Online Appendix

Which donors, which funds? The choice of multilateral funds by bilateral donors at the World Bank

This Appendix provides the formal model, additional tables, and descriptive statistics and variable definitions corresponding to the paper "Which donors, which funds? The choice of multilateral funds by bilateral donors at the World Bank."

A simple model

Consider a donor i, who faces three stylized options to channel its multi-bi aid budget through trust funds: single-donor trust funds (SDTFs), small-n multi-donor trust funds (MDTF$\leq$4), and large-n multi-donor trust funds (MDTF$\geq$5). We formalize the choice among these three options in a simple model to clarify and illustrate the donor's trade-offs. We assume that the utility U_i^f of donor i to participate in trust fund f increases with efficiency of resource use and with the extent to which development outcomes associated with trust funds are attributed to the donor government by its national constituency. Cooperation with other donors is expected to bring about a number of advantages in this respect. Following Milner and Tingley (2013), we refer to them as advantages of "burden-sharing." In practice, these may include efficiency gains through synergies, risk sharing opportunities, or the possibility to contribute to important results with little resources. Hence for each donor, U_i^f should positively depend on α, the number of other donors participating in the fund.

At the same time, we consider that large divergences of preferences between donors reduce the utility of individual participation. Preference heterogeneity implies that donors do not really share the same objectives, leading to reduced effi-

ciency from the perspective of each individual donor. Transactions cost associated with finding a consensus, and the lack of congruence between that consensus and each donor's own objectives, will be greater. Hence, U_i^f positively depends on preference homogeneity (γ).

Note that for SDTFs, preferences are homogenous by definition (highest possible value of γ). The more donors there are, the less homogeneous their preferences will be, other things equal. Hence, γ negatively depends on α, and $\gamma(\alpha = 0) = \gamma^{\max}$. Since the direct effect of α on U_i^f is positive, while its indirect effect (through γ) is negative, the optimal trust fund may be of intermediate size. Whether this is the case or whether the optimum is at the extremes (if the fund is attractive only for a single donor or, conversely, for a very high number of donors) depends on the "weight" given to burden-sharing relative to preference homogeneity $c(x_i^f)$, where x_i^f reflects the specific characteristics of the fund (e.g., area of activity and country or region covered implying different risk sharing opportunities), and of the individual donor (e.g., donor seeking global leadership role versus small donor using the multilateral organization primarily to compensate the lack of own administrative capacities). As it appears implausible that for a given combination of fund and donor characteristics, the utility peaks at different levels of α, we assume that $U_i^f(\alpha)$ is unimodal.

Finally, we assume that the donor does not benefit from funds that are financed only by other donors, as their development outcomes will be attributed only to members of those funds. This assumption is broadly in line with the donors' strong concern for visibility that is one of the most important general drivers of multi-bi aid according to a survey carried out by the OECD/DAC Secretariat.[1]

Let trust fund membership be denoted by an indicator variable M_i^f, with $M_i^f = 1$ if donor i is a member of trust fund f, and $M_i^f = 0$ otherwise. The utility of donor i from trust fund f is then given by:

[1] See Tortora and Steensen (2014). We acknowledge that this assumption is an oversimplification, as the typical donor in reality is likely to be somewhat altruistic and obtain some utility from favorable development outcomes produced without its involvement.

$$U_i^f = \begin{cases} U_i^f(\alpha^f, \gamma(\alpha^f), c(x_i^f)) & \text{if} \quad M_i^f = 1, \\ 0 & \text{if} \quad M_i^f = 0. \end{cases} \tag{1}$$

Donor i decides about membership in any given fund by considering the utility this fund will provide to it, subject to a budget constraint that limits its multi-bi contributions to $\bar{M}_i$ (i.e., the overall aid budget net of the resources required for bilateral and multilateral commitments). For simplicity, we assume that donor i contributes an equal amount (say, 1 unit) to each trust fund in which it participates. Then, $\bar{M}_i$ also reflects the maximum number of trust funds the donor can participate in.

Let F be the overall number of possible trust funds a donor might create or join.[2] The optimization problem then becomes:

$$\max_{M_1,\ldots,M_F} \sum_{f=1}^{F} U_i^f \quad \text{s.t.} \quad \sum_{f=1}^{F} M_i^f \leq \bar{M}_i \tag{2}$$

The obvious solution is that the $\bar{M}_i$ trust funds providing the greatest utility will be funded. We denote the utility of the marginal fund the donor will become a member of (i.e., the $\bar{M}_i$-best fund) as $\bar{U}_i$. We abstract from the case that two or more funds would have exactly the same utility. Then the optimal participation decision for each individual fund is given by:

$$M_i^f = \begin{cases} 1 & \text{if} \quad U_i^f \geq \bar{U}_i, \\ 0 & \text{if} \quad U_i^f < \bar{U}_i. \end{cases} \tag{3}$$

For illustrative purposes, let us assume for the moment that $\bar{U}_i$ is fixed. This

[2] For purposes of this illustrative model, we take other donors' participation decisions as given.

allows us to graphically demonstrate the implications of our model. Figure 1 shows $U_i^f(\alpha)$ for three different constellations $c(x_i^f)$. Simplifying notation by suppressing the sub- and superscripts i and f, we can focus on these three constellations, say A, B, and C. The function $U_A(\alpha)$ (solid line) shows potential trust fund options that vary only in the number of participating donors α, and are otherwise fully identical (all corresponding to fund and donor characteristics in constellation A). In the illustration, $\bar{U}$ is fixed at 2.5 (dotted line). In this setting, under constellation A, neither a SDTF nor a large MDTF would be attractive, but the utility of membership would be above the threshold for a number of other donors between one and four.

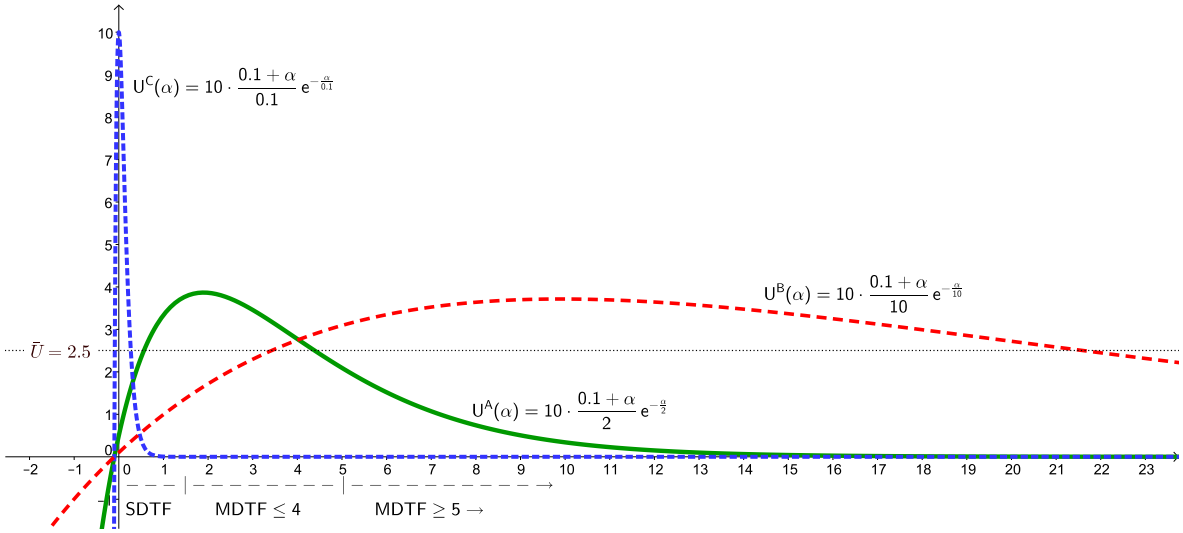
Now imagine that the context changes, for instance because the funds are proposed to support development in very risky environments, such as post-conflict states. In such a situation, the potential for risk sharing among donors dominates the negative impact of additional donors on preference homogeneity, for any plausible number of donors.[3] This is reflected in a different $c(x)$, represented by constellation B and the respective utility function $U_B(\alpha)$ in Figure 1 (dashed line, large dashes). $U_B(\alpha)$ is at or above the threshold value of $\bar{U}_i$=2.5 for at least four other donors.

Finally, in constellation C, the situation is such that even with just one other donor, preference heterogeneity is sufficiently extreme (and the benefits of burden-sharing sufficiently minor) that membership is unattractive. Only in the case of a SDTF is utility $U_C(\alpha)$ (small dashes) sufficiently high to make the fund attractive for membership. In a case such as this one there may be important geopolitical or trade interests at stake for the donor, with the trust fund channel used to avoid administrative costs or to take advantage of expertise the donor agency does not possess.

It becomes clear that the decision to enter any individual trust fund depends on the number of other donors, the specific characteristics of the fund and the donor

[3] Note that the OECD/DAC membership counted 22 members – including all traditional donor countries (and a few others) – during most of our period of analysis. Hence, trust funds of about size 20 are the largest possible funds one should imagine here.

Figure 1: Comparing the utility of differently sized trust funds for different constellations (A, B, C)



Notes: The concrete utility function used for this figure is $U(\alpha, \gamma(\alpha), c(x)) = f(\alpha, c) \cdot \gamma(\alpha, c)$, whereby $f(\alpha, c) = 10 \cdot \frac{0.1+\alpha}{c}$, and $\gamma(\alpha, c) = e^{-\frac{\alpha}{c}}$. This is in line with the required properties formulated above, $f'(\alpha) > 0$, $U'(\gamma) > 0$, $\gamma'(\alpha) < 0$, and $U(\cdot)$ is unimodal. Moreover, for the parameter of preference homogeneity we have $\gamma(\alpha = 0) = \gamma^{\max} = 1$ (for SDTFs), and $\lim_{\alpha \to \infty} \gamma(\alpha) = 0$.
$c(x)$ enters as a factor that increases preference homogeneity γ for any given number of donors. More generally, it scales down the effect of α in a way that for high α the reduction in preference homogeneity is mitigated, which reflects a stronger emphasis on burden-sharing. The three constellations are presented using $c = 2$ (constellation A), $c = 10$ (constellation B, strong role of burden-sharing), and $c = 0.1$ (constellation C, emphasis on the loss of preference homogeneity).
As α is discrete rather than continuous, the solidly drawn lines are not exactly correct, but allow us to better distinguish the shape of $U(\alpha)$ across the three constellations.

($c(x)$ summarized here in constellations A, B, and C), and the complex interaction of the two that work through the direct effect of α on burden- sharing versus the indirect effect of α via preference homogeneity. For each of the three trust fund categories (i.e., SDTF, small MDTF, large MDTF), we can assess the effect of the different constellations (different $c(x)$), allowing us to discuss the model implications without any predefined $\bar{U}$. Indeed, since $\bar{U}$ is defined as the utility of the $\bar{M}$-best trust fund, it itself depends on $c(x)$.

Let us stick to the functional form of $U(\cdot)$ chosen for Figure 1. We further assume that the choice set consists of three trust funds, each of them reflecting one of the constellations A, B, or C. Now within each of the constellations, the trust

fund proposed could be either a SDTF, a small MDTF, or a large MDTF. Assume $\bar{M}$=2, i.e., two out of three trust funds can be funded. We can go through the 3^3 possible combinations (three constellations combined with three trust fund types) and determine what the choice would be in each case. We will cover three arbitrary examples below; the full set of combinations is presented in Table 1.

First, we consider the case that for all three constellations, only SDTFs are available (Case 1 in Table 1). Among these, the donor chooses the trust funds with characteristics C and A. The marginal trust fund is trust fund A with $\bar{U} = U^A$.

As a second example, we consider a case in which for constellation A and B, the available options are small MDTFs, while a SDTF is available for C. In this case the two best options are the funds A and C, and A is again the marginal fund (Case 13 of Table 1).

In the third example, we again keep the option of a SDTF for C, but propose large MDTFs for the constellations A and B. Again fund C achieves the highest level of utility, but this time, it is followed by fund B, which therefore becomes the marginal fund, so that $\bar{U} = U^B$ (Case 21 of Table 1).

As these examples demonstrate, specific characteristics of donors and trust funds $c(x)$ have a different impact on the membership decision depending on whether a SDTF, a small MDTF, or a large MDTF are the possible options.

Table 1: A simple example to illustrate the model

Case	A	B	C	Funding choice	Marginal fund
1	SDTF	SDTF	SDTF	M^A=1, M^B=0, M^C=1	$\bar{U} = U^A$
2	SDTF	SDTF	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$
3	SDTF	SDTF	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$
4	MDTF≤ 4	SDTF	SDTF	M^A=1, M^B=0, M^C=1	$\bar{U} = U^A$
5	MDTF≤ 4	SDTF	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$
6	MDTF≤ 4	SDTF	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$
7	MDTF≥ 5	SDTF	SDTF	M^A=1, M^B=0, M^C=1	$\bar{U} = U^C$ *
8	MDTF≥ 5	SDTF	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$ *
9	MDTF≥ 5	SDTF	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$ *
10	SDTF	MDTF≤ 4	SDTF	M^A=0, M^B=1, M^C=1	$\bar{U} = U^B$
11	SDTF	MDTF≤ 4	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^A$
12	SDTF	MDTF≤ 4	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^A$
13	MDTF≤ 4	MDTF≤ 4	SDTF	M^A=1, M^B=0, M^C=1	$\bar{U} = U^A$
14	MDTF≤ 4	MDTF≤ 4	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$
15	MDTF≤ 4	MDTF≤ 4	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^B$
16	MDTF≥ 5	MDTF≤ 4	SDTF	M^A=., M^B=., M^C=1	$\bar{U} = .$ **
17	MDTF≥ 5	MDTF≤ 4	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = .$ **
18	MDTF≥ 5	MDTF≤ 4	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = .$ **
19	SDTF	MDTF≥ 5	SDTF	M^A=0, M^B=1, M^C=1	$\bar{U} = U^B$
20	SDTF	MDTF≥ 5	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^A$
21	SDTF	MDTF≥ 5	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^A$
22	MDTF≤ 4	MDTF≥ 5	SDTF	M^A=., M^B=., M^C=1	$\bar{U} = .$ **
23	MDTF≤ 4	MDTF≥ 5	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = .$ **
24	MDTF≤ 4	MDTF≥ 5	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = .$ **
25	MDTF≥ 5	MDTF≥ 5	SDTF	M^A=0, M^B=1, M^C=1	$\bar{U} = U^B$
26	MDTF≥ 5	MDTF≥ 5	MDTF≤ 4	M^A=1, M^B=1, M^C=0	$\bar{U} = U^A$
27	MDTF≥ 5	MDTF≥ 5	MDTF≥ 5	M^A=1, M^B=1, M^C=0	$\bar{U} = U^A$

Notes: Donor choices under all possible constellations and all possible types of trust funds available to each donor for an example of 3 donors, 3 funds, and 3 constellations. M^X refers to the funding choice with respect to the proposed fund X, whereas $\bar{U}$ gives the utility of the $\bar{M}$-best fund, or, the marginal fund still being funded.

* (unless MDTF≥ 5 is very large)

** (depends on exact α)

Robustness checks

This Appendix provides robustness tests for the main results discussed in the paper.

It entails the following estimations:

- Different thresholds using choice set A
- Different thresholds using Choice set B
- Fund size weighted by donor power

Table 2: Robustness tests with different thresholds using Choice set A

	SDTF	MDTF≤ 6	MDTF≥7	MDTF≤ 10	MDTF≥11
Ex-ante variation of sector focus	-0.003	0.002	-0.016	-0.050***	-0.431***
	(0.006)	(0.017)	(0.057)	(0.017)	(0.109)
Number of G8 summit pledges	-0.002	0.007	0.030**	-0.001	0.058**
	(0.002)	(0.006)	(0.014)	(0.006)	(0.023)
Global activity	-0.005*	0.015*	0.126***	0.037***	0.203***
	(0.003)	(0.008)	(0.024)	(0.008)	(0.050)
Fragile states assistance	-0.008**	-0.003	0.067***	0.006	0.126***
	(0.003)	(0.010)	(0.025)	(0.010)	(0.042)
Middle-income country assistance	-0.001	-0.003	-0.123***	-0.007	-0.140***
	(0.003)	(0.009)	(0.024)	(0.009)	(0.041)
Unemployment rate	0.005	0.027*	-0.010	0.022	0.035
	(0.005)	(0.016)	(0.063)	(0.017)	(0.068)
Donor fixed effects	yes	yes	yes	yes	yes
Year fixed effects	yes	yes	yes	yes	yes
Observations	23075	6041	2067	7074	1034
Adjusted R^2	0.06	0.11	0.22	0.11	0.29
Percent correctly predicted positives	83.3	77.7	76.7	77.7	78.0
Percent correctly predicted negatives	59.8	63.6	63.7	62.9	68.7
Cutoff	0.034	0.097	0.401	0.125	0.515

Robust standard errors clustered on donors in parentheses. Significance levels: *.1 **.05 ***.01
Cutoffs represent the unconditional means of the dependent variable for each fund type.

Table 3: Robustness tests with different thresholds using Choice set B

	SDTF	MDTF≤ 6	MDTF≥7	MDTF≤ 10	MDTF≥11
Ex-ante variation of sector focus	-0.004	0.002	-0.030***	0.002	-0.012***
	(0.004)	(0.003)	(0.004)	(0.003)	(0.003)
Number of G8 summit pledges	-0.002	0.003**	0.006***	0.003**	0.007***
	(0.002)	(0.001)	(0.002)	(0.001)	(0.001)
Global activity	-0.009***	0.006***	0.056***	0.006***	0.043***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Fragile states assistance	-0.008***	0.004**	0.022***	0.004**	0.014***
	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)
Middle-income country assistance	-0.002	0.001	0.004*	0.001	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Unemployment rate	0.003	0.007**	-0.001	0.007**	-0.002
	(0.004)	(0.003)	(0.004)	(0.003)	(0.003)
Donor fixed effects	yes	yes	yes	yes	yes
Year fixed effects	yes	yes	yes	yes	yes
Observations	31183	31183	31183	31183	31183
Adjusted R^2	0.05	0.02	0.04	0.02	0.03
Percent correctly predicted positives	83.5	87.5	87.5	87.5	95.4
Percent correctly predicted negatives	60.3	49.9	55.1	49.9	49.6
Cutoff	0.025	0.013	0.031	0.013	0.017

Robust standard errors clustered on donors in parentheses. Significance levels: *.1 **.05 ***.01
Cutoffs represent the unconditional means of the dependent variable for each fund type.

Taking power distribution among donors into account

We rerun our analysis considering the power distribution among the potential members of a trust fund. One might argue that the incentive of a given donor to join a trust fund depends on the already participating donors and their contributions. For example, if existing donors have paid in a very high contribution, a potential donor might consider that it only will have a small share in overall contributions if it joins. This reduces its ability to assert its own preference further. In contrast, high existing contributions imply a greater existing effort in terms of the attainable development results. This might encourage even a small donor to join a fund that is already controlled by a powerful donor.

We perform two types of tests. The first is to replace the number of donors (which stratifies our sample) by the effective number of donors, defined as the inverse of the summed squares of contribution shares. If every donor pays an equal share into the trust fund, both numbers are equal. In contrast, if there is a "lead donor," the effective number of donors may be a lot smaller than the number of donors. As the whole distribution of trust fund sizes shifts to the left when using effective numbers, we define the new cutpoints to be the same as before in accordance with the empirical distribution. In other words, while four donors are the 90^{th} percentile in the original sample, our new 90^{th} percentile using effective numbers is 2.5. Table 4 below summarizes the results for fixed-effect estimations. The left-hand half of the table uses sample A, the right-hand half uses sample B. In essence, the results are qualitatively similar to the ones in our main analysis (except for donor unemployment). Some of our estimates are even more significant. In particular, ex-ante sector variation in donor preferences leads to less engagement in large funds relative to small funds. Conversely, a donor chooses large funds over small funds significantly more often in the case of prior G8 pledges, global activities, and assistance to fragile states. Support for the hypothesis on MICs rests on the choice of sample, though the preferred choice for MICs tends to be a medium-sized fund.

Table 4: Robustness tests with effective number of donors

	SDTF	Small MDTF	Large MDTF	SDTF	Small MDTF	Large MDTF
Ex-ante variation of sector focus	-0.003	-0.030	-0.116***	-0.004	0.000	-0.021***
	(0.006)	(0.021)	(0.032)	(0.004)	(0.003)	(0.005)
Number of G8 summit pledges	-0.002	0.011	0.034***	-0.002	0.003***	0.007***
	(0.002)	(0.008)	(0.011)	(0.002)	(0.001)	(0.002)
Global activity	-0.005*	0.009	0.122***	-0.009***	0.004***	0.060***
	(0.003)	(0.011)	(0.015)	(0.002)	(0.001)	(0.002)
Fragile states assistance	-0.008**	0.001	0.076***	-0.009***	0.008***	0.020***
	(0.003)	(0.012)	(0.017)	(0.002)	(0.002)	(0.003)
Middle-income country assistance	-0.001	0.004	-0.029*	-0.002	0.004***	0.001
	(0.003)	(0.011)	(0.018)	(0.002)	(0.001)	(0.003)
Unemployment rate	0.005	0.065***	-0.018	0.003	0.006**	-0.001
	(0.005)	(0.022)	(0.030)	(0.004)	(0.003)	(0.005)
Donor fixed effects	yes	yes	yes	yes	yes	yes
Year fixed effects	yes	yes	yes	yes	yes	yes
Observations	23006	3674	3768	31183	31183	31183
Adjusted R^2	0.09	0.19	0.43	0.05	0.02	0.04

Robust standard errors clustered on donors in parentheses. Significance levels: *.1 **.05 ***.01
Left half of column set uses sample A; right half uses sample B

As a second test, we use the constellation of power in a fund as an additional control variable in our original analysis, including the effective number of donors divided by the actual number of participating donors. The variable takes values close to one for relatively equal forms of "minilateralism," and values closer to 1/N for unequal ones. Note that this approach is not without problems. Clearly, the contribution amount is endogenous with respect to the decision to participate in a given fund. The results thus need to be taken with caution.

Table 5 shows that a given donor is more likely to participate in larger funds if the power distribution is more unequal. The existence of a "lead donor" thus may facilitate multilateral cooperation. A case in point is the Afghanistan Reconstruction Trust Fund (ARTF), in which the United States is an important donor and enticed other donors join. Our main results continue to hold: a higher ex-ante variation in sector focus reduces the individual likelihood to choose a large-n fund, while global activities and fragile states are issue areas that promote cooperation in large-n funds. A donor also is less likely to opt for a large-n funds in the case of assistance to MICs. The result on G8 pledges is somewhat different and less significant.

In sum, the results suggest that it is equally plausible to argue that a donor considers the effective number of donors (i.e., the power distribution among the fund's donors in terms of financial plight). In this sense, the effective number accurately reflects for any donor the potential to assert its own preferences. The small differences in the results compared to our previous analysis, however, suggest that financial power is not as relevant as one might expect in trust funds. Hence, compared to assessed contributions (i.e., IDA funding), the contribution amount is not a primary determinant of policy influence in a trust fund. The reason is that there are hundreds of trust funds that any donor may participate in, and hence there is a resource constraint when it comes to attending meetings, providing policy input, and monitoring programs, which most likely establishes a ceiling to the degree of influence that any one donor is able to exert.

Table 5: Robustness tests with effective number of donors

	SDTF	MDTF≤ 4	MDTF≥5	SDTF	MDTF≤ 4	MDTF≥5
Power asymmetry	-	-0.029	-0.118**	0.062***	-0.071***	-0.394***
	-	(0.026)	(0.047)	(0.005)	(0.004)	(0.005)
Ex-ante variation of sector focus	-0.003	-0.015	-0.138***	-0.005	0.003	-0.027***
	(0.006)	(0.019)	(0.041)	(0.004)	(0.003)	(0.004)
Number of G8 pledges	-0.002	0.005	0.019	-0.001	0.001	-0.005***
	(0.002)	(0.008)	(0.012)	(0.002)	(0.001)	(0.002)
Global activity	-0.005*	0.012	0.104***	-0.004*	-0.001	0.019***
	(0.003)	(0.010)	(0.018)	(0.002)	(0.002)	(0.002)
Fragile state assistance	-0.008**	-0.008	0.060***	-0.006**	0.001	0.005**
	(0.003)	(0.011)	(0.019)	(0.002)	(0.002)	(0.002)
Middle-income country assistance	-0.001	-0.002	-0.080***	-0.000	-0.001	-0.005**
	(0.003)	(0.011)	(0.019)	(0.002)	(0.002)	(0.002)
Unemployment rate	0.005	0.053**	-0.014	0.003	0.007**	-0.001
	(0.005)	(0.021)	(0.033)	(0.004)	(0.003)	(0.004)
Donor fixed effects	yes	yes	yes	yes	yes	yes
Year fixed effects	yes	yes	yes	yes	yes	yes
Observations	23075	4341	3032	30448	30448	30448
Adjusted R^2	0.09	0.21	0.46	0.05	0.03	0.19

Robust standard errors clustered on donors in parentheses. Significance levels: *.1 **.05 ***.01
Left half of column set uses sample A; right half uses sample B

Table 6: Full-sample descriptive statistics

	count	mean	sd	min	max
1 if ccode is donor to TF	52416	0.06	0.24	0.00	1.00
1 if ccode is donor to SDTF	52416	0.03	0.16	0.00	1.00
1 if ccode is donor to MDTF$\leq$ 4	52416	0.01	0.10	0.00	1.00
1 if ccode is donor to MDTF$>$ 5	52416	0.02	0.15	0.00	1.00
Ex-ante variation of sector focus	49080	0.84	0.26	0.42	2.67
G8 summit pledges	49800	0.40	0.68	0.00	5.00
Global activity	52416	0.37	0.48	0.00	1.00
Fragile state assistance	49800	0.11	0.31	0.00	1.00
Middle-income country assistance	49800	0.18	0.38	0.00	1.00
Donor unemployment rate	50188	7.04	2.98	1.54	20.50
Log(GDP)	43406	26.92	1.56	22.58	30.24
Log(bilateral aid)	52367	21.37	1.59	16.81	24.20
Multilateral aid share	52367	0.31	0.13	0.07	0.85
Administrative cost share	52349	6.02	1.75	0.00	13.61
Researcher density	46482	7.52	2.89	1.35	17.25
Log(R&D expenditure)	46806	22.82	1.67	17.70	26.65
ICRG Index	47255	0.86	0.12	0.47	1.00
(Co-)chair at DAC	52416	0.07	0.26	0.00	1.00
Contested issue	49800	0.10	0.30	0.00	1.00

Table 7: Detailed information on all variables

Variable name	Further explanations and base sources
Dependent variable	
Participation decision	1 whether the donor *ccode* indeed was a donor to trust fund with identifier *trustee* over FY02-FY13 (World Bank 2014b)
Categorical variables	
Single-donor trust fund (SDTF)	Exactly one participating donor (sovereign donor with a positive vote share in the Board); this is a behavioral definition, not a legal definition, as a single donor could set up a trust fund using the legal instrument of a MDTF; the discrepancy is empirically irrelevant; as above, any contribution over FY02 and FY13 will be considered (World Bank 2014b)
Small multi-donor trust fund (MDTF≤4)	More than one sovereign donor participating in the fund, but at most four donors; participation requires at least one positive contribution over FY02-FY13 (World Bank 2014b)
Large multi-donor trust fund (MDTF≥5)	More than four sovereign donors participating in the fund (World Bank 2014b)
Main predictors	
Ex-ante variation of sector focus	Coefficient of variation in donor preferences in the sectors underlying the trust fund over the three years before its establishment; donor preferences are given by sector shares in bilateral aid, using data from OECD/DAC Creditor Reporting System (2014b). Formally, the measure computes as follows: For S sectors of a TF, obtain the relative shares s_i (i=1, ..., n). Compute the standard deviation σ_s of the series $\{s_i\}$ and divide by its mean μ. Take the

	simple average over all S sectors to obtain the heterogeneity measure.
Number of sectors with G8 summit pledges	Number of sectors of the trust fund in which the international community made a pledge at the G8 summit in the year before activation of the TF (hand-coding available upon request)
Global activity	Trust fund supports global activities; variable *countrygrouping* in the original data set; non-global activities are country-specific activities and regional activities (World Bank 2014a)
Fragile state assistance	Trust fund supports fragile state; variable *fragileflag* in the original data set (World Bank 2014a)
Middle-income country assistance	A trust fund is considered to support middle-income countries if its designated set of potential recipients is IBRD countries (which are not eligible for IDA funding) (World Bank 2014a)
Unemployment rate	Donor unemployment rate (%) in the three years before activation of the trust fund (OECD 2014a)
Control variables	
Logarithm of GDP	Gross Domestic Product (GDP), logarithm of constant billion USD value, PPP and output approach, in the three-year period prior to TF creation (OECD 2014a)
Logarithm of bilateral aid	Bilateral aid in the three-year period prior to TF creation (using constant million USD values reported in DAC1) (OECD 2014b)
Multilateral aid (% of total aid)	Multilateral aid in % of total ODA in the three-year period prior to TF creation OECD 2014b, DAC1 table)
Administrative costs (% of bilateral aid)	Administrative costs share in % of bilateral aid in the three-year period prior to TF creation (OECD 2014b,

	DAC1 table)
Researcher density	Researcher density: Number of researchers per 100 full-time employees, in the three years prior to TF creation (OECD 2014a)
Logarithm of R&D expenditure	Gross domestic R&D expenditure (both private and public), logarithm of constant USD value, in the three-year period prior to TF creation (OECD 2014a)
Government quality	ICRG index on bureaucratic quality of donor country (Teorell et al. 2013)
DAC (co)chair	Whether donor held a (co)chair in the relevant OECD/DAC working group in the three years before establishment of the trust fund; relevant working groups are related to the sector underlying the trust fund (e.g., chairmanship in the Peace and Governance Working Group was only coded for trust fund assisting fragile states) (hand-coding available on request)
Contentious issue	At least one match in the titles of any of the projects under the fund search string: “hydropower”, “rain forest” and “Brazil”, “privatization” and “school” (or “education”), “North Korea”, or “Cuba”; At least one match with the list of underlying World Bank sectors and themes deemed to be contentious (i.e., hydropower, privatization, anti-terrorism and money laundering); expert survey item was considered contentious if it was judged relative more contentious than not (World Bank 2013b)