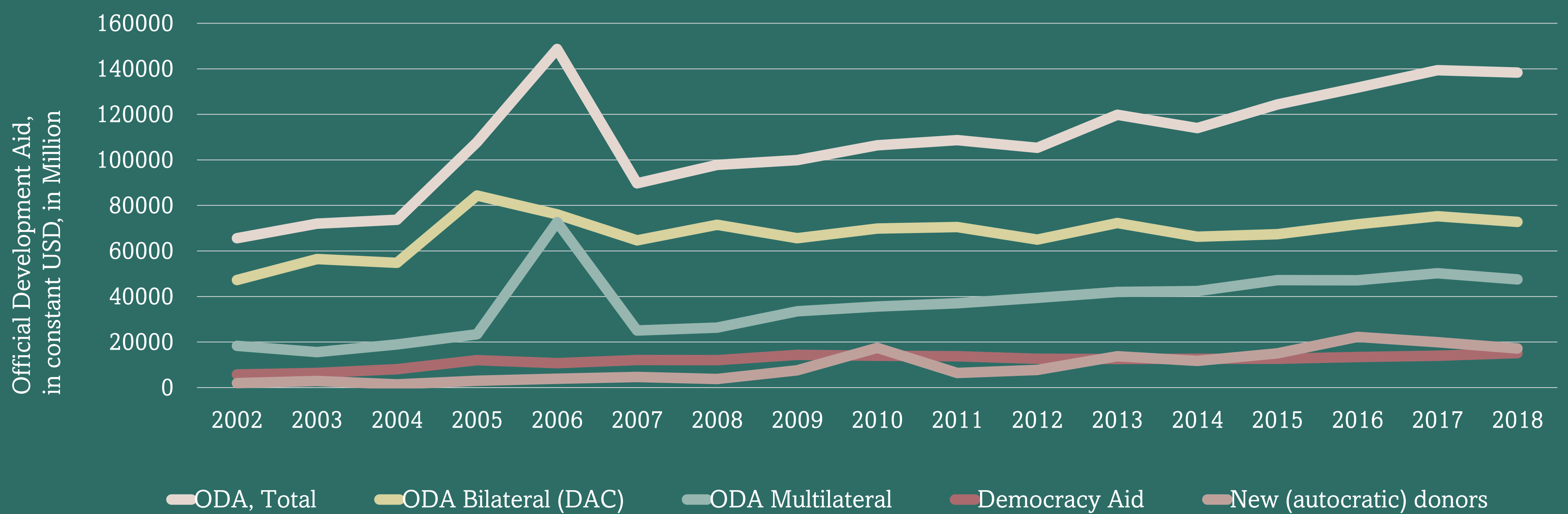




Minor positive effects of democracy aid might be undermined by aid from autocratic donors.

The emergence of new autocratic donors.

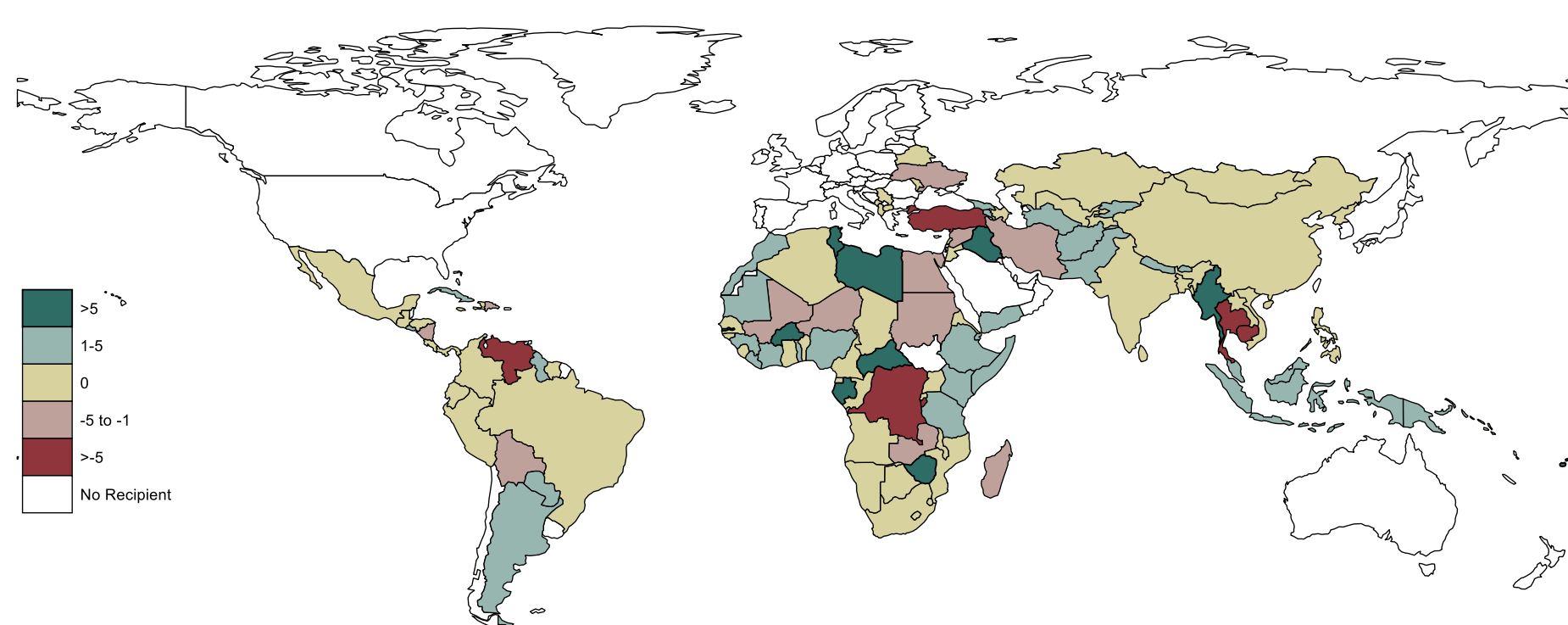


Background

- In the last ten years, the democratization process stagnated.
- During the same period, ODA disbursement from non-DAC countries increased and new large (autocratic) donors as the United Arab Emirates or China appeared.

Data and Analysis

- **Main outcome:** Democracy measured by the polity2 index.
- **Main independent variable:** ODA by types of donors and sector from OECD CRS (2022) & AidData's Global Chinese Development Finance Dataset (V2,0; 2021).
- **Sample:** 157 recipient countries from 2002-2018, analysis on the country level.



Change in the political system between 2008 and 2018.

The Effect on Democracy

$$Democracy_{it} = \beta_0 + \beta_1 Aid_{it-2} + \beta_2 Aid_{it-2} * d_{newdonor} + \beta_3 X_i + \epsilon_i$$

Results

VARIABLES	(1) ODA Total	(2) ODA Bilateral	(3) ODA Multilateral	(4) ODA Non-DAC	(5) Democracy Aid
ODA	00.06 (0.36)	0.46 (0.44)	-0.47 (0.61)	-1.55*** (0.55)	
Democracy Aid					0.11*** (0.34)
Democracy Aid*New Donor					-0.09** (0.36)
Constant	4.27 (4.81)	4.36 (4.74)	4.40 (4.95)	4.19 (4.84)	3.78 (4.69)
Time FE	Y	Y	Y	Y	Y
Regional FE	Y	Y	Y	Y	Y
Controls	Y	Y	Y	Y	Y
Observations	1,490	1,490	1,490	1,490	1,490
Adj. R-squared	0.296	0.298	0.31	0.31	0.32
Number of Countries	110	110	110	110	110

Note: Heteroscedasticity-robust clustered standard errors in parentheses, ***, **, * significant on the 1, 5, and 10%-level, respectively. ODA is disaggregated by type of donor in model (1)-(4) and by sector in model (5). ODA is taken from the OECD CRS (2022), divided by 1000 and lagged by two years. The regarded period is 2002 to 2018. Controls include GDP growth, GDP p.c., FDI, Population, Ethnic Fractionalization, Civil War and Natural Resources in t-2.