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Conditional coordination: How powerful states pursue interlinked multilateral and bilateral strategies to shape development

Abstract

To translate their preferences into outcomes, powerful states have two main avenues for action: bilateral strategies of directly coercing or cajoling other countries, and multilateral strategies of relying on international organizations as conduits for the satisfaction of their preferences. We propose that bilateral and multilateral strategies are interlinked and interdependent, with multilateral agencies providing information and credible commitment that then conditions bilateral action. We term this process *conditional coordination*: when powerful states first satisfy their preferences through multilateral action, bilateral strategies kick in to reinforce these gains—a process resting on intra-state bureaucratic coordination. To empirically test this argument, we study the linkage between the IMF's Executive Board members' statements in country-specific lending decisions of the IMF between 1995 and 2015 and bilateral aid to those countries. After demonstrating that these statements are associated with changes in the content of IMF programs, we show that the extent of powerful countries' preference satisfaction in the multilateral arena impacts their subsequent bilateral actions. We find that the five major IMF member-states—the U.S., Germany, Japan, France, and the U.K.—reward countries with additional bilateral aid when they are satisfied with borrowing countries' implementation of IMF-sponsored reforms. These findings reveal the interconnected multi-fora processes through which powerful countries shape the structure of the international order and the development trajectories of less powerful states.

Keywords: global governance; foreign policy; aid commitments; International Monetary Fund

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1. Introduction

All countries have preferences over the structure of the international order—something evident from the effort and resources they commit to multilateral rule- and norm-making, like negotiations over treaties or the oversight and steering of international organizations. Yet only a few powerful countries are normally able to materially shape this order. To translate preferences into outcomes, these countries have two main avenues for action. On the one hand, they can rely on bilateral strategies of coercing or cajoling other members of the international community to sign up to their preferred visions on the international system. For example, this is the logic underlying the U.S.' well-established practices of increasing aid allocations to low- and middle-income countries that align their voting patterns at the UN General Assembly (Dreher, Nunnenkamp, and Thiele 2008). On the other hand, multilateral strategies present a different path: rather than expend energy on getting individual partners on board, powerful states guide or convince international organizations, where they commonly hold most decision-making power, in a way conducive to the satisfaction of their preferences.

Political scientists have usually examined bilateral and multilateral processes separately, or approached them as parallel attempts by powerful states to build winning coalitions. In this article, we propose that bilateral and multilateral strategies may be interlinked and interdependent, with multilateral agencies providing information and credible commitment that then conditions bilateral action. We term this process *conditional coordination*: when powerful states first satisfy their preferences through multilateral action, bilateral strategies kick in to reinforce these gains. The early victories at the multilateral terrain, because they facilitate the subsequent intra-state bureaucratic mobilization that is required to ensure that the bilateral step of the strategy materializes and thus helps institutionalize powerful states' preferences at the transnational level.

To flesh out this argument, we start our enquiry from the functioning of multilateral organizations. Even countries with most formal power do not universally achieve their aims in these settings. There can be disagreements between major shareholders nudging an organization in different directions (Momani 2010), senior organizational leadership may have political agendas of its own (Copelovitch and Rickard 2021), and line staff have a degree of independence in negotiating policies (Nelson 2017; Weaver 2008). But, we argue, precisely because of international organizations' power to diffuse norms and policy models and provide credible information regarding the activities and commitments of other international actors, preference satisfaction for major shareholders in these settings is a first key step to unlock additional bilateral support that cements the gains of multilateral action. This is made possible by coordination between arms of the national bureaucracy.

We empirically trace this argument by studying a key tenet of the so-called liberal international order: market-oriented institutional reform. In particular, we trace how powerful member-states of the International Monetary Fund (IMF) attempt to spur such reforms in low- and middle-income countries by leveraging both IMF conditionality and their foreign aid disbursements, thereby shaping the mode of integration of these countries into the global economy as well as their development models. To do this, we first open up the black box of intra-IMF state action and examine how state representatives on the IMF's governing body, known as the Executive Board (EB), behave vis-à-vis lending discussions over developing countries: what do powerful states advocate for and are they successful in influencing outcomes? This fine-grained information on EB deliberations enables us to first observe the manifest preferences of states. Subsequently, we link the outcomes of intra-IMF behavior (i.e., the inclusion or not of market-liberalization conditions in loans) to state decisions over bilateral assistance through non-IMF channels.

This two-step empirical approach allows us to trace whether (and under what conditions) state preferences expressed by one part of powerful states' national bureaucracies (the finance ministry or central bank which typically interact with the IMF) are linked to observed variation in actions under the competence of a different part of the same government (the foreign aid ministry/administration). In line with our argument, we hypothesize that powerful states' preferences are sometimes reflected in organizational outputs. When this happens, we expect that these states reward preference satisfaction pertaining to the design and implementation of IMF lending programs with additional foreign aid. We prespecified our hypotheses and research design, registering a pre-analysis plan prior to analyzing the links between state action on the IMF's Executive Board and dyadic aid (EGAP ID and link omitted for anonymization; we discuss minor departures from this plan below).

To examine the remit of our conjectures, we developed a new dataset of IMF EB members' behavior in debates over 142 low- and middle-income countries between 1995 and 2015, compiled using the declassified detailed minutes from 3,111 meetings.[1] We measure preferences for market liberalization for five major shareholders—the U.S., Germany, Japan, France, and the U.K.—based on their representatives' comments, using a dictionary with key terms applied to the textual corpus of 8.5 million words spoken by these officials. Consistent with our expectation that state action on boards impacts organizational decisions, we find a positive association between powerful member-states' preferences for market liberalization and IMF program conditions related to market liberalization. However, we also find variation in the extent to which powerful states' preferences are enacted, with their preferences, on average, being incorporated in IMF programs in 42.3% of lending programs.

Subsequently, we examine state representatives' evaluation of how well (conditional on inclusion in an IMF program) the prescribed reforms are implemented based on a targeted dictionary analysis. To test our hypotheses on linkages between a states' preferences being satisfied via IMF programs and subsequent state behavior, we regress dyadic aid on these indicators. We find that, on average, the level of bilateral aid by the IMF's most powerful member-states *does not* covary with whether states' preferences are reflected in the content of IMF programs, but *does* appear to be responsive to developing countries' successful implementation of such program conditions. That is, powerful states do not reward countries that simply promise to pursue the measures powerful states support in multilateral fora, but only those that follow through with such promises.

These findings provide empirical support for our argument that *coordination* of state bureaucracies in pursuit of state normative preferences over the character of the international system is *conditional* on the reflection of these preferences within key outputs in multilateral institutions, which help enforce that these preferences are carried out. In advancing this argument, our study makes two key substantive contributions to the study of multilateralism and foreign policy. First, our approach and findings are distinct from well-established work tracing 'horse trading' in multilateralism (Dreher, Sturm, and Vreeland 2009). This literature finds that powerful countries provide more aid and back for

[1] The full dataset (not merely the fields used in this paper, but all data collected— including attendance and comments by all 24 Executive Directors, IMF staff, and Managing Directors—a total of 164,253 discrete observations from 1,506 speakers, totalling approx. 58.6 million words) will be made public on publication with supporting document (codebook, sourcing details, etc.). We expect this dataset will be of substantial use to a broad range of scholars studying global governance, international relations, comparative politics, and the political economy of development, and far beyond. We provide an extract of the data in Appendix I for illustration.

fast and lenient loans by international financial institutions as a reward for countries that support their initiatives at the UN Security Council or are aligned to their voting patterns at the UN General Assembly (Clark and Dolan 2020; Dreher and Jensen 2007; Kersting and Kilby 2016; Kuziemko and Werker 2006; Vreeland and Dreher 2014). We do not challenge that international organizations are arenas where transactional trades between states are followed through and executed—but this is not the whole story. Powerful states do not only act within multilateralism to buy votes, but also seek to influence international organizations, and via international organizations other states, to pursue longer-term goals.

Second, we provide an account of the micro-foundations of powerful states' actions in global governance. Rather than primarily focusing on outcomes to infer the processes that generated them, we shift our emphasis to the decision-making processes themselves as repositories of meaningful information on states' preferences. In doing so, we demonstrate that formal deliberations within international organizations express meaningful information.[2] In our empirical context, we show that powerful states' actions in governance fora are useful for understanding these states' influence on IMF output and then link up to these states' aid allocations.[3] This finding supplements accounts of informal governance that emphasize behind-the-scenes bargaining (Stone 2008, 2011) and arguments on the importance of organizational staff (Chwieroth 2013, 2014; Nelson 2014, 2017). To be sure, decisions of international organizations are frequently reached in corridors and back rooms, and staff are highly consequential to the behavior of their organizations. However, the observable behavior of states in formal governance fora may indeed facilitate greater understanding both of the outputs of international organizations themselves and the broader policies and priorities of states.

2. State preferences and linked strategies in global economic governance

States work in and through multilateral organizations to influence the mode of integration of other states into the international system, and—by extension—to achieve their long-term preferences about the structure of the international order (Koremenos, Lipson, and Snidal 2001; Simmons, Dobbin, and Garrett 2008). These organizations allow powerful actors to achieve their goals at a greater scale; at the same time, they can often frustrate the ability of powerful actors to do so: even though powerful states' structural power within these organizations gives them a strong footing to do so, success is not certain as decision-making depends on negotiations between many shareholders (Lyne, Nielson, and Tierney 2006). This is why bilateral strategies can possibly reinforce multilateral action. For example, powerful countries reward countries that support their initiatives at the UN Security Council or UN General Assembly by granting more aid or disbursing faster and more lenient loans from international financial institutions (Dreher et al. 2021; Dreher and Jensen 2007; Dreher, Sturm, and Vreeland 2009; Kersting and Kilby 2016; Kuziemko and Werker 2006; Vreeland and Dreher 2014).

In this article, we posit that examining powerful states' multilateral and bilateral strategies in tandem can generate a deeper understanding of what long-term priorities they have, how they pursue them, and whether they are successful. This is particularly relevant in the context of international

[2] This may be because the deliberations are directly causal of IMF action or because states are re-expressing preferences that have already been satisfied (or not). That is, the content of these meetings may be meaningful without being directly causal of IMF action in the counterfactual sense.

[3] We are agnostic as to how frequently this is because the decision is actually made in the Executive Board versus it having been arranged prior to the Board's convening, with formal debates simply codifying already agreed decisions. In either case, Board discussions are more than merely cheap talk, containing meaningful information regarding the preferences of states and the processes of global governance.

financial institutions—the IMF, World Bank, and regional development banks—that have at their disposal a coercive toolkit of enforcement: they offer countries low-cost financial assistance in exchange for the implementation of far-ranging reforms (Mosley, Harrigan, and Toye 1995; Vreeland 2002, 2003). We first unpack what powerful states do to achieve their preferences within the main governing body of the IMF, where they are formally represented and where—notwithstanding elaborate formal voting rules—deliberation and consensus decision-making is the norm (Martinez-Diaz 2009).[4] These deliberations provide opportunities for member-states to express their preferences, and in turn influence organizational output.[5]

If preferences expressed in boardroom discussions are not merely cheap talk, they should reflect broader strategies and priorities of states. There is prima facie evidence that greater rhetorical attention by a given speaker is indicative of strategic prioritization. For example, as Appendix B demonstrates, France and the U.K. express greater preferences for market liberalization in francophone and anglophone Sub-Saharan African countries, respectively, consistent with the greater documented history of intervention for each in their former colonies (Stone 2004, 2008).

In the context of IMF lending operations, EB deliberations are forward-looking: boardroom discussions seek to shape the parameters of future conditionalities, as the loan agreement that is under current debate has already been negotiated by the IMF bureaucracy and is generally approved as is (Stone 2011). But relevant IMF staff (e.g., mission chiefs and senior officials) attend deliberations to answer questions and listen to Board members' remarks. This transmission of views and preferences from powerful states to the bureaucracy can, in turn, influence subsequent IMF operations in the country-under-discussion. For instance, EB members from the five major shareholders mentioned market liberalization vis-à-vis Tajikistan a total of 18 times in 1998; this possibly contributed to the 12 market-liberalizing reforms prescribed in the lending program in 1999. We therefore test the following hypothesis:[6]

> **H1**: Powerful member-states' preferences for market liberalization regarding a given IMF borrower are associated with a higher number of market-liberalizing reforms attached to this borrower's loan.

This conjecture carries an implicit assumption that powerful IMF member-states are reliably in favor of market liberalization over time. While this is consistent with scholarship on these topics (for example, France advocated global capital account liberalization even under social governments; Abdelal 2007), we also empirically scrutinize this assumption: do states alter their rhetoric on market liberalization in the IMF as and when governments change? As Appendix D shows, this does not appear

[4] Scholars of informal governance have argued that explaining organizational decisions or outcomes exclusively in terms of formal-legal treaty provisions is inadequate (e.g., Stone 2013). This has prompted a behavioral turn in the scholarship in international organizations, with attention shifting from the relatively static formal rules to actual, dynamic behavior within these organizations (Chwieroth 2013; Kleine 2013; Stone 2011). We share the view that organizational behavior ought to be understood by looking at the actions of those within the organization, and believe this augurs for examining formal—in addition to informal—governance practices.

[5] Of course, states may desire things they do not express in boardrooms: e.g., they may pursue some preferences through backroom deals or through informal attempts at persuasion, but generally these processes cannot be observed directly. Importantly, as scholars of informal governance emphasize, "[f]ormal rules … generally set the parameters within which informal interactions take place" (Stone 2013, 121). We examine this in a falsifiable manner: if IOs were exclusively governed behind-the-scenes, we would be unlikely to observe systematic patterns of preferences and preference satisfaction in their governing boards.

[6] In our pre-analysis plan, we established support for this hypothesis because it is used to validate our measure of preferences. In this document, we elaborate on the theoretical rationale and discuss the results in more detail.

to be the case, thereby lending further support to the proposition that high-income countries have consistent pro-market preferences vis-à-vis international economic relations in the period under study.

Subsequently, we hypothesize that the extent to which preferences are satisfied manifests in changes in dyadic aid. As described in Box 1, there is good prima facie evidence to suggest that states attempt to coordinate multilateral and bilateral strategy in a manner that makes such linkages possible.

Box 1. Coordination in practice: Germany

Germany—one of the largest IMF shareholders—has well-specified internal procedures in place to develop a unified position vis-à-vis every instance of IMF lending. The German Executive Director's office, composed of finance ministry and central bank appointees, transmits each proposed lending program back to home authorities. There, the central bank takes the lead in conducting the initial country analyses and writing up the first draft of the official statement that the Director will read during the board deliberations. This draft is subsequently transmitted to the finance ministry for an additional round of comments. Then, the statement is circulated to two other key ministries that may have opinions on the matter: the development ministry always comments on any loan agreement that pertains to its 'priority partner-countries,' and the foreign affairs ministry contributes to cases of politically-sensitive loans. This input is collected by the finance ministry and central bank teams, and incorporated into the statement, which is then finalized and transmitted back to the German Executive Director's office. This process—generally lasting approximately two weeks—communicates to all relevant stakeholders within the German public administration what is at stake and what is decided at the IMF; it also underpins the development of a unified view which then informs subsequent decisions that the administration takes. For example, depending on the nature of IMF prescriptions, Germany's development ministry often increases financial support for technical assistance activities that dovetail these IMF operations.

Source: Authors' interviews.

If we are correct that rhetorical attention marks a country as a strategic priority 'eligible' for conditional coordination (rather than, e.g., bilateral channels substituting for multilateral ones), the first and simplest test is whether the absence of multilateral attention results in no differential bilateral investment. We thus expect that:

> **H2:** If a powerful member-state does not express preferences in the debate on a lending program, dyadic aid to the country-under-discussion will not be statistically different from dyadic aid in years without IMF programs.

When preferences are achieved—that is, when IMF programs incorporate the types of reforms desired by the speaker—we expect to see an effect in increased bilateral aid flows. This requires different arms of national bureaucracies to exchange information and coordinate their activities. For example, if the IMF was to include market-liberalizing reforms in a lending program with the Central African Republic due to the intervention by U.S. representatives, bilateral rewards could only materialize if the Agency for International Development (USAID) was aware of these developments. We suggest this coordination happens through both institutionalized mechanisms, as described in Box 1 for the case of Germany, and informal channels. We expect that:

> **H3:** When a powerful member-state explicitly favors the introduction of market liberalizing reforms in the conditionality of an IMF borrower, dyadic aid to that country will increase if such conditions are incorporated in the lending program relative to if they are not.

However, influencing the design of lending programs according to states' preferences may not be enough if borrowing countries fail to implement those reforms. In case of the IMF, borrowers routinely fail to implement conditions attached to loans (Reinsberg, Stubbs, and Kentikelenis 2021). Non-compliance can be attributed to various factors—an unwillingness of the government, domestic constraints, or external shocks—and state representatives may differ in their assessment. Continuing the example above, the Central African Republic would need to address its weakness in public finance and governance to the satisfaction of the U.S., rather than the IMF as an institution, to reap additional bilateral rewards. The IMF staff can provide credible information on the conduct of programs, which are then commented on in Board meetings by powerful shareholders. We estimate powerful member-states' evaluation of a borrower's progress, expecting that:

> **H4:** If a powerful member-state's preferences regarding desired conditionality are satisfied, a positive evaluation of the implementation of conditions by a powerful member-state will increase dyadic aid to a country-under-discussion relative to when the powerful member-state criticizes implementation or does not make any references to implementation in boardroom discussions.[7]

3. Research design

3.1 A new data set on the behavior of IMF Executive Board members, conditionality, and dyadic aid

To derive indicators for preferences, preference satisfaction, and a country's view on implementation, we introduce a new dataset on IMF Executive Board debates. We collected all transcripts of the IMF's Executive Board between 1995 and 2015 (the latest year for which data were available due to access restrictions on transcripts of 5 years), yielding an adequate number of observations to be used in statistical analyses. The IMF's resident Executive Board (EB)[8] is responsible for everyday decision-making: it meets approximately three times per week and is composed of 24 state representatives, known as Executive Directors, who represent one or more member-governments. Countries with large voting shares have their own representative while remaining member-states form constituencies with a common representative.

We extracted all data on attendance and verbatim comments from the 3,111 developing-country-specific discussions with available transcripts. Each document identifies the topic(s) under discussion, which primarily related either to lending (e.g., initial approval or review of loans) or policy surveillance (e.g., Article IV consultations—periodic assessments of the state of a country's economy).[9] A single EB meeting often covers multiple agenda items, and each item's discussion transcript is clearly demarcated. An attendance sheet identifies all EB members present, including their rank (Executive

[7] As pre-registered, we also test whether a negative evaluation of implementation by a powerful member-state is associated with less dyadic aid. We report these results in Appendix H.

[8] The highest decision-making body is the Board of Governors, comprising finance ministers or central bankers from all member-states. The Governors meet biannually and are responsible for major decisions, like amending the founding treaty. The Governors have delegated extensive decision-making authorities over day-to-day operations to the EB.

[9] In many cases, discussions pertained to *both* lending and policy surveillance: for countries under an IMF program the two discussions were often combined into a single meeting, due to substantial thematic overlap. We deal with these cases by treating them as discussions on 'Lending programs'; we code the discussion topic as 'Article IV' only when a meeting is exclusively about policy surveillance. All remaining topics are coded as 'Other', including staff-monitored programs, discussions on membership, or reports by staff.

Director, Alternate Executive Director, or Temporary Alternate Executive Director).[10] The attendance sheet also reports who chaired the discussion (the Managing Director or one of their deputies), and which IMF staff or external invitees participated in a meeting. The verbatim transcript contains a mix of prepared statements and impromptu comments or questions; all individual comments were coded as distinct observations.

In our study, we focus on the behavior of the representatives of the five largest shareholders (G5) as per 1995: U.S. (17.8% of votes in 1995), Germany (5.6%), Japan (5.6%), France (5%), and U.K. (5%). We exclude Saudi Arabia, Russia, and China—the three other countries with direct representation in the EB—because availability of data on dyadic aid vis-à-vis developing countries in our time period is limited. We do not examine the behavior of constituencies representing multiple countries due to their different decision-making structures. Nonetheless, all EB members are included in the data set. Further, Executive Directors are not the only individuals speaking during EB discussions. The chairperson, IMF staff, or other invitees (e.g., World Bank staff) may also participate in debates;[11] we do not consider their behavior here, although their comments are also included in the dataset.

From these texts, we construct indicators for preferences, preference satisfaction, and implementation progress (see Section 3.2 below) to examine two dependent variables. First, to test whether preferences are associated with changes in organizational output (H1), we match these debates to data on IMF conditionality. Specifically, we calculate the total number of conditions pertaining to market liberalization, i.e., institutional reforms and privatization measures (Kentikelenis, Stubbs, and King 2016) as one dependent variable.

Second, we model dyadic aid between a powerful member-state and a given country-under-discussion to analyze economic linkages (H2-H4). Data on dyadic aid disbursements are from the Organization for Economic Co-operation and Development's (OECD) Aid Statistics database, which reports Official Development Assistance (ODA) from each donor to each recipient country in a specific year. We measure dyadic aid disbursement by taking the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments.[12] This variable is approximately normally distributed for each of the G5 as well as for the whole sample. Values range from -7.096 (or USD 1,206.7, Japan to Indonesia in 2015) to 9.576 (USD 14,418 million, U.S. to Iraq in 2004). The average annual net ODA from powerful member-states to the 132 developing countries in our sample—see Appendix A for a list of countries—is 1.923, with a standard deviation of 2.496. In alternative models, we also consider total commitments (log) as dependent variable.

[10] Between 1995 and 2003, the attendance list includes all speakers present for any discussion-item given a meeting. From 2004 until 2015, a separate attendance list for each discussion-item is available.

[11] The chairperson is the Managing Director or one of their Deputies; this role does not carry voting rights but endows the chair with wide abilities to steer the discussion or construct consensus among EB members. IMF staff also attend and participate in EB meetings to present their work (e.g., a proposed loan agreement) and answer questions by EB members. In this context, staff do not freely contribute to the debate, but rather clarify and defend their policy positions when asked by EB members.

[12] For each speaker-recipient-year, we apply $sign(x_i) \times log(abs(x_i))$ to net ODA (in millions of USD).

3.2 Measuring preferences, preference satisfaction, and implementation progress

Board members in IGOs can use formal discussions to articulate preferences on topics of substantive importance to them—similar to discussions in legislative chambers (Lowe et al. 2011) or deliberations by central bankers (Baerg and Lowe 2019; Bailey and Schonhardt-Bailey 2008). As articulated in our pre-analysis plan, we approximate these preferences by the terms included in the dictionary in Table 1, adapting a dictionary developed to study discourse on the Washington Consensus in the IMF (Kaya and Reay 2019). We believe these terms, collectively, capture the language of market liberalization, while being fine-grained enough to preserve differences between speakers.[13] Thus, to measure preferences, we count the number of times each speaker mentions any one of these terms per EB discussion, and aggregate the number by speaker-country.

Table 1. Dictionary for measuring preferences on market liberalization

Terms
structural reform(s), structural adjustment, property right(s), financial regulation, regulation of financ(e|ial), infrastructur(e|al), good governance, rule of law, legal reform(s), corruption, privati[sz]e, privati[sz]ation, privati[sz]ing; deregulate, deregulation

Notes: Extending Kaya and Reay (2019).

Our coding strategy relies on the assumption that speakers express preferences in favor of market liberalization, rather than expressing a desire for fewer market liberalizing reforms. This view is consistent with the literature on this topic (Chwieroth 2010; Dreher, Sturm, and Vreeland 2015) and it is warranted from our reading of hundreds of comments by the G5. We provide examples of market-liberalizing terms in context and additional information on our indicator for preferences in Appendix B.

For each powerful member-state i vis-à-vis a country-under-discussion j in year t, we also define a binary indicator of preferences for market liberalization, $BinaryPreferences$: It takes the value of 1 if at least one of the terms in Table 1 was mentioned in debates in a given year, and 0 for years in which no preferences for market liberalization were expressed in meetings on lending programs. The indicator is not defined for years without discussions on IMF lending programs.

Second, we develop an indicator of preference satisfaction capturing cases where a shareholder's preferences are reflected in conditionality. $PrefSatisfaction$ is defined for each powerful member-state i vis-à-vis a country-under-discussion j at year t.[14]

It is equal to 1 in cases where market-liberalizing conditions enter a lending program and a powerful member-state expressed preferences in the previous year; and 0 if no such conditions enter the lending program in year t. If a powerful member-state does not refer to market liberalization in a

[13] A possible extension of our work would disaggregate the terms by policy area, namely, institutional reforms and privatization measures, and investigate them separately.

[14] In the pre-analysis plan, we defined t as the time of a meeting (p. 10). As a result, preference satisfaction may rely on preferences expressed several years earlier if there are only few debates on lending programs. For example, preference satisfaction vis-à-vis Bangladesh in 2003 would depend on the comments made in the prior meeting, in 1998. To avoid this issue, we define t as the calendar year and therefore code all our indicators at the annual level—consistent with scholarship on IMF program evaluation (Copelovitch 2010; Dreher 2006).

year prior to a change of the lending conditions, $t-1$, the indicator for preference satisfaction at time t is not defined.

Our third indicator of state action in governing boards is a measure of how a powerful member-state evaluates the implementation of reforms by a country-under-discussion, i.e., a *de facto* measure of preference satisfaction. A positive sentiment on implementation may indicate that a speaker cares about the performance of a borrowing country in a lending program. Similar to our measure of preferences, we infer a speaker-country's view on implementation from the EB minutes. We do so by implementing a targeted sentiment analysis, which allows us to estimate the sentiment of the context in which a target word—'implementation; implement; non-implementation'—occurs. The context size corresponds to a word window before/after the target word, which we define as 25 words (before/after) because the average length of a sentence in our text corpus is 27.77 words.

In addition, we develop a dictionary of terms that capture positive and negative sentiment. To this end, we randomly picked 50 comments by the G5 that include our target words. Then, each of the authors coded the speaker's view on implementation as positive, neutral, or negative. At least two of the three coders agreed in 49 out of 50 cases; for one statement, each of the coders used a different label. Finally, we constructed a dictionary—displayed in Table 2—from the terms used by speakers which informed our hand-coded labels.

Table 2. Dictionary for measuring a speaker's implementation evaluation

Sentiment	*Terms*
Positive	appreciate; commendable; commend; commitment; congratulate; courageous; decisive action; determination; effort; encourage; favorable trend; helpful; impress; impressive; momentum; on track; pleased; pleasing; pleasure; positive effect; praise; proactive; progress; prudent; reassuring; satisfactory; skillful; strong effort; strong performance; strong program performance; substantial improvement; succeed; successful; thankfully; timely; welcome; work hard
Negative	a little faster; bad governance; concerned; concerns; delay; delayed; delays; difficulties; disappointed; disappointing; distressing; hardly seem capable; hindered; insufficient; mixed; need for significant improvement; not been satisfactory; not credibility; not fully delivered; not met; problems; regret; regrettable; slippage; slippages; unease; unfortunately; unsuccessful; will not be sufficient

Notes: We use the lemmatized version of these terms.

For the purposes of our analysis, we aggregate the sentiment of each powerful member-state i vis-à-vis a country-under-discussion j in a given year t in a binary indicator. The first (positive sentiment) takes the value of 1 if a powerful member-state mentions at least one of the positive terms of the dictionary in Table 2, but none of the negative terms; it is 0 otherwise.[15] This coding places greater weight on negative sentiment, which we consider appropriate for two reasons. First, certain deliberative practices are institutionalized. In 1946, the EB decided that the chair of meetings would identify the 'sense of the meeting' as an alternative to formal votes, which would be the basis for decision-making (IMF 2017). Decisions by state representatives are therefore formally reached by consensus—a common practice in international organizations (Martinez-Diaz 2009). Reflecting this

[15] As pre-registered, we also developed a second indicator for negative sentiment, which takes the value of 1 if a powerful member-state mentions at least one of the negative terms of the dictionary in Table 2; it is 0 otherwise. We present the results of this indicator in Appendix H.

consensus orientation, speakers treat each other with respect and express negative sentiment rarely explicitly. For example, speakers usually start their comment by thanking the authorities of the country-under-discussion for their efforts. Subsequently, they emphasize aspects of the lending program that merit further discussion in their view and potentially raise concerns about implementation, or other aspects of the program. Second, the greater weight on negative terms is warranted by our manual coding of comments (see Appendix C for examples).

3.3 Testing our hypotheses

In total, we specify four different models to test our hypotheses, summarized in Table 3 at the end of this section. First, we examine whether our (continuous) indicator of preferences is consequential for the design of IMF lending programs (H1). To this end, we fit the following Poisson model:[16]

$$\begin{aligned} Condition_{j,t+1} = \alpha + \beta_1 Preferences_{j,t} + \beta_2 PolIns_{j,t} + \beta_3 EconSignif_{j,t} \\ + \beta_4 PastIMF_{j,t} + \beta_5 EconFundamentals_{j,t} + FixedEffects + \varepsilon_{j,t} \end{aligned} \tag{1}$$

Our dependent variable, $Condition$, corresponds to the total number of conditions pertaining to market liberalization (i.e., institutional reforms and privatization measures) of country-under-discussion j in year $t+1$ (Kentikelenis, Stubbs, and King 2016), and α is the constant. Our explanatory variable of interest is the continuous indicator for $Preferences$ of the G5 member-states, i.e., the total count of the terms listed in the dictionary in Table 1 in any meeting on country-under-discussion j in year t. Since our dependent variable is the number of reforms mandated by the IMF, we infer $Preferences$ only from meetings on lending programs. To reflect the forward-looking function of the EB, and to protect against reverse causality, we lag $Preferences$ by one year with respect to the number of market-liberalizing reforms.

There are many well-established determinants of conditionality in the literature (see Steinwand and Stone 2008), and we seek to model these dynamics to ensure that $Preferences$ is not serving as a proxy for other conditions. To this end, we consider factors that affect the bargaining power of the IMF vis-à-vis borrowing countries. To approximate for political institutions, we include a variable for the democracy index because democracies tend to receive fewer conditions and may attract different preferences by the G5 (Stone 2008). Further, liberalizing reforms are costly to incumbents when implemented close to elections (Alesina et al. 2020; Rickard and Caraway 2014), which is why we include a dummy variable for upcoming elections (legislative or executive). In addition, systemically important countries, which we operationalize by total GDP (log) (IMF 2019), may be able to resist demands by the IMF due to potential spillover effects (Woods 2006). Moreover, a country's history with the IMF also affects the bargaining power of a borrowing government (Dreher, Marchesi, and Vreeland 2008; Marchesi and Sabani 2007). Thus, we include a count variable for the cumulative years with IMF programs since 1980 (Kentikelenis, Stubbs, and King 2016). Finally, per IMF mandate, economic fundamentals of borrowing countries likely impact the number of conditions. In the context of market liberalization, the ability and willingness of governments to formulate and implement policies or regulations facilitating private sector development is particularly relevant (Nelson 2017). We therefore control for the regulatory quality of the borrowing government (Kaufmann, Kraay, and Mastruzzi 2010). All these control variables are measured in year t. We estimate models with and

[16] Results from this (and all) models are reported in Section 4 below.

without year and country-under-discussion fixed effects. To correct for overdispersion, we estimate quasi-Poisson models.

Second, based on the indicators for preferences and preference satisfaction, we specify three different models to examine dyadic aid flows (H2-H4). Following the literature on the determinants of aid—which highlights that budget decisions are typically taken in the year prior to the actual aid disbursement (Dreher et al. 2018; Fuchs, Dreher, and Nunnenkamp 2014; Stubbs, Kentikelenis, and King 2016)—and the aid modalities of the G5 (see Appendix E), we evaluate the linkages between boardroom behavior and bilateral aid in $t + 1$.[17] Changes to dyadic aid do not only depend on the budget processes, but are also a function of the delivery mechanisms in use. For example, earmarked or project funding may be allocated for several years and subject to pre-defined conditions; decision makers may be reticent to cut annual appropriations to an ongoing activity even if they believe they would not have funded the startup of the same activity given changing circumstances. This means some but not all aid will likely respond to changing views of decision makers in externally observable ways.

Let i be the speaker or donor-country (one of the G5); j is the aid recipient country; t denotes a year. Throughout, our unit of analysis is therefore the speaker-recipient-year—e.g., France's preferences for market-liberalization vis-à-vis Ghana in 1997. We therefore estimate the following model:

$$\begin{aligned} Aid_{i,j,t+1} = \alpha + \beta_1 Treatment_{i,j,t} + \beta_2 UNSC_{i,j,t} + \beta_3 UNGA_{i,j,t} + \beta_4 GDPgrowth_{j,t} \\ + \beta_5 Democracy_{j,t} + FixedEffects + \varepsilon_{j,t} \end{aligned} \quad (2)$$

where Aid is the log of total net ODA (in millions of USD, at constant prices), as discussed above. $Treatment$ is a binary indicator defined according to our hypotheses:[18]

- **H2.** We compare observations in which a powerful member-state i expresses no preferences regarding market liberalization in the lending program of country j to the untreated years where that country has no IMF program.
- **H3.** We compare observations in which market-liberalizing reforms are included in year t to those in which they are not, restricting the sample to those speaker-recipient-years where preferences are expressed by a given speaker i about a given recipient-country j at $t - 1$.
- **H4.** We compare observations in which a speaker i views the quality of implementation by recipient-country j at t as positive to those years in which the speaker expressed a neutral or negative sentiment on implementation, restricting the sample to those speaker-recipient-years where preferences were satisfied at $t - 1$.

As articulated in our pre-analysis plan, control variables included in our models at time t (to protect against post-treatment bias) are UNSC membership (Dreher, Sturm, and Vreeland 2009) of recipient-country j; voting affinity in the United Nations General Assembly (UNGA) (Voeten 2012) between donor i and recipient-country j; GDP growth as measured by the growth of GDP per capita as

[17] As pre-registered, we also examined linkages between boardroom behavior and bilateral aid in $t + 2$. However, these regressions reflect the aid modalities of the G5 to a lesser extent, and are available from the authors upon request.
[18] In the pre-analysis plan (see p. 3 for the discussion, p. 17 for the estimation), H2 comparing no preferences with non-borrowing years is presented as hypothesis H1; H3 on preference satisfaction corresponds to hypothesis H2; and H4 on positive implementation evaluation is discussed as hypothesis H3a. We discuss hypothesis H3b from the PAP in Appendix H.

an annual percentage change (WDI 2020); and democracy as measured on a scale ranging from 0 (least democratic) to 10 (most democratic) from the Polity IV and Freedom House measures of democracy (Teorell et al. 2020). Recipients with higher economic growth (e.g., Hoeffler and Outram 2011; Stubbs, Kentikelenis, and King 2016) and levels of democracy (e.g., Alesina and Dollar 2000; Alesina and Weder 2002) should receive more aid, *ceteris paribus*. In addition, donor countries may deploy dyadic aid as a foreign policy tool for rewarding allies (or punishing adversaries) and countries of geopolitical importance. To approximate for these political motives, we include an indicator for temporary UNSC membership (Kuziemko and Werker 2006) and voting similarity between donor and recipient in the UNGA (Alesina and Dollar 2000; Dreher, Nunnenkamp, and Thiele 2011).

We include speaker fixed effects and recipient fixed effects. By including speaker fixed effects, we remove any variation due to time-invariant donor characteristics, e.g., differences in aid modalities (as long as they do not vary over time). By including recipient fixed effects, we remove variation due to time-invariant characteristics of the recipient country, such as colonial legacy or initial institutional endowments. We do not include dyad fixed effects in our primary analysis, which remove time-invariant confounders of the speaker and recipient country relationship. Inasmuch as dyadic aid vis-à-vis a given recipient country is the effect of changes in the overall aid portfolio of donor countries, aid within a dyad is less responsive to our explanatory variables of interest.[19] Throughout, we cluster standard errors at the dyad level.

As articulated in our pre-analysis plan, we do not include year fixed effects in our primary specifications because of the emerging methodological concerns regarding these specifications (Blackwell and Glynn 2018; De Chaisemartin and d'Haultfoeuille 2020; Imai and Kim 2021; Kropko and Kubinec 2020). The emerging consensus appears to be that the two-way fixed effect (2FE) model 'unhelpfully combines within-unit and cross-sectional variation in a way that produces un-interpretable answers' (Kropko and Kubinec 2020, 1) and 'in contrast to popular belief, the 2FE estimator does not represent a design-based, nonparametric estimation strategy for causal inference' (Imai and Kim 2021, 405). As such, and because we do not believe exogenous temporal shows are of first-order concern in this empirical setting, we opt here to not include time fixed effects, in light of the complexities they raise.[20]

[19] Donor fixed effects, included in our baseline models, absorb variation due to changes in the aid portfolio. By contrast, dyadic fixed effects may erroneously suggest that something about the dyadic relationship has changed when an examination of the data suggests this is unlikely the case. This is a deviation from our pre-analysis plan borne of a deeper understanding of the data. We discuss this data issue further in Appendix F and present results with dyad fixed effects in Table F1.

[20] Nonetheless, we show in Appendix G that our results are robust to the inclusion of year fixed effects.

Table 3. Model specifications for our hypotheses

Hypothesis	*Dependent variable*	*Independent variable*	*Definition of independent variable*	*Expected sign*	*Treatment and control group*
H1	Market-liberalizing conditions of country-under-discussion j in year t_1	Continuous measure of preferences expressed by the G5 vis-à-vis j at t_0	Indicator corresponds to the sum of terms from Table 1 mentioned by all G5 in any meeting on lending programs vis-à-vis country j in year t_0.	+	Continuous measure of preferences for market liberalization
H2	Dyadic aid of i vis-à-vis j in year t_1	No preferences expressed by i vis-à-vis j at t_0	Indicator is equal to 1 if recipient country j was discussed during year t but speaker i expressed no preferences for market liberalization; and 0 if there was no discussion on lending programs of country j.	null finding	No preferences vis-à-vis no IMF program
H3	Dyadic aid of i vis-à-vis j in year t_1	Preferences by i vis-à-vis j satisfied at t_0	Indicator is equal to 1 if a lending program of country j in year t does include market-liberalizing conditions and speaker i expressed preferences in the previous meeting; and 0 if the lending program does not include market-liberalizing conditions, given that i expressed preferences in the previous meeting.	+	Conditions vis-à-vis no conditions, conditional on having expressed preferences at t_{-1}
H4	Dyadic aid of i vis-à-vis j in year t_1	Positive implementation evaluation of i vis-à-vis j at t_0	Indicator is equal to 1 if the sentiment expressed by speaker i in any meeting in year t on lending programs of country j includes at least one positive but no negative terms; and 0 for any other sentiment, given that preferences were satisfied in the previous meeting.	+	Positive sentiment vis-à-vis other sentiment, conditional on preference satisfaction at t_{-1}

Notes: All models include control variables and fixed effects as discussed. H1 is estimated using a Poisson model corrected for overdispersion; H2-H4 are estimated using Ordinary Least Squares.

4. Results and robustness checks

In Table 4, we present the estimates for the first hypothesis which tests whether preferences expressed by the G5 in EB debates manifest in changes in conditionality, which is the underlying assumption for our subsequent analyses. The results support our conjecture: Beyond traditional explanations of conditionality—political, economic, and technocratic—the statements of state representatives during EB meetings also inform the IMF's policy output ($p<0.01$). The magnitude of the effect varies by specification. In Model 1, shifting from the first to the third quartile in total preferences (an increase by 11, from 4 to 15) is associated with an increase of 27.8% in market-liberalizing conditions, holding all other variables at the mean. This estimate drops slightly to 23.3% in the specification that absorbs shocks common to all countries, such as a global financial crisis (Model 2). In Model 3, which removes any variation due to time-invariant country characteristics, the shift from the first to the third quartile in preferences corresponds to 14.0% more market-liberalizing conditions. We specified our models with regard to the impact of preferences on conditionality; thus, we do not interpret the point estimates of the coefficients on the control variables (Keele, Stevenson, and Elwert 2020). Taken together, these results support our modeling decision to build indicators for preference satisfaction on the basis of preferences.

Table 4. State preferences and market-liberalizing reforms (H1)

	Dependent variable:		
	Market-liberalization conditions (+1)		
	(1)	(2)	(3)
H1. Preferences	0.025^{***}	0.021^{***}	0.012^{***}
	(0.006)	(0.005)	(0.003)
Elections	-0.127	-0.114	-0.162
	(0.125)	(0.115)	(0.101)
Democracy index	-0.082^{*}	-0.020	0.050
	(0.044)	(0.041)	(0.059)
Total GDP (log)	-0.063	-0.020	-1.804^{***}
	(0.065)	(0.062)	(0.462)
Past IMF programs	-0.063^{***}	-0.026^{*}	-0.099^{***}
	(0.014)	(0.014)	(0.027)
Regulatory quality	0.505^{**}	0.156	0.408
	(0.207)	(0.207)	(0.275)
Constant	2.533	1.139	42.292^{***}
	(1.617)	(1.497)	(10.979)
Country-under-discussion FEs	No	No	Yes
Year FEs	No	Yes	No
Observations	883	883	883

Notes: Preferences are the sum of the total count of terms from Table 1 mentioned by all G5 member-states in any meeting on lending programs vis-à-vis a given country-under-discussion. All variables are measured annually. Standard errors clustered at country-under-discussion. *p<0.10; **p<0.05; ***p<0.01

Next, we test our hypotheses on dyadic aid (H2-H4). In Table 5, we test H2—depicting the estimates from regressing dyadic aid on the binary variable which is equal to 1 if a powerful member-state does not express any preferences for market liberalization and 0 for country-years without any debates on IMF lending programs. Consistent with our argument, the point estimate is not significantly different from 0 at conventional thresholds of statistical significance. That is, dyadic aid to countries without IMF programs and to countries vis-à-vis which powerful member-states do not express preferences on market liberalization do not vary systematically. For example, France did not express any preferences for market liberalization in a review of a lending program for Mozambique in 2010. Our findings suggest dyadic aid in 2011, when the lending program was terminated, has not changed substantially. The baseline result, presented in Model 1, is robust to alternative specifications. As detailed in our pre-analysis plan, we examine the issue of outliers more closely. First, we exclude outliers on our dependent variable. For example, all powerful member-states increased total aid substantially in 2005, which is mostly driven by one country—aid vis-à-vis Iraq. In Model 2, we therefore restricted our analyses to speaker-recipient-years that lie between the 2.5% and 97.5% percentile in dyadic aid. Our results are not driven by those observations. Second, we address concerns that outliers in our treatment variables may be driving our findings. To this end, we drop any dyads that have less than five observations. As we show in Model 3, this does not affect our results.

Table 5. Preferences and dyadic aid (H2)

	Dependent variable:		
	Dyadic aid disbursement (t+1) (log)		
	(1)	(2)	(3)
H2. No preferences	-0.042	-0.060	-0.035
	(0.065)	(0.059)	(0.065)
UNSC membership	0.014	-0.015	0.025
	(0.108)	(0.089)	(0.108)
UNGA voting affinity	1.309*	1.077**	1.224*
	(0.679)	(0.439)	(0.667)
GDP growth	0.004	0.004	0.004
	(0.003)	(0.003)	(0.003)
Democracy index	0.140***	0.134***	0.142***
	(0.048)	(0.032)	(0.048)
Constant	3.788***	3.295***	3.839***
	(0.804)	(0.821)	(0.801)
Sample	Full	Excl. bottom/top 2.5%	Dyads with 5+ obs.
Speaker FEs	Yes	Yes	Yes
Recipient FEs	Yes	Yes	Yes
Year FEs	No	No	No
Observations	8,462	8,060	8,392
R^2	0.375	0.371	0.371
F Statistic	37.265***	34.835***	36.586***

Notes: Dyadic aid disbursement refers to the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments. Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

In Table 6, we present the results of the hypothesis on preference satisfaction vis-à-vis the content of conditionality (H3). Contrary to our expectations, preference satisfaction in terms of the design of lending programs—i.e., the inclusion of market-liberalizing conditionality—is not significantly related to an increase in dyadic aid (Model 1). Again, the coefficient remains substantively the same when examining the two subsets of the data excluding outliers on dyadic aid (Model 2) and dyads with little data on our treatment variable (Model 3).

Table 6. Preference satisfaction and dyadic aid (H3)

	Dependent variable:		
	Dyadic aid disbursement (t+1) (log)		
	(1)	(2)	(3)
H3. Preference satisfaction	-0.044	-0.066	-0.072
	(0.063)	(0.059)	(0.065)
UNSC membership	-0.116	-0.178	-0.077
	(0.147)	(0.131)	(0.150)
UNGA voting affinity	0.052	0.500	0.383
	(0.643)	(0.587)	(0.681)
GDP growth	0.007	0.008	0.014*
	(0.007)	(0.006)	(0.007)
Democracy index	0.015	-0.007	-0.006
	(0.043)	(0.033)	(0.040)
Constant	5.752***	4.863***	5.909***
	(0.658)	(0.797)	(0.627)
Sample	Full	Excl. bottom/top 2.5%	Dyads with 5+ obs.
Speaker FEs	Yes	Yes	Yes
Recipient FEs	Yes	Yes	Yes
Year FEs	No	No	No
Observations	2,709	2,586	2,258
R^2	0.412	0.401	0.372
F Statistic	17.367***	15.997***	16.806***

Notes: Dyadic aid disbursement refers to the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments. Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

Finally, we evaluate the hypothesis on the implementation-based measure of preference satisfaction (H4). As depicted in Table 7, we find that when state representatives from the G5 evaluate the efforts of a country-under-discussion to implement policy reforms favorably (given the inclusion of market-liberalizing reforms in a lending program and previously expressed preferences), dyadic aid increases by approximately 33.5% (p<0.05), holding all else constant (Model 1). In our sample, the mean net ODA of the U.S. vis-à-vis a developing country was approximately USD 106 million per year. Put differently, if the representative of the United States evaluates a borrowing country positively, the borrowing country could expect, on average, expect to receive USD 35.5 million in additional aid; our estimates are therefore substantively quite meaningful, representing 5% of an average LDC's aid budget and 0.05% of the median LDC's annual tax revenue. As before, these results are robust to excluding outliers (Models 2 and 3). As articulated in our pre-analysis plan, we also recode the treatment-control comparison for this hypothesis. In Model 4, we contrast observations with positive sentiment vis-à-vis neutral sentiment. Defining the neutral sentiment as control group (rather than 'any other sentiment') better reflects the micro-process of linkages we theorize; however, this change reduces our number of observations by about a third. Nonetheless, we still find support for H4; in fact, the magnitude of the point estimate of the coefficient has increased.

Table 7. Implementation and dyadic aid (H4)

	Dependent variable:			
	Dyadic aid disbursement (t+1) (log)			
	(1)	(2)	(3)	(4)
H4. Positive sentiment	0.289**	0.238**	0.293***	
	(0.118)	(0.102)	(0.112)	
H4. Positive vs. neutral sentiment				0.350**
				(0.137)
UNSC membership	-0.197	-0.260	0.252	-0.429
	(0.235)	(0.235)	(0.190)	(0.319)
UNGA voting affinity	0.968	0.954	1.095	0.743
	(1.125)	(0.999)	(1.847)	(1.205)
GDP growth	0.024	0.006	-0.017	0.033
	(0.015)	(0.013)	(0.019)	(0.025)
Democracy index	0.057	-0.012	0.167**	0.075
	(0.075)	(0.071)	(0.081)	(0.105)
Constant	4.710***	4.190***	0.136	0.834
	(0.969)	(1.293)	(1.785)	(1.417)
Sample	Full	Excl. bottom/top 2.5%	Dyads with 5+ obs.	Full
Speaker FEs	Yes	Yes	Yes	Yes
Recipient FEs	Yes	Yes	Yes	Yes
Year FEs	No	No	No	No
Observations	815	782	382	488
R^2	0.431	0.408	0.503	0.521
F Statistic	7.473***	6.474***	11.439***	6.174***

Notes: Dyadic aid disbursement refers to the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments. Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

Taken together, these results provide mixed support for our hypotheses. We find that the preferences for market liberalization expressed by the IMF's five most powerful member-states are associated with subsequent changes in the design of lending programs. In addition, consistent with our argument, the donor countries do not differentiate between countries not discussed in the EB and those where powerful member-states do not express any preferences in meetings. Contrary to our expectations, however, countries are not rewarded for entering IMF programs, only their performance in those programs.

In Appendix G, we present additional alternative specifications following our pre-analysis plan. First, we show that our results remain the substantively the same when including year fixed effects (G1), although we discussed above that we believe this inclusion is inappropriate to estimate the causal effects of our treatment variables. In addition, we show that our findings pertain to net ODA disbursements, rather than aid commitments (G2). We believe this is because aid disbursements are more responsive to changes of the circumstances of borrowing countries—including external shocks, financial support from the IMF, or implementation of certain policy reforms.

5. Concluding discussion

We find that powerful states' bilateral behavior responds to IMF programs—but only when those programs include reforms advocated by these powerful states and borrowing countries implement them. Our results suggest that powerful states do more than simply reward other states for their votes at international organizations; bilateral-multilateral linkages also facilitate the pursuit of longer-term goals. This pursuit involves a two-way flow of information—powerful states condition their bilateral strategies on information regarding IMF program implementation they gain from staff. But these states also transmit information *to* the IMF regarding their preferences.

We demonstrate how five major shareholders of the IMF use interlinked multilateral and bilateral strategies regarding developmental goals, but our argument plausibly extends to other states and policy areas. In the IMF and the World Bank, rising powers—most notably, China and India—may find it even more difficult to achieve preference satisfaction because of their inferior voting power and influence. Yet, these countries have responded by creating new international financial institutions. Both the New Development Bank and the China-led Asian Infrastructure Investment Bank may thus offer these states opportunities to pursue interlinked multilateral and bilateral strategies to achieve their normative preferences in the international system, and we encourage future research in that direction.

We also provide an account of the micro-foundations of powerful states' actions in global governance drawing on a rich and underutilized source of data: the minutes of formal deliberations in international organizations. In doing so we demonstrate that formal deliberations within international organizations have meaningful content: Our estimates suggest states act *as if* participation in formal EB deliberations is substantively meaningful. Given our focus on five major shareholders and inter-agency coordination, we inferred the preferences of powerful member-states as revealed by speech. However, that is not to say that the EB is only a place where member-states express their preferences, rather than engage in more sophisticated strategies, including persuasion and coalition-building. We believe this is an area ripe for further research.

In addition, our findings challenge a strand of scholarship in international political economy that posits IMF lending has a 'catalytic effect' on aid—that is, that the approval of an IMF loan will prompt bilateral aid agencies to increase funding allocations because they value the IMF's 'stamp of approval' (cf. Bird and Rowlands 2002; Stubbs, Kentikelenis, and King 2016). Our results imply that aid agencies of powerful donor countries do not scale up aid simply because they trust the wisdom of an autonomously designed IMF lending program. Instead, state representatives at the IMF actively work to ensure that IMF programs contain the types of reforms that they consider compatible to their normative preferences. Rather than donor countries simply taking cues *from* the IMF, they additionally transmit signals *to* the IMF. If those preferences are successfully integrated in program conditionality and if borrowing countries actually implement these conditions, only then are developing countries rewarded with more aid.

Finally, we demonstrate the merits of applying quantitative text analysis to the study of international organizations. Using dictionaries and targeted sentiment analysis, we infer states' preferences for market liberalization and their evaluation of borrowing countries' efforts to implement IMF conditions. In so doing, we show how to combine domain expertise—based on our reading of hundreds of IMF debates and secondary literature—with computational methods to infer theoretically meaningful constructs from text (Grimmer, Roberts, and Stewart 2022). This methodological approach allows a great many applications beyond those developed in this manuscript. On the level of individual debates, it could—for example—facilitate understanding of whether the sentiment expressed by a given speaker appears to influence the sentiment of others (e.g., by comparing within-speaker differences of developing countries before and after comments of powerful member-states). On a between-states level, our data allows us to observe dyadic relations between countries (like the extent to which France focuses on Cote d'Ivoire relative to Nigeria) and how these change over time. In contrast to the oft-used data on UN voting affinity (Voeten 2012), deconstructing formal IGO governance bodies' behavior allows scholars to examine not only the existence of alliances, but also the strength and context of dyadic inter-state relationships and how they vary both within and across dyads over time.

There is variation in whether powerful states' preferences are reflected in IMF programs, and this is plausibly true in other international bodies as well; disproportionate power does not necessarily translate into universal preference satisfaction. In our context, aid allocation increases—presumably in the interest of recipient countries—require the incorporation of powerful members' preferences into IMF programs and their successful implementation. Thus, where powerful states are unable to have their own interests incorporated in multilateral fora, this may under some conditions be to the *disadvantage* of weaker states. At the margin, the powerful achieving more of what they want in multilateral fora can benefit the less powerful as well; this suggests novel bases for international cooperation which are ripe for further scholarly exploration. This line of research promises to advance our understanding of how states make, or impede, progress towards addressing contemporary global issues, including the recovery to the Covid-19 pandemic or the climate crisis. If bilateral support by powerful member-states is conditional on their preference satisfaction in multilateral settings, we need to examine state action in international organizations in more detail.

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Appendix

A. Sample of developing countries

Table A1. Sample of developing countries

Afghanistan	Dominica	Libya	Senegal
Albania	Dominican Republic	Madagascar	Serbia
Algeria	Ecuador	Malawi	Seychelles
Angola	Egypt	Malaysia	Sierra Leone
Argentina	El Salvador	Maldives	Solomon Islands
Armenia	Eritrea	Mali	Somalia
Azerbaijan	Eswatini	Marshall Islands	South Africa
Bangladesh	Ethiopia	Mauritania	Sri Lanka
Belarus	Fiji	Mauritius	St. Kitts and Nevis
Belize	Gabon	Mexico	St. Lucia
Benin	Gambia	Micronesia, Federated States	St. Vincent & the Grenadines
Bhutan	Georgia	Moldova	Sudan
Bolivia	Ghana	Mongolia	Syrian Arab Republic
Bosnia and Herzegovina	Grenada	Montenegro	Tajikistan
Botswana	Guatemala	Morocco	Tanzania
Brazil	Guinea	Mozambique	Thailand
Burkina Faso	Guinea-Bissau	Myanmar	Timor-Leste
Burundi	Guyana	Namibia	Togo
Cabo Verde	Haiti	Nepal	Tonga
Cambodia	Honduras	Nicaragua	Tunisia
Cameroon	India	Niger	Turkey
Central African Republic	Indonesia	Nigeria	Turkmenistan
Chad	Iran, Islamic Rep.	North Macedonia	Tuvalu
Chile	Iraq	Pakistan	Uganda
Colombia	Jamaica	Palau	Ukraine
Comoros	Kazakhstan	Panama	Uruguay
Congo, Dem. Rep.	Kenya	Papua New Guinea	Uzbekistan
Congo, Rep.	Kiribati	Paraguay	Vanuatu
Costa Rica	Kyrgyz Republic	Peru	Venezuela
Cote d'Ivoire	Lao PDR	Philippines	Vietnam
Croatia	Lebanon	Rwanda	Yemen
Cuba	Lesotho	Samoa	Zambia
Djibouti	Liberia	Sao Tome and Principe	Zimbabwe

B. Validating our measure of preferences

As discussed in Section 3.2, our dictionary approach to measuring preferences assumes that powerful member-states express preferences in favor of market liberalization, rather than against it. In Table B1, we list examples of these comments, illustrating that this assumption is warranted.

Table B1. Market-liberalizing terms in context: Examples from the IMF Executive Board

Keyword	*Meeting*	*Speaker*	*Comment*
privatization	Uganda, 21/04/1995	U.S.	In particular, the restructuring and **privatization** of the Uganda Commercial Bank should be completed and the bad loan problems of other banks tackled forthwith. We are quite encouraged to see that the Government has met the modest **privatization** commitments in the program, and has indeed made additional institutional changes to speed up this effort. I hope that a more ambitious and quantified **privatization** program can be incorporated in the second year of the program.
privatization	Namibia, 24/03/2006	Germany	Moreover, we encourage the authorities to reconsider subsidies to public enterprises, to **privatize** parastatals and to allow foreign investor participation.
privatization deregulate	Iran, 10/03/2006	U.K.	There is much that the authorities can do to improve the investment climate, and here we agree with staff advice in the areas of macroeconomic policy and structural reform, including **privatization** and **deregulation**.
structural reform	Indonesia, 09/07/1997	Japan	In addition to the aforementioned fiscal and monetary policies, the importance of governance issues and **structural reform** cannot be overemphasized.
structural adjustment	Montenegro, 11/05/2012	France	On the fiscal side, accelerating shortfalls in revenues and unexpected expenditures associated to guarantees for the metals sector, have contributed to the rapid escalation in public debt and exhausted the country's fiscal buffers. Fiscal consolidation is therefore required, and we welcome the fact that, as reported in Mr. Snel and Ms. Martinis's buff statement, the authorities are planning further fiscal adjustments in 2012. Like staff, we nonetheless see scope for further **structural adjustments**.

To validate this measure of preferences, we examine a) the correlation of preferences amongst the G5 countries; b) the correlation with dyadic trade, a more traditional measure of economic preferences; and c) examine the preferences of France and the U.K. vis-à-vis francophone and anglophone Sub-Saharan African countries. In Table B2, we present the correlation matrix of preferences on the subset of discussions on lending programs. By construction, and consistent with earlier studies (Chwieroth 2010; Dreher, Sturm, and Vreeland 2015), we do not allow for preferences *against* market liberalization; if a country attends a meeting without expressing any preferences or does not attend a meeting at all, the indicator is set to zero. As a result, the correlation coefficients can only take values between 0 and 1. Against this background, we interpret the observed correlation amongst the G5 as relatively low and suggest our indicator of preferences reveals meaningful variation among speakers. Debate does occur, and the EB meetings are unlikely to simply reflect the endorsement of a pre-made collective decision (in which case we would expect the G5 to agree with each other, i.e., the correlation coefficients to be considerably higher).

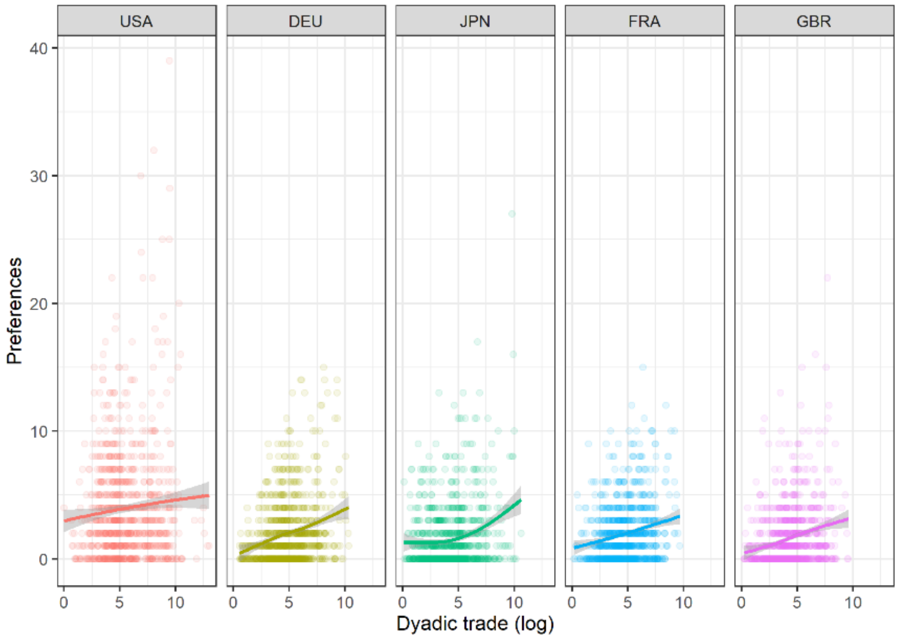
Table B2. Correlation matrix: Preferences for market liberalization amongst the G5

	USA	DEU	JPN	FRA	GBR
USA	1				
DEU	0.296	1			
JPN	0.276	0.209	1		
FRA	0.285	0.219	0.180	1	
GBR	0.323	0.243	0.182	0.172	1

Notes: Preferences are the total count of terms from Table 1 mentioned by a given speaker-country in a meeting on lending programs (total of meetings = 1,676). The unit of analysis is therefore the speaker-meeting.

Further, our indicator should be related to economic interests of countries. Consequently, we plot dyadic trade (Barbieri and Keshk 2016)—a conventional measure of economic interests—against our indicators for preferences in Figure B1. To do so, we sum preferences for each speaker-country across all meetings for a country-under-discussion in a given year. As depicted, there is a weakly positive correlation for all G5 countries. Across all countries, the correlation between preferences for market liberalization and dyadic trade is 0.249.

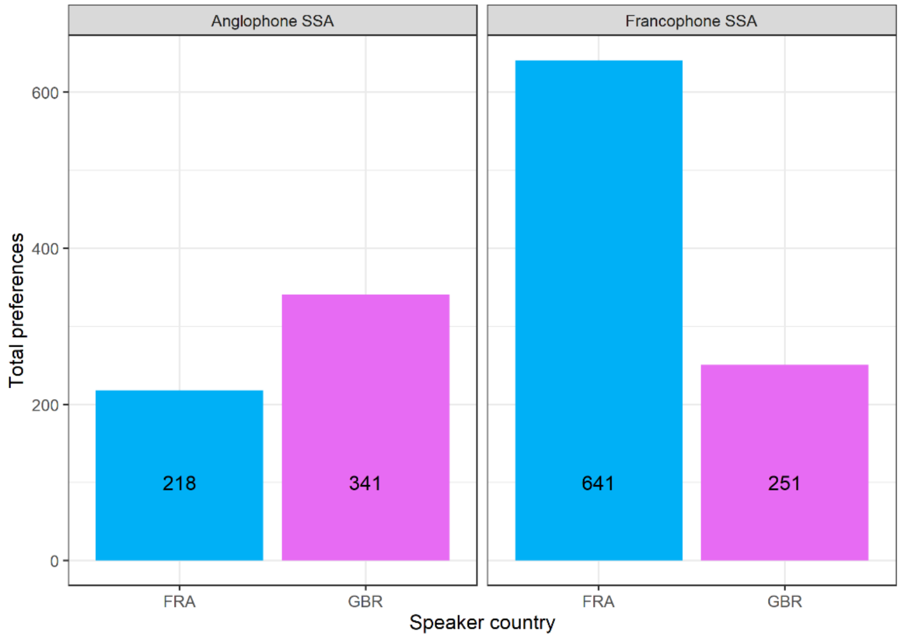
Figure B1. Preferences and dyadic trade



Notes: Preferences are the total count of terms from Table 1 mentioned by a given speaker-country per year from all meetings on lending programs (total of meetings = 1,676) given a country-under-discussion. The unit of analysis is therefore the speaker-country-year.

Finally, earlier research has suggested that major IMF shareholders are more likely to actively engage in debates over countries with shared historical, political, and economic links. For example, in an African context, Stone argues "France and Britain intervened on behalf of some of their former colonies with which they maintained close political ties" (Stone 2004, 2008, 528). While Stone's argument primarily refers to behind-the-scenes informal involvement, we examined whether these shareholders' preferences also manifested in formal deliberations over Sub-Saharan African countries. Utilizing the linguistic characteristics and organization in the EB as a proxy for ties to former colonizers, Figure B2 shows that French directors expressed preferences for market liberalization only 218 times vis-à-vis Anglophone Sub-Saharan African countries, in stark contrast to the 641 times vis-à-vis Francophone Sub-Saharan African countries. Conversely, the U.K. intervened 341 times in Anglophone countries, much greater than its engagement with Francophone Sub-Saharan African countries. In short, our indicators for preferences are consistent with what we know about the shared historical ties in Sub-Saharan African member-states.

Figure B2. Preferences in Anglophone and Francophone Sub-Saharan Africa



Notes: Preferences are the total count of terms from Table 1 mentioned by France and the U.K. in any meeting on lending programs with Anglophone and Francophone African countries. As organized in multi-country constituencies in the EB, Anglophone Africa includes Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, Zimbabwe; Francophone Africa includes Benin, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Dem. Rep., Congo, Rep., Cote d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Sao Tome and Principe, Senegal, Togo.

C. Examples of progress evaluation

Table C1. Evaluation of implementation: Examples from the IMF Executive Board

Meeting	*Positive count*	*Negative count*	*Manual label*	*Comment*
Georgia, 10/10/1997	3	0	Positive	The Georgian authorities are to be highly commended for their strong commitment to reform and the bold **implementation** of the measures agreed under the program. The significant progress with respect to stabilization and structural reforms demonstrates what is possible in a limited time period. Georgia insofar should provide an example for those countries who are struggling with a less ambitious agenda over longer periods.
Uruguay, 05/10/2001	2	0	Positive	Like Mr. Beauregard, this chair believes a more lasting way to increase competitiveness is through structural reforms. We note that **implementation** of the structural reform program appears to be gaining momentum and welcome the focus on increasing transparency in the operations of the state-owned enterprises.
Tanzania, 28/07/2003	6	0	Positive	The authorities are to be commended for their skillful and prudent **implementation** of monetary policy. Currently, liquidity is adequate, but the authorities need to watch the liquidity level and be prepared to mop up excess liquidity as this would result in undesirable fluctuations in inflation or the exchange rate. We are concerned about the expected economic effects of HIV/AIDS estimated to reach 15 percent of GDP by 2010. This could well jeopardize the authorities' poverty reduction strategy. The authorities should expedite their efforts to implement policies to tackle this issue, and foreign assistance should be used effectively in this regard.
Venezuela, 12/07/1996	0	1	Negative	Finally, given the doubts which have been expressed on the balance of payments need, I would expect that this question will be reviewed carefully when considering the requested follow-up Extended Arrangement. The success of this program depends crucially on its full **implementation**. The reoccurrence of arrears in so far is definitely disappointing. I hope the summing-up will provide a strong message in this regard.
Senegal, 12/07/1999	1	2	Negative	Second, as for the **implementation** of the common external tariff at the regional level, I would like to underscore that all impediments will have to be removed without delay, in particular by eliminating the precisions tarifaires. In this regard, I am somewhat disappointed that the reform of the value added tax, including the introduction of a single rate, has been postponed until July2000. Indeed, this reform is an important element of the efforts that are made to compensate for customs revenue losses. This delay could fragilize the **implementation** process of the common external tariff.
Albania, 13/07/2001	2	3	Negative	First, structural reform could be undertaken a little faster. The delays in structural benchmark **implementation** are regrettable, particularly for the bankruptcy law. Second, the statistics are still in need for significant improvement and we encourage the authorities to continue their efforts in this area.
Honduras, 28/03/2005	0	2	Negative	However, we would like to underline a set of measures that altogether will substantially contribute to materialize the potential gains offered by trade openness: as underlined by many other chairs, greater exchange rate flexibility is desirable, since it would enhance Honduras' capacity to absorb adverse external shocks; the dollarization of the economy is also a source of vulnerability, which should be reduced by a strict **implementation** of the banking reform program. In this respect, we regret that one condition for reaching the completion point was not met, namely the application of Basel Core Principles and urge the authorities to make every effort to fully comply with them.
Egypt, 11/10/1996	0	0	Neutral	We would agree with the staff on the importance of steady **implementation**, particularly given the interrelationships between many of the measures. Planned trade liberalization measures, for example, which chip away at the very high trade barriers that currently exist, are critical to ensuring that privatization efforts result in more dynamic, competitive firms — not increased rents for protected companies.

Turkey, 13/10/1999	0	0	Neutral	The credibility of the disinflation program will depend critically on the strength of fiscal adjustment, which will presumably be rather substantial in order to meet the ambitious inflation target. This means that fiscal **implementation** for the rest of ’99 must remain solid in order to set the stage for the magnitude of adjustment needed going forward.

D. Preferences for market liberalization and government change

We argue that the preferences expressed by powerful member-states in the IMF pertain to long-term preferences about development models in borrowing countries. As such, these preferences for market liberalization are largely isolated from domestic politics, such as the ideology of the governing party. One observable implication of this assumption is that government changes in the G5 should not be associated with substantial changes in the positions expressed in the IMF.

In Table D1, we demonstrate that this is the case by presenting estimates from Poisson regressions that predict preferences for market liberalization expressed in the IMF by the five major shareholders considered—the U.S., Germany, Japan, France, and the U.K.—as a function of the governing parties' market orientation as expressed in their party manifesto (Volkens et al. 2021), the number of meetings (per year in Models 1-2, per country-year in Models 3-4), and the economic openness (Gygli, Haelg, and Sturm 2018) of the country-under-discussion (Models 3-4). Consistent with our reading of these preferences as pertaining to the long-term priorities of states in foreign policy, we find that the market orientation of the governing party has a negligible effect.

Table D1. Preferences for market liberalization in the IMF and domestic politics

	Dependent variable: Preferences for market liberalization			
	Mean	Total	Continuous	Binary
	(1)	(2)	(3)	(4)
Gov. party: Market orient.	-0.003	-0.0001	0.010*	0.007*
	(0.022)	(0.021)	(0.006)	(0.004)
Total meetings	0.011**	0.020***		
	(0.004)	(0.003)		
Country meetings			0.451***	0.204***
			(0.019)	(0.014)
Economic globalization			-0.015***	-0.0001
			(0.004)	(0.002)
Constant	-0.152	2.911***	0.150	-0.583***
	(0.320)	(0.264)	(0.161)	(0.134)
Speaker FEs	Yes	Yes	Yes	Yes
Recipient FEs	-	-	Yes	Yes
Observations	105	105	4,895	4,895

Notes: The dependent variable refers to the mean (1) and total (2) preferences per speaker-year; and the continuous (3) or binary (4) preferences per speaker-recipient-year as per dictionary presented in Table 1. Standard errors clustered at the speaker level (1 + 2) and speaker-recipient dyad (3 + 4). Market orientation is approximated by data from the Manifesto Project: Favorable mentions of free market economy, economic orthodoxy, internationalism, and negative mentions of protectionism, subtracting the favorable mentions of protectionism, market regulation, controlled economy, nationalization, and negative mentions of internationalism. p<0.10; **p<0.05; ***p<0.01

E. Aid modalities of the G5

In Table E1, we present the modalities of foreign aid for each of the G5 countries, which informed our decision to model dyadic aid at $t + 1$.

Table E1. Aid modalities of the G5

Country	*Responsible agency*	*Fiscal year*	*Budget*	*Budget process*
U.S.	U.S. Agency for International Development (USAID)	Oct-Sept	annual	U.S. Congress appropriates the funds annually through the budget process, which begins 12 to 14 months prior to the start of a fiscal year.
Germany	Federal Ministry for Economic Cooperation and Development (BMZ)	Jan-Dec	annual	The Federal Ministry of Finance develops caps for the federal budget and individual ministerial budgets in February/March of a typical year, before the Federal Ministry for Economic Cooperation and Development (BMZ) plans its bilateral spending and multilateral funding by June. Parliament usually debates the budget between September and November.
Japan	Ministry of Foreign Affairs and Japan International Cooperation Agency (JICA)	Apr-Mar	annual	The Ministry of Foreign Affairs typically prepares the budget from April to August for the upcoming fiscal year. Subsequently, the Ministry of Finance assesses the budget request and Cabinet makes its final decision in December and January.
France	Ministry of Foreign Affairs	Jan-Dec	annual, subject to 3-year budget lines	The Ministry of Foreign Affairs determines the main ODA budget lines between June and September every year, although they are subject to the three-year general budgetary guidelines from the Prime Minister. From October to December, the Parliament debates, amends, and votes on the budget bill.
U.K.	Department for International Development (DFID)	Apr-Mar	annual, subject to 3-5 year plans	The budget process usually begins with the Comprehensive Spending Review (CSR), which sets medium-term expenditure limits for government departments for the following three to five years and is led by the Treasury. After the Chancellor presents the yearly budget to the parliament in October/November, it is debated and adopted. The budget proposals do not include detailed budget lines for individual departments; thus, they ‘do not have a significant impact on ODA-related funding or policy decisions.’

Notes: All data are from the country profiles from Donor Tracker (https://donortracker.org/countries).

F. Dyad fixed effects

In our baseline specifications linking board action to dyadic aid (H2-H4), we use speaker and recipient fixed effects. As articulated in our pre-analysis plan, however, we also evaluate our hypotheses with dyadic fixed effects. In these models, we are effectively asking whether, within a dyad, the indicators for preferences, preference satisfaction, and sentiment matter for dyadic aid. As displayed in Table F1, we find mixed support for our hypotheses. First, G5 countries increase dyadic aid vis-à-vis countries under IMF programs, even if the powerful member-states do not express preferences for market liberalization, relative to when a given country is not borrowing from the IMF (Model 1). This is inconsistent with H2, but could reflect the different characteristics of a country in borrowing and non-borrowing years, and the potentially catalytic role of IMF programs (Vadlamannati 2019). Put differently, it appears that—within a dyad—a donor may increase dyadic aid due to the presence of an IMF program itself and irrespective of the design. Second, as with the monad fixed effects specification, the point estimate of the coefficient on preference satisfaction (Model 2) is statistically insignificant. Third, similar to our baseline model, we find that the G5 increase dyadic aid vis-à-vis a country given a positive evaluation of implementation (Model 3), although the point estimate on the coefficient of sentiment is only weakly significant (p<0.10).

Table F1. Dyadic fixed effects (H2-H4)

	Dependent variable:		
	Dyadic aid disbursement (t+1) (log)		
	(1)	(2)	(3)
H2. No preferences	0.174***		
	(0.057)		
H3. Preference satisfaction		-0.045	
		(0.057)	
H4. Positive sentiment			0.126*
			(0.069)
UNSC membership	0.070	-0.004	-0.028
	(0.105)	(0.122)	(0.164)
UNGA voting affinity	0.030	-0.427	-0.529
	(0.256)	(0.404)	(0.629)
GDP growth	0.003	0.010	0.015
	(0.003)	(0.006)	(0.010)
Democracy index	0.158***	0.025	0.096*
	(0.047)	(0.041)	(0.058)
Constant	4.900***	6.163***	5.980***
	(0.218)	(0.336)	(0.519)
Sample	Full	Full	Full
Speaker FEs	No	No	No
Recipient FEs	No	No	No
Speaker-recipient FEs	Yes	Yes	Yes
Year FEs	No	No	No
Observations	8,462	2,709	815
R^2	0.670	0.758	0.832
F Statistic	25.174***	15.470***	9.701***

Notes: Dyadic aid disbursement refers to the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments. Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

Taken together, these results suggest that within a dyad, the behavior of powerful member-states may have slightly different consequences. One explanation could be that total net ODA for all powerful member-states vis-à-vis the 132 developing countries is much more volatile than country-specific dyadic aid. As a result, state action in governing bodies of international organizations is only one piece to understanding aid flows. For example, the smaller magnitude of the estimate of the coefficient on the positive sentiment supports this interpretation. Indeed, this is exactly what we are arguing: due to economic linkages, the IMF is only one of many global governance fora, although arguably a very important one. Alternatively, the results from these specifications may differ because of insufficient variation in the dyads whereas our baseline results use the full sample of developing countries as potential control and treatment groups.

G. Alternative specifications

Table G1. Dyadic net ODA + year fixed effects (H2-H4)

	Dependent variable:		
	Dyadic aid disbursement (t+1) (log)		
	(1)	(2)	(3)
H2. No preferences	-0.026		
	(0.065)		
H3. Preference satisfaction		0.011	
		(0.073)	
H4. Positive sentiment			0.267**
			(0.119)
UNSC membership	0.019	-0.141	-0.159
	(0.109)	(0.148)	(0.257)
UNGA voting affinity	1.659**	0.144	0.929
	(0.794)	(0.809)	(1.282)
GDP growth	0.004	0.006	0.027*
	(0.003)	(0.007)	(0.017)
Democracy index	0.130***	-0.021	0.115
	(0.048)	(0.051)	(0.101)
Constant	3.568***	5.307***	4.476***
	(0.856)	(0.792)	(1.141)
Sample	Full	Full	Full
Speaker FEs	Yes	Yes	Yes
Recipient FEs	Yes	Yes	Yes
Year FEs	Yes	Yes	Yes
Observations	8,462	2,709	815
R^2	0.376	0.418	0.443
F Statistic	32.789***	15.125***	6.241***

Notes: Dyadic aid disbursement refers to the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments. Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

Table G2. Dyadic aid commitments (H2-H4)

	Dependent variable:		
	Dyadic aid commitments (t+1) (log)		
	(1)	(2)	(3)
H2. No preferences	-0.119**		
	(0.057)		
H3. Preference satisfaction		0.003	
		(0.057)	
H4. Positive sentiment			0.081
			(0.107)
UNSC membership	-0.047	-0.060	0.159
	(0.066)	(0.121)	(0.172)
UNGA voting affinity	1.356**	-0.183	-0.127
	(0.566)	(0.542)	(0.911)
GDP growth	0.006**	0.006	0.010
	(0.003)	(0.007)	(0.014)
Democracy index	0.137***	-0.009	0.031
	(0.027)	(0.031)	(0.065)
Constant	3.766***	6.105***	5.939***
	(0.771)	(0.626)	(0.897)
Sample	Full	Full	Full
Speaker FEs	Yes	Yes	Yes
Recipient FEs	Yes	Yes	Yes
Year FEs	No	No	No
Observations	8,316	2,670	790
R^2	0.534	0.502	0.494
F Statistic	69.947***	24.569***	9.425***

Notes: Dyadic aid commitments refers to the log of total commitments (in millions of USD, at constant prices). Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

H. Negative implementation evaluation

As hypothesized and pre-registered, we also report baseline results for the association between a powerful member-states' negative evaluation of implementation and dyadic aid. Following H4, we expected powerful member-states, given preference satisfaction (inclusion of desired conditionality), to *decrease* dyadic aid to a country-under-discussion if they negatively evaluate the implementation of conditions relative to when the powerful member-state does not make references to implementation in boardroom discussions or makes positive statements regarding the implementation of conditions. The results are displayed in Table H1.

Table H1. Negative sentiment and dyadic aid

	Dependent variable:			
	Dyadic aid disbursement (t+1) (log)			
	(1)	(2)	(3)	(4)
Negative sentiment	-0.053	-0.053	-0.012	
	(0.133)	(0.117)	(0.128)	
Negative vs. neutral sentiment				0.185
				(0.166)
UNSC membership	-0.171	-0.239	0.275	-0.326
	(0.224)	(0.229)	(0.182)	(0.343)
UNGA voting affinity	0.897	0.880	1.052	0.949
	(1.112)	(0.981)	(1.824)	(1.599)
GDP growth	0.023	0.005	-0.019	0.033
	(0.015)	(0.013)	(0.019)	(0.021)
Democracy index	0.068	-0.001	0.175**	0.108
	(0.074)	(0.071)	(0.077)	(0.107)
Constant	4.822***	4.304***	0.232	4.266***
	(0.953)	(1.294)	(1.719)	(1.260)
Sample	Full	Excl. bottom/top 2.5%	Dyads with 5+ obs.	Full
Speaker FEs	Yes	Yes	Yes	Yes
Recipient FEs	Yes	Yes	Yes	Yes
Year FEs	No	No	No	No
Observations	815	782	382	534
R^2	0.428	0.404	0.499	0.438
F Statistic	7.366***	6.391***	11.247***	5.080***

Notes: Dyadic aid disbursement refers to the log of total net ODA (in millions of USD, at constant prices), which includes grants, soft loans, and the provision of technical assistance, after subtracting repayments. Standard errors clustered at the speaker-recipient dyad. *p<0.10; **p<0.05; ***p<0.01

Accordingly, powerful member-states do not seem to reduce dyadic aid when borrowing countries fail to implement conditions. One explanation is that countries are already 'punished' within the IMF when loan disbursements are put on hold as a consequence of program interruptions. Given the superior influence of the G5 in the IMF, they may therefore address concerns of non-compliance within the Fund, rather than modify their dyadic aid in parallel.

I. Data extract

Obs. ID	Meeting ID	Comment	Speaker	Country	Position	Order	Prepared
127603	AGO_20091123_EBM-09-116_2_T1	EBS/09/171 and Correction 1, and Supplement 1, and Supplement 1, Correction 1, and Supplement 2	Documents	Documents	Documents	0	NA
127604	AGO_20091123_EBM-09-116_2_T1	Mr. Majoro submitted the following statement: Introduction On behalf of my Angolan authorities, I want to thank management for the constructive engagement and support, and appreciate staff's collaboration, and policy dialogue that is based on a shared understanding of the difficult challenges facing Angola. They, therefore, remain confident that the impacts of the external shocks that have dampened economic growth and worsened the fiscal and balance of payments positions will be reversed in the medium-term as appropriate measures are implemented and the external environment improves. To meet the short-term balance of payments needs, Angola is requesting a Stand-By Arrangement (SBA). …	Majoro, Moeketsi	Lesotho	AED	1	1
…							
127606	AGO_20091123_EBM-09-116_2_T1	Mr. Sadun and Mr. Cardoso submitted the following statement: We thank staff for the very comprehensive report, which clearly presents the country's short and medium-term challenges. We also thank Mr. Majoro for the helpful and	Sadun, Arrigo	Italy	ED	3	1

		insightful buff statement. We broadly concur with the thrust of the staff’s analysis, and we offer the following comments. After a strong and prolonged phase of economic expansion, the global economic crisis, and the sudden drop in prices of Angola’s main export commodities, turned external and fiscal surpluses into deficits and depleted external reserves. The program rightly addresses the causes of the macroeconomic imbalances and focuses on some important structural reforms aimed at enhancing competitiveness and private sector growth — the pillars of the development of a non-oil economy. …					
127607	AGO_20091123_EBM-09-116_2_T1	Mr. Rutayisire submitted the following statement: We thank staff for a well-written set of papers and Mr. Majoro for his insightful buff statement. After a long period of growth supported by a favorable external environment, Angola's economy is expected to contract in 2009 following a series of terms of trade shocks, which given the high dependence of the economy on natural resources, significantly affected economic activity and led to large macroeconomic imbalances. In particular, the sudden reversal in the international oil prices and the OPEC cut in oil production quota resulted in a significant deterioration of the fiscal and external positions. Noteworthy are the facts that international reserves declined by one third in the first half of 2009, as the authorities strived to stabilize the exchange rate and to mitigate the impact of the shocks on the economy. …	Rutayisire, Laurean W.	Rwanda	ED	4	1
…	AGO_20091123_EBM-09-116_2_T1						

127647	AGO_20091123_EBM-09-116_2_T1	The Executive Board took the following decision, with one abstention from Mr. Heath (UA): Angola — Request for Stand-By Arrangement 1. Angola has requested a Stand-By Arrangement in an amount equivalent to SDR 858.9 million for a period of 27 months from the date of this decision. 2. The Fund approves the Stand-By Arrangement for Angola as set forth in EBS/09/171 and decides that purchases may be made under the arrangement, on the condition that the information that Angola has provided on the implementation of the prior action, set forth in Table 2 of the Memorandum attached to the Letter from the Minister of Finance of Angola and the Minister of Economy of Angola, dated November 3, 2009, is accurate. (EBS/09/171, 11/6/09) Decision No. 14459-(09/l 16), adopted November 23, 2009	Decision	Decision	Decision	999	NA
127648	AGO_20091123_EBM-09-116_2_T1	NA	Merhi, Mira	Egypt	TAED	NA	NA
127649	AGO_20091123_EBM-09-116_2_T1	NA	Kartikoyono, Dicky	Indonesia	TAAED	NA	NA