

# **Shifting Priorities in Bilateral Aid? Evidence from Top Donor Behavior Between the 1990s and 2010s**

Eru Ishikawa

July 2025

Independent Research Project, Keio University

Supervisor: Hiroyuki Yamada

## **Executive Summary**

This paper examines how bilateral aid patterns among top donor countries have evolved between the 1990s and 2010s. Through Tobit regressions specific to donors and decades, the study analyzes aid allocated by seven key donors: the United States, Japan, France, Germany, the United Kingdom, the Netherlands, and Sweden. Consistent with existing literature, results reveal a preference towards smaller countries while also showing significant shifts in donor motivations. Across top donors, while trade ties and economic interests were more prominent determinants in the 1990s, the 2010s saw an increased emphasis on recipient freedom levels, particularly from France, the UK, and Japan.

Donor-specific analysis reveals diverging strategies: the UK and France notably shifted towards more structured, criteria-based allocation, whereas the US moved away from systematic determinants altogether in the 2010s, raising questions about the influence of the War on Terror on aid decisions. Japan maintained its criteria-based approach across both decades, strongly prioritizing smaller countries, former colonies, and geographically proximate regions, with some weight on need-based determinants in the 2010s. Furthermore, the paper examines the role of freedom and governance by comparing Civil Liberties scores with World Governance Indicators. The findings reveal that while freedom-related indicators significantly affect aid flows, showing a stronger aversion to less-free governments, the corruption index yields contrasting results, with less corrupt donors allocating more aid to similarly less corrupt recipients. Overall, freedom and corruption metrics capture distinct patterns and should not be used interchangeably in analyses of aid allocation. These results collectively underscore the evolving, complex motivations driving foreign aid allocation among top donors.