

Observing aid withdrawal

Cleo O'Brien-Udry*

Aid projects have a lengthy process of preparation, approval, and implementation. Approved projects are easily observable and the subject of much research on foreign aid, but what characterizes the projects that are not approved? I use monthly summaries of the status of pre-approval projects at the World Bank to track proposed projects, including projects that are not approved. Non-approved, henceforth "withdrawn," projects comprise 10% of all proposed World Bank projects from 1998 to 2014. These projects are more likely to be in the infrastructure sector and withdrawals are not associated with geopolitical variables. The evidence suggests that withdrawn projects may be a sign of agency within a recipient country. However, withdrawing projects delays the progress of future projects in the country. I provide a preliminary theory of aid compensation and composition in recipient countries in which aid withdrawal is a tool for recipients to align project aid with their priorities.

Note: this is extremely preliminary and all comments/thoughts are welcome

1. INTRODUCTION

Aid is as important in its absence as in its presence (Cheeseman *et al.* 2024). Much of our knowledge of aid patterns and effects is derived from observing the implementation and aftereffects of aid projects and disbursements. Aid commitments can allow us to understand the initial intentions of aid transactions even as aid disbursements may be unobserved or may not occur.

Work on aid allocation and conditionality suggests that the geopolitical importance of recipient countries plays a large role in the volume and type of aid they receive (Clark & Dolan 2021; Dreher & Sturm 2012; Neumayer 2003). For international financial institutions, the allies of major funders are disproportionately supported by internal funding (Clark & Dolan 2021; Stone 2004). The increases in funding and decreases in the requirements for funding are signs of donors rewarding countries for their allegiance. How does this mechanism translate when considering the denominator of potential aid projects?

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I argue that the politics of aid withdrawals, here operationalized as specific aid projects that are proposed but discontinued before official approval or funding, is distinct from that of aid allocation. Theoretically, if high aid volumes are an indicator of recipient strength or importance to the donor, the number of projects proposed and not approved by international financial institutions would be a signal of donor disapproval. However, this paper makes the case that aid withdrawals are a sign of recipient country strength in advocating for domestic development priorities. By altering the sectoral composition of aid, withdrawals offer recipient countries agency in creating a portfolio of projects that aligns with their political and economic objectives.

To understand how aid withdrawals fit into the pantheon of aid research, I construct the first, to my knowledge, dataset of proposed and approved aid projects at the World Bank using monthly project updates. I describe patterns in aid withdrawal and explore how these map onto existing theories of aid allocation. I then consider how aid withdrawals affect the composition of aid in a given country by considering if and how projects are replaced after withdrawal. Finally, I use the case of energy aid to understand how compensation for withdrawn projects maps on to recipient domestic concerns.

2. THEORY

Aid withdrawals and sanctions are considered negative signals from donor countries to recipients (Cheeseman *et al.* 2024). Aid sanctions often accompany economic sanctions as punitive actions towards recipient states, though the logic and effects of aid sanctions may differ from traditional trade sanctions (Corwin 2023; Jeong 2020; Mertens 2021; Portela & Mora-Sanguinetti 2023). Indeed, the willingness of donors to withdraw aid after it has been promised is a key feature of the credibility of aid contracts and conditionality (Asongu & Nwachukwu 2017; Swedlund 2017a). Even aid withdrawals unrelated to recipient policies can be understood by recipient governments and publics as signal of disapproval (OBrien-Udry 2023) and respond with backlash towards the international community (Dasandi & Erez 2023; Kohno *et al.* 2023).

This is not to say that recipient governments always prefer more aid. Rejecting humanitarian aid is a deliberate recipient act that may increase the country's status by showing its lack of aid dependence (Carnegie & Dolan 2020). Recipient governments can restrict aid in order to prevent threats to regime change (Dupuy *et al.* 2016). Perceptions of aid dependence may decrease a country's status (Ferry & OBrien-Udry 2024), creating incentives to reverse aid flows.

Recent work highlights developing country agency through their choice of international financing. Cormier (2024) outlines the decision-making process of developing countries in choosing lenders—the logic of sovereign debt differs from that of international lenders such as the IMF and World Bank. Zeitz (2019) argues that foreign aid and sovereign debt must be understood as part of the same external funding portfolio of recipient countries—increases in lending can then alter preferences for aid amongst borrowers. The choice of lending instrument—of *how* recipients are funded—may change over time in response to trends in

aid, new evidence on aid effectiveness, donor priorities, etc. (Swedlund 2017b; Weaver 2024).

Research on the choice of sector has received still less attention. Scholars often assume that the fungibility of aid neutralizes any distinction between aid sectors (Swaroop *et al.* 2000). In other words, funding for a given sector necessarily increases the budget for the country, allowing the recipient government to shift resources that might have gone to the externally funded sector towards another sector. Yet, we see donor preferences for funding specific sectors despite fungibility concerns. Donors are more likely to provide direct aid to the health sector where threats of corruption are comparatively lower (Dietrich 2013). Also in the health sector, the United States' Mexico City Policy (also known as the Global Gag Rule) restricted US funding for family health care under Republican administrations, dramatically altering the composition of US aid (gag 2007). Donors' funding bases are often concerned with the visibility of projects, creating incentives to fund infrastructure projects at the expense of less tangible sectors (Dietrich *et al.* 2018).

Recipient preferences for particular sectors are often pushed to the side given assumptions of aid fungibility. A key exception is Bush (2015) who shows that democracy assistance may be diverted from projects directly aimed at political liberalization towards less regime-threatening sectors. For example, a 2010 democracy program in the Central African Republic chose to focus on women's empowerment rather than strengthening multiparty competition—the latter would have been substantially more destabilizing for then-President Francois Bozize's rule (Bush 2015, 11). Aid to particular populations may also engender political opposition in recipient countries (Baylouny 2020; O'Brien-Udry 2021).

I argue that recipient countries contest and attempt to control the composition of aid, particularly in regard to aid project sectors. Aid withdrawal is a tool with which recipient countries can alter aid composition to better reflect their preferences. When faced with a finite amount of aid, withdrawing from projects allows recipients to reallocate international funds to preferred sectors. Donors that have already pledged funds can maintain the same volume of aid to a recipient, but recipients can alter where the funds are used. Withdrawal is a key part of the bargaining process between donors and recipients.

3. WORLD BANK PROJECTS

The process of funding World Bank projects involves acquiring donors funds, allocating funding between countries, and then allocating funding to projects in different sectors of a given country. The World Bank and recipient country together develop country assistance strategy papers (CAS) and poverty reduction strategy papers (PRSPs) to identify key sectors in a country's development plan.

Countries, once allocated a given amount of money, propose projects (or are proposed projects by Bank departments) that generally, over the course of three years, sum up to the proposed amount of money. Countries are able to ask the Bank to increase their funding; the Bank also will allocate money away from countries that have been unable to propose successful projects or absorb the amount of funding allocated to them. Generally, over

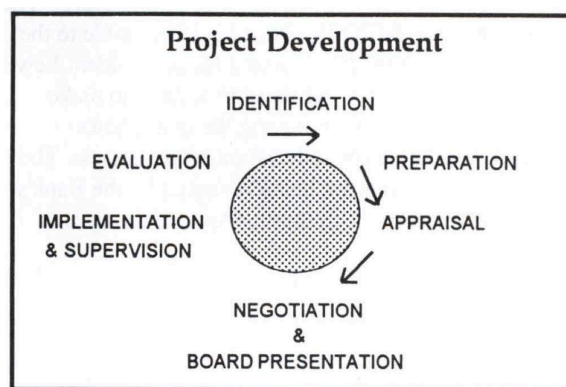


Figure 1: *World Bank Project Cycle:* Image from World Bank Information Briefs #A.04.4-93 (1993).

the last two decades, funding allocated to Asian countries has been reallocated to African countries (Interview 5/22/2020).

Country ministries/departments may propose different projects but the Ministry of Finance, which works closely with the Bank and often has a sub-ministry/department dedicated to Bank funding, is responsible for red-stamping the project. All projects for IDA draw from the same pool of funds, so the competition is inter-ministerial.

The Bank subdivisions also propose projects to countries and have their own agendas. Projects may be proposed by the agricultural division or the gender division, for example, and the MoF of the recipient country will eventually decide whether or not these projects are worth the allocation of their IDA funds. One anecdote by a person familiar with a proposed project: the Banks gender division spoke to a minister in a recipient country about a proposed womens economic development project and the minister was supportive of the project (Interview 5/22/2020). The Banks country director then spoke with the MoF about the project, saying that they had heard that the country wanted a several hundred thousand dollar gender and economic development project. The MoF responded, not from my IDA. In other words, the interdepartmental competition for IDA funds determines which projects are funded.

Projects may get to the “concept stage,” in which case they are registered in the World Bank database, but may not be pursued further due to the countrys interest in allocating funds to a different division. The country may also not be interested in receiving loans from the Bank if they are concerned about the perception of their credit-worthiness. However, the Bank may also withdraw its proposal for reasons related to the project or Bank internal standards. Tracking these proposed projects is an empirical challenge and, to my knowledge, this paper is the first to map the universe of proposed World bank projects.

4. DATA

The World Bank uses Monthly Operational Summaries (MOS) to report progress on proposed projects in recipient countries each month. The frequency and consistency of reporting on project progress allows me to pinpoint exact dates at which projects are withdrawn or approved. Once the projects are officially approved by the World Bank, they are removed from reporting. The projects enter the data in the preparation stage; the average project remains in the preparation stage for four years. The dataset of MOS is organized by project and traces the progress of a given project through proposal to approval or withdrawal. A substantial amount of bureaucratic labor and capital are expended on project preparation by both the Bank and recipient countries. Both sides have clear incentives to move forward with proposed projects.

Unlike projects in the World Bank's project database which are "Dropped" from the lending programs, withdrawn projects in the MOS have not yet entered into official World Bank documents. As Kilby (2013b) has explored, all projects in the World Bank's public data have been assigned sequential project identification numbers (PIDs). The MOS projects predate the PIDs; therefore any analysis that relies on World Bank data post-PID is subject to heretofore unexamined selection bias.

The current MOS dataset contains comprehensive project proposals from 1997 to 2015. [NOTE: My team of RAs is digitizing the remaining records from 1955 to 2021] In the following sections, I describe patterns in the data and how they map onto theoretical expectations derived from existing aid literature.

4.1. Whose projects?

Whose projects are withdrawn? Figure 3 shows the geographic variation in the proportion of withdrawn projects by country. Up to and over 50% of total projects have been withdrawn between 1998 to 2014 in a given country—Turkmenistan holds the highest number of withdrawals with five of nine projects withdrawn while twenty-two countries and regions have never seen a withdrawn project².

The literature on the geopolitics of World Bank lending suggests that countries more closely allied with the United States, the major funder of the Bank, receive more funding and with fewer conditions attached, than countries without close ties to the US (Clark & Dolan 2021; Dreher & Sturm 2012; Kilby 2013a). Theoretically, withdrawing projects could follow the same logic as approving projects: countries allied with the US could be less likely to see projects withdrawn.

Table 1 shows the probability of project in a given country being withdrawn given covariates. The covariate of interest here is a country's ideal point in UN voting compared to the US's ideal point in the year before a project is approved or withdrawn. Data for

²Bolivia/Brazil, Burundi, Cabo Verde, Czech Republic, Dominica, Estonia, Lao People's Democratic Republic, Marshall Islands, Middle East and North Africa, Myanmar, Namibia, Republic of Congo, Republic of Moldova, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Serbia and Montenegro, Slovak Republic, Solomon Islands, Somalia, Tuvalu, Yemen

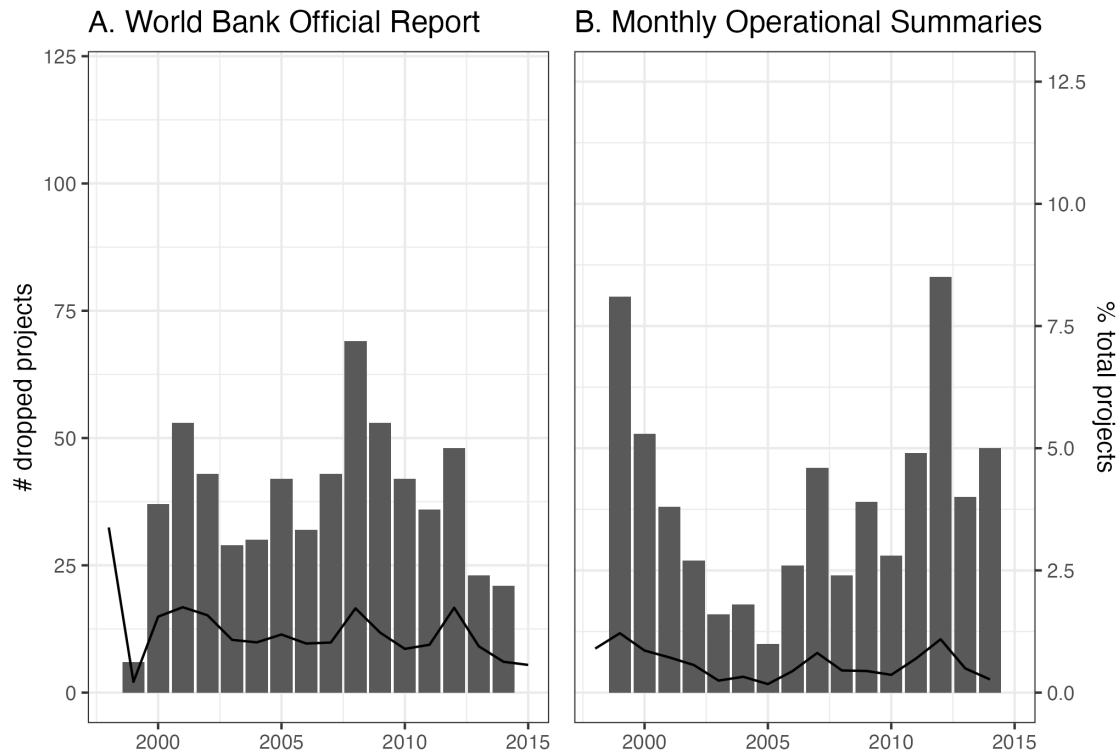


Figure 2: *Dropped/withdrawn projects across World Bank data (1998-2014):* Number of projects that enter into a dataset (left axis) and proportion of these projects that are dropped (WB) or withdrawn (MOS) in a given year (right axis). Left panel shows the World Bank’s official data (all projects that have reached at least the concept date); right panel shows MOS data (all projects that appear in a Monthly Operational Summary in a given year).

UN voting come from Bailey *et al.* (2017), UN Security Council membership from Dreher *et al.* (2009), demographic information from the World Bank Development Indicators, and the V-Dem score for democracy from Lindberg *et al.* (2014). Model 1 has no fixed effects or clustered standard errors, Model 2 uses country fixed effects, and Model 3 uses both country fixed effects and robust standard errors clustered by country.

Within a given country, and controlling for demographic characteristics of the country, political alignment is not associated with changes in the likelihood of project withdrawals. This runs in contrast to theories of both aid windfalls and influence of international financial institutions in geopolitics. However, between countries (Model 1), higher levels of democracy (**VDem**) are associated with lower likelihood of project withdrawals.

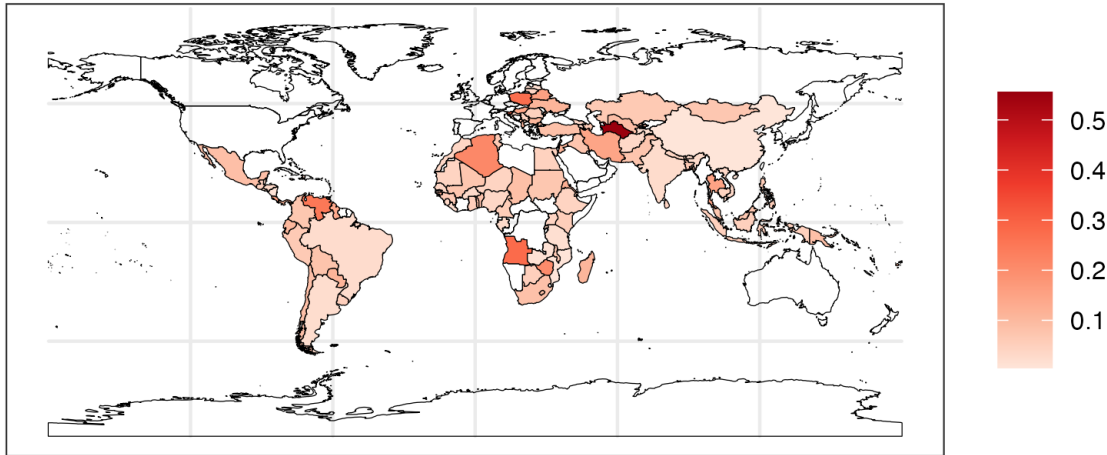


Figure 3: *Map of withdrawn projects:* Proportion of total projects between 1998 and 2015 withdrawn by country. Data from World Bank Monthly Operational Summaries.

4.2. Which projects?

What types of projects are more likely to be withdrawn? Figure 4 shows the proportion of projects in a sector that are withdrawn overall (between countries). Infrastructure projects are particularly likely to be withdrawn compared to human and rural development projects. Again in contrast to the literature on the political value of different sectors (Dietrich 2013; Marx 2017), more politically salient and visible projects such as infrastructure and power are more likely to be withdrawn.

Directly testing the political salience of different sectors, Figure 5 shows the relationship between geopolitical covariates and the likelihood that a project will be withdrawn in a given sector. Within countries, similarity to the US in UNGA voting is associated with an increased likelihood of human development project withdrawal. Environmental projects in countries with higher levels of democracy are also more likely to be withdrawn. However, the majority of sectors and the projects in the aggregate are not more likely to be withdrawn when countries are more geopolitically aligned with the US.

4.3. When?

Focusing on the timing of withdrawal in recipient countries, I use data on national elections across the globe to determine whether withdrawal is more or less likely around election times. Figure 7 shows the number of projects approved and withdrawn in relation to na-

Outcome: Project withdrawal (1/0)			
	(1)	(2)	(3)
UNSC member	-0.003 (0.009)	0.003 (0.009)	0.003 (0.012)
VDem	-0.059 (0.016)	0.038 (0.049)	0.038 (0.083)
UNGA Voting	0.022 (0.037)	-0.028 (0.071)	-0.028 (0.107)
GDP (log)	0.014 (0.003)	0.002 (0.030)	0.002 (0.042)
Population (log)	-0.016 (0.003)	-0.141 (0.053)	-0.141 (0.052)
Year FE	✓	✓	✓
Country FE	-	✓	✓
Num.Obs.	9084	9084	9084
R2	0.022	0.052	0.052
R2 Adj.	0.020	0.039	0.039
Std.Errors			by: country

Table 1: *Probability of project withdrawal:* OLS with robust standard errors clustered in parentheses. All models include year fixed effects; Models 2 and 3 include country fixed effects as well. Model 3 clustered standard errors by country.

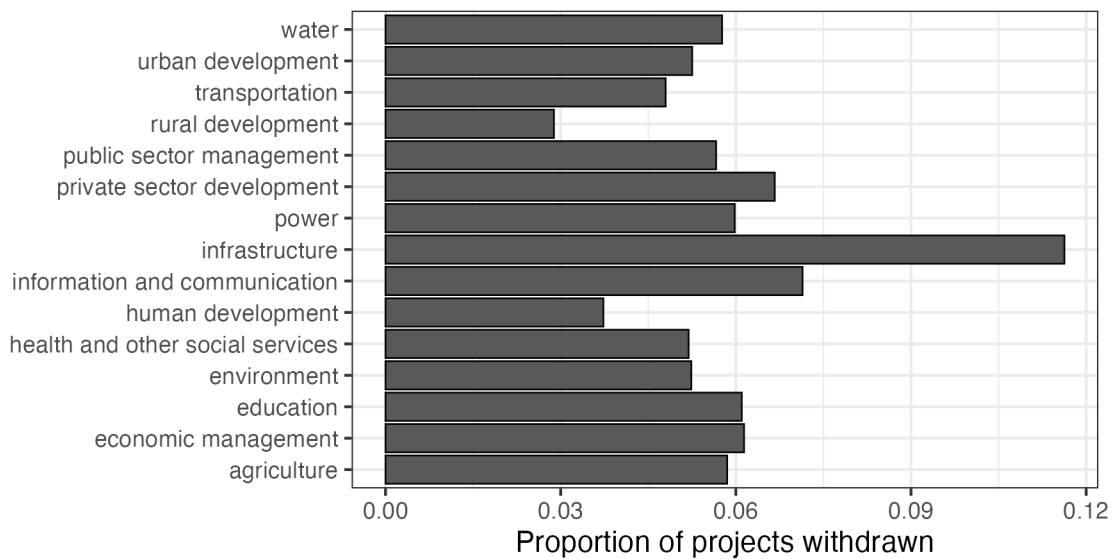


Figure 4: *Proportion of withdrawn projects by sector:* Proportion of projects withdrawn by sector.

tional elections in a given country. As most countries have election cycles every three to five years, most projects are ended between 1600 days before or after a national election.

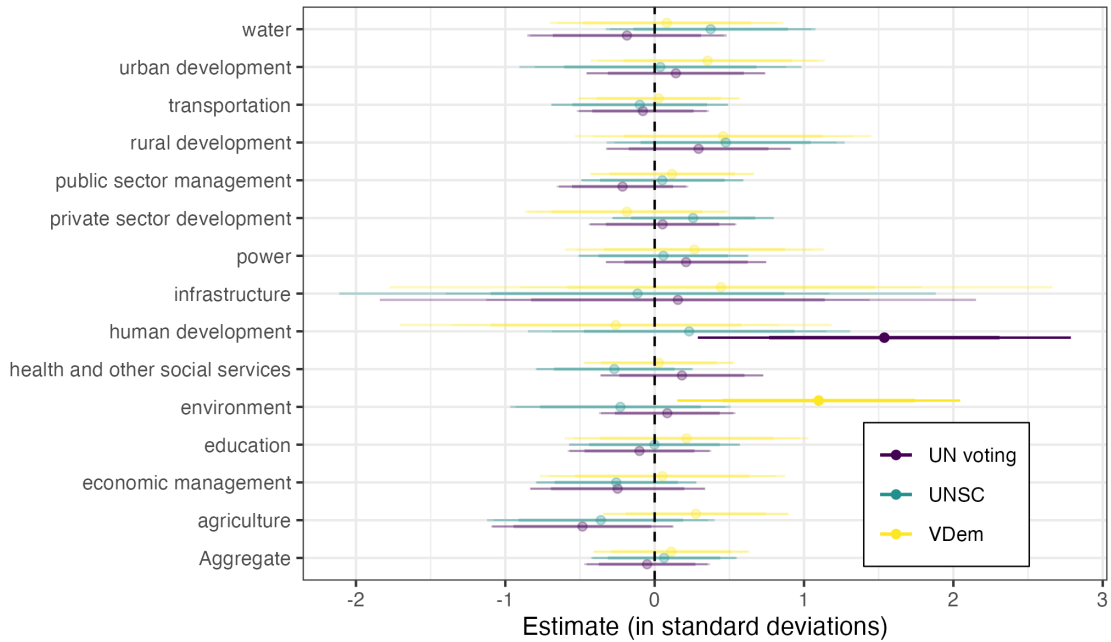


Figure 5: *Relationship between geopolitical importance and withdrawal by sector:* Likelihood of a given project being withdrawn given a country’s geopolitical significance to the United States. Point estimates for OLS models for three coefficients displayed: similarity between recipient country and US voting records in the UNGA (**UN voting**), membership on the UN Security Council (**UNSC**), and VDem’s polyarchy score (**VDem**). All models include covariates, year and country fixed effects, and robust standard errors clustered by country.

There does not appear to be a sharp discontinuity around election dates; Table 2 tests the relationship more formally.

Are project withdrawals related to national elections? Table 2 shows several model specifications testing the relationship between the date of project withdrawal and the date of national elections. The overall distance from an election does not seem to be associated with the likelihood of project withdrawal (Model 1). However, projects are more likely to be withdrawn after an election than before (Model 2). This is suggestive evidence of withdrawal driven by changes in government priority. Subsetting to project approvals or withdrawals in the time before an election, projects are no more likely to be withdrawn close to than further from an election (Model 3). For projects after the election, distance from the election also seems to be unrelated to likelihood of withdrawal (Model 4).

These descriptive facts run counter to the expectations of aid electioneering by the World Bank, which has incentives to speed the progress of aid projects in order to support its favored incumbents in the lead up to national elections (Kersting & Kilby 2016; Marx 2018). Recipient incumbents, too, have incentives to approve projects before elections in order to showcase their progress on development. The results here are in line with a theory of non-approval as a tool of recipients for shaping the form of future aid.

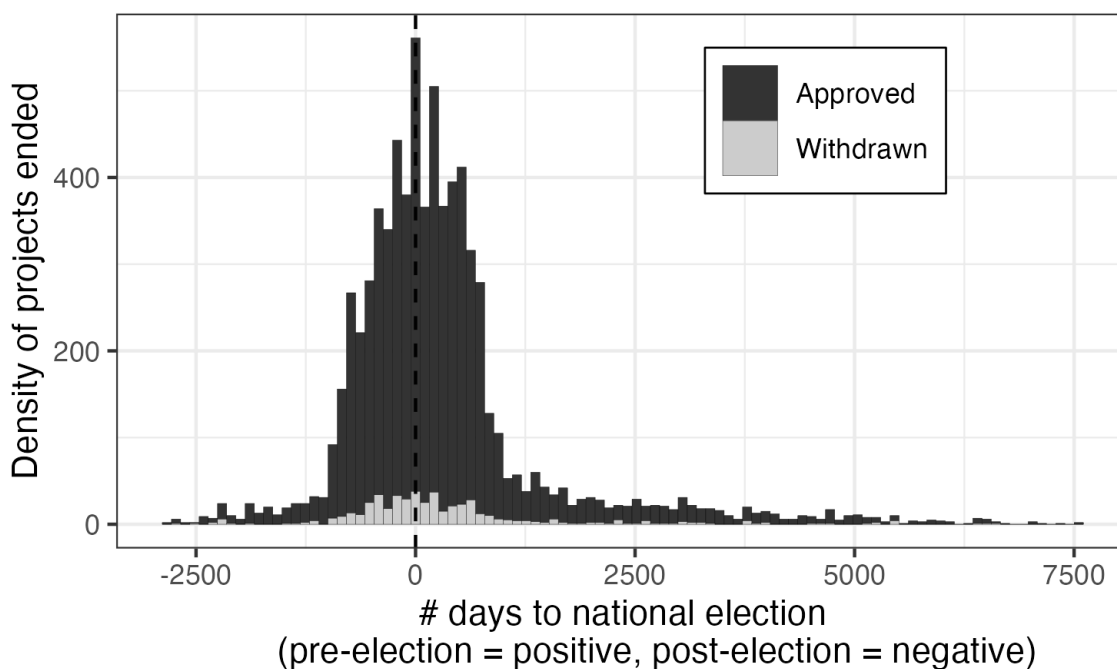


Figure 6: *Withdrawal timing by election:* Histogram of projects approved or withdrawn in relation to national elections in a given country.

	Outcome: Project withdrawal (1/0)			
	(1)	(2)	(3)	(4)
Days to election	0.000 (0.000)	-0.013 (0.008)	0.000 (0.000)	0.000 (0.000)
Sample	Full	Dichotomous before/after	Before	After
Country FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Std.Errors	by: country	by: country	by: country	by: country
Num.Obs.	7188	7188	3114	4074
R2	0.066	0.066	0.105	0.083
R2 Adj.	0.049	0.049	0.070	0.053

Table 2: *Withdrawal by distance to national election:* Likelihood of project withdrawal given timing of national elections in a given country. Model 1 uses the full sample: larger values of days to election means further in time before an election. Model 2 transforms the days to election variable into a binary before/after election indicator. Model 3 subsets to projects before an election; Model 4 after. Robust standard errors clustered by country in parentheses. Country and year fixed effects included in each model.

According to a staffer involved, a number of projects were underway in the lead up to Ukraine’s Orange Revolution in 2004-5. The Bank personnel were present in their of-

lices on the Maidan while protesters were being killed outside. Despite the best efforts of staff, projects such as the Kiev District Heating Improvement Project were not approved by the incoming president after the revolution (Interview 5/28/2020). While most transitions of power in recipient countries do not involve violence, many staffers note that changes in political principals affect domestic support for sectors in which projects are proposed (Interview 5/28/2020, Interview 5/27/2020, Interview 5/26/2020, Interview 5/29/2020, Interview 6/3/2020).

In the aggregate, there appears to be no relationship between national elections and withdrawal dates. Splitting the sample into individual sectors, we see that almost all sectors see no relationship between the timing of withdrawal and national elections (see Figure 7). The exception to this is public sector management projects, which are less likely to be withdrawn before an election than after. One interpretation could be that public sector management is particularly likely to be altered by an incoming government.

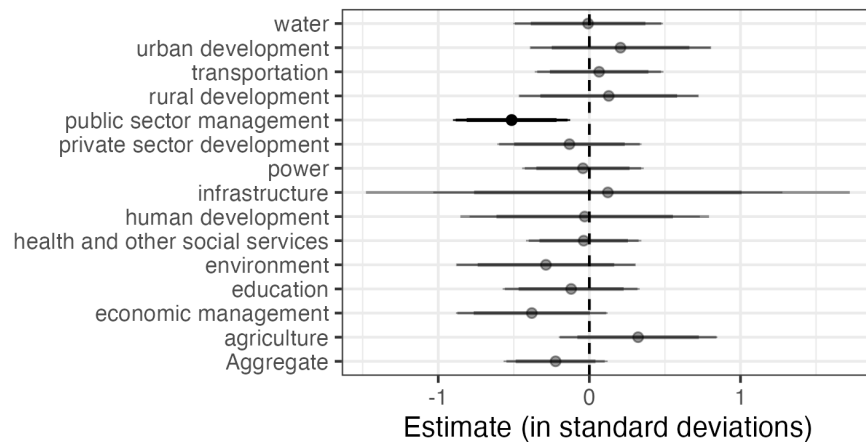


Figure 7: *Withdrawal likelihood by election:* Likelihood of a project being withdrawn given distance to election. One standard deviation increase in the distance to election (further before the election) decreases the probability of withdrawal

5. COMPENSATION

How does the withdrawal of projects map onto subsequent projects? If projects are costly to develop, World Bank and recipient country staffers may parlay the withdrawn project into another project that is approved, reusing the resources. On the other hand, the Bank may no longer wish to dedicate further resources to a sector in which a country has been difficult to work.

Table 3 examines the association between project withdrawal and the country’s subsequent project belonging to the same sector compared to projects that end in approval. Models 1 through 4 use different covariate specifications but show the same trend: withdrawn projects are less likely to be followed by projects in the same sector.

Outcome: Next project in same sector				
	(1)	(2)	(3)	(4)
Project withdrawn	-0.058 (0.013)	-0.059 (0.015)	-0.062 (0.016)	-0.062 (0.015)
UNGA voting		0.310 (0.094)	0.351 (0.181)	0.351 (0.181)
UNSC member		0.007 (0.024)	0.000 (0.028)	0.000 (0.028)
VDem		-0.054 (0.041)	-0.174 (0.096)	-0.174 (0.114)
GDP (log)		-0.004 (0.008)	-0.091 (0.084)	-0.091 (0.075)
Population (log)		0.000 (0.008)	0.041 (0.168)	0.041 (0.185)
Year FE	-	✓	✓	✓
Country FE	-	-	✓	✓
Num.Obs.	3563	2817	2817	2817
R2	0.005	0.031	0.074	0.074
R2 Adj.	0.004	0.023	0.031	0.031
Std.Errors				by: country

Table 3: *Probability that subsequent project is in the same sector:* Probability that a project that ends in withdrawal will be followed by a project in the same sector, compared to projects that end in approval. Model 1 shows the association between withdrawal and the next project’s sector; Model 2 adds in covariates, including year fixed effects. Models 3 and 4 include the full set of covariates as well as country and year fixed effects and Model 4 clusters standard errors by country. Robust standard errors in parentheses.

Subsetting the sample by project sector, Figure 8 shows the relationship between project withdrawal (compared to approval) and the likelihood that the subsequent project will belong to the same sector. No individual sector is associated with a higher likelihood of project compensation when projects are withdrawn than when they are approved. Infrastructure projects are particularly likely to be followed by projects in a different sector if they are withdrawn. The sectoral results support the aggregate results in showing that withdrawal reflects shifts in project priorities and/or allocation of resources.

Figure 9 shows the difference between withdrawn and approved projects in the number of days between a project that has ended and the proposal of a new project in the same sector. The estimates show within-country changes.

In the aggregate, projects that are withdrawn are associated with more time for a project in the same sector to be proposed than projects that are approved. Within specific sectors, only rural development projects show a clear increase in the time between project end and new project start for withdrawn projects. These findings are consistent with either the

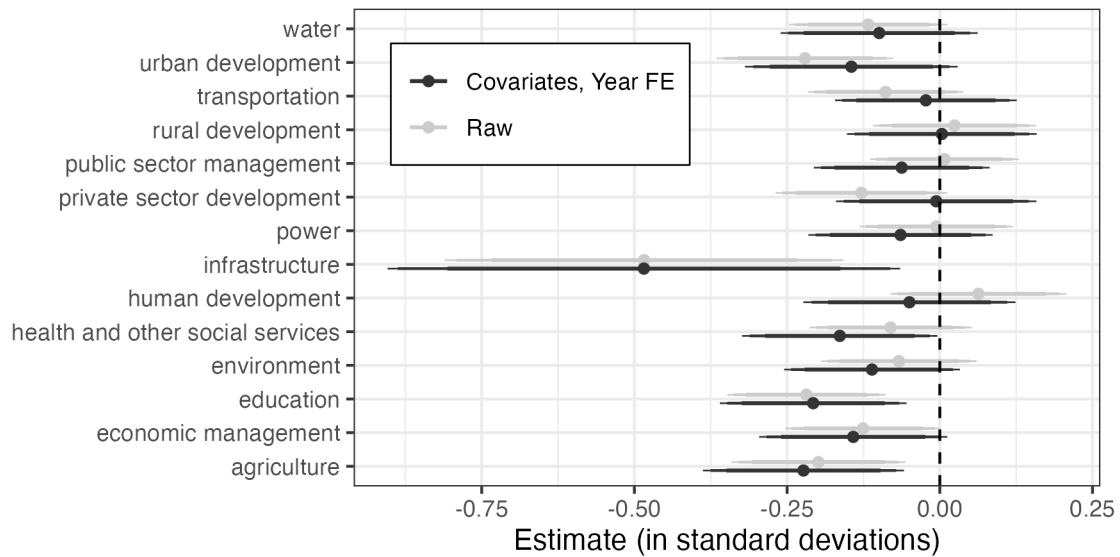


Figure 8: Likelihood of sectoral compensation: Probability that the next project proposed after a project is withdrawn is in the same sector, compared to projects that are approved. Point estimates with 90, 95, and 99% confidence intervals calculated with robust standard errors displayed. Black indicates model estimates with covariates and year fixed effects. Grey indicates model estimates with no covariates or fixed effects. Covariates include **UNGA voting**, **UNSC membership**, **VDem**, **GDP (log)**, and **Population (log)**.

Bank or the recipient country shifting resources away from a given sector after a project is withdrawn.

If projects *within* a given sector are less likely to be proposed after withdrawal, how does this compare to projects *across* sectors? Table 4 shows the difference in the timing of proposing new projects between withdrawn and approved projects within countries, controlling for sector dyads. Across all sectors, withdrawn projects are associated with a longer timeline for the proposal of new projects.

Evidence for compensation within and across sectors supports two stylized facts. First, withdrawn projects are less likely to be followed by projects in the same sector than projects that are approved. This finding is consistent with the theory that World Bank officials may not be able or willing to invest additional time in sectors in which projects have been withdrawn; it is also consistent with the theory that withdrawal reflects changes in recipient country priorities. Second, project withdrawals are associated with more time between the end of a project and start of a new project. The increased time to new collaboration is consistent either with World Bank and recipient country officials having difficulties that predate and caused the withdrawal or with withdrawal leading to a reset of Bank and domestic official relations.

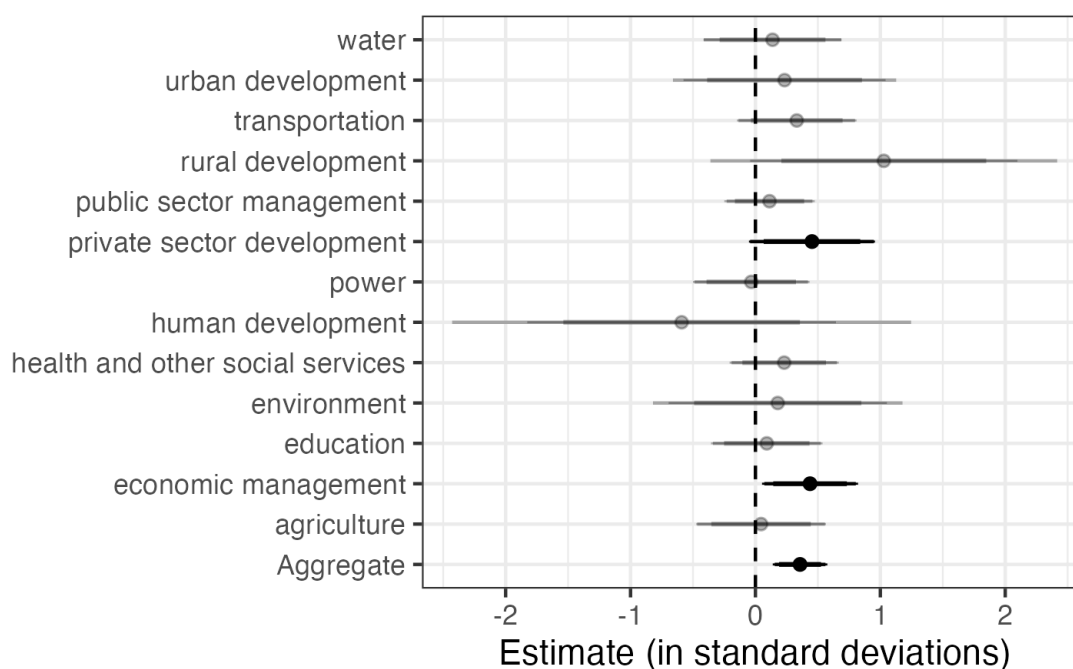


Figure 9: *Time to next project:* Number of days from the end of a project in a given sector until the next project in the same sector in a given country for withdrawn projects compared to approved projects. Coefficients for withdrawal with 90, 95, and 99% confidence intervals; standard errors clustered by country. Country fixed effects included.

Outcome: Days to next project		
	(1)	(2)
Withdrawn	21.250	15.602
	(10.814)	(10.526)
Country FE	✓	✓
Sector 1 FE	✓	-
Sector 2 FE	✓	-
Sector dyad FE	-	✓
Std.Errors	by: sectors	by: sectors
Num.Obs.	4674	4674
R2	0.382	0.433
R2 Adj.	0.359	0.386

Table 4: *Time to next project:* Estimated time between withdrawal of one project to proposal of another in a given country, compared to approved projects. All models use country fixed effects and robust standard errors clustered by sector dyad. Model 1 uses fixed effects for initial and subsequent sector; Model 2 uses fixed effects for initial-subsequent sector dyads.

5.1. Energy aid

Focusing on a single sector, energy (also referred to as “power” within the dataset), I

The power sector is highly visible, economically significant, and, as of recent years, highly contested. The need for electricity in developing countries to power industrialization, urbanization, and general development efforts has established power generation as a major priority for donors and recipients alike. For decades, internationally funded fossil fuel plants were the cheapest and most economically beneficial means of recipient country power generation; not only did countries establish stable power grids, but the energy sector provided steady employment for local populations (OBrien-Udry 2023; Rafey & Sovacool 2011). The infrastructure of power plants was a visible signal of government investment and capacity Lim *et al.* (2015).³ However, the global turn towards renewable energy offers an alternative power generation strategy in development. The rise in affordability of solar and wind power makes these energy sources a viable option for developing nations. International funding for the energy sector is shifting from fossil fuel investment and maintenance towards renewable energy generation (Hicks *et al.* 2008; OBrien-Udry 2023).

The case of energy sector aid is particularly useful for understanding the dynamics of aid withdrawal and sectoral composition due to its potential for inter- and intra-sectoral conflict. Between sectors, energy aid comes into frequent conflict with agriculture, environmental, and health sectors due to the pollution generated by fossil fuel power plants. The benefits of energy aid to laborers come at the expense of agriculture workers whose yields are undermined by environmental damage. Within the energy sector, the incumbent fossil fuel industry competes with the growing renewable energy industry. The domestic cleavages of the energy sector provide fodder for understanding how, why, and if recipient countries withdraw and replace projects.

5.1.1. Energy aid withdrawal

Which countries have energy projects withdrawn? Figure 10 shows the proportion of energy sector projects withdrawn in a given country. Both Colombia and Fiji had only one project proposed and withdrawn over the time period (effectively a 100% withdrawal rate). Zimbabwe saw two of three energy projects withdrawn, while Iran had one of two projects discontinued. If a country had no energy projects proposed, it is not included in the map.

Figure 11 shows the timeline of energy projects withdrawn from 1997 to 2014. The start of the project proposal, operationalized as the first time the project appears in the MOS documents, is indicated by a black line that continues until the project is withdrawn. Withdrawal dates are indicated with a black “X.” Some countries either initiated projects at the same time (Senegal), started projects sequentially that were both withdrawn (Bangladesh, Belarus), or withdrew multiple energy projects in a short window of time (Guinea, Chad).

Are power projects fungible? In other words, which sectors are likely to follow or be

³Importantly, pollution and health effects generated by fossil fuel plants were also visible and created sites of local environmentalist resistance to international organizations promoting the plants (Hadden 2015; Nielson & Tierney 2003; Wade 1997; Weaver 2008).

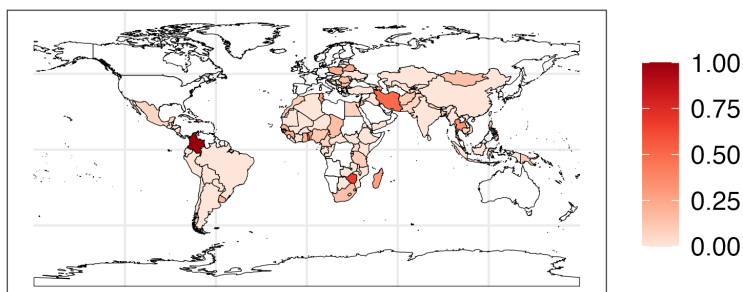


Figure 10: *Energy project withdrawal:* Proportion of energy sector projects withdrawn by country.

followed by power projects after a project is approved or withdrawn. Figure 12 depicts the relationship between the energy sector and ended projects. The left panel shows the number of projects that are withdrawn or approved that are followed by an energy project. The right panel shows the number of projects in a given sector that follow a withdrawn or approved energy project.

Power projects are replaced by power projects, primarily. However, power projects are more interchangeable with some sectors than others: infrastructure projects are highly unlikely to replace or be replaced by power projects. Transportation projects, on the other hand, are highly interchangeable with power projects.

Within the energy sector, subsequent energy projects may take a number of different forms. The existence of fossil fuel projects indicates that a recipient country has natural resources that lend themselves to fossil fuel production: lignite ore in Indonesia, for example, is a key source of coal production. Any subsequent energy project could avail itself of these resources. Similarly, a proposed renewable project may indicate a country's particular suitability for renewable investment. If existing resources determine energy investment, we should expect to see renewable projects followed by renewables, fossil fuel by fossil fuel. However, the fact that projects are withdrawn could indicate that investment in that form of energy is less desirable or more logistically difficult for the recipient or World Bank.

Table 5 shows the number of withdrawn energy projects replaced by another energy project, broken down by energy form. The rows account for withdrawn project energy forms while the columns represent replacement projects. The bulk of all energy projects are related to electrical capacity (grid expansion and stabilization, utility management, energy efficiency projects). Withdrawn energy projects are rarely replaced by fossil fuel projects; renewable projects are never replaced by fossil fuel projects. A large number of energy projects are not replaced by any form of energy project (20 out of 45).

[INCOMPLETE] More research is necessary to understand how power projects are withdrawn and replaced. Do renewable projects overlap geographically with former fossil

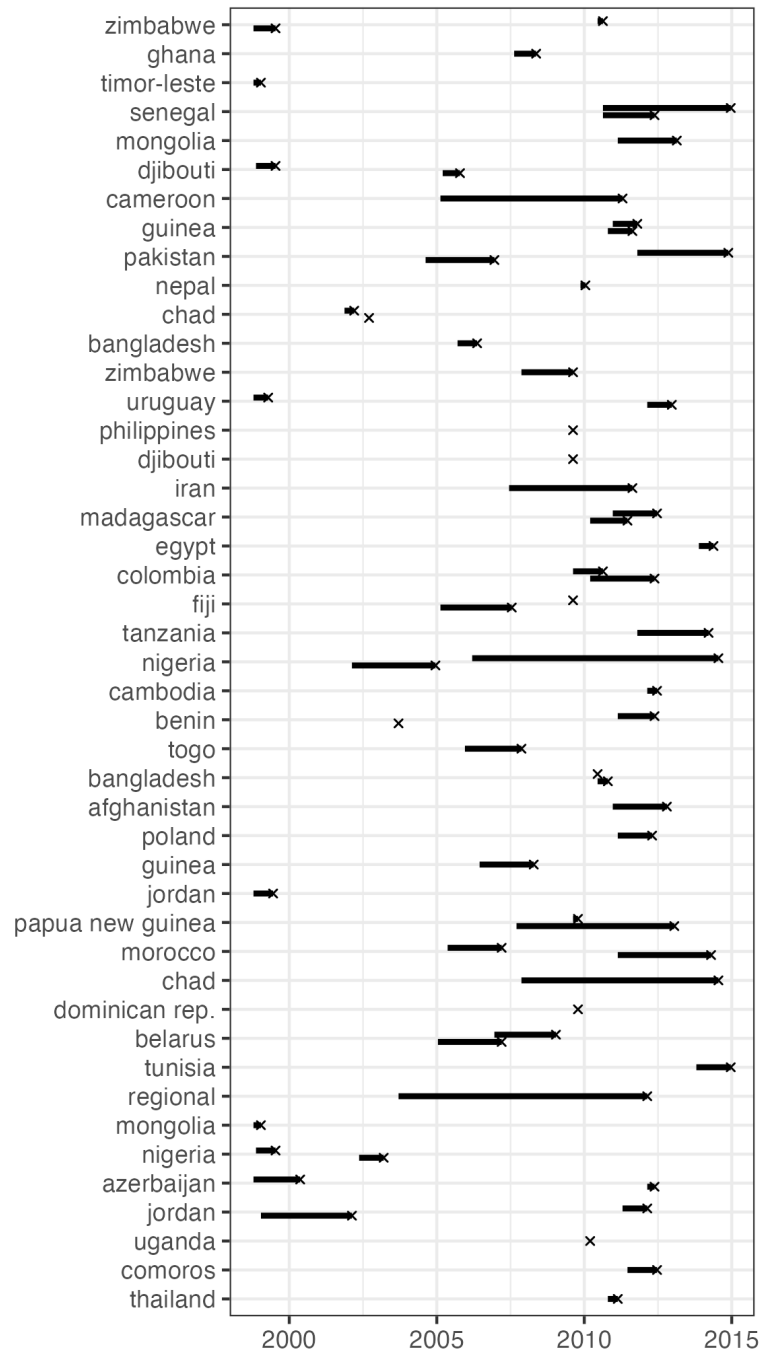


Figure 11: *Timeline of energy project withdrawal:* Each segment represents a single project; segments start at the date the project was first proposed and end at the date the project was discontinued. Multiple projects may exist for a given country.

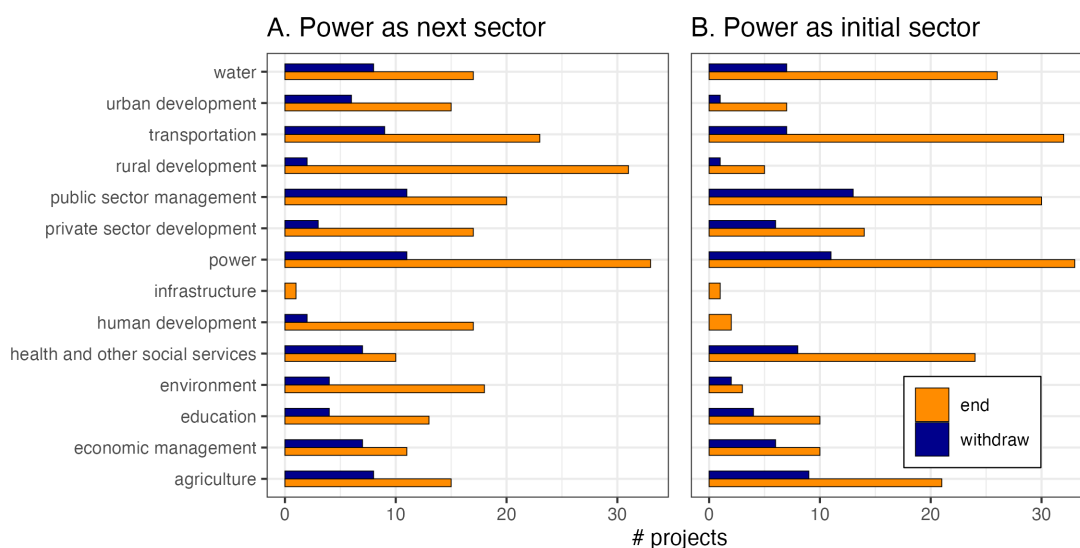


Figure 12: Power project sectoral compensation: Number of projects in a given sector after a project ends. Left panel shows the sectors of ended projects that subsequently start a power project. Right panel shows the sectors that follow an ended power project. Orange bars depict projects that ended with approval; blue bars depict withdrawn projects.

		Replacement				
		Renewable	Fossil Fuel	Capacity	Other	None
Withdrawn	Renewable	5	-	5	1	6
	Fossil Fuel	6	2	3	1	4
	Capacity	6	2	14	-	9
	Other	-	-	-	-	1

Table 5: Substituting energy projects: Within a given country, when an energy project is withdrawn, what does the next energy project look like? Rows are original (withdrawn) projects; columns new projects.

fuel projects? Are the areas in which power projects were planned more likely to receive other forms of aid? The political geography of power generation and withdrawal requires more attention.

6. CONCLUSION

Aid withdrawals are an often unobserved but politically salient aspect of international relations. While aid sanctions are deliberately public, aid withdrawal may be visible to only a few players. The lack of visibility is an empirical challenge that I bring to light with new data from World Bank Monthly Operational Summaries. These data provide evidence of the rate and circumstances of aid withdrawal in previously unexamined documents.

I argue that aid withdrawal is an outcome of recipients negotiating aid projects. Withdrawing recipient support can readjust domestic budgets towards political priorities or populations. Aid withdrawal can inflate the budgets and staff for existing projects. Withdrawal draws attention to the composition of aid in a recipient country rather than levels of aid or the presence of aid.

Were withdrawals a negative feature of aid, we would expect lower rates of withdrawal for important and allied countries. Instead, withdrawals are unrelated to geopolitical significance or domestic elections. Withdrawals are also associated with changes in project sectors: after a project is withdrawn, subsequent projects are less likely to be categorized as the same sector. Across all sectors, the time to a new project increases after a project is withdrawn compared to a project that is approved. These results suggest a role for withdrawals in changing sectoral priorities for recipient countries.

[ENERGY SECTOR ANALYSIS INCOMPLETE] The energy sector is a hard case for withdrawals given necessity of energy generation for development, availability of low-skilled jobs in fossil fuel sectors, existing infrastructure investment in fossil fuels (making transition more expensive and therefore less viable). Energy sector projects face competition from other sectors (who bear costs of pollution) and internal conflict (between forms of energy). Examining the role of compensation in this sector should illuminate how recipients navigate changes in sectoral composition for aid portfolios.

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