Membership No Longer Has Its Privileges: 
The Declining Informal Influence of Board Members on IDA Lending

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Abstract: This paper examines the ability of Board Members of the most important multilateral donor to developing countries, the International Development Association (IDA) of the World Bank, to influence IDA allocations toward their home countries. I show that a system of Bank staff ratings of individual countries' policies, which has become more important in IDA lending over time, has systematically reduced the informal power of Board members. I show that while IDA Board members received more IDA commitments than their counterparts prior to 1989, this influence has disappeared since, as the importance of the policy index has increased. The findings are robust to the inclusion of fixed effects and a variety of relevant controls. In order to further support my argument, I also investigate the influence of Board membership on the Bank's policy index itself. I am unable to establish any positive relationship between Board membership and the index, either during the Cold War or afterwards. The findings not only shed important light on the internal workings of World Bank allocations to poor countries, but also highlight the ways in which institutional designs can affect the balance of informal power in international institutions.

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Despite the voluminous literature on the determinants of foreign aid flows (Wright and Winters 2010), an important research frontier in this area is only beginning to be explored. The highly influential literature on how institutions affect development strongly suggests that the internal institutional characteristics of donors affect their aid activities. Indeed, histories of certain donors—including the magisterial one on the World Bank by Kapur and his colleagues (1997)—provide several examples of how internal bureaucratic workings have affected certain programs. However, we have very few studies that systematically examine the effects of these types of institutional characteristics on donor activity.

This paper attempts to further this incipient literature by examining the interaction between power and institutional design inside the most important multilateral donor to developing countries, the International Development Association (IDA) of the World Bank. ¹ One of the norms that has evolved over time in IDA is that member countries should receive more money if, all else equal, they have greater promise for development because of the policies and institutions they have in place. This norm has been institutionalized in a rating system, which Bank staff use to evaluate every country each year. According to historical accounts, this rating has become increasingly important in determining the allocation of lending from IDA, particularly since 1989. In this paper I argue that the increasing importance of this internal

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¹ IDA provides concessional loans to its member countries and accounts for about a third of multilateral official development assistance (ODA) and about a tenth of all ODA. It also accounts for essentially all of the World Bank’s work in Africa, the poorest region of the world.
institutional feature has come at the expense of World Bank Board members’ ability to tilt lending in the direction of their own countries. While IDA Board members received more IDA commitments than their counterparts prior to 1989, this influence has disappeared since, as the importance of the policy index has increased.

Three recent works, in particular, inform the current paper. The first is that by Kaja and Werker (2010), who focus on the power of individual World Bank Board members to influence the lending practices of the institution. Final decisionmaking power for Bank activities largely rests with its Board of Executive Directors, but recipient countries may or may not have the opportunity to serve on this Board. Many countries are grouped together for representation in a single Board seat, and this seat rotates among them. Developing an original dataset of these Board members, Kaja and Werker produce two notable results. The first is that membership on the Board of the IDA’s sister organization—the International Bank for Reconstruction and Development (IBRD), the arm of the Bank that lends at market rates—has resulted in roughly double the IBRD funding for the Board member country, compared to countries that were not on the Board. The second—and perhaps even more surprising—finding is that membership on IDA’s Board has had no influence at all on that organization’s lending to a country. In other words, somehow IDA has been immune to the influence of (the same) Board members.2

2 Quite reasonably, Kaja and Werker note that a full explanation for their finding of a lack of an effect in IDA is beyond the reach of their paper. They suggest two potential factors. One is normative, in the sense that IDA’s focus is on the poorest countries, and Kaja and Werker argue that this focus may dampen efforts to exert political influence. A second is bureaucratic, in the sense that there is a formula used to determine the amount that each country can access from IDA. The latter is the one investigated here.
The second related work is a recent article in which I argue that it is likely that IDA lending practices have changed over time, particularly between the Cold War and post-Cold War period (Morrison 2011). In particular, I find that IDA has increasingly engaged in defensive lending on behalf of its sister organization, the IBRD.

This paper, in a sense, combines the insights of these two papers, and investigates the possibility that Board influence in IDA has changed over time, particularly since the end of the Cold War. Below I will draw on historical accounts to make the case that a policy index developed by Bank staff members has become more important in determining IDA allocations since the late 1980s. The process by which this index is developed involves no Board members, and indeed until very recently, Board members did not even have access to the policy rankings data. I argue that the increasing importance of this index has made it more difficult for individual Board members to exercise influence over the allocation process.

The argument builds on an idea developed in the third work that informs this paper, that of Stone (2011). In that work on the IMF and in the Introduction to this special issue, Stone contrasts “informal power” with “formal” and “structural” power. Within international institutions, he argues, informal power refers to the ability of member countries to influence activities because of access to information and informal consultations outside the official workflow. This is in contrast to structural power, which refers to the ability of countries to pursue outside options, and formal power, which is conveyed by voting rights. In the case of IDA, formal power would be the actual share of votes that Board members cast in Board meetings (as mentioned above, most Board members cast one vote for the votes of many countries). Structural power can be thought of as countries’ overall economic power outside the institution. And informal power would be the ability of Board members, for example, to
influence allocations as a result of privileged information or access to decisionmakers because of their location in World Bank headquarters in Washington, DC. There is no particular reason to think that the rise of the policy index would have affected either the structural or formal power of member countries. However, because of the fact that it seems to have reduced access by Board members to important information, and reduced the discretion inherent in the allocation process, it might very well have affected informal power.

I develop this argument in detail using historical discussions and then present a variety of statistical results to support it. The first statistical result is that Board membership was associated with increased IDA commitments prior to 1989, but that this influence has evaporated since, in contrast with the effect of Board membership at the IBRD. This finding is robust to the inclusion of fixed effects as well as a variety of relevant control variables. In order to provide support for my argument that this change at IDA is at least partly due to the rise in importance of the policy index, I then compare results using measures that seek to capture IDA Board members’ informal power, formal power, and structural power, finding support for the idea that the result is due mainly to the change in the informal power of IDA Board members.

I also explore two additional details relevant to the argument. First, I investigate the influence of Board membership on the Bank’s policy index itself. If, for example, the Board simply changed from influencing the allocation process to influencing the policy index, the findings reported here would not be as important. However, I am unable to establish any positive relationship between Board membership and the index, either during the Cold War or afterwards, further supporting the idea that the policy index has been protected from the political influence of Board members.
Second, I comment on how we might interpret these changes in distributional terms. Because of the fact that the majority of Board members were from developing and therefore less powerful countries, the fact that they could tilt allocations toward themselves suggests an arrangement similar to that outlined by Stone (2011), in which powerful countries allow less powerful ones to gain certain benefits from international institutions, in return for the legitimacy that participation of these countries imparts. As this informal influence of Board members has diminished, an interesting question is whether the informal influence of the United States, as IDA’s most powerful shareholder, has also been diminished. I provide several regressions analyzing US influence over IDA lending, and find suggestive evidence that the US remains, as one would expect given its structural power, quite important. The evidence—and the fact that donors strongly supported the development of the policy index—would seem to support the interpretation that the development of this policy index has shifted the distribution of informal power toward richer countries, and particularly the US.

The following section outlines the basic puzzle, describing in detail the Board of the Bank as well as the evolution in importance of the policy index that the paper examines. The third section presents the data and empirical strategy, and the fourth section presents the results. Overall, the findings not only shed important light on the internal workings of World Bank allocations to poor countries, but also highlight the ways in which institutional designs in international organizations can counteract some of the informal influences of (some) powerful countries. A fifth section concludes with the implications of these findings for the theoretical

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3 While this is generally what Stone suggests, he puts less emphasis on the possibility that the benefits for less powerful countries can consist of informal power. I revisit this issue in the conclusion.
framework offered in the Introduction to this special issue, as well as for the literature on foreign aid.

II. Decisionmaking at the International Development Association

Before analyzing the role of Board membership on allocations from IDA, it is important first to understand the role of the Board overall in the Bank, and specifically its relationship with lending allocations. This section provides some relevant background and also explains the increasing influence over time of the staff-developed policy index discussed above.

When the World Bank was founded in 1944, it was given a Board of Executive Directors, which would be resident in Washington, DC, at the Bank. This Board was to oversee day-to-day operations of the institution. Countries’ voices were (and are) represented on the Board in relation to the number of votes they have in the institution, which varies quite a bit between countries (unlike the United Nations model, for example, in which each country has one vote). At the Bank’s inception, there was at least a minimal attempt to assure some equality of influence among its member countries: every country was assigned 250 “basic” votes. However, in order to acknowledge that some countries had more economic strength and importance in the world, votes were added to these 250 on the basis of “quotas,” which are determined by formula. In 1955, it was decided that these additional “weighted” votes had tilted voting power too far in favor of richer, larger countries, and the quotas of smaller countries were doubled. Woods

4 A Board of Governors, who ranks above the Executive Directors, consists mainly of Central Bank Governors and Finance Ministers of member countries, but it only decides the most significant issues for the Bank, such as admitting and suspending members.
(2000; 2001) reports that that year marked a high point in terms of the ratio of basic votes to total votes, at 14%. Over time this ratio has fallen dramatically, to about three percent in the 2000s.

Most importantly for this paper, these votes are not usually cast by a country individually. While a few very powerful countries have their own Executive Director, most countries on the Board are grouped together with other countries under a single Executive Director. There are currently 25 Executive Directors (EDs) on the Board (for 187 member countries), and each of these EDs casts one vote that “counts” for the total number of votes he or she represents—that is, countries represented by the same ED cannot split their votes. Countries represented by the same ED have an election every two years to determine the director (in addition, there are rules to help ensure that there is geographic diversity among the EDs).

This is the formal decisionmaking structure upon which Kaja and Werker’s (2010) analysis, discussed above, is based. It goes without saying that EDs are charged with representing the interests of the countries they represent, not their own country’s interests. Indeed, several countries have never had citizens serve as ED’s, so they depend exclusively on having their interests represented by another country’s ED. This of course is one of the reasons why Kaja and Werker’s (2010) result, showing the ability of IBRD members to tilt lending toward their own country, was so important.

Nevertheless, despite the apparent ability of individual Board members to attract IBRD lending to their country, the Bank’s Board as a whole has historically been seen as rather weak. There was an initial battle over the relative balance of power between Bank management and the Board, between the first president of the institution, Eugene Meyer, and the first ED of the United States, Emilio Collado. Collado—not surprisingly, given his position—favored a Board with an active role in day-to-day operations, with the Bank’s president merely implementing
decisions the Board made. Meyer fought against this sort of arrangement and resigned in protest six months into his term. His replacement, John J. McCloy, was more successful than Meyer, perhaps because he had influential supporters in the financial world of New York City. As Kapur and his co-authors describe (1997: 10), “McCloy extracted an agreement from a reluctant Executive Board that henceforth it would be only a reactive body: a ratifier, occasionally a naysayer. But all lending proposals and other operational initiatives would come from management.” The result is that the Board almost never rejects any loan proposal that is brought to it by Bank management and staff.

Indeed, if one were to observe meetings of the Board of Directors, one might wonder whether these meetings and votes matter at all. The Board’s decisions are taken by “consensus,” which is to say that formal votes are never actually taken. In fact, John Maynard Keynes observed before the Bank opened for business that, “in actual working[,] voting power is not likely to prove important. If the organization begins voting about everything, it will not be long before it breaks down” (Gianaris 1991: 920). As Woods (2000: 829) argues, however, this is misleading.

Even where formal voting is not used to make decisions, formal powers have an underlying force of which all participants in meetings are aware: typically during Board discussions in the IMF and the World Bank, the Secretary will keep a running tally of votes on any particular decision which assists the Chairman in formulating the “sense of the meeting.” Furthermore, the underlying distribution of votes has a deeper effect, affecting the informal

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5 I became aware of this quotation through Woods (2000), footnote 40.
politics of proposals and negotiations long before anything actually reaches
the Board.
It is this sort of informal influence that Kaja and Werker (2010) implied was at work with regard
to their findings about the IBRD. As they wrote (p. 180), “before meetings, the directors—most
of them politically important figures from their home countries—often have a chance to make
their views known on potential projects. Bank staff, meanwhile, are aware of the board status of
the countries to which they are lending.”

But why would this sort of informal influence not be present for IDA lending as well?
Indeed, the two institutions are often barely distinguishable. IDA was founded in 1960 as a
“soft-lending” (i.e. concessional lending) arm of the Bank, partly to protect the credit rating of
the IBRD. But despite the different name, the new institution shared the same member countries,
and it was decided upon founding that IDA quotas would be proportional to IBRD quotas
(Kapur, et al. 1997: 1130). It also was given the same Board and management as the IBRD.
Like the IBRD, it would also make project lending its principal focus, as opposed to more broad-
based sectoral work. And perhaps most importantly, it had the same staff and organizational
structure. As Kapur and his co-authors (1997: 1132) wrote, “Not only did the same people
manage and do the work of the nonconcessional and concessional programs: it was the same
work….Project appraisal, negotiating, and supervising methodologies have been essentially the
same, and typically they have been pursued with comparable rigor.”

All of this raises the question of why the IDA Board members would have a different
influence on IDA lending than they would on IBRD lending. They are in general the same
people, interacting with the same staff members, and under the direction of the same
management. What might lead to a different ability for IDA lending to be affected?
Since IDA’s inception, one of the biggest issues facing it has been how to allocate its relatively scarce resources. Kapur and his colleagues (1997: 1152) argue that certain norms had developed by 1964, three years after IDA was founded.

As these norms were explained to the recently arrived Robert McNamara by his deputy, Burke Knapp, in June 1968, they were the following: the recipient country had to be insufficiently creditworthy to obtain substitute credits elsewhere on serviceable terms; it had to show a record and promise of good economic development; it had to have good projects at the ready; and its ‘stage of development’ (that is, its aggregate level of poverty) had to warrant IDA assistance.”

To more rigorously capture the idea of whether or not a country had a “promise” of good economic development, in 1977 the Bank created the Country Performance Ratings, which were annual staff assessments of IDA countries. In 1998, the name was changed to the Country Policy and Institutional Assessment (CPIA), to downplay the apparent emphasis on “performance” (which presumably could be affected by many exogenous factors) and increase the apparent emphasis on policies and institutions.

This paper suggests that these ratings are the key to the story of why IDA has been less influenced by Board members than its sister institution. There are two key steps to be made with regard to this argument: the first is that the ratings have become more important over time in

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7 I will use CPIA to refer to the ratings before 1998 as well.
allocations, and the second is that the Board has had little if any role in the ratings process. I expand on both points here.

While these ratings have affected lending since 1977, a turning point in their influence seems to have been 1989, when new IDA allocation guidelines were introduced that increased the importance of the CPIA in allocation. Kapur and his co-authors (1997: 1152-53) write that IDA’s later doctrine on country allocations was encapsulated in a 1989 document on the division of lending among IDA-eligible countries that emphasized performance considerations and provided some strikingly precise estimates of what countries’ entitlements in 1989 SDRs should be.8…Knowledgeable Bank staffers were to rate each country’s performance as “high,” “moderate,” or “low” in each of three policy categories….According to the 1989 prospectus, a “moderate overall performance” would entitle countries in the 2-50 million population range to an annual normative IDA allocation of SDR 5.36 per capita; a “low performance” would yield only SDR 2.72, whereas a “high” performance would be good for SDR 8.75 per capita. Thus at the end of the 1980s IDA’s country allocation policy held itself out as performance-intensive.9

8 The abbreviation “SDRs” refers to “special drawing rights,” which is a measure of money used by the Bank and Fund. Their value is determined by a basket of four international currencies, and they can be exchanged for any useable currency.

This direction from management was reinforced by pressures from IDA’s funders. Every three years, IDA’s richer members decide whether or not to renew funding for the institution (while IDA raises much of its funds from financial markets, donor money is essential, which is not true of the IBRD). Because of the leverage that donors have during this time—particularly the largest shareholder, the United States—replenishments often coincide with policy changes in the institution. Donors seem to have become particularly interested in the performance-based allocation system in the lead-up to the tenth IDA replenishment (IDA-10) in 1993-1994 (World Bank 2001). IDA Deputies requested a background paper on the performance-based lending process (delivered in January 1992) and subsequently highlighted in the replenishment report “the need to apply performance criteria in a transparent and consistent manner across regions and countries” (World Bank 2001: 4). The IDA-11 replenishment report further affirmed the donors’ view that performance should play a strong role in allocation.

By the mid-1990s, the relative weight of gross national income per capita in the IDA allocation formula had dropped from 1/8 to 1/16, with weight accordingly shifting to the policy index. Over time, this emphasis only strengthened. As van Wayenberge (2006: 9) writes, “While the ratio of per capita aid allocation between top and bottom performance quintile was slightly greater than two (2.35) in 1990 (Goldin, et al. 2002: 33), it increased to just under three (2.8) for the 1997-98 allocation, and subsequently to 5 in the FY04-06 allocations (IDA 2003: 8).”

Indeed, this increase in importance of the CPIA has caused the CPIA to become the focus of fights among donors, all of them wanting particular policies and issue areas included in it. As van Waeyenberge (2006: fn 5) writes, “while until then the Bank’s performance ratings and allocation procedures had mainly been the preserve of Bank staff, from the late 1980s onwards,
For my argument about diminishing Board influence to hold, however, it must not only be true that the policy evaluation process has become more important in IDA allocations over time. It must also be true that the Board has not influenced the process of developing the ratings themselves. Indeed, Stone’s (2011) conception of informal influence relies very much on special access to information and participation in decisionmaking, so establishing the Board’s role in the ratings is key to the argument.

The process of developing the ratings is extensively described by IDA (2003) itself, as well as Steets (2008). It begins each year in a meeting involving the chief economists of each region in the Bank as well as various staff members, in which a set of benchmark countries (both strong and poor performers from all regions of the world) are rated. Written justifications are provided for each of the scores, and then these scores and the justifications are distributed to all of the World Bank country officials, who rate the country on which they work using the benchmark scores and a set of guidelines provided by the Bank (such as data that might be used in the evaluation, and particular policies to look for). Oftentimes this is a team process, with sectoral experts on the country contributing to the ratings exercise, since the ratings code a variety of different issue areas. Occasionally country authorities are consulted, but by and large this is a process internal to the Bank. The final product is a CPIA score, with written

IDA donors increasingly started to interfere in the rating procedure and peg their own concerns onto the existing order of performance-based allocation. These included the environment, governance, gender, the role of the private sector, public sector management and military expenditures.”

It should be noted that this description is probably most accurate for recent decades, but there is little reason to think that it has changed dramatically since 1977.
justification that details the data, legislation, political environment, and so forth, on which the score was based. These justifications are confidential, as have been the scores themselves until very recently.

Once all of the scores in a Bank region have been submitted, they are reviewed by the region’s chief economist as well as the region’s sectoral specialists, to ensure consistency of scoring within a region. Based on interviews with Bank officials, Steets (2008: 12) notes that initial ratings are often changed during this process, due to dialogue between the chief economist, sectoral specialists, and country teams. There is certainly a great deal of judgment entailed in scoring policies, and while staff complain about the time this process takes (even leading to outdated scores), the process is seen as necessary to ensure that the ratings are consistent and accurate within a given region.

At least in official terms, there is no role at all for the Board in this process. Indeed, until the CPIA rankings were made public only very recently (and only for current years, not past ones), the Board itself was not informed about what the CPIA rankings were (World Bank 2001). As of the early 2000s, the CPIA system had never even been formally discussed by the Board—indeed, there was not even a line-item in the Bank’s administrative budget for the process, even though it was estimated to cost around $700,000 per year (World Bank 2001: fn 6). In addition, despite the role of the CPIA in shaping IDA allocations to individual countries, the Country Assistance Strategies put together by Bank staff members, which are approved by the Board and include the lending scenario for countries, have not generally contained any discussion of how closely the actual lending scenario maps onto the allocations suggested by the CPIA exercise (World Bank 2001). This, of course, is presumably related to the fact that Board members were not able to know the CPIA rankings of recipient countries. In the replenishment of IDA in 2000,
however, increasing pressure was put on the Bank by its donors to “justify IDA allocations relative to country performance assessments” (World Bank 2001: 42). In June 2006, the Bank for the first time disclosed its CPIA ratings (the ones for 2005), and they have been released every year since.

The overall picture, then, is of the increase in importance of a technocratic process that impacts allocations from IDA but excludes the Board. To the extent that the Board’s influence over allocations derives from access to information and participation in decisionmaking—that is, from informal power—this suggests that the Board may have had more influence on IDA lending activity prior to 1989 than afterwards. The following sections examine existing data to see if this argument finds support.

III. Data and Methodology

In order to evaluate the possibly changing influence of the Bank’s Board on IDA lending, I use an ordinary least squares model with country and year fixed effects and robust (Huber-White) standard errors as my principal regression equation. As the dependent variable in the

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12 This timing coincides loosely with a variety of changes going on at the Bank at that time (Morrison 2011), including a renewed optimism about being able to focus on development after the end of the Cold War (Einhorn 2001), changing influences of the US on Bank operations, and increasing levels of debt owed to the IBRD.

13 Including country fixed effects is particularly important when studying the effect of the CPIA, because while the CPIA should influence the large majority of IDA flows, there are exceptions (IDA 2010). Most importantly, the issue of how to allocate money to countries with
model, I use the recipient country’s share of gross commitments from IDA to developing countries in a given year. This is calculated with data from Kaja and Werker (2010), who collected them from the World Bank’s website. The share of lending has similarly been used as a dependent variable in several studies, including those by Neumayer (2003) and Fleck and Kilby (Fleck and Kilby 2006; Kilby 2006). In the context of budget constraints within an organization like IDA, using the share of lending helps account for the tradeoffs involved in giving money to one country and not another. It also is a measure that emerges as the key parameter in formal models of aid allocation (Fleck and Kilby 2006; Trumbull and Wall 1994).

The principal independent variable of interest is whether or not a recipient country was a member of IDA’s Board of Executive Directors in a given year. For this variable, I employ a measure collected by Kaja and Werker (2010) using World Bank annual reports. It is simply a dummy variable taking the value of one if a country served on the Board in that year. In the analysis below, I contrast the results using this measure with those using a different measure, which captures the relative power of that Board position in a given year. That is, whereas the first variable is simply a dichotomous measure of whether or not a country was a Board member, the second measure takes into account the fact that some Board members are more powerful than others because of whom they represent. The latter is a measure of the sum of the Bank votes of each country that Board member represents, divided by the total number of votes on the Board that year.\textsuperscript{14}

\textsuperscript{14}This share measure echoes the one of IDA commitments used as the dependent variable in the analysis.
I consider these measures different in important ways. Because the second one incorporates differences in the vote shares of different Board members, it is a relatively accurate measure of the *formal* power of different Board members. I consider the first measure, in contrast, to be a measure of the *informal* power bestowed on Board members by their very presence in the World Bank headquarters in Washington, DC, which enables privileged access to information and decisionmaking processes. Both of these can be distinguished from a third measure from Kaja and Werker (2010), which captures simply the vote shares of a country in IDA in a given year.15 Because these shares are closely related to a country’s economic power, I consider this a measure of *structural* power. Below I will try to differentiate between the effects of these three variables.

Other independent variables used below are chosen on the basis of their importance in the literature to try to diminish any omitted variable bias, drawing on my previous work (Morrison 2011). One of the principal factors believed to be important in lending from many donors—but particularly IDA—is the country’s need for the financing. I use three variables related to this concept. The first two are *population* and *GDP per capita* in constant US dollars—both in natural log form to account for diminishing marginal effects. The third is a measure of the “financing gap” that countries have—that is, the difference between what they would optimally be spending and how much money they have—which Easterly (1999) has argued plays a key role in World Bank decisionmaking.16 Easterly operationalizes the financing gap by the ratio of

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15 This is Kaja and Werker’s “Bank voting power” variable.

16 Note that this usage of “financing gap” differs from a common usage of that phrase to refer to the difference between current payments and current receipts.
investment to GDP, and that measure is also used here. The data for all three of these indicators come from the World Bank’s (various years) *World Development Indicators*.

Not surprisingly, given the discussion in the second section, another factor thought to drive IDA lending is the country’s policy environment (Andersen, et al. 2006). For this reason, I use the Bank’s actual CPIA ratings, which vary from 1 to 6, higher scores indicating a better policy environment in the eyes of Bank staff. Though the data for years prior to 2005 are confidential, Bank staff members have used them in a variety of academic publications (Burnside and Dollar 2000; Collier and Dollar 2002).

World Bank lending has also been argued to be unduly influenced by the United States, which has a privileged position in the Bank for a variety of reasons (Gwin 1997), including its structural power as the largest contributor to IDA, its formal power as the largest vote-holder, and its informal power derived from the fact that World Bank headquarters are in Washington, DC. To account for US influence, I include the share of US bilateral aid flows that a country received in a given year. Specifically, I use the share of gross US ODA disbursements as a measure of the strategic value of a country to the US. This echoes Stone’s (2002; 2011) operationalization of US influence in his studies of the International Monetary Fund, as well as Kilby’s (2006) and Fleck and Kilby’s (2006) operationalization of the influence of the US on the Asian Development Bank and World Bank, respectively. Using aid in this way is also supported by numerous studies showing that bilateral aid—and US aid in particular—is allocated based on strategic goals (Alesina and Dollar 2000; McKinlay and Little 1979). The assumption is that the larger share of US aid a country receives, the more strategically important that country is to the US. To ensure that this measure is picking up strategic interests and not the need of developing countries, I also include the share of disbursements from like-minded donors (Canada, Denmark,
then Netherlands, Norway, and Sweden) known for targeting their aid to needier countries (Fleck and Kilby 2006). The data on bilateral aid flows is from the Development Assistance Committee of the OECD.

I also include a variable to account for the World Bank’s internal institutional incentives. During the Cold War, when debt to IDA’s sister organization, the IBRD, was at reasonable levels, IBRD debt was negatively associated with IDA disbursements, a pattern which would suggest prudent lending practices. However, in the period after the Cold War, when debt to the IBRD from developing countries skyrocketed, IDA disbursements were positively correlated with IBRD debt, a pattern that suggests defensive lending (Morrison 2011). To account for these institutional incentives, I include in my model the amount of debt owed by a country to the IBRD, as a share of the country’s population.\(^{17}\) This share suggests the ability of the country to pay back its debt and is calculated using data from the World Bank’s *Global Development Finance*.

Finally, to account for the possibility that Board influence—as well as possibly the effects of each of these other variables—changed after 1989, I interact all of them with dummy variables marking the Cold War and afterwards. I also include the dummy variable for the post-Cold War period on its own, as is best practice when using interaction terms (Brambor, et al. 2006; Braumoeller 2004; Kam and Franzese 2007).

In sum, the regression equation I estimate is as follows:

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Y_{i,t} = X_{i,t}\beta_1 + X_{i,t}\beta_2 + POSTCOLDWAR_{t}\beta_3 + \epsilon_t + a_t + \epsilon_{i,t},
\]

\(^{17}\) Using IBRD debt as a share of a country’s GDP—a more standard measure—may provide biased estimates if there is a correlation between shocks to a country’s GDP and its level of IDA resources. Nevertheless, the results are similar if I use IBRD debt as a share of GDP.
where $Y_{i,t}$ is the dependent variable, which varies both by country $i$ and year $t$, $X$ is the matrix of independent variables discussed above (including an intercept), COLDWAR is a dummy variable equal to one until 1989 and zero afterwards, and POSTCOLDWAR is a dummy variable equal to zero until 1989 and one afterwards. $c_i$ and $a_t$, are the country and year fixed effects, respectively, and $\varepsilon$ is the error term. An online appendix contains a table of descriptive statistics.

IV. Results

Table 1 presents the motivation for the rest of the results, a simple comparison between the effects of Board membership on commitments from the IBRD and IDA. The results in the first column reflect the principal finding of Kaja and Werker (2010) with regard to the IBRD: IBRD Board members received higher IBRD allocations than non-Board members in both the Cold War and afterwards.\(^{18}\) The results for IDA, however, indicate that Board membership was associated with a greater share of IDA commitments during the Cold War but not afterwards.\(^{19}\)

\(^{18}\) The difference between the Cold War and post-Cold War coefficients is not statistically significant.

\(^{19}\) The careful reader may note the smaller sample size for the IDA column in Table 1. Care was taken to ensure that countries in the sample were eligible for IDA. Certain countries have “graduated” from IDA, meaning that they are no longer eligible for funding. Some countries, once they have graduated, become eligible again at a later date. These dynamics can make generating a sample of eligible countries difficult, but the graduations and re-entries are listed on IDA’s website (www.worldbank.org/ida/ida-graduates.html). No country-year observation was included in the IDA sample if the year was during a period when the country was officially
A t-test rejects the hypothesis that the coefficients on IDA Board membership are the same in the two periods, with a p-value of 0.0007. Indeed, IDA Board membership is actually negatively associated with IDA commitments after the Cold War, though this result is not robust in some specifications below.

Table 2 compares these results for IDA Board membership with the results using the other measures of power within IDA discussed above. The first column simply repeats the results from the second column of Table 1, using the dichotomous measure of Board membership. Table 2’s second column uses the measure for Board membership that accounts for the actual power of the seat on which a particular Board member is seated. I consider this a measure of “formal” power. This measure yields results similar to those of the measure of informal power in the first column. The third column uses the measure of a country’s vote shares (whether or not they are Board members), which I consider an approximation of structural power since they are largely in line with a country’s international economic weight. This measure yields no significant results, which is an indication that any ability of developing countries to tilt allocations toward themselves derives somehow from Board membership.

Given that the results using the measures of informal and formal power are similar, it is important to try to differentiate them. An important caveat in interpreting the results with the measure of formal power (Column 2) is that it is a measure that picks up both membership on the Board as well as a seat’s relative vote share. That is, for the large majority of countries—those that are not Board members—this variable equals zero, just as the dichotomous measure of Board membership does. For this reason, a better analysis of the importance of formal power of graduated. Not limiting the sample in this way yields similar results (with almost 6000 observations), but I think the sample reported is more accurate.
Board members is to study the effect of relative vote shares among Board members. That is, once one is a Board member, does it make a difference how many votes one represents? Column 4 of Table 2 looks at this question, restricting the sample to countries that are Board members in a given year, and examining whether their relative voting power makes a difference. The coefficients on Board seat power are not significant, suggesting that the power of Board membership results from simply being a Board member, as opposed to one’s relative power among Board members. This suggests that informal influence—gained from simply being present in World Bank headquarters in Washington—is the most important source of power of Board members.

To ensure that the findings regarding Board membership were robust, I subjected the regression in Column 1 of Table 2 to several robustness checks. First, as reported in the first column of Table 3, I included the control variables discussed above. Second, as reported in the second column of Table 3, I repeated this regression but with all the variables lagged one year, as the temporal dimension of informal influence is not precisely known. The results indicate again that IDA Board membership was associated with increased allocation during the Cold War, but not afterwards.

Third, instead of using the share of IDA commitments a country received as the dependent variable, I used the share of IDA disbursements in a given year, using data from the Development Assistance Committee of the OECD (various years). Fourth, I clustered the errors by year, to account for any relationship between the shares of different countries in a given year. And fifth, to control for the possibility that post-conflict funds from IDA might have influenced the results, I included a dummy variable for whether there had been a war with 1000 battle deaths in the previous year (Uppsala University and Peace Research Institute Oslo 2007). None
of these had any substantive effects on the results regarding the IDA Board variables. The results are in an online appendix.

The results presented so far are important in their own right, because they suggest that Board membership translated into higher IDA allocations prior to 1989 but not afterwards. They also suggest, in line with the argument above, that the importance of the CPIA has increased since 1989: there is a higher coefficient on CPIA ratings in the post-Cold War period than previously, statistically different from the Cold War with a p-value of 0.008. These results contrast sharply with the effects of Board membership in the IBRD, where the CPIA is not present and Board membership resulted in more commitments for Board members in the post-Cold War period (Kaja and Werker 2010).

There is a way, however, in which these results could be consistent with the Board retaining a powerful influence on allocations, even in the post-Cold War period. This could be true if Board members had been able to influence the CPIA ratings themselves. If this were the case, one certainly could not argue that Board membership no longer influenced commitments, since CPIA ratings are important determinants of commitments after 1989. Board influence on the CPIA would be surprising, given the discussion above about how the CPIA process has always excluded the Board, but it is important to determine whether there is any evidence for this story, particularly because my argument about informal influence relies on the assumption that the Board was excluded from the CPIA process.

To examine this relationship, Table 4 presents the results of a regression equation that attempts to predict the CPIA ratings themselves. These ratings have included an ever-changing set of components (van Waeyenberge 2006), and trying to predict the ratings over time would be

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20 This result is also found in my previous work (Morrison 2011).
worthy of its own study. For the purposes of this paper, all we want to know is whether there is evidence that Board members have been able to influence the bureaucratic process for their own benefit. In order to examine this relationship, I include the independent variables from the prior regressions (except the CPIA, of course) as well as fixed country and year effects. As Table 4 shows, there is no apparent evidence that Board members have received higher CPIA ratings on average. Indeed, the coefficient on the Board membership variable is always negative. These results also hold if the variable used is the one that takes into account the voting power of the individual Board seats. As an additional test, in a regression reported in the online appendix, I ran the regression in the first column of Table 3 without the CPIA rankings included. If IDA Board members were influencing commitments through their effect on the CPIA rankings, dropping the CPIA variable should have resulted in the IDA Board member variable becoming positive and significant in the post-Cold War period. It did not (the results were essentially identical).

With these results in mind regarding the diminishing influence of Board membership, it is worth drawing attention to the results with regard to the influence of the United States. Is it possible that the increasing importance of the CPIA also diminished the influence of the US? The first column of Table 3 suggests that US aid has been correlated with IDA allocations in both the Cold War and post-Cold War period, suggesting that the influence of the US has persisted. This correlation does not appear in either period, however, when the variables are lagged. In order to further explore this issue, I used several different measures of strategic importance to the US, including exports from the US to the country (Stone 2011), a measure of the “affinity” between a country’s votes at the UN and those of the US (Voeten and Merdzanovic

21 I am grateful to a particularly careful reviewer for suggesting this operationalization.
26

2009), US bank exposure to a country (Copelovitch 2010), US military aid to a country (Demirel-Pegg and Moskowitz 2009), and whether or not the country was a UN Security Council member (Dreher, et al. 2009). The results appear in the online appendix. Three of the six measures of US influence are significant and positive in the post-Cold War period (US aid, exports, and military aid). The other three measures are insignificant in the post-Cold War period, although two of those are also insignificant in the Cold War period. The results are therefore mixed, but the overall pattern does not suggest that the policy index has changed the ability of the US to influence IDA allocations, as it has done to other Board members. This is not particularly surprising since US influence on the Bank is determined not only by its informal power but also by its structural and formal power within the institution.22

These results help to shed a bit of light on a question whose answer was left vague in the discussion in the second section: was the increasing importance of the CPIA due to an assertion of authority by the Bank’s staff, or was it a push by the US to diminish the influence of less powerful states? This is a difficult question to answer, though there are some associations that would be suggestive. For example, if the Board members who had benefited from their access prior to the Cold War were countries the US supported in various ways, it would seem unlikely that the US would seek to diminish their perquisites within the Bank. Alternatively, if these Board members were countries that the US actively did not support (e.g. they received less aid than one would expect), it would suggest that the US had moved against these countries within the Bank.

22 Indeed the overall diminishing of the informal power of developing countries echoes the trend discussed at the beginning of Section II, that formal power of developing countries has also diminished over time, as marked by the ratio of basic votes to total votes.
However, there is little evidence of either of these associations. Developing countries that were Board members during the Cold War ran the gamut from US allies like Egypt to competitors like China to (more often) less strategically important countries like Burundi and Madagascar. In regressions reported in the online appendix, I regressed the various measures of US influence discussed above on the IDA Board membership variable and several control variables. With the exception of the regression for US military aid, the IDA Board membership variable was never significant during the Cold War. In other words, there is little evidence that Board members prior to the Cold War were systematically pro- or anti-US, and so this analysis does not give us much insight regarding the source of the increase in CPIA importance.

Given the historical record—particularly that attention to CPIA issues in IDA replenishment documents seem to post-date internal staff discussions—my best guess is that the increase in CPIA importance was an exercise initially led by management and staff who were interested in allocating IDA funds better. The staff found support from the US precisely because, as just shown, it did not impose any costs on the US. Indeed, if one thinks of informal power as being distributed across IDA Board members, the increasing importance of the CPIA tilted that distribution toward the US, as the results indicate there was little change in the informal influence of the US on IDA allocations. If the discretion of other Board members is diminished, US discretion becomes even more valuable.

While the staff may have pushed the issue, it should also be noted that the effort to strengthen the CPIA would not have gone anywhere without the structural power of the US and other donor countries, which were able to use IDA replenishment negotiations to impose the changes. Since, as discussed above, IDA staff members and IBRD staff members are generally the same people, it is likely that they would similarly have wanted to diminish the ability of
IBRD Board members to influence allocations. However, the IBRD is not subject to donor replenishments as IDA is, and this may be why Board members continue to be able to influence loans in the IBRD.23

In sum, the statistical results presented in this section suggest that Board member influence over IDA lending has diminished over time, as a policy index over which it has no influence has gained importance in the organization. As reflected by the discussion of the results regarding the influence of the US, the overall result is likely to have been a shift in the informal power distribution (further) toward the United States.

V. Conclusion

This paper has attempted to further our understanding of informal governance in international institutions by examining the diminishing impact of World Bank Board members on lending from the International Development Association. While Board members used to derive informal power from their access to the decisionmaking process in Washington, DC, which enabled them to tilt IDA loans toward their own countries, over time this influence has been diminished by a policy index developed by Bank staff members. Controlling for country and year fixed effects and a variety of control variables, I have demonstrated that the CPIA index has become a more influential factor in determining IDA allocations, while Board membership no longer results in increased IDA allocations. In addition, I was unable to find evidence of any positive influence of Board members on their own CPIA ranking. In this conclusion, I address

23 In addition, IBRD recipients might be on average more structurally powerful than IDA Board Members. I am grateful to Randall Stone for suggesting both of these ideas.
the implications the findings have both for the theoretical framework advanced in the Introduction and for the literature on foreign aid.

Broadly, the findings of the analysis here support the framework offered in the Introduction. Certainly there is evidence of the importance of informal power, as demonstrated by the ability of IDA Board Members to shift funding in their own direction in a way not stipulated by formal rules of the organization. There is also evidence that this informal power derives much from access to information and immediate contact with personnel in the IDA, as demonstrated by the Board’s exclusion from the CPIA process as well as the apparent importance of simply being a Board member in contrast to a Board member representing more votes (Table 2). Finally, there is also evidence that both formal and structural power play important roles in determining patterns of informal governance, as evidenced by the fact that Board members had more informal power than other developing countries, as well as the role of IDA donors in pushing the changes related to the CPIA.

Nevertheless, the paper also raises a couple of issues for further consideration within the framework. The first relates to the ability of weaker countries to possess informal influence. One of the key aspects of Stone’s (2011) framework is that the design of international institutions results from a bargain between structurally powerful states and structurally weak ones, in which powerful states cede a degree of formal control to weaker countries in exchange for informal influence that powerful countries may use as needed. Through this arrangement, powerful states achieve the legitimacy granted by broad participation in international institutions, while still retaining enough flexibility to protect their vital interests. In other words, the primary focus with regard to informal power is on structurally powerful countries.
This paper instead draws attention to the possibility that the bargain over international institutions may not only entail giving formal power to weaker countries, but also informal power. The implications of this for the theoretical framework are subtle but important. First, it has important empirical implications for testing theories of institutional design, especially if one thinks that informal power might be distributed throughout an institution differently than formal power. For example, in the case here, many developing countries had formal power, but very few had the informal power granted by being a Board member. Prior to the rise of the CPIA, formal voting shares would clearly not have been an accurate measure of the benefits of institutional membership for developing countries in the World Bank, if there were some positive probability of becoming a Board member. If our theories make predictions about the distribution of benefits of membership within organizations, taking account of these sorts of differences will be key.

Additionally, the fact that less powerful countries can have informal power raises intriguing issues of credibility, since informal power might be more easily taken away than formal power. While it is true that Board members derived their informal power from being a formal Board member, this paper has shown that the informal power associated with a given level of formal power diminished over time. Understanding these sorts of dynamics—and the ability for informal power to be credibly promised over time within an institution—may therefore be an interesting avenue for future research.

A second issue raised by this paper for the theoretical framework advanced in the Introduction is the role of the staff of international institutions in influencing the distribution of informal power. The framework accords little if any role to the bureaucracy of international institutions, focusing instead on the power of countries. It is therefore interesting that Bank staff
members seem to have pushed the idea of the CPIA initially, with IDA donor interest only coming later. It should be noted that, in keeping with the theoretical framework, it is impossible to explain the strengthening of the CPIA without reference to the structural power of IDA’s donors, particularly the US. Additionally, I am not able to rule out the possibility that the US or some other donor was working “through the staff,” using informal influence. Nevertheless, the episode recounted here suggests that the role of institutional bureaucracies in pushing for changes to informal influence is an interesting issue for further investigation. Bureaucracies, after all, are often the locus where informal influence is exercised, and it would make sense that they would have preferences over that influence.

Beyond the theoretical implications for this special issue, the results in this paper also highlight the apparently profound changes that have been occurring in the World Bank and other donor organizations, in recent decades. With the explosion of research on foreign aid over the past two decades, two main themes have developed, one centered on the recipients of aid and another on the donors of this aid. The first of these is that it seems to matter where aid is delivered, in the sense that aid has different effects if it goes into different political and economic environments (Wright and Winters 2010). The second theme is that foreign aid has tended to be allocated on the basis of the political and economic interests of donors, rather than considerations of where that aid might be most effective from the perspective of the wellbeing of people in developing countries. Because of both of these themes, it seems especially good news

24 Scholars differ on exactly the nature of the environments in which aid works “best,” but even William Easterly (2007: 645), a critic of some of this work, has argued that “The idea that aid money directed to governments would be more productive if those governments had pro-development policies and institutions is very intuitive.”
from a development perspective that there is accumulating evidence that donors seem to have become increasingly attentive to the policy environments of recipient countries in their allocations (Claessens, et al. 2009; Dollar and Levin 2006; Wright and Winters 2010).

However, scholars have yet to provide a coherent account of how this important change has taken place. After all, this sort of change seems to go against many long-held expectations, not only about donors but about resource allocation in general. Such allocation tends to respond to powerful interests, and there do not seem to be many ostensibly powerful interests who benefit from donors paying more attention to the policy environments of developing countries. NGOs, if anything, tend to be critical of the sorts of policy criteria that seem to be increasingly guiding donors. It would be surprising if politicians interested in more traditionally strategic lending favor this practice.

This paper suggests an explanation of these dynamics that has been under-examined in the literature: that these changes influence the power distribution in these international institutions. An increasing reliance on rules, such as allocating funds according to the CPIA index, diminishes the informal influence that less structurally powerful countries can have on institutional workings, and tilts power towards the countries making the rules that “objectively” generate decisions. This is certainly not to say that the increasing selectivity of international institutions in their aid allocation has been driven exclusively by the desire to diminish the informal influence of developing countries. But it is to say that the role that informal power dynamics have in these institutional changes deserves more attention than it has received.
References


http://hdl.handle.net/1902.1/12379 UNF:3:Hpf6qOkDdzzvXF9m66yLTg== V1


Table 1: Effect of Board membership on share of IBRD and IDA commitments

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>IBRD</th>
<th></th>
<th>IDA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DV: Share</td>
<td>DV: Share</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of</td>
<td>of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commitments</td>
<td>Commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Member (CW)</td>
<td>0.00256*</td>
<td></td>
<td>0.0226***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00147)</td>
<td></td>
<td>(0.00803)</td>
<td></td>
</tr>
<tr>
<td>Board Member (PCW)</td>
<td>0.00482***</td>
<td></td>
<td>-0.0225***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00187)</td>
<td></td>
<td>(0.00684)</td>
<td></td>
</tr>
<tr>
<td>Post-Cold War dummy</td>
<td>-0.00348</td>
<td></td>
<td>-0.00108</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00467)</td>
<td></td>
<td>(0.00574)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.00105</td>
<td></td>
<td>-0.0191**</td>
<td></td>
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<tr>
<td></td>
<td>(0.00446)</td>
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<td>(0.00803)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
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<td></td>
<td>1633</td>
<td></td>
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<tr>
<td>Countries</td>
<td>182</td>
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<tr>
<td>R-squared</td>
<td>0.501</td>
<td></td>
<td>0.743</td>
<td></td>
</tr>
</tbody>
</table>

Robust standard errors in parentheses. Both models also include country and year fixed effects not reported. CW means coefficient during Cold War, and PCW means coefficient post-Cold War.

*** p<0.01, ** p<0.05, * p<0.10
Table 2: Effects of IDA Power Sources on IDA Allocations

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>“Informal Power”</th>
<th>“Formal Power”</th>
<th>“Structural Power”</th>
<th>“Formal Power” of Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Membership (CW)</td>
<td>0.0226***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00803)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Membership (PCW)</td>
<td>-0.0225***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00684)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Votes of Board Representative (CW)</td>
<td>0.00744***</td>
<td></td>
<td>0.0241</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00230)</td>
<td></td>
<td>(0.0351)</td>
<td></td>
</tr>
<tr>
<td>Votes of Board Representative (PCW)</td>
<td>-0.00843***</td>
<td></td>
<td>-0.0196</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00251)</td>
<td></td>
<td>(0.0367)</td>
<td></td>
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<tr>
<td>Shares in IDA (CW)</td>
<td></td>
<td></td>
<td>0.0334</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.0278)</td>
<td></td>
</tr>
<tr>
<td>Shares in IDA (PCW)</td>
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<td></td>
<td>-0.00438</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.0275)</td>
<td></td>
</tr>
<tr>
<td>Post-Cold War Dummy</td>
<td>-0.00108</td>
<td>-0.000241</td>
<td>0.00938***</td>
<td>-0.0184</td>
</tr>
<tr>
<td></td>
<td>(0.00574)</td>
<td>(0.00545)</td>
<td>(0.00440)</td>
<td>(0.0877)</td>
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<td>Constant</td>
<td>-0.0191**</td>
<td>-0.00949**</td>
<td>-0.00417</td>
<td>-0.0475</td>
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<td>(0.00803)</td>
<td>(0.00401)</td>
<td>(0.00675)</td>
<td>(0.166)</td>
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<tr>
<td>Observations</td>
<td>1,633</td>
<td>1,633</td>
<td>1,623</td>
<td>104</td>
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<tr>
<td>Countries</td>
<td>87</td>
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<td>87</td>
<td>23</td>
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<tr>
<td>R-squared</td>
<td>0.743</td>
<td>0.754</td>
<td>0.777</td>
<td>0.836</td>
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</table>

Dependent variable in all columns is share of IDA commitments. Robust standard errors in parentheses. All models also include country and year fixed effects not reported. See text for descriptions of variables. CW means coefficient during Cold War, and PCW means coefficient post-Cold War. The sample for the fourth column is Board member countries. *** p<0.01, ** p<0.05, * p<0.10
Table 3: Robustness of results to control variables

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>Variables in same year as DV</th>
<th>Variables lagged one period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cold War</td>
<td>Post-Cold War</td>
</tr>
<tr>
<td>IDA Board member</td>
<td>0.0122**</td>
<td>-0.0113***</td>
</tr>
<tr>
<td></td>
<td>(0.00539)</td>
<td>(0.00421)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>-0.00341</td>
<td>-0.00265</td>
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<tr>
<td></td>
<td>(0.00499)</td>
<td>(0.00498)</td>
</tr>
<tr>
<td>Population (ln)</td>
<td>0.0142**</td>
<td>0.0159***</td>
</tr>
<tr>
<td></td>
<td>(0.00568)</td>
<td>(0.00555)</td>
</tr>
<tr>
<td>Investment/GDP</td>
<td>-5.07e-05</td>
<td>1.60e-06</td>
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<tr>
<td></td>
<td>(0.000100)</td>
<td>(5.38e-05)</td>
</tr>
<tr>
<td>IBRD debt per capita</td>
<td>-8.57e-05*</td>
<td>6.44e-05</td>
</tr>
<tr>
<td></td>
<td>(4.91e-05)</td>
<td>(5.07e-05)</td>
</tr>
<tr>
<td>CPIA</td>
<td>0.00271**</td>
<td>0.00684***</td>
</tr>
<tr>
<td></td>
<td>(0.00133)</td>
<td>(0.00126)</td>
</tr>
<tr>
<td>Share of US aid</td>
<td>0.399***</td>
<td>0.155**</td>
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<tr>
<td></td>
<td>(0.144)</td>
<td>(0.0779)</td>
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<tr>
<td>Share of like-minded aid</td>
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<td>1.160***</td>
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<td></td>
<td>(0.302)</td>
<td>(0.247)</td>
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<td></td>
<td>(0.127)</td>
<td>(0.136)</td>
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<td>Observations</td>
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<td>Countries</td>
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<td>75</td>
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<tr>
<td>R-squared</td>
<td>0.816</td>
<td>0.805</td>
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Dependent variable is share of IDA commitments. Robust standard errors in parentheses. Both models also include country and year fixed effects not reported. A post-Cold War dummy variable drops out in both regressions. *** p<0.01, ** p<0.05, * p<0.1
Table 4: Effect of IDA Board membership on CPIA rating

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cold War</td>
<td>Post-Cold War</td>
</tr>
<tr>
<td>IDA Board member (t-1)</td>
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<td>-0.152**</td>
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<tr>
<td></td>
<td>(0.121)</td>
<td>(0.0740)</td>
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<tr>
<td>GDP per capita (ln, t-1)</td>
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<td>0.344***</td>
</tr>
<tr>
<td></td>
<td>(0.113)</td>
<td>(0.110)</td>
</tr>
<tr>
<td>Population (ln, t-1)</td>
<td>0.734**</td>
<td>0.656**</td>
</tr>
<tr>
<td></td>
<td>(0.304)</td>
<td>(0.302)</td>
</tr>
<tr>
<td>Investment/GDP (t-1)</td>
<td>0.0107***</td>
<td>0.00970***</td>
</tr>
<tr>
<td></td>
<td>(0.00385)</td>
<td>(0.00263)</td>
</tr>
<tr>
<td>IBRD debt per capita (t-1)</td>
<td>-0.0127***</td>
<td>-0.00287**</td>
</tr>
<tr>
<td></td>
<td>(0.00180)</td>
<td>(0.00135)</td>
</tr>
<tr>
<td>Share of US aid (t-1)</td>
<td>-2.290</td>
<td>-0.586</td>
</tr>
<tr>
<td></td>
<td>(1.623)</td>
<td>(1.000)</td>
</tr>
<tr>
<td>Share of like-minded aid (t-1)</td>
<td>2.826</td>
<td>9.506**</td>
</tr>
<tr>
<td></td>
<td>(2.261)</td>
<td>(3.793)</td>
</tr>
<tr>
<td>Constant</td>
<td>1.318***</td>
<td>1.490***</td>
</tr>
<tr>
<td></td>
<td>(0.252)</td>
<td>(0.241)</td>
</tr>
<tr>
<td>Observations</td>
<td>1,633</td>
<td>1335</td>
</tr>
<tr>
<td>Countries</td>
<td>87</td>
<td>78</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.567</td>
<td>0.597</td>
</tr>
</tbody>
</table>

Dependent variable is CPIA rating. Robust standard errors in parentheses.
Both models also include country and year fixed effects not reported.
In Model 1, the constant reflects the Post-Cold War dummy. In Model 2, this drops out.

** p<0.01, * p<0.05, * p<0.1