

Research: A Voyage into the Unknown

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DATA SOURCES

- Here we will look not so much at aggregate data, but data that can be used in regression analysis

Some excellent macro type sources.

World Bank <http://data.worldbank.org/data-catalog/world-development-indicators>

Eurostat

[http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

IMF: <http://www.imf.org/external/data.htm>

Transparency International,

http://www.transparency.org/policy_research/surveys_indices/cpi

Rank	Country	Score	
64	Georgia	4.1	
64	South Africa	4.1	
66	Croatia	4	
66	Montenegro	4	
66	Slovakia	4	
69	Ghana	3.9	
69	Italy	3.9	

Now covers 183 countries
This is the 2011 index
published December 2011.

The data begins in 1995 and
available on an annual basis.

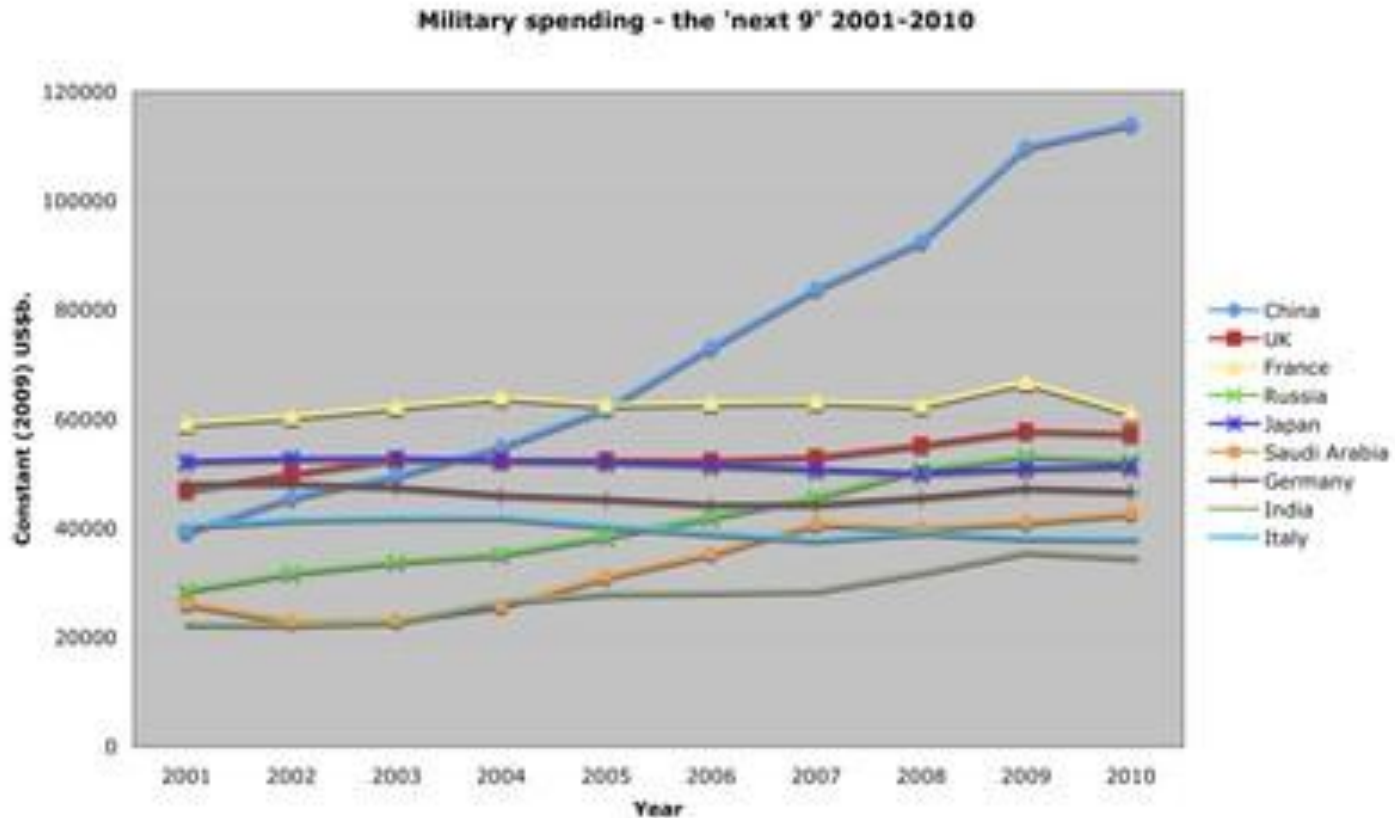
SIPRI Military expenditure data base:

<http://milexdata.sipri.org/files/?file=SIPRI+milex+data+1988-2010.xls>

Download the SIPRI Military Expenditure Database

By filling in this form and clicking "Submit" below, you will be directed to a link to download an Excel workbook containing all the data from the SIPRI Military Expenditure Database for 171 countries from 1988-2010. This includes estimates of world and regional totals, data by country in local currency, constant (2009) US\$, and as a share of GDP, and all relevant accompanying notes. Please see also the [sources and methods](#) used by SIPRI to collect military expenditure data, and the [SIPRI definition of military expenditure](#).

The biggest military spenders after the USA.



Eurobarometer Data

- You should be able to download the raw data. I get it from UK. You might be able to get it from: <http://zacad.gesis.org/webview/>

<https://info1.gesis.org/zacat/>

- Registration Form for ZACAT Login to **administrate your account settings** (if you intend to analyse or download data, please go to [ZACAT](#)):
user

password

You do not have a login?

Please register.

Registration is free.

- **Password forgotten?**
[Send password](#).

Need help?

[Contact ZACAT Support](#)

- This registration enables you to analyse and download the data collections provided via ZACAT.
- By registration, you accept the '[terms of use](#)' of GESIS.
- Only scientific use of the data is accepted (not-for-profit research or teaching or personal educational development).
Dissemination of data, documentation and materials obtained through ZACAT to any third party requires our written authorisation.

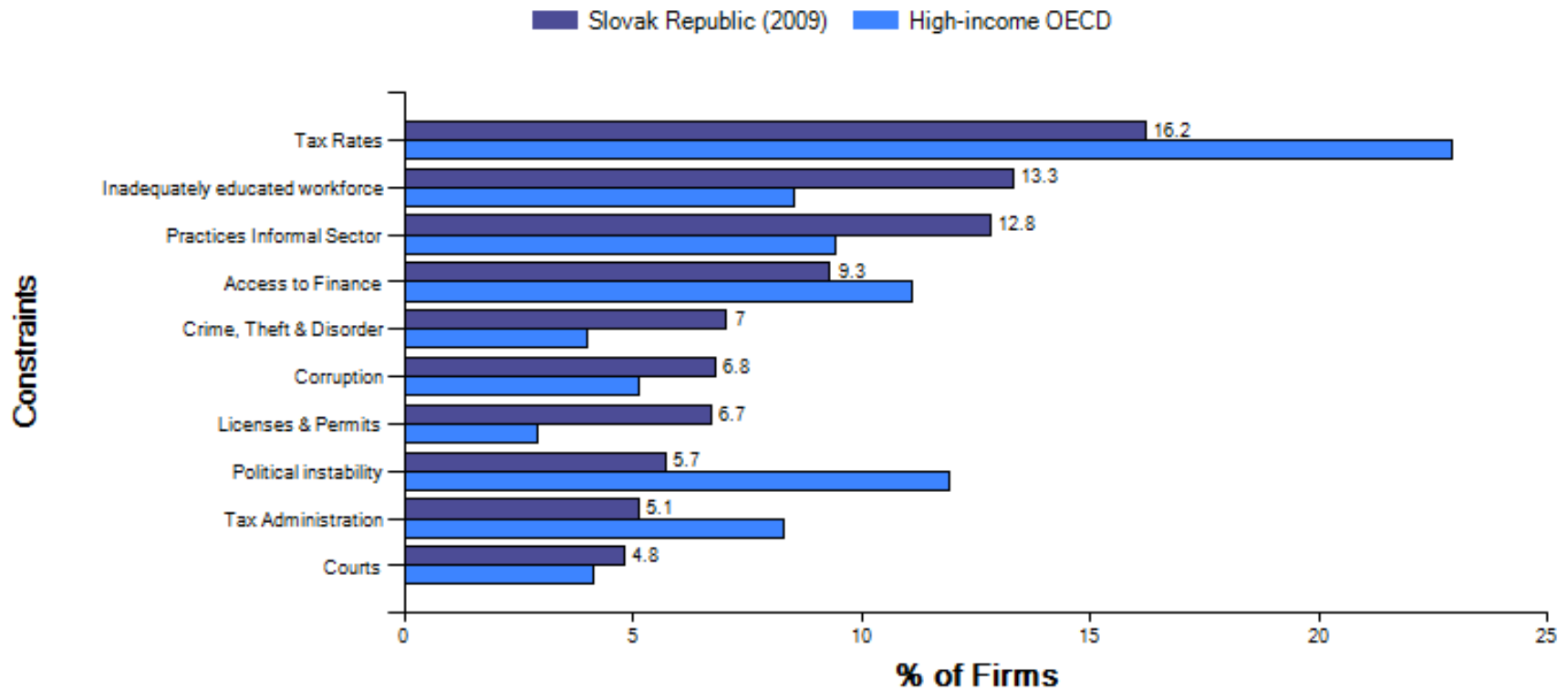
With your registration, you agree that you will use the data for scientific purposes only. Furthermore, you have to describe shortly for what purposes or projects you intend to use the data.

[https://www.enterprisesurveys.org/Portal/Login .aspx?ReturnUrl=%2fportal%2felibrary.aspx%3fli bid%3d14&libid=14](https://www.enterprisesurveys.org/Portal/Login.aspx?ReturnUrl=%2fportal%2felibrary.aspx%3fli
bid%3d14&libid=14)

- The Enterprise Surveys use standard survey instruments to collect firm-level data on the business environment from business owners and top managers. The surveys cover a broad range of topics including access to finance, corruption, infrastructure, crime, competition, labor, obstacles to growth, and performance measures.
- The full, firm-level data are available to researchers and include answers from all the survey questions- both global questions as well as country-specific questions. Note that the survey data results presented on the website are primarily in the form of indicators, i.e. firm-level data has been aggregated to the country level.
- Please cite our data as follows:
Enterprise Surveys (<http://www.enterprisesurveys.org>), The World Bank.
- **To access the complete datasets**, you must register with the Enterprise Analysis Unit (GIAEA) by completing the Enterprise Surveys Data Access Protocol. Users of this data are required to protect its confidentiality in accordance with World Bank rules governing “strictly confidential” information. These are discussed on the registration form. Adherence to these rules will ensure the World Bank Group can continue to conduct these surveys.
- Once you have submitted the confidentiality agreement, you will receive an email confirmation within two business days with access information.
- Login: Email: An email is required. Password: A password is required. Remember Me
[Forgot your password?](#) [Internal users register here](#) [External users register here](#)
-

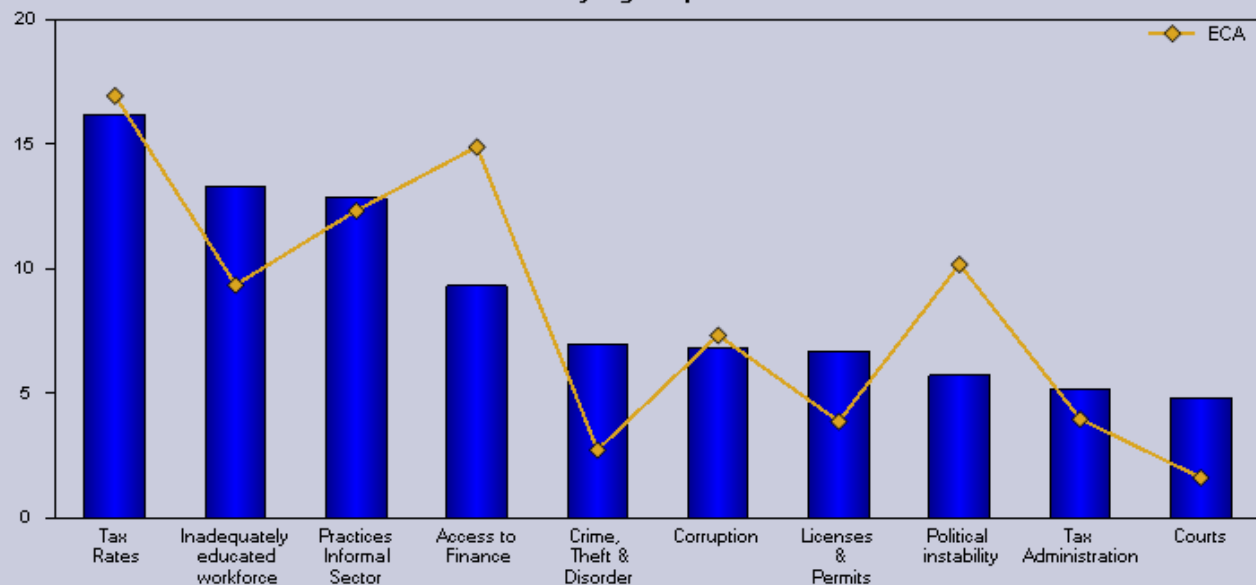
This data was downloaded from their website

Top 10 Business Environment Constraints for Firms

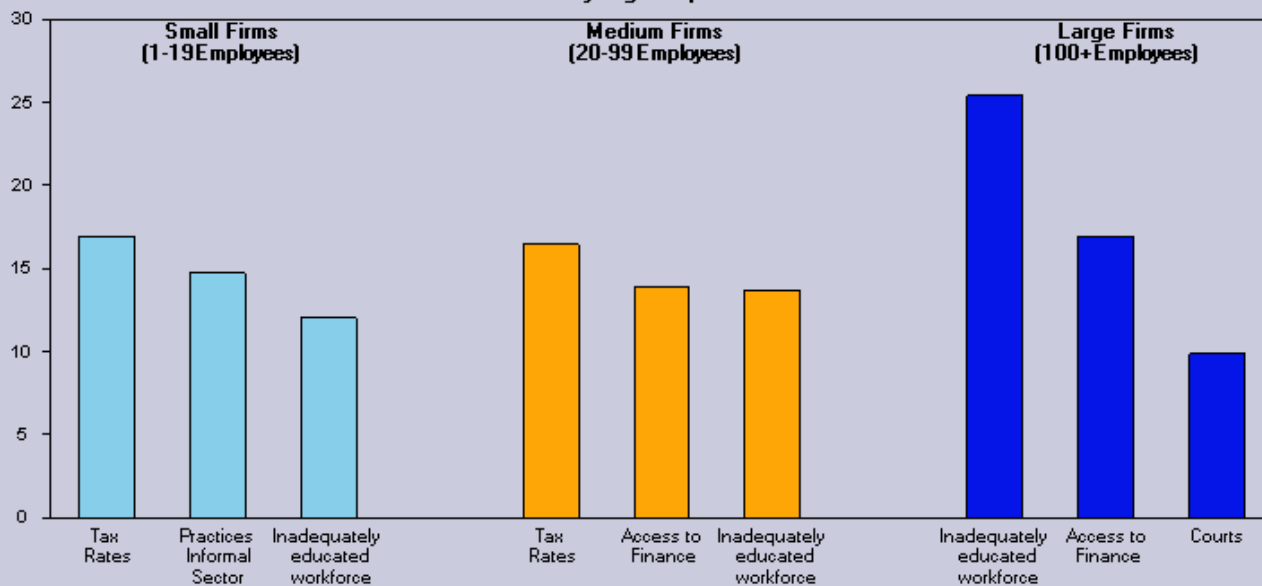


Source: Enterprise Surveys (www.enterprisesurveys.org)

Percent of Firms Identifying the problem as the Main Obstacle



Percent of Firms Identifying the problem as the Main Obstacle



World Values

<http://www.worldvaluessurvey.org/>

- The World Values Survey Association is carrying out a new wave of surveys during 2011-2012. This wave will cover at least 50 countries, but funding decisions are still pending for a number of additional countries. Data from all previous waves are available from the [World Values Survey website](http://www.worldvaluessurvey.org/).
- Site Shortcuts:
- [Download Survey Data Files](#)
- [Directory of Investigators](#)
- [Online Data Analysis](#)
- [Technical information](#)
- [Documentation of Data](#)

Note: The files are offered in three different formats: SPSS, STATA and SAS formats.

Click on one of the STATA downloads and up comes this form

- **Download file: WVS 2000 (STATA)**
- In order to download the file you are asked to fill the following registration form and agree on the "Conditions of Use". Please read it carefully before proceeding to the download.
- Title (position): Name: Company/Institution: E-mail: Phone number: Fax: Project title: Intended use: Brief description of the purpose of application

The Maddison data:

<http://www.ggdc.net/databases/hna.htm>

- **Several Databases: Examples**
- **Maddison Historical Statistics**
- *Description:* The Historical Statistics provide data on Population, GDP and GDP per capita for all countries in the world for the period 0-2008.
- **GGDC 10-Sector Database**
- *Description:* The GGDC 10-Sector database provides a long-run internationally comparable dataset on sectoral productivity performance in Asia, Europe, Latin America and the US. Variables covered in the data set are value added, output deflators, and persons employed for 10 broad sectors from 1950 onwards.
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The Michigan Data Base

- http://www.src.isr.umich.edu/content.aspx?id=data_resources
- For example: The Panel Study of Income Dynamics - PSID
- The study began in 1968 with a nationally representative sample of over 18,000 individuals living in 5,000 families in the United States. Information on these individuals and their descendants has been collected continuously, including data covering employment, income, wealth, expenditures, health, marriage, childbearing, child development, philanthropy, education, and numerous other topics.
- The PSID is directed by faculty at the University of Michigan, and **the data are available on this website without cost to researchers and analysts.**

- **Data Resources**

- The collection of original data for primary and secondary analysis is basic to SRC's mission. As such, many of the SRC projects disseminate public use data through the [Inter-university Consortium for Political and Social Research \(ICPSR\)](#).

- [The Michigan Census Data Research Center \(MCDRC\)](#)

- [Health & Retirement Study \(HRS\)](#)

- [Panel Study of Income Dynamics \(PSID\)](#)

- [Survey of Consumers](#)

- [Monitoring the Future \(MTF\)](#)

Lets take an example:

- We analyse what I call the knowledge divide, the difference between those with and without knowledge. In this case it relates to the ECB.
- The data is from Eurobarometer (A survey done in 2010).
- Having downloaded the data from Eurobarometer it is simple to load it into STATA, do some transforms and then a regression.


Probit regression command

- `probit ecbdk consdur car age agesq educ1
village town male marrd children unemp
manual belgium denmark wgermany
egermany greece spain france ireland italy
luxembourg netherlands austria portugal
sweden gbritain nireland cyprus czech estonia
hungary latvia lithuania malta poland slovakia
slovenia bulgaria romania if COUNTRY<30 &
missy1==1`

People who have not heard of the ECB.

The negative coefficient here, means that those who have lots of consumer durables are MORE likely to have heard of the ECB

The value of the z (or t) statistic is greater than 2.57 (forget the – sign). This means it is significant at the 1% level. There is a 1 in a 100 chance the effect is due to chance.



ecbdk	coef.	Std. Err.	z	P> z
consdur	-.1226912	.0105562	-11.62	0.000
car	-.1991341	.0241789	-8.24	0.000
age	-.0403478	.0030923	-13.05	0.000
agesq	.0372753	.0030964	12.04	0.000
educ1	-.339245	.0159792	-21.23	0.000
village	.0969174	.0254279	3.81	0.000
town	.1040866	.0252851	4.12	0.000
male	-.3169381	.0200219	-15.83	0.000
marrd	-.0528839	.0219851	-2.41	0.016
children	.087347	.024727	3.53	0.000
unemp	.2185905	.0337795	6.47	0.000
manual	.2077965	.029402	7.07	0.000

The Knowledge divide.

- Knowledge increases with level of education, car ownership, is greater for men and married people (someone to learn from).
- Knowledge declines for those who live in villages and small towns (compared to large towns and cities), the unemployed and manual workers and for those with children (time pressures).

The impact of age

- The coefficients are:

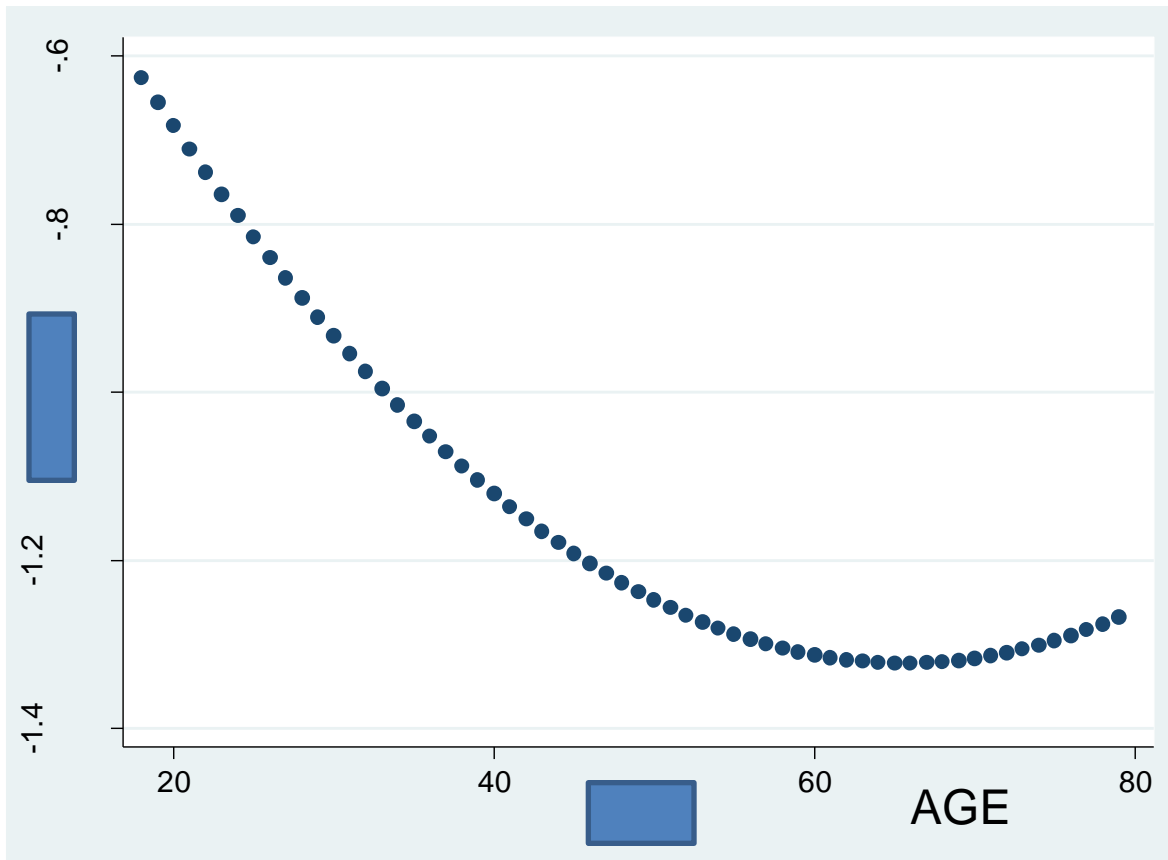
Age -0.0403

Age² +0.037

(Actually $\text{Age}^2 = (\text{Age}/100)^2$ for presentational reasons.

This is a typical quadratic and with a variable like age I would always use Age² as well.

As people get older the probability of them not knowing declines, but at a slower rate.



Example 2: Aid: Builds on Aid

Volatility work

- Previous papers looked at the volatility (variability) of development aid.
- Which the literature says is bad for developing countries in harming their ability to plan properly.
- E.g. a sudden drop in aid may cause projects to be abandoned or postponed.

Hudson, J and P. Mosley (2008a) Aid Volatility, Policy and Development, **World Development**, Vol. 36, pp. 2082-2102.

Hudson, J. and P. Mosley (2008b) The macroeconomic impact of aid volatility, **Economics Letters**, Vol. 99, pp. 486-9

-

Aid Disbursements and commitments

- Disbursements are the actual release (giving) of funds for an aid recipient country
- Commitments represent ‘a firm obligation, expressed in writing and backed by the necessary funds to give aid to a recipient country or a multilateral organisation’.

Commitments are aid promised to developing countries in a given year. However this may not result in aid disbursements in that year but in a future year.

Celasun, O. and J. Walliser (2008) Predictability of aid: Do fickle donors undermine aid effectiveness?, *Economic Policy*, Issue 55, 546-94.

- Celasun and Walliser examine what they term ‘predictability’, which relates to the gap between aid commitments and disbursements.
- They conclude that in most years, disbursed aid volumes differ ‘widely’ from commitments, and that this is worse in the poorest and most aid dependent countries.
- Moreover, they find little relationship between aid volatility and predictability. That is they are different concepts

The literature suggests commitments are not really met

- Eifert and Gelb (2008) note that Bulir and Hamann's (2003, 2008) most disturbing finding was that commitments convey little more information about future disbursements than do past disbursements.
- In other words commitments amount to little more than 'empty promises'
- In the work which follows we qualify these conclusions.

The DATA Base

- We use the OECD's Creditor Reporting System (CRS) data base on the DAC (Development Assistance Committee) website.
- http://www.oecd.org/document/32/0,3343,en_2649_33721_42632800_1_1_1_1,00.html#Commitment

Problems with this data in early years

- The CRS has been used in many of the recent analyses on aid volatility and aid impact. (e.g. Fielding and Mavrotas, 2008; Neanidis and Varvarigos, 2009; Clemens et al., 2004).
- But there are doubts about its suitability in early years, and hence analysis done using the data, due to only partial coverage of the data.
- For example, with respect to CRS disbursements, before 2002 the annual coverage is below 60%.

Our sample

- Thus the OECD warns against using the earlier data for purposes of analysis and on the main data base this data is only available since 1995 for commitments and since 2002 for disbursements.
- As a consequence these are the sample periods we use in this paper.
- As far as we know this is the first paper to analyse this data using just the fully updated data set.

A rich data set

- The data is available for different donors as well as different types of aid. But we focus on overseas development aid (ODA) for all donors.
- This gives detailed information on aid disbursements, and over a longer time commitments, by 50 different sectors and sub-sectors.

The focus of the study

- We analyse all the sectors, or their constituent parts, but not all of the sub-sectors. Instead we focus on the social and production sub-sectors.
- In order to be able to make valid comparisons between countries we need to normalise aid in some manner.
- In this paper we choose to do this by taking aid as a proportion of recipient country GDP.

The volatility (i.e. variability) of Aid

Its not exactly the definition we use in the literature. But it gives an idea.

Table 1: Summary Data relating to Variability on Commitments: 1995-2009

	Coeff of Variation	S Dev	Mean	Skewness	Median	75 % quartile	90 % quartile	Adj Coeff of variation
Total	1.474	14.01	9.502	4.173	4.284	13.59	24.29	0.868
Health	2.138	1.232	0.576	4.771	0.11	0.602	1.616	1.664
Education	2.053	1.752	0.853	5.034	0.249	0.867	2.224	1.486
Other Social	2.035	2.541	1.249	6.988	0.407	1.473	3.215	1.277
Industry	3.487	0.494	0.142	8.507	0.011	0.082	0.301	3.039
Other production	1.863	1.219	0.654	4.467	0.176	0.802	1.793	1.463
Infrastructure	1.903	2.752	1.446	4.612	0.335	1.715	4.102	1.548
Government	2.811	2.508	0.892	14.874	0.185	0.986	2.182	2.135
PA	2.630	3.183	1.21	7.176	0.1	1.104	3.374	2.175
Debt	5.605	4.554	0.813	16.575	0	0.234	1.367	5.165
Humanitarian	3.693	2.52	0.682	7.336	0.028	0.243	1.235	2.506
Multi-sector	2.517	2.026	0.805	6.789	0.219	0.822	1.831	1.889
Refugees	7.186	0.245	0.034	15.677	0	0.003	0.03	6.658
NGOs	3.477	0.076	0.022	6.926	0.001	0.012	0.045	2.666

Note: The adjusted coefficient of variation abstracts from between country differences

It also shows the relatively low volatility of social spending (is it protected?)

The final column is probably best for this. It shows total aid is less volatile than any of its sectors

But back to the main analysis and summarising the results

- we regress disbursements on current and past commitments (promises of aid).
- The first column suggests that overall commitments are almost fully met after two years, i.e. commitments made in period t have been almost fully met by the end of $t+1$.
- Hence we do not find, as does previous literature, that at least in the period 2002-9, disbursements in the aggregate bear little relation to commitments.

The Regression

Table 5: The Impact of Commitments on Disbursements

	Total	Educ- ation	Health	Other Social	Human- itarian	Industry
Current (t)	0.8034	0.2366	0.1827	0.4203	0.6093	0.4156
	26.32	15.29	11.58	23.23	42.69	21.49
t-1	0.1601	0.1576	0.2093	0.3288	0.3384	0.0447
	4.78	10.75	12.71	18.4	20.17	2.32
t-2	-0.0505	0.1527	0.1911	4.50E-04	-0.0448	0.1603
	-1.35	10.68	10.97	0.02	-2.99	8.79
t-3	0.0155	0.0826	0.1022	-0.0794	0.0109	-0.0023
	0.4	5.73	6.03	-4.45	0.86	-0.11
Constant	0.4289	0.3027	0.185	0.2156	-0.0104	0.0324
	0.82	10.75	7.58	5.19	-0.47	3.51
Observatic	1094	1094	1094	1094	1094	1094
F	234.6	154.9	120.8	358.3	965.8	133.5
Commitment fulfilled after:						
2 Years	96.35%	39.42%	39.20%	74.91%	94.77%	46.03%
4 Years	92.85%	62.95%	68.53%	67.02%	91.38%	61.83%

This suggests that 80% of commitments are disbursed in the same year

And 16% in the next year

The figures in red are t statistics. Roughly if >2 (forget about +/-) then the variable is significant

Totalling over 96% in first two years

But for specific aid sectors it's a different story

Take education where we regress aid disbursements for education on current and previous commitments

This suggests that 24% of commitments are disbursed in the same year

And 16% in the next year

Totalling less than 40% in first two years

And only 63% after 4 years

Table 5: The Impact of Commitments on Disbursements

	Total	Educ- ation	Health	Other Social	Human- itarian	Industry
Current (t)	0.8034	0.2366	0.1827	0.4203	0.6093	0.4156
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The remaining sectors

	Other	Infra-	NGOs	Debt	Govern-	PA	Multi-
	Prod.	structure			ment		sector
Current (0.2654	0.0889	0.6805	1.067	0.76	0.8748	0.515
	17.12	7.45	15.07	28	65.39	76.63	33.32
t-1	0.1623	0.1193	0.0053	0.0552	0.0181	0.0415	0.2546
	10.59	9.22	0.11	1.38	1.46	3.55	17.02
t-2	0.0572	0.1196	-0.0271	0.1161	0.0556	0.0704	0.096
	3.83	8.67	-0.61	2.27	4.33	5.24	6.45
t-3	0.0919	0.0791	-0.1999	-0.0095	0.2111	-0.0604	-0.0805
	5.6	5.7	-3.76	-0.17	7.13	-4.79	-6.12
Constant	0.1544	0.4391	0.045	0.8655	-0.1856	-0.0456	0.0438
	6.82	9.41	13.78	4	-4.52	-1.31	1.89
Observat	1094	1094	1094	1094	1094	1094	1094
F	111	48.4	64.1	198	1123	1958	664.7
Commitment fulfilled after:							
2 Years	42.77%	20.82%	68.58%	112.22%	78.41%	91.63%	76.96%
4 Years	57.68%	40.69%	45.88%	122.88%	105.08%	92.63%	78.51%

PA:
programme
assistance
goes to
government
, e.g. for
macro-
economic
stability
programs

Variable fulfilment of promises

- The time lags involved with health are only slightly shorter than education
- But the pattern for 'other social commitments' is different again. [social spending other than health and education]
- After two years, 75% of commitments have been met and then there appears no further tendency to implement the remaining 25% of the commitments.
- It seems likely that in this case such commitments will not be met, i.e. planned for and expected aid flows in 'other social sectors' have not materialised after 4 years and probably will not materialise.

But for specific aid sectors it's a different story

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4 Years	92.85%	62.95%	68.53%	67.02%	91.38%	61.83%

42% of commitments are disbursed in the same year

And 33% in the next year

Then nothing

And worse than nothing

Variable fulfilment of promises

- The slowest rate of fulfilment is in the infrastructure sector, not surprising perhaps given the long time lags which are probably involved.
- NGOs are of particular interest in that commitments are, in part, quite rapidly fulfilled, but after 4 years have been to a considerable extent negated.
- The most rapid implementation of commitments is for debt, programme assistance and government (both these go to governments).

The remaining sectors

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	3.83	8.67	-0.61	2.27	4.33	5.24	6.45
t-3	0.0919	0.0791	-0.1999	-0.0095	0.2111	-0.0604	-0.0805
	5.6	5.7	-3.76	-0.17	7.13	-4.79	-6.12
Constant	0.1544	0.4391	0.045	0.8655	-0.1856	-0.0456	0.0438
	6.82	9.41	13.78	4	-4.52	-1.31	1.89
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4 Years	57.68%	40.69%	45.88%	122.88%	105.08%	92.63%	78.51%

Commitments fully met in same year.

20% of aid given 3 years previously appears to be 'taken back'

How to reconcile, the fairly rapid and almost total disbursement of overall aid, with the more patchy situation with respect to individual sectors?

- It is consistent with behaviour by which donors tend to meet their commitments to developing countries in total.
- But 'juggle' the budget.
- So lets suppose for some reason they need to put more money into an infrastructure project.
- Perhaps it is proving more expensive than anticipated.
- They will tend to do this not by increasing the aid budget to the country. But by taking promised aid from some other sector such as industry.
- We have other evidence that in the next year they may try to make up at least part of the loss for industry.

Consistently 'unlucky'

- We also note that there are 8 countries for which commitments exceeded disbursements in every year from the period 2002-2009.
- These were, with the average shortfall as a percentage of GDP shown in parentheses: Bangladesh (1.05%), Belize (0.78%), Cambodia (2.36%), Colombia (0.16%), Croatia (0.34%), Indonesia (0.34%), Maldives (1.99%), Palestinian Administered Territories (4.65%), South Africa (0.02%) and Vietnam (2.27%).

Figure 1: Shares of GDP

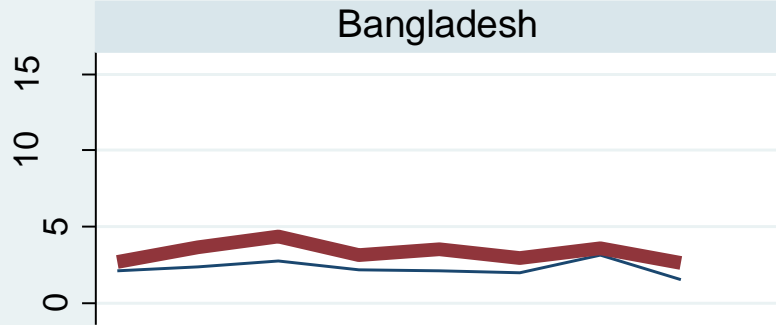


Figure 1: Shares of GDP

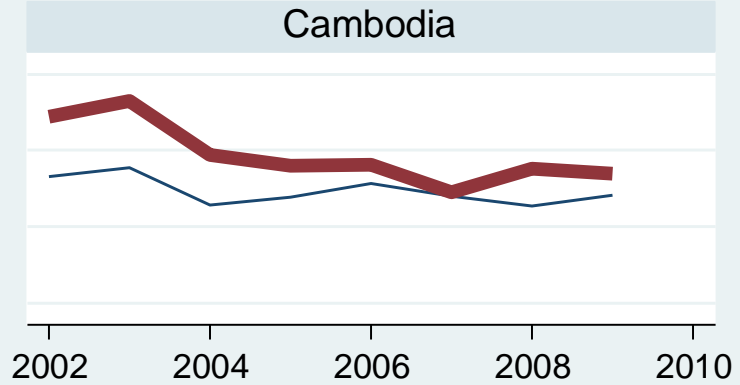
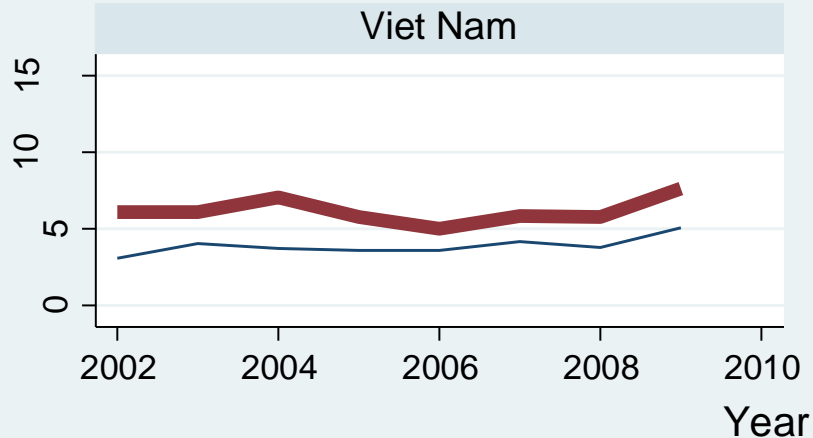


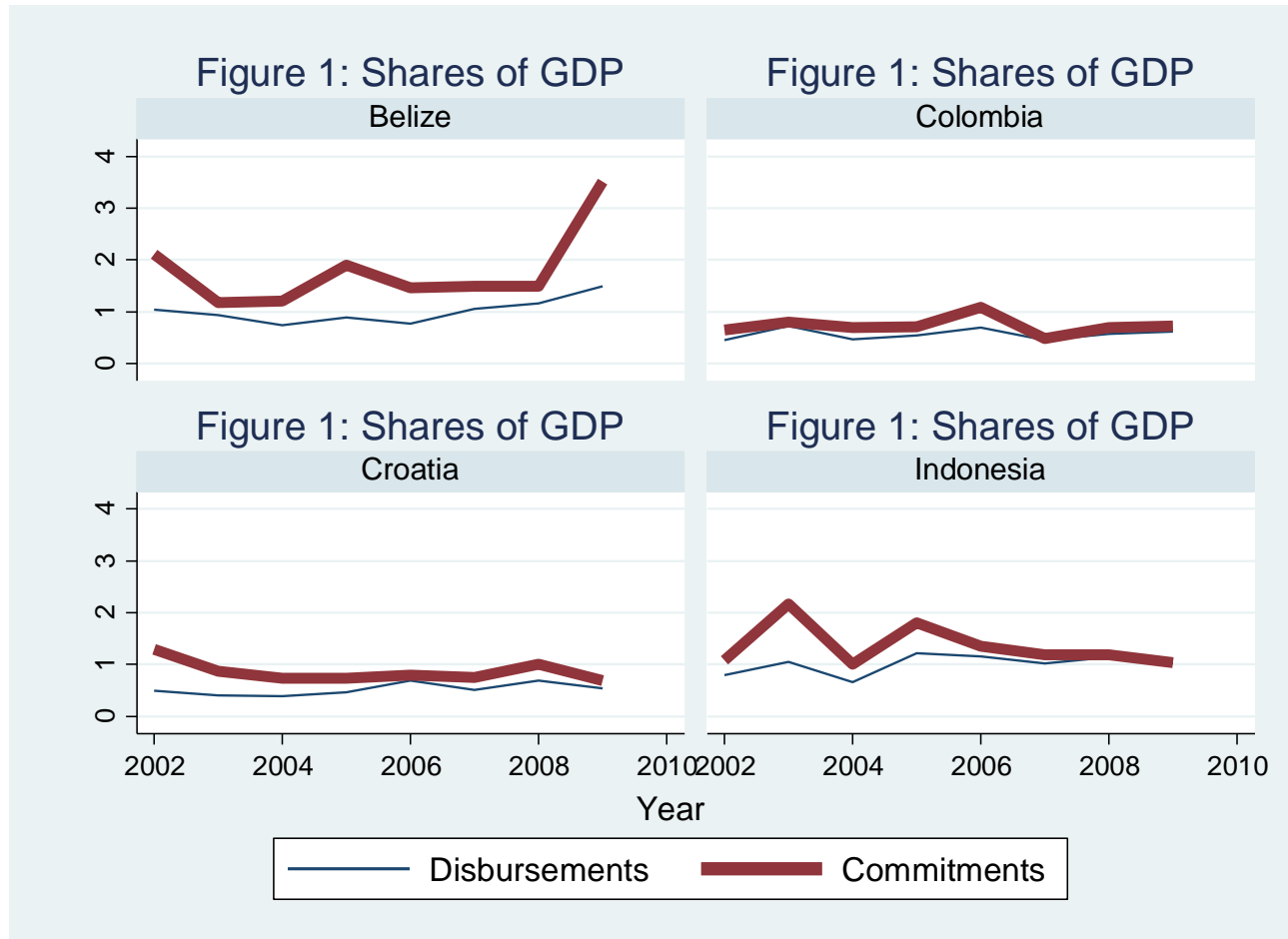
Figure 1: Shares of GDP



For every year commitments were less than disbursements for these countries.



Sometimes the gap is narrowing, sometimes not. But past commitments are never quite met.



Despite in general, overall commitments being met, this is not the case for all.

- In all, 57 countries received disbursements less than commitments in at least 6 of the 8 years.
- As a proportion of GDP, many of these constituted substantial amounts and over the 8 years the average shortfalls for the DCR, Liberia, and Cape Verde were 7.1%, 17.9% and 6.5% respectively.
- In no countries were disbursements always in excess of commitments and in only seven countries was this the case for at least 6 of the 8 years

Which donors?

- This also tentatively suggests that some countries, at least, see a pattern by which they are, over a sustained period, being promised aid and the promises are not being met.
- This warrants further analysis, perhaps in identifying the donors for which this is most prominently the case, as well as detailed case studies.

Why?

- Eifert and Gelb (2008) note that a 2005 assessment of donor's (and hence biased) views indicates:
- 40% of non-disbursements were considered to be due to a failure to meet policy conditionality
- 25% to recipient governments' delays in meeting administrative conditions
- 29% to administrative problems on the donor side,
- 4% to political problems on the donors side and 2% to other factors.
- **But none of this explains the juggling of aid between sectors!**

And the costs?

- Recipient countries having been promised aid for a specific purpose, may well take initial steps to prepare for that aid.
- If it is delayed, or worse simply never appears, this could impose costs on the recipient country, as well as damage the credibility of future donor commitments
- with the possible result that the recipient country does not lay the ground for future aid as much as would be optimal under a firm, trusted commitment.

Aid unpredictability reduces the impact of aid.

- Aid shortfalls can lead to projects being postponed, and e.g. teachers losing their jobs. If the project is restarted next year, there will be costs involved with this, which would not have happened had the project not been postponed.
- Aid windfalls can lead to absorption problems.
- That is the country may not be able to efficiently use a great inflow of 'unexpected' aid money efficiently.

Other evidence

- With respect to aid volatility, Hudson and Mosley (2008a, referred to earlier) found that deviations of disbursed from expected budget aid of more than 1% of GDP on average are absorbed asymmetrically:
- aid shortfalls lead to debt accumulation and cuts in investment spending,
- whereas aid windfalls help reduce debt but also lead to additional government consumption (not investment).

Are there lessons beyond aid for developing countries?

- All the countries of the EU receive money from the EU.
- Is promised money always delivered and delivered on time and for the purpose it was originally intended?
- Or do we observe the same kind of financial juggling we observe for development aid?

Lessons?

- All countries have budgets which sees money go to education, the roads and the military.
- And money which flows to the regions.
- Is promised money always delivered and delivered on time and for the purpose it was originally intended?
- Or do we observe the same kind of financial juggling we observe for development aid?

And at what cost?

- Disappointing expectations on funding makes that funding less effective. It wastes money.
- It is not always possible, but, when it is
- **A strategy for “Smart, Sustainable and Inclusive Growth” should be based on keeping one’s promises.**

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