



**DEPARTMENT OF POLITICAL
SCIENCE**

**THE CONNECTION BETWEEN
EFFECTIVE DEMOCRATIC AID AND IGO
MEMBERSHIP**

Dennis Fonseca Karlsson

Bachelor thesis: 15 hp
Course: SK1523 Examensarbete i Statsvetenskap
Level: Bachelor level
Semester/year: Spring/2020
Supervisors: Agnes Cornell and Adea Gafuri
Word count: 10740

Abstract

International governmental organizations (IGO) are a large and natural part of the international arena, the same goes for democracy assistance in various forms. Although extensive research has been conducted on both these areas, surprisingly little has been explored about how these large subjects together affects democratic development. This thesis examines how involvement in an IGO can strengthen democratic development in its member states. The participation of democracy aid recipient states in the various committees and groups of IGO:s, strengthens and streamlines the democratic support. This through mechanisms of socialization that occurs when key agents in the recipient and donor states work together. IGO:s provides a platform for discussion and debate that is crucial for mutual understanding and the success of democratic aid. I will seek to expand on the theoretical and empirical understandings of which mechanisms exist as the main drivers of the democratic development and consolidation with the main research question as following: *Does democratic aid in combination with IGO membership strengthen the democratic development in a recipient state?* To test if the mechanism of socialization has a noticeable impact on the levels of democracy in states that are recipients of democratic aid, I will conduct a fixed effects panel regression analysis. The data is on several global datasets encompassing 114 recipient states from 1995 to 2014. The findings conclude that recipient states that are engaged in IGO:s have greater possibilities of continuing their democratic developments. However noteworthy results occur when the controls for lagged variables are added.

Keywords: Democracy aid, Democratic development, International governmental organizations, Socialization.

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1. Introduction

This thesis will focus on how membership in an international governmental organisation (IGO) can make democracy aid more effective. For democratic aid to be more effective on the democratic development the donors, in this case The Organization for Co-operation and Development (OECD) and/or Development Assistance Committee (DAC) members need to generate support for democracy in the recipient states (OECD,2020a).

The IGO has at the same time the capacity to sanction or punish recipient states that do not abide by the conditions of the democratic aid. The IGO can work as a compliment to the individual donor state. Thus, ensuring that violators of the democratic aid conditions are disciplined if they fail to comply with the conditions set by the donors (Lebovic and Voeten, 2009:79-81). If recipient states are not sanctioned for violations against the conditions there is a risk of the aid funding- and maintaining the bureaucratic apparatus of an autocratic regime, this in turn poses risks to the human rights and the rule of law in the recipient states (Cornell, 2013:645).

When a recipient state becomes a member of an IGO in combination with receiving democratic aid the recipient state will have a greater chance of strengthening and consolidating its democratic development. The IGO in itself is not the important actor for this interaction, but the IGO constitutes the platform that facilitates the interaction with other democratic states and becomes a compliment to the democratic aid.

I will test if this mechanism of socialization has an impact on the democracy levels in the recipient states, a large-N study is conducted with the purpose of examining the if number of engagements in IGO:s has a positive impact on the levels of liberal democracy index (LDI). The results show a positive relationship between a recipient states levels of democracy and the levels of engagement in an IGO. Further the addition of control variables and fixed lagged effects regressions will be added to control for possible spurious correlations between the variables that are presented further on. The results display some correlation between LDI-index levels, IGO engagement and democracy aid. The noteworthy components of the results occur when I conduct the control for lagged variables on democracy aid and IGO engagements. The results tie in with the theory that IGO engagement in fact has a positive

effect on the democratic development in a recipient state, especially in the early parts of the democratic aid process.

1.2 Theoretical Starting Point and Research Gap

As will be accounted for in the following section, previous research has focused international organizational membership in relation to democratic transitions (Pevehouse, 2002a;2002b), inclusion of elites in democratization processes (Wright, 2009), effects of democratic aid depending on regime type (Cornell, 2013), effectiveness of aid in different sectors (Carothers, 2015), how aid should be established and the risks of misplaced democratic aid (Grimm and Leininger, 2012).

States that are subjects to probable democratic development, transition, and consolidation are also in most cases subjects to democratic aid (Dietrich and Wright, 2012:6). Yet, and despite the success of the Eastern European integration into the institutions of the European Union, a comprehensive analysis on how membership in international organizations affects the democratic development in relation to the democratic aid has not been done. Pevehouse (2002a) is theorizing how the socialization of elite groups into international organizations are fostering democratic transitions. Furthermore Wright's (2009) theory of inclusion of elites draw on the same notion. Even statistical works e.g. Finkel (2007) mention the role of key agents in democratization processes but previous research have not come closer to a conclusion to *why* these relationships exists. It has, furthermore, been unsuccessful in identifying *how* these mechanisms of inclusion and socialization can foster democratic development and consolidation, as well as *under what conditions* they work together to improve the effects of democratic aid on democratic development.

2. Previous Research

This section will discuss previous literature and research field. The first part brings forward the literature concerning democratic aid and democratization. The second section will address the processes of socialization. Finally, the third part will end with presenting the aim and research approach of this thesis.

2.2 Democratic Aid and Democratization

Wright (2009) is theorizing whether the elites in a recipient state are afraid of the implementation of aid and whether it will have a negative effect on their political power. However, when the alternative to democratic aid -is military intervention, economic sanctions from the international community, a coup d'état, or a public uprising the political elite groups tend to show a more positive attitude towards accepting the aid (Wright, 2009:552). Wright (2009) argues that if the elites are afraid of losing their position of power in a near future and if they fear that the democratic aid will contribute to this loss and they will inevitably be more inclined to halt and stop the democratic aid. He further argues that promising a higher level of aid to a recipient state, in order to strengthen the democratic development and consolidation, only works if the donor state gives the ruling elites incentives to democratize, which will happen only if the elites can expect to maintain their positions of power during a foreseeable future (ibid:552).

Cornell (2013) drawing on Wrights (2009) ideas is examining whether the effect of democratic aid varies depending on the type of regime that the aid is given to. Autocratic regimes, Cornell (2013) states, may receive democracy aid through a fake democratization process, and thereafter gain the benefits of receiving that aid. Applying for membership in an IGO is sometimes, suggests Cornell, one step in such a fake democratization process.

Membership in international organizations often comes with benefits beyond the economical domain. Membership can potentially bring with it benefits such as shelter from regional powers, informal influence and power via diplomatic channels and institutions provided by the international organizations (Kassimeris, 2009:93; Bailes, Thayer and Thorhallsson, 2016:5).

However, there are risks with granting membership in international organizations as part of democracy aid and- promotion, and other development programmes. Lebovic and Voeten (2009) bring forward that states that have become members of international organizations and

after being granted membership has been subjects to democratic backsliding or stagnation rarely gets punished by the international organization in question. If there are any repercussions, they are often too weak to make a substantial difference to the ruling elites of the individual state. When such repercussions are too weak the democratic aid and other advantages that comes with the IGO membership risk funding and maintaining the bureaucratic apparatus of an autocratic regime (Lebovic and Voeten, 2009:79-81). We can today observe this happening with certain member states within the European Union (Cooley, 2015:49-50).

Cornell (2013:645) also brings this conclusion forward, though her emphasis is on the regime type- where Cornell observes that where the perceived stability and institutionalized cooperation is in place one can also assume that the effects of democratic aid on democracy level is the greatest. By contrast, positive effects of democracy aid are the lowest in military regimes, the reason being that military regimes tend to be unstable and lack working political institutions (ibid:659-660). Cornell (2013) concludes that where basic institutional stability is lacking, one should also assume that the democratic aid will have little or no effect on the democratic development of the recipient state (ibid, 2013:660).

According to Carothers (2015:61-62) the strengthening of existing institutions is one of the more viable ways of supporting a recipient state's democratic development. This because the focus goes from changing the public institutions in the recipient state to a western bureaucratic model and view on democratic organization and public administration to reforming an already standing institution corresponding with the recipient states specific conditions.

I think it is possible to distinguish a connection between this essay's main arguments and Carothers (2015). Instead of having an outside donor state or organization commanding what should be done, the recipient state's elites should be influenced to change the recipient's institutions themselves (ibid:72). However, even if Carothers does not elaborate further the reasons why this is better than more commanding types of aid. It goes without saying that the more committed and involved the various groups are in the creation or recreation of institutions, the better confidence they have for them; it's something they created themselves.

Grimm and Leininger (2012) are addressing the question of aid placement. They argue that the difficulties with providing democratic aid is not within the institutional framework but the issues of *where, when, and how* the aid is granted to and distributed to the recipient state. The challenges the donor faces are in the beginning of the establishment of the democratic aid. The donor needs a clear strategy and plan for how to give the democratic aid so it can be received by the recipient state in a proper manner. If the donor does not have a clear strategy Grimm and Leininger (2012:404-407) argues that the democratic aid risks doing more harm than good in the democratization process.

Finkel (2007) complements other research on democratic aid by doing a comprehensive quantitative large-N study on effects of USAID on democratic development in recipient states. The importance of discrepancy between democracy aid and other types of development assistance is given to us in Finkel (2007:405). Furthermore, Finkel (2007) states that democracy aid programmes empower recipient state key agents to foster democratic development and consolidation. Finkel (2007:406) states that democratic aid is specifically aimed towards promoting the transformation of social, economic, and structural compositions so that in the end the democracy aid supports the development and consolidation of democracy. A distinction needs to be done between democracy assistance and other types of official development assistance so that one can make the difference between the general causal mechanisms that drive the processes of democratic development and consolidation (Finkel, 2007:405-406).

The aim of democracy aid is to bolster key agents of democratization, in order to foster the democratic changes in a recipient state. This kind of aid should not be confused with aid that have the purpose to change or improve other parts of the society in a recipient state. Finkel (2007:410-411) discuss thoroughly how specifically democratic aid aims to have short to medium term effects on the levels of democracy in a recipient state, Finkel (2007) also brings forth the importance of sequencing when giving development assistance in the different stages of the democratization process. The aid should be deployed in the beginning of a democratization process to focus on the modernization and economic development part of the spectrum. Then transgress towards a focus on electoral systems in the later stages of the democratization (Finkel, 2007:410). This thesis will not delve into the sequencing debate. However, it is good to have sequencing in mind when the socialization processes are

discussed in the following parts of this thesis. Although Finkel (2007) makes an extensive quantitative study on the effects of USAID democracy projects the focus is still on whether projects succeed or fail, not the underlying mechanisms behind success or failure. Finkel (2007), emphasizes the importance of further research into contextual effects on democratic aid.

2.3 Socialization

Ikenberry and Kupchan (1990) is studying socialization in terms of power, how a hegemonic state can influence elites in what they call secondary states to adopt norms and ideas that are expressed by the hegemonic state. This is done so that the elites of these states are influenced to pursue policies consistent with the hegemonic state's interests on the international arena (ibid:383).

Norms can, and often are rooted among a state's citizens. Ikenberry and Kupchan (1990:384) however, argues that norms must be rooted in the social elites in order to influence the general behavior of the state. The projection of power and the mechanisms through which compliance is attained encompasses the projection of norms and the approval of these norms by the elites in these secondary states (ibid:384). Furthermore, they argue that when the process of socialization occurs the hegemonic state will be able to assure that the secondary state will comply without the need to resort to hard lined instruments of power, such as economic or military sanctions. Instead of employing these methods of power, the hegemonic state will rely on transnational integration with the secondary state through different forums for contact and discussion. The elites will hence adopt and compose state policies that conform with the hegemonic state (Ikenberry and Kupchan, 1990:385).

Flockhart (2005:43), building on Ikenberry and Kupchan (1990), presents a structural framework for how norms transform through processes of complex socialization and transfer of democratic norms which in turn may lead to changes in the behavior and identity of the group that is the socializee i.e. Political elites of the recipient state. Flockhart (2005) is specifically aiming at the agents she views as the socializing agents' (international organizations) and the socializee (Central and Eastern European states) that started their democratization processes after the fall of the Soviet Union.

Flockhart (2005) goes on to argue that social influence is utilized as a reward for social and material benefits which can be given to the socializee. Social influence and benefits are focused on the psychological well-being of the socializee, by public praising of milestones achieved by the socializee in the process of democratization and norm change. Material rewards can, Schimmelfenning (2005) suggest, be distributed after conditions of the democratization process are met. Flockhart (2005) states that when the democratic improvements cannot be observed and when there are no other options, the socializing agent will use public shaming, exclusion, demeaning and withholding of material rewards so that the socializee is denied their material and psychological well-being (Flockhart, 2005:49; Schimmelfenning, 2005:113-114).

Schimmelfenning (2005) presents a model of strategies for the enforcement of conditionality during the socialization process. During the process, an agent uses mechanisms of enforcement to change the behavior of the socializee. The enforcement is a form of control in which pro-social behavior is rewarded and anti-social behavior is penalized (ibid:107). The decision to accept or deny the rewards that are offered by the socializing agent is up to the socializee and is resting on, the cost-benefit analysis of rewards perceived by the socializee.

Incentives to grant rewards can be social or material. There is a distinction between the two. Social reinforcement or rewards uses socio-psychological rewards, punishments, and support. Social rewards consist of the socializing agent publicly praising the socializee for adopting the international norms and codes of conduct. On the other hand the punishment for not abiding to the social conduct encompasses public shaming various forms of exclusion from the international community- elites from the socializee state may be excluded from international conferences, and/or excluded from entering the member states of a certain IGO (Schimmelfenning, 2005:109).

Material reinforcement by reward is targeting states, offering the target state material or other desirable political and economic benefits in return for compliance with the socializing actor. Benefits may range from financial assistance, technical expertise, market access or invitation to the participation of international decision-making (Schimmelfenning, 2005:108). Material punishments on the other hand may consist of sanctions, to increase the cost of noncompliance with the socializing-agent. These sanctions can be presented as the freezing of

assets, to the threat of the use of force to impose a norm set by the socializing agent (ibid:108).

Material reinforcement by support can also be inflicted on the socializee, e.g. of technical, executing technical, administrative or economic support so that the socializee increases its capacity to comply with the socializing actor, thus lowering the domestic political costs of compliance with the socializing actor (Schimmelfenning, 2005:109).

Pevehouse (2002a) is discussing the likelihood of successful democratic development if the state that is about to undergo a democratic transition joins an IGO. Pevehouse (2002a) argues that membership may protect the social elites from losing their power during a democratic transition. Pevehouse (2002a) argue that IGO:s can work as platforms for the political and bureaucratic elites to socializee within the IGO. Through its institutions and forums the organization can be a platform for the socialization-mechanism thus influencing the dynamics of the political liberalization of the member states that also are recipients of democratic aid and going through a democratic development process (ibid:542).

Pevehouse (2002b) continues with a statistical analysis of how democratization levels develop when a state enters an international organization. Pevehouse (2002b) concludes that states do improve their democracy levels when they join international organizations as a part of the democratization process. The conclusion is that IGO:s can assist with democratic development and influence the state's political and bureaucratic elites to continue the democratic development and processes in the respective state, until the state has transitioned into a democratic form of government (Pevehouse, 2002b:619-622).

2.4 Aim and Research Approach

Based on previous research one can assume that democratic aid, if offered under the right circumstances has a positive effect on the democratic development in a recipient state. I will argue based on Pevehouse (2002a) and Flockhart (2005) theories of socialization that when a recipient states key elite groups first and foremost the political and bureaucratic elite is socialized through the structures of an IGO they become more willing to keep on the road of democratization, which in the long run will strengthen the democratic development of the recipient state.

The chances of a more sustainable democratic development are much greater if the democratic aid donor succeeds in an effective implementation of the aid. This argument has to be made towards the key actors in the democratization process, these actors are first and foremost the ruling elites of the recipient state and if it is to have any effect on the overall democracy levels, the elites have to approve of the democratization that the democracy aid hopefully generates. This argument is also put forward so that the key elite groups will not counteract the measures taken by the democratic aid projects and to make them recognize the benefits of a democratization process.

This thesis will not go into and describe specific IGO:s, and how the working procedures of those organizations can foster a democratic development in the member states. Although a discussion on the democratic elements of certain international institutions may be of importance for this thesis argument. The aim is to use large-N data regarding the IGO:s to demonstrate the platform for socialization, not the specific tasks one IGO is undertaking or the procedures inside the organization. The aim of this thesis is more general than the study of specific IGO:s.

3. Theory

Democracy aid will be more effective when a recipient state is given the opportunity to join an IGO as a part of the overall democracy promotion programme. What this thesis will contribute with to the overall scholarly is the addition of the theory of how IGO:s works as platforms for the socialization processes discussed above, further how the IGO can work as a platform for socialization together with democratic aid to make the democratization processes more effective and sustainable. Additionally, I will be adding democracy aid as an explanatory variable to the model Pevehouse (2002b) presents about the positive effect membership in an international organization has on democratic development and consolidation (ibid:623), this to expand the empirical understanding of which mechanisms are the primary drivers behind the democratic development and consolidation.

By participating in the everyday work of the IGO:s, the elite groups of the recipient states can learn through practical work what works and does not work in an international institution. Here they are able to test, gather ideas and discuss various procedures and routines that can be taken back to the recipient's national institutions. The practical work will have a positive impact on democratic development in the recipient states. This socialization through IGO:s and democratic aid projects should facilitate a more sustainable national institutional development that in the end fosters general improvements of LDI-index levels.

The Socialization of the recipient state's key agents (political, and bureaucratic elites) should be of importance especially in the initiating processes of the democracy aid programmes. The reason being that it is in the beginning of a project that it is most vulnerable. The margin for error in the beginning of such a relationship, is more exposed to misunderstandings and divergency that in the end may risk undermining the goals of the democracy aid. In situations where such misunderstandings occur the IGO is an excellent platform for explanations, discussions and negotiations that may be needed for the continuing of democracy aid assistance to the recipient state in question.

When this type of platform for interaction and socialization is absent the recipient states regimes risk developing a hostile approach towards democracy aid and aid projects in general. If such a hostile approached is developed there will be much more obstacles in the way of the democratization process. The risk is that the recipient states elites develop such a resentment towards aid donors that much needed aid will not be granted. This could be averted if the IGO

is an existing and natural platform for questions and answers, not just about the aid and the donor's intentions, but about the general ideas and intentions of the donor states.

3.1 Hypothesis

The theory leads to the hypothesis that is going to be explored during the course of this thesis. The hypothesis is that if a recipient state becomes a member of an IGO, the democratic aid that goes to the recipient state that is also a member of an IGO will be more effective in developing and consolidating the democratic progress of that recipient state.

The main focus is the moderating effect, the IGO membership and what that membership can do for the democratic development and consolidation in the recipient state. Under what conditions and how do IGO membership impact the democratic consolidation in a recipient state? This leads further to the main research question of this thesis:

Does democratic aid in combination with IGO membership strengthen the democratic development in a recipient state?

3.2 Methodological Framework

The study of the recipient states will be done with a model of an independent (X) variable and a dependent (Y) variable. The independent variable (X) will be determined as democratic aid and the dependent variable (Y) as democratic development. The moderating variable (Z) is set as membership in an international governmental organisation (IGO). The important actors that work within the framework of these variables are first and foremost the democratic aid donor states and the recipients of that aid. The democratic aid is assumed to induce democratic development since the purpose of the aid is to develop democratic norms and institutions within a recipient state. The effects democratic aid has on democratic development are believed to be positive (Esaiasson, Gilljam, Oscarsson, Towns and Wängnerud, 2017:77). Where an increase is perceived in democratic aid, an increase in democratic development and consolidation will also be observable, the effects are expected to be direct.

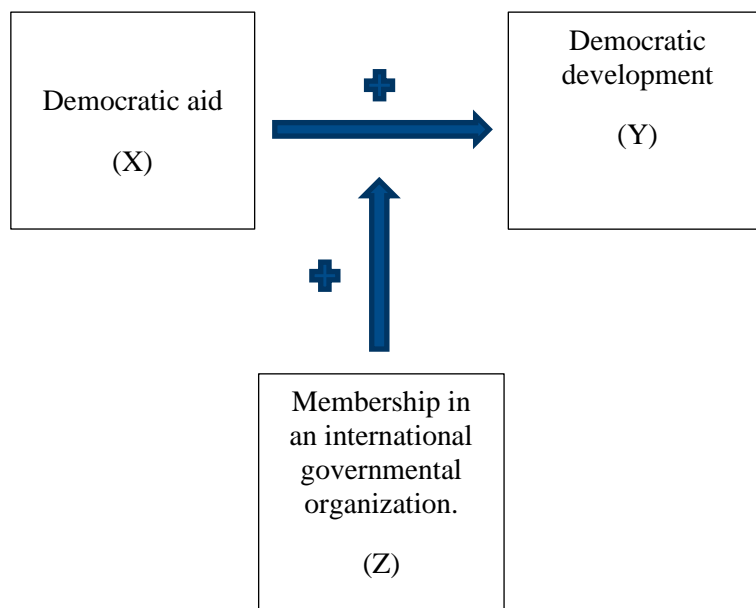


Figure. 1

If in place the moderating variable, or conditional effect will strengthen the relationship between the independent and dependent variable. The membership or engagement in an IGO is assumed to work as a platform for the transfer of democratic norms and procedures to further strengthen the influence of the democratic aid on the democratic development in a recipient state. The positive relationship of the moderating variable is thereby socialization discussed by Ikenberry and Kupchan (1990), Flockhart (2005), Schimmelfenning (2005) and Pevehouse (2002a, 2002b).

3.2.1 Design

This study aspires to test if the theory put forward has any empirical credibility. The theoretical framework argues that if a state is receiving democratic aid then the democratic development and consolidation will be strengthened, however there are many ways in which the aid can be granted. What is considered to work and what is most effective is contested (Burnell, 2007:11-12). As mentioned before, the model that is put forward claims that when a recipient state is given democratic aid, the chances of it responding favourably to that aid and continue with a democratic development will increase if the recipient state is a member of an IGO.

Possible underlying correlations that affects this theoretical model needs to be addressed (Esaiasson et al, 2017:86). As with the field of aid and democracy promotion the underlying causes for a relationship between the variables could be multiple and sometimes

unidentifiable within the scope of one thesis (Finkel, 2007:436). In the following section I will present the control variables to Figure 1, which expectantly will make the results more statistically reliable.

This essay will hereby test this relationship in a large-N quantitative design to analyse the relationship between the variables. As this study will contain a large amount of data a statistical design is the most eligible for analysing the data which will be put forward (Esaiasson et al, 2017:96-97).

4. Empirical Foundation and Operationalization

The data from the dependent variable (Y) will be derived from the University of Gothenburg Varieties of Democracy Institute v10 dataset. The Liberal Democracy Index (LDI) will be used to measure the level of democracy in a recipient state during the entire period (Coppedge et al, 2020b).

The data for the independent variable (X) will be derived from the OECD DAC creditors reporting system (CRS). The CRS data includes a comprehensive list of aid flows from donors that are members of the OECD and DAC, it also includes the aid given from the larger multilateral organizations (OECD, 2020b). The CRS purpose codes allows for a distinction between democracy aid and other types of official development assistance (ODA), since the OECD data is not displaying the conditions set behind each project this thesis will only focus on those CRS purpose codes that are directly related to the improvement of democracy, but more on this in the coming sections (OECD, 2016).

The data intended for the moderating variable is derived from The Correlates of War Project (COW) – International Governmental Organizations Dataset Version 3.0b. The COW data provides an overview of IGO engagement during the period this thesis aim to measure. (Pevehouse, Nordstrom, McManus, Spencer Jamison, 2019b).

The datasets chosen will be merged so that they together give an overall description on how the democratic consolidation have developed over time when accounting for our explanatory variables. The time period this thesis will account for is the one between year 1995 up until 2014. The period is chosen so that as large amount of data can be analysed without losing observations because the datasets are missing certain state and year units. The datasets will first be analysed through a fixed effects regression analysis and in a second regression lagged variables from 1-5 years will be added to control for possible delays on the effects of the democracy aid and IGO engagements on LDI-index levels.

4.1 Definition of variables

I will start by providing a summary of the variables included in the analysis in table 1.

Table. 1 - Descriptive Statistics.

Variable Name	Obs	Mean	Std. Dev.	Min	Max
Recipient state.	2264	57.27	32.917	1	114
Year	2264	2004.514	5.772	1995	2014
LDI index (V-dem v10).	2253	.305	.222	.005	.857
Total value aid (OECD CRS).	2264	176.116	598.682	0	10568.81
Aid by population (OECD CRS).	2264	2.008	8.995	0	239.64
IGO engagement (COW, 3.0b)	2256	59.439	15.259	4	96
Political stability index (V-dem).	1810	-.483	.894	-3.315	1.385
World Bank population (V-dem v10).	2264	4.41e+07	1.62e+08	132000	1.36e+09
GDP per capita (V-dem v10).	2040	7880.909	10684.14	134	105000

Parenthesis in "Variable Name" is from which dataset each variable is derived.

4.1.2 Independent Variable

The conceptual definition of democracy aid will be based on Burnell (2007:1) paper on international democracy promotion. Democracy aid is here defined as:

"to encompass the full range of external relations and development cooperation activities which contribute to the development and consolidation of democracy in third countries," which is to say "all measures designed to facilitate democratic development" (Burnell, 2007:1).

When working with the independent variable (X), democracy aid this definition will be in mind. However, it is necessary to limit this definition to some extent so it can be made to fit into the scope of this thesis. The definition encompasses all types and methods of democracy promotion, from the soft power end of democracy assistance to coercive forms of influence, such as the use of military force in the name of democracy intervention and in the protection of human rights. This thesis we will therefore be limited to the non-violent side of democracy promotion, the use of intervention or the threat of the use of force to impose democracy will not be considered here, neither will the phenomenon of imposing democracy through military means.

Previous research has concluded that aid both to the public administration and civil society is seemed to strengthen the chances of democratic development in a recipient state (Wright, 2009; Finkel, 2007). However, what the CRS purpose codes will not show are the conditions in which the aid projects are set by and if the recipient has abided to the supposed aid conditions (OECD, 2016). With the risk of the accumulation of aid projects that have been abiding under completely different circumstances than those under which democratic development is fostered, I will in this thesis only account for the ones related specifically to the development, promotion and consolidation of democracy. Thus, the operational definition of democracy aid will be based on the OECD CRS purpose codes that will be used in this thesis. The operational definition of democracy aid is thereby: aid that supports the judicial, electoral, free flow of information and plurality of political parties and legislatures. The aid can thereby support both the institutional framework and civil society in the development of democratic systems. The CRS codes that will be used in the analysis are displayed in table 2. An appendix with the entire list of applied CRS purpose codes together with their clarifications and additional notes will be attached at the end of this document (OECD, 2016:7-8).

Table. 2 -CRS purpose codes.

CRS Codes	Description
15130	Legal and judicial development.
15150	Democratic participation and civil society.
15151	Elections.
15152	Legislatures and political parties.
15153	Media and free flow of information.
15160	Human rights.

4.1.3 Dependent variable

I will define democracy according to Robert Dahl (1971) definition of polyarchy:

“polyarchies are regimes that have been substantially popularized and liberalized, that is, highly inclusive and extensively open to public contestation.”

(Dahl, 1971:8).

This definition of democracy is the base for the further measurements of democracy through the V-dem v10 dataset.

The Liberal democracy index (LDI) measures to what extent the individual and minority rights are protected against the tyranny of the state or majority. The LDI-index judges the level and quality of democracy by the restrictions it puts on the governmental authorities. This is measured by how much civil liberties, the rule of law, the independence of the judiciary and effectiveness of checks and balances work together to limit the exercise of executive power (Coppedge et al., 2020b:42). The LDI also takes the level of EDI, electoral democracy index into account. The EDI-index explores to what extent the composition of the executive is reflected by elections held in the examined states. The EDI-index seeks furthermore to what extent the electoral principle of democracy is achieved and to what extent civil society organizations, can operate freely (Teorell, Coppedge, Skaaning and I. Lindberg, 2016:2-4, 21).

4.1.4 Moderating Variable

As mentioned previously, the moderating variable will be operationalized through the Correlates of War Projects (COW) dataset on international governmental organizations. To move forward it is appropriate to operationalize what an IGO is, here Pevehouse, McManus and Nordstrom (2019a:2) constitutes three main characteristics that are required for an organization to be considered an international governmental organization:

1. An IGO must consist of at least three members of the correlates of war-defined state system.
2. An IGO must hold regular plenary sessions at least once every ten years.
3. An IGO must possess a permanent secretariat and corresponding headquarters.

Furthermore, the IGO memberships have to be comprised of sovereign states, the reason for this is to distinguish between IGOs from alternative types of international organizations such as NGO:s like Médecins Sans Frontières, The Red Cross or Amnesty International that comprises of memberships that are non-state actors (Pevehouse et al, 2019a: 2-3).

The version of the dataset that will be used for the moderating variable during this thesis is version 3.0b. Version 3.0b sums state membership based on the state and year. Further the version 3.0b shows which state was a member of which IGO a particular year. For the moderating variable we do assume that the higher the number of IGO engagements one recipients has the higher the level of socialization and the more likely a recipient is to have a larger LDI-index development during the period between 1995 and 2014.

4.1.5 Control Variables

I will in the statistical analysis add control variables to secure against spurious correlations. To make sure the above-mentioned correlation is the case I need to control for the other factors that could have an effect on the dependent variable.

Cornell (2013) will be used as a basis to conclude that different regime types respond different to the democratic aid. I will conclude that the most stable types of regime answer the best to democracy aid, these are regimes where political and bureaucratic institutions are in place (Cornell, 2013:659-660). A conclusion drawn from Cornell (2013) is that the more stable the recipient state is the greater the chances of democratic improvements. To control for

this, a control variable that measures the estimated stability in the recipient state will be added, the V-dem institutes estimates of political stability index will be used for this control. The estimated political stability index measures several indicators that perceive the likelihood of the government to be overthrown or destabilized with unconstitutional means from domestic uprisings to terrorism and coup d'états (Coppedge, 2020b:329).

The third control that will be added is the GDP per capita income in a recipient state, the GDP per capita data will be derived from the V-dem v10 dataset. Finkel (2007:421) argues that the level of GDP per capita and democracy levels is evidently correlated. Therefore, the GDP per capita is added to account for this possible spurious correlation in the regression.

Before doing any regressions, I will control for the population of the recipient state. The democratic aid is measured in units of millions of dollars, thus states that receive an amount of aid in millions of USD could compared to another state receive a small amount of aid and still have larger effects on the LDI-index, on the other hand large amounts of aid could seem to have a small or no effect on the LDI-index levels in a recipient state. This phenomenon is largely controlled for by counting the aid by 100 000 citizens; therefore, I can observe what effect the democratic aid has on the LDI-index levels for every 100 000 citizens.

To calculate this control variable for the size of population the World Bank population data will be used, this is also derived from the V-dem v10 dataset. This control variable will be used as the independent variable (X) in our regression analysis. The equation to obtain this aid by population variable is:

$$X = \frac{\textit{Democracy aid}}{\textit{WB population}} \times 100\,000$$

4.2 Data Management

I have when merging the three datasets changed the units on analysis to recipient state – year. This signify that one observation is for one recipient state one year. The V-dem v10 dataset have the same unit of analysis that is intended for the dataset that will be created for this thesis (Coppedge et al., 2020a), however the OECD and COW 3.0b datasets have different units of analysis and the OECD dataset is from the beginning in a wide format (OECD,

2020b; Pevehouse et al, 2019b). To make the datasets compatible, the OECD dataset will be changed from a unit on analysis of CRS code (aid project) – year to state – year and restructured from wide to long format. The restructuring of the OECD dataset gives an indicator of what amount of aid one state has received for one year, the number of individual projects is now summarized into one observation for every year. To clarify, this enables us to see the total amount of aid one recipient state receives one year, not the number of individual projects every recipient state receives.

The COW-dataset (3.0b) contains information on 534 individual IGO:s, a large amount of organizations. If a state has missing values or no membership in the 3.0b dataset the observation is coded as 0, if there is IGO engagement the membership is coded as 1 (Pevehouse et al, 2019b:7).

To summarize the total number of IGO engagements a new variable is created for the total amount of IGO engagements one particular year. The value of the new variable on IGO engagement is not exceeding the total number of IGO:s in the dataset. When the units of analysis are changed as well as ID in the observations in all datasets, they will be merged together with a unit of analysis that is recipient state – year to create one larger dataset that can be used for the further analysis of the variables.

To determine if a random effects regression or a fixed effects regression is the most suitable for the variables obtained, I will do the Hausman test command in STATA. The Hausman test allows me to determine if I should reject the null hypothesis of the random effects or not (Hausman, 1978:1254-1255, 1261). For this thesis I will, based on the Hausman test present a fixed effects regression model in the results section. Random effects regressions will be attached in appendix 2.

5. Results

This section will begin with displaying a correlation matrix in table 3 to provide a general understanding of the relationship between the variables. Table 4 will provide with the six fixed effects regressions. After table 4, a margins chart is presented to give a better understanding of the connection between the independent and dependent variables. Table 5 will provide regressions of lagged variables at one to five years of democracy aid and IGO engagement.

Furthermore, IGO engagement and democratic aid by population are negatively correlated. It can be theorized that when states increase the democracy levels, they are drawn to other democratic states and thus their need for democratic aid diminish and given that the democratic aid already have served its purpose it is also reduced. Although this is a noteworthy correlation this will not be addressed further in this thesis.

Table. 3 - Correlation matrix.

	LDI index	Aid by population	IGO engagement	Estimated political stability	GDP per capita
LDI index	1				
Aid by population	0.0368	1			
IGO engagement	0.317***	-0.155***	1		
Estimated political stability	0.361***	-0.180***	-0.0348	1	
GDP per capita	0.0716**	-0.106***	0.119***	0.317***	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The control variables, estimated political stability and GDP per capita has in table 2 a positive effect on the dependent variable. In summary statistically significant correlations at $p < 0.001$ can be observed between all the variables but the aid by population and LDI index and IGO engagement and the control variable estimated political stability.

5.1 Fixed Effects Regressions

The fixed effects regression model is used to eliminate the unobserved variations of the individual states within the data. Further it allows for the exclusion of the between states variation. In the fixed effects regression model the comparison is made between one individual recipient state one year and the same recipient state another year i.e. one selected country 1999 and 2009. The fixed effects regressions are therefore to control for variable bias due to possible unobserved variations. The fixed effects regression removes these variations and makes them consistent over time.

Model 1 in table 4 displays a b-coefficient of 0.00108 and is statistically significant at $p < 0.001$. Model 2 in table 4 displays a marginally lower value than in model 1. The effect of IGO engagement as a control variable can be seen to account for some of the effects aid by population has on LDI-index levels. However, there are very small differences between the second and first model in table 4. The results are still statistically significant at $p < 0.001$, although higher R-square value in model 2 than model 1.

Model 3 of fixed effects regression in table 4 displays a decrease of the b-coefficient of the aid by population variable, this because the estimated political stability index is added as a control variable beyond the IGO engagement and accounts for some of the previous effects. The results are still significant to $p < 0.001$.

The fourth fixed effects regression (model 4) in table 4 adds the one remaining control variable, GDP per capita. The results from model 4 shows that the statistical significance of the IGO engagement is still at $p < 0.001$. The result of the GDP per capita control variable has a negative effect on the LDI-index. When adding control variables, the t statistics have increased. The largest increase of t statistics is on the aid by population variable where the t statistics have risen from 3.73 to 8.06. The R square value have also risen from the three previous regressions, from 0.049 in model 3 to 0.080 in model 4.

Model 5 adds the moderating effect between the aid by population and IGO engagement, the results from model 4 are to be interpreted different from the previous regressions. The moderating variable, “Aid by population#IGO engagement”, now indicates the product of the independent variables on the LDI-index levels. The aid by population variable now indicates the effect on LDI-index when a state has zero IGO engagement and the IGO engagement

variable indicates the effect on LDI-index when receiving zero aid by population. All the coefficients in model 5 are statistically significant at $p < 0.001$. There is also a decrease in the r-square value of model 5, compared to model 4. The t statistics in model 5 have some changes, the change is the t statistics of the IGO engagement that have increased from 5.79 in model 4 to 6.96 in model 5. The t statistics of the aid by population have gone from 8.06 to -6.58.

Model 6 in table 4 the control variables are added, estimated political stability and GDP per capita. The control variables are accounting for some of the moderating effects and it has decreased the b-coefficient of the moderating variable compared to model 5, however when the controls were added the coefficient of the statistical significance of the moderating variable have decreased from $p < 0.001$ to $p < 0.01$. The same applies to the variable values in model 6 as in model 5, the control variables are now accounting for some of the effects aid by populations has on the LDI-index levels. The b-coefficient of the aid by population is no longer statistically significant. However, the positive effect of the moderating variable is statistically significant to $p < 0.05$ with a t statistic of 2.87. Furthermore, the r-square value has increased from model 5 and is in model 6, 0.085.

For each model after model 1 the intercept, $y(0)$ has increased from 0.113 in model 2 to 0.163 in model 6, all the values of the intercept are statistically significant at $p < 0.001$. The intercept of model 1 is higher than the five other models, this is because no control variable or moderating variable is added. The intercept in model 1 is 0.303 and statistically significant at $p < 0.001$.

Table. 4 - Regression matrix with fixed effects.

	(Model 1) LDI index	(Model 2) LDI index	(Model 3) LDI index	(Model 4) LDI index	(Model 5) LDI index	(Model 6) LDI index
Aid by population	0.00108*** (5.06)	0.000863*** (4.12)	0.000800*** (3.73)	0.00569*** (8.06)	-0.00835*** (-6.58)	-0.00430 (-1.21)
IGO engagement		0.00321*** (9.20)	0.00321*** (7.64)	0.00263*** (5.79)	0.00249*** (6.96)	0.00239*** (5.20)
Estimated political stability			0.0117** (2.82)	0.0145*** (3.55)		0.0148*** (3.63)
GDP per capita				-0.000000595 (-1.17)		-0.000000626 (-1.23)
Aid by population # IGO engagement					0.000251*** (7.36)	0.000195** (2.87)
Intercept	0.303*** (196.58)	0.113*** (5.43)	0.121*** (4.75)	0.149*** (5.52)	0.150*** (7.10)	0.163*** (5.94)
<i>N</i>	2253	2249	1806	1629	2249	1629
<i>R</i> ²	0.012	0.050	0.049	0.080	0.074	0.085
<i>Years</i>	1995-2014	1995-2014	1995-2014	1995-2014	1995-2014	1995-2014
<i>Group obs. (recipient states).</i>	114	114	114	102	114	102

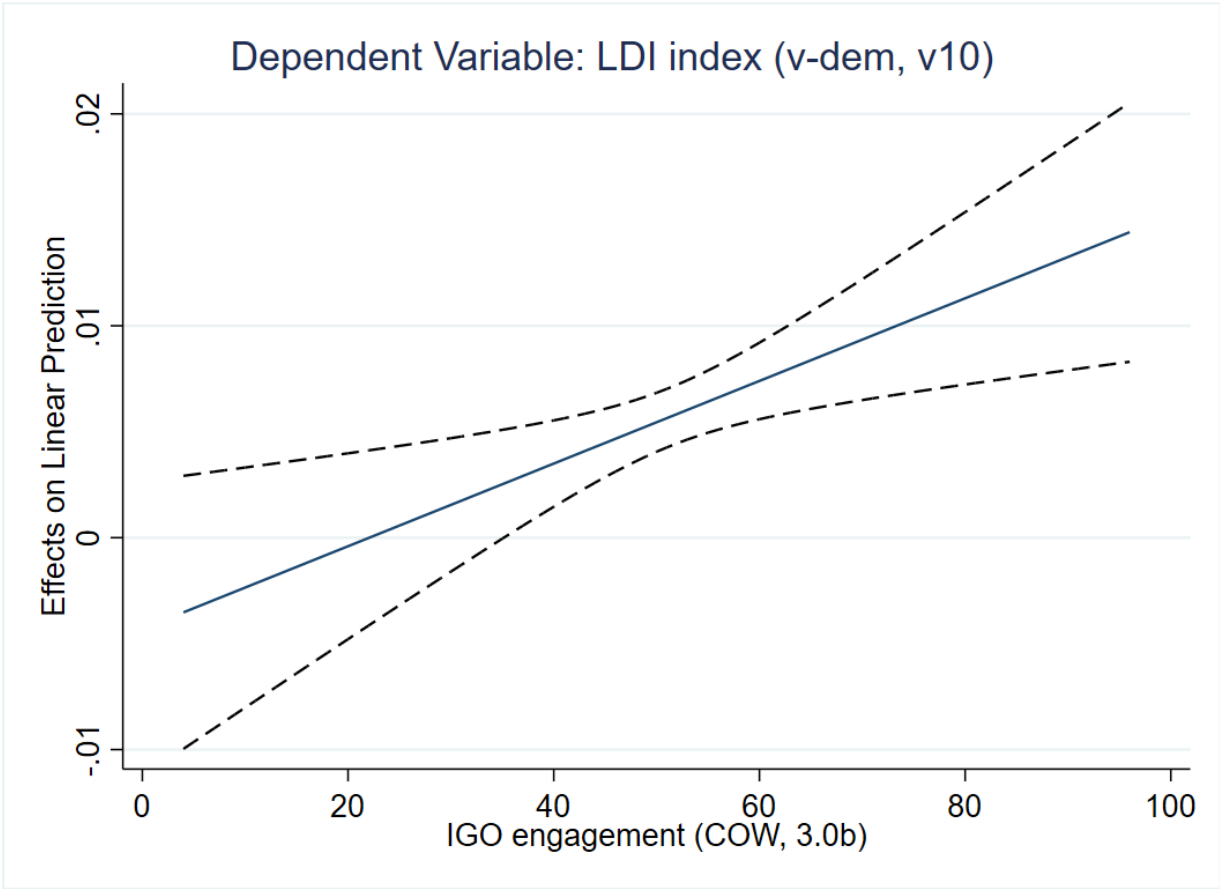
t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

To further demonstrate the effects that are displayed in table 4 I will add a margins plot. The margins plot will map out the adjusted cell means to demonstrate the effects of one number of IGO engagements on the LDI-index levels. This allows for a prediction of the number of IGO engagements a state needs to have, for it to have a certain effect on its levels of LDI-index.

One noteworthy observation in figure 2 is that the confidence interval is at its most narrow point when the number of IGO engagements are around 50. Higher values, and the confidence interval starts to increase. The lower values of the confidence interval could be interpreted as a fading effect on LDI-index improvement when a state has joined more than approximately 50 IGO:s. One reason for this could be that the effect of the socialization has done its job, that after 50 IGO engagements there are not that much more LDI-index improvements to be made.

Figure 2. Graph - fixed effects regression (model 6).



5.2 Lagged Fixed Effects Regressions

The Fixed effects regression model gives a good overview of how the independent variables affect the dependent variable. However, in the case of aid, one can assume that it takes some time for the aid projects and resources to influence the overall LDI-index levels in a recipient state. Further, one million USD of aid per 100 000 citizens should not have an effect the same year the aid is implemented, but rather after a couple of years. The same should in theory

apply to the IGO engagement and socialization process. For the ideas and procedures to be mediated, to the officials of the member state, and then be brought back to the national level. To control for this, in table 5 lagged aid by population variables at one to five years are added. The lagged variables allow for the tracing of the aid over time, one can observe what effects the aid that was granted the previous years has on the LDI-index levels of today.

The models in table 5 are including the same variables as in model 6 in table 4 i.e. all the control variables and the moderating variable is included. The results from table 5 displays moderating variables that are not statistically significant. The control variable estimated political stability on the other hand show statistically significant results on lagged 1-3 years. The GDP per capita control shows negative and statistically insignificant results in all the models.

The phenomenon to take notice of with the lagged models is that the moderating effects of the lagged aid by population which displays a negative result from the two-year lagged model to the four-year lagged model, although statistically insignificant it is worth noting. The five-year lagged model displays a negative moderating effect that is statistically significant at $p < 0.05$. The reason for this could be that the aid that is granted is starting to have an effect on the LDI-index levels of the recipient state, and therefore the IGO engagement is becoming redundant after the initiating years of the granted aid. The IGO engagements demonstrates positive and statistically significant effects on both the one and two year lagged models. After two years the positive effect of the aid by population starts to become statistically significant. One could speculate that after model 2 the aid takes over and starts to influence the democracy levels in the recipient state significantly. This result matches the theory that it is the initiating part of the granting of the aid that is the most crucial for the implementation and success of the democracy aid. The IGO can in this early part of the democracy aid process be the platform for discussion, socialization and understanding for the elites in the recipient states.

The results, are supporting the hypothesis that states that are recipients of democratic aid and at the same time are engaged in IGO:s have larger possibilities of continuing and consolidating their democratic developments. The analysis does not show whether the result of active IGO engagement generates larger amounts of democratic aid or if the democratic aid facilitates IGO membership and engagement.

Table. 5 - Fixed effects regression with lagged variable 1-5 years.

	(One year lagged) LDI index	(Two year lagged) LDI index	(Three year lagged) LDI index	(Four year lagged) LDI index	(Five year lagged) LDI index
Estimated political stability	0.0134*** (3.30)	0.0103* (2.56)	0.01000* (2.47)	0.00307 (0.76)	0.00341 (0.84)
GDP per capita	-0.000000590 (-1.16)	-0.000000649 (-1.29)	-0.000000623 (-1.23)	-0.000000631 (-1.27)	-0.000000523 (-1.04)
L1. Aid by population	-0.00299 (-0.82)				
L2. Aid by population		0.00439 (1.23)			
L3. Aid by population			0.00779* (2.11)		
L4. Aid by population				0.0103** (2.83)	
L5. Aid by population					0.0145** (3.26)
L1. IGO engagement	0.00216*** (5.04)				
L2. IGO engagement		0.00208*** (4.53)			
L3. IGO engagement			0.00203*** (4.65)		
L4. IGO engagement				0.00186***	

				(4.11)	
L5. IGO engagement					0.00168*** (3.85)
L1. Aid by population # IGO engagement	0.000172*				
	(2.46)				
L2. Aid by population # IGO engagement		0.0000236			
		(0.34)			
L3. Aid by population # IGO engagement			-0.0000445		
			(-0.62)		
L4. Aid by population # IGO engagement				-0.000115	
				(-1.61)	
L5. Aid by population # IGO engagement					-0.000198* (-2.32)
Intercept	0.178*** (7.05)	0.185*** (6.80)	0.190*** (7.48)	0.200*** (7.55)	0.213*** (8.44)
<i>N</i>	1628	1528	1527	1427	1426
<i>R</i> ²	0.082	0.073	0.068	0.050	0.041
<i>Years</i>	1995-2014	1995-2014	1995-2014	1995-2014	1995-2014
<i>Group obs. (recipient states).</i>	102	102	102	102	102

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

5.3 Limitations

The direction of the relationship between the dependent and independent variables cannot be observed in this thesis. The democratic aid can be affected by both geopolitical, economic, and strategic interests that the recipient state is subject to. It is not possible to determine based on these results if the democratic aid is granted because the recipient has rising levels of LDI-index or if the LDI-index rises because of the democratic aid that is granted (Finkel, 2007:436).

This was for example the case of the Eastern Partnership negotiations (EaP) that was formed as a cooperation between the former Soviet republics of Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. The Eastern partnership did not have EU-membership on the table, but there were long negotiations about trade agreements and visa free travel into and within the EU. This was seen as a geopolitical move by Russia which succeeded through blackmail and pressures mostly concerning the energy supply to the concerned states to stop the Armenian and Ukrainian signings of the EaP-deal (Nodia, 2014:146-147). This triggered vast protests in mostly Ukraine, the territorial loss of the Crimea peninsula and an ongoing hybrid war between ethnic Russian separatists and government forces (Nodia,2014:147).

The Eastern European example portrays how difficult the field of democracy promotion can be, the EaP is mostly considered by Brussels as a trade and partnership agreement that was to bolster the economies of the Eastern European states. However, the perception of this partnership and democracy promotion (by Russia) activated civil unrest, armed conflict and in the case of Ukraine an LDI-index decline from 0.44 in 2007 to 0.25 in 2014 (Coppedge et al, 2020a). Which shows that even if a state is receiving large amounts of democratic aid the geopolitical prerequisites of the recipient state can trigger unforeseen and sometimes dangerous consequences. The kinds of reactions to democracy aid that is exemplified is not controlled for in this thesis and the possible decline of LDI-index levels because of events similar to the Crimea crisis will not be noticed in this analysis.

Apart from this example, one has to have in mind that possible conclusions drawn from these results need to be put in the context of the vast field of official development assistance.

Although democracy aid is an important part of any aid programme a OECD and DAC donor

member state establishes, the democratic aid in absolute Dollars is a relatively small part to the total amount of the OECD and DAC member states total aid budgets (Finkel, 2007:436).

Even though Finkel (2007) is conducting a comprehensive quantitative study his thesis is a reminder that it is very difficult to draw any definite conclusion from a quantitative thesis because the causal mechanisms that are involved in the area of not only democracy promotion, but development assistance over all, are extraordinary complex and hard to identify (Finkel, 2007:435-437).

6. Conclusions

This thesis joins a vast and competent field of research and the sheer extent of what previous scholars have achieved is humbling. Through this quantitative analysis I have tried to shed light on the mechanisms of socialization, as a part of the overall democracy aid programmes that until now have been overlooked. There are arguments for the causal chain between the variables that are presented and how the IGO:s constitutes platforms for discussion that can contribute to the overall democratic development and consolidation in a recipient state.

To connect to the research question of this thesis: *Does democratic aid in combination with IGO membership strengthen the democratic development in a recipient state?* The presented answer is somewhat twofold: a) the results support the research question and hypothesis. The moderating variable in model 6 in table 4 displays positive statistically significant effects on LDI-index levels. Which would indicate that the answer to the research question is *yes, IGO membership together with democratic aid does strengthen the democratic development in the recipient state*, b) when the control for lagged aid by population and IGO engagement variables were added, the results suggest that it is in the initiation of the democratic aid that the IGO membership has most impact. This supports the initiating hypothesis and theory of the thesis. On the other hand, the results from the lagged effects regressions was not statistically significant except for when controlling for one lagged year and five lagged years. This indicates that the answer to the research question is *maybe*, more research is needed.

Even though the negative coefficients of the moderating variables in the lagged fixed effects regressions in table 5 are statistically insignificant, they may suggest that one of the variables in the interaction are enough to cause a positive effect on the LDI-index levels. To clarify, the effect would be increasingly positive if the interaction term were the sum of the independent variables, however it is now the product of the variables. This indicates that the “possession” of both the variables in the interaction term has a positive effect, but the effect is not double on the LDI-index when the variables are multiplied together, this allows for the product of the interaction variable to become negative and statistically significant at a five year lag. This in turn does not indicate that democracy aid or IGO engagement has a negative effect on LDI-index levels by themselves, on the contrary both the aid by population and IGO engagement has positive effects on the LDI-index levels.

Back to the research question, is the answer to it yes or no? - the answer *depends*. Based on the results one cannot denounce the effects of IGO membership on the democratic aid and LDI-index levels, however the results are not satisfactory to the extent that I can argue that IGO engagement has a definitive positive effect on the effectiveness of democratic aid. Also, statistically significant effects have been shown in the regressions in model 6, table 4 and with the control for one and five year lagged variables in table 5. To summarize the regressions and hypothesis, one can observe effects of both aid by population and IGO engagement on LDI-index levels, the results are not clear enough to be able to conclude with certainty that aid by population together with IGO engagement is something that has clear positive effects on the LDI-index levels. Still, this indicates that the hypothesis is on to something and further research is necessary to get a better understanding of the causal mechanisms that connects LDI-index, democracy aid and IGO engagement.

6.1 Recommendations for Further Research

A study of this kind can say a lot about correlations and effects of different variables. It is however rarely the entire picture, especially when it comes to such a vast field as democracy aid. This study should be supplemented by a field study consisting of interviews to further examine the question of under *what* conditions these mechanisms functionates most efficiently. This would give both an answer to the test of the theory that the elites actually are socialized, and further develop the theory of *how* this causal mechanism take shape.

Understanding what works and does not work in every specific recipient state is crucial for the success of the democracy aid programmes. Further this would help bring this study from the macro levels to a micro level that later on will be necessary for the understanding of how specific individuals within elite groups reason when receiving democracy aid.

The structures of specific IGO:s and how they can work to facilitate democratic development in the member states needs to be explored further. It is brought up by Pevehouse (2002b) but the overall scholarly would benefit from an exploration of how these structures or democratic components in IGO:s are brought back to the national institutions of the member states, and if certain components are more embraced than others.

The examination of competing aid and IGO engagements should be looked into to strengthen the comprehension of the socialization mechanisms that take place within IGO:s. Based on

the argument in this thesis, the socialization processes should also work in the other direction, i.e. that instead the socialization also can work to strengthen an autocratic development. It will most likely become more important during coming years to get an understanding of how causal mechanisms work when the aid comes from an autocratic state and how to counteract it in the best possible way.

Future research needs to have in mind that it is a vast and complex field with an ever-changing international landscape. IGO:s will continue to be platforms for discussion and conflict resolution that will be invaluable for the continued work for the promotion of democracy and protection of human rights.

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Appendix 1 – CRS PURPOSE CODES

The table in appendix 1 is derived from “THE LIST OF CRS PURPOSE CODES” (OECD, 2016:7-8).

DAC 5 CODE	CRS CODE	DESCRIPTION	Clarification / Additional notes on coverage
151 ¹		Government and civil society, general	N.B. Use code 51010 for general budget support.
	15130	Legal & judicial development.	Support to institutions, systems and procedures of the justice sector, both formal and informal; support to ministries of justice, the interior and home affairs; judges and courts; legal drafting services; bar and lawyers associations; professional legal education; maintenance of law and order and public safety; border management; law enforcement agencies, police, prisons and their supervision; ombudsmen; alternative dispute resolution, arbitration and mediation; legal aid and counsel; traditional, indigenous and paralegal practices that fall outside the formal legal system. Measures that support the improvement of legal frameworks, constitutions, laws and regulations; legislative and constitutional drafting and review; legal reform; integration of formal and informal systems of law. Public legal education; dissemination of information on entitlements and remedies for injustice; awareness campaigns. (Use codes 152xx for activities that are primarily aimed at supporting security system reform or undertaken in connection with post-conflict and peace building activities.)
	15150	Democratic participation & civil society.	Support to the exercise of democracy and diverse forms of participation of citizens beyond elections (15151); direct democracy instruments such as referenda and citizens' initiatives; support to organisations to represent and advocate for their members, to monitor, engage and hold governments to account, and to help citizens learn to act in the public sphere; curricula and teaching for civic education at various levels. (This purpose code is restricted to activities targeting governance issues. When assistance to civil society is for non-governance purposes use other appropriate purpose codes.)
	15151	Elections.	Electoral management bodies and processes, election observation, voters' education. (Use code 15230 when in the context of an international peacekeeping operation).
	15152	Legislatures & political parties.	Assistance to strengthen key functions of legislatures/parliaments including subnational assemblies and councils (representation; oversight; legislation), such as improving the capacity of legislative bodies, improving legislatures' committees and administrative procedures,; research and

¹ DAC Code 151 and CRS code 51010 is **not** used for the regression analysis.

			information management systems; providing training programmes for legislators and support personnel. Assistance to political parties and strengthening of party systems.
	15153	Media & free flow of information.	Activities that support free and uncensored flow of information on public issues; activities that increase the editorial and technical skills and the integrity of the print and broadcast media, e.g. training of journalists. (Use codes 22010-22040 for provision of equipment and capital assistance to media.)
	15160	Human rights.	Measures to support specialised official human rights institutions and mechanisms at universal, regional, national and local levels in their statutory roles to promote and protect civil and political, economic, social and cultural rights as defined in international conventions and covenants; translation of international human rights commitments into national legislation; reporting and follow-up; human rights dialogue. Human rights defenders and human rights NGOs; human rights advocacy, activism, mobilisation; awareness raising and public human rights education. Human rights programming targeting specific groups, e.g. children, persons with disabilities, migrants, ethnic, religious, linguistic and sexual minorities, indigenous people and those suffering from caste discrimination, victims of trafficking, victims of torture. (Use code 15230 when in the context of a peacekeeping operation.)

Appendix 2 – Random Effects Regression Analysis

Regression analysis with random effects.

	(Model 1) LDI index	(Model 2) LDI index	(Model 3) LDI index	(Model 4) LDI index	(Model 5) LDI index	(Model 6) LDI index
Aid by population	0.00109*** (5.09)	0.000878*** (4.20)	0.000823*** (3.83)	0.00563*** (7.96)	-0.00822*** (-6.50)	-0.00418 (-1.17)
IGO engagement		0.00326*** (9.70)	0.00332*** (8.38)	0.00290*** (6.73)	0.00259*** (7.50)	0.00267*** (6.11)
Estimated political stability			0.0157*** (3.81)	0.0178*** (4.38)		0.0180*** (4.45)
GDP per capita				- 0.00000060 5 (-1.23)		- 0.00000063 3 (-1.29)
Aid by population # IGO engagement					0.000247*** (7.29)	0.000191** (2.80)
Intercept	0.301*** (15.14)	0.109*** (3.98)	0.115*** (3.94)	0.134*** (4.27)	0.144*** (5.19)	0.147*** (4.64)
<i>N</i>	2253	2249	1806	1629	2249	1629
<i>R</i> ²	0.0042	0.0780	0.1453	0.1961	0.0772	0.1949
<i>Years</i>	1995-2014	1995-2014	1995-2014	1995-2014	1995-2014	1995-2014
<i>Group obs.</i> (recipient states).	114	114	114	102	114	102

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Regression analysis with lagged 1-5 years, random effects.

	(One year lagged) LDI_index	(Two year lagged) LDI_index	(Three year lagged) LDI_index	(Four year lagged) LDI_index	(Five year lagged) LDI_index
Estimated political stability	0.0166*** (4.12)	0.0135*** (3.37)	0.0132** (3.29)	0.00639 (1.58)	0.00673 (1.66)
GDP per capita	-0.000000593 (-1.21)	-0.000000659 (-1.36)	-0.000000628 (-1.29)	-0.000000636 (-1.32)	-0.000000537 (-1.11)
L1. Aid by population	-0.00282 (-0.77)				
L2. Aid by population		0.00457 (1.27)			
L3. Aid by population			0.00804* (2.16)		
L4. Aid by population				0.0106** (2.89)	
L5. Aid by population					0.0148*** (3.29)
L1. IGO engagement	0.00241*** (5.88)				
L2. IGO engagement		0.00240*** (5.47)			
L3. IGO engagement			0.00231*** (5.53)		
L4. IGO engagement				0.00218***	

				(5.02)	
L5. IGO engagement					0.00198*** (4.73)
cL. Aid by population # IGO engagement	0.000168* (2.38)				
cL2. Aid by population # IGO engagement		0.0000183 (0.26)			
cL3. Aid by population # IGO engagement			-0.0000513 (-0.71)		
cL4. Aid by population # IGO engagement				-0.000123 (-1.71)	
L5. Aid by population # IGO engagement					-0.000205* (-2.38)
Intercept	0.163*** (5.41)	0.167*** (5.28)	0.174*** (5.73)	0.183*** (5.84)	0.196*** (6.45)
<i>N</i>	1628	1528	1527	1427	1426
<i>R</i> ²					
<i>Years</i>	1995-2014	1995-2014	1995-2014	1995-2014	1995-2014
<i>Group obs. (recipient states)</i>	102	102	102	102	102

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$