Beyond Recipient Needs and Donor Self-Interests: Third-Kind Relational Drivers of Italy's Aid Policy in Africa

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This is an Accepted Manuscript of an article published by Taylor & Francis in the Journal of Development Studies in June 2026, available at https://doi.org/10.1080/00220388.2026.2689337 as:

Corda, T., Carbone, G., and Mella, C. (2026). Beyond Recipient Needs and Donor Self-Interests: Third-Kind Relational Drivers of Italy's Aid Policy in Africa, Journal of Development Studies, 1–15. doi: 10.1080/00220388.2026.2689337.

Data availability statement/Acknowledgements: The replication files are available at https://doi.org/10.13130/RD_UNIMI/YFCBWG.

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As global aid budgets shrink, understanding donor motives behind aid allocation can help anticipate donor behaviour and inform recipient strategies. This paper contributes to donor-focused aid allocation research and broader debates on evolving patterns in international development cooperation by investigating the determinants of Italy's bilateral aid allocation to African countries over the past decades, with a focus on explanations beyond traditional humanitarian or strategic motivations. Using a newly-assembled dataset and a combination of Tobit and two-stage Cragg-Hurdle models, complemented by a series of sensitivity analyses, we test a set of third-kind relational hypotheses, emphasizing the role of other donors' presence and recipient leaders' diplomatic engagement. Findings show that Italy allocates more aid to countries with competitive donor environments, particularly when the overall aid market is large, and to those whose leaders conduct high-level visits to Rome. These dynamics suggest that aid allocation is shaped not only by domestic priorities and humanitarian needs, but also by relational factors emerging from multi-actor interactions.

Keywords: Africa; aid; donor concentration; Italy; relational factors; visits

7,993 words

Introduction

Development aid has once again come under the spotlight, as a number of advanced economies have begun reducing or announced plans to reduce their official development assistance (ODA) budgets. While much attention has focused on the closure of USAID, nearly all the members of the Development Assistance Committee (DAC) initiated aid cuts in 2024, with few exceptions including Korea, Italy, and Spain. Although the reasons behind the cuts have often to do with financial constraints and the prioritisation of both domestic and defence spending,

the unfolding aid scenario sparked debates as to its implications not only for the progress of recipient countries and the welfare of their populations, but also for the political, diplomatic and economic competition among global and regional powers. Underlying these discussions is the recognition that giving to poor countries may rest on a variety of reasons and goals – regardless of whether or not they are worthy, spurious or effective.

Studies on the motives and the objectives behind aid flows have mostly addressed the question in general comparative terms, often contrasting humanitarian motives with strategic or foreign policy interests (Alesina & Dollar, 2000; Apodaca, 2017; Hoeffler & Outram, 2011; Radelet, 2024). Reflections on the factors motivating aid giving and allocation by individual donors, on the other hand, are extremely rare (Hoeffler & Sterck, 2022; Hyo-Sook Kim, 2018). Yet such case-specific inquiries are important, as donor strategies are far from uniform and can be shaped also by motives that differ from the traditional ones typically identified in cross-national comparisons.

This paper adopts such a perspective to examine the case of Italy's development aid allocation, focusing on Rome's ODA to Africa from 1960 to 2024. Italy stands out as one of the few DAC donors not to have cut, nor announced cuts to, its aid budget, and Africa as a central region in the global aid map that, more than any other, is set to suffer from the latest global aid reductions[1]. Our case offers a valuable contribution to shed light on how and why donors target certain countries over others. More specifically, it aims to do so by moving beyond the traditional dichotomy between recipient needs and donor self-interests as key drivers of aid allocation to explore a third-kind set of factors, centred on relational interactions with other actors, namely how the presence of other donors in beneficiary countries and the agency of recipient countries' leaders may influence Italy's decisions on how much aid to commit. This way, the paper contributes both to the literature on Italian aid and post-colonial policy towards sub-Saharan Africa – whose recently growing scholarly attention has focused

primarily on migration pressures and domestic politics (Ceccorulli & Coticchia, 2020; Moroni & Rognoni, 2021; Strazzari & Grandi, 2019), as well as Italy's ambitions as a middle-ranking power (Dentice & Donelli, 2021), rather than on the determinants of its aid allocation – but also to broader debates in aid literature about donor behaviour in a shifting global aid environment.

The paper proceeds as follows. First, we review the literature on aid donors' motives. Then, after describing Italy's Africa and development policies, we introduce the new set of "relational" explanations of Italy's aid allocation that we subsequently test with a combination of Tobit and two-stage Cragg-Hurdle models, complemented by a series of sensitivity analyses. The results lend support to our relational hypotheses. In the conclusion, we discuss their policy implications, limits, and future research.

Development aid and donors' motives

ODA is government aid, provided by official agencies in the form of grants or concessional loans, that "promotes and specifically targets the economic development and welfare of developing countries"[2]. While development aid is a more comprehensive notion that, besides government assistance, also includes aid by NGOs, philanthropic and private foundations, and emergency support, it is commonly used as a synonym. ODA is one of the three key financial flows African countries rely upon, at different levels, alongside foreign direct investments and migrants' remittances.

Following the first modern foreign assistance initiatives – notably, the United States' 1948 European Recovery Program (Marshall Plan) – development aid gradually went global from the late 1950s and 1960s, with the birth of independent states in former colonial areas across Africa and Asia. In 1960, the OECD established a Development Assistance Committee (DAC) to coordinate aid by member countries. The provision of aid rapidly became an accepted international norm, "an expected standard of behaviour" (Apodaca, 2017, p. 4; Lancaster, 2007,

p. 6) among rich countries, which agreed they should devote to it 0.7% of their gross national income (GNI), and, in recent decades, also increasingly among emerging countries. It is estimated that advanced economies gave poor countries some $5,000 billion in ODA since 1960 (in 2020 USD, Desai et al., 2024, p. 6) – $212 billion in 2024 alone (OECD 2025) – the major providers being the United States, the United Kingdom, Germany, France and Japan, together with two multilateral donors, i.e. the World Bank and the European Union.

In principle, development aid is for development: the primary goal is supposedly supporting progress in poor countries, whether the resources that are injected are meant to foster change by spurring economic growth or else by improving social conditions, such as by tackling poverty and diseases. How the advancement of beneficiary countries is best supported from the outside also lies behind the controversy on whether disbursements should be conditioned upon the acceptance of donors' demands as to the development strategies to be implemented (Burnside & Dollar, 2000), or whether a recipient's full "ownership" of plans and programmes is ultimately a more productive approach (Savedoff, 2019). The latter idea was at the core of the four high-level forums on aid effectiveness convened by the OECD between 2003 and 2011. The long-standing debate on aid effectiveness itself draws back to the early scepticism voiced by Bauer (1974) and fuels a contemporary dispute primarily led by William Easterly and Dambisa Moyo, on one side, and Jeffrey Sachs, Joe Stiglitz and Paul Krugman on the other. Empirical evidence has remained somewhat mixed (Desai et al., 2024; Edwards, 2015).

Yet development is not always the best measure of aid effectiveness, as other motives and objectives may lay behind – and thus explain – the size, form and direction that financial flows from donors to beneficiary countries take (Radelet, 2024, p. 38). In this perspective, the main drivers of aid allocation can be broadly framed as the potentially diverging pulls of a recipient's need (or merit) and a donor's self-interest (Alesina & Dollar, 2000; Hoeffler &

Outram, 2011). In fact, giving is frequently motivated by the pursuit of foreign policy goals, whether or not this is overtly recognised by a donor's aid policy. Understandably, it is bilateral rather than multilateral aid that is more directly affected by considerations other than the beneficiary country's development progress or humanitarian relief, making it inherently more unstable. ODA thus becomes an additional foreign policy tool alongside several others, among which diplomatic activity, international agreements, trade relations, economic sanctions and the use of military force (Apodaca, 2017): a soft power tool for winning hearts and minds and generating elite- and popular-level support for the donor and the principles, models and types of relations it promotes (Blair et al., 2022; Nye, 2004), including geopolitical alliances and commercial ties. Across the decades, for example, much Western aid certainly responded to the tenets of the Cold war, of market economy and democracy promotion, of international stability and security, of the pursuit of global public goods (such as climate and health), of migration management, and of great power competition.

Country context: Italy's Africa and development policies

Italy's foreign policy has traditionally revolved around three pillars: Atlanticism, Europeanism, and Mediterraneanism, leaving sub-Saharan Africa as a largely peripheral concern (Carbone, 2007). Despite viewing the Horn of Africa – where Italy held a dominant colonial position – as a natural sphere of influence, Rome's actions seldom matched this ambition, and enduring networks were never established (Calchi Novati, 2008). Italy's state-controlled energy company ENI was something of an anomaly, establishing itself as a major player across Africa from the 1950s onwards, though largely acting autonomously rather than reflecting or spurring a broader Italian engagement strategy.

Four distinct phases characterize Italy's development cooperation. An early period (1960–1979) was marked by the absence of a coherent policy framework and low aid levels, mostly targeting former colonies and countries with significant Italian emigrant communities.

A second phase (1979–1992) saw growing institutionalization: new legislation made development cooperation an explicit component of foreign policy (Law 49/1987), establishing new structures and substantially increasing aid, which peaked at 0.42% of GNI in 1989. A third period (1992–2014) brought sharp decline, as post-Cold War dynamics and domestic factors – above all the Tangentopoli corruption scandals and Eurozone-related budget constraints – drove aid down to 0.17% of GNI by 2003 (Carbone, 2008; Carbone & Quartapelle, 2016). A notable exception during this period was a debt relief law (Law 209/2000) that cancelled €4 billion of sub-Saharan bilateral debt.

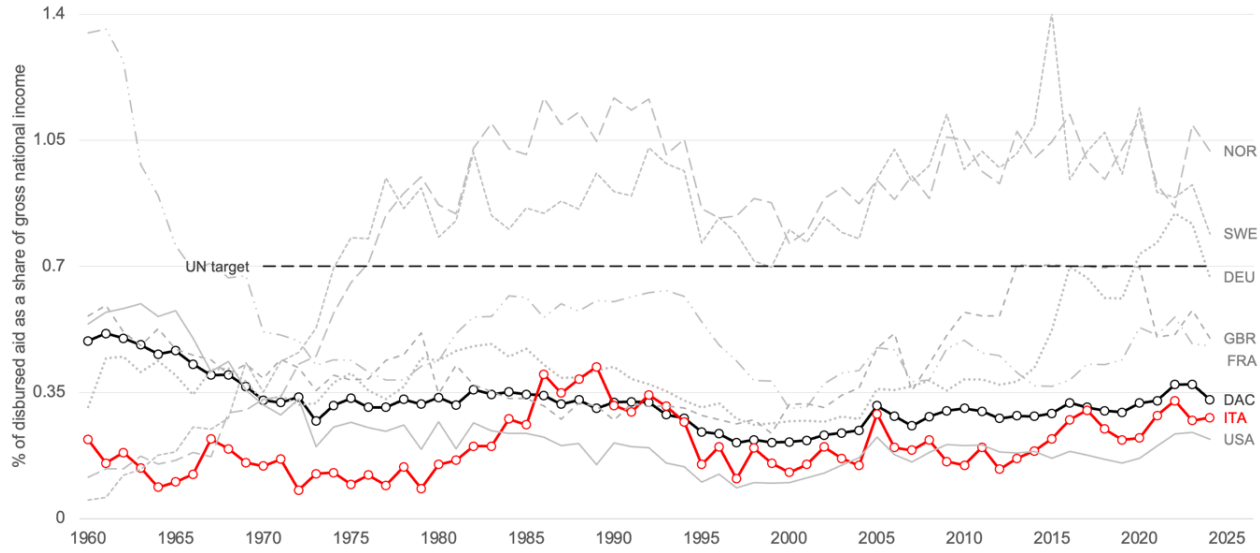
A new phase began in 2014 and continues today. Driven by migration pressures, economic concerns, and shifting geopolitical dynamics in the Mediterranean and Sahel, Italy gradually reengaged. New embassies were opened, a military base was established in Niger, biennial Italy–Africa ministerial conferences were held in Rome, and Italian presidents and prime ministers began conducting regular sub-Saharan visits – a marked contrast to the thirty years between Craxi's 1985 trip and Renzi's 2014 mission during which no Italian head of government had travelled south of the Sahara bilaterally. The most ambitious step was the "Mattei Plan for the development of states in the African continent" (Law 2/2024), which earmarked €2.5 billion of ODA resources across six priority sectors. The plan also prompted a sharp expansion of official priority partner countries, from 20 to 38 in 2024–2026, with 23 in Africa – reversing a prior trend toward geographic concentration (Ministero degli Affari Esteri e della Cooperazione Internazionale, 2021; 2025).

Where? Mapping Italy's aid to African countries across time

Before examining the rationale behind Italy's aid allocation choices – the focus of the following sections – we first map Rome's ODA flows over time and across the continent. We examine ODA disbursements for descriptive purposes here, while ODA commitments, which better capture donor intentions, serve as the main dependent variable in our empirical model.

For decades, Italy has been a modest ODA provider. Figure 1 shows that Rome remained below the DAC average for virtually the entire 1960–2024 period. It formally committed, but eventually did not disburse, the UN's 0.7% GNI target only once in the 1980s (see Figure A1 in the Appendix on aid commitments as GNI share). Aid, in fact, did spike in the 1980s before declining through the 1990s due to public finance constraints and corruption scandals, then stabilized in the 2000s. Finally, since the mid-2010s, disbursements have trended upward and in 2024, when most DAC members began cutting ODA, Italy was among the few to maintain modest annual growth.

Figure 1. ODA disbursements to all recipients as a share of gross national income (GNI) for selected DAC countries, 1960-2024.

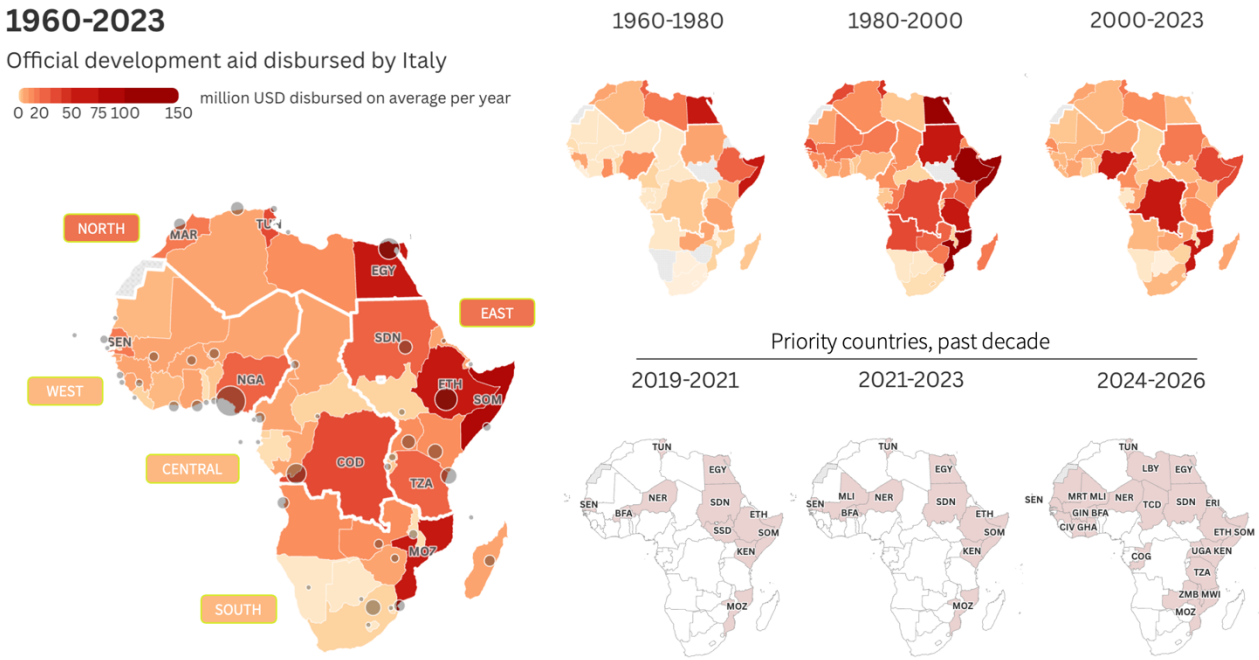


Source: OECD, DAC1: Flows by provider (ODA+OOF+Private)
Notes: DAC refers to the average value of all 33 members of the Development Assistance Committee (DAC). Preliminary data for 2024.

Africa looms large in Italy's bilateral ODA. The continent has consistently absorbed around 53% of Italy's region-allocable bilateral aid, well above the 37% DAC average (see Figure A2 in the Appendix for a timeline). As shown in Figure 2 below, over the full 1960–2023 period, the largest cumulative recipients have been Egypt, Ethiopia, Congo (DRC),

Morocco, Mozambique, Somalia, Sudan, Tanzania, and Tunisia, making North Africa and East Africa the two dominant sub-regions. But rolling 20-year averages reveal shifting priorities, as North Africa dominated in 1960–1980, whereas East Africa surged in 1980–2000, driven by humanitarian emergencies such as famines and conflicts. The 2000–2023 period saw instead an expansion toward West Africa (especially Nigeria) and Central Africa (especially DRC), producing a more even geographic distribution. For the first time, the 2024–2026 priority partner list includes countries from all African sub-regions, though the full quantitative and distributive impact of this expansion remains to be seen.

Figure 2. ODA disbursed by Italy to African countries. 1960-2023 averages, 20-year-period averages, and Italy's latest priority countries for development cooperation.



Sources: AICS; OECD, Dac2A Aid (ODA) disbursements to countries and regions.
Notes: circle size in the 1960-2023 map refers to the population size of each country as of 2023. In the same map, the colour of sub-region labels reflects the average sub-regional disbursement values (the darker, the higher).

Why? Beyond historical legacies and strategic rationales: third-kind relational drivers

Examining Italy's ODA allocations to individual African states provides an opportunity to assess the underlying motives of its aid policy and, more broadly, the factors driving international aid provision. As previously noted, while donors typically frame aid as a tool for promoting development and poverty reduction, foreign policy considerations – including geopolitical influence, trade expansion, and energy security – can also shape allocation decisions (Alesina & Dollar, 2000; Carbone, 2023; Villani, 2015). Reviewing the objectives plausibly attributed to Italian development cooperation in the existing literature is the starting point for deriving the hypotheses guiding our empirical investigation.

For Italy specifically, past trends in bilateral ODA flows have been found to reflect both strategic considerations and recipient needs (Maurini & Settimo, 2009). Despite relatively weak post-colonial ties compared to other European donors (Calchi Novati, 2008), former colonies – Libya in North Africa and present-day Eritrea, Somalia, and Ethiopia in the Horn of Africa – arguably retained a historical advantage, also due to Italian expatriate communities and other networks. Cold War geopolitical alignments and direct Italian involvement in peacebuilding – most notably in Mozambique, where Rome backed independence and later played a key role in ending the civil war – created additional historical linkages. More recently, the renewed centrality of Africa in Italian foreign policy has been linked to a combination of strategic motivations: mitigating migration flows, expanding access to infrastructure and energy markets, and enhancing Italy's international standing as a mid-sized power (Dentice & Donelli, 2021; Li, 2022; Sicurelli, 2020).

While we recognise the merits of existing explanations, we argue that additional drivers of a different nature are also likely at play. We propose a third set of novel explanations centred on "relational dynamics" – not as a replacement for strategic or normative logics, but as a complement to them. Our approach emphasizes that aid allocation decisions are also shaped by

concrete interactions and relationships between actors. Specifically, both the presence of other donors in a potential recipient country and diplomatic visits by African leaders to Italy represent forms of relationships that we argue influence Italy's allocation choices.

First, we consider how the donor landscape in a given recipient country may shape Italy's allocation decisions. Research on aid concentration and fragmentation is not new (Han & Koenig-Archibugi, 2015; Ziaja, 2020), but we are interested specifically in its effects on a single donor's allocation behaviour. While the initial decision to provide aid is likely driven by normative concerns – in a democratic country like Italy, inaction during humanitarian crises carries domestic audience costs – the volume of aid committed may respond to the broader donor environment. A donor may be less inclined to commit large amounts to countries where another donor already holds a dominant position, because additional contributions risk going unnoticed, yielding minimal returns in terms of reputation or influence. Conversely, in competitive aid environments where no single donor dominates – such as Kenya or Tanzania – Italy's contributions are more likely to be recognized by local partners and international observers alike, enhancing its image as an active development actor. This visibility is politically valuable at home, helping justify aid budgets to domestic audiences, and diplomatically valuable abroad, reinforcing Italy's profile as a relevant mid-power. For this reason, Italy may be more inclined to scale up engagement where it can stand out rather than be overshadowed.

However, this effect may depend on the overall size of the recipient's aid market. Where total aid volumes are relatively modest, Italy may achieve visibility even in more concentrated settings, since a smaller contribution can still make a noticeable impact. But in large aid markets dominated by one or few donors, the amount Italy would need to commit to stand out becomes prohibitively high. It is in precisely these cases – large markets with high concentration – that Italy may be most inclined to redirect its resources elsewhere.

Secondly, a full account of aid allocation decisions must also address the agency of recipient country leaders. While donors ultimately decide where their money goes, recipient governments – and especially their political leaderships – can play an active role in shaping aid relationships. One concrete manifestation of such agency is the diplomatic visit: when an African leader travels to Rome, they signal interest in the bilateral relationship and create relational conditions that can influence Italian decision-making. Similarly to the aid concentration logic, we expect visits to be unlikely to determine recipient status per se, but to influence the volume of aid Italy subsequently commits.

The literature supports this expectation. Hoshiro (2020) finds that incoming diplomatic visits to Japan by recipient country leaders are positively associated with the volume of subsequent aid commitments. The dynamic involves a form of "face-saving behaviour": if a foreign leader travels all the way to request assistance, it would be diplomatically inappropriate to let them return empty-handed. We note that this logic is particularly salient in high-context societies (Hall, 1976) – like Japan, and arguably like Italy too – where relational dynamics, non-verbal cues, and implicit expectations play a central role in communication and decision-making. We therefore expect incoming visits by African leaders to Italy to be positively associated with the volume of subsequent Italian aid commitments.

Ultimately, while classical accounts assume Italy acts based on strategic interests or normative values, the mechanisms we identify aim to show how bilateral ODA decisions are also shaped by relational interactions: with other donors, whose presence in a recipient country structures the competitive context in which Italy operates, and with the leaders of beneficiary countries, who can actively shape the relational conditions influencing donor choices. Recipient countries are thus neither passive players nor neutral arenas, but active participants in shaping aid relationships.

Hypotheses

Acknowledging the inherent difficulty in discerning the true intentions of policymakers, to empirically test these mechanisms we adopt a pragmatic approach: as we cannot directly observe motivations, we elaborate three hypotheses that allow us to empirically assess whether, in practice, Italian aid allocation aligns with the expectations derived from our relational mechanisms.

First, we presume larger aid volumes will target countries where the broader aid environment is not dominated by one or few established donors, as this would likely overshadow Italian efforts rather than help getting the most in terms of both a visible aid impact and a recognizable donor status.

H1: *Italy allocates more aid to countries where aid from other donors is not highly concentrated, as it anticipates an opportunity to better stand out and make a visible difference*

But we also expect considerations on the capacity and opportunities to emerge with a visible role to depend on the absolute size of the local aid market. Even in a concentrated aid environment, a donor like Italy may still consider engagement worthwhile if the overall volume of aid in that country is relatively modest, given that a smaller contribution can still yield visibility. We thus hypothesise that:

H2: *The effect of aid concentration is conditional on the size of the recipient's aid market. Italy allocates more aid to countries with competitive aid environments than to those with high aid concentration, particularly when countries are large aid recipients overall*

Finally, we deem that individual African leaders can play a pro-active role by encouraging Italy's aid allocation decisions, rather than merely adopting a wait-and-see approach. This leads to the following hypothesis:

H3: *Italy allocates more aid to countries whose leaders make official diplomatic visits to Italy*

Data and methods

We create an initial dataset covering 64 years (1960-2023) structured as a dyad-year panel involving Italy and all African aid recipient countries. Due to limited data availability for certain key variables such as incoming diplomatic visits, the sample used in the main empirical analysis covers only the post-2000 period (23 years). To test our hypotheses, our baseline model specification is a standard Tobit, the conventional approach in the aid allocation literature for handling censored data that would otherwise bias Ordinary Least Squares (OLS) regression results:

$$y_{it}^{*} = \alpha + \mathrm{x}_{it}'\beta + \varepsilon_{it}$$

where y_{it}^{*} is the true or latent variable reflecting Italy's propensity to commit aid to country *i* in year *t*, x_{it}' is a vector of explanatory and control variables, β a vector of coefficients, and ε_{it} the error term assumed to be normally distributed. The observed outcome y_{it} equals y_{it}^{*} when $y_{it}^{*} > 0$, and is censored at zero otherwise. Tobit's key assumptions are that errors are normal and homoscedastic and that the same latent process, governed by a single parameter vector β, determines both whether aid is given and how much. However, the literature also shows through formal diagnostic tests that these assumptions are often violated in practice: the factors driving a donor's decision to engage with a recipient may differ from those shaping the size of the commitment, making it preferable to allow the two stages to be governed by independent processes, with models that perform better in Monte-Carlo simulations (Clist, 2009; 2011; Hoshiro, 2020). Building on this, we therefore also estimate Cragg-Hurdle models which relax these assumptions by separating a selection equation from an allocation equation estimated independently:

$$y_{1,it}^{*} = \alpha_1 + \mathrm{x}_{1,it}'\gamma + \varepsilon_{1,it}, \qquad y_{1,it} = \begin{cases} 1 & \text{if } y_{1,it}^{*} > 0 \\ 0 & \text{if } y_{1,it}^{*} \leq 0 \end{cases}$$

$$y_{2,it}^{*} = \alpha_2 + \mathrm{x}_{2,it}'\beta + \varepsilon_{2,it}$$

where the first equation (selection) models the probability that $y_{it}>0$, and the second (allocation) models the expected commitment size conditional on a non-zero first stage ($y_{it}>0$), thus estimated on positive observations only. Allowing the two stages to be governed by separate processes, γ is the vector of coefficients governing the selection stage, and β is the vector of allocation coefficients. Beyond relaxing Tobit's single-process assumption, the Cragg-Hurdle also allows us to choose between linear and exponential functional forms for the allocation equation on the basis of model fit and residual diagnostics, further improving specification accuracy. Substantively, this two-part structure allows us to verify whether our relational variables operate specifically at the allocation stage, as theorised, and whether their effects differ across the two decision stages.

Finally, to further test the stability of our findings, we also conduct a series of sensitivity analyses that we describe in the robustness checks section below.

Dependent variables

Our primary dependent variable is the total annual amount of bilateral aid commitments from Italy to each recipient country (in millions of USD, constant 2022 prices), transformed in logarithmic value and rescaled so that the minimum is zero and all the other values are positive. We use aid commitments rather than disbursements, since the latter are often influenced by recipient-side administrative capacity or political conditions (Berthélemy, 2006; Hoshiro, 2020), and are thus less suited to testing our donor-centred research question. These variables are operationalised using the OECD Data Explorer (DAC3A: Official Development Assistance [ODA] Commitments to Countries and Regions). However, as a robustness check, we replicate the analysis using ODA disbursements from the DAC2A dataset (see Supplementary Materials). For the two-stage models, in the selection stage, the dependent variable is a binary indicator of whether Italy committed any bilateral aid to a given African country in a given year, whereas in the allocation stage it is the same as described above.

Independent variables

The two main independent variables reflecting third-kind relational drivers beyond needs or donor self-interests are aid concentration from other donors and diplomatic visits to Italy by the political leadership of an African recipient country in a given year.

To measure aid concentration, we use data from the Foreign Bilateral Influence Capacity Index (FBIC) dataset (Moyer et al., 2024), which includes aid commitments by any foreign donor, including non-DAC countries like China and the Gulf states, to a recipient country in a given year. For each country-year, after excluding Italian aid, we compute a Herfindahl-Hirschman index (HHI) of donor concentration. The result is an interval variable ranging from low to high (0-1), where values closer to 0 indicate a competitive aid environment (many donors with similar shares) and values closer to 1 refer to a concentrated one in which a single donor (different from Italy) dominates (see Figure S1 in the Supplementary Materials for a visualization of the distribution of this variable across recipient countries and over time). This variable captures the degree of "market" concentration in other donors' aid flows in a given recipient country per year, which we hypothesise to influence Italy's willingness to engage where others are already dominant. To test the conditional effect the size of a recipient's aid market has on this mechanism, as hypothesised in H2, we interact this variable with *Aid market size*, that is the total amount of aid all the other donors bilaterally commit to a given recipient in a given year (Moyer et al., 2024, provided as 2011 USD millions, then log-transformed and rescaled to have the minimum at zero).[3]

For incoming diplomatic visits, we use the recent dataset on Italian diplomatic activity by Corda and Casiraghi (2025). This includes visits by heads of state, prime ministers, and foreign ministers from African countries to Italy. Since this variable is only available for the period 2000–2023, analyses using it rely on a reduced sample.

Control variables

In addition to the two third-kind relational explanatory variables at the core of our analysis, the empirical model includes a set of control variables drawn from the two main traditional families of aid allocation drivers: recipient needs and donor strategic interests.

To account for foreign policy and strategic motivations, we first include a binary indicator identifying whether a recipient country was a former Italian colony. Although previous research suggested that Italy's colonial legacy plays a less prominent role in aid allocation compared to other former colonial powers such as France, the United Kingdom, or Portugal (Maurini & Settimo, 2009), this variable is included for comparability with the broader aid literature, which documents a persistent prioritization of former colonies (Alesina & Dollar, 2000; Bini, 2016; Li, 2022). Another variable, embassy presence, measures the number of years since Italy opened an embassy in the recipient country. This serves as a proxy for the strength and longevity of bilateral diplomatic engagement and potential influence, as well as for the legacy of long-established links.

To capture energy-related strategic interests, we include two variables. The first, *Energy supply*, is a dichotomous indicator of whether the recipient country supplies oil or gas to Italy in a given year. The second captures whether ENI, Italy's national energy company, is actively engaged in oil or gas production in the country in a given year. Together, these variables reflect the expectation that donors may use aid to secure energy access or support national energy companies abroad, an increasingly visible trend in Italian development policy, particularly given the centrality of energy in the Mattei Plan.

Broader economic interests are captured through two additional variables. The first is the recipient country's annual GDP growth rate, which serves as a proxy for expanding markets worth entering. Driven by a commercial rationale for aid, donors may view rapidly growing economies as attractive aid targets due to trade or investment prospects. The second is the

logged value of the recipient's GDP, measured in 2011 constant USD (Moyer et al., 2024), which captures economic weight and overall market size, another factor that may potentially influence Italy's willingness to commit aid, consistent with a strategy of market-oriented engagement.

Finally, to account for the view that Italy channels aid to countries of migration origin or transit in an effort to manage or stem migration flows, we include *Incoming migrants*, a variable measuring the log-transformed number of migrants from a given African country registered over time at the Italian official population register (*anagrafe*), irrespective of their citizenship status. Similar security-related considerations such as the spread of terrorism and conflict situations are included with another variable *Political violence* which measures the log-transformed number of civilian fatalities reported per year in each country, based on the ACLED dataset.

Second, we also control for a range of variables related to humanitarian needs and developmental goals. Developmental needs are captured through the Human Development Index (HDI), a composite measure of life expectancy, educational attainment, and per capita income. Lower HDI values are expected to be associated with greater aid inflows, in line with the normative goal of addressing global inequalities and supporting the most vulnerable populations. Additionally, we include a binary indicator for the occurrence of natural disasters such as droughts, floods, or disease outbreaks, using data from the EM-DAT database, under the expectation that aid flows also respond to short-term humanitarian crises.

We then include a variable for government effectiveness, drawn from the World Bank's Worldwide Governance Indicators. This index captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. The inclusion of this variable reflects the view,

prominent in the aid effectiveness literature, that donors may allocate more aid to countries with stronger institutional capacity that can turn it into development.

We also control for the level of democracy and corruption in recipient countries, as measured respectively by the V-Dem's interval variables *Polyarchy* (corresponding to the Electoral democracy index) and *Political corruption index*, which combines public sector, executive, legislative, and judiciary corruption. With regard to democracy, the literature offers competing interpretations: donors may favour democratic countries either because they are more capable of absorbing aid effectively or to reward democratic governance, while others may prioritize less democratic countries to support human rights and institutional development where they are most at risk. Concerning corruption, instead, while its effect on aid allocation has been found to be largely insignificant in the literature, evidence suggests it may carry some influence for certain donors and in specific sectors, so we include it for completeness (Francisco et al., 2025; Lopez, 2015).

Finally, to account for structural factors influencing aid allocation, we also include the logarithm of the geographic distance (in kilometres) between the capitals of Italy and of each recipient country, using data from CEPII. This gravity-model control accounts for the role that proximity generally plays in facilitating economic, diplomatic, human engagement. To ensure temporal precedence with regard to the effect of the independent variables on the outcome, we lag all the independent variables and controls by one year, except for time-invariant variables.

Results

Why do donors like Italy target certain African countries over others? To investigate Italy's aid allocation to Africa, and to test our hypotheses regarding the role of third-kind relational factors beyond traditional motivations, Table 1 displays the main results of our analysis. As outlined above, the Tobit models (M1–M3) serve as the baseline specification, whereas the Cragg-

Hurdle models (M2–M4) provide a robustness check and additionally allow us to distinguish between selection and allocation effects. The first pair of these models (M1, M2) assesses the two main effects of aid concentration and incoming visits as hypothesized in H1 and H3. The second pair (M3, M4) builds on this by including an interaction term between aid concentration and aid market size in the allocation equation, as proposed in H2.

Table 1: Regression results

	(1)	(2)		(3)	(4)	
DV:	**Tobit**	**Cragg**		**Tobit X**	**Cragg X**	
logged aid commitments	allocation	selection	allocation	allocation	selection	allocation
HHI aid concentration $_{(t-1)}$	-0.787***	-1.020*	-1.968***	1.128	-1.020*	-1.688
	(0.276)	(0.535)	(0.376)	(1.034)	(0.535)	(1.327)
Aid market size $_{(log, t-1)}$	0.386***	0.482***	0.281***	0.504***	0.482***	0.297**
	(0.072)	(0.153)	(0.076)	(0.101)	(0.153)	(0.116)
HHI aid$_{(t-1)}$ X market size$_{(log, t-1)}$				-0.393*		-0.055
				(0.215)		(0.249)
Incoming visits $_{(t-1)}$	0.155***	0.297	0.096**	0.145***	0.297	0.095**
	(0.047)	(0.223)	(0.047)	(0.045)	(0.223)	(0.046)
Donor foreign policy and strategic interests						
Former Italian colony	0.437*	-1.011	0.218	0.472**	-1.011	0.221
	(0.231)	(0.699)	(0.210)	(0.215)	(0.699)	(0.208)
Embassy longevity $_{(t-1)}$	0.012***	0.081***	0.014***	0.011***	0.081***	0.014***
	(0.004)	(0.012)	(0.004)	(0.004)	(0.012)	(0.004)
Energy supplier $_{(t-1)}$	0.063	-0.745	-0.111	0.079	-0.745	-0.110
	(0.212)	(0.537)	(0.206)	(0.212)	(0.537)	(0.206)
ENI presence $_{(t-1)}$	0.196	1.369**	0.196	0.189	1.369**	0.195
	(0.245)	(0.532)	(0.160)	(0.236)	(0.532)	(0.159)
GDP growth rate $_{(t-1)}$	0.857**	0.333	0.669	0.733**	0.333	0.657
	(0.355)	(0.869)	(0.474)	(0.352)	(0.869)	(0.461)
GDP $_{(log, t-1)}$	-0.096	0.007	-0.029	-0.090	0.007	-0.029
	(0.070)	(0.153)	(0.085)	(0.070)	(0.153)	(0.085)
Incoming migrants $_{(log, t-1)}$	0.045	0.150*	0.060	0.051	0.150*	0.061
	(0.033)	(0.083)	(0.043)	(0.032)	(0.083)	(0.044)
Political violence $_{(log, t-1)}$	0.056**	-0.085	0.038	0.051*	-0.085	0.037
	(0.027)	(0.067)	(0.026)	(0.026)	(0.067)	(0.027)
Recipient humanitarian/development needs						
HDI $_{(t-1)}$	-1.824*	-4.174*	-2.324**	-1.746*	-4.174*	-2.309**
	(0.943)	(2.286)	(1.096)	(0.913)	(2.286)	(1.093)
Natural disaster $_{(t-1)}$	0.039	0.386***	0.057	0.051	0.386***	0.059
	(0.081)	(0.136)	(0.122)	(0.078)	(0.136)	(0.120)
Government effectiveness $_{(t-1)}$	-0.052	-0.032	-0.166	-0.058	-0.032	-0.168
	(0.166)	(0.376)	(0.155)	(0.163)	(0.376)	(0.158)
Democracy (polyarchy) $_{(t-1)}$	-0.653	-1.639**	-0.579	-0.655	-1.639**	-0.578
	(0.404)	(0.662)	(0.407)	(0.411)	(0.662)	(0.408)
Corruption $_{(t-1)}$	-0.641*	-1.489	-0.294	-0.595	-1.489	-0.288
	(0.380)	(1.101)	(0.407)	(0.386)	(1.101)	(0.408)

Other controls						
Distance (log)	-0.423*	-0.999**	-0.571***	-0.437**	-0.999**	-0.573***
	(0.218)	(0.443)	(0.159)	(0.215)	(0.443)	(0.160)
Constant	6.023**	10.325**	4.716*	5.339**	10.325**	4.629*
	(2.442)	(4.732)	(2.438)	(2.448)	(4.732)	(2.404)
Observations	1,097	1,097		1,097	1,097	
Pseudo R-squared	0.253	0.576		0.255	0.577	
Log-likelihood	-1313	-402.8		-1308	-402.7	

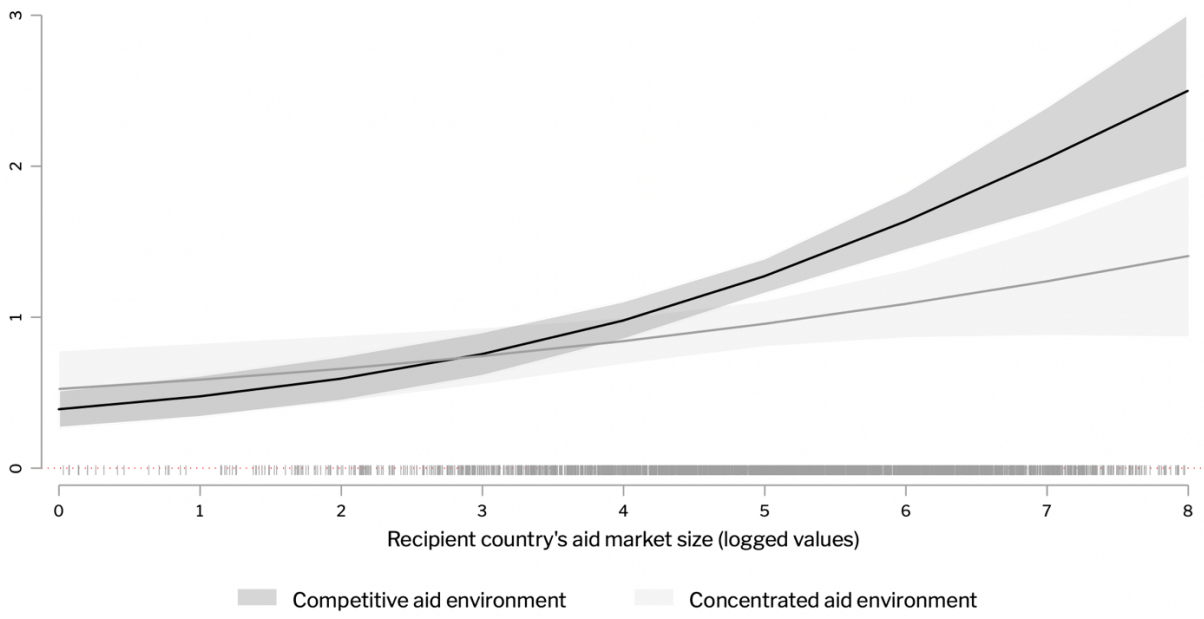
*** p<0.01, ** p<0.05, * p<0.1. Clustered standard errors in parentheses. "X" means model with interaction effect. Cragg's model have an exponential estimation. All models include years fixed effects, not displayed.

Our key contribution lies in showing that also relational factors (the competitive structure of the donor environment and the diplomatic agency of recipient leaders) independently influence how much Italy commits. The results show that, as expected, incoming visits do not significantly predict selection in any specification, and in this regard (selection) also aid concentration falls short of standard significance thresholds. However, concerning the focus of our inquiry, namely aid's commitment size (M1, M3, and the allocation equations of M2 and M4), the negative and statistically significant coefficient on aid concentration and the positive and statistically significant coefficient on incoming visits confirm respectively H1 and H3. That is, Italy allocates more aid where the donor landscape is competitive rather than dominated by one or few actors, and to countries whose leaders had just visited Rome.

To assess H2, where we reconsidered a conditional perspective positing that the effect of aid concentration is conditional on the overall size of the recipient's aid market, we now turn to the interaction between these variables, which we included in M3 and in the allocation equation of M4. First, aid market size is, on its own, statistically significant across all specifications, at both the selection and allocation stages, suggesting Italy is not only more likely to engage where the overall aid market is larger, but also commits more aid in such contexts. Second, its interaction effect with aid concentration, which lies at the core of H2, appears negative but not statistically significant in the regression table. Yet, Figure 3 provides a clearer illustration of its substantive implications. Estimated from M3, it displays predicted

aid allocation (log-transformed) under conditions of low (competitive) and high (concentrated) aid concentration across varying levels of recipient countries' aid market size. In smaller aid markets the two lines almost completely overlap, suggesting that in these contexts concentration has no differentiating impact on Italy's allocation decisions. In larger markets, however, a clear divergence emerges: Italy systematically allocates more to competitive environments such as Egypt than to concentrated ones such as Gabon, where a single or few donors already dominate. This visual pattern indicates a conditional effect that is not fully captured by the coefficient of the interaction term or its constituent variables alone, but which nonetheless lends empirical support to our hypothesis. The marginal effects reported in the Appendix (see Figure A3) further corroborate this.

Figure 3. Predictions of the interaction effect of aid concentration and aid market size on Italy's aid allocation



Notes: Adjusted predictions with 95% CIs. The barcode plot along the X axis represents the distribution of its variable's values, with extreme values above the 99th percentile excluded. Competitive and concentrated aid environment correspond, respectively, to the 10th and 90th percentile values of the *HHI aid concentration* variable.

Robustness checks

Our three hypotheses are further confirmed across a series of robustness checks and sensitivity analyses reported in the Supplementary Materials. There, models S1-S4 replicate the main table by using disbursements instead of commitments as the dependent variable; models S5-S6 re-estimate the Cragg Hurdle models M2 and M4 using linear specifications; model S7 re-estimates M3 with country fixed effects; model S8 builds on M3 by incorporating additional gravity-model variables, such as bilateral trade imports and exports, as well as the recipient country's population; finally, model S9 re-estimates M3 by removing variables available only from 1990 onward to assess whether the other core effects hold over the longer 1960-2023 period as well.

Discussion

Overall, the empirical analysis indicates that Italy indeed allocates more aid to countries where the aid market is competitive rather than concentrated, and this is particularly the case as the recipient countries' aid market size grows. This supports the idea that Italy, as a mid-sized donor, seeks visibility and influence in environments where it can stand out. The empirical analysis also indicates that diplomatic visits by recipient leaders to Italy are positively associated with higher aid commitments, suggesting recipient leaders' agency matters in shaping donor behaviour. Going beyond more traditional established drivers, these new findings on relational dynamics contribute to a more nuanced understanding of how foreign aid is allocated, not only by Italy but potentially by other mid-sized donors facing comparable reputational and strategic constraints. They also highlight the need to treat aid allocation as a multi-actor process, shaped by interactions with other donors and recipient governments.

Beyond our novel relational findings, the broader patterns of results emerged from our research also confirm that both strategic interests and recipient humanitarian needs shape

Italian ODA, consistently with prior comparative studies (Alesina & Dollar, 2000; Hoeffler & Outram, 2011). Among them, embassy longevity is a consistent predictor of both aid engagement and commitment size across all specifications. ENI's operational presence, the occurrence of natural disasters, and non-democratic governance significantly increase the probability of selection, while humanitarian needs (the lower the HDI values) are associated with higher commitment volumes. So are GDP growth, political violence, and colonial ties, at least in some specifications.

Conclusions

This paper examined Italy's bilateral aid allocation to African countries, moving beyond the traditional explanatory frameworks of recipient needs and donor self-interests. Drawing on an original dataset, various model specifications, and sensitivity analyses, we tested a set of third-kind hypotheses, centred on the relational dynamics between Italy and both other donors and African recipient leaders. Our findings suggest that Italy's aid behaviour is not solely shaped by normative or strategic imperatives, but also by the broader donor landscape and diplomatic engagements.

Whether similar dynamics are at play also in other donor countries should be the subject of future research. Indeed, this is one of the limits of our research that merit explicit acknowledgement. First, our findings are geographically specific to Africa and may not hold in other regions (for example, the eastern European neighbourhood) where Italy's aid relationships and strategic priorities may at times differ. Second, while relational dynamics may be relevant to other mid-sized donors, some of the mechanisms we identify reflect Italy's particular diplomatic high-context culture; as such, their generalizability, especially to mid-sized low-context cultures, should be tested comparatively. Finally, like all research using aid data aggregated from multiple sources, our analysis is subject to the inherent data quality

limitations of the field, particularly regarding non-DAC donor contributions recorded in the FBIC dataset we use.

To conclude, our findings carry important implications in light of ongoing global aid cuts. As fiscal pressures and choices lead many donors to reduce their development assistance, thus becoming more selective in orienting or reorienting ODA, the relational dimensions of aid may become more pronounced and relevant. It would not be surprising if recipient leaders were to grow more strategic, intensifying their diplomatic efforts to sustain aid inflows and possibly creating a donor environment competitive enough not to deter mid-sized donors from intervening. Properly framing these third-kind drivers is thus crucial not only for understanding future aid patterns, but also for allowing recipient countries to better address and mitigate the effects of shrinking aid budgets.

[1] See Center for Global Development (2025, June 12). Charting the Fallout of Aid Cuts: Which Countries Will be Hit Hardest, as Multiple Donors Cut Budgets? [Blog]. Retrieved from https://www.cgdev.org/blog/charting-fallout-aid-cuts.

[2] See https://www.oecd.org/en/topics/official-development-assistance-oda.html; see also OECD (2021). *Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire*, OECD.

[3] Beyond its role in the allocation, we also include this variable, without interaction, in the selection equations of the two-stage models, to check whether Italy is more likely to be present in countries where the overall aid market is larger, that is, where also many other donors are already active.

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Declaration of interests: The authors report there are no competing interests to declare.

Funding: We do not have any funding to acknowledge.

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Appendix

Summary statistics

Variables	N	Mean	Std. Dev.	Min	Max	Median	Coverage
Aid commitments (0/1)	3087	0.804	0.396	0	1	1	1966-2023
Aid disbursements (0/1)	3404	0.75	0.433	0	1	1	1960-2023
Aid commitments (log, rescaled)	3087	1.34	1.455	0	6.9	0.8	1966-2023
Aid disbursements (log, rescaled)	3280	1.197	1.426	-3.9	6.9	0.7	1960-2023
HHI aid concentration	3128	0.343	0.217	0	1	0.3	1960-2023
Aid market size (log, rescaled)	3128	5.088	1.497	0	9.4	5.3	1960-2023
Incoming visits	1285	0.209	0.660	0	8	0	2000-2023
Former Italian colony	3341	.067	0.250	0	1	0	1960-2023
Embassy longevity	3128	10.247	15.258	0	57	0	1960-2023
Energy supplier	1815	0.166	0.373	0	1	0	1990-2023
ENI presence	3404	0.16	0.367	0	1	0	1960-2023
GDP growth rate	3075	.009	0.073	-0.5	1.4	0	1961-2023
GDP (log)	3128	22.559	1.633	18.6	27	22.5	1960-2023
Incoming migrants (log)	1179	4.966	2.226	0	10.5	4.9	2002-2023
Political violence (log)	1444	2.208	2.380	0	9.1	1.4	1997-2023
HDI	1580	0.499	0.125	0.2	0.8	0.5	1990-2023
Natural disaster	3404	0.495	0.500	0	1	0	2000-2023
Government effectiveness	1335	-.772	0.638	-2.4	1.2	-0.8	1996-2023
Democracy (polyarchy)	3404	0.288	0.191	0	0.8	0.2	1960-2023
Control of corruption	3404	0.6	0.231	0	1	0.6	1960-2023
Distance (log)	3404	8.379	0.505	6.4	9	8.4	1960-2023
Trade exports (log)	3095	17.502	2.181	-7.6	23.1	17.5	1960-2023
Trade imports(log)	3035	16.634	3.104	2.5	23.8	17	1960-2023
Population (log)	3404	15.407	1.626	10.6	19.2	15.6	1960-2023

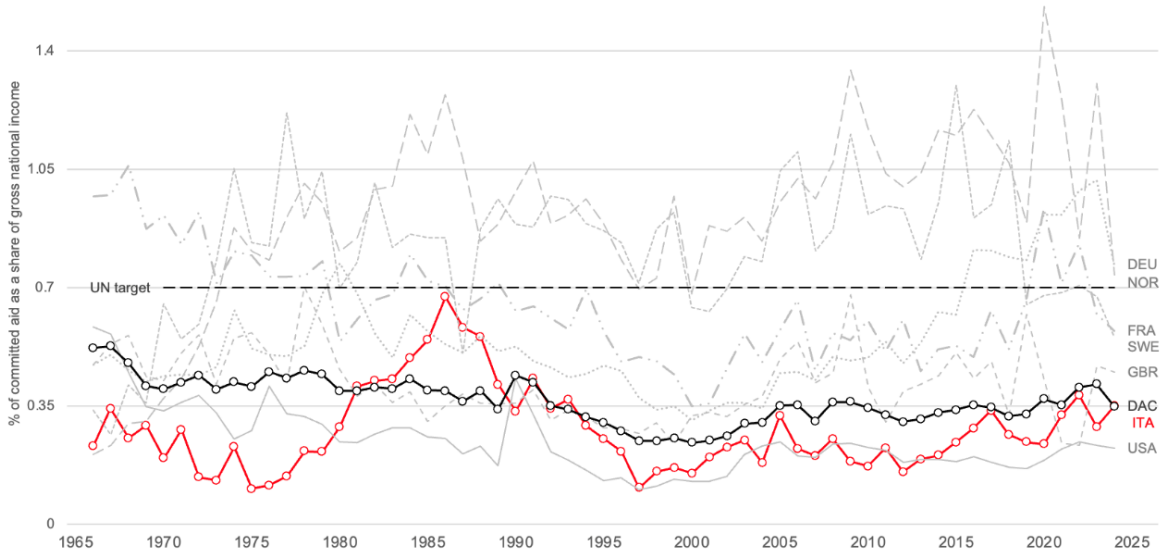
Total number of recipient countries: 54.

Total number of country-year observations with aid commitments data: 3,087. Overall, 19.5% of such country-year observations are zeros. Focusing on the past 25 years, which largely correspond to the full-control dataset used for the statistical analysis), the countries which received no Italian aid or only occasional aid (i.e., in a very limited number of years over this time span) are Botswana, Cape Verde, Comoros, Equatorial Guinea, Mauritius, Seychelles.

Data sources

Variable	Source
Aid commitments and disbursements	OECD Data Explorer. (2025). *DAC3A: ODA Commitments to Countries and Regions* and *DAC2A ODA Disbursements* datasets
Aid market size GDP growth rate GDP Trade exports and imports	Foreign Bilateral Influence Capacity Index (FBIC) dataset. Moyer, J. D., Meisel, C., Matthews, A. S., Doran, W., Bohl, D. K., Castor, H., Green, C., & Szymanski-Burgos, A. (2024). *Foreign Bilateral Influence Capacity Index Codebook Version 3.6* [Dataset]. Frederick S. Pardee Institute for International Futures, Josef Korbel School of International Studies, University of Denver.
HHI aid concentration	Authors' calculation based on FBIC dataset's variables
Incoming visits	Corda, T., & Casiraghi, M. (2025). The party politics of diplomatic engagements: Evidence from Italy. *Italian Political Science Review, 55*(3), 223-237. doi:10.1017/ipo.2024.30
Former Italian colony	Authors' calculation
Embassy longevity	Authors' calculation based on MAECI official data
Energy supplier	Eurostat. (2025). *Imports by Italy of natural gas by partner country, in million cubic metres; Imports by Italy of oil and petroleum products by partner country, in thousand tonnes* [Dataset]. Eurostat Data Browser. Retrieved from: https://ec.europa.eu/eurostat/databrowser/view/nrg_ti_oil__custom_16244168/default/table
ENI presence	Authors' calculation based on ENI official data
Incoming migrants (log)	ISTAT. (2025). Immigrati – paesi di provenienza [Dataset]. Istat. Retrieved from https:// esploradati.istat.it/databrowser /#/it/dw/categories/ IT1,POP,1.0/ POP_MIGRATIONS/ DCIS_MIGRAZIONI/ IT1,28_185_DF_DCIS_ MIGRAZIONI_3,1.0
Political violence (log)	Armed Conflict Location & Event Data Project**. (2025).** *Aggregate data on reported fatalities* [Dataset]. ACLED. Retrieved from http://www.acleddata.com
HDI	Human Development Index (HDI), retrieved from https://hdr.undp.org/data-center/human-development-index#/indicies/HDI
Natural disaster	**EM-DAT. (2025).** *Disaster group natural* [Dataset]. EM-DAT. Retrieved from https://public.emdat.be/data
Government effectiveness Population (log)	**World Bank. (2025).** *Government effectiveness* / *Population*. Worldwide Governance Indicators. Retrieved from https://databank.worldbank.org/metadataglossary/worldwide-governance-indicators/series/GE.EST
Democracy (polyarchy) Corruption	**Coppedge, M., Gerring, J., Knutsen, C-H, Lindberg, S., Teorell, J., Altman, D., Angiolillo, F., et al (2024).** *v2x_polyarchy* / *v2x_corr*. V-Dem Dataset v14. V-Dem Institute, University of Gothenburg.
Distance (log)	**Mayer, T., & Zignago, S. (2011).** *Notes on CEPII's distances measures: The GeoDist database* (Working Papers 2011-25). Paris: CEPII Research Center.

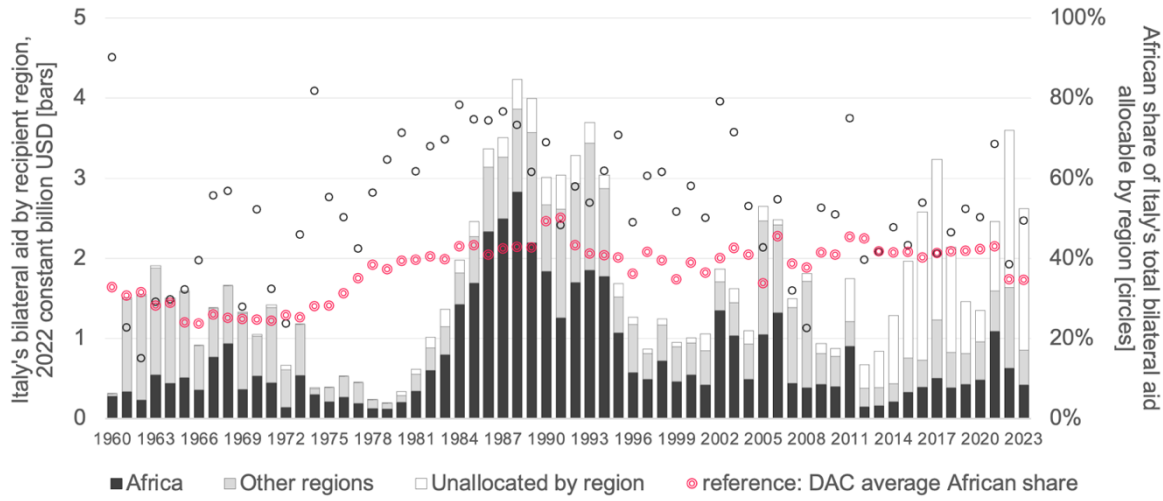
Figure A1 – ODA commitments to all recipients as a share of gross national income (GNI) for selected DAC countries, 1960-2024



Source: OECD, DAC1: Flows by provider (ODA+OOF+Private)

Notes: DAC refers to the average value of all 33 members of the Development Assistance Committee (DAC). Preliminary data for 2024.

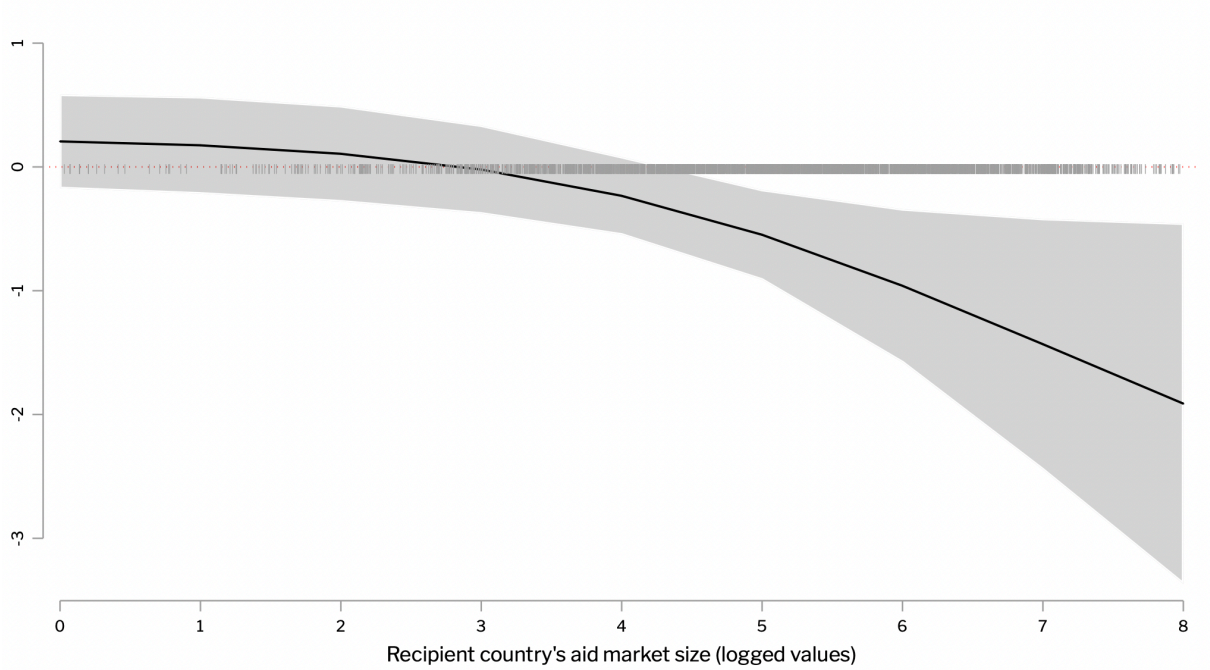
Figure A2 – Gross bilateral ODA disbursed by Italy, 1960-2023, by recipient region, in 2022 constant billion USD (bars) and percentage share received by Africa out of Italy's total region-allocable bilateral aid (black circles)



Sources: OECD, Dac2A Aid (ODA) disbursements to countries and regions.

Notes: red circles refer to the average share of bilateral ODA that Africa receives from all DAC donors, included for comparison with the Italian share's black circles.

Figure A3 – Marginal effects of one-unit increase in aid concentration on Italy's aid allocation, at varying levels of aid market size

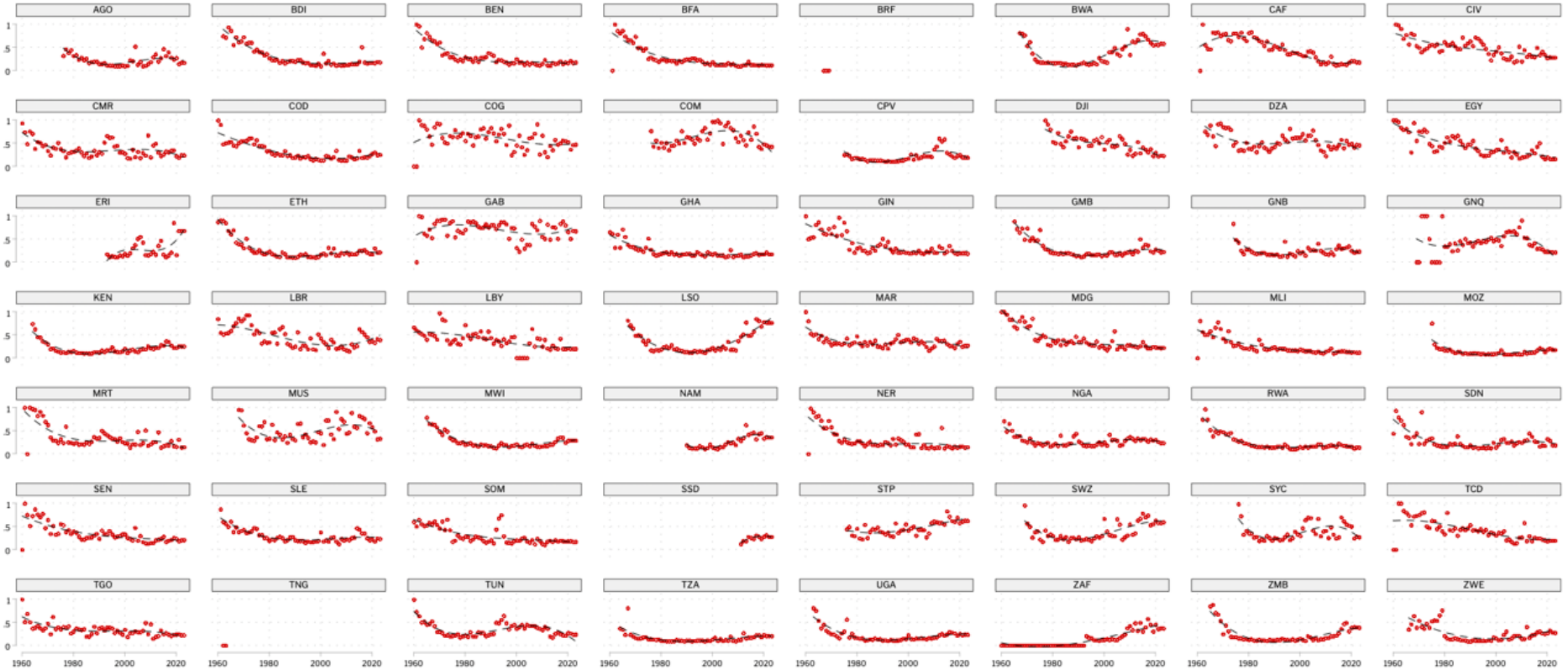


Notes: Conditional marginal effects with 95% CIs.

A one-unit increase in aid concentration (e.g., moving from a competitive to a concentrated environment) has a statistically significant negative effect on Italian aid allocation only when the recipient's aid market is large (e.g. on the right-side of the graph). At lower levels of aid market size, we find no evidence of a statistically significant effect.

Supplementary Materials

Figure S1. *HHI aid concentration* across recipient countries and over time



Sensitivity analysis: Models S1-S4

	(S1)	(S2)		(S3)	(S4)	
DV:	Tobit	Cragg		Tobit X	Cragg X	
logged aid disbursements	allocation	selection	allocation	allocation	selection	allocation
HHI aid concentration $_{(t-1)}$	-0.725***	-1.099***	-1.667***	1.124	-1.099***	-2.316*
	(0.271)	(0.410)	(0.388)	(0.951)	(0.410)	(1.364)
Aid market size $_{(log, t-1)}$	0.360***	0.467***	0.285***	0.474***	0.467***	0.247**
	(0.069)	(0.120)	(0.080)	(0.101)	(0.120)	(0.125)
HHI aid $_{(t-1)}$ X market size $_{(log, t-1)}$				-0.383*		0.130
				(0.204)		(0.252)
Incoming visits $_{(t-1)}$	0.167***	0.417*	0.109**	0.157***	0.417*	0.111**
	(0.044)	(0.246)	(0.047)	(0.043)	(0.246)	(0.047)
Donor foreign policy and strategic interests						
Former Italian colony	0.283	1.424***	0.002	0.322	1.424***	-0.005
	(0.263)	(0.439)	(0.204)	(0.244)	(0.439)	(0.202)
Embassy longevity $_{(t-1)}$	0.013***	0.021*	0.013***	0.012***	0.021*	0.013***
	(0.003)	(0.012)	(0.004)	(0.003)	(0.012)	(0.004)
Energy supplier $_{(t-1)}$	0.000	0.483	-0.381	0.016	0.483	-0.382
	(0.228)	(0.491)	(0.278)	(0.227)	(0.491)	(0.277)
ENI presence $_{(t-1)}$	0.146	-0.596	0.257	0.143	-0.596	0.260
	(0.255)	(0.490)	(0.206)	(0.243)	(0.490)	(0.207)
GDP growth rate $_{(t-1)}$	1.086**	0.755	0.661	0.965**	0.755	0.692
	(0.448)	(0.771)	(0.506)	(0.433)	(0.771)	(0.504)
GDP $_{(log, t-1)}$	-0.081	-0.144	0.010	-0.075	-0.144	0.009
	(0.061)	(0.114)	(0.093)	(0.060)	(0.114)	(0.092)
Incoming migrants $_{(log, t-1)}$	0.050	0.061	0.082*	0.056*	0.061	0.080*
	(0.033)	(0.087)	(0.047)	(0.032)	(0.087)	(0.047)
Political violence $_{(log, t-1)}$	0.059**	-0.032	0.039	0.053*	-0.032	0.040
	(0.028)	(0.066)	(0.029)	(0.027)	(0.066)	(0.029)
Recipient humanitarian/development needs						
HDI $_{(t-1)}$	-1.352	-3.140	-1.845	-1.276	-3.140	-1.876
	(0.935)	(2.195)	(1.202)	(0.898)	(2.195)	(1.201)
Natural disaster $_{(t-1)}$	0.042	0.373***	0.036	0.053	0.373***	0.032
	(0.088)	(0.113)	(0.115)	(0.084)	(0.113)	(0.115)
Government effectiveness $_{(t-1)}$	-0.185	-0.083	-0.258	-0.188	-0.083	-0.254
	(0.142)	(0.370)	(0.164)	(0.139)	(0.370)	(0.167)
Democracy (polyarchy) $_{(t-1)}$	-0.561	-0.875	-0.744*	-0.564	-0.875	-0.744*
	(0.402)	(0.775)	(0.441)	(0.406)	(0.775)	(0.440)
Corruption $_{(t-1)}$	-0.817**	-0.749	-0.470	-0.767**	-0.749	-0.485
	(0.368)	(0.977)	(0.450)	(0.371)	(0.977)	(0.450)
Other controls						
Distance $_{(log)}$	-0.468***	-0.320	-0.632***	-0.480***	-0.320	-0.626***
	(0.177)	(0.258)	(0.166)	(0.174)	(0.258)	(0.168)
Constant	5.862***	6.834**	3.674	5.170***	6.834**	3.885*
	(1.807)	(2.703)	(2.442)	(1.790)	(2.703)	(2.356)
Observations	1,064	1,064		1,064	1,064	
Pseudo R-squared	0.251	0.539		0.254	0.539	
Log-likelihood	-1259	-421.8		-1255	-421.5	

*** p<0.01, ** p<0.05, * p<0.1. Clustered standard errors in parentheses. "X" means model with interaction effect. Cragg's model have an exponential estimation. All models include years fixed effects, not displayed.

Sensitivity analysis: Models S5-S10

DV: *logged aid commitments*	(S5) Cragg (linear) selection	(S5) Cragg (linear) allocation	(S6) Cragg X (linear) selection	(S6) Cragg X (linear) allocation	(S7) OLS country FEs (54)	(S8) Tobit X controls+	(S9) Tobit X 1960-2023
HHI aid concentration (t-1)	-1.020*	-2.726***	-1.020*	-4.626	0.609	1.298	1.205
	(0.535)	(0.905)	(0.535)	(4.713)	(0.629)	(1.012)	(0.905)
Aid market size (log, t-1)	0.482***	0.704***	0.482***	0.619**	0.301***	0.504***	0.723***
	(0.153)	(0.154)	(0.153)	(0.263)	(0.070)	(0.100)	(0.080)
HHI aid (t-1) X market size (log, t-1)				0.331	-0.201	-0.411**	-0.494**
				(0.796)	(0.131)	(0.209)	(0.204)
Incoming visits (t-1)	0.297	0.195***	0.297	0.196***	0.092**	0.148***	…
	(0.223)	(0.075)	(0.223)	(0.075)	(0.038)	(0.045)	
Donor foreign policy and strategic interests							
Former Italian colony	-1.011	0.399	-1.011	0.402	…	0.387*	1.467***
	(0.699)	(0.272)	(0.699)	(0.272)		(0.220)	(0.281)
Embassy longevity (t-1)	0.081***	0.020***	0.081***	0.020***	0.006	0.011***	0.009*
	(0.012)	(0.006)	(0.012)	(0.006)	(0.005)	(0.003)	(0.005)
Energy supplier (t-1)	-0.745	-0.006	-0.745	-0.008	0.106	0.101	…
	(0.537)	(0.375)	(0.537)	(0.374)	(0.221)	(0.190)	
ENI presence (t-1)	1.369**	0.458	1.369**	0.464	-0.257	0.152	0.201
	(0.532)	(0.337)	(0.532)	(0.342)	(0.168)	(0.211)	(0.196)
GDP growth rate (t-1)	0.333	1.221*	0.333	1.263**	0.618*	0.675*	-0.401
	(0.869)	(0.635)	(0.869)	(0.643)	(0.355)	(0.368)	(0.251)
GDP (log, t-1)	0.007	-0.159	0.007	-0.160	0.188	-0.198	-0.027
	(0.153)	(0.152)	(0.153)	(0.150)	(0.340)	(0.172)	(0.049)
Incoming migrants (log, t-1)	0.150*	0.103	0.150*	0.100	0.093**	0.006	…
	(0.083)	(0.064)	(0.083)	(0.064)	(0.041)	(0.039)	
Political violence (log, t-1)	-0.085	0.087**	-0.085	0.089**	0.046*	0.062**	…
	(0.067)	(0.040)	(0.067)	(0.040)	(0.024)	(0.024)	
Recipient humanitarian/development needs							
HDI (t-1)	-4.174*	-3.511**	-4.174*	-3.539**	-2.910	-2.280*	…
	(2.286)	(1.730)	(2.286)	(1.730)	(2.502)	(1.330)	

Natural disaster $_{(t-1)}$	0.386***	0.022	0.386***	0.014	0.014	0.019	…
	(0.136)	(0.170)	(0.136)	(0.172)	(0.058)	(0.073)	
Government effectiveness $_{(t-1)}$	-0.032	-0.257	-0.032	-0.244	-0.166	-0.074	…
	(0.376)	(0.270)	(0.376)	(0.270)	(0.173)	(0.155)	
Democracy (polyarchy) $_{(t-1)}$	-1.639**	-1.059	-1.639**	-1.068	-0.596	-0.674*	-1.080**
	(0.662)	(0.754)	(0.662)	(0.753)	(0.456)	(0.382)	(0.475)
Corruption $_{(t-1)}$	-1.489	-0.958	-1.489	-0.979	-1.047**	-0.699*	-0.224
	(1.101)	(0.695)	(1.101)	(0.696)	(0.412)	(0.382)	(0.328)
Other controls							
Distance $_{(log)}$	-0.999**	-0.939***	-0.999**	-0.935***	…	-0.335	-0.500***
	(0.443)	(0.304)	(0.443)	(0.302)		(0.207)	(0.139)
Trade exports $_{(log, t-1)}$						0.166***	
						(0.056)	
Trade imports $_{(log, t-1)}$						-0.012	
						(0.021)	
Population $_{(log, t-1)}$						0.016	
						(0.165)	
Constant	10.325**	10.491**	10.325**	11.022**	-2.874	4.457*	1.517
	(4.732)	(4.209)	(4.732)	(4.368)	(7.502)	(2.309)	(1.613)
Observations	1,097		1,097		1,097	1,093	2,912
Pseudo R-squared	0.327		0.328		0.437(overall)	0.260	0.220
Log-likelihood	-1116		-1115		…	-1296	-4052

*** p<0.01, ** p<0.05, * p<0.1. Clustered standard errors in parentheses. "X" means model with interaction effect. All models include years fixed effects, not displayed. Cragg's model have a linear estimation. To determine the appropriate functional form of the Cragg model, we examined the distribution of positive logged aid values and compared model fit statistics and residual diagnostics. The distribution of ln(aid) conditional on aid > 0 showed that positive aid values follow a log-normal distribution, and the exponential specification provided superior fit. We therefore use the exponential specification for the Cragg model in the manuscript's main analysis. Yet, as a robustness check, we also re-estimate it with the linear specification in S5-S6.