

Development co-operation by European regions: Introducing the subnational donor governance dataset

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Summary

Motivation: Interest in the international development co-operation activities of subnational governments like Catalonia, Flanders, and Scotland has grown in recent years. Beyond these well-known cases, however, we currently lack systematic evidence on the scope of the phenomenon.

Purpose: This paper introduces a new dataset of 195 European regions to provide systematic information on which regions engage in international development co-operation. The dataset includes information on institutional structures and governance modalities, aid motivations, aid modalities, and aid policies.

Methods and approach: To demonstrate the utility of our dataset, we provide descriptive insights into the phenomenon of subnational development co-operation while at the same time discussion questions for future research that can be addressed with the help of the dataset.

Findings: We find that subnational development co-operation extends far beyond some well-cited cases, given that around 70 regions have some institutional structure for development co-operation. With relatively small budgets, regional aid delivery primarily relies on NGOs and supports a variety of purposes in the sustainable

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development agenda, including human rights, environmental affairs, fair trade, sustainable consumption, and development education at home.

Policy implications: Being the first of its kind, the dataset advances our understanding of subnational governments as autonomous providers of development aid and their potential role in helping advance the Sustainable Development Goals in the multi-level global development governance architecture.

Keywords: European Union, foreign aid, paradiplomacy, subnational development co-operation

1 INTRODUCTION

1. Introduction

Official Development Assistance (ODA) has long been considered the prerogative of nation-states (OECD, 2005). This is reflected in a vast amount of literature examining the determinants of aid allocation of national governments (Bermeo, 2017; Clist, 2011; Neumayer, 2005; Szent-Iványi, 2012; Younas, 2008). Recent literature has extended the scope of such analyses from Western donors to emerging donors, specifically China (Brazys & Vadlamannati, 2020; Dreher et al., 2018; Guillon & Mathonnat, 2020; Knutsen & Kotsadam, 2020), following the rebalancing of power at a global level (Güven, 2018; Hopewell, 2019; Reisen, 2015; Vestergaard & Wade, 2015). The expected reputational gains of joining the club of donors are among the primary motivations for emerging powers to become foreign aid donors (Gulrajani & Swiss, 2019).

A much-neglected group of actors in the international development architecture are subnational governments. In many federal countries, regional governments have come to challenge the foreign policymaking monopoly of nation-states in a range of issue areas, including international development co-operation. According to some estimates, subnational governments provide at least USD 2 billion in foreign aid annually in over 147 countries and through nearly a thousand projects (OECD, 2021a). More important than aid volumes—which admittedly remain relatively small in proportion to the USD 160 billion that national governments provide as bilateral aid (OECD, 2021a)—is the distinct approach to development co-operation that subnational governments purport to support. Subnational aid often involves small-scale local interventions that hold promise for greater involvement of local communities in project implementation.¹ In addition, subnational governments—facing few competing foreign policy imperatives—purport to be a more credible advocate of aid effectiveness than their national counterparts. By mounting a bottom-

¹ For example, in its current development strategy, the Scottish development minister contends “we are also better able to take advantage of informal networks and opportunities for collaboration... this enables collective action and a partnership approach” (Scottish Government, 2020, p. 4).

up challenge to dominant models of aid allocation, subnational governments could be a key driver of ‘doing development differently’ (Honig & Gulrajani, 2018).

While a distinct line of research on ‘paradiplomacy’ has discussed the foreign aid activities of subnational actors (Keating, 2015; Pérez, 2018; Royles, 2017), our current understanding of the phenomenon is limited. This is because previous studies have not collected systematic data but rather focused on qualitative discussions of well-known cases of subnational aid like Catalonia, Flanders, Québec, and Scotland (Alexander, 2014; Lecours & Moreno, 2003; Royles, 2017). The overall relevance of subnational development co-operation therefore remains unknown. In addition, we have relatively limited knowledge about the key features of subnational development co-operation, including organizational models, aid motivations, aid modalities, and aid allocations to specific countries and specific purposes.

The main purpose of this article is to introduce a new systematic dataset on subnational donor governments. The dataset includes 195 politically relevant European regions from 23 quasi-federal states. We prefer this terminology because states with political relevant administrative regions include federal states (like Belgium), quasi-federations (like the United Kingdom), and unitary states with regions with devolved powers (like Italy). We exclude five small states without administrative regions. We deploy this dataset to obtain a systematic overview of the extent to which regions engage in development co-operation and—if so—which forms such co-operation takes and on which principles it is based. We uncover that the phenomenon of subnational development co-operation goes far beyond few well-cited cases, with over 70 regions being engaged in international development co-operation, under various aid governance models. Given relatively small aid budgets, regional aid delivery primarily relies on NGOs and is given for a variety of purposes in the sustainable development agenda, including human rights, environmental affairs, fair trade, sustainable consumption, and development education, and to recipient countries around the world.

Our article offers two contributions to the foreign aid literature. First, by introducing subnational actors as a relevant actor for development policy, we extend the scope of aid allocation literature, which aims to infer motivations for aid giving, yet typically for donor countries (Alesina & Dollar, 2000; Hoeffler & Outram, 2011; Younas, 2008). Second, by collecting systematic data on the foreign aid activities of subnational governments, we expand our empirical understanding of subnational development co-operation—beyond a limited set of in-depth case studies (Alexander, 2014; Lecours & Moreno, 2003; Royles, 2017)—to inform subsequent theoretical work.

We proceed as follows. Section 2 summarizes the literature on development co-operation with a focus on subnational actors. Section 3 introduces our new dataset. Section 4 provides new descriptive insights on subnational development co-

operation. Section 5 provides a first application using the data. Section 6 concludes by laying out areas for future research.

2 DEVELOPMENT CO-OPERATION BY SUBNATIONAL ACTORS

Subnational actors such as regional governments in quasi-federal countries have come to challenge the monopoly of foreign policymaking of nation-states. Subnational governments have intensified transnational diplomatic relations and undertaken autonomous policies in several issue areas of foreign policy, including climate change, economic co-operation, transnational regulation, and foreign aid (Keating, 1999; Kuznetsov, 2014; Schiavon, 2018; Slaughter, 2004). These activities are also known as ‘paradiplomacy’ (Lecours & Moreno, 2003).

The defining feature of paradiplomacy is that subnational governments are not merely implementers of federal-level policies (Sarraute, 2008), but actors in their own right who devise their *own* policies, regardless of federal policies in the same issue area. This presupposes some prior transfer of constitutional powers and political authority from the federal level to the subnational level (Rondinelli, 2006).

A particularly salient field of paradiplomacy is international development co-operation, typically involving transfer of foreign aid to less developed countries. Long considered to be the responsibility of national governments, international development co-operation is an area into which some regional governments have ventured (Cornago, 2010; Keating, 1999; OECD, 2005). The rise of subnational development co-operation has become possible by ‘enablers’ outside development, such as a trend toward federalism as well as the establishment of supranational institutions that provide subnational actors with a platform for advancing their political interests (Lecours & Moreno, 2003; OECD, 2005; Royles, 2017). In addition, the rise of subnational development co-operation has been facilitated by changing norms in development policy. In particular, the Sustainable Development Goals (SDGs) explicitly recognize the role of actors beyond donor countries in the promotion of development, such as sub-state actors, non-governmental organizations, and private actors (Janus, Klingebiel, & Paulo, 2015; Koehler, 2015; Mawdsley, 2012). Under the SDGs, new forms of governance partnerships have formed, often involving decentralized co-operation and transnational exchanges with minimal involvement of nation-states (Hafteck, 2003; Happaerts, Van den Brande, & Bruyninckx, 2010; Reinsberg & Westerwinter, 2019).² By appealing to the SDGs, policy entrepreneurs at the subnational level can thereby advance legitimate claims to participate as equals in global development promotion efforts (Royles, 2017).³

² In the field of municipal development policy, companies owned by municipalities are important contributors (Wingens, Marschall, & Dick, 2021). State-owned enterprises defy the clear-cut distinction between state actors and private actors.

³ Keating (2015) notes a strong sense of promoting human rights and environmental issues in Flanders, Basques, and Catalonia. Coincidentally, these regions also have highly internationalized administrations. The number of people working in international

Reflecting changes toward a more permissive environment, subnational development co-operation has taken root a few decades ago. Well-known cases of regions with established subnational development co-operation programs are Bavaria, Catalonia, Flanders, Québec, Scotland, Wales, and Wallonia (Alexander, 2014; Cornago, 2010; Keating, 1999; Royles, 2017)—to name but a few. Through case studies, paradiplomacy scholarship has furthered our understanding of the specific circumstances that led these regions to become foreign aid donors.

Alexander (2014) traces the origins of Scottish development co-operation, which was launched in the wake of UK devolution and since then has considerably expanded. For the Scottish authorities, aid has been a tool to collaborate with international actors on political priorities, like the SDGs, without being member to international organizations like the United Nations (UN). The Scottish case demonstrates how foreign aid can provide governments with authority and prestige due to their conformity with prevailing norms in the international system (Alexander, 2014, p. 73).

Royles (2017) examines the development policies of Wales in a comparative analysis of four policy areas. In contrast to other policy areas such as trade, development co-operation has been considered an exclusive competency of the UK government, with no devolved powers for the Welsh government. However, the impetus for engaging with development came with the growing prominence of development norms at the global level. In its 2004-07 policy strategy, the Welsh government committed itself to “working with NGOs in the development sector to identify a positive contribution to the MDGs” (Royles, 2017, p. 402). This was reiterated in 2007-11 when the “Wales for Africa” initiative was launched, wherein the Welsh government partnered with the UN Development Program (UNDP) to undertake projects in local communities. The SDGs have further strengthened the position of Wales as an autonomous foreign aid actor (Royles, 2017, p. 403).

Cornago (2010) provides an insightful comparative analysis of the development co-operation of the Spanish autonomous regions. Their aid flows are important in the Spanish context, given that they collectively are almost as high as the national aid budget (Cornago, 2010). Many autonomous regions created their own development agencies following the devolution process about 35 years ago. For example, the Catalan Agency for Development co-operation employs over 50 staff members, occupies offices in Barcelona and in the field, and manages about USD 110 million, which it mainly channels through NGOs (55%), direct bilateral co-operation (30%), and other channels (15%). Other Spanish regions with administrative structures for aid are Andalusia, the Basque Community, and to some extent also Aragon, Galicia, and Valencia (Cornago, 2010).

affairs are 53 in Catalonia, 94 in Flanders, 30 in Bavaria, 37 in the Basque Community, and 360 in Québec (Crikemans, 2009; author communication).

Beyond case studies, our knowledge about the scope of subnational development co-operation is limited. The OECD/DAC Secretariat prepared a first report on the issue in 2005 and allows for tracking subnational aid flows since then through the Creditor Reporting System (CRS). In 2005, subnational aid was significant in Belgium, Germany, and Spain, but less important in other OECD/DAC countries.⁴ Eleven OECD/DAC member states did not report any activity at all. Total subnational aid from municipalities, provinces, and regions stood at USD 800 million in 2002 and USD 1.2 billion in 2003. Subnational aid grew further in the subsequent period afterwards. In 2015, total subnational aid stood at USD 2 billion. Subnational aid on average accounts for less than 2% of national ODA, but this share varies considerably across donor countries—from about 1% in Austria to up to 30% in Spain. Subnational aid reaches all world regions, but in a manner different from bilateral aid. Interventions are smaller, focus on social sectors, and are delivered through a mix of local actors including universities, non-governmental organizations, and foreign governments (OECD, 2021).

While subnational aid may be small in terms of amounts, it may have important ramifications for the evolution of development norms. This is because regional donors differ from their national counterparts in several respects, with potential implications for development policy. First, most regions have embraced the internationally agreed aid target, including Flanders, Québec, and Scotland (Keating, 2015), and others like the Basque Community boast to already be meeting the 0.7% ODA-to-GNI target.⁵ This contrasts with many large national donors like Germany, Japan, and the United States which have traditionally stayed below the target. Second, subnational donors may be better positioned to fulfil donor obligations such as promoting ownership by supporting small-scale development interventions involving local communities. Third, subnational governments may be less constrained in their pursuit of aid effectiveness because their development policies are less imbued by geostrategic imperatives.

Given the promise that subnational development co-operation holds for the aid effectiveness agenda, it is important to understand how widespread the phenomenon is and how regions govern development co-operation. However, the rise of subnational donors has been neglected by the voluminous literature on the allocation of foreign aid. Most studies have examined how donor countries—conceived as unitary actors—allocate aid budgets to different causes and among different recipients (Alesina & Dollar, 2000; Hoeffler & Outram, 2011; Younas, 2008). We will now introduce our new dataset to address these gaps.

⁴ As a reminder, the basis for this assessment in the reviewed literature here includes the resources that those regions mobilize independently of the central government.

⁵ https://www.fdfa.be/sites/default/files/atoms/files/ODA%20report%202018_EN_web.pdf (accessed 20 August 2021) is an example from Flanders of how regions commit to the 0.7% ODA/GNI target.

3 INTRODUCING THE SUBNATIONAL DONOR GOVERNANCE DATASET

In this article, we introduce the ‘Subnational donor governance dataset’—to our knowledge the first systematic dataset of its kind. In this dataset, we cover 195 politically relevant European subnational governments from 23 quasi-federal states in the EU-28 (excluding Estonia, Latvia, Lithuania, Luxembourg, and Malta as the five small states without administrative regions). Politically relevant are those regions that are members in the Committee of the Regions—an EU advisory body with elected representatives from sub-federal entities.⁶ In most EU countries, the political relevant regions are the NUTS-1 regions. In some others, these are the NUTS-2 regions.

Our dataset is a cross-sectional snapshot.⁷ To construct our dataset on regional aid governance, we mainly draw on information published on the official websites of those regions. This allows for an objective cross-regional assessment of foreign aid activities.⁸ Where we could not find information on official websites, we tried to triangulate the relevant information from other sources. We coded absence of aid activities where we were sufficiently certain that the region indeed had no aid activities. We are confident that this coding approach does not introduce substantial bias because a low-capacity region that is unable to sustain an informative website will likely not have a foreign aid program. To ensure the reliability, validity, and reproducibility of our data, we have double-coded all regions. While both a senior researcher and a research assistant concurred on most categorical variables, there were slight differences in the numerical counts of number of staff, number of aid programs, and informational depth of the website. Where the different counts could not be resolved in a final round of coding, we have consistently opted for the higher number. A codebook for all variables is available in the supplemental appendix.

To the best of our knowledge, our dataset is the first comprehensive dataset on the organizational structures, administrative capacities, aid motivations, aid modalities, and aid priorities of European subnational governments. Through its focus on aid governance, it complements the existing OECD/DAC Creditor Reporting System (CRS), which focuses on aid allocations. The CRS has the most accurate data on aid disbursements for reporting regions. However, it suffers from several shortcomings. It only includes information on five distinct regions (Flanders, German-speaking community in Belgium, Wallonia, Scotland, Wales). Consistent information on other

⁶ <https://cor.europa.eu/en/members/Pages/default.aspx> (accessed 1 December 2019). Previous scholarship has identified the Committee of the Regions as potential lever of influence although actual influence differs considerably (Lecours, 2003; Loughlin & Seiler, 1999; Tatham, 2015). We currently collect no systematic data on cities, though they could be included as additional providers of subnational aid below the regional tier (Hafteck, 2003).

⁷ All information pertaining to aid governance is based on the cutoff date 1 December 2019 and thus includes the UK regions. As detailed further below, other covariates may be from earlier years, depending on data availability. Using the NUTS classification for EU regions, we find that the layout of the regions has stayed similar over time.

⁸ Where we refer to foreign aid, we stick to the concept of Official Development Assistance (ODA). Although the concept of Total Official Support for Sustainable Development (TOSSD) is gaining ground, it is too broad for our purposes as it also includes non-grant funding flows and private finance mobilized by official interventions (OECD, 2021). Our choice is appropriate given our desire to not inflate the estimates of official funding that is mobilized independently by regional actors.

regions is only available in semi-aggregated form. This applies to the German, Italian, and Spanish regions, to name but a few. Their aid flows are not reported individually but only collectively by country. With reporting quality being uneven, pertinent analysis of subnational aid flows is not (yet) possible. Nonetheless, the CRS is useful for tracing aggregate regional aid trends over time.

4 SUBNATIONAL DEVELOPMENT CO-OPERATION IN EUROPE

We now utilize our dataset to study patterns of subnational development co-operation across 195 European regions. The inquiry will cover the following questions: How many regions are engaged in international development co-operation? How many regions have developed capacities for international development co-operation and how is decision-making authority on development policy allocated within regional governments? How large are the aid budgets of regional donors? What are the official motivations for development co-operation? What are the principal aid modalities and which purposes does aid support? While our data help address some of these questions, we outline critical knowledge gaps to be addressed by future research.

How widespread is subnational development co-operation?

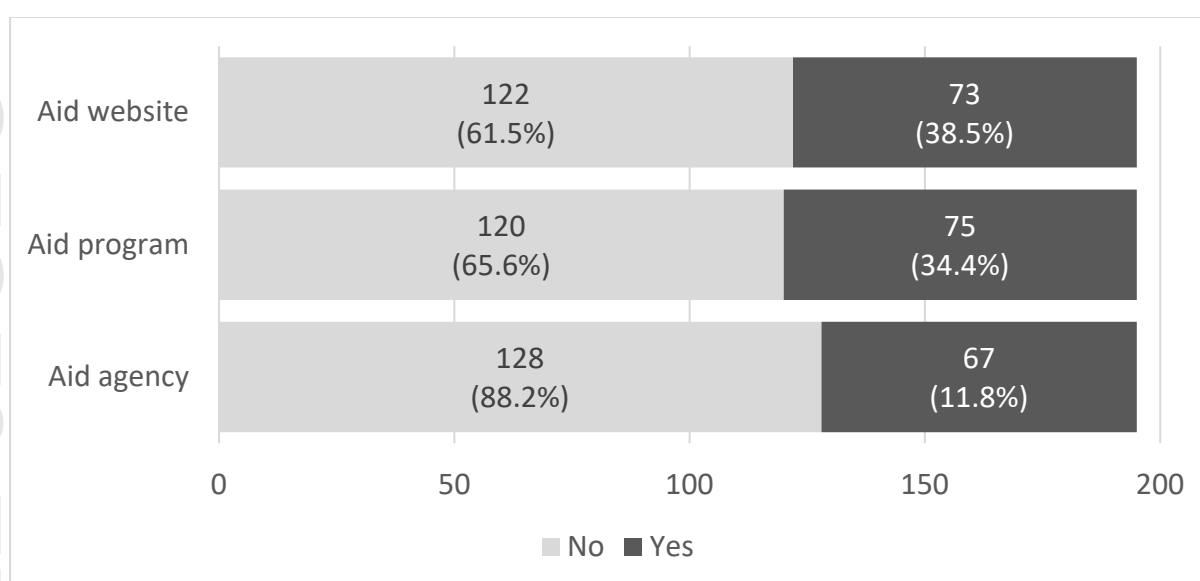
Our dataset includes several indicators to measure the scope of international development co-operation activity across European regions. In line with our data collection approach, we gauge whether a region has a dedicated AID WEBSITE to inform the public about its development co-operation.⁹ We further track whether a region has any foreign AID PROGRAMS (but does not necessarily report on them through a designated aid website).¹⁰ Finally, through the variable AID AGENCY, we capture whether regions have institutionalized their engagement in international development co-operation. We understand the term “aid agency” broadly, referring to any institutional capacity for managing aid. This can be a unit within the regional government—often under the authority of the Europe and International Affairs division—but may sometimes be a fully operational agency, with relatively higher autonomy.

Using these three indicators, we find consistent evidence that about seventy regions engage in international development co-operation (Figure 1). Even though this means that most of the European regions are unengaged, this finding is remarkable as it uncovers that the scope of the phenomenon is much greater than the few well-rehearsed cases of regional donors would suggest.

⁹ Further analysis on the subset of those regions with a dedicated ODA website shows that 23 regions also make their website available in English. The amount of information covered on websites differs significantly across regions. Our indicator of informational depth is the number of unique pages on ODA topics linking from the main website. While the median depth is about four subpages, the distribution ranges from one page (17 regions) to 30 pages (ODA website of Catalonia).

¹⁰ A small number of regions undertake ODA activities while lacking a dedicated website. These cases would show up in the aid program variable, given that we found ODA activities through search engines or news archives from the region.

Figure 1: The scope of subnational development co-operation

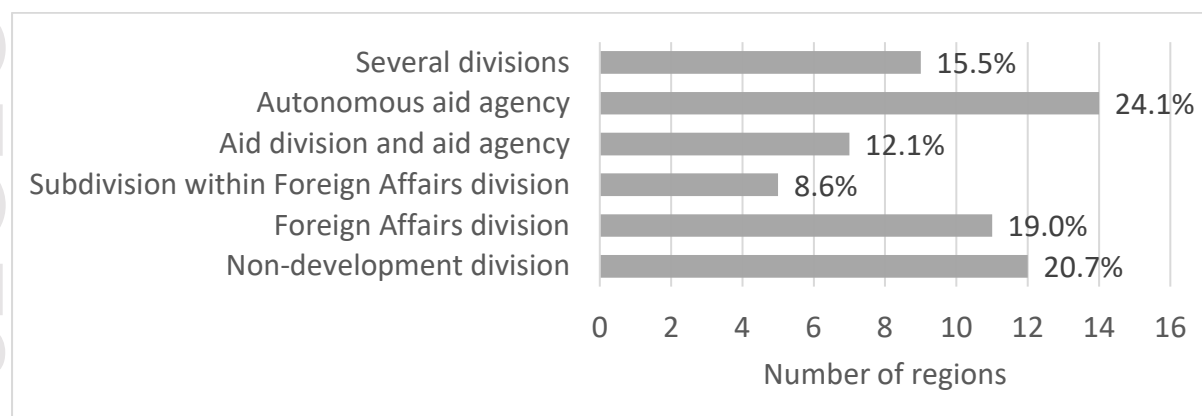


How is subnational development governed?

For regions with development co-operation activities, we can further establish how they distribute decision-making authority on development policy within the regional government. Our coding protocol aligns with previous work at the national level which distinguishes five distinct aid governance models and which we apply to the subnational context (Chang, Fell, and Laird 2000). Aid governance models vary in the degree to which they recognize international development co-operation as an independent policy field and the level of autonomy given to aid agencies. In the first model, development co-operation is fully integrated within the foreign affairs division of the regional government. The second model features a development co-operation sub-division within the foreign affairs division. In the third model, development co-operation is institutionally divorced from other policy fields, with a separate implementing agency, while in the fourth model, these two functions are combined within an autonomous aid agency. In the fifth model, several divisions undertake international development activities in their respective policy areas, sometimes coordinated by the regional executive office. Our empirical analysis yields a sixth model in which a non-development division other than the foreign affairs division has (sole) responsibility for development as part of a larger policy portfolio.

We find a remarkable degree of variation in regional aid governance models (Figure 2). In 16 regions (27.6%), development co-operation is housed within the foreign affairs division (with or without its own sub-division). In 12 regions (20.7%), development co-operation is attached to another division. In 9 regions (15.5%), development co-operation is a shared competence among different divisions, while it is held exclusively in a development agency in 21 regions (36.2%), seven regions thereof separating policy formulation and policy implementation and 14 regions combining them.

Figure 2: Aid governance models of regional donors



From these findings emerge several avenues for future research. First, which factors determine whether regions establish capacities for international development co-operation? Second, what explains the choice of governance model where regions decided to engage in development co-operation? And finally, what are the implications of different aid governance models for aid allocation and aid effectiveness?

How established are regional aid donors and how recent are their aid strategies?

Table 1 shows when regions became aid donors, disaggregated across five time periods. For the 53 regions for which relevant information is available, we find that most of them launched their ODA activities right after the end of the Cold War: 21 regions began ODA activities in 1991-2000; 17 regions in 2001-2010; and seven regions in 2011-20. The remainder began their ODA activities before 1991. This shows that most regions have a long-standing history of development co-operation.

Table 1: Starting years of development co-operation by European regions.

	1962-80	1981-90	1991-2000	2001-10	2011-20
Number of regions	3	5	21	17	7
Percentage	5.7%	9.4%	39.6%	32.1%	13.2%

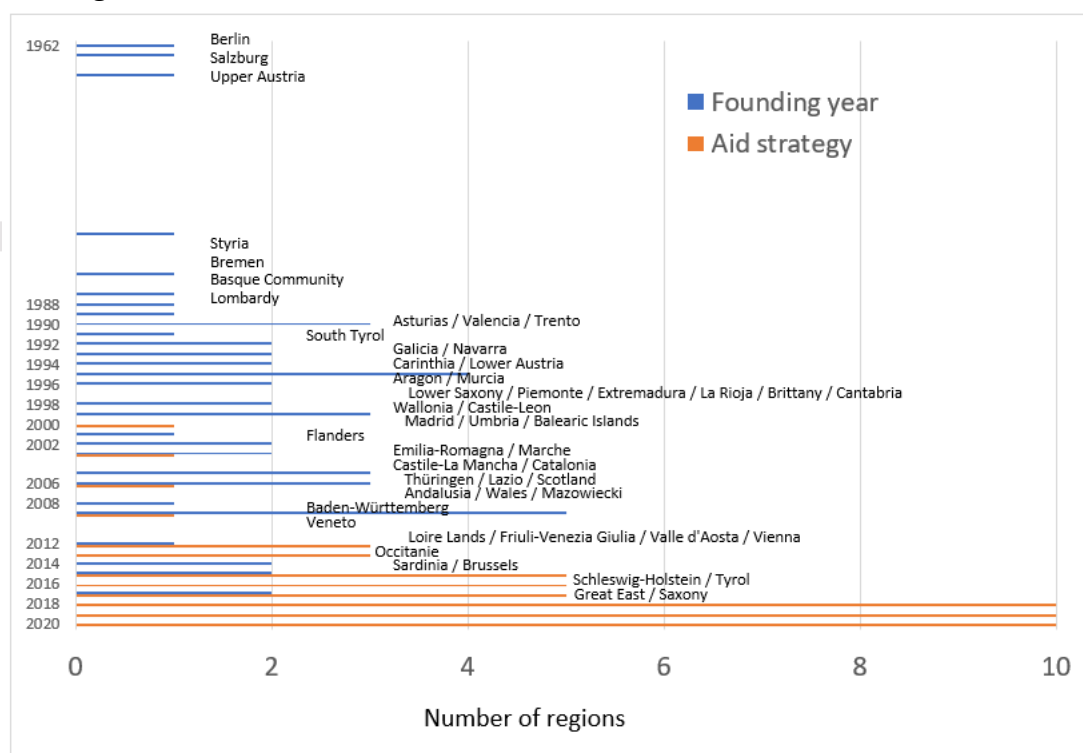
Figure 3 presents a detailed breakdown of founding years of aid donorship, showing that Berlin, Salzburg, and Upper Austria were among the first to become aid donors in the mid-1960s (blue markers). Another group of regions—including the Basque Community, Bremen, and Lombardy—followed two decades later in the mid-1980s. The largest group of regional aid donors from the mid-1990s includes regions as diverse as Brittany, Cantabria, Flanders, Lower Saxony, and Wallonia, to name but a few. While Andalusia, Catalonia, Scotland, and Mazowiecki have now reached

puberty age, the youngest additions include Sardinia, Saxony, Tyrol, and Vienna. It seems hard to discern any systematic pattern. For federalist reforms to be the main driver of these trends, foundational years should not vary within countries as much as they do. To establish when and why regions become aid donors thus is a promising area of future research.

Figure 3 also captures the years in which regions adopted the aid strategies that inform their current ODA policies (orange markers). To a large extent, this is a result of constitutional reforms that enabled regions to undertake independent development policies. For example, the Belgian regions—since a constitutional revision in 1993—were granted policy autonomy regarding external policy, following the principle that these regions should be externally competent in all policy issues for which they were internally competent (Paquin 2021). The bulk of regions has up-to-date aid strategies, adopted over the past five years. In fact, most regions revised their ODA strategies following the adoption of the SDGs at the global level. All remaining regions have adopted strategies that fall within the post-MDGs period.

Based on these descriptive findings, we suggest future research should address the following questions using the data. What explains the timing of becoming a regional aid donor? To what extent is this phenomenon driven by changes to the federal layout of countries—and to what extent by policy diffusion at the supranational level? What factors can explain whether a region has an aid strategy?

Figure 3: Founding years of regional aid agencies and adoption of aid strategies.



What resources do subnational development actors have available?

Information on regional foreign aid budgets on websites and in policy documents is patchy. While 147 regions do not report any budget figures—despite being financially engaged in ODA provision—it is unclear whether the remaining 37 regions report according to a common standard, using the same criteria for admissible expenses. Therefore, our figures need to be interpreted with some caution. However, they provide a clear picture of the largest providers and the overall size distribution of ODA budgets. To remove noise from the data, we group budgets into four groups, conveniently labeled micro-providers, small providers, medium providers, and large providers.

Table A1 in the appendix shows that 18 regions are medium providers, with a budget between EUR 1-10 million. Examples include Aragon, Navarra, Galicia, and South Tyrol. The group of small providers—with a budget between €0.1-1 million—comprises 10 regions, including Auvergne, Saxony, and Tyrol, among others. The eight large providers, with a budget above EUR 10 million, include the Basque Community, Flanders, and Scotland. An example of a micro-provider is Carinthia, with a budget of EUR 55,000—although most non-reporting regions will likely find themselves in this bracket.

Given the paucity of publicly available data on subnational development budgets, we turn to the OECD/DAC CRS to source complementary budget information for 2000–19. In the appendix, Figure A1 plots total aid volume and number of aid activities for all 19 reporting subnational actors (including semi-aggregates) in 12 OECD/DAC member countries over 2000–19. While the number of aid activities has been steady at around 1,250 since the mid-2000s, total aid seems to have increased in two discrete steps—one around the mid-2000s and another around the mid-2010s. These coincide with the Gleneagles summit in Scotland in 2005 and the promulgation of the SDGs in 2015 respectively. Figure A2 compares cumulative aid commitments of all subnational ODA providers in the CRS dataset. The Spanish regions top the list, followed by the German *Länder*. Unfortunately, the data are not available at a more fine-grained resolution that would allow us to identify the leading regional actors in these countries. Our own data partly remedies this shortcoming. Table A1 shows that the Spanish regions with the highest total budgets include Andalusia, the Basque Community, Catalonia, Valencia, and Extremadura.

We also compute regional aid per capita to adjust for size differences across regions and to provide a rough comparison of their aid effort. Figure A3 shows that some Spanish regions—the Basque Community, Navarra, Extremadura, and La Rioja—provide the highest per-capita funding, above EUR 10 per capita. The midfield includes some other Spanish regions, Flanders, and South Tyrol, which provide EUR 5-10 per capita. A more diverse group of regions which includes Catalonia, Scotland, Galicia, and Bavaria, provide EUR 1-5 per capita. The remainder falls below the EUR

1 threshold. These amounts should be taken with great care, as they are self-reported figures that may not be entirely comparable. Another caveat is that budget figures and data are incomplete, being available only for 35 regions.

Another important resourcing issue pertains to staffing of regional aid agencies. While information on regional staff was difficult to obtain, we could infer staff numbers for most regions directly from their websites which indicated focal points for development affairs. We could draw up similar numbers by counting the number of distinct staff listed as point of contact for questions on regional aid. Figure A4 shows that 127 regions do not have staff that works exclusively on foreign aid issues, even though this does not preclude the possibility that staff may cover aid as part of a wider portfolio of other policies. Most regions have one staff member specifically dealing with ODA policies (50 regions). A small remainder of seven regions has resourced its ODA agencies with more than one staff member. For example, Catalonia stipulates to have 44 employees with responsibility for development. Where significant staff capacity exists, this is because the region maintains country offices around the world. In this regard, it is worth mentioning that our dataset also collects information on the number of country offices.

Based on these findings, future research may address the following questions. What factors can explain the size of regional aid budgets: Is it related to national ODA budgets? Does it depend on the constitutional powers of the regions? What explains variation in the number of staff across regional aid agencies? Under which conditions do regions establish offices abroad and if so what affects the choice of destination?

What motivates regions to provide aid?

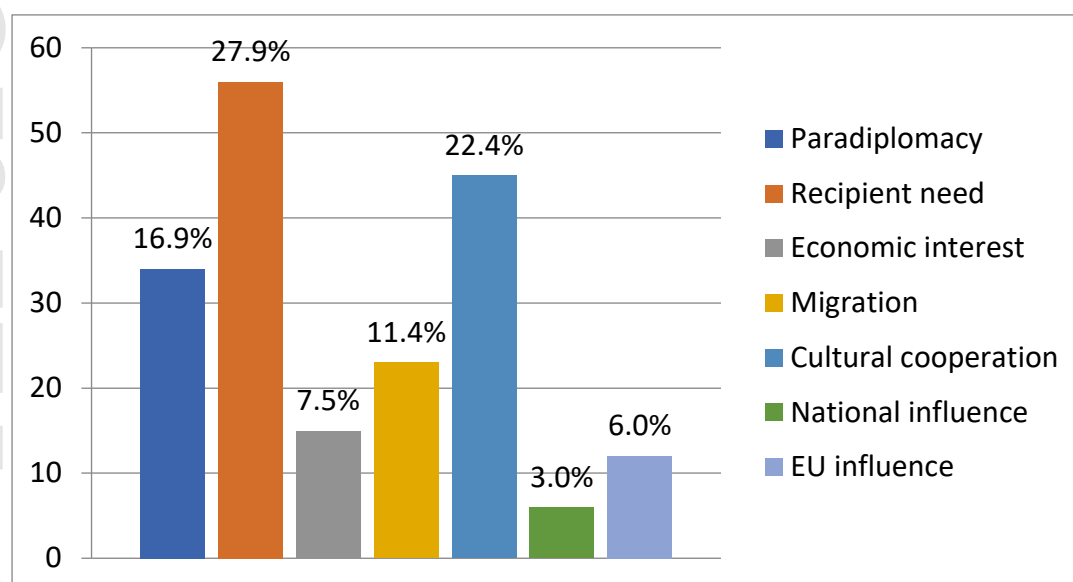
Figure 4 shows the prevalence of specific *stated* motivations for regions to undertake development co-operation, drawing on information from official websites, aid strategies, and aid reports.¹¹ Whether or not these are ‘true’ motivations, we think this is useful information because it allows us to capture how regional governments frame development co-operation (Entman, 2004; Scotto, Reifler, & Hudson, 2017; Zaller, 1992). Framing can be important for the legitimacy of development co-operation in the eyes of domestic audiences (Kobayashi, Heinrich, & Bryant, 2021; Kohno et al., 2020; Scotto et al., 2017).

It is somewhat surprising to find that even where regions undertake ODA activities, they may not state the reasons for doing so. Among those that provide aid motivations, development need is the leading official motivation, mentioned by 56 regions. This category is broadly construed and includes both sustainable development and humanitarian relief. It is followed by cultural co-operation (45 regions), and paradiplomacy-related motives (34 regions). Another motivation is to

¹¹ Please refer to the codebook in the supplemental appendix.

control migration (23 regions), which was the critical catalyst for jump-starting new regional ODA programs in several regions, including Saxony, Bavaria, and Sardinia. Less relevant motivations for ODA provision are economic interests (15 regions), influence at the EU level (12 regions), and influencing national ODA agendas (6 regions).

Figure 4: Aid motivations by European regions



With respect to aid motivations, we identify several open questions for future research. Which factors determine whether regions provide information on aid motivations? How many motivations do they pursue at the same time and if so why? And which factors determine whether they are motivated by recipient need?

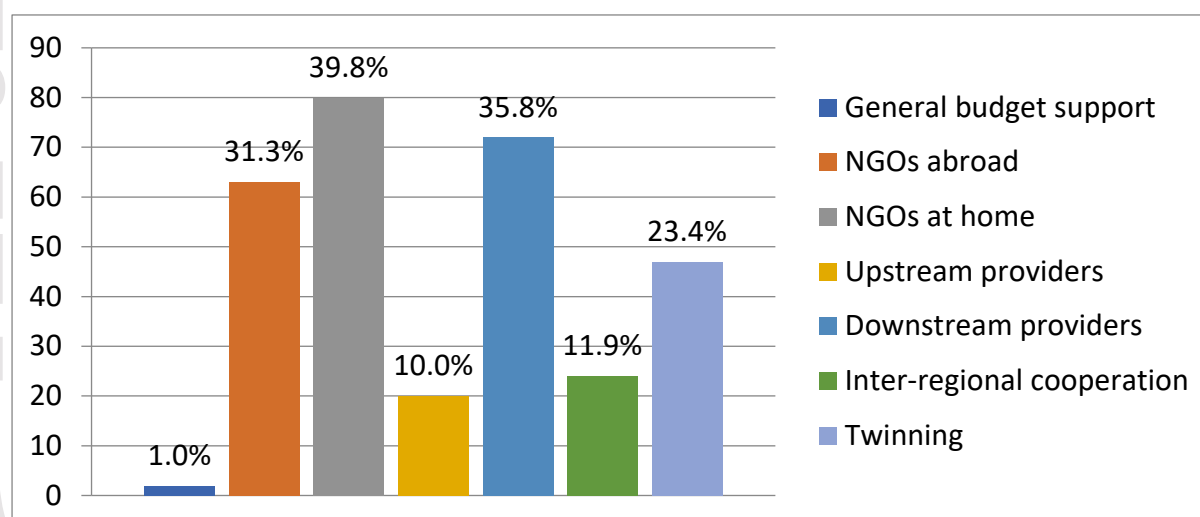
How do regions provide aid and for which purposes?

Figure 5 provides evidence on the primary aid modalities of European regions. The data show a clear focus on non-governmental organizations (NGOs) based in the respective home region as implementing partners. 80 regions emphasize partnerships with (networks of) home-based NGOs for aid delivery, while 63 regions also co-operate with local NGOs in the recipient countries. Overall, this implies a strong focus on ‘downstream’ providers (72 regions), even though a few regions highlight flagship projects in which they collaborate with ‘upstream’ providers such as national aid agencies and international organizations (20 regions).¹² Another important modality is twinning (47 regions), which involves exchange of people, such

¹² This is consistent with previous findings. In particular, while regions are not formally recognized by multilateral organizations (Desmet & Develtère, 2002), they have signed contributory agreements with them. An example is Flanders, which is among the top-25 donors to UNAIDS. The Basque community has a Young Professionals Program over EUR 1 million per year. The Catalan multilateral aid strategy champions a partnership with the United Nations. In addition, though not included in our dataset, Canadian regions often channel their contributions through CIDA; similarly, the central government in Australia tries to pool the local efforts of the regions (Cornago, 2010).

as region staff directly engaging with counterparts in recipient countries, and individuals from partner regions obtaining stipends for staying in the region for some time. 24 regions prioritize aid activities in specific recipient *regions*, rather than recipient *countries*. The actual figure might be even higher due to the nature of the rather narrowly-defined aid projects that regions generally support. Only one region mentioned general budget support—the transfer of money directly into the coffers of a target government—as aid modality.

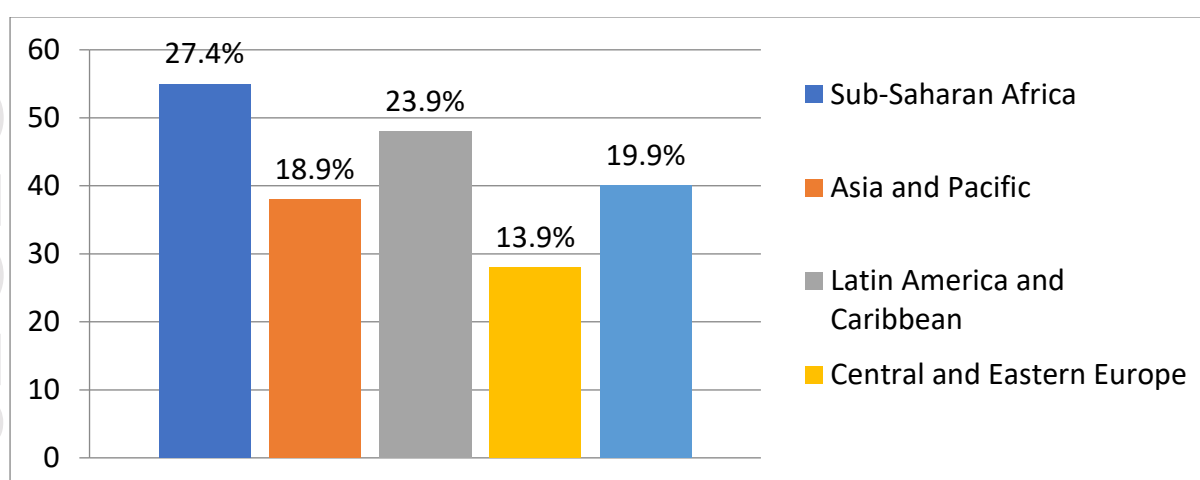
Figure 5: Aid modalities by regional providers



The data can be used to examine why regions choose the implementing partners that they do. To be sure, the small-scale nature of regional aid projects and limited regional budgets also privilege certain types of implementers such as home-based NGOs, and sectors of intervention such as development education for domestic audiences. From a political perspective, the use of home-based NGOs can help anchor support for aid in the local community and foster a regional identity while at the same time strengthening the local NGO sector as an important economic powerhouse. An open question is to what extent the choice of aid modalities is driven by aid motivations.

In terms of primary areas of intervention, we distinguish between recipient countries and themes of support. Figure 6 summarizes the world regions in which European development co-operation operates. While we aggregate the data to the level of world regions, regional donors support small-scale projects in specific countries—if not specific regions. Regional donors provide most support to Sub-Saharan Africa (55 regions), followed by Latin America (48 regions), the Middle East and North Africa (40 regions), Asia and Pacific (38 regions), and Central and Eastern Europe (28 regions).

Figure 6: World regions of European regional aid.



To provide a more detailed view of regional aid allocations, we extract all named recipient countries from regional aid websites and aid reports. In the appendix, we present a word cloud of recipients, with at least three instances of being mentioned to avoid clutter (Figure A5). One takeaway is that European regional donor governments reach a diverse set of recipients, totaling about 180 unique recipient countries. Another is that there are clear priority countries that get mentioned frequently, such as Senegal, Bolivia, Burkina-Faso, and Peru.

Figure A6 in the supplemental appendix shows the word cloud produced from all sectors and themes that European regions support through ODA budgets. The focus with respect to outward-looking themes is on sustainable development, which includes human rights, gender issues, and environmental affairs. Fair trade, sustainable consumption, and development education are inward-looking focal themes.

These figures on subnational aid allocation patterns probe the following questions for future research. Which factors determine the allocation of regional aid? To what extent is regional aid poverty-selective and policy-selective? Are the aid allocations of regional donors similar to their national counterparts and what determines the similarity of aid portfolios?

In summary, this section has analyzed the subnational donor governance dataset descriptively. It uncovered that regional development co-operation is more widespread than previously thought. It also found that regional donors have allocated decision-making authority differently within the government, with a moderately high number of regions having established autonomous aid agencies. The stated reasons for engaging in development co-operation differ, as do intervention modalities and target countries and sector priorities. Future research should examine the reasons for these relatively different choices, as well as the relationship between organizational structures and features of the regional aid program.

5 A FIRST APPLICATION USING THE SUBNATIONAL GOVERNANCE DATASET

In this section, we cast light on a specific issue that the dataset can help answer. We focus on the issue of how organizational structures—specifically whether an aid agency is autonomous—affect aid motivations. Previous work has argued that independent aid agencies are better positioned to safeguard pro-development interests (Gulrajani, 2017). Autonomous aid agencies—durable administrative structures that have exclusive competence to manage foreign aid programs—foster a pro-development lobby inside the government whose political priorities they are tasked to implement and thereby increase the chances of a sustained development co-operation effort through process of path dependence and bureaucratic inertia (Carey, 2007). Empirical analysis lends some support to this argument, finding that donors with independent aid agencies have higher ODA/GNI ratios (Fuchs, Dreher, & Nunnenkamp, 2014). However, donor countries with autonomous aid agencies do not seem to allocate aid differently than those without (Cardwell & Ghazalian, 2018).

Extending previous research at the national level, our new dataset allows us to examine this issue at the subnational level. Given the limited number of regions with aid agencies, we conduct simple *t*-tests to compare aid motivations, aid modalities, and aid allocations between regions with autonomous agencies and regions without them. The binary indicator AUTONOMOUS AID AGENCY comes from our dataset and corresponds to the fourth governance model, as introduced earlier.

Table 2 shows the relationship between aid agency autonomy and aid motivations. We find that regions with autonomous aid agencies are significantly more likely to enlist paradiplomacy as a reason to engage in international development co-operation ($p < 0.1$). This is not surprising considering that regions with ambitions for policy autonomy—and the need for legitimacy as an autonomous political entity—can use the establishment of an aid agency as a visible sign of their state-like qualities (Alexander, 2014; Huijgh, 2010; Lecours & Moreno, 2003). Furthermore, we find that regions with autonomous aid agencies are significantly more likely to mention recipient need as aid motivation ($p < 0.05$). They are somewhat less likely to mention economic self-interest and migration issues, although the differences are not statistically significant given the low overall number of mentionings. Finally, we find that regional donors with autonomous aid agencies significantly more often name cultural co-operation as motivation for aid ($p < 0.01$).

To the extent that stated motivations correlate with actual motivations, these results indicate that regions with autonomous aid agencies are more likely to have pro-development motives. Further analyses in the supplemental appendix on how aid governance relates to aid modalities and aid allocations are consistent with this interpretation. With respect to aid modalities, we find that regions with autonomous aid agencies are significantly more likely to engage with CSOs abroad ($p < 0.05$). Because they are also more likely to be engaged in twinning, this result might be

partly explained by their greater institutional capacity. And yet, regions with autonomous aid agencies are less likely active in inter-regional co-operation, which often involves economic co-operation with economically more advanced countries and more geographically proximate regions (Table A2). With respect to target destinations, we find regions with autonomous aid agencies to be significantly more likely to allocate aid to Sub-Saharan Africa ($p < 0.01$), Latin America and the Caribbean ($p < 0.05$), and the Middle East and North Africa ($p < 0.01$). As these are relatively poorer world regions, the results provide further indication of the relationship between autonomous aid agencies and prioritization of development (Table A3).

For a more stringent test, we rely on multivariate regression analysis. Our outcome variables capture the presence of various stated motivations, specifically recipient need, economic interest, and migration issues. In addition to aid agency autonomy as purported facilitator of recipient-need motivation, we include simple proxies capturing other aid motivations. To capture economic interests, we include the regional competitive index, which combines indicators on macroeconomic stability, regulatory quality, social services, labor market efficiency, technological readiness, business sophistication, and innovation (Annoni & Dijkstra, 2019). To capture migration-based motivations, we measure net migration flows into the region as percent of the regional population from Eurostat (EC, 2020). We anchor the model by adjusting for differences in per-capita regional income. In robustness tests, we further control for regional measures of (logged) total output from Eurostat, governance quality (Charron, Dijkstra, & Lapuente, 2014), and whether the region is a border region. Descriptive statistics and data sources can be found in the supplemental appendix (Table A4). To capture common factors of having any stated motivations, such as regional capacity, we jointly estimate all outcomes using seemingly-unrelated linear probability regression models.

Table 3 shows the results. We corroborate that aid agency autonomy is significantly positively associated with the likelihood of a region emphasizing recipient need as a motivation for development co-operation. This result holds across different models. Regions with autonomous aid agencies are at least 25% ($p < 0.05$) more likely to mention recipient need than regions without. This is even more remarkable considering that regions with autonomous aid agencies tend to be less likely to mention economic interest and migration issues as motivations for aid, although these differences are not statistically significant.¹³

In sum, a range of aid policies are different between regions with autonomous aid agencies and regions without them. Clearly, this does not imply that aid agency

¹³ Lack of significance is likely due to lack of statistical power, given the low number of mentionings of these motivations. The direction of the effects are in line with expectations, for instance that economic competitiveness is positively related to economic interest and migration pressure is positively related to a migration-based motivation.

autonomy causes pro-development policies. It may be that pre-existing preferences for such policies affect both the creation of an autonomous aid agency *and* development policy outcomes. However, given that political preferences can change while some agencies have been around for decades, it is plausible to ascribe these agencies an important role in the path-dependent evolution of pro-development policies.

Table 2: Aid agency autonomy and aid motivations

	Paradiplomacy	Recipient need	Economic interest	Migration issues	Cultural co-operation
Autonomous aid agency	50.0%	92.9%	14.3%	21.4%	92.9%
No autonomous aid agency	29.5%	65.9%	22.7%	34.1%	47.7%
Difference (1)-(2)	0.205*	0.269**	-0.084	-0.127	0.451***
p-value	0.083	0.025	0.253	0.191	0.001

Notes: One-sided t-tests: * $p < .1$ ** $p < .05$ *** $p < .01$

6 CONCLUSIONS

This article introduces the ‘Subnational donor governance dataset’ to examine the extent to which subnational actors are active as providers of foreign aid. The data cover 195 politically relevant regions in the EU-28 and show the regions that engage in development co-operation, their organizational structures, underlying motivations for aid provision, aid modalities, and priority recipients and themes. To our knowledge, this is the first systematic dataset of its kind, complementing the OECD/DAC CRS dataset which focuses on aid activities rather than organizational structures.

To illustrate the usefulness of our data, we provide a systematic descriptive analysis of European subnational development co-operation. We first find that subnational development co-operation is widespread—70 European regions undertake ODA activities, oftentimes managed by autonomous aid agencies. Most regions have a long-standing history of development co-operation, as they established aid agencies around the end of the Cold War or even earlier. Although reliable figures are still lacking, the typical regional donor provides between €1-10 million annually, with a limited number of staff. Most regional aid strategies have been formulated in the SDG context. Key motivations for regional development co-operation are to address humanitarian needs, promote cultural co-operation, and to foster the legitimacy of

Table 3: Aid agency autonomy and selected aid motivations using multivariate regression analysis.

	(1)		(2)		(3)	
<i>Recipient need</i>						
Autonomous aid agency	0.269***	(0.100)	0.254**	(0.104)	0.297***	(0.109)
Regional competitiveness index			-0.695***	(0.176)	-0.574***	(0.204)
Net migration			0.007	(0.014)	0.014	(0.016)
GDP per capita (indexed)			0.010***	(0.002)	0.010***	(0.002)
Total output					-0.042	(0.069)
Governance quality					-0.140	(0.111)
Border region					0.049	(0.105)
<i>Economic interest</i>						
Autonomous aid agency	-0.084	(0.114)	-0.111	(0.086)	-0.117	(0.077)
Regional competitiveness index			0.058	(0.066)	0.041	(0.084)
Net migration			-0.022*	(0.013)	-0.023**	(0.011)
GDP per capita (indexed)			0.001	(0.002)	0.001	(0.002)
Total output					0.017	(0.046)
Governance quality					0.010	(0.097)
Border region					-0.081	(0.092)
<i>Migration issues</i>						
Autonomous aid agency	-0.127	(0.132)	-0.119	(0.138)	-0.148	(0.156)
Regional competitiveness index			0.195	(0.188)	0.151	(0.222)
Net migration			0.022	(0.020)	0.021	(0.021)
GDP per capita (indexed)			-0.002	(0.003)	-0.002	(0.003)
Total output					0.057	(0.080)
Governance quality					0.015	(0.111)
Border region					-0.162	(0.150)
Observations	58		44		44	
Log-likelihood	98.3		43.9		41.9	

Notes: Seemingly unrelated regression analysis over a system of three equations. Robust standard errors shown in parentheses. Significance levels: * .1 ** .05 *** .01.

the region as a state-like actor. Regional governments primarily work with local NGOs to deliver aid programs, supporting a range of themes in countries around the world. For a first analytical application of our dataset, we demonstrate that specifically regions with an autonomous aid agency are more likely to have recipient need as stated motivation for development co-operation while also being more likely to work through local CSOs overseas and targeting countries in Sub-Saharan Africa, Latin America and the Caribbean, and the Middle East and Northern Africa.

Our dataset has two limitations that can be addressed by future data collection efforts. First, we capture only a snapshot, given that it is impossible to reconstruct websites from historical periods. An alternative strategy would be to collect aid strategies from archives and trace the dynamic evolution of subnational development policies through text analysis. A related challenge is the evolving meaning of development funding. Using a narrow ODA concept, we likely underestimate the true size and scope of engagement of regional governments in international development; however, alternatives such as the TOSSD have their own challenges. In light of these difficulties, our data collection focuses on governance. Second, the scope of our dataset is currently limited to subnational governments from European countries, while excluding cities as potentially significant actors in the multi-level global development governance architecture. While our results are likely to hold beyond the EU-28 context and below the regional level, this ultimately remains an empirical question to be addressed in future research. To understand the thick processes of how subnational actors become foreign aid donors, continued reliance on case studies is necessary. An important issue would be to examine the role of partisan politics. While regional governments often emphasize cross-party consensus, subnational development co-operation may take different shapes when different parties are in power. For example, the Lega Nord shaped the distinct approach of development co-operation in Lombardy and Veneto, which emphasized economic interests and controlling migration. This narrative of subnational development co-operation is quite different from the more progressive orientations of regions like the Basque Community, Flanders, and Scotland, with their emphasis on 'being a good global citizen'.

We hope that our data will facilitate future research on pertinent issues in subnational development co-operation and paradiplomacy more generally. Specifically, our data allow for analysis of the reasons for why regions become aid donors and how they structure regional aid governance; the motives underlying aid provision; and regional aid allocation patterns. In doing so, our dataset facilitates comparisons across subnational actors and with respect to national donors. More generally, our data offer a unique opportunity to compare

development co-operation with other foreign policy areas in which regional governments have become increasingly engaged, notably climate change and human rights. In this regard, it would be important to examine how regional governments ensure policy coherence—both within their own government portfolio but also with regards to the national level. To address these issues has become increasingly important considering the growing aspirations by regions around the world to become autonomous foreign policy actors.

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DATA AVAILABILITY STATEMENT

The full dataset and replication files are available via the Harvard Dataverse: <https://doi.org/10.7910/DVN/9CPF8J>

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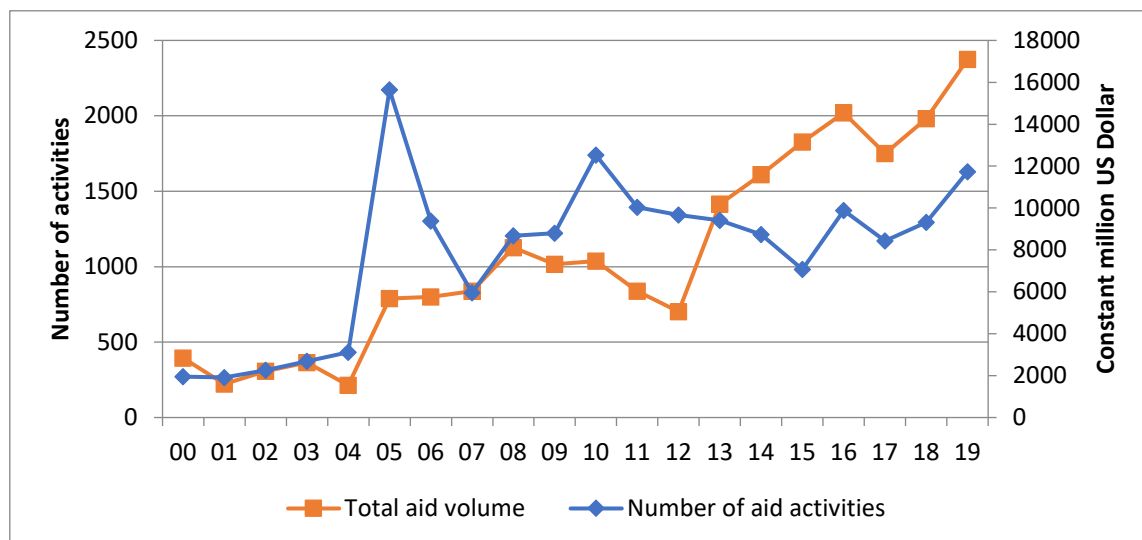
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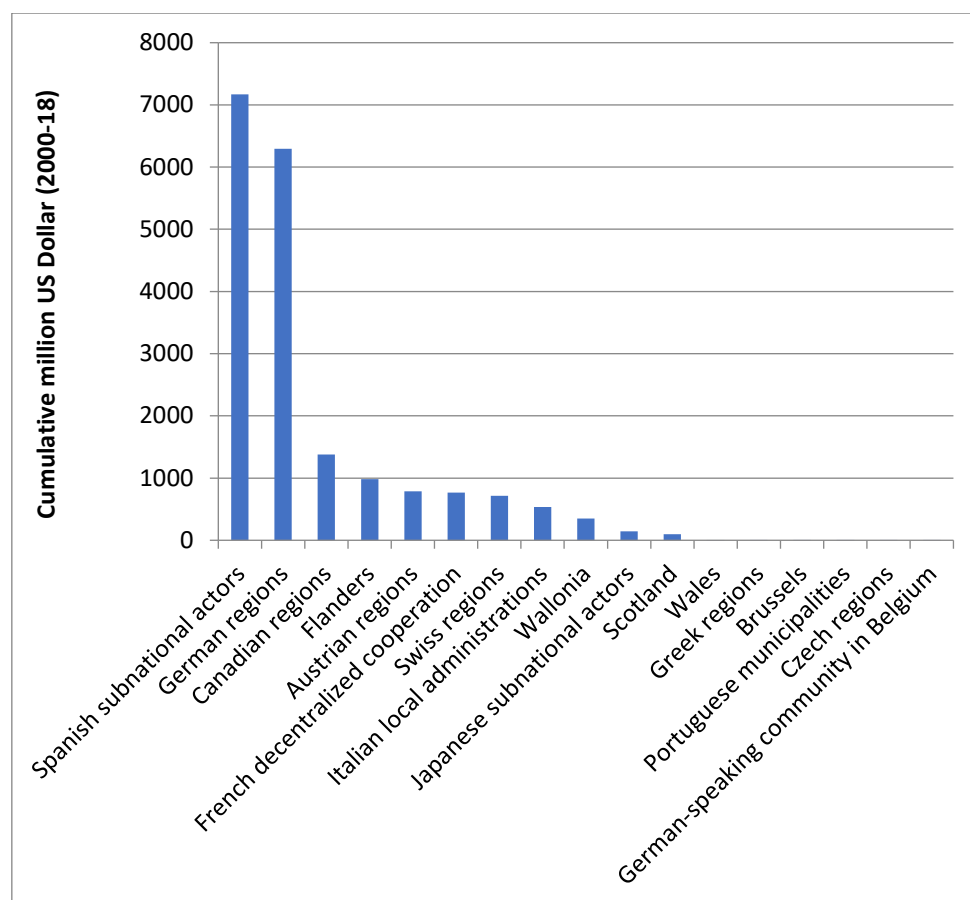
Appendix

Figure A1: Reported aid volumes and aid activities by subnational donors (2000–19).



Source: Creditor Reporting System (OECD 2021a)

Figure A2: Cross-donor comparison of cumulative aid commitments (2000–18).



Source: Creditor Reporting System (OECD 2021a).

Figure A3: Aid budgets per capita across regions.

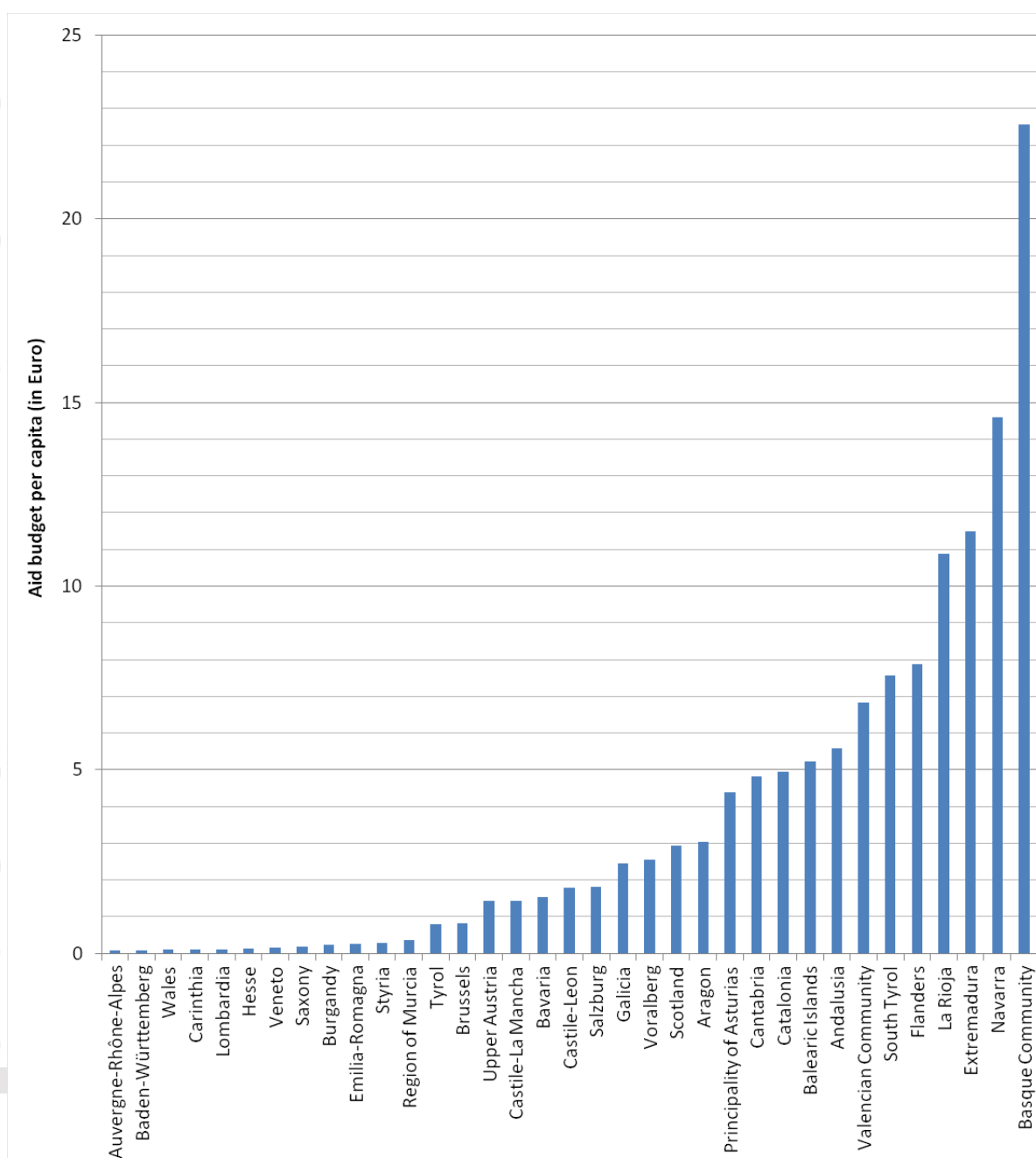


Figure A4: ODA staff numbers in regional aid agencies.

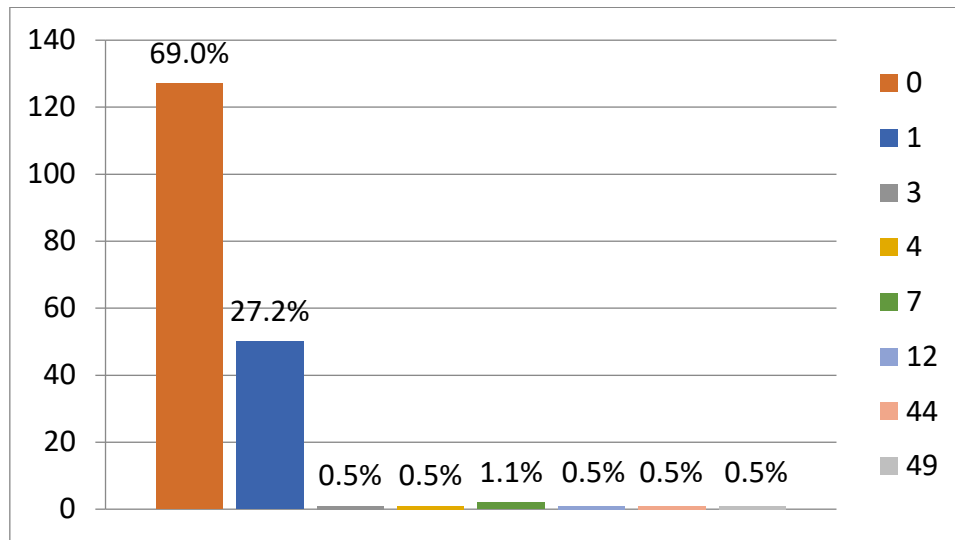


Figure A5: Recipients of European regional aid.



Figure A6: Themes of European regional aid.



Table A1: Budget sizes of European regional aid providers.

	<100k	100k-1m	1m-10m	>10m
Number of regions	1	10	18	8
Percentage	2.7%	27.0%	48.6%	21.6%
	Carinthia	Styria Burgundy Auvergne-Rhône-Alpes Region of Murcia Tyrol Saxony Veneto Canarias Hesse Wales	Brussels Baden-Württemberg Salzburg Lombardy Vorarlberg Emilia-Romagna Upper Austria Cantabria Castile-La Mancha La Rioja Aragon South Tyrol Castile-Leon Madrid Principality of Asturias Balearic Islands Galicia Navarra	Extremadura Bavaria Valencian Community Catalonia Andalusia Basque Community Flanders Scotland

Note: Budget figures refer to most recent information available (2018-19) and are expressed in Euros

Table A2: Aid agency autonomy and aid modalities.

	CSOs abroad	CSOs at home	Upstream providers	Downstream providers	Inter-regional cooperation	Twinning
Autonomous aid agency	100.0%	100.0%	28.6%	100.0%	21.4%	78.6%
No autonomous aid agency	75.0%	90.9%	27.3%	90.9%	34.1%	50.0%
Difference (1)-(2)	0.250**	0.091	0.013	0.091	-0.127	0.286**
p-value	0.019	0.125	0.463	0.125	0.191	0.031

Notes: One-sided t-tests: * p<.1 ** p<.05 *** p<.01

Table A3: Aid agency autonomy and aid allocation by geography.

	Sub-Saharan Africa	Asia and Pacific	Latin America and Caribbean	Central and Eastern Europe	Middle East and North Africa
Autonomous aid agency	100.0%	42.9%	85.7%	35.7%	85.7%
No autonomous aid agency	61.4%	41.9%	51.2%	30.2%	37.2%
Difference (1)-(2)	0.386***	0.010	0.346**	0.055	0.485***
p-value	0.003	0.474	0.011	0.354	0.001

Notes: One-sided t-tests: * p<.1 ** p<.05 *** p<.01

Table A4: Descriptive statistics of the regression sample.

Variable	Description	Observations	Mean	Sd	Min	Max
Recipient need	Binary indicator for whether region mentions <i>recipient need</i> as motivation for development cooperation	58	0.72	0.45	0.00	1.00
Economic interest	Binary indicator for whether region mentions <i>economic interest</i> as motivation for development cooperation	58	0.21	0.41	0.00	1.00
Migration issues	Binary indicator for whether region mentions <i>migration</i> as motivation for development cooperation	58	0.31	0.47	0.00	1.00
Autonomous aid agency	Binary indicator for fourth model of aid governance (where an autonomous aid agency is responsible for development cooperation) (Chang, Fell, and Laird 2000)	58	0.24	0.43	0.00	1.00
Regional Competitiveness Index	Regional competitiveness index assessing macroeconomic policy and regulatory quality (Annoni and Dijkstra 2019)	56	0.05	0.47	-1.09	0.81
Net migration	Net migrants as a percentage of the total population in the region (Eurostat)	46	4.10	3.60	-3.10	16.30
GDP per capita (indexed)	GDP per capita index (with the EU-28 average fixed at 100) (Eurostat)	56	107.50	27.34	58.91	204.77
Total output	Gross Domestic Product (GDP) of the region (Eurostat)	57	11.06	1.14	7.22	13.45
Governance quality	The European Quality of Government Index is based on sub-national survey data on perceived corruption, impartiality of public sector services, and quality of such services. We use the 2013 edition to maximize available data (Charron et al. 2014)	58	0.39	0.66	-1.68	2.64

Border region	Binary indicator for whether the region lies at the federal border (to another state) (Hooghe et al. 2016)	58	0.67	0.47	0.00	1.00
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