

Why Corrupt Governments May Receive More Foreign Aid

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Supplementary Material

1 Supplementary Material - Descriptive Statistics

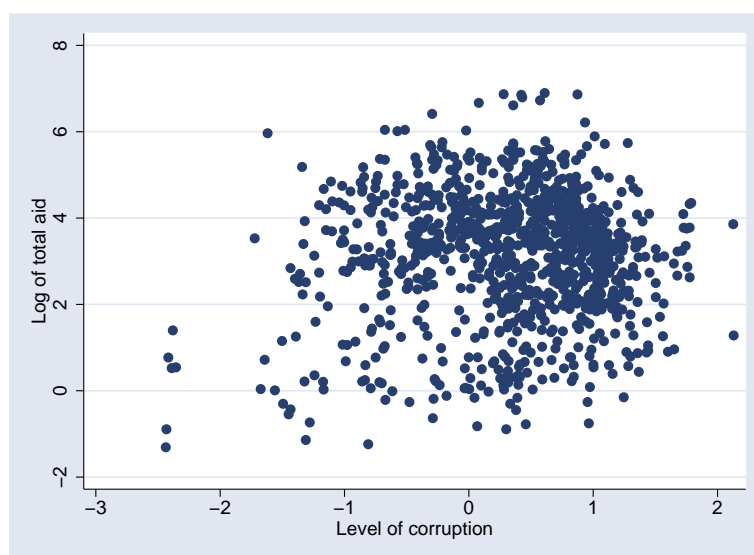


Figure 1: Aid and corruption in 159 countries between 1996 and 2005

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Table 1: Descriptive statistics of the main variables

Variable	Observations	Mean	Std. Dev.	Min	Max
Corruption	770	0.328	0.719	-2.437	2.130
Log total aid (in million dollars)	770	2.887	1.323	-1.309	5.965
Log GDP per cap.	770	8.186	1.075	5.144	10.417
Political stability	770	-0.376	0.889	-3.300	1.402
Voice and accountability	770	-0.353	.807	-2.094	1.337
Rule of law	770	-0.350	0.745	-2.216	2.098
Government effectiveness	770	-0.289	0.731	-2.175	2.569
Regulatory quality	770	-0.200	0.807	-3.875	3.344

Table 2: List of countries studied

Albania	Comoros	India	Micronesia	Solomon Islands
Algeria	Congo	Indonesia	Moldova	Somalia
Angola	Congo, Dem. Rep.	Iran	Mongolia	South Africa
Antigua and Barbuda	Costa Rica	Iraq	morocco	Sri Lanka
Argentina	Croatia	Israel	Mozambique	St. Kitts and Nevis
Armenia	Cuba	Ivory Coast	Namibia	St. Lucia
Azerbaijan	Cyprus	Jamaica	Nepal	St. Vincent and the Grenadines
Bahamas	Czech Rep.	Jordan	Netherlands Antilles	Sudan
Bahrain	Djibouti	Kazakhstan	Nicaragua	Suriname
Bangladesh	Dominica	Kenya	Niger	Swaziland
Barbados	Dominican Rep.	Kiribati	Nigeria	Syria
Belarus	Ecuador	Korea, North	Oman	Tajikistan
Belize	Egypt	Kuwait	Pakistan	Tanzania
Benin	El Salvador	Kyrgyz Rep.	Panama	Thailand
Bermuda	Equatorial Guinea	Laos	Papua New Guinea	Togo
Bhutan	Eritrea	Latvia	Paraguay	Tonga
Bolivia	Estonia	Lebanon	Peru	Trinidad and Tobago
Bosnia-Herzegovina	Ethiopia	Lesotho	Philippines	Tunisia
Botswana	Fiji	Liberia	Poland	Turkey
Brazil	Gabon	Libya	qatar	Turkmenistan
Brunei	Gambia	Lithuania	Romania	Uganda
Bulgaria	Georgia	Macao	Russia	Ukraine
Burkina Faso	Ghana	Macedonia	Rwanda	U. Arab Emirates
Burundi	Grenada	Madagascar	Samoa	Uruguay
Cambodia	Guatemala	Malawi	Sao Tome and Principe	Uzbekistan
Cameroon	Guinea	Malaysia	Saudi Arabia	Vanuatu
Cape Verde	Guinea-Bissau	Maldives	Senegal	Venezuela
Central African Rep.	Guyana	Mali	Seychelles	Vietnam
Chad	Haiti	Malta	Sierra Leone	Yemen
Chile	Honduras	Mauritania	Singapore	Zambia
China	Hong Kong	Mauritius	Slovak Rep.	Zimbabwe
Colombia	Hungary	Mexico	Slovenia	

2 Supplementary Material - Tables for the Robustness Analysis

Table 3: Robustness analysis - variable definitions and samples

	Obs.	β_{11}	β_{12}	β_{21}	β_{22}	$\text{corr}(x_i, z_i)$	T_1	$T_2 + T_3$
(a)	986	0.026 (0.05)	0.834 (0.00)	0.666 (0.00)	0.493 (0.00)	0.085 (0.01)	-0.228 (0.00)	0.314 (0.00)
(b)	986	0.055 (0.00)	0.809 (0.00)	0.564 (0.00)	0.307 (0.00)	0.085 (0.01)	-0.134 (0.00)	0.273 (0.00)
(c)	986	0.344 (0.00)	0.312 (0.00)	0.671 (0.00)	0.731 (0.00)	0.085 (0.01)	-0.167 (0.00)	0.412 (0.00)
(d)	986	0.199 (0.00)	0.508 (0.00)	0.575 (0.00)	0.323 (0.00)	0.085 (0.01)	-0.113 (0.00)	0.305 (0.00)
(i)	790	0.260 (0.00)	0.369 (0.00)	0.536 (0.00)	0.694 (0.00)	-0.085 (0.02)	-0.245 (0.00)	0.325 (0.00)
(ii)	791	0.229 (0.00)	0.383 (0.00)	0.769 (0.00)	0.795 (0.00)	0.00 (1.00)	-0.268 (0.00)	0.376 (0.00)
(I)	901	0.245 (0.00)	0.401 (0.00)	0.573 (0.00)	0.419 (0.00)	0.100 (0.00)	-0.142 (0.00)	0.334 (0.00)
1996	116	0.305 (0.00)	0.303 (0.00)	0.491 (0.00)	0.406 (0.00)	0.024 (0.80)	-0.106 (0.02)	0.307 (0.00)
2004	150	0.275 (0.00)	0.423 (0.00)	0.767 (0.00)	0.729 (0.00)	0.056 (0.50)	-0.233 (0.00)	0.468 (0.00)

Notes: Alternative measures of ν : (a) Rule of Law, (b) Government effectiveness, (c) Voice and accountability, (d) Regulatory. Alternative measures of aid: (i) Total aid excluding debt relief, (ii) Multilateral aid only. Alternative measure of productivity: (I) GDP per worker. quality. P-values in brackets. All countries have equal weights.

Table 4: Robustness analysis - - Instrumentation

Obs.	β_{11}	β_{12}	β_{21}	β_{22}	corr (x_i, z_i)	T_1	$T_2 + T_3$	Eq.(??)	Sargan stat. Eq.(??)	(dep. var: a)	F -stat. (dep. var: ν)	
bench.	607	0.342 (0.00)	0.317 (0.00)	1.123 (0.00)	1.454 (0.00)	0.165 (0.00)	-0.339 (0.00)	0.756 (0.00)	5.720 (0.06)	1.689 (0.43)	1226.12 (0.00)	81.31 (0.00)
(a)	615	0.137 (0.00)	0.666 (0.00)	1.822 (0.00)	2.576 (0.00)	0.169 (0.00)	-0.913 (0.00)	1.095 (0.00)	6.037 (0.05)	2.396 (0.30)	1291.37 (0.00)	148.76 (0.00)
(b)	615	0.113 (0.03)	0.762 (0.00)	2.074 (0.00)	3.284 (0.00)	0.169 (0.00)	-1.336 (0.00)	1.275 (0.00)	20.771 (0.00)	2.730 (0.26)	1291.37 (0.00)	115.39 (0.00)
(c)	615	0.479 (0.00)	0.025 (0.73)	0.596 (0.00)	0.268 (0.11)	0.169 (0.00)	0.004 (0.74)	0.344 (0.00)	27.224 (0.00)	72.103 (0.00)	1291.37 (0.00)	53.96 (0.00)
(d)	615	0.305 (0.00)	0.383 (0.00)	1.373 (0.00)	1.944 (0.00)	0.169 (0.00)	-0.410 (0.00)	0.969 (0.00)	28.305 (0.00)	20.040 (0.00)	1291.37 (0.00)	93.78 (0.00)
(i)	553	0.355 (0.00)	0.217 (0.00)	0.847 (0.00)	1.551 (0.00)	0.00 (0.95)	-0.296 (0.00)	0.615 (0.00)	11.371 (0.00)	20.227 (0.00)	874.13 (0.00)	53.50 (0.00)
(ii)	552	0.312 (0.00)	0.257 (0.00)	1.214 (0.00)	1.493 (0.00)	0.13 (0.00)	-0.321 (0.00)	0.676 (0.00)	8.575 (0.01)	40.163 (0.00)	841.20 (0.00)	54.28 (0.00)
(I)	602	0.305 (0.00)	0.362 (0.00)	0.947 (0.00)	1.220 (0.00)	0.157 (0.00)	-0.327 (0.00)	0.619 (0.00)	3.451 (0.18)	3.440 (0.18)	1296.40 (0.00)	79.02 (0.00)
1996	77	0.233 (0.01)	0.703 (0.00)	0.855 (0.00)	1.710 (0.00)	0.001 (1.00)	-0.695 (0.07)	0.521 (0.00)	1.529 (0.47)	0.535 (0.77)	138.33 (0.00)	6.72 (0.00)
2004	92	0.395 (0.00)	0.255 (0.06)	0.899 (0.00)	1.189 (0.00)	0.119 (0.26)	-0.204 (0.09)	0.620 (0.00)	2.083 (0.35)	3.380 (0.18)	164.87 (0.00)	11.70 (0.00)

Notes: Alternative measures of ν : (a) Rule of Law, (b) Government effectiveness, (c) Voice and accountability, (d) Regulatory quality. Alternative measures of aid: (i) Total aid excluding debt relief, (ii) Multilateral aid only. Alternative measure of productivity: (I) GDP per worker. P-values in brackets. All countries have equal weights.

Table 5: Estimation Results - Robustness to missing variables

Obs.	Parameters Estimates							
	β_{11}	β_{12}	β_{21}	β_{22}	<i>Israel</i>	<i>Egypt</i>	<i>FrdJapan</i>	<i>FrdUSA</i>
763	0.230	0.379	0.556	0.664	6.634	0.081	0.070	-0.040
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.89)	(0.00)	(0.00)

Notes: P-values in brackets. All countries have equal weights.