Determinants of Turkey's foreign aid behavior

## Hüseyin Zengin and Abdurrahman Korkmaz

Abstract

This paper analyzes a hundred Turkish aid recipient countries in order to explore the determinants of Turkey's foreign aid behavior during the period 2005–2016. By estimating the model with the system-GMM estimator, it is demonstrated that Turkey is a regular donor whose amount of foreign aid is positively influenced by the export-based embeddedness of Turkish firms in the recipient countries. Recipients with low levels of per-capita income attract more Turkish aid. However, this income's effect diminishes in states that were formerly part of Ottoman territory. Recipient countries in an aid relationship with OECD-DAC members also receive more foreign aid from Turkey. In addition, Turkey disburses more foreign aid to recipient countries that can be classified as Turkic republics. Turkish foreign aid behavior is also motivated by Ottomanism, especially in the Balkans and Eastern Europe. Finally, and interestingly, although Islam has a considerable impact on attracting Turkish aid overall, this impact disappears in former Ottoman states and Turkic republics.

Introduction

Turkey has become a prominent and permanent donor country, with its official development assistance (ODA) gradually reaching more than six billion US dollars by 2016, up from 500 million US dollars in 2005. This increase has definitely affected Turkey's visibility in the developing world and international community in a positive way. What is the motivation behind this increase? Do historical and religious affiliations with recipients affect the pattern of Turkish aid? Do economic relations matter for determining Turkish aid? In this paper, we will undertake a quantitative analysis in order to discover the determinants of Turkish foreign aid for the period 2005–2016. In addition, the paper aims to reconsider the Justice and Development Party's

Figure 1: Turkish official development assistance, 2002–2016 (figures in million US dollars)
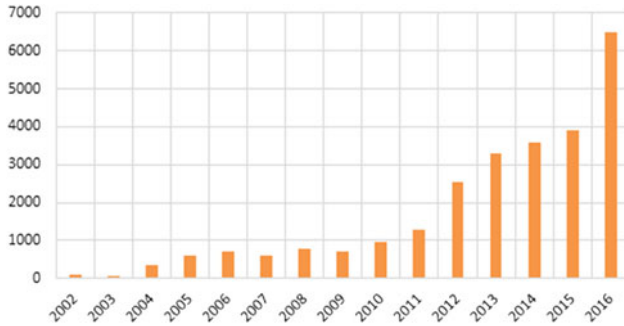
Source: Organisation for Economic Co-operation and Development (OECD), "Aid (ODA) Disbursements to Countries and Regions [DAC2a]."

(*Adalet ve Kalkınma Partisi*, AKP) Ottomanist, Islamist, nationalist, or trade-based economic motivations through an examination of the aid behavior of the AKP governments.

While the first instances of Turkish foreign aid date back to 1992, this aid was provided in only a very limited amount and across a relatively narrow geographic scope for over a decade, until Turkey gradually started adopting an internationalist foreign policy beginning in 2005.[1] The recovery of Turkey's economy after the 2001 crisis and the subsequent positive boom in the markets, alongside constructive relations with the European Union (EU), helped the AKP to increase its aid budget, which in turn resulted in the adoption of foreign assistance as one of the state's key foreign policy tools, or as a niche diplomacy. Figure 1 illustrates the exponential increase in the amount of money that Turkey has allocated to aid over the last decade.

As seen in Figure 1, after 2005 the general tendency to increase the amount of aid continued without falling under the 500-million US dollar threshold. Turkey is a prominent rising donor whose aid disbursement in 2016, according to the Organisation for Economic Co-operation and Development's (OECD) ODA statistics, surpassed that of other non-member donors of the OECD's Development Assistance Committee (DAC), with the sole exception of Saudi Arabia. The difference between the amounts of bilateral and multilateral aid disbursed by Turkey is quite large in favor of bilateral aid, as seen in Figure 2. The ratio of multilateral

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1   While the average amount of aid given to recipients was less than 60 million US dollars for the period 1992–2004, the period 2005–2016 had an average exceeding one and a half billion US dollars, according to data from the Organisation for Economic Co-operation and Development (OECD).

Figure 2: Turkish bilateral and multilateral official development assistance, 2002–2016 (figures in million US dollars)
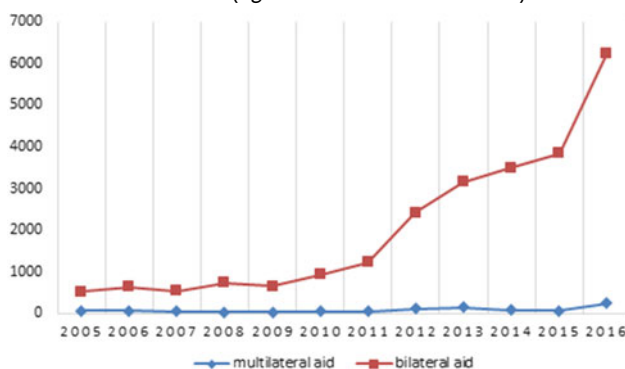
Source: TİKA annual reports.

aid in total flows was 11 percent in 2005. The ratio, however, has been decreasing over time: in 2015, for instance, while the total amount of aid flow from Turkey was about four billion US dollars, the amount of multilateral aid was only 73 million US dollars, corresponding to 1.86 percent of the total aid. This fact might stem from a desire to enhance Turkey's visibility in the foreign aid realm, from reservations about the efficiency of multilateral mechanisms, or from the endeavor to develop deeper bilateral relations with recipients.[2]

Younas finds that donors might want to favor those recipients who have a greater tendency to import goods.[3] This may be another reason why Turkish aid is delivered largely through bilateral mechanisms. Another possibility is that Turkey's motivations may be different from those of multilateral aid agencies, such as OECD-DAC, and thus Turkey might not wish to delegate control to an international institution. Finally, as suggested by the 2003 Rome Declaration on Harmonisation, there are certain concerns about the inefficiency of the processes used for preparing, delivering, and monitoring development assistance. For all these reasons, the aid disbursement structure of the OECD contains certain unproductive transaction costs.[4] Utilizing bilateral mechanisms as a way of avoiding institutional and bureaucratic costs might

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2   Senem Çevik, "Turkey's State-Based Foreign Aid: Narrating Turkey's Story," *Rising Powers Quarterly* 1, no. 2 (2016): 55–67 and Senem Çevik, "How Can Turkey's Foreign Aid Be More Visible?" *CPD Blog*, September 21, 2015. https://www.uscpublicdiplomacy.org/blog/how-can-turkey%e2%80%99s-foreign-aid-be-more-visible.

3   Javed Younas, "Motivation for Bilateral Aid Allocation: Altruism or Trade Benefits," *European Journal of Political Economy* 24, no. 3 (2008), 672.

4   OECD, "Rome Declaration on Harmonisation," *HLF1: The First High Level Forum on Aid Effectiveness*, Rome, February 24–25, 2003. http://www.oecd.org/dac/effectiveness/31451637.pdf.

well be the reason why some countries prefer bilateral aid to multilateral aid. But whatever the case may be, understanding Turkey's behavior as a donor country requires an empirical analysis that shows the importance of trade, religion, and other motivations.

The substantial increases in the amount of foreign aid provided by Turkey have primarily been discussed in terms of how Turkey is successfully pursuing nation-building activities in certain African countries;[5] to what geographic extent Turkey is proving able to convey its foreign policy tools;[6] how a sub-state agency, the Turkish Cooperation and Coordination Agency (*Türk İşbirliği ve Koordinasyon Ajansı*, TİKA), has been successful in promoting Turkey's image;[7] and, finally, how Turkey (intrinsically) is acting without abandoning humanitarian means while providing aid.[8] Foreign aid studies dealing with the experience of Turkey refer chiefly to the AKP's tendency toward Islamism[9] or Ottomanism.[10] Nevertheless, there remains a considerable gap in the empirical analysis of the determinants of Turkish foreign aid. To the best of our knowledge, only Kavaklı has adopted an empirical method in order to analyze Turkey's aid policies, with special focus on domestic politics and Turkey's differences from established donors.[11]

In this paper, we aim to reveal the determinants of Turkish foreign aid to the recipients of regular aid[12] for the period 2005–2016. This will be done by employing a system generalized method of moments (GMM) approach. Initially, we specify a base model used to test for the regularity of Turkish foreign aid, the solidity of state-firm relations, Turkish aid policy's sensitivity to

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5   Bruce Gilley, "Turkey, Middle Powers, and the New Humanitarianism," *Perceptions* 20, no.1 (2015): 37–58 and Mehmet Özkan, *Turkey's Involvement in Somalia: Assessment of a State-Building in Progress* (Ankara: SETA, 2014).

6   Meliha Benli Altunışık, "Turkey as an 'Emerging Donor' and the Arab Uprisings," *Mediterranean Politics* 19, no. 3 (2014): 333–350 and Şaban Kardaş, *Turkey's Development Assistance Policy: How to Make Sense of the New Guy on the Block* (Ankara: The German Marshall Fund, 2013).

7   Hakan Fidan and Rahman Nurdun, "Turkey's Role in the Development Assistance Community: The Case of TIKA," *Journal of Southern Europe and the Balkans Online* 10, no. 1 (2008): 93–111 and Cemalettin Haşimi, "Turkey's Humanitarian Diplomacy and Development Cooperation," *Insight Turkey* 16, no. 1 (2014): 127–145.

8   Ahmet Davutoğlu, "Turkey's Humanitarian Diplomacy: Objectives, Challenges and Prospects," *The Journal of Nationalism and Ethnicity* 41, no. 6 (2013): 865–870 and Reşat Bayer and E. Fuat Keyman, "Turkey: An Emerging Hub of Globalization and Internationalist Humanitarian Actor," *Globalizations* 9, no. 1 (2012): 73–90.

9   Jeannine Hausman and Erik Lundsgaarde, *Turkey's Role in Development Cooperation* (Tokyo: UNU-CPR, 2015).

10   Bayer and Keyman, "Turkey: An Emerging Hub."

11   Kerim Can Kavaklı, "Domestic Politics and the Motives of Emerging Donors: Evidence from Turkish Foreign Aid," *Political Research Quarterly* 71, no. 3 (2018): 1–14.

12   In this study, regular aid recipients correspond to Turkish foreign aid recipients who receive aid for at least six years during the 12-year period.

Table 1. Turkish foreign aid tabulation for key indicators (figures in million US dollars in the constant term)

Countries	2005–2016	2010–2016
Former Ottoman state	3537.555	4643.264
Not former Ottoman state	2143.306	2150.624
Muslim rate > 50%	5431.181	6115.059
Muslim rate < 50%	475.496	392.382
Muslim rate < 5%	228.814	188.983
Turkic republic	8812.623	6745.867

Source: OECD, "Aid (ODA) Disbursements [DAC2a]."

recipients' income level, and the extent to which Turkish aid is in accordance with that of OECD-DAC. Subsequently, we hypothesize our claims based on the AKP's increasingly common references to the Ottoman Empire, Islam, and prolonged ties with Turkic republics. In this connection, it is expected that historical affiliation, common religion, and status as a Turkic republic will have crucial positive effects on receiving Turkish foreign aid. Table 1 below presents a tabulation through which some insight can be gained into the importance of these variables in Turkish aid allocation over time.

This paper comprises six sections. The following section will review the literature on recent Turkish foreign aid-based activities and provide a general idea of Turkey as a rising donor country. The third section will introduce our research hypotheses and present the theoretical framework for the discussion of foreign assistance, with a special focus on state-firm and state-society relations. The fourth section will test the factors that we attribute to explaining Turkish foreign aid behavior, as well as presenting the relevant results and discussion. The fifth section will enumerate robustness checks. Finally, the conclusion will debate the matter and provide insight into the policy implications of the results based on an econometric modelling, as well as conceptualizing Turkey's stance and behavior as a major donor. That is, our model is expected to provide results that will describe Turkish foreign aid behavior via economic and cultural/political determinants.

The literature on Turkish foreign aid behavior

As a rising donor country, Turkey has been the subject of a good deal of analysis in the vast literature on foreign assistance. Recent and comprehensive articles on Turkish foreign assistance include Haşimi, Hausmann and Lundsgaarde, Aras and Akpınar, Hausmann, Özkan, Çevik, and Altunışık, all of which produce admirable inferential determinations concerning Turkey's prospective foreign

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assistance abilities and constraints.[13] The literature on Turkish foreign aid policy, which is mainly based on TİKA's activities and reports, has tended to see aid policy as a tool of foreign policy. With some exceptions, this paves the way for Turkey's rise as a humanitarian actor on international platforms and in the underdeveloped world.[14] Nevertheless, in spite of the intense emphasis on humanitarianism, Islam is still considered by some scholars to be one of the most important determinants of Turkish foreign assistance.[15]

The embeddedness of political motives within ostensibly humanitarian aims has become a characteristic of Turkish foreign aid, one that differentiates Turkey from both emerging and established donors, whose motives have been primarily energized through either development-based or politics-based ends, respectively.[16] In this regard, according to Altunışık, "cultural and historical affinity" has proven a major determinant of Turkish foreign aid, especially after the eruption of uprisings across the Arab world. Altunışık argues that, first, Turkey's behavior as a donor has not been thoroughly affected by the needs of the recipients, and second, the probable repercussions of foreign aid on domestic Turkish politics are also significant in addition to humanitarian means.[17] The latter argument is compatible with what Çevik suggests in her study on state-based Turkish foreign aid, which conceives of public diplomacy

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13 Haşimi, "Turkey's Humanitarian Diplomacy"; Hausman and Lundsgaarde, *Turkey's Role in Development Cooperation*; Jeannine Hausman, *Turkey as a Donor Country and Potential Partner in Triangular Cooperation* (Bonn: German Development Institute, 2014); Bülent Aras and Pınar Akpınar, "The Role of Humanitarian NGOs in Turkey's Peacebuilding," *International Peacekeeping* 22, no. 3 (2015): 230–247; Mehmet Özkan, "Does 'Rising Power' Mean 'Rising Donor'? Turkey's Development Aid in Africa," *Africa Review* 5, no. 2 (2013):139–147; Senem B. Çevik, "Turkey's State-based Foreign Aid"; and Altunışık, "Turkey as an 'Emerging Donor.'"

14 Haşimi, "Turkey's Humanitarian Diplomacy"; Davutoğlu, "Turkey's Humanitarian Diplomacy"; and Musa Kulaklıkaya and Rahman Nurdun, "Turkey as a New Player in Development Cooperation," *Insight Turkey* 12, no. 4 (2010): 131–145.

15 Hausman and Lundsgaarde, "Turkey's Role in Development Cooperation"; Gilley, "Turkey, Middle Powers, and the New Humanitarianism"; and Alexander Murinson, "The Strategic Depth of Turkish Foreign Policy," *Middle Eastern Studies* 42, no. 6 (2006): 945–964.

16 Although Turkey is regarded as an emerging donor, there is a difference between Turkey and other emerging donors, like India and Brazil. While these donors emphasize South-South development, this kind of focus is not seen in Turkish foreign aid policy. Established donors, on the other hand, are different from emerging ones (including Turkey) in that they have political conditionality. See Özkan, "Does 'Rising Power' Mean 'Rising Donor'?"; Hakan Övünç Ongur and Hüseyin Zengin, "Transforming Habitus of the Foreign Policy: A Bourdieusian Analysis of Turkey as an Emerging Middle Power," *Rising Powers Quarterly* 1, no. 2 (2016): 117–133; Iara Costa Leite, Melissa Pomeroy, and Bianca Suyama, "Brazilian South-South Development Cooperation: The Case of the Ministry of Social Development in Africa," *Journal of International Development* 27, no. 8 (2015): 1446–1461; Kevin Gray and Barry K. Gills, "South-South Cooperation and the Rise of the Global South," *Third World Quarterly* 37, no.4 (2016): 557–574; and Ngaire Woods, "Whose Aid? Whose Influence? China, Emerging Donors, and the Silent Revolution in Development Assistance," *International Affairs* 84, no.6 (2008): 1205–1221.

17 Altunışık, "Turkey as an 'Emerging Donor.'"

as a tool for narrating an idealized Turkish image that can be utilized to consolidate the domestic constituency.[18]

Another consolidator for the consecutive AKP governments has become to spread an ideology of the Ottoman dynasty and its heroic successes to all layers of Turkish society, as pointed out by Ongur: "As the previously established discontinuity between the Ottoman Empire and the Turkish state appears to erode, discussions of the concept of 'Ottomanism' attract increasing interest."[19] According to Murinson, the roots of neo-Ottomanism in Turkish foreign policy date back to the era of Turgut Özal in the 1980s and early 1990s, during which time national and conservative morals were incorporated with free market enterprises. However, neo-Ottomanism's scope, aim, and implications for both domestic and foreign policy were first thoroughly conceptualized at the beginning of the AKP era, using the insights and discourse of "strategic depth" (*stratejik derinlik*) as formulated by Ahmet Davutoğlu, who would later serve as Minister of Foreign Affairs and Prime Minister. In this approach, Turkey bridges established formations with new regional foreign policy paradigms and acts in such a way that both "Ottoman nostalgia" and "internationalist modernism" prove to have an impact on the state's foreign aid behavior.[20] This variety of eclecticism might be regarded as part of a "new geopolitical imagination,"[21] one that is among the main elements of the AKP's foreign policy practices in its manner of constituting Turkey-specific norms like "Muslim solidarity" and "Ottoman-related responsibility."[22]

The ascendance of Turkey as an emerging donor country has also attracted newly emerging quantitative studies on Turkish foreign aid. Kavaklı, for instance, conducts a Tobit model analysis covering the period 1992–2014, with panel data consisting of low- and middle-income countries and a special focus on humanitarian and economic aid.[23] His findings suggest that Turkic

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18 Çevik, "Turkey's State-based Foreign Aid."

19 Hakan Övünç Ongur, "Identifying Ottomanisms: The Discursive Evolution of Ottoman Pasts in the Turkish Presents," *Middle Eastern Studies* 15, no. 3 (2013), 1.

20 Bayer and Keyman, "Turkey: An Emerging Hub."

21 Pınar Bilgin and Ali Bilgiç, "Turkey's 'New' Foreign Policy toward Eurasia," *Eurasian Geography and Economics* 52, no. 2 (2011): 173–195 and Senem B. Çevik, "Turkey's State-based Foreign Aid."

22 Altunışık, "Turkey as an 'Emerging Donor'."

23 First, although Kavaklı divides total aid into two sub-groups—namely, economic aid and humanitarian aid—the very limited amount of Turkish humanitarian aid prevents this study from conducting a comprehensive statistical analysis, because it is only after 2010 that humanitarian aid gains momentum, and then specifically (and strikingly) as a response to the Syrian crisis, which can be seen as an outlier case. Second, the fact that there is a lagged effect of the dependent variable (i.e., aid) in the model requires a statistical method that would attribute special importance to lagged effects in order to better understand the determinants of aid. Therefore, a model like GMM would prove more successful in capturing the lagged effect. Finally, Kavaklı, in addition to the AKP era, also includes the period 1992–2002, during which Turkey's aid was allocated predominantly to Turkic republics. However, the available data for this period does not allow for the use of foreign aid as a policy tool that might shed light on both foreign and domestic politics in Turkey at the same time. This is because it was only after the AKP took power that foreign aid began to be viewed as a policy tool.

republics' share in Turkish aid plummeted by 15 percent after the AKP came into power; that Muslim nations typically receive more humanitarian aid from Turkey than non-Muslim recipients; and that trade recipients who import Turkish goods at even an average level are expected to receive significantly more aid.[24] In terms of the matter of emerging and established donors, Kavaklı states that, while religious and ethnic similarities matter less for OECD-DAC countries than for Turkey, trade partnership is ultimately a more important factor than political affinity in determining aid, which is true for both OECD-DAC members and Turkey.[25]

Theoretical framework and research hypotheses

National preferences, state priorities, and the policies enacted and followed by state-level organizations are all shaped around the way in which policy makers have personal proclivities toward a variety of identities and purposes to which these policy makers are incentivized by members of different domestic and transnational civil societies.[26] In parallel with Moravcsik, Wolfish and Smith regard non-state actors (e.g., NGOs, firms, business associations, and even certain religious sects) as power centers in international relations, since "the *raison d'être* for many NGOs [and other non-state actors] [. . .] is to establish standards of behavior and influence state policy."[27] That is to say, firms and business associations can sometimes be a determining factor that policy makers should bear in mind. In the Turkish case, it would be appropriate to emphasize the notion of controlled neo-populism, a term coined by Ziya Öniş, in order to better contextualize the matter of non-state issue in a roll-out neoliberalism process.[28] In the age of conservative globalism, the AKP's formal and informal redistributive economic strategies have helped conservative Islamist entrepreneurs create their own business conglomerates and associations, such as the Independent Industrialists' and Businessmen's

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24 Kavaklı, "Domestic Politics and the Motives of Emerging Donors."

25 Ibid., 9.

26 Andrew Moravcsik, "Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach," *Journal of Common Market Studies* 31, no. 4 (1993): 473–524.

27 Daniel Wolfish and Gordon Smith, "Governance and Policy in a Multicentric World," *Canadian Public Policy* 26, Supplement: The Trends Project (2000), 26.

28 Ziya Öniş, "The Triumph of Conservative Globalism: The Political Economy of the AKP Era," *Turkish Studies* 13, no. 2 (2012): 135–152 and Cem Özatalay, "How to Make the Economy 'Embedded' in Turkey? One Question, Two Contradictory Answers," SASE 23rd Annual Conference, Universidad Autónoma de Madrid, June 23–25, 2011, "Institution Building under Neoliberal Globalization" session.

Association (*Müstakil Sanayici ve İşadamları Derneği*, MÜSİAD).[29] Moreover, perennial and to some extent exclusive secular business associations in local markets have pushed the AKP and the conservative business élite to start ventures abroad, in addition to gradually "monopolizing the center" in Turkey, both politically and economically.[30] This may well be tacit or even unintentional lobbying on the part of certain firms whose stakes depend on Turkey's image in the international community and, specifically, aid-recipient countries.[31] To this end, we seek to test whether an indicator related to firm interest (i.e., the volume of export to the recipients) has been directing or incentivizing the state to increase the amount of assistance. Since we do not have any specific business association's export performance for each recipient country, the study necessarily must include the amount of total export to the recipient countries. What is more, the very nature of aid leads one to presuppose that a donor country considers the most popular economic indicator, gross domestic product (GDP),[32] when deciding what amount of aid it should disburse to recipients.

In sum, our base model tests for the following hypotheses:

H1. *Turkey is a regular donor: the amount of Turkish foreign aid in the current year will be affected by the amount of Turkish foreign aid in the previous year.*

H2. *Recipients who import more Turkish goods from Turkish firms will receive more Turkish aid.*

H3. *The lower the GDP of a recipient country, the more Turkish aid it receives.*

Following these hypotheses, which concern the primary *economic* elements of aid behavior, as a second step we focus on the *relationship* between recipients and the established donor world (i.e., members of the OECD-DAC). To model

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29 For a detailed discussion on relations between the AKP and Islamist business groups, see Ayşe Buğra and Osman Savaşkan, *New Capitalism in Turkey: The Relationship between Politics, Religion and Business* (Cheltenham: Edward Elgar Publishing, 2014).

30 Gökhan Bacık and İsa Afacan, "Turkey Discovers Sub-Saharan Africa: The Critical Role of Agents in the Construction of Turkish Foreign Policy Discourse," *Turkish Studies* 14, no. 3 (2013): 483–502.

31 According to some scholars, MÜSİAD has significant effects on the AKP governments' decision-making process. For instance, the AKP eased measurements on work safety at MÜSİAD's request; see Nikos Moudouros, "The 'Harmonization' of Islam with the Neoliberal Transformation: The Case of Turkey," *Globalizations* 11, no. 6 (2014): 843–857.

32 Among the prominent analyses of foreign aid that use GDP and GDP-based indicators are Abdiweli M. Ali and Hodan Said Isse, "An Empirical Analysis of the Determinants of Foreign Aid: A Panel Approach,"*International Advances in Economic Research* 12, no. 2 (2006): 241–250; Fumitaka Furuoka, "Determinants of China's and Japan's Foreign Aid Allocations in Africa," *African Development Review* 29, no. 3 (2017): 376–388; Eun Mee Kim, "Determinants of Foreign Aid: The Case of South Korea," *Journal of East Asian Studies* 12, no. 2 (2012): 251–273; and Hannelore Weck-Hanneman and Friedrich Schneider, "Determinants of Foreign Aid under Alternative Institutional Arrangements," Working Paper, *Diskussionsbeiträge: Serie II, Sonderforschungsbereich 178 "Internationalisierung der Wirtschaft,"* Universität Konstanz 66.

the aforementioned relationship, we consider how much foreign aid OECD-DAC members disburse to the recipients. Additionally, besides its internal economic goals and political/cultural motivations, Turkey's foreign aid decision—as is also the case for any donor nation—can also be driven by three motivations *vis-à-vis* established donors: (i) competition with OECD-DAC members; (ii) coordination with OECD-DAC members; and (iii) creation of its own domain of aid (i.e., independent donor behavior). If (i) and (ii) are the case, then the amount of Turkish foreign aid must be linked with that of OECD-DAC members.[33] In contrast, in the case of (iii), that link disappears. Therefore, the relevant hypothesis can be specified as follows:

> **H4.** *Turkey is an independent donor whose amount of foreign aid is not linked with that of established donors.*

In the next step, we investigate the political/cultural motives that might have significant effects on determining the shape and magnitude of Turkish foreign aid inasmuch as foreign aid is a policy tool where domestic and foreign policies intertwine. Common cultural affiliations and historical affinities between the societies of recipient and donor may well have an impact on determining the amount of aid provided, since, as Altunışık[34] and Çevik[35] suggest, foreign aid can be used as a means of promoting the state's image in the eyes of the domestic constituency. In many cases, the foreign aid literature includes colony indicators (British, French, or Spanish) as independent variables so as to capture any possible relation or effect existing between historical ties and foreign aid. In addition, a common history and shared religion are used as elements in a wide variety of studies that shed light on state behavior in this regard.[36]

Insofar as this study aims to extend the foreign aid literature by using Turkey as a case study, the country's Turkic heritage, Ottoman legacy, and

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33 It is well established in the contest literature that each donor's level of effort hinges upon the contest characteristics (e.g., the total number of players, the size of rent, the (opportunity) cost of the effort, etc.); see, e.g., Mustafa Yıldırım, "Accuracy in Contests: Players' Perspective," *Review of Economic Design* 19, no. 1 (2015): 67–90. As Yıldırım points out, players can engage in pre-competition activities in order to gain a comparative advantage in an upcoming competition; see Mustafa Yıldırım, "Pre-contest Communication Incentives," *The BE Journal of Theoretical Economics* 18, no. 1 (2017): 1–21.

34 Altunışık, "Turkey as an 'Emerging Donor'."

35 Çevik, "Turkey's State-based Foreign Aid."

36 For case studies using colonial history, religion, and ethnicity as independent variables, see Subhayu Bandyopadhyay and E. Katarina Vermann, "Donor Motives for Foreign Aid," *Federal Reserve Bank of St. Louis Review* 95, no. 4 (2013): 327–336; Eliana Balla and Gina Yannitell Reinhardt, "Giving and Receiving Foreign Aid: Does Conflict Count?" *World Development* 36, no. 12 (2008): 2566–2585; Alberto Alesina and David Dollar, "Who Gives Aid to Whom and Why?" *Journal of Economic Growth* 5, no. 1 (2000): 33–63; and Lynn D. Nelson, "Religion and Foreign Aid Provision: A Comparative Analysis of Advanced Market Nations," *Sociological Analysis* 49, Supplement: Presidential Issue (1988): 49S–63S.

Islamic affiliation[37] forms another main concern here. In Turkey, constituting ideological legitimacy via the use of neo-Ottoman symbols, emphasis on Islamic values, and nationalistic foreign policy is a means of élite survival strategy.[38] As pointed out by Bayulgen et al., the "symbolic representation of the new Ottomans resonated well with many segments of the population. It also served to cement the AKP's ideological bond with its conservative supporters by giving them a rediscovered sense of historical pride."[39] Using these cultural, ethnic, and religious a priori determinants, then, this study also tests for the following additional hypotheses:

> **H5.** *On average, Turkic republics will attract a greater amount of Turkish foreign aid than other countries.*
> **H6.** *A recipient who was once a part of the Ottoman polity will have a higher aid flow from Turkey.*
> **H7.** *The ratio of the Muslim population in a country has a massive effect on the amount of Turkish foreign aid.*

In addition, to elaborate on this discussion, we have split former Ottoman lands into three sub-categories: the first includes former Ottoman territory in the east (in the Middle East and North Africa), the second former Ottoman territory in the west (in the Balkans and Eastern Europe), and the third former Ottoman territory located in other parts of the world.[40] In doing this, we are able to evaluate whether there is any regional pattern to the Ottomanist tendency in Turkish foreign aid policy. Subsequently, we specify another modified model so as to test whether the influences of Islamism on the amount of Turkish aid develops a different aspect in former Ottoman lands. Finally, we interact both the Ottoman dummy and the Muslim population's rate variables with other explanatory variables in order to see whether these two variables have a meaningful effect on the interacted variables.[41]

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37 The number of Muslims has a negative effect on the amount of foreign aid given by the OECD. However, for the case of the US, the number of Muslims variable has no statistically meaningful effect on the amount of aid. For a detailed discussion of this, see Alexandra Domike Blackman, "Religion and Foreign Aid," *Politics and Religion* 11, no. 3 (2018): 522–552.

38 Oksan Bayulgen, Ekim Arbatli, and Sercan Canbolat, "Elite Survival Strategies and Authoritarian Reversal in Turkey," *Polity* 50, no. 3 (2018), 340.

39 Ibid., 361.

40 Table 8 in the appendix presents the classification of the countries on former Ottoman territory.

41 Although there is an accrued debate on neo-Ottomanism and on opening toward the Turkic republics of Central Asia, the extent to which these states regard *themselves* as either formerly Ottoman or Turkic republics has not been thoroughly analyzed. For instance, Zarakol argues that, although in Turkey there is an undeniable emphasis on Ottomanism, in some of the former Ottoman nations the Ottoman state is not well remembered. In addition, the degree to which Kyrgyzstan, Uzbekistan, Kazakhstan, Turkmenistan, and Azerbaijan consider themselves Turkic republics is questionable. Throughout this paper, we emphasize how Turkish policy makers define recipients, rather than how recipients define themselves. This is because the amount of Turkish foreign aid disbursed to a recipient is determined by Turkish policy makers; see Ayşe Zarakol, *Yenilgiden Sonra: Doğu Batı ile Yaşamayı Nasıl Öğrendi* (İstanbul: Koç Üniversitesi Yayınları, 2012).

Data, model, and empirical results

Data

In order both to test our approach based on state-society relations and to inquire into the commonly accepted beliefs about Turkish foreign aid, we have constructed a dataset of aid transfer from Turkey to a hundred recipient countries that regularly host Turkish foreign aid. The dependent variable in the study is the amount of Turkish foreign aid. The data is provided by the OECD, with the current amount of aid transformed to real terms through the use of an export value index of the recipient countries provided by the World Bank.

As for the explanatory variables, the model initially employs *one-period lagged value of the Turkish foreign aid* in order to prove that Turkey is a consistent and regular donor country whose disbursement in the current year is a function of the disbursement of the previous year. This is also done to reveal any latent effects of unobserved variables within the lagged value. *Turkish exports* to the recipient countries serves as the second independent variable of our base model. This independent variable is especially important in that it directly tests the theory of Moravcsik, which posits firms as determinants of foreign policy practices as well as the concept of controlled neo-populism. Thirdly, as another independent variable the *GDP levels of recipient countries* are considered in order to see whether Turkey's donor behavior is compatible with the OECD's Millennium Development Goal, which foresees that donors give more aid to countries with less income. We take a one-year lag of these variables because we argue that the variables' effects only come into being in the following year.[42] After estimating the base model, we incorporate OECD-DAC members' aid into the analysis in order to control for possible relationships between the recipient countries in question and the established donors. This is also done because it is important to determine whether Turkey keeps up with the established donors or acts in its own way within the donor world.

The political/cultural determinants of our model consist of three variables, two of which are dummy variables indicating whether a state is, first, the *Turkic republics* and, second, has an *Ottoman past* or not. The reason why these dummy variables are included in the model originates from both the *raison d'être* behind the establishment of the TİKA and the neo-Ottomanism debate that emerged within the scope of the AKP's foreign policy vision. The ratio of the *Muslim population* among Turkish aid recipients, which is a prominent

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42 We also consider export as both predetermined and endogenous, because foreign aid might give rise to an increase in exports as well. Detailed explanations of this can be found in subsequent sections of the paper.

Table 2. Descriptive statistics

Variables	Abbreviations	Mean	Std. Dev.	Source
Foreign aid (ODA disbursements) – 1,000 US $	FA	2408.213	8878.503	OECD, "Aid (ODA) disbursements [DAC2a]"
GDP level of recipient countries – US $	GDP	4.94e+10	1.35e+11	World Bank: GDP level
Amount of export from Turkey to recipient countries – 1,000 US $	X	109711.9	314558.7	TUİK: Export statistics
OECD-DAC members (ODA disbursements) to recipients	DAC	226255.9	663136.2	OECD: "Aid (ODA) disbursements [DAC2a]"
Rate of Muslim population in recipient countries	MUSLIMRATE	38.714	41.27	Pew Research Center: Muslim Population by Country

The panel dataset is strongly balanced according to the Ahrens-Pincus index, with a value of 0.849. Detailed information about political/cultural variables is presented in Table 8 in the appendix.

variable in the sense that the literature on Turkish foreign aid has attributed undeniable importance to religion, is the third political variable in the model. Table 2 below summarizes our variables, alongside some descriptive statistics and sources.

Model

The model is specified in a dynamic nature as follows:

$$\mathbf{lfa_{i,t}} = \alpha \mathbf{lfa_{i,t-1}} + \sum_{t=1}^{T} \theta_t \mathbf{D_t} + \sum_{e=1}^{E} \beta_e \mathbf{X_{i,t-1}^e} + \sum_{p=1}^{P} \gamma_p \mathbf{X_{i,t}^p} + \varepsilon_{i,t}\varepsilon_{i,t}$$

$$= \mathbf{v_i} + \epsilon_{i,t}$$

where ($lfa_{i, t}$) is the foreign aid provided by Turkey to recipient country (**i**) at time (**t**), with i = 1, ..., N, t = 1, ..., T; ($lfa_{i,t-1}$) is the one-period lagged foreign aid and (1-α) the speed of adjustment to equilibrium; the (D_t)'s are the yearly dummy variables; the (X')'s are the explanatory variables (namely, X^e denotes economic variables and X^p political and cultural variables); ($\epsilon_{i,t}$) is the disturbance, with (v_i) the panel fixed effect (which may be correlated with the covariates) and ($\epsilon_{i,t}$) the idiosyncratic error; and finally, (θ, β, γ) are the parameters to be estimated. In the model above, Turkish foreign aid, exports, and income level, as well as the OECD-DAC aid variable, are expressed in natural logarithms. As is well known, for a stable dynamic model, the

coefficient of the lagged value of the independent variable (i.e., $lfa_{i,t\text{-}1}$) is expected to lie between +1 and −1. The parameters to be estimated—namely, (θ, β, γ)—represent the short-run effects of the relevant variables on determining the amount of Turkish foreign aid. Furthermore, it is possible to calculate the long-run effects of relevant variables based on the speed of adjustment and the short-run effects. For instance, the long-run effects of the economic variables may be calculated as follows:

$$\beta_e^{\textbf{long run}} = \frac{\beta_e}{1-\alpha}$$

The model is estimated by the system GMM two-step estimator[43] pioneered by Arellano and Bover[44] and Blundell and Bond.[45] The procedure is implemented by the Stata software using Roodman's xtabond2 routine,[46] which is widely accepted in the foreign aid literature.[47] The main advantage of the system GMM two-step estimator is to consider a possible correlation between the lagged dependent variable and the panel fixed effects, as well as to consider the "small T, large N" restriction. Windmeijer's procedure[48] is also implemented so that standard errors become robust after getting the small sample size of the dataset under control. For the possible weaknesses of the estimation results—such as unobserved heterogeneity, endogeneity, autocorrelation, and weak instruments—we present the Arellano-Bond AR test for autocorrelation, the Hansen-J tests for overidentifying restrictions and thus the instrument exogeneity, and finally the conventional F test.

Estimation results

To perform a basic robustness check, we initially estimate the model using only economic variables. Then, we sequentially incorporate the OECD-DAC

43 For the robustness check, the model is also estimated by ordinary least square (OLS) and least square dummy variable (LSDV) estimators.

44 Manuel Arellano and Olympia Bover, "Another Look at the Instrumental Variable Estimation of Error-components Models," *Journal of Econometrics* 68, no. 1 (1995): 29–51.

45 Richard Blundell and Stephen Bond, "Initial Conditions and Moment Restrictions in Dynamic Panel Data Models," *Journal of Econometrics* 87, no. 1 (1998): 115–143.

46 David Roodman, "How to Do xtabond2: An Introduction to Difference and System GMM in Stata," *Stata Journal* 9, no. 1 (2009): 86–136.

47 David H. Bearce and Danial Tirone, "Foreign Aid Effectiveness and the Strategic Goals of Donor Governments," *The Journal of Politics* 72, no. 3 (2010): 837–851; Sam Jones and Finn Tarp, "Does Foreign Aid Harm Political Institutions?" *Journal of Development Economics* 118 (2016): 266–281; and Nadia Masud and Boriana Yontcheva, "Does Foreign Aid Reduce Poverty? Empirical Evidence from Nongovernmental and Bilateral Aid," IMF Working Paper No. 05/100.

48 Frank Windmeijer, "A Finite Sample Correction for the Variance of Linear Efficient Two-step GMM Estimators," *Journal of Econometrics* 126, no. 1 (2005): 25–51.

Table 3. Estimation results, Iᵃ

Variables	Economic BlockModel 1	OECD-DAC EffectModel 2	Cultural BlockModel 3
Log Foreign Aid$_{t-1}$	0.382***	0.374***	0.367***
	(0.055)	(0.049)	(0.049)
Log Export$_{t-1}$	0.412***	0.424***	0.251***
	(0.087)	(0.088)	(0.057)
Log Income$_{t-1}$	−0.289***	−0.357***	−0.224***
	(0.083)	(0.085)	(0.059)
Log OECD-DAC Aid$_{t-1}$		0.191***	0.289***
		(0.66)	(0.054)
Turkic republic			1.399**
			(0.554)
Former Ottoman territory			0.669**
			(0.261)
Muslim rate			0.010***
			(0.003)
F-test	261.65	325.96	338.75
	[0.000]	[0.000]	[0.000]
AR(1)	−5.78	−5.92	−5.93
	[0.000]	[0.000]	[0.000]
AR(2)	0.48	0.48	0.47
	[0.628]	[0.632]	[0.636]
Hansen-J	67.74	67.16	66.36
	[0.319]	[0.336]	[0.362]
Num. of Groups	100	100	100
Num. of Inst.	78	79	82
Obs.	1076	1076	1076

Parentheses stand for corrected standard errors. *, **, and *** imply significance levels of 10%, 5%, and 1% respectively. Numbers in square brackets are the probability values of the relevant test statistics. The models above also include time dummies presented in a separate table in the appendix.
ᵃThe unit of the dependent variable is 1,000 US dollars. Because the natural logarithm of zero is not defined, we add one to this variable before taking its logarithm.

and political/cultural variables into the model. The estimation results are presented in Table 3 below.

The estimated coefficients related to the lagged values of the Turkish foreign aid variable meet the aforementioned stability condition, implying that the models are stable and that Turkey is a persistent donor.[49] The estimation results pass diagnostic checks. The models are estimated to be statistically significant; there is no autocorrelation of the second order, and the instruments are valid according to the F-test, Arellano-Bond test, and Hansen-J test, respectively.

49 The lagged effect of dependent variables is estimated to be positive and smaller than unity for each of the models in the paper, so as to imply that the long-run effects of the covariates are more powerful than those of short-run effects in magnitude, but the same in sign. Hence, from now on, we will focus only on the short-run dynamics of estimation results.

Based upon the estimation results presented in Model 3 of Table 3, it is determined that a one percent increase in Turkish exports to a given recipient country leads to a 0.251 percent increase in Turkish aid to that country. Besides this, it should also be noted that Turkey gives more aid to countries with less income: a one percent increase in a given recipient's GDP results in a 0.224 percent decrease in the amount of Turkish aid. After controlling for the economic variables, it is estimated that Turkish aid advances together with OECD-DAC aid: a one percent increase in OECD-DAC aid results in a 0.289 percent increase in Turkish aid as well. Overall, the estimation results reveal that Turkey is a consistent and regular donor that considers Turkish firms' presence in recipient countries while also paying attention to the economic performance of the recipients as well as to OECD-DAC's aid allocation.

Model 3 also produces information related to nationalism, Ottomanism, and Islamism. All other things being equal, Turkic republics receive approximately 305 percent more aid than non-Turkic recipients.[50] Similarly, recipients get 95 percent more aid from Turkey if they were once ruled by the Ottoman Empire.[51] In addition to these political dummy variables, the ratio of the Muslim population to the total population in recipient countries is also estimated to be statistically significant. A one-point increase in the Muslim population of recipient countries leads to a one percent increase in Turkish aid.[52] Strictly speaking, then, a recipient country whose population is wholly Muslim would attract 100 percent more Turkish aid than a country where no Muslim lives, all other things being equal. To sum up, if a nation has historical ties to the Ottoman Empire and a wholly Muslim population ratio, it will receive 195 percent more aid than a nation with no Ottoman history and no Muslim population, provided that these two cultural indicators are independent of each other.

To further understand the Ottoman impact on Turkish aid behavior, the former Ottoman states have been categorized as eastern, western, and other, as mentioned above.[53] As seen in Model 4 of Table 4 below, the Ottoman impact on Turkish foreign aid behavior does not matter in the eastern states. However, western and other recipient countries with an Ottoman past attract

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50 $(e^{1.399}-1) \times 100$.

51 $(e^{0.669}-1)*100$.

52 (0.010×100).

53 Eastern Ottoman countries consist of the former Ottoman areas in the Middle East and North Africa, while western Ottoman countries represent the former Ottoman areas in the Balkans and Eastern Europe. For further information about this classification, please see the appendix.

Table 4. Estimation results, II

Variables	Ottoman Effect 1 Model 4	Variables	Religion Impact1 Model 5	Variables	Ottoman Effect 2 Model 6	Variables	Religion Impact2 Model 7
Log Foreign Aid$_{t-1}$	0.374*** (0.051)	Log Foreign Aid$_{t-1}$	0.387*** (0.052)	Log Foreign Aid$_{t-1}$	0.388*** (0.054)	Log Foreign Aid$_{t-1}$	0.398*** (0.052)
Log Export$_{t-1}$	0.231*** (0.061)	Log Export$_{t-1}$	0.235*** (0.053)	Log Export$_{t-1}$	0.263*** (0.074)	Log Export$_{t-1}$	0.211*** (0.051)
Log Income$_{t-1}$	−0.195*** (0.061)	Log Income$_{t-1}$	−0.186*** (0.052)	Log Income$_{t-1}$	−0.216*** (0.063)	Log Income$_{t-1}$	−0.191*** (0.051)
Log OECD-DAC Aid$_{t-1}$	0.294*** (0.053)	Log OECD-DAC Aid$_{t-1}$	0.287*** (0.052)	Log OECD-DAC Aid$_{t-1}$	0.292*** (0.059)	Log OECD-DAC Aid$_{t-1}$	0.221*** (0.052)
Turkic republic	1.361** (0.562)	Turkic republic	1.467*** (0.486)	Turkic republic	1.634*** (0.671)	Turkic republic	4.174*** (0.659)
Muslim rate	0.012*** (0.003)	Former Ott. country	1.617*** (0.356)	Muslim rate	0.012*** (0.003)	Former Ott. country	1.534*** (0.331)
Former Ott. (East)	0.086(0.325)	Muslim rate of non-former Ott. countries	0.014*** (0.003)	Former Ott. * Log Income$_{t-1}$	0.293** (0.119)	Muslim rate * Log Income$_{t-1}$	−0.0009 (0.0009)
Former Ott. (West)	1.312*** (0.426)	Muslim rate of former Ott. countries	−0.005 (0.003)	Former Ott. * Log Export$_{t-1}$	−0.088 (0.071)	Muslim rate * Log Export$_{t-1}$	0.002 (0.002)
Former Ott. (Other)	0.694* (0.405)	Former Ott. * Log OECD-DAC Aid$_{t-1}$	0.046 (0.057)	Muslim rate * Log OECD-DAC Aid$_{t-1}$	0.001 (0.0008)		
				Former Ott. * Turkic republic	−0.419 (1.639)	Muslim rate * Turkic republic	−0.033*** (0.008)
				Former Ott. * Muslim rate	−0.016*** (0.006)	Muslim rate * Former Ott.	−0.019*** (0.005)

(Continued)

Table 4. (*Continued*)

Variables	Ottoman Effect 1 Model 4	Variables	Religion Impact1 Model 5	Variables	Ottoman Effect 2 Model 6	Variables	Religion Impact2 Model 7
F-test	385.85 [0.000]	**F-test**	378.04 [0.000]	**F-test**	443.47 [0.000]	**F-test**	511.98 [0.000]
AR(1)	−5.92 [0.000]	**AR(1)**	−5.91 [0.000]	**AR(1)**	−5.88 [0.000]	**AR(1)**	−5.90 [0.000]
AR(2)	0.49 [0.621]	**AR(2)**	0.54 [0.592]	**AR(2)**	0.54 [0.592]	**AR(2)**	0.52 [0.604]
Hansen-J	67.29 [0.333]	**Hansen-J**	67.29 [0.333]	**Hansen-J**	68.76 [0.320]	**Hansen-J**	69.18 [0.277]
Num. of Groups	100	**Num. of Groups**	100	**Num. of Groups**	100	**Num. of Groups**	100
Num. of Inst.	84	**Num. of Inst.**	83	**Num. of Inst.**	87	**Num. of Inst.**	86
Obs.	1076	**Obs.**	1076	**Obs.**	1076	**Obs.**	1076

Parentheses stand for corrected standard errors. *, **, and *** imply significance levels of 10%, 5%, and 1% respectively. Numbers in square brackets are the probability values of the relevant test statistics. The models above also include time dummies, presented in a separate table in the appendix.

more Turkish foreign aid by 271.35 percent and 100 percent, respectively, as compared to other countries, all else being equal.[54]

In order to discuss whether the influence of Islamism varies in determining the amount of Turkish aid in former Ottoman lands, Model 3 is modified. The Muslim rate variable is multiplied by the Ottoman dummy variable so as to generate two new variables; namely, Muslim rate in former Ottoman lands and in lands that were never Ottoman. Model 5 indicates that Islam has an important impact in attracting Turkish foreign aid *if and only if* the recipient was not once a part of Ottoman territory.

The fact that Turkish foreign aid is thus motivated by Ottomanism and Islamism led to an investigation of whether these political/cultural variables have some influence on policy makers' outlook on economic indicators. The effects of the economic indicators may vary across the recipients. For instance, if a recipient is former Ottoman territory or has a high ratio of Muslim population, the income level of the recipients or the export performance of Turkish firms to the recipients might not matter when decision makers are allocating aid. The empirical analyses above assume that the effects of the economic variables do not differ across the nations covered by the dataset. However, the effects of these variables may vary throughout the cultural and political characteristics of the recipients. To handle this presumption, we have designed more detailed empirical models.

In the first additional model, all variables are multiplied by the Ottoman dummy variable. Model 6 in Table 4 below presents the empirical results related to Ottomanist effects on the other explanatory variables. Here, there are two differences between Ottoman and non-Ottoman recipients. The latter receive less Turkish aid as their economies grow, while the former receive slightly more Turkish aid even if they have a growing economy. Countries that were never Ottoman receive 0.216 percent less Turkish aid when their economies grow by one percent, while former Ottoman recipients receive 0.077% more Turkish aid in the same situation.[55] Thus, a key economic indicator is ruled out when a historical identity comes to the fore in the Turkish aid case. Moreover, an interesting result emerges when we interact the Muslim rate with the Ottoman dummy variable. A one-point increase in the Muslim population of a recipient causes a 1.2 percent increase in Turkish aid, but if the recipient also has an Ottoman past, the impact of religion almost disappears: to wit, a one-point increase in the Muslim population in a recipient with an Ottoman past decreases Turkish aid by 0.4 percent.[56]

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54 $(e^{1.312}-1) \times 100$ and $(e^{0.694}-1) \times 100$.

55 $(-0.216 + 0.293)$.

56 $(0.012-0.016) \times 100$.

An empirical analysis focusing on the impact of religion was also conducted. In this setup, the Muslim rate variable was multiplied by other explanatory variables in order to test whether Islam has an impact on them. The relevant estimation results are presented in Table 4 as Model 7. This model suggests that Islam has some impact on the Turkic and Ottoman dummy variables. A former Ottoman recipient with no Muslim population receives 363.66 percent[57] more Turkish aid, but a one-point increase in the Muslim population in this recipient decreases this ratio to 361.76 percent.[58] This is consistent with the previous model, which implies that Ottomanism and Islamism are mutually exclusive. Similarly, a one-point increase in the Muslim population decreases the amount of aid given to Turkic republics by 3.33 percent.[59]

Generally speaking, the empirical analyses strongly indicate that Turkish foreign aid is distributed because of certain economic indicators, such as the export performances of Turkish firms and the income level of recipients, in addition to the aid allocated by OECD-DAC members, which serves as a measurement of the extent to which recipients are intertwined with the established world. This implication is also completely valid for recipient countries that were never ruled by the Ottomans, have no Muslim population, and cannot be classified as Turkic. Nevertheless, the picture becomes more complicated when political/cultural determinants come to the fore. Recipient countries that have an Ottoman past but are not located in the Middle East or North Africa attract more Turkish aid (see Model 4). Similarly, being classified as Turkic proves to be another incentive for the recipients to obtain more Turkish foreign aid (see Models 3–7). Having a larger Muslim population also has an effect on whether or not a given country receives more Turkish foreign aid, even for recipient countries that do not have an Ottoman past and are not classified as Turkic republics (see Models 6 and 7). Finally, it should be noted that recipients with an Ottoman past continue to receive more Turkish foreign aid even if their economies grow, a phenomenon that does not hold for recipients without an Ottoman past (see Model 6).

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57 $(e^{1.534}-1)*100$.

58 $((e^{1.534}-1) + (-0.019))*100$.

59 $(-0.033*100)$. We also conduct an empirical analysis by multiplying the Turkic republics dummy variable by other explanatory variables. We do not report these empirical results because all interaction variables are estimated to be statistically insignificant, even if the other variables have statistical significance, implying that Model 3 is valid for this set-up.

   As seen in Table 3 and 4, the estimated coefficients of the lagged value of the independent variable, export variable, and the OECD-DAC variable do not dramatically vary across the models, implying the robustness of the empirical results. The later sub-section of this paper is devoted to a detailed discussion of the robustness check analysis.

The current Turkish foreign aid literature predominantly uses TİKA's reports along with in-depth interviews from the field to make certain inferential determinations. This study, on the other hand, provides an empirical platform to initiate a new discussion on Turkish aid, especially insofar as it both supports and contradicts previous findings. First, studies on Turkish aid that concentrate on the effects of Islam as a universal phenomenon are supposed to exhibit the same effect all across the globe. In this study, however, although Islam's overall effect is shown to be largely in parallel with the results indicated in the literature, at the same time Islam's effect on Turkish aid is shown to differ if the aid recipient is a former Ottoman state or a Turkic republic: in countries with an Ottoman past and/or that are Turkic, Islam's substantial effect dramatically decreases. Second, the study finds that Turkish aid is strictly (and reversely) affected by the income levels of recipients overall, but again, if the recipient has an Ottoman past, increasing level of income does not cause a decrease in the amount of Turkish aid. This supports Altunışık's assertion that Turkish aid is not thoroughly determined by the needs of recipients, at least for the Ottoman case. Third, Özkan's[60] contention that Turkish foreign policy is not based on neo-Ottomanism at all seems questionable, since the models outlined here indicate the authenticity of a counter-argument, at least in the case of foreign aid behavior. Moreover, although Özkan considers Turgut Özal's foreign policy paradigm, which puts relations with Turkic republics at the very core of the state's priorities, to be a now obsolete approach, the models outlined in this paper suggest that the opening toward Central Asia following the dissolution of the Soviet Union still has valid and statistically meaningful remnants.

Robustness Check

As discussed earlier in the paper, we have added explanatory variables block by block in order to check how sensitive the estimated coefficients are to the inclusion of new variables. In Model 1 and Model 7, the estimated coefficients do not have any changing signs. Moreover, the magnitudes of the coefficients do not vary dramatically. In this section, we will check for the robustness of the results in four additional dimensions.

The first of these is motivated by the fact that the conventional ordinary least squares (OLS) and the least square with dummy variables (LSDV) estimators are inconsistent for dynamic panel models due to the Nickell bias.

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60 Behlül Özkan, "Turkey, Davutoğlu, and the Idea of Pan-Islamism," *Survival: Global Politics and Society* 56, no. 4 (2014): 119–140.

As discussed in Bond, OLS estimators of dynamic panel models are biased upward, while LSDV estimators are biased downward; Bond suggests that a consistent estimator should lie between the OLS and LSDV estimators.[61] Running OLS and LSDV estimators for the models here, we see that the coefficients of the lagged foreign aid variable for system-GMM results lie between those of the OLS and LSDV. For instance, in Model 3, the coefficient of lagged foreign aid is 0.367, whereas the related coefficients are 0.644 for OLS and 0.306 for LSDV. Because the Nickell bias diminishes as the sample size grows and the time span utilized here covers 12 years, which is relatively high for short panels, it seems plausible that the GMM estimates lie near the LSDV estimated values.

Second, due to the possibility that bilateral foreign aid comes with a stipulation that influences trade as well, export can be considered not only endogenous, but also predetermined and exogenous.

Third, a basic rule of thumb for GMM estimations is that the number of sections should be bigger than the number of instruments. Even though this study's estimation procedure meets this criterion in all models, the models are re-estimated by reducing the instrument counts so as to avoid instrument proliferation. The results remain robust because the estimated coefficients do not dramatically vary in either case.[62]

Finally, it was necessary to analyze whether there was any structural change in parameter values throughout the AKP era. For this, separate time dummies covering the period 2011–2016 were created, and the model was respecified as follows:

$$\mathbf{lfa_{i,t}} = \alpha^* \mathbf{lfa_{i,t-1}} + \sum_{t=1}^{T} \theta_t^* \mathbf{D_t} + \sum_{e=1}^{E} \beta_e^* \mathbf{X_{i,t-1}^e} + \sum_{p=1}^{P} \gamma_p^* \mathbf{X_{i,t}^p}$$

$$+ \sum_{e=1}^{E} \beta_e^{**} \mathbf{D_*} \mathbf{X_{i,t-1}^e} + \sum_{p=1}^{P} \gamma_p^{**} \mathbf{D_*} \mathbf{X_{i,t}^p} + \varepsilon_{i,t}^* \varepsilon_{i,t}^*$$

$$= \mathbf{v_i^*} + \boldsymbol{\epsilon_{i,t}^*}$$

where $(\mathbf{D_*})$ is a dummy variable taking values of 1 for periods later than 2010 and 0 for other periods. If the coefficients (β_e^{**}) and (γ_p^{**}) are estimated to be statistically significant, it means that Turkish foreign aid behavior during the period 2005–2010 is different from that of the period 2011–2016. As seen

61 Stephen R. Bond, "Dynamic Panel Data Models: A Guide to Micro Data Methods and Practice," *Portuguese Economic Journal* 1, no. 2 (2002): 141–162.

62 Though we do not present the second and third robustness check analyses here, they are available upon request.

in Table 5 in the appendix, coefficients (β_e^{**}) and (γ_p^{**}) are in fact not estimated as statistically significant, revealing that Turkish aid behavior was stable throughout the period studied. However, there was one exception, which implied that the importance of nationalism was in decline for the period 2011–2016 as compared to the period 2005–2010. This is also consistent with what Kavaklı finds in his article.

Conclusion

This study has aimed to reveal the determinants of Turkish foreign aid over the last decade. To this end, we specified an econometric model where the amount of Turkish foreign aid is regressed via the system-GMM estimator on certain economic and political/cultural indicators, as well as its one-period lagged value, thereby conveying the unobservable effects of other variables that cannot be included in the model; this represents the regularity of Turkish foreign aid. The paper's dataset includes a hundred countries that received Turkish foreign aid during the period 2005–2016.

As suggested by the liberal intergovernmentalism formulated by Moravcsik and the non-state power centers detailed by Wolfish and Smith, when making a decision (such as determining how much aid to disburse and to whom), a state considers the impacts of the decision on society as well as how the economic actors would be affected by that decision, because the extent to which a government can retain its power depends on the level of satisfaction of these non-state actors (i.e., the domestic constituency and, simply put, the firms). The endeavor to create a new conservative wealthy class might be seen as a kind of cooperative interaction between the state and certain firms. What is more, in Turkey foreign aid is also used as a domestic policy tool to enhance the AKP's humanitarian, historical, and religious visions in the eyes of the domestic constituency. This is why the models in this study consist of variables that indicate cultural and religious affiliations as well as economic activities. Foreign aid allocation policy in the AKP era is assumed to be shaped around historical, ethnic, and religious ties with the recipient countries. To this end, neo-Ottomanism and pan-Islamism are two crucial Turkish foreign policy keystones that call for elaboration through econometric models.

The empirical results of this paper reveal that Turkey is a regular donor whose amount of foreign aid, without exception, is positively influenced by the export-based embeddedness of Turkish firms in recipient countries.

Recipient countries in an aid relationship with OECD-DAC members also receive more foreign aid from Turkey. Recipients with an Ottoman past attract more Turkish foreign aid than countries without an Ottoman past. Islam's overall effect is statistically significant, but this significance disappears in former Ottoman lands, suggesting that the Islamic motivation no longer exists for the decision makers in the formerly Ottoman geography. In addition, low level of income and high level of Muslim population in recipients are other incentives prompting Turkey to disburse more foreign aid to recipients without an Ottoman past. That is to say, even though income level has an inverse relationship with Turkish aid, income does not have the same relation in former Ottoman lands. Being a Turkic republic is another distinguishing feature of Turkish aid, but its effect was in decline in the period 2011–2016 as compared to the period 2005–2010. In terms of the Ottomanism and Islamism debates on Turkish foreign policy in the AKP era, the study finds that, although both the Ottoman and the Muslim rate variable are statistically significant, Ottomanism is in an exclusionary position for the Muslim rate, since Islam's effect on the disbursement of Turkish aid has been ruled out in connection with formerly Ottoman lands. Finally, the power of Ottomanism and nationalism to attract Turkish foreign aid compensates for the negative influences that Islamism exerts on the aid amount allocated to both former Ottoman and Turkic recipients.

Supplementary material

To view supplementary material for this article, please visit https://doi.org/10.1017/npt.2019.1

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Appendix

Table 5. Structural stability of Turkish foreign aid behavior

Variables	Structural StabilityModel 8
Log Foreign Aid$_{t-1}$	0.381***
	(0.053)
Log Export$_{t-1}$	0.221***
	(0.080)
Log Income$_{t-1}$	−0.216***
	(0.073)
Log OECD-DAC Aid$_{t-1}$	0.307***
	(0.098)
Turkic republic	1.744***
	(0.620)
Former Ottoman country	0.845**
	(0.378)
Muslim rate	0.009**
	(0.004)
Log Export$_{t-1}$ (2011–2016)	0.055
	(0.077)
Log Income$_{t-1}$ (2011–2016)	−0.011
	(0.069)
Log OECD-DAC Aid$_{t-1}$ (2011–2016)	−0.045
	(0.081)
Turkic republic (2011–2016)	−0.792**
	(0.331)
Former Ottoman country (2011–2016)	−0.313
	(0.282)
Muslim rate (2011–2016)	0.0008
	(0.003)
F-test	310.89
	[0.000]
AR(1)	−5.88
	[0.000]
AR(2)	0.54
	[0.586]
Hansen-J	66.15
	[0.369]
Num. of Groups	100
Num. of Inst.	88
Obs.	1076

Parentheses stand for corrected standard errors. *, **, and *** imply significance levels of 10%, 5%, and 1% respectively. Numbers in square brackets are the probability values of the relevant test statistics. The models above also include time dummies, presented in a separate table in the appendix.