



What Drives Donor Funding in Population Assistance Programs? Evidence from OECD Countries

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The 1994 International Conference on Population and Development (ICPD) established goals for the expansion of population assistance. To date, the financial promises made by donor countries in 1994 have not been met. To unravel the gap between ambitions and contributions, we use panel estimation methods to see what lies behind the level of donor contributions and the sharing of burdens across the various categories of population and HIV/AIDS assistance in 21 donor countries for the years 1996–2002. Contributions by donors depend heavily on the economic wealth and subjective preferences of donor countries. The sharing of the ICPD burden within the group of OECD/DAC countries is in line with the countries' ability to pay, although within the aggregate we observe a specialization in channels for aid: small countries predominantly use multilateral aid agencies, whereas large countries rely more on bilateral aid channels. Catholic countries are averse to donating unrestricted funds (flowing primarily to multilateral agencies) or restricted funds targeted at family planning programs. (STUDIES IN FAMILY PLANNING 2006; 37[3]: 141–154)

What determines the level and allocation of donor-government funding in population assistance programs? And why do disbursements generally lag behind the good intentions with which promises are made? These questions are the focus of attention of policymakers and advisors within government and multilateral agencies and nongovernmental organizations (NGOs) in both the developing and the developed world. The intentions of 179 governments who were involved in the International Conference on Population and Development (ICPD) held in Cairo in September of 1994 were clear and left almost no doubt as to what should determine funding efforts. "All countries should take steps to meet the family-planning needs of their populations as soon as possible and should, in all cases by the year 2015, seek to provide universal access to a full range of safe and reliable family-planning methods and to related reproductive health services which are not against the law" (UN

1994a: par. 7.16). The donor governments promised to finance one-third of the total amount of resource flows tied to population activities in developing countries. At that time, the ICPD was widely praised and at the start of the conference it was described by Boutros Boutros-Gali, Secretary-General of the UN (UN 1994b), as "a turning point" for humanity and at the closing of the conference Nafis Sadik, Secretary-General of ICPD evaluated the outcome of the conference and specifically the Programme of Action as "a quantum leap to a higher state of energy" (UN 1994c). Today we are halfway through the 20-year time frame allotted for the goals specified in the Programme of Action, and commentators, policymakers, and advocates are worried that disbursements of funds are lagging behind promises and about the unbalanced attention focused on specific population issues within the ICPD agenda. Specifically, the dominance of HIV/AIDS programs and the neglect of family planning and reproductive health-care programs in the selection of the United Nations Millennium Development Goals (MDG) has worried many within the family planning movement (see Cleland and Sinding 2005). As Sinding stated (Crossette 2005:77), "If you're not an MDG, you're not on the agenda. If you're not a line item, you're out of the game." The divergence between promises and action in terms of funding has existed since the Programme of Action was formalized and translated into financial

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statements. According to the ICPD projections, reproductive health costs in developing countries would likely total US\$17 billion in the year 2000 and \$21.7 billion in 2015 (at 1993 prices).¹ The unmet need for family planning in developing countries and the AIDS pandemic should be the driving forces behind donor behavior, but in practice other factors—less altruistically inspired motives—impinge on population-aid decisions. That the promises made at Cairo had not been fulfilled by 2002 should come as no surprise. Currently, however, the gap between promises and action seems to be closing gradually, raising the following questions: What explains the gap between a donor country's stated ambitions and its actual contributions, and what has happened since the Cairo conference? If the increases in donor contributions are only temporary, or if the allocation across spending categories is radically different from the allocation agreed upon in 1994, reasons to be worried are well founded.

Recent discussions by Blanc and Tsui (2005) and Crossette (2005) offer insiders' views of the faltering status of the family planning movement and the dominance of the HIV/AIDS camp. According to insiders, the change in donors' focus has, in part, been fostered by the way the Millennium Development Goals were formalized. Whether the numbers tell the same story, however, has yet to be determined.

The main contribution of this study is to offer an empirical examination of the driving forces and revealed preferences behind the funding donors have provided and the allocation of those funds, as compared with the funding envisioned in the ICPD Programme of Action. The central question—What drives donor funding?—is examined according to two dimensions: (1) the level of donors' contributions and allocation of funds across various reproductive health categories; and (2) the sharing of burdens within population and AIDS programs. Before we examine the central question, we explain why donor funding fluctuates and why, in principle, the promise of global collective action is rarely attained (compare with Bulír and Hamann 2003).

Understanding Donor Behavior

Understanding the behavior of donors begins with the recognition that foreign aid is like any other line item in the government budget in that it is subject to the influences of politics and the economy. Donating money is a public choice, and by their human nature, donors, as Mayhew points out (2002:220), "are not neutral, philanthropic givers of gifts. Donors are subject to the national

and international political interests that can influence their decisions on program and service support to the detriment of local needs." Four reasons can be suggested for why the level of foreign population assistance is lagging behind the grand ambitions of Cairo: (1) a lack of willingness to pay; (2) a lack of ability to pay; (3) the appearance of "free rider" behavior in financing global public good; and (4) political opportunism.

The first argument is straightforward: the provision of funds is simply a matter of taste, a taste for caring about others or a preference for certain programs that are in line with one's moral values, religious beliefs, or *Weltanschauung*. In this respect, some donor countries can be expected to be more sensitive about the fate of people living in the less developed world than other donors because some (population) programs are more in accord with their preferences. Furthermore, governments of European countries are known to be relatively egalitarian in their national economic policies, and these egalitarian preferences may carry over toward income differences in the world at large. Differences in taste may also be reflected in belief systems. The so-called Mexico City Policy (called by its opponents "the Global Gag Rule") as restored by President George W. Bush in 2001 is a case in point. This rule restricts foreign NGOs that receive family planning funds from the United States Agency for International Development (USAID) from using their own, non-USAID monies to provide aid related to abortion. This rule was first introduced by President Reagan in 1984 and rescinded by President Clinton in 1993. Of course, that ideology matters in making choices is unsurprising; what makes the US foreign aid policy different from other textbook public choices is that this policy rule can have substantial spillovers in the decisions and actions of other donor countries and recipients of aid.

The second argument—the inability to pay—will often be advanced by donor governments when funds are not forthcoming and the press or a consortium complain that members are not living up to their promises. Foreign aid is part of the budget deliberations of national governments, and when a government encounters a business-cycle downturn or unexpected increases in spending, ambitions have to be toned down and priorities have to be changed. Foreign aid can be expected to be one of these changing priorities. For instance, constraints on deficit financing may prevent governments from donating money. Most of the members of the European Union (EU) must abide by the fiscal rules of the European Monetary Union, such as the Stability and Growth Pact. Hence, national economic developments are bound to affect the foreign aid policies of these countries.

The third argument—the presence of free-rider behavior (Sandler 2004)—is the most difficult behavioral element to assess, but it may be hampering the generation of donor funds in the context of the Cairo conference. In his seminal work, Olson (1965) demonstrated that when collective action is required to achieve an outcome, rational individuals may make choices that leave the collective in an inferior position, because the pursuit of individual self-interest may discourage contributing to collective goods. Olson showed that free riders—those individuals who benefit from collective action but do not contribute to it or do not contribute to it sufficiently—could lead to collective goods being provided in insufficient amounts or not at all.

Population assistance programs pose a collective action problem for the international community not unlike many other foreign aid programs. Many developing nations must rely on other nations to provide them with resources and cash to finance population activities such as family planning, investments in reproductive health, AIDS programs, and basic research. By increasing the welfare of a recipient country, foreign aid serves as a collective global good for all donor countries. For instance, if the US helps India and the UK is also interested in the well-being of India, the UK government can enjoy a free ride on the foreign aid efforts of the US government. This mechanism may account for a host of collective action failures in foreign aid and may explain why promises of aid are rarely met.

Detecting free-rider behavior is, however, far more difficult than stating the problem of free riders. The economists Olson and Zeckhauser (1966) were the first to examine empirically free-rider behavior within international alliances. In their pioneering study, they focused primarily on the financing of strategic military alliances such as the North Atlantic Treaty Organization (NATO). Their theory, however, can be applied to other issues that share the problem of alliances in financing a public good, and foreign aid is one such issue. Essentially, Olson and Zeckhauser's "exploitation thesis" boils down to the following point: the recipient's welfare depends on the sum of aid received from others, and the recipient really does not care where the money is coming from. Moreover, if the recipient's welfare affects the welfare of the would-be donors in a positive manner, donors' contributions will be positively related to their income. In this instance, wealthier nations would have a greater desire to contribute aid and would also bear a larger share of the burden than would poorer nations. In other words, small countries will exploit the benevolence of large countries. The provision of foreign aid would, therefore, be less than optimal, and supranational

action should be initiated to correct this imbalance. This free-rider behavior may, in fact be distorting the generation of donor funding in the context of the Cairo conference. The question is, therefore, whether governments of some small countries are enjoying a free ride on the contributions of large countries such as the US and Japan. Or does it work the other way around?

Beyond the dynamics of collective action, political opportunism—a fourth factor—may explain donor behavior. A number of governments pledged to abide by the Cairo agenda, but doing so involves spending resources that could be used to alleviate internal, more visible problems, thereby offering greater value for their money in the eyes of voters. Such behavior is described in public-choice models in which politicians visibly serve the needs of voters or signal to voters that they are worth electing because of their policy-based actions. If this model applies to foreign aid, the interests of voters in donor countries are served rather than the interests of those living in less developed countries. The road to foreign aid may be paved with good intentions, but the role that colonial ties, favorable trade positions, governance structures, religious beliefs, geography, and human rights can play in bringing about and sustaining aid flows is clear (Schraeder et al. 1998; Alesina and Dollar 2000; Chauvet 2002; Neumayer 2003). It would be surprising if population assistance were not susceptible to such self-interested motives. But is donors' behavior simply a matter of opportunism?

The inherent problem in determining which elements affect donor funding is that each element is difficult to disentangle from aggregate spending figures. The pitfalls of using aggregate data are clear. At best, the patterns revealed in the data on donor funding suggest that some mechanism or rule of thumb is at work that prevents the international community from attaining the goals it sets at population conferences.

Donor Funding Statistics

In order to explore the question of what determines the size and the allocation of donor funding and the sharing of financial burdens, we use data collected by UNFPA/UNAIDS/NIDI and reported in UNFPA's *Financial Resource Flows for Population Activities in 2001* (UNFPA 2003).² Here, we examine how the various restricted and unrestricted funds provided by 21 donor countries develop over time.³ The unearmarked (or unrestricted) funds are those provided by governments within no specific spending category. These funds are transferred to multilateral organizations and international NGOs that, in turn, al-

locate them to the so-called costed package of the ICPD agenda. The earmarked (or restricted) funds are targeted to specific projects in the four population assistance categories: family planning, reproductive health care, HIV/AIDS activities, and basic research.⁴ Data for these four categories have been collected in a consistent way by NIDI from 1996 onward; hence, our total sample period runs from 1996 to 2002.⁵ Examining the flow of funds over a longer time period, including the years before 1996, is a more complicated exercise because of the expanded mandate of the Cairo conference, at which reproductive health care was introduced explicitly (see Bula-tao 1998).

Level of Disbursements

The level of funding is, of course, the focus of attention among the countries that participated in the Cairo conference. Funding ambitions were stated in 1994 for the total group of countries in the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) in US dollars (at 1993 rates) and in percentages. In dollars, the goal for the year 2000 was set at \$5.7 billion, scheduled to increase over the years to \$7.2 billion in 2015 when the Cairo program officially ends. In percentages, the 'primary funds,' i.e., funds which primary donors (governments, nongovernmental organizations, and private foundations) make available and spend on population assistance in a given year, should attain at least 4 percent of the level of official development assistance (ODA).

As Table 1 shows, the time-series patterns of the various categories and totals are erratic. At the aggregate level, primary funds have increased from \$1.4 billion to \$2.1 billion (at current rates). If these levels are expressed as a percentage of the aggregate level of ODA, this improvement can be deemed substantial because population assistance increased by a full percentage point: from

Table 1 Total population-assistance disbursements, 21 donor countries (in millions of current US\$), by year, according to assistance category

Year	Unrestricted contributions	Restricted funds				Total primary funds	Primary funds as % of ODA
		Family planning	Reproductive health	HIV/AIDS/STDs	Basic research		
1996	648.5	305.0	241.0	104.7	56.0	1,355.1	2.46
1997	581.7	412.2	206.4	182.5	67.8	1,450.5	3.00
1998	438.0	454.6	237.6	237.1	92.1	1,459.4	2.81
1999	457.1	423.7	217.5	229.2	50.2	1,377.7	2.45
2000	537.7	386.0	237.2	353.0	55.0	1,568.9	2.93
2001	516.1	392.9	186.5	547.8	48.4	1,691.6	3.24
2002	580.6	396.5	294.7	769.9	71.6	2,113.4	3.64

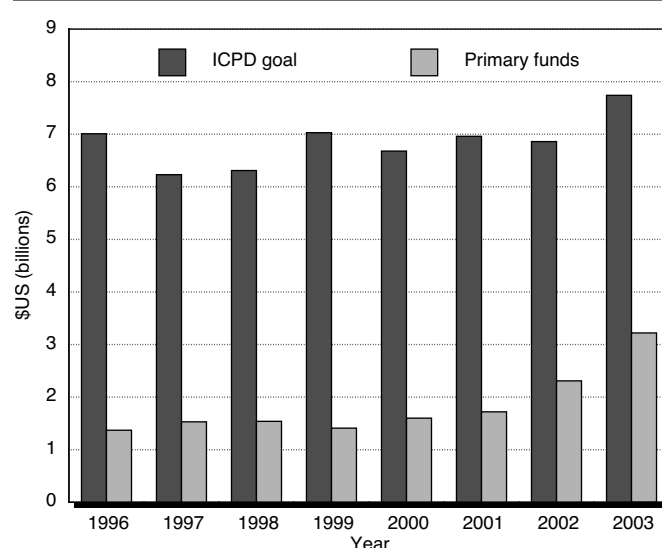
Source: UNFPA/UNAIDS/NIDI (2005).

2.5 to 3.6 percent of ODA. If the initial promises are considered, however, most donor countries are lagging behind. Figure 1 depicts the gap between promises and actions of donor countries as a collective entity. The promises are derived from the stated goals in the development programs to allocate 4 percent of ODA to population assistance. The level of ODA should, ideally, constitute 0.7 percent of the donor country's gross domestic product (GDP). At this level, the donor countries should give approximately \$7 billion annually over the period 1996–2002 (see Figure 1). The actual disbursements of funds varied in the past, however, between \$1.4 and \$2.1 billion (as shown in Table 1) and were volatile throughout these seven years. The same can be said for the funding of individual categories: the unrestricted contributions follow a U-shaped pattern over time; family planning seems to follow an inverse U-pattern; HIV/AIDS spending increases with some spikes; and reproductive health and basic research are hard to describe as a simple time pattern.

Sharing the ICPD Burden

In Table 2, we present each OECD/DAC country's average share as a percent of the total funding per category. Each category of population assistance is characterized by a markedly different distribution across donors. The

Figure 1 Gap between ICPD monetary goals and actual funding for population assistance, 1996–2003 (in current US\$)



Note: The ICPD goals differ from the fixed numbers mentioned in the Programme of Action and are derived from the two foreign aid goals that countries try to meet: 0.7 percent of GDP to ODA and 4 percent of ODA to population assistance—that is, 0.028 percent of GDP to population assistance. The figure for the year 2003 is provisional and is not included in the statistical analysis in the remainder of this study.

Source: UNFPA/UNAIDS/NIDI (2005).

Table 2 Average share of the funding for population activities contributed by each of 21 donor countries, 1996–2002

	Average share over the years 1996–2002						GDP
	Unrestricted contributions	Family planning	Reproductive health	HIV/AIDS/STDs	Basic re-search	Total primary funds	
Country	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	0.7	1.1	3.5	4.2	6.0	1.9	1.7
Austria	0.2	0.0	0.1	0.0	0.0	0.1	0.9
Belgium	1.2	0.1	1.4	1.1	2.2	1.0	1.1
Canada	2.5	1.0	2.7	4.6	5.2	2.5	2.8
Denmark	9.5	0.1	0.7	0.5	0.2	3.5	0.7
Finland	3.0	0.2	1.3	0.4	0.6	1.4	0.5
France	2.3	0.0	0.3	2.6	3.8	1.3	6.1
Germany	6.3	10.9	7.3	5.5	3.9	7.2	8.9
Ireland	0.3	0.0	0.4	0.2	0.1	0.2	0.4
Italy	0.9	0.1	0.8	1.2	0.5	0.8	5.0
Japan	17.0	1.1	7.1	0.9	1.8	7.3	18.7
Luxembourg	0.2	0.1	0.2	0.7	0.0	0.3	0.1
Netherlands	15.9	2.4	10.5	5.1	6.3	8.8	1.7
New Zealand	0.3	0.0	0.1	0.1	0.1	0.1	0.2
Norway	7.9	0.7	2.4	2.4	2.2	3.8	0.7
Portugal	0.1	0.0	0.0	0.0	0.3	0.0	0.5
Spain	0.1	0.5	2.0	0.2	0.1	0.5	2.6
Sweden	6.4	0.2	7.6	3.1	3.3	4.1	1.1
Switzerland	2.7	0.2	0.8	0.4	1.0	1.2	1.1
UK	9.0	3.9	15.9	6.9	5.0	7.9	6.0
USA	13.5	77.2	34.8	59.7	57.5	46.1	39.3

Source: UNFPA/UNAIDS/NIDI (2005).

unrestricted funds are, however, not allocated directly, as mentioned earlier. To provide an impression of each country's potential ability to contribute funds, the country's GDP as a share of total GDP (of the 21 donor countries) is given in column 7.

How the allocation of funds differs across categories is clear. The United States is the dominant player in the area of family planning; it carries more than three-fourths of the total burden. It holds a lesser, but nevertheless dominant, position in the areas of HIV/AIDS activities and basic research; almost 60 percent of this funding comes from the United States. In the case of unrestricted contributions and donations in the reproductive health-care category, smaller countries, including Denmark, the Netherlands, Norway, and Sweden, are relatively big players. Of course, some of these country differences are confounded when total primary funds are evaluated vis-à-vis the carrying capacity of countries. Clear "overperformers" in donor funding are, respectively, Norway (5.4 times its GDP share), the Netherlands (5.2 times), Denmark (5.0 times) and Sweden (3.7 times). Some countries underperform compared with their level of GDP, including Austria (11 percent of its GDP share), Italy (16 percent), Spain (19 percent), France (21 percent), and Japan (39 percent). These rankings are comparable to evaluations made by Cairo-watchers such as International

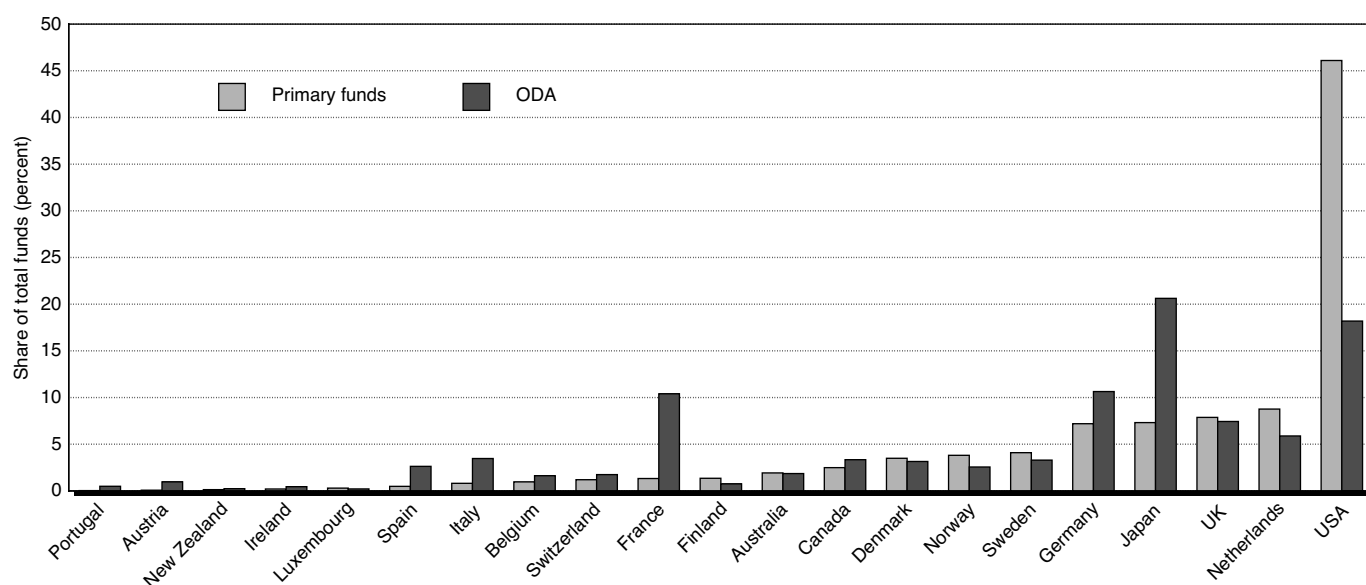
Planned Parenthood Federation (IPPF) and Population Action International. A striking fact in this ranking of overperformers and underperformers is that the same ranking does not correspond closely with that of ODA.

In Figure 2, the primary-funds share (shown in Table 1) is compared with the ODA share for the 21 countries. Japan, France, Germany, Spain, and Italy apparently have preferences for the allocation of ODA that differ from those of other OECD countries, because their ODA shares are far larger than their population aid shares. The United States has a far smaller share of ODA compared with its share of population assistance. This finding suggests that countries either have different interests or differ with respect to their comparative advantages in providing population aid. Figure 3 offers a more detailed picture of allocation of development assistance funds for all 21 OECD/DAC countries.

To examine a number of countries for which domestic interests prevail over the interests of the developing world, we start with Japan. The ODA Charter states as the ultimate objective of Japanese development assistance: "to contribute to the peace and development of the international community, and thereby help ensure Japan's own security and prosperity" (OECD 2004:67). Japan's foreign aid can be viewed as guided by enlightened self-interest, which becomes apparent by the large share of loans (55 percent) in the bilateral aid from Japan. Aid, for Japan, is seen as an investment in less developed countries, not as a gift, and aid to countries of Asia is a clear Japanese priority: 74 percent of Japanese ODA is disbursed to the region, with China, Indonesia, India, and the Philippines being the recipients of the greatest amounts.

A similar view can be traced in French ODA, which is managed by a diverse number of governmental actors, each with its specific goals. The Ministry of Foreign Affairs combines the goal of solidarity with influence in support of French diplomacy. Its Ministry of Economic Affairs, Finance, and Industry aims at promoting export to, investment in, and economic relations with developing countries. Considering the preoccupation of French development policy with such goals, it comes as no surprise that population assistance does not appeal to the French government, because it does not generate benefits to politicians seeking to win an election or generate visible benefits to France. The geographical bias evident in the case of France is also clear for most other European countries. By and large, Europeans think that geographic proximity should be a factor in granting aid to the poor. Europeans are of the opinion that Japan is best placed to help Asia, the United States should help Latin America, and Europe is best placed to help Africa.

Figure 2 Average share in primary funds and official development assistance (ODA), 21 donor countries, 1996–2002



Source: UNFPA/UNAIDS/NIDI (2005).

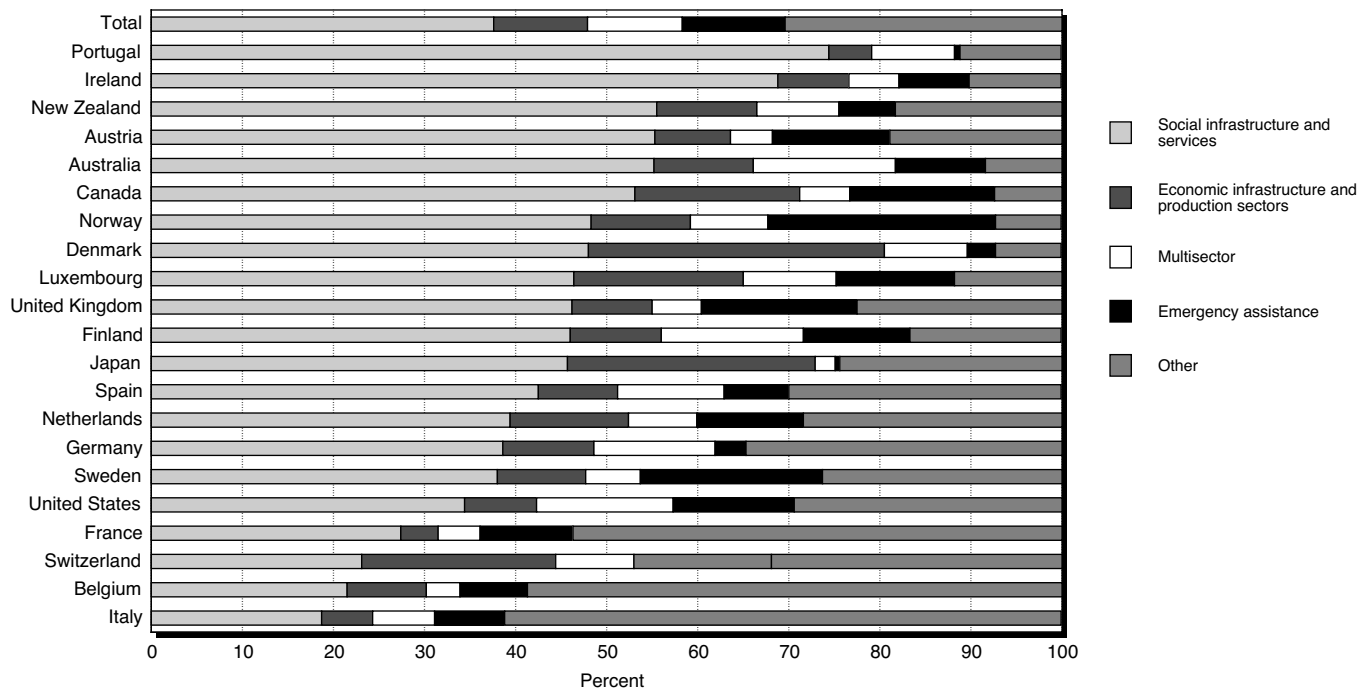
Only citizens of the new European Union states have their doubts and think that the United States is best placed to help Africa (Eurobarometer 2005). The French respondents are outspoken with respect to helping the poor in Africa, but, of course, France is a country with firm ties to the African continent.

The motive of enlightened self-interest that drives funding in Japan and France stands in stark contrast to the motives of the Norwegian and Dutch governments. Both countries are leaders among contributors to the ICPD Programme of Action and to development assistance in general. Official development assistance totaled 0.9 and 0.8 percent, respectively, of their gross domestic product (not shown). Numerous policy documents bear evidence that the Norwegian government emphasizes a rights-based approach to development in the fight against poverty. In other words, Norway will assist partner countries to incorporate obligations to protect human rights within their national poverty-reduction strategies. The United Nations Millennium Development Goals are the central reference point of Norwegian aid policy. The same can be said of the Dutch government, for which poverty reduction is the overarching rationale for development assistance. In the Eurobarometer survey (2005), almost 80 percent of Dutch citizens reported that they believe that development aid provided by their government makes a difference for people living in poor countries. This finding contrasts with the findings for France and Italy: only about half of the citizens surveyed in these countries say they believe that nationally pro-

vided development aid makes a difference. The Dutch also favor the use of country-owned strategies and seek to make extensive use of private and nongovernmental organizations in implementing their programs. This policy stance is in line with the goals and intentions stated in the ICPD agenda—for example, that family planning and reproductive health care typically involve empowering women and giving households the opportunity to make well-balanced family choices.

Finally, we cannot ignore the influence of the United States in supporting population assistance and the ICPD agenda. The role of the United States has always been large in matters of population assistance (see Salas 1979, Wolfson 1983, and Schindlmayr 2004). Recently, fighting HIV/AIDS has become a dominant theme in the United States' allocation of primary funds (Van Dalen and Reuser 2005)—for example, with such initiatives as the President's Emergency Plan for AIDS Relief (PEPFAR). The shift in priorities indicated by this initiative may be well timed; reports such as those by Jha and colleagues (2002) make clear that the annual costs of fighting the spread of HIV/AIDS will rise from \$15 billion in 2007 to an estimated \$25 billion in 2015. The role of the United States cannot be well understood, however, if attention is focused solely on aggregate US figures. Its leading role in matters of population assistance has given the US government power to affect the behavior of other donors and of international NGOs. The 1984 Mexico City Policy, restored in 2001 by President George W. Bush, is a telling example of how political ideology can affect donor

Figure 3 Allocation of official development assistance (ODA), 21 donor countries, 2003



Note: Social infrastructure and services = education, health, population, employment, and housing. Economic infrastructure and production sectors = transportation, energy, banking, agriculture, industry, trade, and tourism. Multisector = environmental protection, women in development, and urban and rural development. Other = commodity aid, action relating to debt, and administrative costs.

Source: Organisation for Economic Co-operation and Development.

funding. As described above, this policy restricts foreign NGOs that receive family planning funds from USAID from using their own, non-USAID funds to finance abortion-related activities. This policy complicates the ICPD agenda, it affects foreign NGO funding in a direct manner, it prevents freedom of speech,⁶ and in the long run it could undermine international cooperation if the United States, as a dominant player, can set rules that may not coincide with other donors' preferences.⁷

Of course, each country's behavior tells a different story, and these examples illustrate countries' diverse interests, ideologies, income development, and historical backgrounds, all of which play a role in generating population assistance. The main aim of this study is to shed light on which factors come into play in supporting the ICPD Programme of Action.

Methodology

To explain the behavior of donors in funding over time more thoroughly, we pool the experiences of 21 countries of the Organisation for Economic Co-operation and Development and employ the method of dynamic panel estimation.⁸ Despite the short time interval under con-

sideration (1996–2002), we find sufficient variation across the 21 countries to enable us to distill a clear pattern of funding. This model is more useful for describing the patterns across countries than within countries across time because of the short time period it describes. We focus on examining the driving forces behind the level of funding and the sharing of financial burdens for each of the ICPD categories of reproductive health.

Explanatory Variables

Among the most important explanatory factors are a country's income and income distribution; the pro-foreign-assistance stance of some countries (measured by the share of their official development assistance as a percentage of their GDP); the gap in development (as approximated by the difference in the Human Development Index between the donor countries and the least developed countries [LDC]); the business-cycle state of an economy (measured as its level of unemployment); and the influence of a country's dominant religions. Data for the explanatory variables come from different sources. The level of GDP (total and per capita); official development assistance (excluding population assistance, ex-

pressed as a percentage of GDP); government size (as measured by general government final consumption expenditure as a percentage of GDP); and unemployment rate (as a percentage of the labor force) are all extracted from the World Bank Development Indicators (2004 edition). The ODA variable is corrected for the influence of population aid by subtracting the level of primary funds from the level of ODA. The Human Development Index (HDI) is a weighted average of income, literacy, and life expectancy, drawn from data from the World Development Indicators published by the World Bank and weighted as described in United Nations Human Development Reports. The income-inequality measures (that is, the Gini indexes) come from the *World Income Inequality Database* 2005 (UNU-WIDER 2005), which stores information about income inequality for developed and developing countries and for countries in transition. All of the previously stated variables are defined in logarithmic form so that the relevant coefficients can be more easily interpreted as elasticities. The dummies for religion apply to the presence of the (Roman) Catholic, Lutheran, or Protestant religions as one of the two dominant religions in each country as recorded by UNESCO (2000).⁹ We include membership in the European Union as an explanatory dummy because we expect that some countries will take account of the EU as a separate contributor to the ICPD agenda, and we expect that changes in donor funding from the EU can have some effect on the funding behavior of individual members.

A final explanatory variable that we consider is opportunism. According to Schindlmayr's overview of population assistance from the 1970s to the 1990s (2001 and 2004), money is easily raised at population conferences in order to cash in on the attention of those attending such gatherings. To test the idea of opportunism in funding, we use the case of the population conference (ICPD+5) held in The Hague in February 1999. An opportunist government would raise its level of funding in the year 1999, when the focus of the developed world is on the developing world, and decrease its funding afterward. To test this supposition, we define a dummy variable that takes on the value of zero before 1999, has the value of one in the year 1999, and has the value of minus one for the remaining three years in our sample period. The assumption, therefore, is that during the year in which a population conference is held, governments raise their contributions, and in the subsequent three years they decrease their contributions. The result of this strategic behavior is that by shifting resources at the appropriate time, they "buy" attention (Schindlmayr 2001). The developing countries, however, will be on the losing side of this behavior because donors diminish their net contributions.

Results

Explaining the Level of Disbursements

The results of the estimation exercise are presented in Table 3. Both the level of primary funds (divided according to spending categories) and GDP are measured in constant US dollars (at 1995 rates). One robust observation that can be derived from the table is the tight relationship between national income development and the generation of primary funds. The total income elastic-

Table 3 Level of donors' population-assistance disbursements (in constant 1995 US\$), by selected variables, according to contribution category, 1996–2002

Explanatory variable	Unrestricted contributions (1)	Restricted contributions				Total primary funds: Sum of (1) through (5) (6)
		Family planning (2)	Reproductive health (3)	HIV/AIDS/STDs (4)	Basic research (5)	
GDP	1.01** [13.40]	0.88** [5.00]	1.23** [17.86]	0.96** [10.33]	1.14** [5.53]	0.99** [11.88]
Unemployment	-0.40* [2.03]	-0.24 [0.81]	-0.14 [0.62]	0.45 [1.74]	-0.35 [0.82]	-0.27 [1.56]
EU member	-0.37* [2.01]	-0.88** [2.79]	0.31 [1.31]	0.14 [0.59]	-0.40 [0.97]	-0.14 [0.83]
The Hague Forum	0.07* [2.01]	0.23** [2.69]	0.22** [4.07]	0.17* [2.38]	0.15 [1.44]	0.04 [1.08]
Development donor	14.45* [1.96]	-6.67 [0.51]	15.67 [1.68]	46.82** [5.38]	-20.23 [1.07]	15.96** [2.71]
Development gap ^a	3.47* [2.46]	5.92* [1.92]	2.52 [1.31]	-0.24 [0.12]	11.42** [3.55]	1.77 [1.38]
ODA/GDP	0.38** [2.60]	-0.33 [1.04]	0.37* [2.35]	1.06** [4.71]	0.56 [1.26]	0.32* [2.14]
Income inequality	-0.97 [0.97]	-10.64** [6.06]	0.22 [0.15]	1.76 [1.67]	-2.93 [1.33]	-0.17 [0.18]
Government size	2.68** [3.60]	-2.46* [2.00]	1.06 [1.38]	2.97** [3.26]	1.54 [0.90]	1.27* [2.26]
Catholic	-1.34** [5.55]	-2.95** [5.38]	-0.57 [1.55]	-0.35 [1.20]	1.23* [2.37]	-0.86** [3.82]
Lutheran	2.23** [4.26]	-0.61 [0.64]	3.23** [5.41]	1.91** [3.42]	1.05 [1.26]	2.45** [6.69]
Protestant	1.59** [3.56]	3.52** [9.35]	3.03** [7.86]	2.65** [6.98]	0.25 [0.44]	1.76** [11.41]
Constant	-12.09* [2.38]	25.34* [2.16]	-20.36* [2.90]	-11.50 [1.61]	-15.68 [1.33]	-16.32* [3.05]
(N)	(135)	(109)	(133)	(123)	(103)	(140)
Pseudo R ²	0.82	0.57	0.56	0.57	0.40	0.85
Log likelihood L _A	-51.8	-114.9	-129.0	-119.9	-142.6	-43.7
Log likelihood L ₀	-284.8	-268.3	-293.8	-281.4	-236.2	-292.4

* Significant at $p \leq 0.05$; ** $p \leq 0.01$.

Note: Absolute t-statistics are in brackets below the coefficients. In using generalized least squares, panel-specific AR(1) processes are added to correct for autocorrelation in the time series. Estimates are also corrected for heteroskedasticity. To gauge the goodness of fit, we present two log-likelihood values: L_A for the full model and L₀ for the model without explanatory variables or correction for serial correlation or heteroskedasticity.

^aThe development gap is defined as the HDI of a donor country minus the HDI of a less developed country.

ity is 1.0, and for the underlying contribution categories it varies between 0.9 and 1.2. Essentially, this finding indicates that “what is good for the developed world is good for the developing world.” In general, a 10 percent increase in real GDP leads to a 10 percent increase in real primary funds.

The effect of unemployment is hardly traceable in the level of donor disbursements. The sign of parameters is in accordance with what is expected: in hard times—when the level of unemployment increases—the level of primary funds decreases and the reverse applies to states of the economy when unemployment drops. The dummy variable expressing membership in the European Union does not affect the aggregate level of funding. Only in the case of family planning can some signs of substitution be traced. In 2002, for example, the European Union spent 22 percent of its total primary funds on family planning projects, whereas most EU members spent far less than this percentage. (Only Germany exceeded the EU average, spending 38 percent on family planning.)

Traces of political opportunism are hard to detect. The so-called Hague Forum offers an opportunity to test for the existence of political opportunism. The results shown in Table 3 do not give unambiguous evidence of political opportunism in the provision of population assistance. We tested a number of dummy variables to capture how opportunism could apply to funding behavior by varying the period of time during which funds are decreased after the year in which the population conference was held. For the discussion presented here, we focus only on robust outcomes that are statistically significant. A robust finding is that at the aggregate level of primary funding, no trace of political opportunism is to be found. Some opportunism is present, however, in the funding of family planning and reproductive health. The force of opportunism is somewhat weaker but still visible in general donations and in contributions to HIV / AIDS-related efforts. Considering the absence of an effect at the aggregate level, opportunism in these two areas could well be a consequence of a shift in priorities at The Hague Forum. A reliable test would have to consider data from a number of population conferences to learn whether the claim of opportunism is accurate. The Hague Forum was organized as a kind of midterm review and, in hindsight, cannot be seen as an agenda-setting conference such as the conferences held in Bucharest, Mexico City, and Cairo.

The responsiveness of donor governments to the conditions in recipient countries is approximated by the coefficients reflecting the gap between the development status of the donors and the LDCs. According to Olson’s theory of collective action, the reason behind the forma-

tion of multilateral or international organizations is the existence of a common threat to the countries concerned (Sandler and Hartley 2001). In the case of foreign aid, the threats could be unsustainable population growth, widespread poverty, or an epidemic. Testing this theory in relation to foreign population assistance is difficult because it entails capturing a threat relating to population policy and collecting indicators in a consistent manner over time and across countries. In the case of war, the threat is obvious, but in the case of adherence to the ICPD agenda the threat is less clear. At the time of the earlier population conferences, the threat was clearly perceived to be overpopulation or excessive population growth. During the Cairo conference, however, human rights, especially the rights of women, became a dominant concern. In this study, human welfare is assumed to be the central concern of the ICDP agenda. We approximate a measure of human welfare by using the Human Development Index of the United Nations Development Programme (UNDP), which quantifies elements of wealth (GDP per capita), education (literacy), and life expectancy, thereby, according to Sen (1998), shedding light on the quality of life in a country. To distinguish in a comparable manner the effect of human welfare on donor funding, we use two variables: one represents the HDI of the donor country, and the other represents the gap in human development between the donor country in question and the least developed countries. If the gap widens, we would expect donor countries to be more responsive than they have been and to increase their level of funding.

The estimation results shown in Table 3 indicate that for population assistance in general, the human development gap is of no concern (see column 6). It is, however, clearly an issue for provision of unrestricted funds, for family planning, and for basic research. The causes of these effects are difficult to trace, and perhaps because the results differ so widely across the subcategories, these results should be interpreted with care. The finding that unrestricted contributions are sensitive to the human development gap reflects the fact that many small (OECD) countries contribute to multilateral organizations and are willing to increase support to developing countries in dire straits and decrease funding when the development gap narrows. The magnitude of this effect should be considered in conjunction with the development of the donor countries. The magnitude of the coefficient may seem large, but its size is primarily the consequence of the small and gradual increases in human development in the donor countries, whereas increases in aid have been relatively large. From 1996 to 2002, the average HDI for all of the countries of the OECD / DAC

combined increased from 92.3 to 93.8 (not shown). To be certain about the responsiveness of donor countries, we tested whether the HDI of specific regions is relevant in explaining donor funding. In most cases, the results do not change, with one exception: donor countries are particularly sensitive to the human development gap in sub-Saharan Africa when contributing funds to stop the spread of HIV/AIDS. This finding stands to reason because the sub-Saharan region has the highest prevalence of HIV/AIDS in the world and is a particular focus of HIV/AIDS-prevention campaigns.

Alternative proxies for measuring the responsiveness of donor governments to the needs of developing countries are the level of official development assistance (excluding population assistance) as a percentage of GDP and the level of income inequality in a donor country. The latter variable provides little explanatory power. The level of ODA explains the variations in population assistance to some extent and accords well with the intuition that those governments that care about the fate of the least developed countries also care about the population issues that these countries face. In other words, population and development are closely linked in the view of most donor governments.

The size of a government is, perhaps, a surprising candidate for a driving force for development aid, but as Addison and his colleagues (2004) point out, a member's ability to bear financial responsibility for development-aid commitments depends to some extent on the size of the public sector in that country. The relationship is straightforward: the capacity to fund development-aid programs depends largely on the government's ability to tax; the more tax revenue a government can obtain, the more easily it can finance aid programs. Table 3 shows evidence of the relationship between government size and population-aid levels, but this finding is not robust across subcategories. A positive relationship is clearly illustrated for unrestricted contributions and HIV/AIDS projects. The association with unrestricted funding is understandable because the funds that are contributed to UN organizations are primarily donated by Northern European countries, which have relatively large governments. These governments are also known for contributing a relatively large amount of money to ODA in general. The respective ODA-coefficients for contribution categories give a clear idea of how additional foreign-aid resources are allocated. Increases in these resources are allocated to HIV/AIDS, followed by unrestricted contributions. The negative relationship with family planning spending is striking because, previously, family planning was the focus of attention at many population conferences.

The last variable of interest is religion. As is indicated by research on private donations to churches and other charity goals (for example, Iannaccone 1998; Regnerus et al. 1998), differences between religions play a large role in the level of donations. In countries where Catholicism is one of the two primary religions, the Church exerts a clear negative force with respect to donations to multilateral organizations (as approximated by the figure for unrestricted funding in column 1 of Table 3) and family planning projects. If the Protestant or Lutheran religion is the other dominant religion in the donor country, however, the negative effect of the Catholic religion on funding would appear to be counterbalanced or even superseded.

We should be careful about putting too much weight on the religious factor, however, so as not to confuse this variable with a country characteristic. An unexamined factor correlated with the religious dummy variables may be influencing the amount of development aid. For example, the Scandinavian countries fund a relatively high share of ODA and population assistance, yet the fact that Lutheranism is the dominant religion in these countries is unlikely to be the principal determinant of their generosity. What makes Scandinavian governments so generous is a conundrum. Religion surely plays a role, but other factors not tied to religion, such as respect for women's rights and care for the less fortunate, must come into play as well.

Because the US exerts such a large influence on the ICPD agenda, we have re-estimated Table 3 by excluding the US (not shown). In general, the parameter estimates are robust. The only exceptions to this observation apply to income elasticity (specifically for the spending categories of reproductive health, HIV/AIDS, and basic research), which becomes slightly smaller; the effect of ODA/GDP becomes considerably larger (for average primary funds, the coefficient changes from 0.3 to 0.6); and the effect of the Catholic religion on donor funding becomes considerably larger (especially in terms of funding for family planning and reproductive health, which are significantly and negatively affected).

Are Burdens Shared Equally?

The model shown in Table 3 was designed to mimic the behavior of a typical donor government in determining its level of aid. The question with regard to collective action, however, is that of sharing financial burdens. To explain burden sharing in development assistance, we follow the approach of Addison and his colleagues (2004), who examined burden sharing in the case of multilateral foreign aid and found some traces of so-called re-

verse exploitation, in which the small countries support multilateral agencies disproportionately. A donor country's share of the total amount of funding is explained by its ability to pay, as approximated by the share of its GDP within that of the whole group of OECD/DAC countries. To control for other factors that impinge on donor behavior, we use a number of variables that appear in Table 3. Table 4 presents the estimation results. Because most of the effects of the control variables are in line with those reported in Table 3, we refrain from reiterating those results. Of central interest is the coefficient representing the effect of a change in a country's income share on a change in its share of population assistance.

If every country carried the burden of financing a pure public good according to its ability to pay, the burden-sharing coefficient would be equal to one, and if we assumed that every country had the same capabilities

and preferences, the effect of other variables would be negligible. The "exploitation hypothesis" describes a situation in which the burden-sharing coefficient is larger than one, and "reverse exploitation" would exist where the coefficient is smaller than one. The term "exploitation" should, however, be interpreted with care because exploitation exists only where a population assistance program is a pure global public good, in other words, if there are no specific side benefits to the donor country in the provision of foreign aid. The term "exploitation" is therefore something of a misnomer, because it does not necessarily signify exploitation of the big by the smaller countries. Governments may act in accordance with the principles of comparative advantage or economies of scale, or they may derive benefits from giving based on ideological preferences or religious principles. The ability to pay is the starting point for the estimation exercise, but because pinning down evidence of exploitation is difficult, we focus here on burden sharing in terms of countries' ability to pay and other factors.

The estimation results presented in Table 4 show unambiguously that family planning, reproductive health, HIV/AIDS, and basic research are programs for which large countries pay disproportionately.¹⁰ The picture is reversed for unrestricted contributions. For this type of funding, the small countries pay amounts disproportionate to their size. This finding is in line with the observations of Addison and his colleagues (2004). For the sharing of the burden of realizing the ICPD agenda in general (see column 6), on an aggregate scale the coefficient is virtually one. This finding is of some significance because it shows that differences in funding are not so much the result of ability to pay, as approximated by the share of a country's GDP within the group of OECD/DAC members, but far more the result of different (specifically religious) preferences and different developments in income per capita and government size (see column 6). Religion plays an especially large role in determining the burden share.

Conclusion and Discussion

What drives the funding behavior of donor countries in light of the 1994 International Conference on Population and Development? Is amount of funding only a matter of ability to pay, or is the willingness to pay of overriding importance? Although these questions may seem academic to policy advocates, they go to the heart of the entire enterprise of the ICPD. Understanding why differences in funding occur among donor countries may be the key to making the Cairo agenda a successful example

Table 4 Level of donors' share of total funding, by selected variables, according to funding of population activities, 1996–2002

Explanatory variable	Unrestricted contributions (1)	Restricted contributions				Total primary funds: Sum of (1) through (5) (6)
		Family planning (2)	Reproductive health (3)	HIV/AIDS/STDs (4)	Basic research (5)	
Share GDP	0.94** [10.76]	1.09** [8.21]	1.23** [14.12]	1.21** [9.74]	1.35** [9.14]	0.98** [28.32]
GDP per capita	1.25** [2.96]	-0.59 [1.10]	-0.78 [1.45]	1.07* [2.09]	-1.84** [2.85]	0.95** [3.33]
Unemployment	-0.40* [2.30]	-0.79** [2.54]	-0.81** [2.68]	0.71** [2.60]	-0.40 [1.08]	-0.27 [1.65]
EU member	-0.60** [3.75]	-0.94** [3.40]	0.16 [0.82]	-0.67** [2.68]	-0.28 [1.13]	-0.33* [2.10]
ODA/GDP	0.43** [2.84]	-0.84** [2.83]	0.39 [1.94]	1.22** [4.63]	0.75* [2.17]	0.24 [1.61]
Income inequality	0.29 [0.22]	-12.04** [7.08]	-2.68 [1.52]	-0.43 [0.28]	-3.03 [1.95]	-0.02 [0.03]
Government size	3.00** [4.05]	-2.36* [2.07]	-0.67 [0.66]	1.74 [1.59]	0.38 [0.26]	1.77** [3.08]
Catholic	-1.16** [4.51]	-2.52** [4.18]	-0.45 [1.04]	0.07 [0.20]	1.06** [2.76]	-0.74** [3.47]
Lutheran	1.79** [3.70]	0.21 [0.21]	3.48** [4.30]	2.37** [4.73]	1.54* [2.14]	2.38** [7.38]
Protestant	1.56** [5.18]	3.48** [10.19]	3.25** [6.77]	2.74** [8.38]	0.02 [0.06]	1.79** [11.21]
Constant	-16.90 [1.71]	43.12** [3.33]	23.47 [1.79]	-2.12 [0.20]	37.75** [3.09]	-12.34 [1.74]
(N)	(135)	(109)	(133)	(123)	(103)	(140)
Pseudo R ²	0.79	0.54	0.52	0.52	0.40	0.85
Log likelihood L _A	-60.0	-123.7	-140.5	-135.7	-140.5	-43.7
Log likelihood L ₀	-284.6	-267.6	-292.8	-280.6	-233.7	-291.0

* Significant at p≤0.05; **p≤0.01.

Note: Absolute t-statistics are given in brackets below coefficients. In using generalized least squares, panel-specific AR(1) processes are added to correct for autocorrelation. Estimates are also corrected for heteroskedasticity. To gauge the goodness of fit, we present two log-likelihood values: L_A for the full model and L₀ for the model without explanatory variables or correction for serial correlation or heteroskedasticity.

of global collective action, or at least to understanding why the financial ambitions of 1994 are out of reach (see Potts et al. 1999). In this study, we present a first appraisal of the experience of population assistance developments during the years 1996–2002. Our analysis is certainly not the final verdict concerning motives and mechanisms driving donor funding. We use data at an aggregated level; this type of analysis should serve as the starting point for digging deeper.

The patterns in donor funding as revealed by our statistical analysis are bound to trigger a sense of *déjà vu* among policy watchers of the past (Salas 1979; Wolfson 1983). The Cairo conference and its Programme of Action were seen as a turning point, but where financial aid is concerned, old habits do not die or at least are slow to change. The dominant new trend is the rise of funding for HIV/AIDS prevention, with a concomitant decline in support for family planning. This trend is driven, however, by the dominance exerted in the choices made by the United States. This theme is an old one, as are those that promises have not been met and that small countries are firmer supporters of multilateral organizations than are larger countries, which prefer bilateral aid channels. Two additional factors deserve special emphasis because they exert such a strong influence on donor funding: the impact on funding of religion in donor countries and of domestic interests vis-à-vis those of recipient countries. Donor countries are willing to contribute to the ICPD agenda, but their contributions depend on their ability to pay and on their own interests and egalitarian or religious preferences, and to a far lesser extent on the conditions in less developed countries. The lack of attention to the recipients' situation is not a unique characteristic of population assistance programs. It is central to most issues of development assistance and to that of global health problems in particular. This simple insight helps to explain why funding falls short of the high ambitions of the ICPD agenda. In 1994, the unmet needs of developing countries were understood to be a point of departure, whereas funding decisions reveal that donor countries take their own ability to pay as a point of departure. In short, despite the rhetoric espoused at Cairo, donors' behavior, as revealed by their funding decisions, does not seem to have changed substantially over time (see also Schindlmayr 2004).

The second element often mentioned in discussing population assistance issues is the role of religion. The regression results show that religion is a decisive factor in explaining cross-country differences. Catholic countries are far more averse to supporting family planning programs than, for example, Protestant countries. This finding comes as no surprise: women's reproductive and

sexual rights, the abortion issue, and gender equality are all matters that often clash with Catholic principles. The 1994 Cairo conference was characterized by heated debates colored by the religious positions of the various advocates (antiabortionists, antireproductive rights lobbies, and so forth). The influence of religion explains why family planning lost ground to the HIV/AIDS-prevention movement in being acknowledged as one of the eight Millennium Development Goals. As one insider explains: the UN Secretariat "did not want to reopen 'the mess' of Cairo" (Crossette 2005:75).

It is hard to derive firm policy lessons from the findings of this study because some results leave room for more than one interpretation, especially in the case of allocations across the different funding categories. Large countries concentrate on providing restricted (bilateral) funds for family planning, reproductive health, HIV/AIDS prevention, and basic research. Smaller countries prefer to provide aid through unrestricted funds, which primarily flow to multilateral agencies such as UNFPA and UNAIDS and to international NGOs such as IPPF. Although it is tempting to view these developments as corroboration that large countries ride free on the efforts of small countries in giving multilateral aid and that the reverse situation is true for bilateral aid, this division could reflect donor countries' concentrating on their comparative advantages in delivering aid. The specialization in giving aid or differences in preferences strike us as a more logical explanation because the reproductive health-care agenda comprises a host of different types of collective goods, and each type of good calls for a different kind of policy action.¹¹ Multilateral agencies, which are the recipients of unrestricted funds, are expected to be involved in the provision of global public goods that generate more (nonexcludable) benefits than the goods and services supported by restricted bilateral funds. The latter type of funding is considered to provide certain benefits that flow to those who give the assistance. The dominance of large countries should, therefore, not be denounced *a priori*. The element of scale plays a role in foreign aid provision, and bilateral aid may well be a blessing because it brings about some form of centralization to foreign assistance that prevents the collective-action failures that are typical in managing aid flows.

The need for collective action is also visible in sectorwide approaches (SWApS), which offer an opportunity for more coordinated and multisectoral service delivery for sexual and reproductive health. SWApS involve a concerted effort from donors who pool their funds rather than support separate programs. As Mayhew (2002) notes, in practice, however, the effectiveness of SWApS decreases when key donor organizations (such

as USAID or UNFPA) remain outside a SWAp or when national policymakers fail to see the need for the holistic planning that SWApS are designed to promote. This complication suggests how difficult the design and finance of an optimal reproductive health system is.

Perhaps the main conclusion to draw from statistics concerning the size and allocation of population assistance is that no “silver-bullet” solution exists to organizing and financing aid. As Kaul and Le Goulven (2003: 355) conclude in their review of the international finance of global public goods, “Much of the financing of global public goods today is happenstance. Sometimes it works well, yet many other times it does not.” The intent of the present study is to spark further research on the behavior of donors and recipients. Only by gaining a deeper understanding of the forces that influence donors can better organizations and finance principles be developed and put to use.

Notes

- 1 This expectation was made explicit for donor countries in the Programme of Action (par. 14.11), and it was explicated for developing countries in one of the preparatory committees. See: <http://www.un.org/popin/icpd/newslett/94_13/2prepcom.html>.
- 2 This report was published previously under the title *Global Population Assistance Report*, published annually by UNFPA.
- 3 In the statistical analysis, we exclude the new or emerging donor countries: Greece, South Korea, and Turkey, and the new members of the European Union (including the Czech Republic, Estonia, Poland, and Slovakia) because of the lack of substantial data. We also exclude the European Union as a separate entity because it cannot be considered in the same way as the individual donor countries.
- 4 For a full description of the Programme of Action (UN-ICPD 1995) and the so-called costed population package, see: <http://www.unfpa.org/icpd/icpd_poa.htm>.
- 5 The donor data were checked to be consistent with the donor data collected by the Organisation for Economic Co-operation and Development (OECD).
- 6 For instance, the journal *International Family Planning Perspectives* receives funding from USAID, and it is therefore prohibited under the Helms Amendment (P.L. 93–189) from publishing material that could be considered to promote abortion.
- 7 At present, it is too early to examine the consequences of the 2001 reinstatement of the Mexico City Policy.
- 8 The estimation model used is generalized least squares with panel-specific autoregressive processes of order 1, AR(1) to correct for serial correlation in errors, and a correction for heteroskedasticity—that is, differences in variance across panel members. The panel data are unbalanced in that not every country provided observations for each year. Specifically, Ireland, Luxembourg, Portugal, and Spain have missing observations, and therefore the total number of observations do not add up to 147 (21 countries for seven years) and differ by funding category.

- 9 We considered alternative religious variables such as the primary religion in a country, the level of religious pluralism, or whether the country has a state religion (Barro and McCleary 2004). The two dominant religions of a country provided the best fit, although the conclusions do not differ substantially when the alternative religious variables are used. The two dominant religions are used here as our preferred choice for the religion variable.
- 10 Running a robustness test by excluding the US from the sample of donors would not make sense, because the essence of the exploitation hypothesis is that there are large and small countries. Such a counterfactual exercise would ignore the dominant position of the US in the ICPD agenda as a fact of life.
- 11 A typical dilemma for global health care is that the health problems of the developed world differ greatly from those of the developing world. Priorities in investing in new medicines, vaccines, and treatments are bound to be affected by this divergence of interests. This divergence is typically called the “90/10 gap” by the World Health Organization (2002:23): less than 10 percent of US annual spending on health-related research and development addresses the health concerns of 90 percent of the global population. Citizens of the developed world suffer primarily from non-communicable diseases, whereas citizens in LDCs suffer from infectious and parasitic diseases (Kremer 2002). The approaches used for treatment and prevention of infectious diseases like HIV / AIDS and other sexually transmitted diseases are clearly different from those used for noninfectious diseases (Sandler and Arce 2002).

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