perhaps the most important reason why staff pursue trust funds. They referred to 'the budget squeeze,' the work program 'increasing tremendously while the Bank budget has remained flat,' and the risk that their unit 'would be out of business without trust funds" (IEG 2011, p.75). I have further refined this statement by looking at the budgetary implications for the two types of units separately. While the regional units were able to expand their work program and oftentimes garnered additional support through trust funds, their Bank budget could not keep pace with the growth. Network units faced budget cuts and therefore sought to regain their autonomy by establishing thematic funds as well as continuing to raise small funds to support their own work program.

6 Conclusion

In this paper, I study the bureaucratic incentives for trust funds at international development organizations. In light of the potential negative impacts of trust funds on multilateral agencies (Reinsberg 2015), it has remained a puzzle why the various units at multilateral agencies have trust funds at all. In examining this issue, I address a gap in the existing literature on multi-bi aid, which focuses on the moti-

vations for trust funds from the perspective of donor countries (e.g., Eichenauer and Hug 2015; Eichenauer and Reinsberg 2015; Michaelowa, Reinsberg, and Schneider 2015; Reinsberg, Michaelowa, and Knack 2015). In particular, I address three related research questions: What types of trust funds do exist? Which bureaucratic actors want trust funds and for which purposes? Under which conditions do units raise trust funds?

My basic premise is that multilateral agencies are best conceived as complex organizations in which various bureaucratic actors pursue a common goal but face different incentives due to their task structure and related resource constraints. The main actors throughout my paper are the individual units inside a multilateral agency. Using the case of the World Bank, I further distinguish between network units and regional units. I show that these units use trust funds for different purposes and that the various trust funds have different budget implications.

Drawing on a large number of interviews conducted at the World Bank and using complementary evidence from agency reports, I investigate which bureaucratic actors have a particular interest in which kinds of trust funds. In general, trust funds are used for country investments and global activities that are typically covered by IBRD/IDA program resources, as well as Bank-executed activities that are typically covered by the administrative budget. My illustrative analysis shows that regional units use trust funds to co-financing ongoing projects, to extend Bank assistance to non-member countries, and in rare cases to cover expenses for project preparation, appraisal, and supervision. Conversely, network units raise global funds for specific themes that must ultimately programmed at the country level. They also raise smaller funds that support their own analytical work independently from country demand.

To answer the question why the various units have trust funds at all, I show that budget constraints play an important role. However, given their respective task structures, these constraints lead to different fundraising dynamics in both types of units. In the regional units, trust funds primarily provide program resources. This implies that they are only useful when a given unit does not face a shortage in its Bank budget. Trust funds may still be useful if they merely co-finance existing projects because this does not require extra allocations from the Bank budget. In the network units, trust funds support economic and sector work that could also be covered by Bank budget. These units hence have a strong incentive to pursue trust funds after Bank budget cuts. These theoretical expectations receive robust support in an empirical analysis of fundraising by World Bank units over the period

from FY 2002 to FY 2013 (World Bank 2013h).

Under certain conditions, trust funds involve a cooperative effort by a network unit that hosts a fund and a regional unit that implements the trust fund grants. I use a game-theoretic model to illustrate that the regional unit faces a tradeoff between additional resource inflow and embracing sector platforms that may not be relevant to country demands, whereas the network unit considers the budgetary implications of raising such pass-on funds, anticipating the strategic response by the regional unit. Using dyadic data on pass-on funds from FY 2002 to FY 2013, the empirical analysis corroborates the observable implications of this model for the case of the World Bank.

To further probe the plausibility of my theory, I conduct an out-of-sample probe using qualitative data, studying the determinants underlying the rise of trust funds at the World Bank in the 1990s. As a result, budget pressures played a paramount role also during this period. The regional units faced increasing costs due to an increase in safeguard requirements, a general expansion of their work program, and a shift in their portfolio towards more difficult client countries. The network units faced budget cuts due to claims on the Bank budget from other fronts, most notably the devolution of country offices to the field since FY 1997. As a result, network staff sought after trust funds in support of their work program. Beginning in the late 1990s, network units also started raising thematic funds to regain budget autonomy and to generate fee income from managing these funds.

These findings have important implications for both policy-makers and theory. The most obvious policy implications apply to the case of the World Bank itself, given that the analysis heavily focuses on this organization. The results illustrate that the diversity of trust funds reflects the particular operational needs of the various units. To the extent that trust funds are generally considered a desirable funding instrument, tighter regulation that reduces their operational flexibility might reduce impact. This seems relevant for current plans by Bank management to replace the variety of trust funds by so-called "umbrella funds."

In addition, the Bank leadership may need to be aware of the unintended consequences of internal re-organization, as exemplified by the "Strategic Compact." Albeit not related to trust funds, the reform shifted budget autonomy among the various units in the Bank and thereby incentivized network units to massively expand their trust fund business. The fundamental role of budget concerns suggests that adjustments on this front may be a far more important lever on fundraising than regulation that addresses trust funds themselves (which may also not be efficient).

There are also takeaways for donors. To the extent that they wish to see the Bank expand its remit in order to address emerging development challenges, the may need to provide the necessary administrative budget to enable the Bank to fulfill these expectations. If they fail to do so, there is a risk that trust funds explode, creating an environment in which trust funds are more acceptable and thereby offering entrepreneurial bureaucratic agents a window of opportunity to overstretch their mission. Each new trust fund can be understood as a new design instance in which donors require the expertise of a bureaucrat, who likely possesses an informational advantage that she may exploit for her own gain.

These potential issues are likely to be relevant beyond the World Bank context. For example, one official from the International Labor Organization (ILO) privately said: "Rainmakers in the various multilateral agencies actively use the funds [...] to position themselves and their departments and to build their careers." There hence seems to be the risk that trust funds become a strategic device by which individual units seek to enhance their position within a multilateral agency; actual relevance for recipient-country needs, project quality, development impact, and cost effectiveness may get lost on the way.

The paper also conveys at least two messages to existing research on international organizations and multi-bi aid in particular. First, the paper demonstrates that an agency has several types of budgets and that different bureaucratic actors only draw utility from specific types of budgets. This suggests that the budget-maximization conjecture from public choice theory may need to be qualified. Second, the paper also reinforces arguments about the active role of bureaucrats in institutional design (Johnson 2014), to the degree that the creation of trust funds can be seen as such an instance of design. In a similar vein, the paper contributes to recent work that emphasizes the distinctiveness of different actors inside a single multilateral agency (Graham 2013). More research should be done to integrate the donors as a strategic actor, without sacrificing the heterogeneous actor perspective on multilateral agencies.

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Appendix

Variable description: Determinants of own funds

Own funds (dependent variable) Count of the number of trust funds used in the Vice Presidential Unit (VPU) and Fiscal Year (FY). A trust fund is intended for own use if it has provided grants to the department over the period from FY 2002 to FY 2013.
Sources: World Bank (2013g) and World Bank (2013h)

Bank budget Bank budget of the VPU, lagged by one year and deflated to 2012 constant million USD.
Source: World Bank (2014a)

Log(Project volume) Logarithm of the total size of IBRD/IDA projects (*lendingprojectcost*) activated in the VPU over the past three years.
Source: World Bank (2013i)

Log(Project number) Logarithm of the number of IBRD/IDA projects activated in the VPU over the past three years.
Source: World Bank (2013i)

IP cases (%) Number of cases in which the unit was sued at the Inspection Panel in the past three years, as a percentage of the total number of IBRD/IDA projects over the same period.
Sources: World Bank (2013i) and World Bank (2015b)

IEG rating: Supervision quality Average rating on supervision quality for all VPU projects over the past three years for which evaluations are available.
Source: World Bank (2013i) and World Bank (2015a)

Co-financing share Share of all co-financing projects ($tfusagetype$ equals "CO") in the VPU over the past three years as of all projects in the same period.
Source: World Bank (2013i) and World Bank (2013h)

Specific donor heterogeneity Coefficient of variation of donor preferences based on bilateral aid shares in the sectors in which a given VPU had its activities. Creation of the variable involves three steps, as exemplified for a regional unit. The first is extracting the principal sector ($sector1code$) and theme ($theme1code$) for all projects of the unit over the past three years, which were

converted into OECD/DAC sector codes. The second is computing all bilateral aid shares averaged over the past three years in only these OECD/DAC sectors. The third is computing for each sector the underlying coefficient of variation across the donors; the final measure takes the weighted average of these coefficients across sectors, using the total aid amount provided in a sector as weight.
Source: Creditor Reporting System (OECD 2015) and World Bank (2013i)

Overall donor heterogeneity Coefficient of variation of donor preferences based on bilateral aid shares in the main OECD/DAC sector codes at the 3-digit level; measure computed with the available data from 24 donors
Source: Reinsberg, Michaelowa, and Knack (2015)

TFMF reform Binary indicator variable for years after 2007

IDA replenishment Binary indicator variable for IDA replenishment in the previous year.
Source: World Bank (2015c)

IDA envelope Total size of the previous IDA replenishment (in million USD); variable keeps its antecedent level until a new replenishment replaces it.
Source: World Bank (2015c)

Number of pass-on funds Count of the number of trust funds that the VPU passes on for implementation by other World Bank departments. A trust fund is a pass-on trust fund if it has provided grants to at least one department other than the hosting department over the period from FY 2002 to FY 2013.
Source: World Bank (2013g)

Log(Number of projects) Logarithm of the number of projects by all regional units in the past three years – note the difference to the indicator occurring in the regressions for regional units.
Source: World Bank (2013i)

Table 4: Descriptive statistics for regressions on own funds

	mean	sd	min	max
Regional units				
Own funds	14.33	10.74	2.00	51.00
Bank budget	172.76	67.04	79.50	335.80
Project volume	23777.52	15972.14	3701.34	88605.00
Project number	228.29	100.05	66.00	513.00
IP cases (%)	1.18	1.55	0.00	6.67
IEG rating: Supervision quality	1.21	0.28	0.76	1.86
Co-financing share	0.35	0.09	0.21	0.55
Specific donor heterogeneity	0.82	0.04	0.74	0.92
Overall donor heterogeneity	1.23	0.28	0.82	1.64
TFMF reform	0.45	0.50	0.00	1.00
IDA replenishment	0.36	0.48	0.00	1.00
IDA envelope	30.82	12.22	11.00	49.00
Network units				
Own funds	6.47	7.48	0.00	36.00
Bank budget	37.16	15.72	11.20	74.70
Pass-on funds	2.24	2.86	0.00	15.00
IDA replenishment	0.36	0.48	0.00	1.00
IDA envelope	30.82	12.20	11.00	49.00
Number of projects	1492.55	253.69	786	1759
Specific donor heterogeneity	0.60	0.22	0.00	1.14
Overall donor heterogeneity	1.23	0.27	0.82	1.64
TFMF reform	0.45	0.50	0.00	1.00

Variable description: Determinants of pass-on funds

Pass-on funds (dependent variable) Count of the number of trust fund grants hosted by a network VPU and implemented by a regional VPU in a given year from FY 2002 to FY 2013. At the grant level, there is no ambiguity as to who are the relevant VPUs in the host-user dyad.
Source: World Bank (2013g)

Host-unit Bank budget Bank budget of the host unit, lagged by one year and deflated to 2012 constant million USD.
Source: World Bank (2014a)

Number of global funds Number of global funds ($fundcountry$ equals "1W", indicating an ex-ante global recipient pool) previously raised by the host unit.
Source: World Bank (2013h)

Sector Board ties Percentage of IBRD/IDA projects of the regional unit over the past three years passing the Sector Boards administered by a given network unit. Each IBRD/IDA project is assigned a Sector Board, which is in charge of aligning sector programs with country-specific needs.
Source: World Bank (2013i)

Log(Project volume) Logarithm of the total size of IBRD/IDA projects ($totalamount$) activated by the regional unit over the past three years
Source: World Bank (2013i)

Implementing-unit Bank budget Bank budget of the implementing unit, lagged by one year and deflated to 2012 constant million USD.
Source: World Bank (2014a)

IP cases (%) Number of cases in which the regional unit was sued at the Inspection Panel in the past three years, as a percentage of all project in the same period.
Source: World Bank (2013i) and World Bank (2015b)

Implementing-unit supervision quality Average rating on supervision quality for all projects in the regional unit over the past three years for which evaluations are available.
Source: World Bank (2013i) and World Bank (2015a)

Table 5: Descriptive statistics for regressions on pass-on funds

	mean	sd	min	max
Pass-on funds	39.82	59.56	0.00	436.00
Host-unit Bank budget	41.66	17.02	14.00	81.40
Host-unit Bank-executed trust funds	12.07	13.55	0.00	68.00
Host-unit regulation	-0.06	0.55	-1.83	1.51
Number of global funds	84.68	79.86	4.00	332.00
Sector Board ties	12.54	17.59	0.00	75.63
Project volume	21786.04	9356.74	2683.53	40894.71
Implementing-unit Bank budget	173.92	67.28	79.50	337.30
IP cases (%)	0.45	0.38	0.00	1.49
Implementing-unit supervision quality	0.84	0.36	0.00	1.93

Table 6: List of interviewees at the World Bank

I	Position	Date	Staff type
1	Adviser	15.07.2013	CU
2	Lead Economist	15.07.2013	TTL
3	Partnership Adviser	19.07.2013	TFC
4	Trust Fund Coordinator	23.07.2013	TFC
5	Trust Fund Coordinator	23.07.2013	TFC
6	Senior Operations Officer	23.07.2013	TTL
7	Trust Fund Coordinator	24.07.2013	TFC
8	Consultant	24.07.2013	CU
9	Senior Resource Management Officer	24.07.2013	TFC
10	Trust Fund Coordinator	25.07.2013	TFC
11	Senior Operations Officer	26.07.2013	TTL
12	Trust Fund Manager	26.07.2013	TTL
13	Coordinator	26.07.2013	TTL
14	Lead Economist	29.07.2013	CU
15	Donor focal point	30.07.2013	CU
16	Trust Fund Coordinator	30.07.2013	TFC
17	Senior Resource Management Officer	30.07.2013	CU
18	Operations Officer	30.07.2013	CU
19	Trust Fund Coordinator	31.07.2013	TFC
20	Legal Counsel	31.07.2013	CU
21	Legal Counsel	31.07.2013	CU
22	Program Manager	01.08.2013	TTL
23	Senior Economist	01.08.2013	TTL
24	Senior Operations Officer	01.08.2013	TTL
25	Adviser	02.08.2013	TTL
26	Senior Transport Specialist	02.08.2013	TTL
27	Trust Fund Coordinator	02.08.2013	TFC
28	Program Manager	02.08.2013	TTL
29	Senior Adviser	05.08.2013	
30	Co-financing Officer	06.08.2013	TTL
31	Senior Partnership Specialist	06.08.2013	TFC
32	Senior Operations Officer	06.08.2013	CU
33	Senior Adviser	06.08.2013	
34	Senior Governance Specialist	07.08.2013	TTL
35	Senior Adviser	07.08.2013	
36	Managing Director	08.08.2013	CU
37	Adviser	08.08.2013	
38	Senior Program Officer	08.08.2013	CU
39	Senior Partnership Specialist	08.08.2013	CU
40	Director	08.08.2013	TTL

41	Director	09.08.2013	CU
42	Senior Operations Officer	09.08.2013	CU
43	Senior Economist	09.08.2013	TTL
44	Senior Operations Officer	09.08.2013	TFC
45	Program Officer	09.08.2013	TTL
46	Resource Management Analyst	12.08.2013	TTL
47	Operations Officer	12.08.2013	CU
48	Senior Partnership Specialist	13.08.2013	CU
49	Manager	13.08.2013	TFC
50	Senior Partnership Specialist	13.08.2013	CU
51	Trust Fund Coordinator	14.08.2013	TFC
52	Program Officer	14.08.2013	TTL
53	Operations Adviser	15.08.2013	TTL
54	Director	16.08.2013	CU
55	Financial Analyst	16.08.2013	TTL
56	Adviser	19.08.2013	
57	Senior Program Coordinator	19.08.2013	TTL
58	Senior Adviser	20.08.2013	
59	Adviser	21.08.2013	
60	Adviser	22.08.2013	
61	Head of Operations	22.08.2013	TTL
62	Trust Fund Coordinator	23.08.2013	CU
63	Trust Fund Manager	23.08.2013	TTL
64	Head	23.08.2013	TTL
65	Lead Operations Officer	26.08.2013	CU
66	Senior Partnership Specialist	26.08.2013	TFC
67	Sector Manager	26.08.2013	TTL
68	Trust Fund Coordinator	27.08.2013	TFC
69	Adviser	27.08.2013	
70	Adviser	27.08.2013	TTL
71	Adviser	27.08.2013	
72	Program Manager	28.08.2013	TTL
73	Senior Operations Officer	28.08.2013	TTL
74	Lead Economist	28.08.2013	TTL
75	Lead Poverty Specialist	28.08.2013	TTL
76	Social Development Specialist	24.08.2014	TTL
77	Senior Specialist	26.03.2015	TTL

Staff groups include central units (CUs), trust fund coordinators (TFCs), and task team leaders (TTLs).