Tables and Figure to:

The aid effectiveness literature:

The sad results of 40 years of research

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Table 1. Main conclusions from our three meta-studies

Type	Causal link	Conditional on	Conclusion	Significance	Section in this paper
Family A	Aid ➔ investment	N.A.	Small positive	Dubious (from 0)	5
	Aid ➔ savings	N.A.	≈ -0.65	Dubious (from -1)	
Family B	Aid ➔ growth	N.A.	Small positive	No	6
Family C	Conditional Aid ➔ growth	Good policy	Rejected	No	7
		Aid itself (aid squared)	Small positive	Dubious	

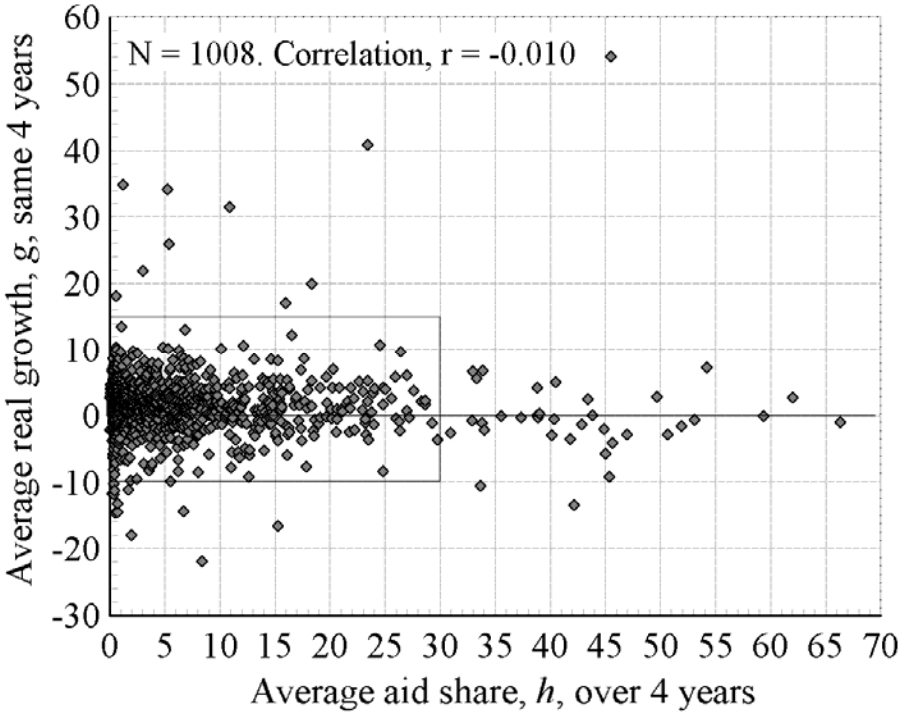
Note: The effects mentioned are coefficients to the aid share.

Table 2. Absolute aid ineffectiveness: Simple regressions between aid and growth

Same data as Figure 1		(1) Lag +1 growth before aid		(2) Lag 0 aid and growth		(3) Lag –1 aid before growth	
		Coeff.	p-value	Coeff.	p-value	Coeff.	p-value
All data	Constant	**1.816**	**0.000**	**1.579**	**0.000**	**1.504**	**0.000**
Fig. 1a	Effect/slope	**-0.039**	**0.023**	-0.010	0.935	0.003	0.364
	N	895		1,008		876	
	R^2	0.006		0.000		0.000	
In box	Constant	**1.843**	**0.000**	**1.676**	**0.000**	**1.578**	**0.000**
Fig. 1b	Effect/slope	**-0.052**	**0.007**	-0.022	0.207	-0.010	0.559
	N	841		945		839	
	R^2	0.009		0.002		0.000	

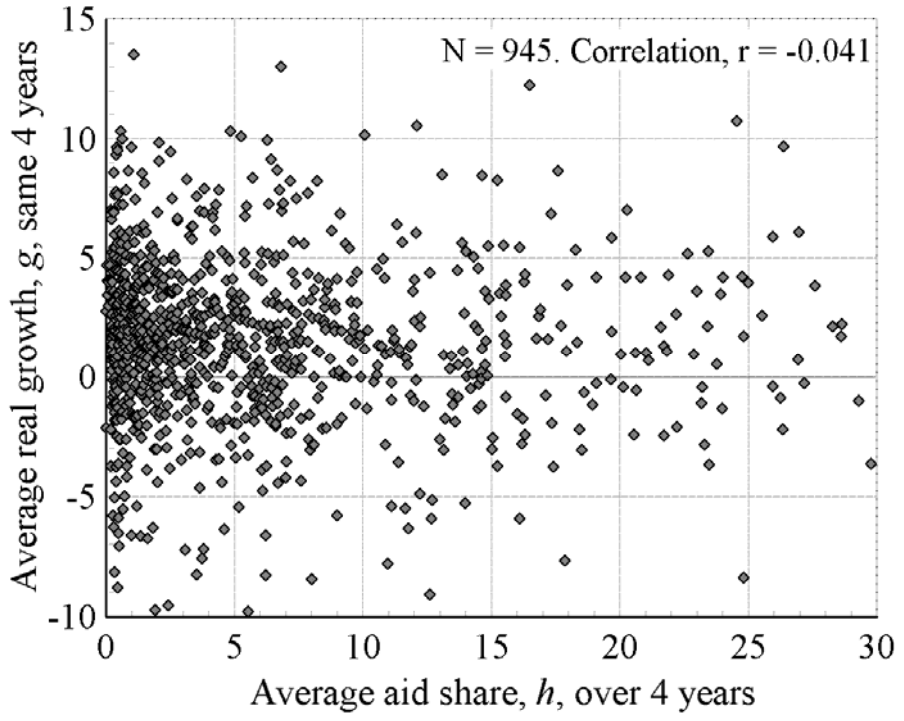
Note: Bolded estimates are significant at the 5% level.

Figure 1a. Scatter plot of growth and aid



Note: The densely packed observations in the 'box' are enlarged on Figure 1b.

Figure 1b. The enlarged box from Figure 1a



Note: An *Appendix* with similar graphs lagged to both sides is available, see Paldam (2005).

Figure 2. The three families of models in the AEL

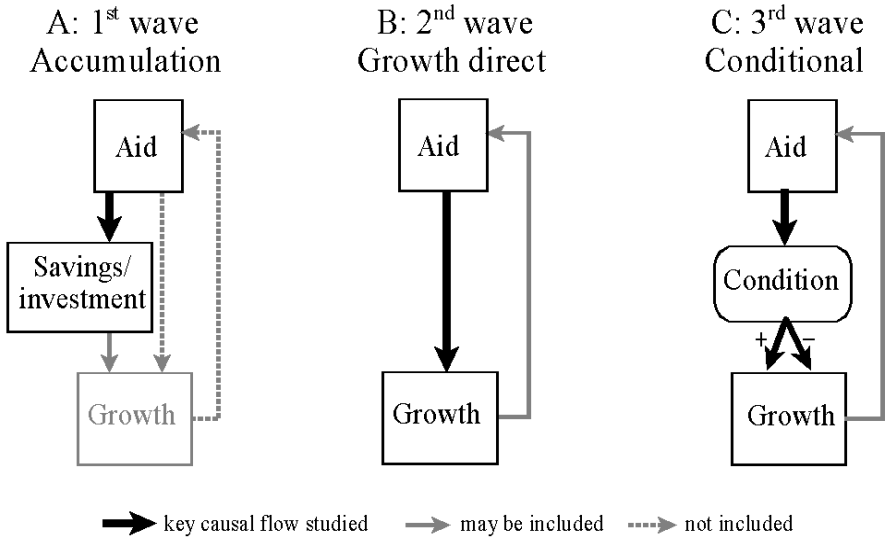
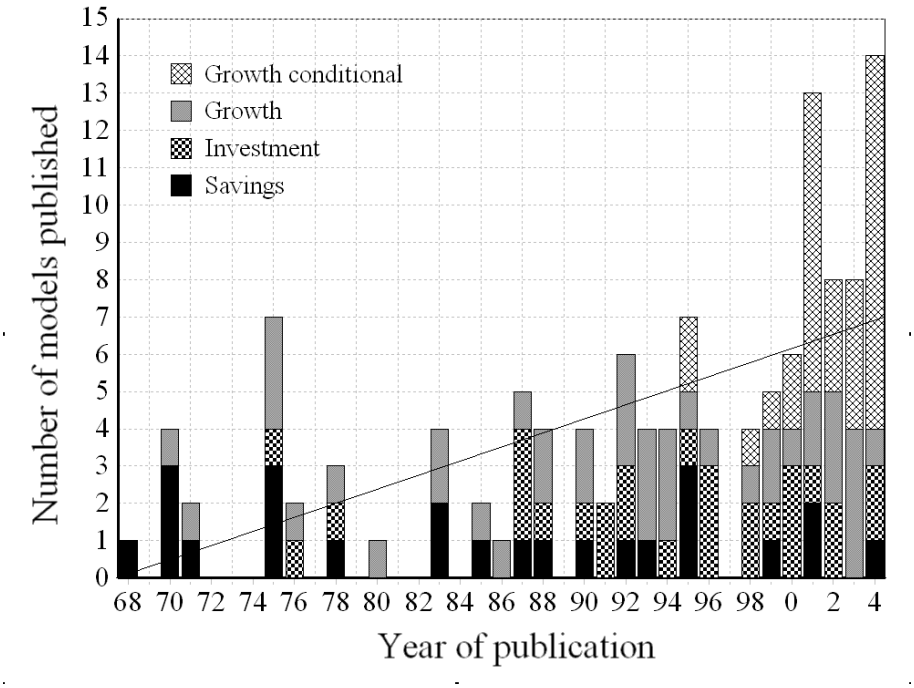


Table 3. The models and variables of the AEL

Family of models	Model – all models of each family has the format given:		
A: Accumulation	$s_{it} = \boldsymbol{\alpha} + \mu\, h_{it} + \boldsymbol{\Sigma\gamma_j x_{jit}} + u_{it}$ *and* $i_{it} = \boldsymbol{\alpha} + \mu\, h_{it} + \boldsymbol{\Sigma\gamma_j x_{jit}} + u_{it}$		
B: Growth	$g_{it} = \boldsymbol{\alpha} + \mu\, h_{it} + \boldsymbol{\Sigma\gamma_j x_{jit}} + u_{it}$		
C: Conditional growth	$g_{it} = \boldsymbol{\alpha} + \mu\, h_{it} + \delta\, z_{it} + \omega\, h_{it}\, z_{it} + \boldsymbol{\Sigma\gamma_j x_{jit}} + u_{it}$		
Variable	Definition	Variable	Definition
i	index for countries	$s_{it,}\ i_{it}$	rate of savings/investments (of GNP/GNI)
t	index for time period (of 3-10 years)	g_{it}	real growth rate
j	index for control variables	h_{it}	aid share (of GNP/GNI)
α	constant, may be divided into	z_{it}	conditional variable
$\boldsymbol{\alpha} = (\alpha_i, \alpha_t)$	fixed effects for countries and years	$\boldsymbol{x_{jit}}$	control variables
$\mu, \delta, \omega, \gamma,$	coefficients to be estimated	u_{it}	residuals

Note: Many of the early models had no time index. Some models have no country index.

Figure 3. Production over time of papers in the AEL



Note: The line included is a linear trend-line through the number of models published. It has a significant slope, but it exaggerates the slope, as the last 5 years include some working papers which may or may not be published later, while no working papers are included in the first 30 years.

Table 4. Statistics of reported estimates the AEL

Regressions	A: Accumulation		B: Growth	C: Conditional			Proxy	Sum
	Savings	Investments		Good Policy	Medicine	Others		
Best-set	21	37	68	23	16	10	8	182
All-set	61	122	543	232	123	23	29	1,113
Sample size	1,890	3,872	11,312	5,834	4,681	663	2,264	30,516

Note: *Proxy* studies use data, such as capital inflows, but nevertheless draw inferences regarding aid. *Best-set* is the regression estimate preferred by the author of the paper *All-set* includes all of the reported regression estimates.

Table 5. Priors

Prior	Source of Prior	AEL Realization
	Internal Motivation Potentially Reduced by Academic Competition	
Polishing	Researchers have to publish to flourish, and journals want clear results	Polishing causes results to be 'too good'
Ideology	Authors may hold an ideology that is consistent with a given outcome	Some authors express political-ideological views, and find results in accordance with these views
Goodness	Researchers want to be seen as 'good,' and their activity to have a 'good' purpose	To find a negative effect of aid is to question this 'do-good' enterprise; hence the 'reluctance'
Author history	Previous writings of the author and her associates causes path dependence	50% of AEL authors participate in more than one paper. Several groups compete for the preeminence of *their* model
	External Pressures and Interests Potentially Reduced by Competing Institutions	
Institutional interests	Authors often work for an institution with an interest in the results	Much of the AEL is financed by the aid industry; hence generating 'reluctance'

Note: 'Reluctance' means that the author/journal is reluctant to accept negative results.

Table 6. Some characteristics of the AEL authors

Participation in				Origin of author	Nr
Papers	Number	Probability of [a]		DC (OECD country)	73
1	75	No more	50.0 %	Mixed [b]	27
2	17	1 more	22.7 %	LDC	4
3	8	2 more	16.0 %	Financing of research	
4	3	3 more	8.0 %	University	72
5	1	4 more	3.3 %	International organization	17
6+	0	5+ more	0 %	Other aid	12
All	104			Other	3

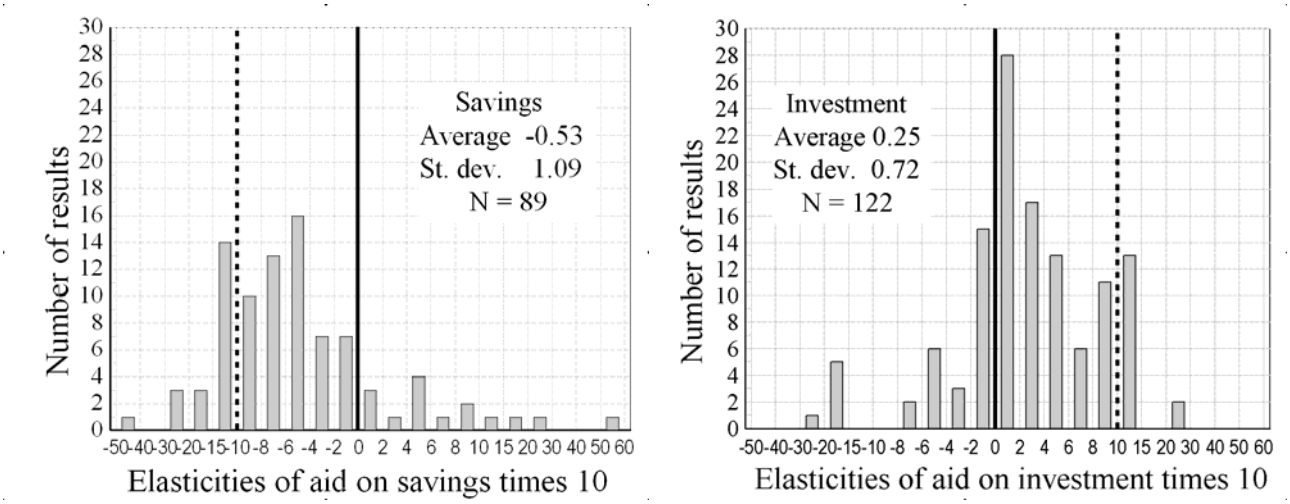
Note: a. Probability that author appears no more in the AEL, in 1 paper more, etc.
b. Author with non-DC origin now working in DC (mainly the USA).
Another point to note is that only 9 of the 104 authors are female.

Table 7. Interpreting possible effects of the aid on savings and investment

Effectiveness	Super	Full	Some	No	Harmful
Crowding out	Less than none	None	Some	Full	More than full
Savings effect	effect > 0	0	0 < effect < −1	−1	effect < −1
Investment effect	effect > 1	1	1 < effect < 0	0	effect < 0

Note. The effects are expressed in percentage points of shares of GDP.

Figure 4. The estimated effect of aid on either savings or investments



Note: The figures are reproduced from Doucouliagos and Paldam (2006).

Figure 5a. Funnel plot of the 543 estimates of the aid-growth effect

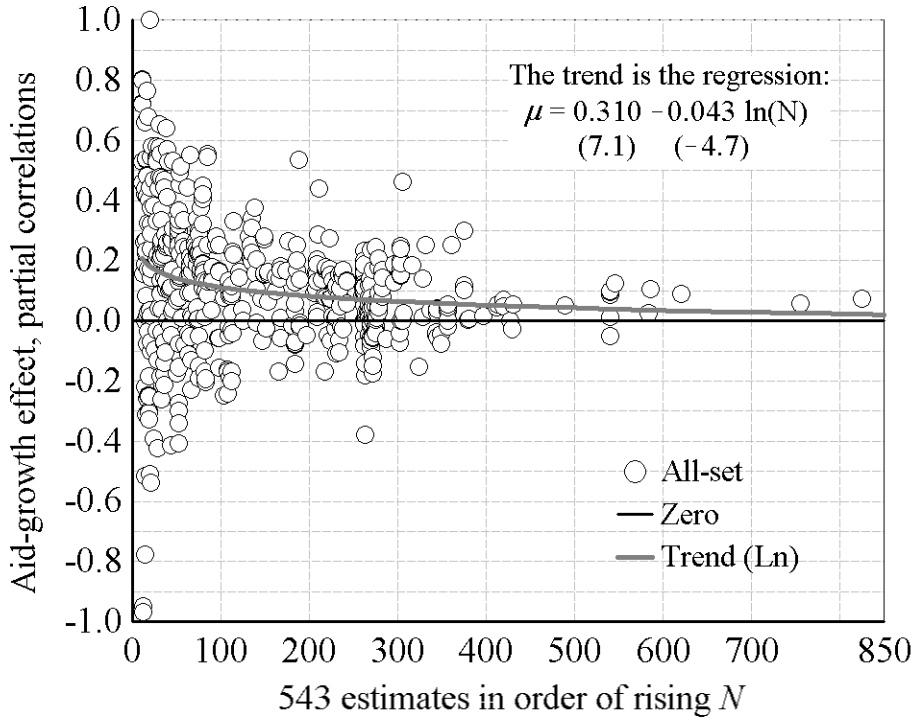
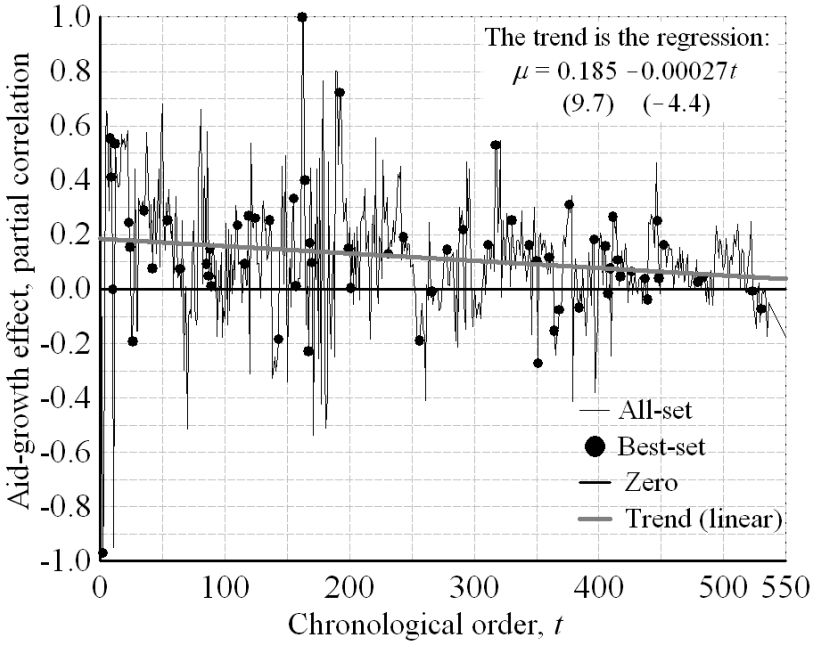


Figure 5b. Time series graph of aid-growth effects: Looking for $\mu(t) \to \hat{\mu}$



Note: Figures 5a and 5b are reproduced from Doucouliagos and Paldam (2008).

Table 8. The relative power of N and t in explaining the trends of Figures 4 a and b

	Constant		α to $ln\ N$		β to t		Obs.	AR^2
(1)	0.31	(7.1)	-0.043	(-4.7)			538	0.035
(2)	0.19	(9.7)			-0.00027	(-4.4)	538	0.033
(3)	0.28	(5.9)	-0.26	(-2.1)	-0.00015	(-1.9)	538	0.039

Note: (1) is line shown on Figure 4a and (2) is the line on Figure 4b.The brackets hold t-ratios.