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# Democracy Aid Effectiveness: Variation Across Regime Types<sup>1</sup>

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## **Abstract**

Large-N studies suggest that democracy aid is effective, while multiple small-N investigations call such findings into question. This paper accounts for this contradiction and significantly improves our understanding of democracy aid effectiveness by examining effectiveness in different regime types and disaggregating democracy aid into specific types. We argue that democracy aid is more likely to be effective when it does not pose a threat to regime survival and when it matches the democratic deficits in a country. Analysis of OECD aid and Varieties of Democracy data for 120 countries from 2002-2012 supports our argument.

## Introduction

Democratic promotion efforts by foreign governments and international organizations have proliferated since the end of the Cold War. However, the utility of democracy promotion has increasingly been challenged. Practitioners are particularly concerned about the future of democracy aid as authoritarianism seems to be on the rise again.<sup>2</sup> In order to make sound decisions about future democracy aid, it is essential to understand to what extent and under what conditions democracy aid is effective.

So far, the scholarly community has reached mixed conclusions about the effectiveness of democracy aid. Large-N cross-national studies mainly suggest that the overall effect of democracy aid on democratization has been positive.<sup>3</sup> However, case studies and qualitative accounts provide more critical assessments.<sup>4</sup> In particular, scepticism about democracy aid to authoritarian regimes is rising.<sup>5</sup>

Large-N studies of democracy aid have not adequately addressed such challenges because they mainly have focused on average effects of democracy aid irrespective of regime type in the recipient country. Yet, considering differential effects of democracy aid in different regime types may be the key to reconciling divergent findings in qualitative and quantitative research on democracy aid effectiveness. Thus far, only Cornell considered this question.<sup>6</sup> However, she examines democracy aid effectiveness only in the autocratic regime spectrum. We argue that it is essential to understand democracy aid effectiveness in democracies, too. Electoral democracies received a large proportion of democracy aid – one third of the total amount between 2002 and 2012.<sup>7</sup> Furthermore, much democracy aid targets countries while they lack intact regimes – for instance recently in Afghanistan, Iraq and Bosnia Herzegovina. Therefore, we study such regimeless countries separate from countries with intact regimes. The examination of democracy aid effectiveness across the full range of political regimes, including different authoritarian and democratic regimes as well as regimeless countries are key innovations of our study.

Theoretically, we argue that aid is more likely to be effective when two conditions are met. First, when aid does not threaten the regime—either because it does not challenge leaders' survival strategies or because no intact regime exists in a country—aid is effective. When aid challenges

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<sup>2</sup> Bush, *Taming of Democracy Assistance*; Carothers, "Democracy Aid at 25" and Diamond, "Democratic Recession".

<sup>3</sup> Finkel et al., "U.S. Democracy Aid"; Kalyvitis and Vlachaki, "Democracy Aid" and Scott and Steele, "U.S. Democracy Aid".

<sup>4</sup> Burnell, *Promoting Democracy*; Peou, *Democracy Aid in Cambodia*; Whitehead, "International Components"; Zeeuw, "Post-Conflict".

<sup>5</sup> Bush, *Taming of Democracy Assistance* and Schlumberger, "Dancing with Wolves".

<sup>6</sup> Cornell, "Regime Type and Democracy Aid"; Cornell, *Limited Role*.

<sup>7</sup> See Table 2.

leaders' survival strategies, they will prevent it from promoting democracy. Second, when democracy aid addresses democratic deficits in a country, it is more likely to be successful. As a result, we expect democracy aid to be effective when the threat to regime survival is low and democratic deficiencies are high.

In order to test these theoretical claims, we divide regimes into four types, each with a specific combination of regime survival strategies and democratic deficits - closed autocracies, electoral autocracies, electoral democracies and liberal democracies; and add a fifth category of regimeless countries.<sup>8</sup>

By using aid data in a novel way and leveraging the Varieties of Democracy (V-Dem) dataset, we can advance the study of democracy aid effectiveness empirically. These empirical innovations allow us to examine the effectiveness of democracy aid in a more detailed, comprehensive, and accurate manner than previous research. We use aid data from the Organization of Economic Co-operation and Development (OECD) member states that target the core of democracy—civil society, elections, media, and human rights—rather than the blunter aggregate governance and rule of law aid measures typically used.<sup>9</sup> Donors often report activities as aid for governance and rule of law, which are not directly related to democracy, but to security and state-building.<sup>10</sup> Especially in countries with autocratic regimes such aid could be used for repression and co-optation, not democratization. Our reliance on OECD data distinguishes our work from most prior studies, which examine aid from only the U.S.<sup>11</sup> Other donors account for approximately two-thirds of democracy aid and typically differ in approach and focus, making it essential to examine the larger set of donors.<sup>12</sup> Finally, whereas most studies on democracy aid rely on data about commitments, we use disbursement data.<sup>13</sup> Only actually implemented projects can be expected to have an effect.

Our findings are consistent with our main argument. We find that aggregate democracy aid is effective when overall the threat to regime survival is low and democratic deficiencies are high; this is supported by our results showing that: (1) democracy aid is most effective in countries without an intact regime, where aid does not pose a threat to regime survival and democratic deficiencies are high; (2) that democracy aid is moderately effective in electoral autocracies and

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<sup>8</sup> Lührmann et al., *Regimes in the World*.

<sup>9</sup> OECD, *OECD Stat*. Birch, *Electoral Malpractice*; Bush, *Taming of Democracy Assistance* 57; Dietrich and Wright, "Foreign Aid and Change" 222; Finkel et al., "U.S. Democracy Aid" 434.

<sup>10</sup> For example, the United States included large-scale counter-narcotics and security and law enforcement programs in countries such as Mexico, Afghanistan, and Colombia as aid in the sector of "legal and judicial development." OECD, *OECD Stat*.

<sup>11</sup> Finkel et al., "U.S. Democracy Aid"; Scott and Steele, "U.S. Democracy Aid".

<sup>12</sup> OECD, *OECD Stat*; Pospieszna, *Polish Democracy Aid*; Youngs, "European Democracy Assistance"

<sup>13</sup> Birch, "Electoral Systems"; Dietrich and Wright, "Foreign Aid and Change"; Cornell, *Limited Role*; Kalyvitis and Vlachaki, "Democracy Aid".

electoral democracies, where in the former aid poses a moderate threat but democratic deficiencies are high and in the latter aid poses no threat but democratic deficiencies are not that high; and (3) democracy aid is not effective in closed autocracies, where it would substantially threaten the regime, and in liberal democracies, where the democratic deficiencies are minimal.

The effectiveness of democracy aid in three out of five regime types also explains why we – as many prior studies – find a positive overall effect of democracy aid. In order to investigate to what extent this positive overall effect is driven by specific types of aid, we break down the analysis by sector - civil society, elections, media, and human rights. Aid shows overall positive effects in the area they target, suggesting that no single specific type of aid accounts for the positive overall effect.

In sum, this paper makes theoretical, empirical, and methodological contributions that enable it to account for the puzzling discrepancies between the findings from large-N and small-N studies. Whereas democracy aid tends to be effective, on average, globally, as large-N studies have shown, democracy aid is less effective under certain regime types, as case studies have demonstrated. Our theoretical framework, data, and methodological approach demonstrate how these two sets of seemingly contradictory findings are complementary. This clarification significantly improves our understanding of democracy aid effectiveness and offers insights for policymakers and practitioners.

The paper proceeds by first describing the theoretical argument and presenting the hypotheses. The second section uses data about democracy aid patterns to demonstrate the relevance of examining aid to countries with different regime types as well as specific types of aid. Then we elaborate on the data and methods and present the results. The final section considers implications of our findings.

## I. Theoretical Framework

Democracy aid is international development assistance with the “specific goal [to] foster and advance democratization.”<sup>14</sup> It typically includes promotion of civil society, free and fair elections, free media, and human rights. In examining aggregate democracy aid effectiveness, the outcome we are seeking to explain is incremental movements toward more democratic practices, rather than a full transition to democracy. This definition of effectiveness is empirically grounded: most studies have found incremental improvements rather than complete transitions.<sup>15</sup>

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<sup>14</sup> Carothers, “Democracy Aid at 25,” 59.

<sup>15</sup> e.g. Carothers, *Learning Curve*, 304.

Our focus is on why aid that enters a country is successfully implemented in some cases but not others—not on how it is allocated.<sup>16</sup> We argue that democracy aid is more likely to be effective when two conditions are present: 1) when the aid does not pose a threat to the regime—either because it does not challenge leaders’ survival strategies or the country lacks an intact regime, and 2) when there are democratic deficits in a country.

A *threat* to a regime is something that will likely weaken its grip on power. Most countries have intact regimes, so the regimes are essentially gatekeepers to aid implementation.<sup>17</sup> Therefore, regimes will prevent aid that threatens their survival from being implemented as it is intended. For example, a strong civil society poses a threat to certain types of regimes, so those ruling elites are likely to try and divert aid aimed at improving independent civic groups’ organizational capacity to more government-friendly groups.<sup>18</sup> When democracy aid challenges their survival strategy, leaders will ensure that the aid is squandered or redirect it for their own purposes.

However, not all democracy aid challenges the survival strategies of regimes. Leaders of democratic regimes tend to accept democratic institutions and practices, so democracy aid aligns with their regime survival strategy. Democracy aid can also be compatible with survival strategies of autocratic leaders. *De jure* democratic institutions are an increasingly important part of regime survival strategies for non-democratic political regimes.<sup>19</sup> Government leaders can actively use democracy aid to strengthen their own positions.<sup>20</sup> For example, aid for elections, parliament, and political parties can help authoritarian stabilization. Elections can be instrumental for signalling popular support, and a show of popular support can deter rivals within the national elite.<sup>21</sup> Elections, as well as parliaments, can be used to co-opt opponents and thus further secure the incumbents’ positions.<sup>22</sup> The establishment of political parties seems to lower the risk of forced removal from office.<sup>23</sup> Because much democracy aid consists of technical assistance, it can strengthen the capacity of governments to, for example, run elections and carry out judicial and bureaucratic processes, without allowing more independent institutions or providing a more level playing field.<sup>24</sup>

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<sup>16</sup> An examination of donors’ decisions about where to give aid is beyond the scope of the paper. Note that even for regimes that could be threatened by democracy aid there can be benefits to agreeing to accepting it but then preventing its successful implementation. Benefits include, for example, a pro-democratic appearance that can result in greater foreign aid, and reduce pressure from internal opponents.

<sup>17</sup> Tolstrup, “Gatekeepers and Linkages”.

<sup>18</sup> Bush, *Taming of Democracy Assistance*, 61.

<sup>19</sup> Schedler, “Menu of Manipulation”; Schedler, *Politics of Uncertainty*; Roessler and Howard, “Democratization by Elections”; Donno, “Elections in Autocracies”.

<sup>20</sup> Schlumberger, “Dancing with Wolves”.

<sup>21</sup> Hyde, *Election Observation*; Birch, *Electoral Malpractice*, 52.

<sup>22</sup> Gerschewski, “Three Pillars”.

<sup>23</sup> Wright and Escriba-Folch, “Authoritarian Institutions”.

<sup>24</sup> Elklit, “Electoral Institutional Change”.



In sum, democracy aid that aligns with a regime's survival strategy is likely to be more effective because regimes allow it to be implemented as intended.

A *democratic deficiency*, the second component of our argument, is a political institution or practice that is not fully democratic. Aid targeted at particular institutions or practices is more effective the less democratic the institution or practice, because there is more room for improvement. In other words, the marginal utilities of aid decline as countries become more democratic.

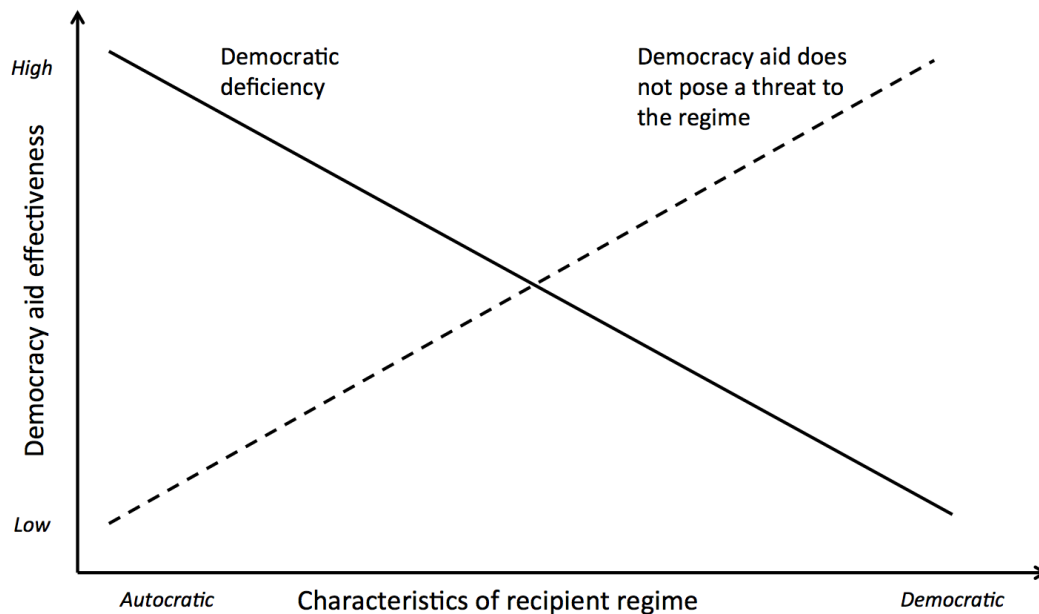
Democratic deficiencies can result from the intentionally undemocratic design of political institutions as well as weak capacity to implement the complex processes democratic governance requires. For instance, a clean election requires both the political commitment of the incumbent to refrain from manipulation and technical and financial resources. Countries without intact regimes face significant democratic deficiencies as a government is not even present to run institutions and carry out processes. Where democratic deficiencies exist, aid can help build capacity for institutions and processes to operate democratically.

The fact that democratic deficiencies can be due not only to weak capacity but also to lack of democratic commitment underscores the regime's central role. For aid to be effective not only must a democratic deficiency exist, but the aid must not threaten the regime's survival.

### ***Regimes types and democracy aid effectiveness***

The extent to which aid is effective depends on the specific regime type or on whether an intact regime even exists. As Figure 1 illustrates, the level of democratic deficiencies present as well as the degree to which aid poses a threat to regime survival varies across the regime spectrum: in more authoritarian regimes (left side) deficiencies are high but threats are high too; while in more democratic regimes (right side) threats are low but deficiencies are low too, leading us to expect aid to be most effective in the middle. When aid is not a threat but does address a deficiency, it is effective. And, when aid is either a clear threat or does not address a deficiency, it is not effective.

**Figure 1. How democratic deficiencies and threats to regime survival strategies affect democracy aid effectiveness**



It is common in the literature to classify political regimes by type in order to theorize about and empirically study patterns. We follow Lührmann’s et al. (2017) approach, which designated countries with intact regimes as one of four types – closed autocracy, electoral autocracy, electoral democracy, and liberal democracy (Table 1). The regime types range from non-democratic to democratic, as the x-axis in Figure 1 depicts.

We depart from Cornell’s approach, which examines regime types that differ by composition of the ruling coalition: monarchies, military regimes, one-party regimes and multiparty autocracies.<sup>25</sup> We argue that it is not the characteristics of the individuals in power that matter for democracy aid effectiveness, but rather the extent to which regime survival strategies are compatible with democracy aid. Cornell argues that democracy aid would be least threatening to one-party regimes, because they are the most stable regime type. However, for many one-party regimes – China or North Korea for instance – democracy aid poses an existential threat, because it challenges their strategy of severe repression of civil society and political competition. Therefore, we find a regime typology that takes into account the autocrat’s strategic approach towards democratic institutions and practices more useful. From this angle, pure one-party regimes, monarchies and military regimes have a similar approach towards democracy: they do not even try to appear democratic as they do not even allow multiparty elections. Hence, such “pure autocrats” can be expected to view any attempt at democratic reform – such as democracy aid – as a threat

<sup>25</sup> Cornell, “Regime Type and Democracy Aid”.

to their survival and try to block its effective implementation. Thus, we follow Lührmann's et al. (2017) approach of combining these regimes into the category of closed autocracies.

*Closed autocracies* either hold no elections or formally restrict the competitiveness of elections, such as one-party regimes without a choice on the ballot. In addition, regimes with elections only for the legislature fall into this category, because the chief executive remains unaccountable to voters.<sup>26</sup> Thus, central to this regime type is the formal exclusion of the chief executive from electoral competition. Also common is repression of opposition year-round through control of the media and stifling of civil society; this ensures that these will not effectively challenge the formal electoral restrictions and will otherwise have difficulty holding the regime accountable. In addition, violations of human rights typically deter extra-institutional means of replacing the incumbent, such as mass street protests. Democracy aid, which includes promotion of civil society, high-quality elections, free media, and human rights, could address multiple democratic deficiencies, yet the second condition does not hold: democracy aid poses a substantial threat to the regime. Consequently, aggregate democracy aid is not effective.

*Electoral autocracies*, unlike closed autocracies, allow for a wide variety of democratic institutions and processes to exist and operate, but citizens cannot use them to fully contest. The survival strategy of these regimes is to present themselves democratic, while still applying authoritarian practices.<sup>27</sup> Democratic appearance can help bring more international aid and foreign direct investments from democratic countries and organizations.<sup>28</sup> Domestically, this seemingly pro-democratic stance can boost legitimacy and reduce pressure from opponents. A common tactic by these regimes is to allow for de jure multi-party contestation, but prevent elections from being free and fair.<sup>29</sup> For instance, Sudan's long-standing dictator Omar Al-Bashir gained national and international credibility from well-publicized foreign aid to the 2010 elections, but nevertheless severely manipulated them.<sup>30</sup> We expect democracy aid to electoral autocracies to be moderately effective due to significant democratic deficiencies and moderate compatibility of aid with the regime's survival strategy of appearing somewhat democratic.

*Electoral democracies*, as their name indicates, exhibit strengths in electoral institutions and processes, but show some deficiencies in one or more other components of democracy, in particular civil liberties and rule of law.<sup>31</sup> The survival strategy of these regimes is grounded in democracy: they have come to power and continue to govern thanks to democratic practices and

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<sup>26</sup> Schedler, "Authoritarian Elections," 309.

<sup>27</sup> Schedler, "Menu of Manipulation".

<sup>28</sup> Hyde, *Election Observation*, 114.

<sup>29</sup> Roessler and Howard, "Democratization by Elections"; Donno, "Elections in Autocracies".

<sup>30</sup> Zahar, "Norm Transmission".

<sup>31</sup> Diamond, "Hybrid Regimes"; Schedler, "Menu of Manipulation".

institutions and society is more likely to hold them to this commitment, than in electoral autocracies.<sup>32</sup> Because electoral democracies exhibit deficiencies in sectors (other than elections) and because democracy aid poses little threat to their survival, we expect democracy aid to be moderately effective.

*Liberal democracies* are characterized by the integrity of democratic institutions and processes, such as a vibrant civil society, free and fair elections, an independent press, and protection of human rights. Consequently both the threat of democracy aid to regime survival strategies and democratic deficiencies are relatively minimal. Subsequently, democracy aid is expected to not be effective.

*Regimeless countries* are those where formerly binding rules of access to and exercise of state powers are no longer operational and a new order has not been fully institutionalized.<sup>33</sup> There is no intact regime, so there is no regime survival strategy. Democratic deficiencies are significant because institutions and processes have dissolved and a regime does not exist to enforce rights. Interim governments or societal factions can be expected to collaborate constructively with democracy aid providers because they have a strategic interest in establishing a political regime with the help of legitimizing processes such as elections. Democratic deficiencies are significant in each sector because institutions and processes have dissolved. For these reasons, we expect that democracy aid to regimeless countries will be highly effective. For instance in Libya in 2012, interim authorities used international democracy effectively to organize the first Post-Gadhafi election in a professional and credible manner.<sup>34</sup>

**Table 1. Democratic deficiencies and threats to regime survival strategies by regime types**

	Regimeless country	Intact Regime			
		Closed autocracy	Electoral autocracy	Electoral democracy	Liberal democracy
<b>Democratic deficit</b>	High	High	High	Moderate	Low
<b>Democracy aid threat to regime survival strategy</b>	Low	High	Moderate	Low	Low
<b>Democracy aid's effectiveness</b>	High	None	Moderate	Moderate	None

<sup>32</sup> Exceptions regimes backsliding to the autocratic regime spectrum such as Erdoğan's regime in Turkey. However, in the time period under investigation, only 6% of electoral democracies experienced such breakdown. Based on the regime typology outlined below, 457 country-years qualify as electoral democratic between 2002 and 2012. Only 26 of those cases became autocratic in the subsequent year.

<sup>33</sup> Based on Fishman, we understand a regime as the "formal and informal organization of the centre of political power." Fishman, "State and Regime", 428. We use the term regime to denote not only such institutionalized patterns and norms but also, following on Schedler, the actors "in formal positions of state power." Schedler, *Politics of Uncertainty*, 21.

<sup>34</sup> [reference blinded for review]

Thus, our hypotheses about the effects of democracy aid are:

H1: Democracy aid on average has a positive effect on democratization.

H2: Democracy aid has a strong positive effect on democratization in regimeless countries.

H3: Democracy aid has a moderate positive effect on democratization in electoral autocracies and electoral democracies.

H4: Democracy aid has no effect on democratization in closed autocracies and liberal democracies.

Hypotheses 1 is based on our expectations that democracy aid is effective in three out of five regime types, leading to an overall positive effect.

## II. Democracy Aid Patterns

Democracy aid data underscore the enormity of this assistance and thus the importance of understanding when money is most effectively spent. The OECD data we present are from 2002 to 2012, the complete period for which aid disbursement data are available.

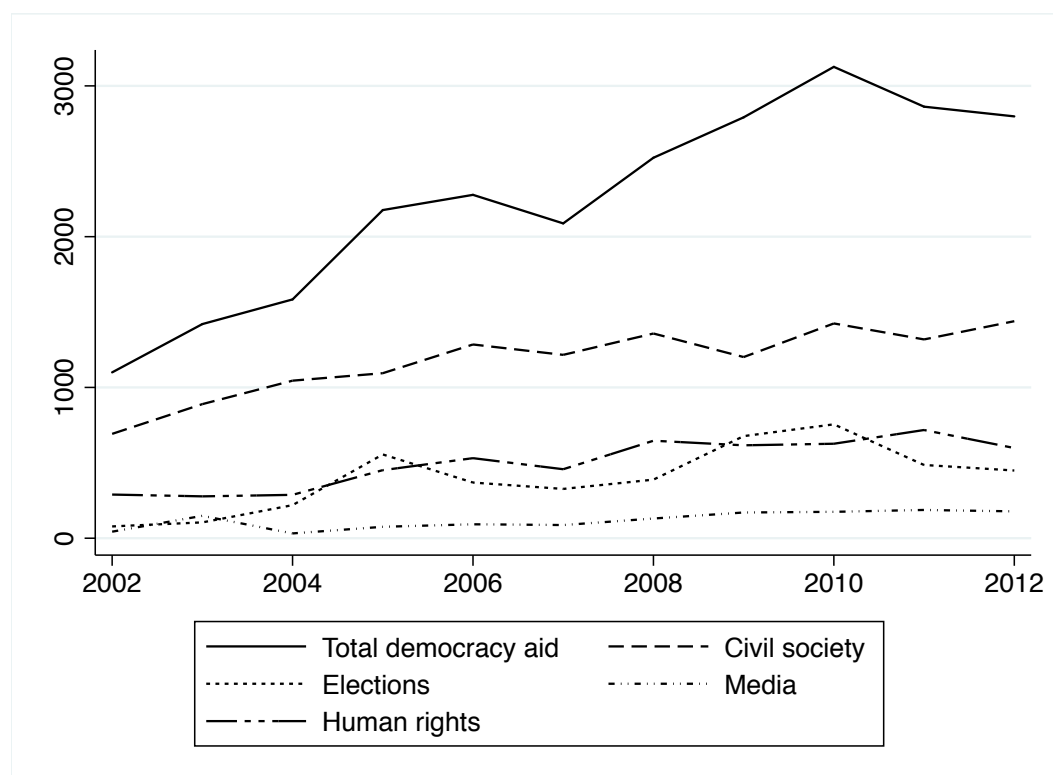
From 2002 to 2012 a considerably sum of democracy aid—24.1 billion USD— was distributed, as indicated by the solid line in Figure 1. As noted above, democracy aid typically went to promote civil society, elections, media and human rights. As described by the OECD, civil society aid includes aid for civil society organizations and civic education; it excludes aid to support elections.<sup>35</sup> Election aid is assistance for voter education, for election management bodies to run elections, and for election observation. Media aid includes activities aimed at improving the technical and editorial skills of media outlets and their overall quality. Human rights aid is assistance for official human rights bodies and mechanisms, human rights advocacy and human rights education as well as human rights related aid for specific groups such as indigenous groups, children, and minorities. Of these types of aid, spending on civil society aid was the greatest followed by human rights aid, election aid, and media aid, respectively, for most years (Figure 2).<sup>36</sup>

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<sup>35</sup> The information about the specific aid categories comes from the official OECD list of Creditor-Reporting-System (CRS) purpose codes (downloaded from <http://www.oecd.org/dac/stats/documentupload/2012%20CRS%20purpose%20codes%20EN.pdf>, access 15 June 2016).

<sup>36</sup> Note that the OECD data also include information on aid for women empowerment and for legislatures and political parties. Since aid for women empowerment targets generic development rather than democracy, we do not include it. Aid data on legislatures and political parties are only available from 2009 onwards. This amounts for 2.2% of the overall democracy aid in the studied time period. Therefore, we refrain from analysing this category individually, but include it in the total amount of democracy aid.

**Figure 2. Total and specific democracy aid per year (2002-2012, in million USD)**



Source: OECD, *OECD Stat*.

Democracy aid is distributed in countries representing the full range of regime types. This is evident from Table 3 and Figure 3 below. Electoral democracies and electoral autocracies receive the most aid, when it is measured as total aid received between 2002 and 2012 (Table 3, column 1). Regimeless countries receive the most aid (followed by electoral democracies and electoral autocracies), when it is measured as aid per capita (Table 3, column 2 and Figure 3). Closed autocracies and liberal democracies receive considerably less aid.<sup>37</sup> Also evident from Table 3 is that each regime type has received aid in each specific category. The amount of aid per capita, however, varies with regime type. The highest amounts of election, human rights, civil society, and media aid per capita go to regimeless countries. When measured in total amounts of aid, the highest amount of election and media aid goes to electoral autocracies, but the highest amount of civil society and human rights aid goes to electoral democracies.

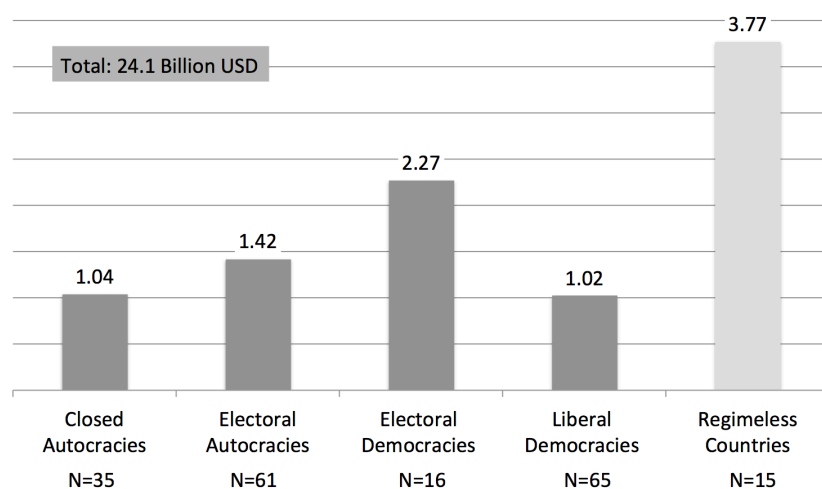
<sup>37</sup> Examples of liberal democracies receiving aid between 2002 and 2012 include Cape Verde, Costa Rica, and Uruguay.

**Table 2. Levels of aid allocated to different regime types (2002-2012)**

Aid type	Aid overall			Civil society			Elections			Media			Human Rights		
	Regime type	Total	M	N	T	M	N	T	M	N	T	M	N	T	M
Closed autocracies	1937	1.04	31	970	0.56	30	170	0.10	24	174	0.07	27	582	0.28	31
Electoral autocracies	9084	1.42	69	4738	0.75	69	1852	0.25	65	448	0.06	67	1828	0.33	69
Electoral democracies	8789	2.27	60	5051	1.29	59	907	0.32	57	380	0.12	55	2267	0.49	60
Liberal democracies	1041	1.02	23	638	0.76	23	58	0.05	21	57	0.08	20	283	0.12	23
Regimeless countries	3895	3.77	16	1567	1.81	16	1423	0.90	15	261	0.26	15	540	0.72	16
<b>Total / Average</b>	<b>24747</b>	<b>1.67</b>	<b>129</b>	<b>12963</b>	<b>0.94</b>	<b>129</b>	<b>4410</b>	<b>0.25</b>	<b>122</b>	<b>1321</b>	<b>0.10</b>	<b>127</b>	<b>5500</b>	<b>0.36</b>	<b>129</b>

Source: OECD, *OECD Stat*. Note: T = Total levels of aid is the sum of aid received between 2002 and 2012 (in millions of USD). M = Mean aid per capita received between 2002 and 2012 (in USD). N = the number of countries that received aid in this regime category in this period. The total is larger than the number of countries included in the sample because some countries switch between regime categories.

**Figure 2. Democracy aid per capita by different regime types 2002-2012 (in USD)**



Source: OECD, *OECD Stat*.

### III. Data and methods

#### *Dependent variables*

To examine the impact of democracy aid, we rely on data from Varieties of Democracy (V-Dem).<sup>38</sup> We use the V-Dem *Electoral Democracy Index* to measure the impact of democracy aid.<sup>39</sup> Furthermore, we use the V-Dem *Core Civil Society Index* to test the effect of civil society aid, the *Clean Elections Index* for election aid, the *Alternative Sources of Information Index* for media aid, and the *Civil Liberties Index* for human rights aid. The indices are capable of measuring incremental change in institutions and practices, which reflects our definition of democracy aid effectiveness as incremental movement toward more democratic practices and institutions, rather than a full transition to democracy. All V-Dem indices score political regimes and institutions on a continuum varying from 0 (very autocratic) to 1 (very democratic). We measure all dependent variables in the year after which aid was spent.

#### *Main independent variables*

To achieve a more comprehensive and accurate picture of democracy aid effectiveness we rely on data about democracy aid disbursements from the OECD Development Assistance Committee (OECD/DAC) database, rather than aggregate commitment data from only the U.S., as many prior works have done. All members of the OECD/DAC record their Official Development Assistance (ODA) in this database.<sup>40</sup> Disbursement information is only available from 2002 onwards, which is why we start our analysis in that year.<sup>41</sup> Using the database's detailed purpose codes, we are able to exclude aid for governance and rule of law, and also examine aid to specific democracy sectors—civil society, elections, media, and human rights. We use aid per capita logged to correct for population size and the skewed distribution of democracy aid, as is common in foreign aid studies.<sup>42</sup>

To capture the interaction between democracy aid and regime types, we use the Regimes In the World typology (RIW) and add regimeless countries as an additional category.<sup>43</sup> The RIW

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<sup>38</sup> Most V-Dem data are based on country-expert coding, which is aggregated in a custom-built measurement model to enhance reliability. Coppedge et al., *V-Dem Codebook V7*; Coppedge et al., *V-Dem Dataset V7*; Coppedge et al., *V-Dem Methodology V7*. Pemstein et al., *V-Dem Measurement Model*.

<sup>39</sup> The V-Dem *Electoral Democracy Index* captures Dahl's concept of Polyarchy. It measures the extent to which elections affect the composition of the chief executive of the country, elections are clean, suffrage is extensive, political associations can operate freely, there is freedom of expression and an independent media. Coppedge et al., "High Level Democratic Principles".

<sup>40</sup> Countries not reporting to the OECD/DAC tend not to provide democracy aid, such as China and Russia.

<sup>41</sup> OECD, *OECD Stat*.

<sup>42</sup> Wright, "Foreign Aid and Democratization," 566. Population data are from World Bank, *WDI*.

<sup>43</sup> Lührmann et al., *Regimes in the World*.



typology utilizes V-Dem data to place each regime in a particular category and was extensively validated.<sup>44</sup> Similar to our approach here, RIW defines regimes as democratic if they achieve Dahl’s famous institutional prerequisites of electoral democracy (freedom of association, suffrage, clean elections, elected executive, and freedom of expression) and hold somewhat free and fair multiparty elections.<sup>45</sup> Among these regimes, those that satisfy the liberal principles of respect for the rule of law, respect for civil liberties, and checks and balances constraining the executive are coded as *liberal democracies*. Those that do not constrain the executive are coded as *electoral democracies*. All regimes that do not meet these criteria but hold elections for the chief executive with a minimal level of multiparty competition are coded as *electoral autocracies*. Countries are categorized as *closed autocracies*, if they do not hold multiparty elections for the chief executive. In addition to the RIW types, we code *regimeless countries* — those countries that the Polity IV dataset did not categorize into autocracies or democracies. They received a “Standardized Authority Code” which indicate that a polity is interrupted (e.g. due to foreign occupation), in a state of “complete collapse of central political authority,” or in a substantial transition process.<sup>46</sup> The coding scheme is laid out in Table 3.

**Table 3. Operationalization of regime types and case examples**

Closed Autocracies	Electoral Autocracies	Electoral Democracies	Liberal Democracies	Regimeless Countries
No free and fair, de-facto multiparty elections or minimal institutional prerequisites not fulfilled		Free and fair and multiparty elections and minimal institutional prerequisites fulfilled		Polity interrupted, collapsed, or in substantial transition
No multiparty elections for the chief executive	Elections for the chief executive with a minimal level of multiparty competition	Liberal principles not satisfied	Liberal principles satisfied	
Jordan 2012	Nigeria 2012	Bolivia 2012	Ghana 2012	

Source: Adapted from Lührmann et al., *Regimes in the World*, 7.

### **Control variables**

Factors other than democracy aid also shape how democratic practices and institutions in a country are. To capture this, we include control variables that have commonly been found to be associated with democratization in previous research.<sup>47</sup> These represent the major alternative explanations for increasingly democratic practices and institutions. We include *GDP per capita*

<sup>44</sup> Ibid, 15.

<sup>45</sup> Dahl, *Polyarchy*.

<sup>46</sup> Regimeless countries 2002 to 2012 are for example Afghanistan, Bosnia and Herzegovina and Iraq from 2003-2009. Marshall et al., *Polity IV*, 19.

<sup>47</sup> Przeworski et al., *Democracy and Development*; Lindberg, *Democracy and Elections*; Teorell, *Determinants of Democratization*.

(logged) and *Trade Openness* (trade as % of GDP) as levels of democracy are likely to be higher in wealthier countries and countries open to trade.<sup>48</sup> In addition, we include Hanson and Sigman's *State Capacity* measure as levels of democracy might be higher in regimes with higher state capacity.<sup>49</sup> This index captures state capacity on a scale from -4 (low levels) to 4 (high levels). Post-conflict contexts are controlled for with a binary variable, *Internal Conflict*, signifying whether the country experienced armed conflict during the five years prior to receiving democracy aid based on the UCDP/PRIO Armed Conflict Dataset.<sup>50</sup> Post-conflict contexts are commonly viewed as challenging for democratization.<sup>51</sup> We also control for the proportion of the countries' GDP that is based on rents from natural resources, *Natural Resources*,<sup>52</sup> as we expect this to lower levels of democracy.<sup>53</sup> *Election Year* is a binary variable indicating if an election took place during the year of democracy aid disbursement because elections may facilitate democratization processes.<sup>54</sup>

Three additional controls address effects of aid separate from the relationship we are studying. We include the variable *Total Aid Minus Democracy Aid*, which measures the amount of non-democracy aid the country received and is based on OECD data.<sup>55</sup> We expect this to also positively affect the level of democracy.<sup>56</sup> We also include the control *Aid Dependency* measured as aid as a proportion of the countries' GDP, which we expect to have a negative effect.<sup>57</sup> Finally, in the specific democracy aid models we include a variable measuring the amount of *Total Other Democracy Aid* the country received in order to disentangle the effect of the specific type of democracy aid from the effects of other types of democracy aid. Summary statistics of all variables are available in the appendix, A1.

## **Methods**

We test the effects of aggregate and specific types of democracy aid on levels of democracy using time-series cross-sectional regression models. As we are interested in dynamics within countries over time, we use country fixed effects. This also controls for any potential confounding variables that do not change over time. In addition, all models include the control variables discussed in the previous section. The dependent variable is measured in the year after aid was

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<sup>48</sup> Przeworski et al., *Democracy and Development*; López-Córdova and Meissner, "International Trade"

<sup>49</sup> Hanson and Sigman, *State Capacity*.

<sup>50</sup> Gleditsch et al., "Armed Conflict"; Teorell et al., *QoG*.

<sup>51</sup> Lindberg, *Democracy and Elections*; Zeeuw, "Post-Conflict Democracy Assistance".

<sup>52</sup> World Bank 2013.

<sup>53</sup> Lindberg, *Democracy and Elections*; Ulfelder, "Wealth and Autocracy"; Teorell, *Determinants of Democratization*.

<sup>54</sup> This indicator is based on the V-Dem variable v2eltype. Coppedge et al., *V-Dem Codebook V7*.

<sup>55</sup> OECD, *OECD Stat*.

<sup>56</sup> Wright, "Foreign Aid and Democratization"

<sup>57</sup> Knack, "Aid Dependence"

disbursed, while all independent variables are measured in the same year in which aid was disbursed. Hence all independent variables are lagged one year.

## IV. Results

Using these data and models, we test our four hypotheses. To test H1, we examine whether aid has an effect on levels of democracy the year after aid was disbursed, across all regime types (Table 4). We also study to what extent an effect is driven by a specific type of aid. We then test H2-H4 about the effects of aid in different regimes types (Table 5).

In line with our expectations, (H1), we find a statistically significant positive main effect for democracy aid across countries in the year after it is disbursed (Model 1). We find that this effect is not driven by any particular sector of democracy aid. Civil society aid has a positive and significant effect on the quality of civil society (Model 2); election aid has a significant and positive effect on the quality of elections (Model 3); media aid has a significant and positive effect on the availability of alternative sources of information (Model 4); and human rights aid has a significant and positive effect on respect for civil liberties (Model 5), each in the year after aid is disbursed.

The effects for control variables are generally in line with our expectations. Levels of democracy and specific components of democracy are higher in regime types other than closed autocracies (reference category), in regimes that receive more development aid, and in regimes with more trade openness. Conversely, levels of democracy and specific components of democracy are lower in regimes with high aid dependency and in resource-dependent regimes. The effect of GDP per capita is largely insignificant once these controls are taken into account. Two control variables have somewhat counter-intuitive effects. State capacity turns out to be consistently negatively correlated with levels of democracy and specific components of democracy. This is in line with recent research demonstrating that state capacity stabilizes not only democratic but also autocratic regimes, with a stronger effect in autocracies.<sup>58</sup> In addition, our models suggest that countries that experienced conflict in the past five years are in fact *more* likely to achieve higher levels of democracy. Such countries might have had much scope to improve their level of democracy after conflict ended.

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<sup>58</sup> Ham and Seim, "State Capacity".

**Table 4. Effect of democracy aid across regime types**

	Model 1 Electoral Democracy Index (t+1)	Model 2 Core Civil Society Index (t+1)	Model 3 Clean Elections Index (t+1)	Model 4 Alternative Sources of Information Index (t+1)	Model 5 Civil Liberties Index (t+1)
All democracy aid per capita (USD, log)	0.027*** (0.006)				
Civil society aid per capita (USD, log)		0.019* (0.008)			
Election aid per capita (USD, (USD, log)			0.065*** (0.012)		
Media aid per capita (USD, log)				0.089*** (0.023)	
Human rights aid per capita (USD, log)					0.028*** (0.008)
Regime type <sup>a</sup>					
Electoral autocracies	0.119*** (0.011)	0.038** (0.012)	0.193*** (0.018)	0.071*** (0.013)	0.030*** (0.008)
Regimeless countries	0.128*** (0.014)	0.104*** (0.016)	0.222*** (0.024)	0.180*** (0.017)	0.072*** (0.011)
Electoral democracies	0.213*** (0.011)	0.083*** (0.013)	0.336*** (0.019)	0.140*** (0.014)	0.074*** (0.009)
Liberal democracies	0.247*** (0.015)	0.096*** (0.017)	0.374*** (0.026)	0.142*** (0.019)	0.086*** (0.012)
Total aid minus democracy aid (per capita, USD, log)	0.013*** (0.004)	0.027*** (0.004)	0.017** (0.006)	0.020*** (0.005)	0.012*** (0.003)
Total other democracy aid (per capita, USD, log)		0.035*** (0.010)	0.005 (0.013)	0.010 (0.008)	0.017** (0.005)
Aid dependency (total aid as % of GDP)	-0.002+ (0.001)	-0.003** (0.001)	-0.005** (0.002)	-0.003* (0.001)	-0.001 (0.001)
GDP per capita (log)	0.016+ (0.009)	-0.021* (0.010)	0.013 (0.014)	-0.001 (0.011)	-0.006 (0.007)
Trade (% GDP)	3.77E-4*** (0.000)	3.73E-4** (0.000)	7.07E-4*** (0.000)	3.03E-4* (0.000)	4.32E-4*** (0.000)
State capacity	-0.019*** (0.005)	-0.043*** (0.006)	-0.027** (0.009)	-0.030*** (0.006)	-0.018*** (0.004)
Internal conflict (past 5 yrs)	0.015* (0.006)	0.012+ (0.007)	0.029** (0.010)	0.005 (0.007)	-0.000 (0.005)
Natural resources (% GDP)	-3.59E-4 (0.000)	-8.55E-4** (0.000)	-3.87E-4 (0.000)	-3.78E-4 (0.000)	-1.99E-4 (0.000)
Election year	0.008* (0.003)	0.001 (0.004)	0.003 (0.006)	0.004 (0.004)	0.002 (0.003)
Year	-0.001 (0.001)	0.001 (0.001)	0.001 (0.002)	-0.000 (0.001)	0.001 (0.001)
Constant	2.700 (2.072)	-1.289 (2.350)	-2.172 (3.439)	1.040 (2.492)	-0.520 (1.596)
N level 1 (country-years)	1260	1260	1260	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.343	0.204	0.327	0.217	0.204

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses.

a. Closed autocracies is reference category.

Robustness checks for these models largely confirm our findings (see appendix). We show the robustness of our results to potential heteroskedasticity and serial autocorrelation, and run models using panel-corrected standard errors and a first-order autocorrelation correction (A3). Likewise, we find similar effects of aid on levels of democracy and its components in the two and three years after aid disbursement (A4). Only for civil society aid we find no effect after two and three years. The positive effects of aggregate aid and all specific types of aid also holds with different dependent variables to measure overall level of democracy and its specific dimensions (A5).

Additionally, we examine to what extent selection effects might bias our results using Oster's method (A6).<sup>59</sup> This is important to ensure that our analysis does not conflate our focus—the implementation of aid—with donors' decisions about offering aid and regimes' decisions about accepting it. In short, we take into account that democracy aid is not allocated or accepted at random. The effects reported in Table 4 for democracy, elections, media and human rights aid hold when considering potential selection effects, but the effects for civil society aid does not.<sup>60</sup>

Overall, the findings about aggregate aid and specific aid types are encouraging. They show that democracy aid not only has an effect at the aggregate level, but also that specific types of democracy aid improve the components of democracy which they target. These specific associations provide support for the notion that democracy aid might indeed have a causal effect on levels of democracy. Furthermore, these findings suggest that the aggregate effect of democracy aid is not driven by any particular specific type of democracy aid, but can be found across democracy sectors.

We next turn to testing our three hypotheses specifying the effects of overall democracy aid in different regime types. We expect a strong positive effect on democratization in regimeless countries (H2), a moderate positive effect in electoral autocracies and democracies (H3) and no effect in closed autocracies and liberal democracies (H4). In order to estimate the effect of democracy aid in different regime types we interact democracy aid with regime types.<sup>61</sup>

Since the coefficients of interaction effects are difficult to interpret as such, Table 5 presents the marginal effects in each regime type. Table A2 in the appendix presents the regression results.

In *regimeless countries*, we find aggregate democracy aid to have a relatively strong positive and statistically significant effect (Model 6), supporting H2. Turning to *electoral autocracies*, we find

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<sup>59</sup> Oster, "Unobservable Selection".

<sup>60</sup> See appendix (A6) for details.

<sup>61</sup> Another option would be to split the sample by regime type. However, due to our relatively small sample we lack the statistical power to do so.

positive and significant effects of aggregate aid though - as we expected - the effect is slightly weaker than in regimeless countries. Likewise, in *electoral democracies* the effect of aggregate democracy aid is moderate and significant, supporting H3. We did not predict that democracy aid would be effective in *liberal democracies* because there are no significant deficiencies for aid to address. Our results support this expectation. Finally, we also expected democracy aid not to have a positive effect in *closed autocracies* because it is incompatible with the regime's survival strategy. The effect of democracy aid in closed autocracies is one-tailed significant (0.095), but not significant in most robustness checks. Hence, our hypotheses about the effects of democracy aid in different regime types appear to hold.

**Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

Regime type	Model 6 Electoral Democracy Index (t+1)	Model 7 Core Civil Society Index (t+1)	Model 8 Clean Elections Index (t+1)	Model 9 Alternative Sources of Information Index (t+1)	Model 10 Civil Liberties Index (t+1)
Closed autocracies	0.025+	0.028	0.356***	-0.107*	0.022
Electoral autocracies	0.027**	-0.002	0.041*	0.090*	0.027*
Electoral democracies	0.019*	0.036**	0.005	0.104**	0.034**
Liberal democracies	-0.002	0.004	-0.051	-0.042	0.016
Regimeless countries	0.069***	0.022	0.103***	0.393***	0.010

Marginal effects to illustrate interaction effects between democracy aid and regime type, based on time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. All models include regime type in the year of aid allocation and additional controls as in Table 4. Regression results are presented in the appendix (A2).

Turning to the effects of specific types of aid, Models 7 – 10 indicate that the general aid effectiveness is partially driven by specific types of aid. We find that election aid is not effective in *electoral democracies* while all other types of specific aid are - perhaps due to the fact that by definition electoral democracies already achieved reasonably high-quality elections. Likewise, not all types of aid appear effective in *electoral autocracies* and *regimeless countries*. In electoral autocracies, it appears that all types of aid are effective but civil society aid. This might be due to fact that many electoral autocracies already have a quite vibrant civil society, which is what pushed them to hold elections in the first place. In regimeless countries the aggregate effect of democracy aid seems to be mainly driven by strong effects of election and media aid, while civil society and human rights aid seem less effective. A possible explanation for human rights aid lacking a statistically significant effect might be that a strong regime is important for protecting human rights, so aid to that sector might be ineffective without a functioning regime.

Finally, our findings on specific aid are consistent with the ineffectiveness of aggregate democracy aid in *closed autocracies*. However, the effect of election aid to such regimes seems to be

strong and statistically significant, and highly robust to alternative model specifications (see appendix). An explanation for this counter-intuitive finding might be that election aid might be compatible with the survival strategies of some leaders in closed autocracies. The immediate threat of election aid is limited, because of the chief executive is not up for elections. For instance, the Jordanian King used democracy aid to significantly improve the quality of the 2013 legislative elections without risking electoral defeat himself. Finally, we find a negative effect of media aid in closed autocracies, however this effect appears to be spurious as it is not robust to alternative model specifications (see appendix). In line with our findings on aggregate aid, we find no effects of specific types of aid in *liberal democracies*.

Robustness checks largely confirm the findings presented in Table 5, unless otherwise discussed above. In sum, we find robust evidence that overall democracy aid is associated with improvements in levels of democracy in electoral autocracies, electoral democracies and regimeless countries. We do not find robust evidence for an overall effect of democracy aid in closed autocracies and in the few liberal democracies in our sample. However, it must be noted that in many contexts the effects of democracy aid are not very large substantively: increasing from the minimum to the maximum amount of aid in electoral autocracies and democracies results in a predicted improvement of only about 0.05 (5%) on the *Electoral Democracy Index*. The exception are regimeless countries, where the same increase in democracy aid is predicted to increase the *Electoral Democracy Index* from about 0.4 to 0.6 (representing a shift of about 20% on the 0-1 index).

## V. Conclusions

This paper's theoretical, empirical, and methodological innovations allow us to provide a more detailed, comprehensive, and accurate account of the successes and failures of democracy aid. In doing so, we are able to show how seemingly contradictory findings of large-N and small-N investigations of democracy aid are, in fact, complementary. Our theory outlines how threats to regime survival and democratic deficiencies shape the effectiveness of democracy aid in different regime types, which allow us to account for both large-N studies' findings that aggregate aid is effective and small-N investigations' challenges to these claims. Our novel use of OECD democracy aid data and V-Dem data enables us to test and provide support for this theory. Democracy aid is most effective in regimeless countries, shows moderate effects in electoral autocracies and electoral democracies and lacks effectiveness in liberal democracies and closed autocracies.

The importance of the insights about democracy aid effectiveness presented here extends beyond the scholarly community: they also provide guidance to policymakers and practitioners. They underscore that the specific regime type should be considered before aid allocation. For example, with the exception of election aid, we find aid to closed autocracies to be ineffective. Hence, donors should carefully consider whether they can plausibly achieve their goals in such countries or the money might be more useful elsewhere.

The evidence that democracy aid to regimeless countries, electoral autocracies and democracies on average has positive effects is encouraging. But, we should also keep in mind the limited transformative impact of democracy aid, which is contingent on the type of regime within the recipient country and the specific type of democracy aid. Our results also suggest a reconsideration of the expectations about what democracy aid projects can achieve. Our empirical evidence suggests that the incremental effects of democracy aid tend to be small and short-term, suggesting that they are not necessarily eroding dictatorships. This supports our argument that leaders only allow democracy aid to be implemented as intended when aid does not threaten the regime survival strategy.

Rather than cast a pall over the democracy aid enterprise, this paper provides concrete information that can help policymakers and practitioners increase aid effectiveness. The paper also opens some directions for further research. In particular the long-term effects of democracy aid to autocracies warrant further investigation.



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## 1. Information on dependent and independent variables

**Table A1. Summary statistics for dependent and independent variables**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
<i>Dependent variables</i>					
Electoral Democracy Index (t+1)	1260	0.50	0.22	0.03	0.93
Core Civil Society Index (t+1)	1260	0.69	0.24	0.03	0.98
Clean Elections Index (t+1)	1260	0.51	0.29	0	0.99
Alternative Sources of Information Index (t+1)	1260	0.67	0.25	0.01	0.97
Civil Liberties Index (t+1)	1260	0.67	0.21	0.06	0.97
<i>Independent variables</i>					
All democracy aid per capita (USD, log)	1260	0.66	0.57	0	2.67
Civil society aid per capita (USD, log)	1260	0.44	0.41	0	2.13
Election aid per capita (USD, log)	1260	0.14	0.30	0	2.26
Media aid per capita (USD, log)	1260	0.06	0.13	0	1.23
Human rights aid per capita (USD, log)	1260	0.22	0.27	0	1.72
Regime type	1260	2.07	1.32	0	4
Total aid minus democracy aid per capita (USD, log)	1260	3.26	1.51	0	6.82
Total other democracy aid - civil society aid (USD, log)	1260	0.22	0.26	0	1.87
Total other democracy aid - election aid (USD, log)	1260	0.53	0.45	0	2.47
Total other democracy aid - media aid (USD, log)	1260	0.61	0.51	0	2.47
Total other democracy aid - human rights aid (USD, log)	1260	0.45	0.39	0	1.93
Aid dependency (total aid as % of GDP)	1260	1.06	2.47	0	42.96
GDP per capita (log)	1260	7.55	1.27	4.66	11.46
Trade (% of GDP)	1260	82.64	37.61	21.67	321.6
State capacity	1260	-0.18	0.88	-3.77	2.12
Internal conflict in past 5 years	1260	0.25	0.43	0	1
Natural resources (as % of GDP)	1260	13.55	16.61	0.00	89.33
Election year	1260	0.28	0.45	0	1
Year	1260	2007	3.16	2002	2012

N = 1260 country-years and 120 countries. All aid data is in constant 2013 USD.

## 2. Regression results for marginal effects reported in Table 5 (effect of democracy aid by regime type)

**Table A2. Effect of democracy aid by regime type**

	Model 6 Electoral Democracy Index (t+1)	Model 7 Core Civil Society Index (t+1)	Model 8 Clean Elections Index (t+1)	Model 9 Alternative Sources of Information Index (t+1)	Model 10 Civil Liberties Index (t+1)
All democracy aid per capita (USD, log)	0.025+ (0.015)				
Civil society aid per capita (USD, log)		0.028 (0.023)			
Election aid per capita (USD, (USD, log)			0.356*** (0.035)		
Media aid per capita (USD, log)				-0.107* (0.050)	
Human rights aid per capita (USD, log)					0.022 (0.025)
Democracy aid * Regime type					
Dem aid * electoral autocracy	0.001 (0.016)	-0.030 (0.025)	-0.315*** (0.038)	0.197** (0.064)	0.006 (0.027)
Dem aid * fragile regime	0.044* (0.021)	-0.006 (0.031)	-0.253*** (0.041)	0.500*** (0.083)	-0.011 (0.033)
Dem aid * electoral democracy	-0.006 (0.016)	0.008 (0.026)	-0.352*** (0.038)	0.211*** (0.059)	0.013 (0.026)
Dem aid * liberal democracy	-0.027 (0.022)	-0.025 (0.031)	-0.407*** (0.118)	0.065 (0.089)	-0.006 (0.038)
Regime type <sup>a</sup>					
Electoral autocracies	0.119*** (0.015)	0.050*** (0.015)	0.273*** (0.019)	0.058*** (0.013)	0.029** (0.009)
Regimeless countries	0.086*** (0.022)	0.104*** (0.022)	0.272*** (0.026)	0.144*** (0.018)	0.075*** (0.013)
Electoral democracies	0.218*** (0.016)	0.076*** (0.016)	0.418*** (0.020)	0.125*** (0.014)	0.071*** (0.010)
Liberal democracies	0.261*** (0.021)	0.107*** (0.021)	0.453*** (0.027)	0.140*** (0.020)	0.087*** (0.014)
Total aid minus democracy aid (per capita, USD, log)	0.013*** (0.004)	0.027*** (0.004)	0.017** (0.006)	0.020*** (0.004)	0.012*** (0.003)
Total other democracy aid (per capita, USD, log)		0.036*** (0.010)	0.003 (0.013)	0.006 (0.008)	0.017** (0.005)
Aid dependency (total aid as % of GDP)	-0.002* (0.001)	-0.003** (0.001)	-0.005** (0.002)	-0.003* (0.001)	-0.001 (0.001)
GDP per capita (log)	0.016+ (0.009)	-0.022* (0.010)	0.007 (0.014)	-0.001 (0.010)	-0.007 (0.007)
Trade (% GDP)	0.000*** (0.000)	0.000** (0.000)	0.001*** (0.000)	0.000* (0.000)	0.000*** (0.000)
State capacity	-0.018*** (0.005)	-0.043*** (0.006)	-0.022** (0.008)	-0.029*** (0.006)	-0.017*** (0.004)
Internal conflict (past 5 yrs)	0.015* (0.006)	0.012+ (0.007)	0.030** (0.010)	0.006 (0.007)	-0.001 (0.005)
Natural resources (% GDP)	-0.000 (0.000)	-0.001** (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Election year	0.008* (0.000)	0.000 (0.000)	0.005 (0.000)	0.004 (0.000)	0.002 (0.000)

	(0.003)	(0.004)	(0.006)	(0.004)	(0.003)
Year	-0.001	0.001	0.002	-0.000	0.001
	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)
Constant	2.679	-1.730	-3.210	1.436	-0.674
	(2.071)	(2.365)	(3.313)	(2.465)	(1.611)
N level 1 (country-years)	1260	1260	1260	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.350	0.209	0.379	0.245	0.205

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses.

a. Closed autocracies is reference category.



**A3. Robustness checks Tables 4 and 5 with different model specifications: panel-corrected standard errors with serial autocorrelation ar(1)**

**A3 - Table 4. Effect of democracy aid across regime types**

	Model 1 Polyarchy index (t+1)	Model 2 Core civil society index (t+1)	Model 3 Clean elections index (t+1)	Model 4 Alternative sources of information index (t+1)	Model 5 Civil liberties index (t+1)
All democracy aid per capita (USD, log)	0.028** (0.010)				
Civil society aid per capita (USD, log)		0.018* (0.007)			
Election aid per capita (USD, log)			0.059** (0.021)		
Media aid per capita (USD, log)				0.071* (0.031)	
Human rights aid per capita (USD, log)					0.022* (0.009)
Regime type <sup>a</sup>					
Electoral autocracies	0.069** (0.025)	0.028*** (0.008)	0.092+ (0.049)	0.046* (0.021)	0.017 (0.012)
Regimeless countries	0.072** (0.023)	0.056* (0.024)	0.106* (0.051)	0.122*** (0.026)	0.051* (0.022)
Electoral democracies	0.141*** (0.038)	0.065*** (0.013)	0.195** (0.067)	0.100** (0.033)	0.055** (0.018)
Liberal democracies	0.164*** (0.044)	0.077*** (0.016)	0.221** (0.072)	0.093* (0.042)	0.063** (0.020)
Total aid minus democracy aid (per capita, USD, log)	0.010* (0.004)	0.016** (0.006)	0.014* (0.007)	0.014* (0.006)	0.010*** (0.003)
Total other democracy aid (per capita, USD, log)		0.024+ (0.013)	0.017 (0.021)	0.005 (0.014)	0.011 (0.007)
Aid dependency (total aid as % of GDP)	-0.001 (0.001)	-0.002* (0.001)	-0.003* (0.002)	-0.002* (0.001)	-0.001* (0.000)
GDP per capita (log)	0.019** (0.007)	-0.021* (0.008)	0.021 (0.014)	-0.007 (0.008)	-0.018+ (0.009)
Trade (% of GDP)	0.000 (0.000)	0.000* (0.000)	0.001 (0.001)	0.000 (0.000)	0.000 (0.000)
State capacity	-0.019** (0.007)	-0.040*** (0.006)	-0.028** (0.010)	-0.027*** (0.007)	-0.014* (0.006)
Internal conflict (past 5 yrs)	0.012+ (0.006)	0.004 (0.007)	0.021 (0.013)	0.001 (0.005)	-0.002 (0.007)
Natural resources (% GDP)	-0.000 (0.000)	-0.000 (0.000)	-0.001 (0.001)	-0.000 (0.000)	0.000 (0.000)
Election year	0.004 (0.003)	0.000 (0.002)	-0.005 (0.004)	0.001 (0.003)	0.001 (0.001)
Year	-0.001 (0.001)	0.001 (0.001)	0.001 (0.002)	0.001 (0.001)	0.002+ (0.001)
Constant	2.405 (1.754)	-1.777 (1.745)	-1.633 (3.561)	-1.008 (1.845)	-3.294 (2.286)
N level 1 (country-years)	1260	1260	1260	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (overall)	0.923	0.919	0.852	0.923	0.951

Time-series cross-sectional analyses, with country fixed effects, panel-corrected standard errors and a first-order autocorrelation correction. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses.

a. Closed autocracies is reference category.

**A3 - Table A2. Effect of democracy aid by regime type**

	<b>Model 6</b>	<b>Model 7</b>	<b>Model 8</b>	<b>Model 9</b>	<b>Model 10</b>
	<b>Polyarchy</b>	<b>Core civil</b>	<b>Clean</b>	<b>Alt</b>	<b>Civil</b>
	<b>index</b>	<b>society</b>	<b>elections</b>	<b>sources of</b>	<b>liberties</b>
	<b>(t+1)</b>	<b>index (t+1)</b>	<b>index (t+1)</b>	<b>information</b>	<b>index (t+1)</b>
	<b>index (t+1)</b>			<b>index (t+1)</b>	
Democracy aid per capita (USD, log)	0.034 (0.032)				
Civil society aid per capita (USD, log)		0.019 (0.021)			
Election aid per capita (USD, log)			0.278*** (0.056)		
Media aid per capita (USD, log)				-0.051 (0.087)	
Human rights aid per capita (USD, log)					0.009 (0.023)
Democracy aid * Regime type					
Dem aid * Electoral autocracy	-0.011 (0.032)	-0.016 (0.020)	-0.250*** (0.052)	0.126 (0.089)	0.013 (0.025)
Dem aid * Regimeless countries	0.045 (0.031)	0.022 (0.026)	-0.172** (0.062)	0.288** (0.109)	-0.007 (0.026)
Dem aid * Electoral democracy	-0.019 (0.033)	0.006 (0.024)	-0.261*** (0.057)	0.134 (0.088)	0.022 (0.038)
Dem aid * Liberal democracy	-0.035 (0.035)	-0.012 (0.023)	-0.313*** (0.070)	0.023 (0.090)	0.004 (0.028)
Regime type <sup>a</sup>					
Electoral autocracies	0.077*** (0.022)	0.035** (0.011)	0.179*** (0.044)	0.040* (0.019)	0.015 (0.010)
Regimeless countries	0.025 (0.032)	0.043 (0.026)	0.155** (0.056)	0.103*** (0.024)	0.053* (0.023)
Electoral democracies	0.156*** (0.034)	0.061*** (0.014)	0.281*** (0.064)	0.092** (0.031)	0.050** (0.017)
Liberal democracies	0.184*** (0.039)	0.082*** (0.013)	0.303*** (0.069)	0.097* (0.041)	0.062*** (0.017)
Total aid minus democracy aid (per capita, USD, log)	0.010** (0.004)	0.017** (0.006)	0.012+ (0.007)	0.014* (0.006)	0.010*** (0.003)
Total other democracy aid (per capita, USD, log)		0.025* (0.013)	0.014 (0.020)	0.004 (0.013)	0.011 (0.007)
Aid dependency (total aid as % of GDP)	-0.001 (0.001)	-0.002* (0.001)	-0.003* (0.001)	-0.002** (0.001)	-0.001* (0.000)
GDP per capita (log)	0.017** (0.007)	-0.022** (0.008)	0.016 (0.013)	-0.008 (0.007)	-0.019* (0.009)
Trade (% GDP)	0.000 (0.000)	0.000+ (0.000)	0.001 (0.001)	0.000 (0.000)	0.000 (0.000)
State capacity	-0.017* (0.007)	-0.040*** (0.006)	-0.024* (0.010)	-0.026*** (0.008)	-0.013* (0.006)
Internal conflict (past 5 yrs)	0.011+ (0.006)	0.004 (0.007)	0.021 (0.015)	0.001 (0.005)	-0.003 (0.007)
Natural resources (% GDP)	-0.000 (0.000)	-0.000 (0.000)	-0.001 (0.001)	-0.000 (0.000)	0.000 (0.000)
Election year	0.004 (0.003)	0.000 (0.002)	-0.002 (0.003)	0.001 (0.003)	0.001 (0.001)
Year	-0.001 (0.001)	0.002+ (0.001)	0.001 (0.002)	0.001 (0.001)	0.002+ (0.001)
Constant	2.082 (1.682)	-2.199 (1.672)	-2.519 (3.362)	-0.973 (1.827)	-3.536 (2.307)
N level 1 (country-years)	1260	1260	1260	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (overall)	0.924	0.920	0.858	0.924	0.950

Time-series cross-sectional analyses, with country fixed effects, panel-corrected standard errors and a first-order autocorrelation correction. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses.  
a. Closed autocracies is reference category.

**A3 - Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

<b>Regime type</b>	<b>Model 6 Polyarchy index (t+1)</b>	<b>Model 7 Core civil society index (t+1)</b>	<b>Model 8 Clean elections index (t+1)</b>	<b>Model 9 Alternative sources of information index (t+1)</b>	<b>Model 10 Civil liberties index (t+1)</b>
Closed autocracies	0.034	0.019	0.278***	-0.051	0.009
Electoral autocracies	0.023+	0.002	0.028	0.076*	0.021*
Electoral democracies	0.015	0.024*	0.017	0.084*	0.030
Liberal democracies	-0.002	0.007	-0.035	-0.027	0.012
Regimeless countries	0.079***	0.041*	0.106***	0.238***	0.002

Time-series cross-sectional analyses, with country fixed effects, panel-corrected standard errors and a first-order autocorrelation correction. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses. a. Closed autocracies is reference category. Marginal effects of interaction effects presented in A3 – Table A2.

## A4. Robustness checks Tables 4 & 5 with different lag structures for dependent variables

### 4.1. Aggregate aid

A4.1 - Table 4. Effect of democracy aid across regime types

	Model 1 Polyarchy index (t+1)	Model 1a Polyarchy index (t+2)	Model 1b Polyarchy index (t+3)	Model 1c Polyarchy index (av2)	Model 1d Polyarchy index (av3)
All democracy aid per capita (USD, log)	0.027*** (0.006)	0.018* (0.007)	0.018* (0.007)	0.022*** (0.006)	0.020*** (0.006)
Regime type <sup>a</sup>					
Electoral autocracies	0.119*** (0.011)	0.079*** (0.012)	0.034* (0.013)	0.096*** (0.010)	0.075*** (0.010)
Regimeless countries	0.128*** (0.014)	0.120*** (0.017)	0.089*** (0.018)	0.119*** (0.014)	0.105*** (0.013)
Electoral democracies	0.213*** (0.011)	0.129*** (0.013)	0.056*** (0.014)	0.170*** (0.011)	0.134*** (0.011)
Liberal democracies	0.247*** (0.015)	0.160*** (0.018)	0.079*** (0.019)	0.201*** (0.015)	0.160*** (0.014)
Total aid minus democracy aid (per capita, USD, log)	0.013*** (0.004)	0.019*** (0.004)	0.006 (0.005)	0.016*** (0.004)	0.013*** (0.004)
Aid dependency (total aid as % of GDP)	-0.002+ (0.001)	-0.004** (0.001)	-0.001 (0.001)	-0.003* (0.001)	-0.002* (0.001)
GDP per capita (log)	0.016+ (0.009)	0.011 (0.010)	0.005 (0.011)	0.012 (0.008)	0.009 (0.008)
Trade (% of GDP)	0.000*** (0.000)	0.001*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
State capacity	-0.019*** (0.005)	-0.030*** (0.006)	-0.024*** (0.007)	-0.024*** (0.005)	-0.023*** (0.005)
Internal conflict (past 5 yrs)	0.015* (0.006)	0.010 (0.007)	0.005 (0.008)	0.012* (0.006)	0.009 (0.006)
Natural resources (% GDP)	-0.000 (0.000)	-0.001+ (0.000)	-0.000 (0.000)	-0.000+ (0.000)	-0.000 (0.000)
Election year	0.008* (0.003)	0.006 (0.004)	0.001 (0.004)	0.007* (0.003)	0.005+ (0.003)
Year	-0.001 (0.001)	-0.001 (0.001)	0.000 (0.001)	-0.001 (0.001)	-0.000 (0.001)
Constant	2.700 (2.072)	2.137 (2.471)	-0.358 (2.751)	1.935 (2.007)	1.111 (1.946)
N level 1 (country-years)	1260	1224	1187	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.343	0.202	0.089	0.293	0.236

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses. Model 1 is model presented in Table 4 in the paper, models 1a-1d test the robustness of these results using different lag structures for the dependent variable.

a. Closed autocracies is reference category.

**A4.1 - Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

	<b>Model 6 Polyarchy index (t+1)</b>	<b>Model 6a Polyarchy index (t+2)</b>	<b>Model 6b Polyarchy index (t+3)</b>	<b>Model 6c Polyarchy index (av2)</b>	<b>Model 6d Polyarchy index (av3)</b>
Closed autocracies	0.025+	0.029+	0.020	0.025+	0.022
Electoral autocracies	0.027**	0.016*	0.018+	0.021*	0.018*
Electoral democracies	0.019*	0.018*	0.021*	0.018*	0.019*
Liberal democracies	-0.002	-0.006	-0.007	-0.006	-0.007
Regimeless countries	0.069***	0.027	0.021	0.048**	0.040**

Time-series cross-sectional analyses, with country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. Marginal effects of interaction effects between democracy aid and regime type. Model 6 is presented in Table 5, models 6a-6d test the robustness of these results using different lag structures for the dependent variable.

## 4.2. Civil society aid

A4.2 – Table 4. Effect of democracy aid across regime types

	Model 2 Core civil society index (t+1)	Model 2a Core civil society index (t+2)	Model 2b Core civil society index (t+3)	Model 2c Core civil society index (av2)	Model 2d Core civil society index (av3)
Civil society aid per capita (USD, log)	0.019* (0.008)	0.015 (0.010)	0.012 (0.011)	0.017* (0.008)	0.015+ (0.008)
Regime type <sup>a</sup>					
Electoral autocracies	0.038** (0.012)	0.032* (0.014)	0.013 (0.015)	0.032** (0.012)	0.024* (0.012)
Regimeless countries	0.104*** (0.016)	0.105*** (0.019)	0.092*** (0.021)	0.100*** (0.016)	0.092*** (0.016)
Electoral democracies	0.083*** (0.013)	0.042** (0.015)	0.001 (0.016)	0.064*** (0.013)	0.045*** (0.013)
Liberal democracies	0.096*** (0.017)	0.048* (0.020)	0.007 (0.023)	0.074*** (0.017)	0.055** (0.017)
Total aid minus democracy aid (per capita, USD, log)	0.027*** (0.004)	0.031*** (0.005)	0.032*** (0.006)	0.030*** (0.004)	0.030*** (0.004)
Total other democracy aid (per capita, USD, log)	0.035*** (0.010)	0.013 (0.011)	0.007 (0.012)	0.023* (0.010)	0.017+ (0.010)
Aid dependency (total aid as % of GDP)	-0.003** (0.001)	-0.005*** (0.001)	-0.005*** (0.002)	-0.004** (0.001)	-0.004*** (0.001)
GDP per capita (log)	-0.021* (0.010)	-0.019+ (0.011)	-0.008 (0.013)	-0.020* (0.010)	-0.017+ (0.010)
Trade (% GDP)	0.000** (0.000)	0.000+ (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)
State capacity	-0.043*** (0.006)	-0.051*** (0.007)	-0.047*** (0.008)	-0.044*** (0.006)	-0.042*** (0.006)
Internal conflict (past 5 yrs)	0.012+ (0.007)	0.011 (0.008)	0.006 (0.009)	0.010 (0.007)	0.007 (0.007)
Natural resources (% GDP)	-0.001** (0.000)	-0.001** (0.000)	-0.001+ (0.000)	-0.001** (0.000)	-0.001** (0.000)
Election year	0.001 (0.004)	0.001 (0.004)	0.001 (0.005)	0.001 (0.004)	0.002 (0.004)
Year	0.001 (0.001)	0.001 (0.001)	-0.001 (0.002)	0.001 (0.001)	0.000 (0.001)
Constant	-1.289 (2.350)	-1.223 (2.809)	1.879 (3.214)	-1.085 (2.335)	-0.212 (2.327)
N level 1 (country-years)	1260	1224	1187	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.204	0.155	0.112	0.186	0.165

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses. Model 2 is model presented in Table 4 in the paper, models 2a-2d test the robustness of these results using different lag structures for the dependent variable.

a. Closed autocracies is reference category.

**A4.2 - Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

	<b>Model 7 Core civil society index (t+1)</b>	<b>Model 7a Core civil society index (t+2)</b>	<b>Model 7b Core civil society index (t+3)</b>	<b>Model 7c Core civil society index (av2)</b>	<b>Model 7d Core civil society index (av3)</b>
Closed autocracies	0.028	0.028	0.041	0.030	0.034
Electoral autocracies	-0.002	-0.023	-0.031+	-0.014	-0.022+
Electoral democracies	0.036**	0.045**	0.041**	0.041**	0.040**
Liberal democracies	0.004	0.006	0.013	0.005	0.007
Regimeless countries	0.022	0.008	-0.001	0.016	0.012

Time-series cross-sectional analyses, with country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. Marginal effects of interaction effects between civil society aid and regime type. Model 7 is model presented in Table 5 in the paper, models 7a-7d test the robustness of these results using different lag structures for the dependent variable.

### A4.3. Election aid

A4.3 - Table 4. Effect of democracy aid across regime types

	Model 3 Clean elections index (t+1)	Model 3a Clean elections index (t+2)	Model 3b Clean elections index (t+3)	Model 3c Clean elections index (av2)	Model 3d Clean elections index (av3)
Election aid per capita (USD, log)	0.065*** (0.012)	0.022+ (0.013)	0.023+ (0.014)	0.044*** (0.011)	0.037*** (0.010)
Regime type <sup>a</sup>					
Electoral autocracies	0.193*** (0.018)	0.128*** (0.020)	0.061** (0.022)	0.158*** (0.016)	0.126*** (0.016)
Regimeless countries	0.222*** (0.024)	0.205*** (0.028)	0.135*** (0.030)	0.203*** (0.022)	0.172*** (0.021)
Electoral democracies	0.336*** (0.019)	0.222*** (0.021)	0.108*** (0.023)	0.278*** (0.017)	0.225*** (0.017)
Liberal democracies	0.374*** (0.026)	0.259*** (0.029)	0.141*** (0.032)	0.316*** (0.024)	0.258*** (0.023)
Total aid minus democracy aid (per capita, USD, log)	0.017** (0.006)	0.023** (0.007)	-0.003 (0.008)	0.019*** (0.006)	0.013* (0.006)
Total other democracy aid (per capita, USD, log)	0.005 (0.013)	0.004 (0.015)	0.007 (0.016)	0.004 (0.012)	0.004 (0.012)
Aid dependency (total aid as % of GDP)	-0.005** (0.002)	-0.006** (0.002)	0.000 (0.002)	-0.006** (0.002)	-0.003* (0.002)
GDP per capita (log)	0.013 (0.014)	-0.002 (0.017)	0.009 (0.018)	0.004 (0.013)	0.006 (0.013)
Trade (% of GDP)	0.001*** (0.000)	0.001** (0.000)	0.000+ (0.000)	0.001*** (0.000)	0.001*** (0.000)
State capacity	-0.027** (0.009)	-0.028** (0.010)	-0.017 (0.011)	-0.028*** (0.008)	-0.025** (0.008)
Internal conflict (past 5 yrs)	0.029** (0.010)	0.013 (0.012)	0.000 (0.013)	0.022* (0.010)	0.015+ (0.009)
Natural resources (% GDP)	-0.000 (0.000)	-0.000 (0.001)	0.000 (0.001)	-0.000 (0.000)	-0.000 (0.000)
Election year	0.003 (0.006)	0.010 (0.006)	0.002 (0.007)	0.006 (0.005)	0.005 (0.005)
Year	0.001 (0.002)	0.004+ (0.002)	0.004+ (0.002)	0.003 (0.002)	0.003+ (0.002)
Constant	-2.172 (3.439)	-7.318+ (4.085)	-8.027+ (4.507)	-4.990 (3.204)	-5.598+ (3.076)
N level 1 (country-years)	1260	1224	1187	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.327	0.190	0.082	0.299	0.245

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses. Model 3 is the model presented in Table 4 in the paper, models 3a-3d test the robustness of these results using different lag structures for the dependent variable.

a. Closed autocracies is reference category.



**A4.3 - Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

	<b>Model 8 Clean elections index (t+1)</b>	<b>Model 8a Clean elections index (t+2)</b>	<b>Model 8b Clean elections index (t+3)</b>	<b>Model 8c Clean elections index (av2)</b>	<b>Model 8d Clean elections index (av3)</b>
Closed autocracies	0.356***	0.319***	0.216***	0.331***	0.288***
Electoral autocracies	0.041*	0.020	0.030	0.031*	0.030*
Electoral democracies	0.004	-0.027	-0.025	-0.011	-0.015
Liberal democracies	-0.051	-0.069	-0.054	-0.059	-0.058
Regimeless countries	0.103***	-0.006	0.015	0.053*	0.043*

Time-series cross-sectional analyses, with country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. Marginal effects of interaction effects between election aid and regime type. Model 8 is the model presented in Table 5 in the paper, models 8a-8d test the robustness of these results using different lag structures for the dependent variable.

#### A4.4. Media aid

A4.4 - Table 4. Effect of democracy aid across regime types

	Model 4 Alternative sources of information index (t+1)	Model 4a Alternative sources of information index (t+2)	Model 4b Alternative sources of information index (t+3)	Model 4c Alternative sources of information index (av2)	Model 4d Alternative sources of information index (av3)
Media aid per capita (USD, log)	0.089*** (0.023)	0.090*** (0.026)	0.114*** (0.027)	0.089*** (0.023)	0.096*** (0.022)
Regime type <sup>a</sup>					
Electoral autocracies	0.071*** (0.013)	0.044** (0.014)	0.027+ (0.016)	0.054*** (0.013)	0.042*** (0.012)
Regimeless countries	0.180*** (0.017)	0.113*** (0.020)	0.091*** (0.022)	0.144*** (0.017)	0.123*** (0.017)
Electoral democracies	0.140*** (0.014)	0.078*** (0.015)	0.027+ (0.017)	0.108*** (0.013)	0.082*** (0.013)
Liberal democracies	0.142*** (0.019)	0.074*** (0.021)	0.015 (0.023)	0.104*** (0.018)	0.072*** (0.018)
Total aid minus democracy aid (per capita, USD, log)	0.020*** (0.005)	0.021*** (0.005)	0.021*** (0.006)	0.020*** (0.004)	0.019*** (0.004)
Total other democracy aid (per capita, USD, log)	0.010 (0.008)	-0.002 (0.009)	0.003 (0.009)	0.002 (0.008)	0.000 (0.007)
Aid dependency (total aid as % of GDP)	-0.003* (0.001)	-0.003* (0.002)	-0.004* (0.002)	-0.003* (0.001)	-0.003* (0.001)
GDP per capita (log)	-0.001 (0.011)	-0.000 (0.012)	-0.005 (0.013)	-0.002 (0.010)	-0.005 (0.010)
Trade (% GDP)	0.000* (0.000)	0.000+ (0.000)	0.000+ (0.000)	0.000* (0.000)	0.000* (0.000)
State capacity	-0.030*** (0.006)	-0.039*** (0.007)	-0.034*** (0.008)	-0.033*** (0.006)	-0.032*** (0.006)
Internal conflict (past 5 yrs)	0.005 (0.007)	0.002 (0.008)	-0.001 (0.009)	0.004 (0.007)	0.003 (0.007)
Natural resources (% GDP)	-0.000 (0.000)	-0.001* (0.000)	-0.001 (0.000)	-0.001 (0.000)	-0.001 (0.000)
Election year	0.004 (0.004)	0.004 (0.004)	-0.004 (0.005)	0.004 (0.004)	0.002 (0.004)
Year	-0.000 (0.001)	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.001)	0.000 (0.001)
Constant	1.040 (2.492)	1.323 (2.939)	1.385 (3.277)	0.710 (2.458)	0.481 (2.400)
N level 1 (country-years)	1260	1224	1187	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.217	0.118	0.082	0.175	0.148

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses. Model 4 is model presented in Table 4 in the paper, models 4a-4d test the robustness of these results using different lag structures for the dependent variable.

a. Closed autocracies is reference category.

**A4.4 - Table 6. Marginal Effects of Democracy Aid in Different Regime Types**

	<b>Model 9 Alternative sources of information index (t+1)</b>	<b>Model 9a. Alternative sources of information index (t+2)</b>	<b>Model 9b. Alternative sources of information index (t+3)</b>	<b>Model 9c. Alternative sources of information index (av2)</b>	<b>Model 9d. Alternative sources of information index (av3)</b>
Closed autocracies	-0.107*	-0.089	0.017	-0.098*	-0.060
Electoral autocracies	0.090*	0.104*	0.129*	0.098*	0.108**
Electoral democracies	0.104**	0.097**	0.096*	0.101**	0.097**
Liberal democracies	-0.042	-0.064	-0.152	-0.089	-0.133+
Regimeless countries	0.393***	0.380***	0.363***	0.388***	0.383***

Time-series cross-sectional analyses, with country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. Marginal effects of interaction effects between media aid and regime type. Model 9 is model presented in Table 5 in the paper, models 9a-9d test the robustness of these results using different lag structures for the dependent variable.

## A4.5. Human rights aid

A4.5 - Table 4. Effect of democracy aid across regime types

	Model 5 Civil liberties index (t+1)	Model 5a Civil liberties index (t+2)	Model 5b Civil liberties index (t+3)	Model 5c Civil liberties index (av2)	Model 5d Civil liberties index (av3)
Human rights aid per capita (USD, log)	0.028*** (0.008)	0.017+ (0.009)	0.023* (0.010)	0.022** (0.008)	0.020** (0.008)
Regime type <sup>a</sup>					
Electoral autocracies	0.030*** (0.008)	0.016+ (0.009)	-0.005 (0.010)	0.021** (0.008)	0.012 (0.008)
Regimeless countries	0.072*** (0.011)	0.054*** (0.013)	0.056*** (0.014)	0.060*** (0.011)	0.054*** (0.010)
Electoral democracies	0.074*** (0.009)	0.034*** (0.010)	-0.006 (0.011)	0.053*** (0.008)	0.035*** (0.008)
Liberal democracies	0.086*** (0.012)	0.042** (0.013)	-0.001 (0.015)	0.063*** (0.011)	0.043*** (0.011)
Total aid minus democracy aid (per capita, USD, log)	0.012*** (0.003)	0.011** (0.003)	0.010* (0.004)	0.012*** (0.003)	0.011*** (0.003)
Total other democracy aid (per capita, USD, log)	0.017** (0.005)	0.009 (0.006)	0.004 (0.007)	0.012* (0.005)	0.009+ (0.005)
Aid dependency (total aid as % of GDP)	-0.001 (0.001)	-0.001 (0.001)	-0.002+ (0.001)	-0.001 (0.001)	-0.001 (0.001)
GDP per capita (log)	-0.006 (0.007)	-0.003 (0.008)	-0.001 (0.009)	-0.006 (0.006)	-0.006 (0.006)
Trade (% GDP)	0.000*** (0.000)	0.000+ (0.000)	0.000+ (0.000)	0.000*** (0.000)	0.000** (0.000)
State capacity	-0.018*** (0.004)	-0.021*** (0.005)	-0.018** (0.005)	-0.018*** (0.004)	-0.017*** (0.004)
Internal conflict (past 5 yrs)	-0.000 (0.005)	-0.001 (0.005)	-0.009 (0.006)	-0.002 (0.005)	-0.005 (0.005)
Natural resources (% GDP)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Election year	0.002 (0.003)	0.001 (0.003)	0.001 (0.003)	0.001 (0.002)	0.001 (0.002)
Year	0.001 (0.001)	0.000 (0.001)	-0.000 (0.001)	0.001 (0.001)	0.000 (0.001)
Constant	-0.520 (1.596)	0.368 (1.863)	1.195 (2.144)	-0.460 (1.529)	-0.342 (1.512)
N level 1 (country-years)	1260	1224	1187	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.204	0.087	0.065	0.154	0.121

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses. Model 5 is model presented in Table 4 in the paper, models 5a-5d test the robustness of these results using different lag structures for the dependent variable.

a. Closed autocracies is reference category.

**A4.5 - Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

	<b>Model 10 Civil liberties index (t+1)</b>	<b>Model 10a Civil liberties index (t+2)</b>	<b>Model 10b Civil liberties index (t+3)</b>	<b>Model 10c Civil liberties index (av2)</b>	<b>Model 10d Civil liberties index (av3)</b>
Closed autocracies	0.022	0.048+	0.073*	0.034	0.047*
Electoral autocracies	0.027*	0.008	0.008	0.018	0.014
Electoral democracies	0.034**	0.015	0.025+	0.024*	0.021*
Liberal democracies	0.016	0.003	0.013	0.008	0.007
Regimeless countries	0.010	0.032	0.021	0.020	0.020

Time-series cross-sectional analyses, with country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. Marginal effects of interaction effects between human rights aid and regime type. Model 10 is the model presented in Table 5 in the paper, models 10a-10d test the robustness of these results using different lag structures for the dependent variable.

## A5. Robustness checks Tables 4 & 5 with different dependent variables

A5 - Table 4. Effect of democracy aid across regime types

	Model 1 Liberal democracy index (t+1)	Model 2 Civil society participation index (t+1)	Model 3 Electoral component index (t+1)	Model 4 Freedom of expression index (t+1)	Model 5 Physical violence index (t+1)
All democracy aid per capita (USD, log)	0.019*** (0.005)				
Civil society aid per capita (USD, log)		0.028*** (0.008)			
Election aid per capita (USD, log)			0.045*** (0.008)		
Media aid per capita (USD, log)				0.079*** (0.021)	
Human rights aid per capita (USD, log)					0.027* (0.013)
Regime type <sup>a</sup>					
Electoral autocracies	0.057*** (0.009)	0.055*** (0.011)	0.179*** (0.012)	0.054*** (0.011)	0.014 (0.012)
Regimeless countries	0.091*** (0.012)	0.109*** (0.015)	0.148*** (0.016)	0.142*** (0.015)	0.027 (0.017)
Electoral democracies	0.128*** (0.009)	0.082*** (0.012)	0.273*** (0.013)	0.122*** (0.012)	0.073*** (0.013)
Liberal democracies	0.166*** (0.013)	0.094*** (0.016)	0.305*** (0.018)	0.140*** (0.016)	0.081*** (0.018)
Total aid minus democracy aid (per capita, USD, log)	0.009** (0.003)	0.016*** (0.004)	0.013** (0.004)	0.021*** (0.004)	0.008+ (0.004)
Total other democracy aid (per capita, USD, log)		0.040*** (0.009)	0.006 (0.009)	0.014* (0.007)	0.023** (0.008)
Aid dependency (total aid as % of GDP)	-0.001 (0.001)	-0.001 (0.001)	-0.002+ (0.001)	-0.003** (0.001)	0.002+ (0.001)
GDP per capita (log)	0.015* (0.007)	-0.016+ (0.009)	0.019+ (0.010)	-0.010 (0.009)	-0.005 (0.010)
Trade (% GDP)	0.000** (0.000)	0.000** (0.000)	0.000** (0.000)	0.000** (0.000)	0.000*** (0.000)
State capacity	-0.010* (0.004)	-0.029*** (0.006)	-0.019** (0.006)	-0.028*** (0.006)	-0.014* (0.006)
Internal conflict (past 5 yrs)	0.013** (0.005)	0.014* (0.007)	0.021** (0.007)	0.005 (0.007)	-0.014+ (0.007)
Natural resources (% GDP)	-0.000 (0.000)	-0.001* (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
Election year	0.005+ (0.003)	0.000 (0.004)	0.006 (0.004)	0.002 (0.004)	0.003 (0.004)
Year	-0.001 (0.001)	0.003* (0.001)	-0.001 (0.001)	-0.001 (0.001)	0.001 (0.001)
Constant	2.748 (1.688)	-4.551* (2.206)	1.367 (2.381)	1.878 (2.200)	-2.118 (2.427)
N level 1 (country-years)	1260	1260	1260	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.261	0.183	0.372	0.232	0.124

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses.

a. Closed autocracies is reference category.

**A5 - Table A2. Effect of democracy aid by regime type**

	<b>Model 6</b>	<b>Model 7</b>	<b>Model 8</b>	<b>Model 9</b>	<b>Model 10</b>
	<b>Liberal</b>	<b>Civil society</b>	<b>Electoral</b>	<b>Freedom of</b>	<b>Physical</b>
	<b>democracy</b>	<b>participation</b>	<b>component</b>	<b>expression</b>	<b>violence</b>
	<b>index (t+1)</b>	<b>index (t+1)</b>	<b>index (t+1)</b>	<b>index (t+1)</b>	<b>index (t+1)</b>
Democracy aid per capita (USD, log)	0.007 (0.012)				
Civil society aid per capita (USD, log)		0.025 (0.022)			
Election aid per capita (USD, log)			0.172*** (0.024)		
Media aid per capita (USD, log)				0.028 (0.045)	
Human rights aid per capita (USD, log)					0.002 (0.038)
Democracy aid * Regime type					
Dem aid * electoral autocracy	0.015 (0.013)	-0.005 (0.024)	-0.146*** (0.026)	-0.000 (0.057)	0.049 (0.041)
Dem aid * fragile regime	0.031+ (0.017)	-0.017 (0.029)	-0.066* (0.029)	0.311*** (0.074)	-0.028 (0.050)
Dem aid * electoral democracy	0.010 (0.013)	0.029 (0.024)	-0.171*** (0.026)	0.037 (0.053)	0.030 (0.040)
Dem aid * liberal democracy	-0.010 (0.018)	-0.036 (0.029)	-0.180* (0.083)	0.003 (0.079)	-0.006 (0.058)
Regime type <sup>a</sup>					
Electoral autocracies	0.046*** (0.012)	0.058*** (0.014)	0.216*** (0.014)	0.050*** (0.011)	0.004 (0.014)
Regimeless countries	0.066*** (0.018)	0.120*** (0.020)	0.151*** (0.018)	0.116*** (0.016)	0.034+ (0.019)
Electoral democracies	0.122*** (0.013)	0.067*** (0.015)	0.312*** (0.014)	0.117*** (0.012)	0.068*** (0.015)
Liberal democracies	0.171*** (0.017)	0.111*** (0.019)	0.339*** (0.019)	0.138*** (0.018)	0.084*** (0.021)
Total aid minus democracy aid (per capita, USD, log)	0.010** (0.003)	0.017*** (0.004)	0.012** (0.004)	0.021*** (0.004)	0.008+ (0.004)
Total other democracy aid (per capita, USD, log)		0.040*** (0.009)	0.005 (0.009)	0.013+ (0.007)	0.022** (0.008)
Aid dependency (total aid as % of GDP)	-0.001 (0.001)	-0.002 (0.001)	-0.002+ (0.001)	-0.003* (0.001)	0.002+ (0.001)
GDP per capita (log)	0.014* (0.007)	-0.018+ (0.009)	0.017+ (0.010)	-0.006 (0.009)	-0.007 (0.010)
Trade (% GDP)	0.000* (0.000)	0.000** (0.000)	0.000** (0.000)	0.000*** (0.000)	0.000*** (0.000)
State capacity	-0.009* (0.004)	-0.029*** (0.006)	-0.016** (0.006)	-0.027*** (0.005)	-0.014* (0.006)
Internal conflict (past 5 yrs)	0.013** (0.005)	0.015* (0.007)	0.021** (0.007)	0.005 (0.007)	-0.014+ (0.007)
Natural resources (% GDP)	-0.000 (0.000)	-0.001* (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
Election year	0.005+ (0.003)	0.000 (0.004)	0.007+ (0.004)	0.001 (0.004)	0.003 (0.004)
Year	-0.001 (0.001)	0.003* (0.001)	-0.000 (0.001)	-0.001 (0.001)	0.002 (0.001)
Constant	2.621 (1.691)	-5.008* (2.215)	0.878 (2.323)	2.656 (2.193)	-2.453 (2.447)
N level 1 (country-years)	1260	1260	1260	1260	1260
N level 2 (countries)	120	120	120	120	120
R-squared (within)	0.265	0.192	0.406	0.248	0.128

Time-series cross-sectional analyses, country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001, standard errors in parentheses.

a. Closed autocracies is reference category.

**A5 - Table 5. Marginal Effects of Democracy Aid in Different Regime Types**

<b>Regime type</b>	<b>Model 6 Liberal democracy index (t+1)</b>	<b>Model 7 Civil society participatio n index (t+1)</b>	<b>Model 8 Electoral componen t index (t+1)</b>	<b>Model 9 Freedom of expression index (t+1)</b>	<b>Model 10 Physical violence index (t+1)</b>
Closed autocracies	0.007	0.025	0.172***	0.028	0.002
Electoral autocracies	0.023**	0.020+	0.026*	0.028	0.051*
Electoral democracies	0.017*	0.054***	0.001	0.065*	0.033*
Liberal democracies	-0.003	-0.010	-0.008	0.031	-0.004
Regimeless countries	0.038**	0.008	0.106***	0.339***	-0.026

Time-series cross-sectional analyses, with country fixed effects. P-values: +0.1, \* 0.05, \*\* 0.01, \*\*\* 0.001. Marginal effects of interaction effects presented in A5 - Table A2.



## A6. Robustness checks Table 4 Oster sensitivity analyses for selection effects

Selection effects can be conceived of as a special case of omitted variable bias. Omitted variable bias occurs when it is not the independent variable of interest (in this case aid) affecting the outcome variable, but rather a third (unknown and therefore omitted) variable that affects both the independent and outcome variable. Selection bias occurs when the third unobserved variable determines whether cases are included or not in the sample being analysed. In order to explicitly model selection effects some studies on aid effectiveness use treatment or Heckman models, which require the inclusion of at least one instrumental variable that explains the outcome at the selection stage (in this case aid allocation), but not the outcome at the regression stage (in this case level of democracy).<sup>1</sup> However, instrumental variables only lead to valid inferences if the correlation between the instrumental variable and the endogenous explanatory variable is relatively strong (and the variable is truly endogenous).<sup>2</sup> Both assumptions are difficult to meet simultaneously for observational studies. Therefore, Oster developed a post-estimation test to evaluate the degree to which model coefficients are potentially affected by omitted variable bias.<sup>3</sup>

Oster's approach is based on the idea that if all variables affecting the outcome of interest (i.e. the known variables as well as unknown and therefore omitted variables) were included in the regression, any possible selection effects would be controlled for and the remaining effect of the variable of interest (in this case aid) would be the 'true' effect.<sup>4</sup> Oster assumes that such a model would explain 100% of the variation in the outcome variable and hence have an R-squared of 1. Assuming that the known variables are at least as important for explaining the outcome as the omitted variables, Oster suggests a procedure for calculating the expected change in the coefficient size of the variable of interest that would occur if R-squared would be 1. If coefficients change very little, this is an indication that selection bias is not significantly affecting the results.

This is a very strict test of the robustness of our findings for two reasons. First of all, even if all explanatory variables were included it is unlikely that a model would explain 100% of the outcome, because there is always some degree of measurement error. Hence, assuming an R-squared of 1 is likely to underestimate the real effect (which Oster indeed demonstrates to be the case), indicating that if we still find an effect of democracy aid with this assumption we can be quite sure the effect is robust. Secondly, the assumption that omitted variables would contribute to the same extent as the observed variables to the variance explained of the outcome variable is also conservative. Based on existing accumulative research on democratization there are a large number predictors of democratization that we know about and do control for, so the unknown and therefore omitted variables are likely to have less influence. Hence, both of Oster's assumptions provide a conservative test of the robustness of our findings, hence if we still find an effect of democracy aid, we can be quite confident that selection bias is not affecting our results. The test can be performed in Stata (`psacalc`) and is described in detail in Oster.<sup>5</sup>

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<sup>1</sup> Dietrich and Wright, "Foreign Aid and Change."

<sup>2</sup> Bound, John, David A. Jaeger, and Regina M. Baker. "Problems with Instrumental Variables Estimation When the Correlation between the Instruments and the Endogeneous Explanatory Variable Is Weak." *Journal of the American Statistical Association* 90, no. 430 (1995): 443-50.

<sup>3</sup> Oster, "Unobservable Selection".

<sup>4</sup> Oster, "Unobservable Selection".

<sup>5</sup> Oster, "Unobservable Selection".

Her approach already gained prominence in economics and has been used in several studies.<sup>6</sup>

We evaluate if the findings presented in Table 4 are robust to correcting for omitted variable bias using Oster’s method, and find that the coefficients for aggregate democracy aid, election aid, media aid and human rights aid are indeed robust. The only model coefficient that is strongly reduced by these tests is the effect of civil society aid. This supports our earlier findings and it also makes intuitive sense that selection effects do not play a large role in our models. Because our models include country-fixed effects, their explanatory power is already quite high. Therefore not much variance is left which could be attributed to omitted variables that could cause selection bias.

**A6 - Table 4 – Treatment effect estimates of democracy aid**

	Coefficient original model Table 4	Treatment effect estimate after Oster sensitivity analyses
All democracy aid per capita (USD, log)	0.027	0.049
Civil society aid per capita (USD, log)	0.019	0.001
Election aid per capita (USD, log)	0.065	0.092
Media aid per capita (USD, log)	0.089	0.122
Human rights aid per capita (USD, log)	0.028	0.019

Oster sensitivity analyses to test for selection bias. Rmax = 1; Delta = 1. Oster, “Unobservable Selection”.

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<sup>6</sup> Alesina, Alberto, Harnoss, Johann & Rapoport, Hilena. "Birthplace diversity and economic prosperity." *J Econ Growth* 21: 101 (2016); Gorodnichenko, Yuriy, and Michael Weber. "Are Sticky Prices Costly? Evidence from the Stock Market." *American Economic Review* 106.1 (2016): 165-99.  
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