Aid's impact on democracy

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February 2022

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wider.unu.edu

Abstract: This paper investigates the impact of foreign aid on democratic outcomes using a panel of countries for the period between 1995 and 2018. In so doing, it speaks to a major critique of foreign aid, which is that it negatively impacts democratic governance. The analysis distinguishes between developmental aid and democracy aid, and examines democracy aid to specific sectors, in order to explore variation across different aid types. It draws on the Organisation for Economic Co-operation and Development's (OECD) Creditor Reporting System (CRS) data on foreign aid and indices of democracy from the Varieties of Democracy project, employing a combination of a maximum likelihood estimation and structural equation modelling (ML-SEM) model and fixed effects models. Overall, using a more extensive set of data and methods than previous analyses, we offer comprehensive evidence pointing to aid having a positive if modest impact on democratic outcomes. Our analysis suggests this effect is more significant for democracy aid than developmental aid, but there is no evidence of negative impact for either. These results are robust to multiple specifications.

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1   Introduction

Democracy promotion, including democracy assistance, has been a significant aspect of foreign policy among advanced economies. In the aftermath of the Second World War, the United States (US) actively promoted democratic systems in Europe, especially in those countries that had embraced fascism and authoritarianism in previous years (N. J. Brown and Hawthorne 2010; Martinussen 1997). In subsequent decades, and with the fall of the Iron Curtain, European countries, signatories of the Maastricht Treaty in 1992, made democracy a core principle of external policy for the European Union (Zamfir and Dobreva 2018). Country members of the Organisation for Economic Co-operation and Development (OECD), and in particular those participating in the Development Assistance Committee (DAC), devoted in 2018 about 10 per cent of total official development assistance (ODA) to this area. Donors' commitment to democracy assistance is linked to normative principles, the role of democracy in promoting development, and strategic foreign policy considerations (Carothers 2015; Cornell 2013; Huntington 1993).

Since the beginning of the 20th century, global democracy has shown impressive historical growth. In 1900, about 12 per cent of the world's population lived in a democracy, a share that increased to nearly 56 per cent by 2000 (Roser and Herre 2013).[1] Countries in Europe, South and Central Asia, and Latin America drove the global upward trend towards democracy from the end of World War II until the late 1990s (see Figure A1 in Appendix). However, more recent years have seen concerning patterns of democratic backsliding across Latin America, East Asia and the Pacific, Central Asia, and Eastern Europe, especially among middle-income countries of these world regions (Niño-Zarazúa et al. 2020).

The Varieties of Democracy (V-Dem) Institute recently reported a concerning wave of autocratization around the world, with the majority of the world's population (68 per cent) living in autocracies in 2020 (Alizada et al. 2021). Populous countries such as Brazil, India, Turkey, and the United States have observed a deterioration in democratic institutions and freedoms. The rise of authoritarianism in turn has potentially major implications not only for civil and political rights, but also for international peace, political stability, and economic prosperity.

For many, the current deterioration in democracy makes a strong case for increasing international assistance to support democracy (Carothers 2020). In 2019, the Swedish government launched the 'Drive for Democracy' initiative, making democracy central to its foreign policy. The German Foreign Minister Heiko Maas recently advocated for a 'Marshall Plan for democracy', while US President Joseph Biden called for a global Summit for Democracy to 'renew the spirit and shared purpose of the nations of the Free World' (Biden Jr 2020).

Nevertheless, the question of whether democracy aid is effective at supporting democracy remains contested. Within the research literature, a significant strand of work not only questions the effectiveness of aid but goes further to highlight ways in which aid may have detrimental impact on democratic governance (Bosin 2012; Bräutigam and Knack 2004; Easterly 2013; Fielding 2014; Moss et al. 2006). Other work challenges these claims, providing evidence of positive (Altunbaş and Thornton 2014; Bratton and Van de Walle 1997; Finkel et al. 2007; Heckelman 2010; Heinrich and Loftis 2019; Kalyvitis and Vlachaki 2010; Scott and Steele 2011; Ziaja 2020) and mixed effects (Dutta et al. 2013; Kosack 2003). This ambiguity in empirical evidence in turn can arguably be linked with the diversity of contexts, periods, and definitions of aid and democracy in use in the research literature, as well as the distinct analytical methods and model specifications employed.

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[1] Roser's calculations are based on Polity IV project data and data from Wimmer and Min (2006), gapminder.org, the UN Population Division (2015 Rev), and Our World In Data.

This study contributes to this literature by providing new empirical evidence on the effects of international aid on democracy. This analysis builds from considerations of the ways in which aid may impact democracy—either through targeted attention to the institutional and individual factors influencing democracy and democratic transition directly ('democracy aid') or via support for the structural conditions that facilitate democracy and democratic transition ('developmental aid'). It considers both democracy and developmental aid, as well as core components of democracy aid, and relies on a sample of 148 low- and middle-income countries covering the period 1995–2018 to address three interrelated questions:

First, do democracy and developmental aid contribute to democracy? To answer this question, we adopt a dynamic maximum likelihood estimation and structural equation modelling approach, and model specifications that reflect dominant theories of democratization. We consider within this analysis several different measures of democracy aid.

Second, are democracy and developmental aid effective at supporting democratization processes (i.e. democratic upturns) or helping avoid democratic backsliding (i.e. democratic downturns)? To address this question, we adopt semi-parametric fixed effects Tobit estimators that allow us to estimate whether the asymmetric trajectories of political regimes are influenced by aid allocations.

Finally, we ask whether democracy and developmental aid are more effective at supporting democratization in democracies or autocracies. To address this question, we follow the political regime classification proposed by Lührmann et al. (2018) and implement fixed effects ordered logit models based on a conditional maximum likelihood estimator.

Overall, we find that democracy aid has a small but positive effect on democracy, regardless of the definition of democracy aid that is adopted, although the effects are stronger when the aid allocations target the building blocks of democracy via the promotion of the civil society, free media, and human rights. Importantly, we do not find evidence of a negative impact of targeted democracy or developmental aid on democracy, as some studies have reported in the past. Results reveal an asymmetric relationship between democracy aid and the dynamics of political processes. Democracy aid appears to be more effective at supporting ongoing democratization (upturns) than at halting ongoing democratic backsliding (downturns). Both developmental aid and democracy aid are strongly associated with patterns of positive democratization in evolving democracies, although the effect weakens substantially when we consider political contexts that are dominated by military rule, high ethnic tensions, a weak political opposition in the legislative branch, high income inequality, and limited political space for dissent and anti-government movements.

The rest of the paper is organized as follows: Section 2 presents a discussion on dominant theories of democracy and introduces an analytical framework that connects these theories with the literature of foreign aid; Section 3 offers a brief review of the existing literature on aid and democracy; Section 4 lays out the empirical strategy; Section 5 describes the data; Section 6 shows the results; Section 7 discusses robustness checks; and Section 8 concludes.

2 Theories of democracy

Scholarly work has employed a variety of definitions of democracy. In Dahl's (1971) approach, which we use in this paper, democracy (or 'polyarchy') is defined both in terms of the degree of public con-

testation (the presence of competitive elections) and the degree of inclusiveness (who votes).[2] Notably, for Dahl (1971: 2), democracy requires—beyond procedures—institutional guarantees that citizens may formulate their preferences and signify those preferences to others, and that those preferences will be weighted equally by government.

In the rest of this paper, 'democracy' refers to electoral democracy, unless otherwise specified. The defining characteristics of democracy in our approach then link with Dahl's eight institutional guarantees: freedom to form and join associations, freedom of expression, the right to vote, eligibility for public office, the right of political leaders to compete for support, alternative sources of information, free and fair elections, and institutions that tie government policy to votes and public preferences. By contrast, strong rule of law, which is essential for 'liberal democracy', is not a defining characteristic of democracy in our approach. Similarly, effective bureaucracy and the absence of corruption, for instance, may indeed contribute to better functioning democratic states, but states lacking them may still be democracies. As discussed further below, democracy as so conceptualized is captured well by the Varieties of Democracy's (V-Dem) electoral democracy index, which is employed in our analysis.

Democratization, in turn, refers to the process of movement from an authoritarian to a democratic regime. Several stages are regularly distinguished in the literature. Democratic 'transition' refers to the adoption of democratic institutions in place of authoritarian ones, marked for instance by constitutional change and the holding of 'free and fair' elections; democratic 'survival' to the continued practice of democracy; and democratic 'consolidation' to when democracy has become 'the only game in town'. Other work on democratization further distinguishes 'democratic deepening', which implies not only the consolidation of democratic practice, but also movement towards more substantive democracy (Heller 2000).

It is important to keep these distinctions in mind in identifying what a positive impact on democracy should look like in international comparative data. In many studies, it is measured either as a shift from 'autocracy' to 'democracy' in a binary democracy measure, or as an increase in a democracy 'score'. The discussion above suggests some revision to this approach: a shift in scores from 'authoritarian' to 'democratic' (whether binary or along a scale) best captures democratic transition. Democratization processes also might be marked by periods of political liberalization, during which democracy scores improve while possibly remaining in the authoritarian range. A 'holding' of democratic scores (i.e. no change or no decline in scores below the democratic range of a scale) may also be significant, pointing to democratic survival, another important component of democratization. The fact that processes of democratization may be gradual—and that democracy indexes are bounded—further underscores that we should not require year-to-year improvements in democracy scores to signal positive impact on democratization. (Although not our focus here, the maintenance of democracy scores for multiple years, through multiple governments, can help us to identify democratic consolidation, while the increase of democracy scores at the high end can be indicative of democratic deepening.) While there is a large cross-country literature on aid effectiveness, to the extent that it explores impact on democracy, it is not well linked with theories of democratization. In other work (Gisselquist et al. 2021), we draw on these theories to develop an analytical framework to assess the state of the aid-democratization literature and, building on this framework, present the results of a systematic review of the literature—-to our knowledge the first in this area. This framework likewise provides a starting point for the analysis presented in this paper and we review it briefly here.

In our framework—consistent with many standard surveys of the literature—theories of democratization are grouped into three broad camps: one emphasizing macro-structural factors; a second focusing on the

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[2] Dahl (1971) reserves the term 'democracy' for an ideal, hypothetical system that is 'completely or almost completely responsive to all its citizens' (p. 2).

effects of institutions, both formal and informal; and a third highlighting the role of individuals and agency (see Figure 1).

Modernization theory is a classic example within the first camp, positing that economic development leads to democratic transition (Lipset 1959). The institutional camp is exceptionally broad, advancing a range of arguments about how diverse institutions and the strengthening of such institutions can support democracy and processes of democratization. Some of particular relevance to aid include work on 'democratization through elections' (Lindberg 2009), as well as the significance of specific electoral arrangements (Reilly 2001), political parties (Burnell and Gerrits 2010; Rakner and Svåsand 2010), civil society (Youngs 2020), media institutions (BBC Media Action 2020; Schultz 1998), and judicial institutions (O'Donnell 2004). A key insight of the third camp is that periods of regime transition are uncertain, with multiple possible outcomes, and in such contexts political elites can play a defining role (O'Donnell et al. 1986; Rustow 1970). Likewise, pro-democracy actors and the way in which they interact may be important in facilitating the survival of fragile democracies; as Karl (1990: 9) argues, for one, 'where democracies that have endured for a respectable length of time appear to cluster is in the cell defined by relatively strong elite actors who engage in strategies of compromise'. It is equally important to be clear that many arguments cut across these camps, presenting democratization as an outcome of both structural and institutional factors, for instance.

Figure 1: Aid and democratization—an analytical framework
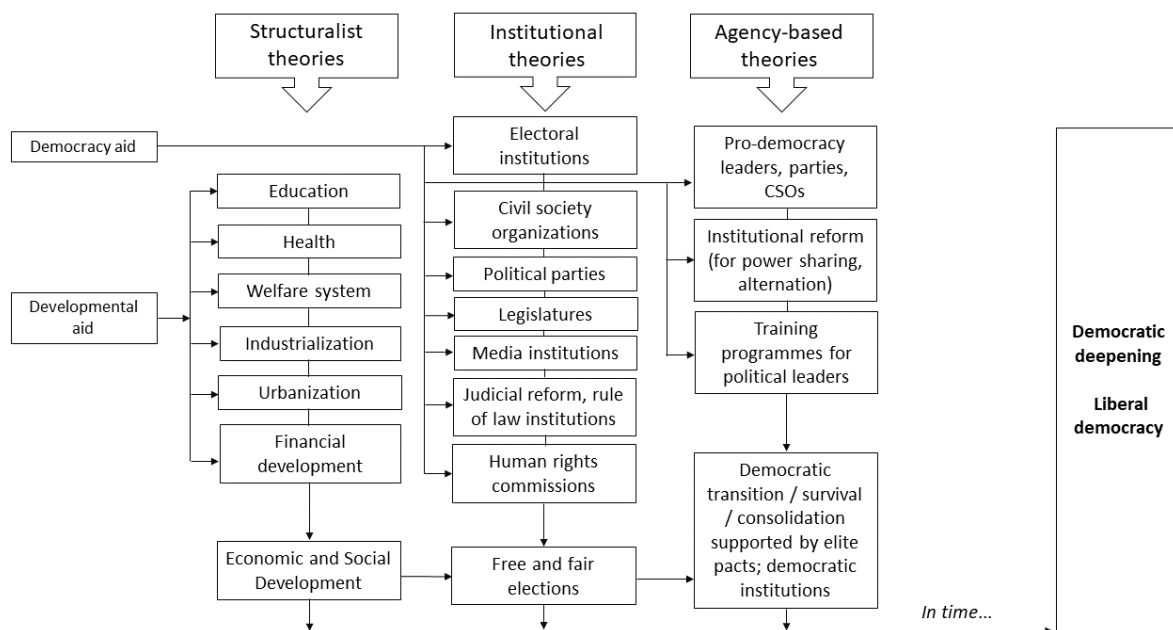
Source: authors' elaboration.

The potential impact of different types of aid on democracy can be understood in turn within the context of these three broad camps of theory on democratization. Building on Carothers (2009), we distinguish two overall approaches to democracy support (see also Carothers 2011, 2015). The 'political approach' is based in a view of democratization as a political struggle between democratic and non-democratic forces. It directs aid at core democratic processes and institutions—elections, political parties, and pro-democracy civil society groups—often at critical moments and with the hope of catalytic effects. It is most associated with US democracy assistance and a relatively narrow conception of democracy, highlighting in particular elections and political and civil rights.

In our framework, we refer to this approach as 'democracy aid', which groups together assistance to a variety of pro-democracy institutions and processes, including civil society organizations, electoral institutions, political parties, legislatures, media organizations, judiciary reform and rule of law institu-

tions, and human rights commissions. The links between aid in these areas and the institutional camp on democratization as discussed above are clear. Democracy aid as understood here also may include assistance aimed to strengthen pro-democracy leaders, including training for leaders in various institutions, as well as other support to facilitate institutional reforms promotive of power sharing or alternation during regime transitions, which are underscored in some agency-focused theories of democracy.

Such a 'political' approach can be contrasted with a 'developmental' approach, providing support for a more substantive concept of democracy that centers additionally equality and justice concerns. More associated with European democracy assistance, the developmental approach favours 'developmental aid' supportive of development in a wide range of political and socioeconomic sectors, frequently emphasizing governance and well-functioning state institutions (Carothers 2009: 5). Broadly, this approach is linked much more to the structural camp on democratization, envisioning democratization as a gradual and arguably deeper process of political and socioeconomic change.

In brief, 'political' and 'developmental' approaches to democracy support can be linked analytically with the three core camps of theory on democratization. Put another way, the expectation that aid can positively affect democracy then relies on different underlying and implicit (occasionally explicit) theories of democratization depending on the type of aid: the provision of 'democracy aid' to support democracy implies belief in factors and processes highlighted within the institutional and/or agent-based camps, whereas 'developmental aid' places emphasis on the structural factors of the first camp.

In brief, our analysis seeks to shed light on which of these claims holds true. What is the evidence that democracy and developmental aid are indeed positively associated with democratization? What is the evidence that democracy aid in specific areas—such to political parties, the media, and judicial institutions—supports democracy in a manner consistent with institutional and some related agency-based theories of democratization?

Taking all of these points into consideration, we take stock in the next section of the literature to date that has quantitatively assessed the impact of democracy aid and developmental aid on democracy.

3   Literature review

The existing quantitative literature linking aid and democratic outcomes cross-nationally shows mixed results, with researchers finding positive, negative, or null results in different studies. Potential reasons for this divergence in findings include the diverse ways in which aid and democracy are conceptualized and measured within the literature, as well as the diversity of methods employed in the analysis of this relationship.[3].

Regarding 'aid', some studies explicitly make reference to DAC purpose codes (Fielding 2014; Tan 2016), while much of the literature treats broadly what can be understood as total development aid. A smaller number of studies analyse democracy aid specifically (see, e.g., Finkel et al. 2007; Jones and Tarp 2016; Scott and Steele 2011), and even fewer consider specific components of democracy aid. Some exceptions include work on electoral assistance (Gibson et al. 2015; Uberti and Jackson 2020) as well as aid targeted to participation & civil society (Heinrich and Loftis 2019); the media (Kalyvitis and Vlachaki 2010); legislatures & political parties (Nielsen and Nielson 2008); and human rights (Shyrokykh 2017).

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[3] For an extensive systematic review of this literature, see (Gisselquist et al. 2021)

Regarding 'democracy', the most common measures of democracy in the extant literature are Polity IV scores and Freedom House rankings, with many studies using both as robustness checks (see, e.g., Bermeo 2016; Cornell 2013; Knack 2004). There is less work using the V-Dem data which are newer and were not available when much of the work reviewed was conducted. Few studies consider disaggregated components of democracy (such as media freedom or strength of civil society), which could help researchers to distinguish specific mechanisms and components of democracy that are most impacted by democracy aid. One exception is Finkel et al. (2007), which disaggregates the Polity index into six measures of democratization—free and fair elections, civil society, respect for human rights, free media, rule of law, and government effectiveness.

Beyond such democracy scores and ratings, some studies use measures that speak to approaches to democratic transition and consolidation that highlight the alternation of power—such as incumbent years in office and whether or not turnover occurred (Ahmed 2012); whether an incumbent was re-elected or not (Moreno-Dodson et al. 2012); incumbent electoral performance (Heinrich and Loftis 2019); and whether an opposition party was elected to a legislature or not (Dietrich and Wright 2015). Many speak more directly to the quality of democratic governance using common measures of corruption and the quality of institutions, while others focus on the relationship between aid and related political outcomes such as patronage politics (Gibson et al. 2015), personalistic politics (Wright 2010), or autocratic rule (Dutta et al. 2013; Yuichi Kono and Montinola 2009).

A core finding of Gisselquist et al. (2021) is that studies that consider, broadly speaking, developmental aid (generally not strictly defined, and including studies of 'total aid', 'economic aid', and 'general aid') have overall ambiguous results. Some find developmental aid to have a positive impact on democratic outcomes (Altunbaş and Thornton 2014; Bratton and Van de Walle 1997; Heckelman 2010), while others point to negative impact (Ahmed 2012; Asongu 2012; Knack 2004). A variety of factors are shown in the literature to influence such outcomes, including those related to the provision of aid— e.g., the timing of aid (Bancalari 2015; Bermeo 2016; Dunning 2004), and whether the aid is bilateral or multilateral (Charron 2011; Menard 2012)—as well as to the characteristics of the aid recipient countries themselves—e.g., whether the recipient country is a democracy or an autocracy (Dutta et al. 2013; Kosack 2003; Yuichi Kono and Montinola 2009), the size of the distributional coalition or level of personalism (Wright 2009, 2010), and institutional quality (Asongu 2012).

By contrast, evidence of positive impact on democracy is more evident in studies focused on 'democracy aid' broadly speaking (Finkel et al. 2007; Heinrich and Loftis 2019; Kalyvitis and Vlachaki 2010; Scott and Steele 2011; Ziaja 2020). Comparatively few of these studies show a negative impact (Bosin 2012; Dietrich and Wright 2012; Fielding 2014; Scott and Steele 2011; Gisselquist et al. 2021). This holds true also for studies on specific types of democracy aid, such as aid to support civil society, elections, legislatures and political parties, media and information, and human rights (Uberti and Jackson 2020; von Borzyskowski 2019). Fewer studies find a negative impact (Beaulieu and Hyde 2009).

In brief, the literature points toward aid having clearest impact on democracy when it targets democracy's core institutions (Nieto-Matiz and Schenoni 2020). Like developmental aid, democracy aid's impact is also shown to be conditional on other factors, including the recipient country's regime type (Cornell 2013; Lührmann et al. 2017), military size (Savage 2017), and capacity (Shyrokykh 2017).

The literature on aid effectiveness, also relevant to these discussions, has emphasized donor characteristics as well as aid modalities—much of this discussion relevant to whether aid 'works' generally, but not to its linkages with democracy. One relevant area within this literature, however, concerns bilateral and multilateral aid, with bilateral aid found to be more amenable to aid-for-policy deals than multilateral aid (De Mesquita and Smith 2009) and with positive democratic outcomes in the short run, whereas multilateral aid appears to be ineffective alongside autocracies (Kersting and Kilby 2016). There are a

few exceptions, such as Moreno-Dodson et al. (2012), which finds that only multilateral aid is beneficial for democratization.

In summary, the literature of aid and democracy points to democracy aid as being more effective than developmental aid in supporting democratic outcomes, with impact clearly mediated through the institutions and characteristics of aid recipient countries as well as the characteristics of donors and aid itself. That said, comparing across studies is complicated by the diversity of measures in use, as well as time periods and countries covered, highlighting the value of further comprehensive analysis.

In evaluating the findings of this literature, a final important concern is whether studies have effectively addressed the challenge of aid's endogeneity to democracy itself. It is clear for instance that aid is sometimes contingent on reforms such as the holding of elections. Likewise, signs of democratic success may be linked to reductions in aid judged no longer necessary, and aid could be increased when need is judged highest. Thus an annual increase in aid could coincide with an annual increase in democracy score (or conversely a decrease in aid with an increase in democracy score and so on) even when aid is not the cause of change in the democracy score. The endogeneity of aid to democratic outcomes means that estimates of the impact of aid on democracy thus may be biased. A significant portion of the literature does not directly recognize such endogeneity concerns. In work that does, effort is made to address such concerns through the use of lagged variables, two-stage models, and instrumental variables techniques. Overall, however, our reading of the literature is that there is further work to be done in addressing this concern, which is a key focus of our empirical analysis, as presented below.

4   Empirical strategy

4.1   Effects of aid on democracy

The first question we aim to address is whether democracy (or developmental) aid contributes to democracy. Since we suspect trend effects in democratic achievements, and the contemporaneous decisions by donors on the levels of democracy aid and its components to be correlated with time-varying errors at previous levels of democracy, we adopt a dynamic framework to model three distinct definitions of aid interventions that are expected to impact democracy, given the predictions of dominant theories of democratization as depicted in our analytical framework in Figure 1.

The first *developmental aid* definition captures developmental approaches of aid interventions, following a vast literature that adopts a developmental perspective to democracy aid and which can be associated with the assumptions underpinning structuralist and institutional theories of democratization (Ahmed 2012; Altunbaş and Thornton 2014; Asongu 2012; Bratton and Van de Walle 1997; Charron 2011; Haass 2019; Heckelman 2010; Knack 2004). The second *extensive* definition of democracy aid follows a scanter literature that considers assistance to governments and civil society organizations as the more direct channels through which aid impacts democracy, following institutional and agency-based theories of democracy (Finkel et al. 2007; Heinrich and Loftis 2019; Kalyvitis and Vlachaki 2010; Scott and Steele 2011; Ziaja 2020). The third *limited* definition of democracy aid captures a set of activities which are in our assessment more precisely targeted at supporting dimensions of democracy that are highlighted by institutionalist and agency-based theories of democracy, and which are operationally linked to Carothers's (2009) notion of political aid discussed in Section 2. These dimensions include assistance to democratic participation and civil society; elections; legislatures and political parties; media and the free flow of information; and human rights (see Table 1).

In addition to these composite measures of democracy aid, we focus on key subcomponents of the limited definition of democracy aid to assess whether these specific aid activities impact the intended democratic outcomes.

In order to measure the causal relationship between these distinct definitions of democracy aid and democracy, we adopt a maximum likelihood estimation and structural equation modelling (ML-SEM) approach proposed by Moral-Benito (2013) and Moral-Benito et al. (2019), which allows for feedback effects or reverse causality from lagged democracy levels to the contemporaneous level of aid allocations. The ML-SEM method is significantly more efficient than generalized method of moments (GMM) estimators and suffers less from finite sample biases, especially when the number of units in the panel is small. The ML-SEM method relaxes several constraints that are symptomatic in dynamic panel models; and unlike most related fixed effects methods, it allows for the inclusion of time-invariant controls. Thus, our baseline model takes the following form:

$$Dem_{it} = \alpha_{it} + \theta Dem_{it-1} + \beta X_{it} + \varphi Aid_{it} + \eta_i + \upsilon_t + \varepsilon_{it} \tag{1}$$

$$E(\varepsilon_{it}|Dem_i^{t-1}, Aid_i^t, \eta_i) = 0, (t = 1, ..., T)(i = 1, ..., N) \tag{2}$$

where the subscripts i and t denote country and time period, respectively, η_i denotes unobserved country-specific and time-invariant effects, υ_t is a vector of time dummies capturing universal time trends, whereas α_{it}, β_{it}, φ_{it}, and ε_{it} are the intercept, the parameter estimates, and the idiosyncratic error term, respectively.

We implement the model with five-year averages to reduce electoral-cycle effects and measurement error. Dem_{it} is the level of democracy proxied by V-Dem's index of electoral democracy; Dem_{it-1} captures the persistence of democracy in country i; Aid_{it} is the amount of developmental aid or democracy aid—the latter based on our limited or extensive definitions of democracy aid—that goes to country i, in period t; and X_{it} is a vector of country-level covariates that capture key determinants of democratization in country i as highlighted by structural, institutional, and agency-based theories of democracy.[4] Note that when we investigate the individual effects of core subcomponents of the limited definition of democracy aid, Dem_{it} measures these specific aid activities, while Aid_{it} measures then the corresponding lower-level indices of electoral democracy.

Our model assumes that aid is predetermined, meaning that Equation 1 allows for feedback effects or reverse causality from lagged democracy levels to the contemporaneous level of aid allocations. However, ML-SEM models are computationally demanding, so our choice inevitably came at the cost of convergence issues with variants of our model, limiting our analytical options. Therefore, in addition to our preferred ML-SEM model, we adopt a fixed effects (FE) model, which mitigates the potential threat of omitted variables bias. The FE model takes the following form:

$$Dem_{it} = \alpha_{it} + \beta X_{it} + \varphi Aid_{it} + \eta_i + \upsilon_t + \varepsilon_{it} \tag{3}$$

where the subscripts i and t denote country and year, respectively; Dem_{it} measures democracy; Aid_{it} measures the adopted definitions of democracy aid, while X_{it} is a vector of covariates. η_i denotes unobserved country-specific and time-invariant effects; υ_t is a vector of time dummies capturing universal time trends, whereas α_{it}, β_{it}, φ_{it}, and ε_{it} are the intercept, the parameter estimates, and the idiosyncratic error term, respectively.

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[4] See Section 5 for more details on the set of covariates included in X_{it}.

4.2 Effects of aid on democratization and democratic backsliding

Our second research question is whether aid, be it democracy aid or developmental aid, affects positive or negative movements in a country's democracy scale differently; in other words, whether aid enhances transitions to greater democracy (upturns) or mitigates political downturns. Following Knutsen et al. (2019) and Teorell (2010), we adopt an equation that takes the following form:

$$D^*_{it} = \alpha_{it} + \beta X_{it} + \varphi Aid_{it} + \eta_i + \upsilon_t + \varepsilon_{it} \tag{4}$$

Equation 4 is similar to Equation 3, but in this case D_{it} is measured by two indicators that capture instances of positive (or negative) changes in V-Dem's electoral democracy index. This is done by taking the first difference of the index, and setting all cases of no change or negative (or positive) values to zero. Thus, $D_{it} = D^*_{it}$ if $D^*_{it} > 0$, and $D_{it} = 0$ if $D^*_{it} \leq 0$, while the error term, ε_{it}, follows a left-censored at zero distribution, $N(0, \sigma^2_{u|\upsilon})$

The parameter φ from Equation 4 yields a fixed effects estimate of the impact of democracy aid on *democratization* (upturns) or *democratic backsliding* (downturns). Given the left-censored distribution of D_{it}, the use of ordinary least squares (OLS) leads to biased and inconsistent estimates. Therefore, we resort to Honoré's (1992) semi-parametric method to obtain fixed effect Tobit estimators.

4.3 Effects of aid on democracies and autocracies

The third research question is whether aid affects democratic or autocratic regimes differently. We follow Baetschmann et al. (2015) and use fixed effects ordered logit estimators. The model takes the following form:

$$R^*_{it} = \beta X_{it} + \varphi Aid_{it} + \eta_i + + \varepsilon_{it} \tag{5}$$

where our measures of democracy aid, Aid_{it}, and the vector of covariates, X_{it}, do not include an intercept because the time-invariant, country-specific part of the unobservables in η_i acts in this model as individual-specific intercepts (Baetschmann et al. 2020).

Based on the regime classification proposed by Lührmann et al. (2018)—which separates countries in four categories: closed autocracies, liberal autocracies, electoral democracies, and liberal democracies—we implement a FE ordered logit in Equation 5. The classification separates political regimes into four k categories: $k = 1$ for closed autocracies, $k = 2$ for electoral autocracies, $k = 3$ for electoral democracies, and $k = 4$ for liberal democracies. So the latent variable R^*_{it} becomes the ordered regime indicator R_{it} via the thresholds τ_{ik}. Therefore, $R_{it} = k$ if $\tau_{ik} < R^*_{it} \leq \tau(ik+1)$ with $k = 1, ..., K$. Equation 5 is then estimated through the application of a conditional maximum likelihood (CML) estimator proposed by Chamberlain (1980).

5 Data

5.1 Democratic outcomes

There are multiple potential measures for democracy, each with their strengths and weaknesses. This poses a challenge to the analysis, as the choice of index can have a significant impact on the results observed. Some of the most common measures used in the existing literature are the Freedom House

index and Polity scores. In order to select the most appropriate measure to utilize in this paper, we conducted and extensive conceptual and statistical analysis of the available indices. We compared seven democracy measures—namely V-Dem, Freedom House, Polity IV, the International Country Risk Guide (ICRG), the Unified Democracy Scores (UDS), Boix-Miller-Bosato dichotomous coding of democracy (BMR), and the Democracy-Dictatorship index (DD) created by Alvarez et al. (1996) and revisited by Cheibub et al. (2010).[5] The elements we investigate are: definition, precision, coverage and sources, coding, aggregation, and validity and reliability tests.

Having conducted this extensive analysis, we opted for the V-Dem electoral democracy index for three main reasons. Firstly, this index is a continuous variable that makes it a more adequate proxy to capture small changes in the democracy score, especially with a relatively limited time series. Secondly, the V-Dem electoral democracy index refers to the core value that rulers are responsive to citizens through periodic electoral competition with extensive suffrage. While other indices are more liberal on what to include in their definition of democracy, the V-Dem's conceptualization of democracy involves seven principles—electoral, liberal, majoritarian, consensual, participatory, deliberative, and egalitarian, with the electoral principle being essential to any conception of democracy. Thirdly, the V-Dem indices include not only high-level democracy indices such as the electoral democracy index, but also a number of lower-level indices, which allow us to capture the effect of aid to specific activities in the targeted areas.

We focus initially on the electoral democracy index, which is an interval index on a scale between 0 and 1 made of annual continuous indicators. The electoral democracy index is composed of four underlying indices—the freedom of expression and alternative sources of information index, the freedom of association index, the clean elections index, and the elected officials index, in addition to the share of population suffrage.

Lower-level indices

As for the lower-level indices, we focus on three indices that are components of the electoral democracy index—(1) the freedom of association index, (2) the clean elections index, (3) the freedom of expression and alternative sources of information index—and on an index that is not part of the electoral democracy index, the civil liberties index.

The freedom of association index aims to capture the extent to which parties are allowed to form and participate in elections, as well as the extent to which civil society organizations are able to form and operate freely. The index is composed by six indicators: (i) party ban; (ii) barriers to parties; (iii) opposition parties autonomy; (iv) multiparty elections; (v) civil society organizations (CSOs) entry and exit; and (vi) CSO repression.

The clean elections index measures the extent to which elections are clean and fair, which is clarified as an absence of registration fraud, systemic irregularities, government intimidation of the opposition, vote buying, and election violence. The index is composed of eight indicators: (i) election management board (EMB) autonomy; (ii) EMB capacity; (iii) election voter registry; (iv) election vote buying; (v) election other voting irregularities; (vi) election government intimidation; (vii) election other electoral violence; and (viii) election free and fair.

The freedom of expression and alternative sources of information index measures the extent to which the government respects press and media freedom, the freedom of ordinary people to discuss political matters at home and in the public sphere, as well as the freedom of academic and cultural expression. The

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[5] The summary statistics and pairwise correlations of these indices for the analysis period are presented in Tables A1 and A2 in Appendix A.

index includes the following nine indicators: (i) government censorship effort—media; (ii) harassment of journalists; (iii) media self-censorship; (iv) media bias; (v) print/broadcast media perspectives; (vi) print/broadcast media critical; (vii) freedom of discussion for men; (viii) freedom of discussion for women; and (iv) freedom of academic and cultural expression.

Finally, the civil liberties index, which is not a component of the electoral democracy index, measures the freedoms that protect individuals from government, including the absence of physical violence committed by government agents and the absence of constraints on private liberties and political liberties by the government. Protection of civil liberties is not strictly part of electoral democracy as defined above, and extends our focus towards liberal democracy. That said, some level of protection of civil liberties is arguably necessary for both inclusiveness and participation within an electoral democracy—in addition to the political rights highlighted in the other lower-level indices considered. The index is itself composed of three lower-level indices: (i) the physical violence index, (ii) the political liberties index, and (iii) the private civil liberties index. Some of the underlying indicators of the political civil liberties index overlap with those of the indices described above, such as CSO entry and exit, and harassment of journalists. The global averages of the electoral democracy index and the lower-level indices are presented in Figures A2 and A3 in Appendix A.

5.2 Democracy aid

The aid data is from the OECD's Creditor Reporting System (CRS). The developmental aid includes all aid provided to a specific country in a specific year, regardless of the sector; the extended democracy aid includes all activities under the purpose classification code 150 in the OECD DAC code system 'government and civil society organizations'; and the limited democracy aid measures aid to a narrow set of activities which we consider more closely linked to the dimensions of democracy that are highlighted by institutionalist and agency-based theories of democracy. These include assistance to democratic participation and civil society, elections, legislatures and political parties, media and the free flow of information, and human rights. The exact activities included in each aid definition used are listed in Table 1.

Table 1: Activities under developmental and democracy aid definitions

Developmental aid	Extensive definition of democracy aid	Limited definition of democracy aid
Education	Public sector policy and administrative management	Democratic participation and civil society
Health	Foreign affairs	Elections
Population policies	Diplomatic missions	Legislatures and political parties
Water and sanitation	Administration of developing countries' foreign aid	Media and free flow of information
Government and civil society (the activities under this classification are equivalent to our extensive definition of democracy aid)	General personnel services	Human rights
Conflict, peace and security	Other general public services	
Social infrastructure and services	National monitoring and evaluation	
Transport	Meteorological services	
Communications	National standards development	
Energy	Executive office	
Banking and financial services	Public finance management (PFM)	
Business development	Budget planning	
Agriculture	National audit	
Forestry	Debt and aid management	
Fishing	Decentralization and support to subnational government	
Industry, mining, and construction	Local government finance	
Trade policy	Other central transfers to institutions	
Tourism	Local government administration	
Environmental protection	Anti-corruption organizations and institutions	
Urban and rural development	Domestic revenue mobilization	
General budget support	Tax collection	
Food aid	Tax policy and administration support	
Debt relief	Other non-tax revenue mobilization	
Emergency response	Public procurement	
Reconstruction relief	Legal and judicial development	
Disaster prevention	Justice, law and order policy, planning and administration	
Refugees in donor countries	Police	
	Fire and rescue services	
	Judicial affairs	
	Ombudsman	
	Immigration	
	Prisons	
	Macroeconomic policy	
	Democratic participation and civil society	
	Elections	
	Legislatures and political parties	
	Media and free flow of information	
	Human rights	
	Women's equality organizations and institutions	
	Ending violence against women and girls	
	Facilitation of orderly, safe, regular, and responsible migration and mobility	
	Security system management and reform	
	Civilian peace-building, conflict prevention and resolution	
	Participation in international peace-keeping operations	
	Reintegration and small-arms-and-light-weapons (SALW) control	
	Removal of land mines and explosive remnants of war	
	Child soldiers (prevention and demobilization)	

Source: authors' elaboration.

5.3   Controls

The choice of controls aims to capture the key determinants of democratization as highlighted by structural and institutional theories of democracy, and which are related to the level of economic development in recipient country i.

The first model (which we refer to hereafter as Model 1) includes five control variables. The rate of economic growth is measured as GDP growth in percentage and captures the dynamism of the country's economy; the income per capita in log form and lagged by one period measures the stock of physical capital and captures the rate of economic convergence; the urban population as a share of total population captures the level of urbanization; the population density is measured as the number of people per square kilometre of land area and captures the level of conglomeration which makes it easier for the country to achieve economics of scale; and natural resource endowments as percentage of GDP which affects the potential for economic diversification.

Economic growth and income per capita are both expected to be positively linked with democracy (Barro 1996; Gerring et al. 2005; Knutsen 2012);[6] urban population and population density are also expected to be positively linked to democracy, as the conglomeration of the population could lead to a reduction in the unit costs for civil society organizations (Newton 1982). Natural resource availability has theoretically ambiguous effects, as it could support economic diversification or undermine democratization via state capture (see Caselli and Cunningham 2009; Caselli and Michaels 2009; Currie and Gahvari 2008).

The model with extended controls (Model 2) includes two variables in addition to the five described above. Those are military spending as percentage of GDP which would capture the financial resources dedicated to defence and security, and the average electoral democracy index of neighbouring countries to control for the existence of regional diffusion effects of democratic capital.

Military spending may have a positive or negative effect depending on the level of state fragility, conflict, and the regime type in control of spending (Brauner 2015; Rota 2016), while average democracy in neighbouring countries is expected to positively impact democratization (Persson and Tabellini 2009).

Two additional models are used on the fixed effects models only (Models 3 and 4). Model 3 includes—in addition to all variables described above—the level of fractionalization of parties in the opposition, a measure of non-tax revenues, a dummy for a regime in which the chief of the executive is a military officer, a measure of internal conflict, and a measure of ethnic tensions. Model 4 further expands the set of controls by including the Gini coefficient as a measure of inequality—in linear and quadratic versions—and a measure of political dissent in the form of anti-government movements.

The level of fractionalization of the opposition parties, which captures the strength of political competition and the balance of power in the legislative branch, is expected to negatively impact democratization (Elgie and McMenamin 2008; Meka 2021; Pildes 2021); non-tax revenues are an indicator of state autonomy, which is expected to influence democratic transition negatively (Alemán and Yang 2011); the military is also expected to negatively impact democracy, as it may have direct implications for the resilience of autocratic regimes (Bove and Brauner 2016; Cornell 2013; Savage 2017; Yildirim and Sezgin 2005); internal conflicts capture the degree of state fragility and are expected to negatively impact democratization efforts; ethnic tensions potentially capture ethnic fractionalization and may influence the regime type by substantially impeding democratic transition (Dahl 1971; Rustow 1970) or narrowing the regime's support coalition in autocratic societies; the Gini coefficient in linear and quadratic

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[6] For a meta-analysis on the relationship between economic growth and democracy, see Doucouliagos and Ulubaşoğlu (2008).

forms capture the negative concavities in the relationship between high income inequality and democracy, as highlighted by theoretical models of democracy and political regimes (Acemoglu and Robinson 2006; Boix and Stokes 2003); and political dissent may be a catalyst to liberalization positively affecting democracy (Morgan and Kelly 2021; Tripp 2001; Van Duyn 2018).

6   Results

6.1   Aid and democracy outcomes

With regards to the first research question—what is the impact of developmental and/or democracy aid to democratic outcomes—we start presenting the ML-SEM model results. Table 2 summarizes the coefficients of the aid variable for developmental or democracy aid (limited and extended definitions) and for each type of aid, namely global aid (i.e. DAC countries, non-DAC countries, and multilateral aid), DAC countries aid, multilateral aid, bilateral aid, and top-five DAC countries aid. Notably, the results show a consistently small positive effect of aid on democracy, but only for our limited definition of democracy aid. The results for developmental aid or extensive democracy aid are inconclusive, and the statistical significance seems to be conditional upon the set of covariates, which indicates that the effect of democracy aid is driven by targeted pro-democratic policies.[7]

For discussion, we focus on the linear-log model due to its straightforward interpretation. The results indicate that a 10 per cent increase in global limited democracy aid would lead to an average increase of 0.14 points in the scalar of the V-Dem electoral democracy index. To illustrate the implications of our findings, take the case of the top-five recipient countries of global democracy aid (under the limitation definition) in the period 2013–2018. These countries are, in descending order, Afghanistan, Turkey, Pakistan, Ukraine, and Brazil. We observe that these countries had an average electoral democracy score of about 38.02, 41.40, 44.60, 41.77, and 82.25, and received on average 141, 131, 79.3, 76.5, and 59.7 million US dollars between 2013 an 2018, respectively.

Our calculations indicate that a 10 per cent increase in democracy aid to these countries—devoted exclusively to support core dimensions of democracy, namely, democratic participation and civil society, elections, media and free flow of information, and human rights—would lift the electoral democracy score of these countries marginally, to levels of 38.16, 41.54, 44.74, 41.91, and 82.39, respectively.

The composition of type of aid and type of finance also seems to matter in our analysis, as there is considerable variation in terms of how aid money is distributed, and by which type of financial instruments it is channelled.[8] Project-aid interventions and core contributions and pooled programmes and funds have been the dominant aid modality among donors, at least in the most recent years, regardless of the definition of aid that is adopted. Roughly speaking, the most recent data show that 74 per cent of democracy aid interventions under our limited definition were distributed via project aid, 19 per cent via core contributions and pooled programmes and funds, and only 2 per cent via budget support. Most of these funds were channelled in the form of grants (95 per cent) and debt instruments (5 per cent) (see Tables H1 and H2 in Appendix H).

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[7] The full tables (B1–B6) for the ML-SEM models are presented in Appendix B.

[8] In the OECD CRS/DAC terminology, 'type of aid' refers to the modalities used to distribute aid, including, e.g., budget support, core contributions and pooled programmes and funds, project-type interventions, experts and other technical assistance, scholarships and student costs in donor countries, debt relief, administrative costs, and other in-donor expenditures. In contrast, the term 'type of finance' is used to distinguish the financial instruments used in the delivery of aid, e.g., grants, loans, mezzanine finance instruments, equity and shares in collective investment vehicles, and debt relief.

In contrast, when the extensive definition of democracy aid is considered, we observe that about 23 per cent of aid money was allocated via budget support, 62 per cent was distributed through project aid interventions, and about 11 per cent via core contributions and pooled programmes. The structure of aid finance is also markedly different: 55 per cent of the budgets were channelled in the form of grants and the remaining 44 per cent as debt instruments (see Table H2 in the Appendix).

This is important because the channels of democracy aid—whether issued via state channels such as budget support or via non-state instruments such as projects and core contributions to development actors—can influence aid effectiveness. Tables H1 and H2 also show that donors have favoured non-state actors to deliver democracy aid within aid-receiving countries, probably because of the high risk of aid capture, particularly when operating in autocratic political environments, as suggested by Dietrich (2013) and Bush (2015), and also because of weak institutional capacity or state fragility in those countries, or both.

Our results arguably point to the significance of democracy aid interventions via non-state actors. Some previous analyses, by contrast, have highlighted the importance of aid supporting state-led political reforms, arguing that these are more adept at generating institutional strengthening and, ultimately, regime change (see, e.g., Dietrich and Wright 2015). We find no clear support for such claims given the relatively low share of limited democracy aid provided through budget support. We note, however, that any conclusions drawn from consideration of types of aid interventions are highly speculative given the historical incompleteness of the data.[9] Thus, our analysis casts doubts over any conclusion from previous comparative studies that make a case for either state-led or non-state-actors-led interventions as effective modalities for allocating democracy assistance.

In order to understand the level of correlation between democracy and the control variables, we present in Table 3 the complete results for our preferred specification. Overall, we find that the effect of GDP growth and GDP per capita to be insignificant and inconsistent in terms of the direction of the effect. This is somewhat surprising and suggests that economic activity in level and in its dynamism may be less important to democracy than anticipated. Natural resource rents also show no statistical significance. The urban population share of total population is consistently negative but is not significant for any of our aid definitions. The coefficient for population density is negative and significant but only before controlling for military spending and neighbours democracy. Military spending is positively and significantly associated with democracy for global aid as a whole, although the strength of the association varies by regime type.

In addition to the ML-SEM model, we also run a series of fixed effects specifications. The summary of these results is presented in Table 4 and includes the effects of contemporaneous aid, aid lagged by one period, and contemporaneous aid per capita on democracy outcomes. The results are consistent across the different types of aid and models tested. The full results are presented in Tables C1 to C12 in Appendix C.

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[9] Before 2010, the amount of missing information on the OECD's CRS was above 90 per cent.

Table 2: The impact of democracy aid by type of donor (summary)—ML-SEM

	ML-SEM (linear-log)			ML-SEM (log-log)		
	Developmental aid	Democracy aid (extensive definition)	Democracy aid (limited definition)	Developmental aid	Democracy aid (extensive definition)	Democracy aid (limited definition)
Global aid						
Model 1	0.319	0.747	1.486*	0.030	0.037*	0.053**
Model 2	0.317	0.389	0.697	0.036***	0.035**	0.035**
DAC-countries aid						
Model 1	0.517	0.960	1.273	0.031*	0.047**	0.043
Model 2	0.248	0.538	1.251*	0.038***	0.039**	0.048**
Multilateral aid						
Model 1	0.311	0.829	0.886*	0.028	0.008	0.026*
Model 2	0.473	0.650	1.108**	0.039***	0.047*	0.036**
Bilateral aid						
Model 1	0.505	0.964	1.276	0.031*	0.047**	0.044
Model 2	0.265	0.543	1.258*	0.037***	0.039**	0.048**
Top 5 DAC donors						
Model 1	0.587	1.527*	1.680**	0.042**	0.075***	0.060***
Model 2	0.248	0.504	1.019*	0.036**	0.044**	0.041***

Note: Model 1 includes the rate of economic growth, the log of income per capita lagged one period, the share of the urban population, population density, and natural resource rents. Model 2 adds to Model 1 military spending, measured as share of GDP, and the average polyarchy index of neighbouring countries, to control for the existence of regional diffusion effects of democracy. Top 5 DAC donors are: United States, Germany, Japan, United Kingdom, and France. $^{*}\ p < 0.10$, $^{**}\ p < 0.05$, $^{***}\ p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table 3: ML-SEM model—Dev. aid, Dem. aid (ED), Dem. aid (LD) (linear-log specification, based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	Basic controls	Extended controls	Basic controls	Extended controls	Basic controls	Extended controls
Aid	0.319	0.317	0.747	0.389	0.053**	0.035**
	(0.575)	(0.446)	(0.664)	(0.543)	(0.023)	(0.018)
L.Democracy	0.948***	0.514***	0.920***	0.494***	0.858***	0.555***
	(0.194)	(0.144)	(0.176)	(0.139)	(0.127)	(0.131)
Natural resources (% GDP)	-0.131	0.068	-0.127	0.076	-0.005	0.002
	(0.129)	(0.133)	(0.124)	(0.131)	(0.003)	(0.004)
GDP growth (% annual)	-0.044	-0.055	-0.037	-0.060	0.001	0.000
	(0.228)	(0.201)	(0.220)	(0.199)	(0.006)	(0.005)
L.GDP per capita (log)	-0.410	0.094	-0.187	0.297	0.058	0.065
	(4.704)	(4.843)	(4.397)	(4.690)	(0.122)	(0.126)
Urban population (% total)	-0.072	-0.067	-0.077	-0.064	-0.006	-0.006
	(0.279)	(0.287)	(0.269)	(0.283)	(0.007)	(0.007)
Population density	-0.037**	0.003	-0.037**	0.005	-0.002***	-0.000
	(0.015)	(0.036)	(0.015)	(0.036)	(0.000)	(0.001)
Military spending (% GDP)		1.356**		1.300*		0.069***
		(0.687)		(0.684)		(0.019)
Neighbours avg democ		1.134		0.832		-0.267
		(14.435)		(14.276)		(0.381)
Observations	132	102	132	102	132	102
BIC	16476.477	12270.172	16351.379	12173.708	12459.928	9127.352
AIC	15799.019	11312.057	15673.921	11218.218	11811.298	8200.737
Wald test	25.155	16.955	28.894	17.109	49.543	40.310
p-value	0.001	0.049	0.000	0.047	0.000	0.000

Note: *Dev. aid* = developmental aid; *Dem. aid (ED)* = democracy aid (extended definition); *Dem. aid (LD)* = democracy aid (limited definition). Standard errors in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table 4: The impact of democracy aid on democracy—fixed effects estimates

	Aid			Aid lagged one period			Aid per capita		
	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)
Global aid									
Model 1	0.163**	0.350***	0.142*	0.221***	0.439***	0.233***	1.615***	1.083***	0.683***
Model 2	0.126	0.295***	0.144	0.177**	0.392***	0.247***	1.921***	1.184***	0.715***
DAC-countries aid									
Model 1	0.154*	0.378***	0.042	0.204***	0.461***	0.155**	1.514***	1.424***	0.486***
Model 2	0.132	0.344***	0.078	0.179**	0.424***	0.189**	1.750***	1.772***	0.503***
Multilateral aid									
Model 1	0.178***	0.250***	0.292***	0.233***	0.233***	0.275***	0.669***	0.445***	0.367***
Model 2	0.209***	0.244***	0.321***	0.245***	0.218***	0.326***	0.768***	0.358***	0.239**
Bilateral aid									
Model 1	0.155**	0.378***	0.043	0.204***	0.461***	0.156**	1.506***	1.424***	0.490***
Model 2	0.135	0.344***	0.08	0.178**	0.426***	0.190**	1.758***	1.774***	0.509***
Top 5 DAC donors									
Model 1	0.203**	0.249***	0.147**	0.270***	0.393***	0.272***	1.406***	0.951***	0.532***
Model 2	0.134	0.251***	0.122*	0.189**	0.310***	0.211***	1.436***	0.977***	0.581***

Note: top 5 DAC donors are United States, Germany, Japan, United Kingdom, and France.

Source: authors' calculations based on data described in Section 5.

Knowing that the aid effect is most likely driven by the few activities under our limited democracy aid definition, we look into the effects of single aid activity categories on the lower-level democracy indices. Table 5 shows the results. The results are generally consistent with our expectation that specific subcomponents of democracy aid, channelled to support freedom of association and participation, freedom of expression and the press, and human rights and civil liberties, have a positive effect on these areas.[10] The exception is aid to support free and fair elections.

Table 5: The impact of individual aid activities on lower-level democracy indices

	Freedom of association and participation	Free and fair elections	Freedom of expression and the press	Civil liberties
ML-SEM				
Model 1	2.356***	0.948	1.988***	1.565***
Model 2	1.247**	0.88	1.317**	0.407
FE				
Model 1	0.373***	0.163**	0.146**	0.147**
Model 2	0.320***	0.193***	0.244***	0.067

Source: authors' calculations based on data described in Section 5.

These results support the argument for the institutional and agent-based theories of democratization. While the effect of developmental aid is positive, it is not consistently statistically significant. The effects observed for democracy aid (extended or limited definitions) are more consistent, and the magnitude of the coefficient is larger. Since the components of these democracy aid definitions are included in the developmental aid definition, it seems like the more targeted activities under the limited definition of democracy aid may be the drivers of the effect observed also in the developmental aid models. Moreover, we do find this direct effect when investigating the effects of aid to specific activities on specific outcomes, further strengthening the argument.

Beyond the aid coefficients, the results on the controls also support this interpretation. As can be seen in Table 3, few of the controls are significant, undermining the idea behind that structural factors play a major role in the democratization process. Again, this supports the argument for the institutional and agency-based theories.

6.2   Aid and democratization or democratic backsliding

On the second research question, do developmental and/or democracy aid support democratization (upturns) or help avoid democratic backsliding (downturns), we present the results in Table 6. Panel A shows the coefficients of interest for the FE model, while Panel B presents the results for the Tobit-FE model.

We find an asymmetric relationship between democracy aid and the dynamics of political processes. Both contemporaneous and past developmental aid and democracy aid seem to be more effective at supporting democratization (upturn) than at preventing democratic backsliding (downturns). The results are, however, sensitive to the method, choice of controls, and definition of aid used.[11]

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[10] For the full results see Tables D1 and D2 in Appendix D.

[11] The full results are presented in Tables E1 to E2 in Appendix E.

Table 6: Effect of democracy aid on democratization—upturns and downturns

| | **Panel A: FE** | | | | | |
| | Upturns | | | Downturns | | |
	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)
Model 1	0.072**	0.124***	0.121***	0.050**	0.039	0.028
Model 2	0.092**	0.148***	0.120***	0.050**	0.046*	0.032
	Panel B: FE-Tobit					
	Upturns			Downturns		
	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)
Model 1	0.435*	0.498**	0.398	0.287	0.152	0.088
Model 2	0.548**	0.632***	0.396	0.252	0.199	0.151

Note: (Panel A) fixed effect estimates, based on ordinary least squares. (Panel B) Fixed effects Tobit estimators, based on Honoré's (1992) semi-parametric method. We reverse the signs on the FE-Tobit model for comparability, as this model is calculated with the absolute value of the change in democracy. Standard errors in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

6.3 Aid and heterogeneous regimes

Lastly, we present the results to the third research question—whether developmental and/or democracy aid can be more or less efficient depending on the type of regime of the recipient country.

The results presented in Table 7 can be interpreted as changes in the probabilities of an aid-recipient country remaining in the current political regime if democracy aid is increased by 10 per cent, holding other things constant.[12]

Table 7: Effect of democracy aid and developmental aid on the likelihood of remaining in a political regime (fixed effects ordered logit estimates)

Model	Regime	Dev. aid	Dem. aid (ED)	Dem. aid (LD)
Model 1	CA	0.001	-0.001	0.002
	EA	0.001	-0.001	0.003
	ED	-0.001	0.001	-0.002
	LD	-0.001	0.001	-0.002
Model 2	CA	-0.005	-0.006	-0.001
	EA	-0.011	-0.013	-0.003
	ED	0.009	0.01	0.003
	LD	0.007	0.008	0.002
Model 3	CA	-0.031	-0.023**	-0.011**
	EA	-0.092	-0.066**	-0.033**
	ED	0.061	0.044**	0.022**
	LD	0.062	0.044**	0.022**
Model 4	CA	-0.02	-0.016**	-0.008
	EA	-0.082	-0.064**	-0.031
	ED	0.048	0.038**	0.018
	LD	0.053	0.042**	0.02

Note: CA = closed autocracy, EA = electoral autocracy, ED = electoral democracy, LD = liberal democracy. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Once again, we find the effect of democracy aid to be small but positive, consistent with our previous results. However, the results are not significant across all models. Only Model 3—in which we

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[12] The full results are presented in Table F1 in Appendix F.

control for the level of fractionalization of parties in opposition, the fiscal space of countries, the level of state fragility, and the presence of ethnic tensions—presents consistently positive (or negative) and statistically significant effects.

7 Robustness checks

In addition to our main specification—the ML-SEM models—we run a series of robustness checks in order to validate our initial results.

First we estimate the dynamic panel model that is derived in Equation 1 using generalized method of moments (GMM) estimators. We use both the first-differenced GMM estimator (Arellano and Bond 1991) and the system-GMM estimator, which improves the accuracy of estimates by exploiting additional moment conditions that are informative with persistent data (Blundell and Bond 1998).

The GMM estimator relies on a stringent identifying assumption that requires that the variables in the model observe a mean stationary (or a long-term dynamic) process that is not easily satisfied in international comparative analysis, such as ours. However, it is the typical choice for the type of dynamic panel model we seek to estimate, with unobserved heterogeneity and a predetermined regressor.

Table 8: GMM—3 year averages, no external instrument

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Panel A: difference GMM	(1)	(2)	(3)	(4)	(5)	(6)
Aid	2.251**	2.623**	2.385***	2.560***	2.705***	2.106***
	(.017)	(.028)	(.003)	(.005)	(.005)	(.003)
No. of countries	134	112	134	112	134	112
Observations	531	426	531	426	531	426
No. of instruments	17	19	17	19	17	19
Hansen test	8.56	8.11	5.16	7.62	8.34	11.54
Hansen p	.07	.09	.27	.11	.08	.02
Arellano-Bond AR(1)	.02	.04	.01	.01	.00	.01
Arellano-Bond AR(2)	.03	.38	.02	.24	.15	.44
Panel B: system GMM	(7)	(8)	(9)	(10)	(11)	(12)
Aid	.309	.897	1.130**	1.886**	2.225***	1.585*
	(.383)	(.222)	(.035)	(.018)	(.008)	(.084)
No. of countries	134	113	134	113	134	113
Observations	665	539	665	539	665	539
No. of instruments	20	22	20	22	20	22
Hansen test	17.37	23.52	13.33	16.85	12.15	19.41
Hansen p	.01	.00	.04	.01	.06	.00
Arellano-Bond AR(1)	.00	.00	.00	.00	.00	.00
Arellano-Bond AR(2)	.06	.26	.05	.24	.11	.31

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table 8 presents the results of difference GMM (Panel A) and system GMM (Panel B) without any external instruments. The results remain positive and significant, with the exception of developmental aid in the system-GMM model. However, most specifications presented here fail the Hansen test of over-identification.

In addition to this model we then run both difference-GMM and system-GMM models with the inclusion of two different combinations of external instruments. The first combination uses (i) inflation in the the the

donor country weighted by the the trade intensity between donor and recipient countries and (ii) the share of women in the parliament of the donor country weighted by a rainfall shock. The second combination uses (i) the same inflation in the the donor country weighted by the trade intensity between donor and recipient countries but combines it with (ii) the left-wing government parties' seat share as percentage of all governing parties' seat share weighted by a rainfall shock.

The rationale behind the use of donor country inflation weighted by trade intensity is that donors are more likely to be generous with aid when their domestic economies are in an upswing which may be linked to higher inflation. Moreover, this link would be more relevant according to the strength of the trade relationship between donor and recipient countries.

The use of the share of women in parliament or the share of left-wing government parties relies on the belief that both these groups are likely to be more generous with the provision of aid than their counterparts. In other words, women are more likely to be in favour of aid than men, and left-wing parties are more likely to be in favour of aid than right-wing parties. In both these instruments we weight it by rainfall shocks in the recipient country as a proxy for an income shock that would show greater need for aid in the recipient country.

Our prior here relies on extensive evidence that shows a strong correlation between rainfall shocks and economic activity in agriculture (Auffhammer et al. 2006; Fishman 2016; Lesk et al. 2016), firm-level performance (Islam and Hyland 2019), health outcomes (Hyland and Russ 2019; Mainwaring and Pérez-Liñán 2014), GDP growth (J. H. Brown et al. 2014; Damania et al. 2020), and civil conflict (Miguel et al. 2004). Thus, rainfall shocks are expected to have aggregate effects on vulnerable populations.

The weighting of each of the four constructed variables is done following Dietrich and Wright (2015). Data on donor inflation is from the World Development Indicators (WDI), data on parliamentary or government composition is from the Comparative Politics Dataset (CPDS), dyadic trade is from Correlates of War Project, and annual rainfall data is from the Terrestrial Precipitation: 1900-2014 Gridded Monthly Time Series (Matsuura and Willmott 2015). Each variable is built weighting the donor characteristic $V_{d,t}^a$—inflation, women in parliament, or left-wing share of the government—by a measure of trade proximity between recipient and donor countries which is an inverted trade index (denoted by $k_{d,i,t}^b$), or by a measure of financial needs on the recipient country which is captured by rainfall shocks (denoted by $k_{i,t}^b$). We multiply two of the variables in the combinations described above to obtain $V_{d,t}^a * k_{i,t}^b$ and then sum across all donors for each recipient in each year.

$$Z_{it}^a = \sigma(V_{d,t}^a * k_{d,i,t}) \tag{6}$$

The rainfall shock is constructed following the equation below:

$$Shock_{it}^b = \frac{rain_i^{avg} - L.rain_i t}{rain_{it}^{sd}} \tag{7}$$

The results presented in Tables 9 and 10 are consistent with our main results and show evidence that the effects are larger and more consistent on the limited democracy aid. This again suggests that targeted aid is more likely the driver to the effect also observed in the broader definitions of aid—extensive democracy aid and developmental aid. The full results are shown in Tables G1 to G6 in Appendix G.

Table 9: GMM—3 year averages, instrument: women in parliament

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Panel A: difference GMM	(1)	(2)	(3)	(4)	(5)	(6)
Aid	1.231	1.238*	2.759***	2.178**	3.104***	2.336**
	(.124)	(.095)	(.009)	(.018)	(.001)	(.014)
No. of countries	114	98	114	98	114	98
Observations	444	365	444	365	439	360
No. of instruments	19	21	19	21	19	21
Hansen test	8.63	10.79	9.30	8.11	10.81	9.80
Hansen p	.20	.10	.16	.23	.09	.13
Arellano-Bond AR(1)	.00	.00	.01	.00	.00	.00
Arellano-Bond AR(2)	.05	.31	.03	.25	.28	.48
Panel B: system GMM	(7)	(8)	(9)	(10)	(11)	(12)
Aid	1.182	1.829	2.364**	2.881***	1.996**	2.489***
	(.265)	(.170)	(.045)	(.006)	(.032)	(.010)
No. of countries	115	100	115	100	115	100
Observations	559	465	559	465	554	460
No. of instruments	22	24	22	24	22	24
Hansen test	13.38	13.25	10.10	6.77	14.01	10.20
Hansen p	.10	.10	.26	.56	.08	.25
Arellano-Bond AR(1)	.00	.00	.00	.01	.00	.00
Arellano-Bond AR(2)	.04	.36	.04	.27	.13	.41

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Sections 5 and 7.

Table 10: GMM—3 year averages, instrument: government leaning left

| | Dev. aid | | Dem. aid (ED) | | Dem. aid (LD) | |
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Panel A: difference GMM	(1)	(2)	(3)	(4)	(5)	(6)
Aid	1.258	1.276*	2.820***	2.227**	3.186***	2.386**
	(.118)	(.090)	(.009)	(.017)	(.001)	(.013)
No. of countries	114	98	114	98	114	98
Observations	444	365	444	365	439	360
No. of instruments	19	21	19	21	19	21
Hansen test	9.47	10.70	10.24	8.57	10.86	9.64
Hansen p	.15	.10	.11	.20	.09	.14
Arellano-Bond AR(1)	.00	.00	.01	.00	.00	.00
Arellano-Bond AR(2)	.05	.32	.03	.25	.29	.48
Panel B: system GMM	(7)	(8)	(9)	(10)	(11)	(12)
Total aid	1.224	1.809	2.439**	2.832***	2.185**	2.548***
	(.257)	(.177)	(.045)	(.008)	(.029)	(.009)
No. of countries	115	100	115	100	115	100
Observations	559	465	559	465	554	460
No. of instruments	22	24	22	24	22	24
Hansen test	14.46	13.62	10.50	7.24	13.47	10.26
Hansen p	.07	.09	.23	.51	.10	.25
Arellano-Bond AR(1)	.00	.00	.00	.01	.00	.00
Arellano-Bond AR(2)	.04	.36	.04	.27	.15	.42

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Sections 5 and 7.

Additionally, we ran the ML-SEM models with aid in per capita terms. The summary of the results is presented in Table 11 and the full results are shown in Tables B7 to B12 in Appendix B. We find the results to be consistent across the different definitions of democracy aid; however, the coefficients for aid lose significance for multilaterals and top 5 donors.

Furthermore, we test the fixed effects models expanding the set of controls. These results, presented in Table 12, are consistently positive and significant across the different measures of aid.

Table 11: The impact of democracy aid by type of donor (summary)—ML-SEM: aid per capita

	ML-SEM (log-linear)			ML-SEM (log-log)		
	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)
Global aid						
Model 1	5.818**	4.246***	4.507***	0.291***	0.155***	0.146***
Model 2	6.584***	2.340*	3.572**	0.263***	0.094***	0.090**
DAC-countries aid						
Model 1	6.260*	5.910***	3.600**	0.260***	0.127***	0.108**
Model 2	4.349**	6.472***	4.525***	0.237***	0.214***	0.148***
Multilateral aid						
Model 1	1.329	1.501	0.599	0.070	0.062*	0.006
Model 2	3.647***	0.489	0.602	0.155***	0.025	0.016
Bilateral aid						
Model 1	4.326*	5.902***	3.618**	0.256***	0.126***	0.108**
Model 2	5.044**	6.495***	4.551***	0.253***	0.213***	0.149***
Top 5 DAC donors						
Model 1	5.462**	2.924	1.145	0.244***	2.924	0.062*
Model 2	4.296**	6.391***	1.315	0.195***	6.391***	0.046*

Note: Model 1 includes the rate of economic growth, the log of income per capita lagged one period, the share of the urban population, population density, and natural resource rents. Model 2 adds to Model 1 military spending, measured as share of GDP, and the average polyarchy index of neighbouring countries, to control for the existence of regional diffusion effects of democracy. Top 5 DAC donors are: United States, Germany, Japan, United Kingdom, and France. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table 12: The impact of democracy aid on democracy: fixed effects estimates

	Aid			Aid lagged one period			Aid per capita		
	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)	Dev. aid	Dem. aid (ED)	Dem. aid (LD)
Global aid									
Model 3	0.263***	0.372***	0.302***	0.300***	0.456***	0.435***	1.748***	0.984***	0.589***
Model 4	0.284***	0.361***	0.272**	0.261**	0.368***	0.335***	1.998***	1.005***	0.625***
DAC-countries aid									
Model 3	0.290***	0.481***	0.234**	0.328***	0.529***	0.376***	1.904***	1.802***	0.408*
Model 4	0.325***	0.470***	0.210**	0.305***	0.438***	0.303***	2.288***	1.855***	0.462**
Multilateral aid									
Model 3	0.168**	0.220***	0.298***	0.215***	0.178***	0.316***	0.567***	0.226*	0.297**
Model 4	0.125	0.191***	0.228***	0.166**	0.162***	0.248***	0.633***	0.238**	0.290**
Bilateral aid									
Model 3	0.293***	0.481***	0.236**	0.326***	0.531***	0.378***	1.919***	1.802***	0.419*
Model 4	0.328***	0.469***	0.213**	0.297***	0.440***	0.305***	2.339***	1.855***	0.474**
Top 5 DAC donors									
Model 3	0.290***	0.325***	0.182**	0.337***	0.356***	0.291***	1.204***	1.086***	0.691***
Model 4	0.349***	0.262***	0.155**	0.322***	0.229**	0.212***	1.485***	1.114***	0.778***

Note: top 5 DAC donors are: United States, Germany, Japan, United Kingdom, and France. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

8   Conclusion

Investigating the complex relationship between aid and democracy over the past 25 years, we find compelling evidence of a small but positive impact. This relationship is more significant for democracy aid than for developmental aid, although we find no evidence that either has a negative impact on democracy overall. The size of the effect reflects the modest contribution of international democracy aid relative to the financial needs of pro-democratic actors in autocracies and evolving democracies.

The positive direction of the effect is broadly consistent with previous work on democracy aid. This holds across both our 'extensive' and 'limited' definitions of democracy aid, but it is clearer under the limited definition. Findings suggest that aid has a stronger positive effect when it explicitly targets the building blocks of democracy, via support for civil society, free and fair elections, free media, and human rights.

While the results reflect complex and dynamic interactions at the 'mean' occurrence of a large number of countries, which may indeed vary depending on specific contexts, they give us the confidence to assert that (1) democracy aid does indeed contribute to democracy building around the world, and (2) targeted democracy aid is more likely, at least in the short and medium term, to positively impact democratic outcomes than developmental aid, because democracy aid targets the core agents of democratic change.

Developmental aid, although also positively associated with democracy, works via factors that often take much longer to materialize, such as more educated population or the enlargement of the middle class.

It is also worth noting that the analysis does not find strong evidence that the factors underpinning economic development are strongly associated with democratization, as structural theories would suggest. In fact, the effect of economic development on democracy is largely insignificant across models and specifications. Considerations related to state capabilities, military spending, population density, and regime type—which fall broadly within the institutional as well as structural camps—seem to be stronger predictors for democratization.

An important question posed by the literature is whether democracy aid enhances the transition to (greater) democracy or mitigates democratic backsliding. Our results clearly reveal an asymmetric relationship between democracy aid and the dynamics of political processes. Democracy aid is more effective at supporting ongoing democratization (upturns) than at halting ongoing democratic backsliding (downturns).

A related question is whether developmental and democracy aid props up dictators—or whatever regime is in power when aid is received—as suggested by previous studies. While we find evidence indicating that democracy aid strengthens the position of working democracies, albeit marginally, we do not find any evidence that democracy aid reinforces autocratic rule.

With respect to the findings in the literature on the potentially divergent impact on democracy of bilateral and multilateral aid, our analysis finds little support. We find no evidence that multilateral (or bilateral) aid is more effective than bilateral (or multilateral) aid at advancing democracy, although the effect is clearly stronger when aid is targeted at supporting pro-democracy actors and institutions.

While our results indicate that aid from democratic donors (bilateral or multilateral) sustains democracy, international comparative analysis of the influence of emerging authoritarian donors remains limited due to data constraints. This underscores the need to improve the informational basis for future international

comparative research on emerging donors if we are to better understand how these actors impact the effectiveness of democracy aid across the world.

Our results have important policy implications. Clearly, the provision of democracy aid in low-income and autocratic states has a merit in its own right. Our study shows it does have overall positive, if modest, impact. However, on average, the likelihood of democracy aid alone triggering democratization in autocratic states is very slim. At a minimum, this suggests the value both of realistic expectations about the observable democratic payoffs to come from aid, as well of careful strategic consideration by policy-makers of the objectives of democracy aid and the identification of situations in which it is most likely to have positive impact.

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Appendix

A   Democracy indices

Figure A1: Long-term trends of V-Dem's electoral democracy index
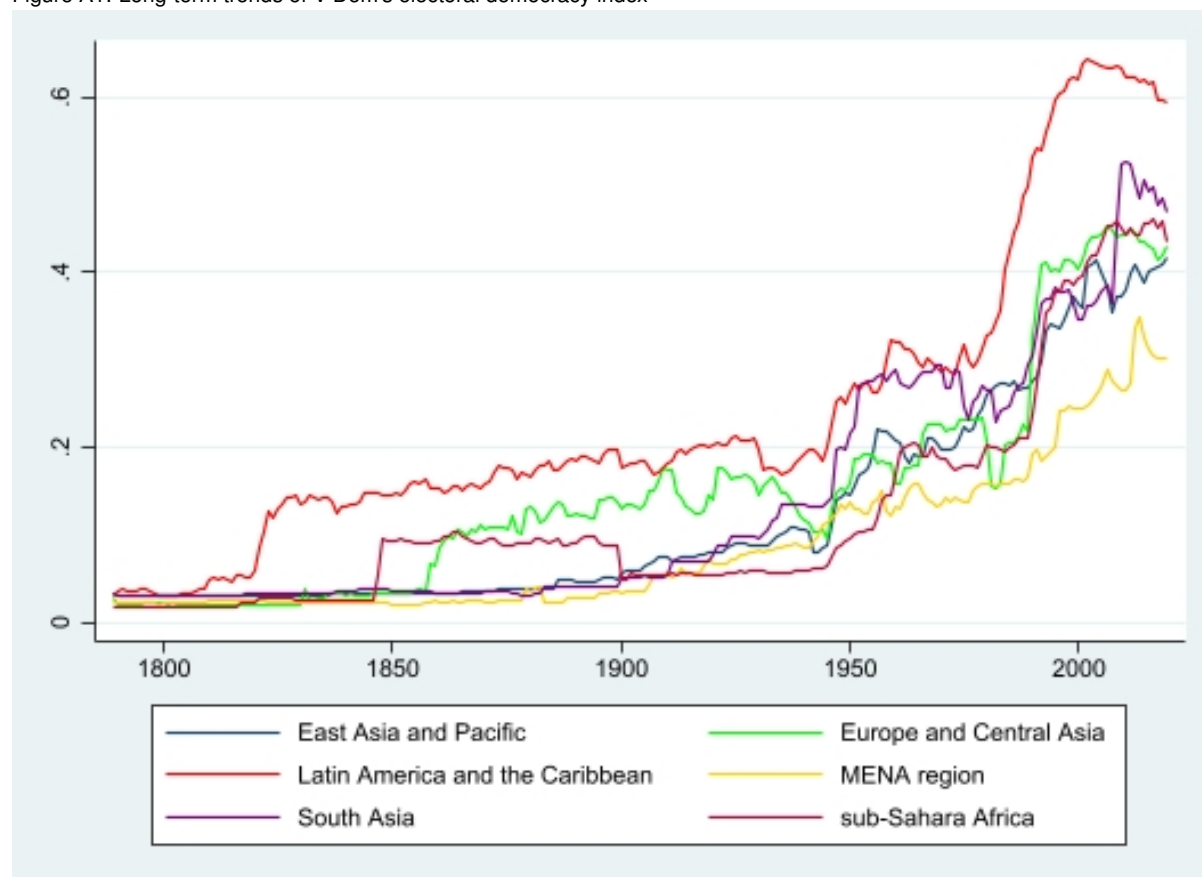
Source: authors' elaboration.

Table A1: Summary statistics—democracy indices (1995–2019)

Variable	Obs.	Mean	Std. dev.	Min	Max	Initial year	Latest year
FH adjusted	4,419	9.26	3.98	2	14	1973	2017
FH status	4,419	2.20	0.81	1	3	1973	2017
FH CL	4,419	4.64	1.86	1	7	1973	2017
FH PR	4,419	4.61	2.18	1	7	1973	2017
Polity	3,898	3.50	6.44	-10	10	1946	2018
ICRG (DA)	3,459	3.97	1.68	0	6	1984	2019
V-Dem electoral	4,390	0.52	0.26	0.02	0.92	1789	2019
UDS	3,326	0.32	0.89	-2.02	2.26	1946	2012
BMR	4,031	0.58	0.49	0	1	1800	2015
DD	2,670	0.58	0.49	0	1	1946	2008

Source: authors' calculations based on data described in Section 5.

Table A2: Pairwise correlations between indices of democracy

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) FH adjusted	1.000									
(2) FH status	-0.952*	1.000								
(3) FH CL	-0.981*	0.920*	1.000							
(4) FH PR	-0.986*	0.951*	0.935*	1.000						
(5) Polity	0.882*	-0.838*	-0.842*	-0.888*	1.000					
(6) ICRG (DA)	0.860*	-0.813*	-0.838*	-0.852*	0.803*	1.000				
(7) V-Dem electoral	0.942*	-0.896*	-0.915*	-0.937*	0.887*	0.839*	1.000			
(8) UDS	0.943*	-0.877*	-0.927*	-0.926*	0.904*	0.849*	0.932*	1.000		
(9) BMR	0.841*	-0.805*	-0.785*	-0.860*	0.851*	0.733*	0.836*	0.810*	1.000	
(10) DD	0.799*	-0.755*	-0.751*	-0.812*	0.817*	0.705*	0.792*	0.806*	0.862*	1.000

Source: authors' calculations based on data described in Section 5.

Figure A2: V-Dem electoral democracy index—global average
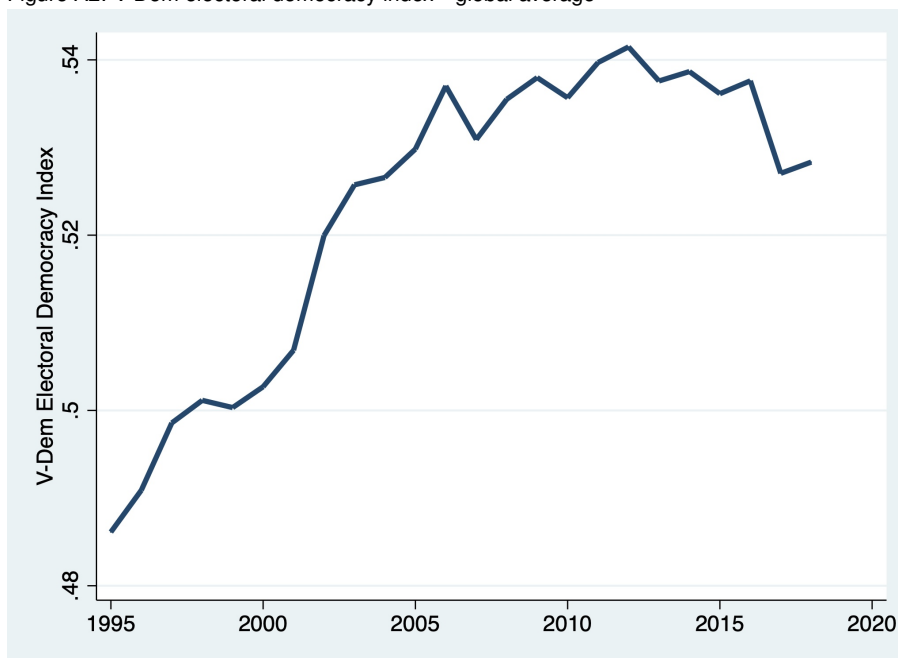
Source: authors' elaboration.

Figure A3: V-Dem lower-level indices—global average
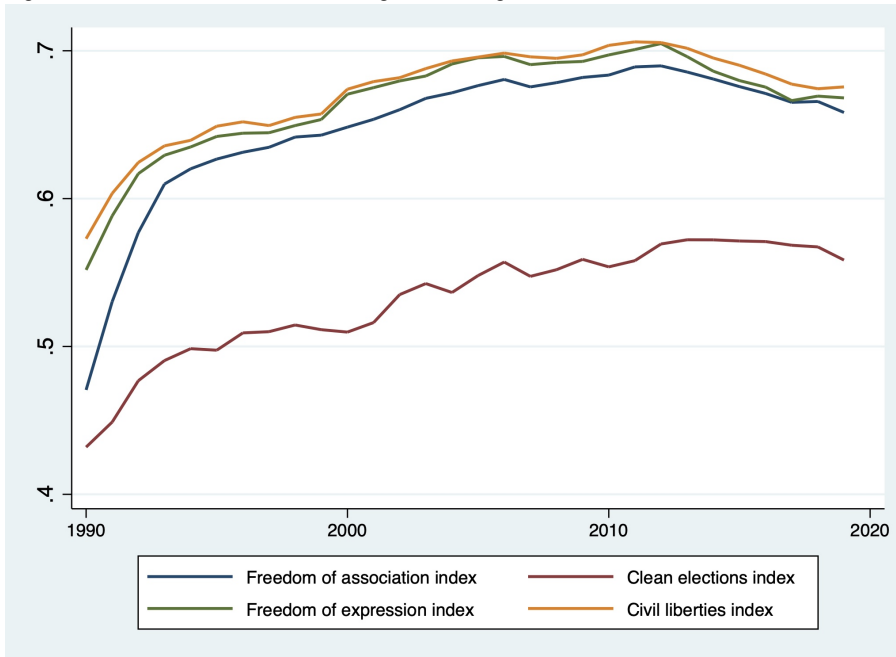
Source: authors' elaboration.

B   ML-SEM full tables

Table B1: ML-SEM model—developmental aid (linear-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dev. aid	0.319	0.317	0.517	0.248	0.311	0.473	0.505	0.265	0.587	0.248
	(0.575)	(0.446)	(0.586)	(0.499)	(0.570)	(0.449)	(0.584)	(0.501)	(0.640)	(0.517)
L.Democracy	0.948***	0.514***	0.948***	0.511***	0.944***	0.513***	0.870***	0.510***	0.951***	0.512***
	(0.194)	(0.144)	(0.188)	(0.145)	(0.193)	(0.142)	(0.161)	(0.145)	(0.189)	(0.145)
Natural resources (% GDP)	-0.131	0.068	-0.139	0.067	-0.132	0.071	-0.133	0.066	-0.142	0.067
	(0.129)	(0.133)	(0.130)	(0.134)	(0.129)	(0.132)	(0.125)	(0.134)	(0.130)	(0.134)
GDP growth (% annual)	-0.044	-0.055	-0.048	-0.053	-0.032	-0.051	-0.010	-0.053	-0.042	-0.052
	(0.228)	(0.201)	(0.227)	(0.202)	(0.226)	(0.200)	(0.220)	(0.201)	(0.227)	(0.202)
L.GDP per capita (log)	-0.410	0.094	-0.563	0.392	-0.021	-0.150	1.353	0.361	-0.434	0.485
	(4.706)	(4.843)	(4.621)	(4.885)	(4.557)	(4.791)	(4.458)	(4.856)	(4.593)	(4.829)
Urban population (% total)	-0.072	-0.067	-0.080	-0.066	-0.072	-0.082	-0.046	-0.064	-0.081	-0.067
	(0.279)	(0.287)	(0.279)	(0.291)	(0.279)	(0.286)	(0.270)	(0.290)	(0.279)	(0.290)
Population density	-0.037**	0.003	-0.037**	0.004	-0.037**	0.002		0.004	-0.037**	0.003
	(0.015)	(0.036)	(0.015)	(0.037)	(0.016)	(0.036)		(0.037)	(0.015)	(0.037)
Military spending (% GDP)		1.356**		1.356**		1.357**		1.356**		1.357**
		(0.687)		(0.689)		(0.684)		(0.688)		(0.689)
Neighbours avg democ		1.134		1.176		1.298		1.066		1.338
		(14.435)		(14.545)		(14.355)		(14.529)		(14.497)
Observations	132	102	132	102	132	102	133	102	132	102
BIC	16476.477	12270.172	16436.191	12228.109	16502.949	12247.293	12242.122	12234.490	16406.191	12202.145
AIC	15799.019	11312.057	15758.732	11269.994	15825.490	11289.178	11710.298	11276.375	15728.733	11246.655
Wald test	25.140	16.955	26.215	16.493	25.709	17.751	29.725	16.575	25.933	16.487
p-value	0.001	0.049	0.000	0.057	0.001	0.038	0.000	0.056	0.001	0.057

Note: Model 7 excludes population density due to convergence issues. Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B2: ML-SEM model—developmental aid (log-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dev. aid	0.030	0.036***	0.031*	0.038***	0.028	0.039***	0.031*	0.037***	0.042**	0.036**
	(0.018)	(0.012)	(0.016)	(0.013)	(0.017)	(0.012)	(0.016)	(0.013)	(0.020)	(0.014)
L.Democracy	0.928***	0.687***	0.785***	0.676***	0.933***	0.669***	0.779***	0.669***	0.956***	0.661***
	(0.167)	(0.141)	(0.122)	(0.143)	(0.164)	(0.132)	(0.121)	(0.142)	(0.172)	(0.143)
Natural resources (% GDP)	-0.005	0.000	-0.005	-0.000	-0.005	0.002	-0.005	-0.000	-0.005	0.001
	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)
GDP growth (% annual)	-0.003	0.001	-0.001	0.001	-0.002	0.002	-0.001	0.001	-0.002	0.001
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
L.GDP per capita (log)	-0.026	0.038	0.071	0.047	0.012	0.031	0.073	0.049	-0.010	0.050
	(0.130)	(0.131)	(0.123)	(0.131)	(0.126)	(0.131)	(0.123)	(0.130)	(0.129)	(0.130)
Urban population (% total)	-0.007	-0.006	-0.004	-0.005	-0.007	-0.007	-0.004	-0.005	-0.007	-0.005
	(0.008)	(0.008)	(0.007)	(0.008)	(0.008)	(0.008)	(0.007)	(0.008)	(0.008)	(0.008)
Population density	-0.002***				-0.002***	-0.001			-0.002***	-0.001
	(0.000)				(0.000)	(0.001)			(0.000)	(0.001)
Military spending (% GDP)		0.071***		0.070***		0.077***		0.070***		0.074***
		(0.019)		(0.018)		(0.019)		(0.018)		(0.019)
Neighbours avg democ		-0.347		-0.362		-0.282		-0.365		-0.301
		(0.389)		(0.389)		(0.394)		(0.388)		(0.392)
Observations	132	103	133	103	132	102	133	103	132	102
BIC	12654.517	6620.446	8449.101	6577.918	12689.855	9247.723	8455.307	6583.079	12588.805	9199.424
AIC	12005.887	5793.141	7917.276	5750.613	12041.225	8318.483	7923.482	5755.774	11940.174	8270.184
Wald test	33.098	40.629	43.035	38.987	34.190	45.577	43.165	38.884	32.807	40.171
p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note: Models 2, 3, 4, 7, and 8 exclude population density due to convergence issues. Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B3: ML-SEM model—democracy aid, extended definition (linear-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (ED)	0.746	0.389	0.960	0.537	0.829	0.650	0.964	0.543	1.527*	0.504
	(0.672)	(0.543)	(0.643)	(0.569)	(0.648)	(0.782)	(0.643)	(0.566)	(0.806)	(0.618)
L.Democracy	0.920***	0.494***	0.915***	0.497***	0.868***	0.483***	0.915***	0.497***	0.931***	0.506***
	(0.179)	(0.139)	(0.171)	(0.142)	(0.166)	(0.135)	(0.171)	(0.141)	(0.174)	(0.143)
Natural resources (% GDP)	-0.127	0.076	-0.136	0.064	-0.108	0.108	-0.136	0.064	-0.159	0.062
	(0.125)	(0.131)	(0.125)	(0.132)	(0.121)	(0.135)	(0.125)	(0.131)	(0.127)	(0.132)
GDP growth (% annual)	-0.037	-0.060	-0.029	-0.061	-0.021	-0.078	-0.029	-0.061	0.022	-0.052
	(0.222)	(0.198)	(0.220)	(0.199)	(0.216)	(0.200)	(0.220)	(0.198)	(0.224)	(0.198)
L.GDP per capita (log)	-0.180	0.295	-0.212	0.211	1.223	0.437	-0.207	0.203	0.126	0.587
	(4.491)	(4.680)	(4.403)	(4.702)	(4.381)	(4.606)	(4.402)	(4.634)	(4.409)	(4.563)
Urban population (% total)	-0.077	-0.064	-0.074	-0.056	-0.036	-0.055	-0.075	-0.056	-0.086	-0.069
	(0.277)	(0.282)	(0.269)	(0.285)	(0.264)	(0.282)	(0.269)	(0.280)	(0.269)	(0.276)
Population density	-0.037**	0.005	-0.038***	0.004	-0.034**	0.011	-0.038***	0.004	-0.039***	0.004
	(0.015)	(0.036)	(0.015)	(0.036)	(0.014)	(0.036)	(0.015)	(0.036)	(0.015)	(0.035)
Military spending (% GDP)		1.300*		1.246*		1.301*		1.244*		1.262*
		(0.684)		(0.690)		(0.674)		(0.689)		(0.694)
Neighbours avg democ		0.830		0.508		0.204		0.482		0.497
		(14.265)		(14.296)		(14.289)		(14.223)		(14.238)
Observations	132	102	132	102	132	102	132	102	132	102
BIC	16351.379	12173.708	16330.691	12161.955	16453.891	12167.131	16330.203	12161.267	16346.149	12153.268
AIC	15673.921	11218.218	15653.233	11203.840	15773.550	11211.641	15652.745	11203.152	15671.573	11197.778
Wald test	27.902	17.127	30.469	17.387	32.815	17.711	30.490	17.523	30.040	17.046
p-value	0.000	0.047	0.000	0.043	0.000	0.039	0.000	0.041	0.000	0.048

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B4: ML-SEM model—democracy aid, extended definition (log-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (ED)	0.037*	0.035**	0.047**	0.039**	0.008	0.047*	0.047**	0.039**	0.075***	0.044**
	(0.020)	(0.014)	(0.019)	(0.015)	(0.020)	(0.025)	(0.019)	(0.015)	(0.022)	(0.017)
L.Democracy	0.876***	0.604***	0.880***	0.619***	0.753***	0.837***	0.880***	0.620***	0.945***	0.645***
	(0.139)	(0.130)	(0.137)	(0.136)	(0.124)	(0.129)	(0.137)	(0.136)	(0.154)	(0.142)
Natural resources (% GDP)	-0.004	0.002	-0.005	0.000	-0.004	-0.004	-0.005	0.000	-0.006*	-0.000
	(0.003)	(0.004)	(0.003)	(0.004)	(0.003)	(0.003)	(0.003)	(0.004)	(0.004)	(0.004)
GDP growth (% annual)	-0.002	0.001	-0.001	0.001	0.000	-0.004	-0.001	0.001	0.001	0.002
	(0.006)	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
L.GDP per capita (log)	0.016	0.057	0.016	0.073	0.131	0.021	0.016	0.074	0.039	0.096
	(0.120)	(0.126)	(0.120)	(0.128)	(0.121)	(0.121)	(0.120)	(0.128)	(0.127)	(0.128)
Urban population (% total)	-0.006	-0.005	-0.006	-0.006	-0.003	-0.003	-0.006	-0.006	-0.006	-0.006
	(0.007)	(0.007)	(0.007)	(0.008)	(0.007)	(0.008)	(0.007)	(0.008)	(0.008)	(0.008)
Population density	-0.002***	-0.000	-0.002***			-0.001	-0.002***		-0.002***	
	(0.000)	(0.001)	(0.000)			(0.001)	(0.000)		(0.000)	
Military spending (% GDP)		0.071***		0.063***				0.063***		0.062***
		(0.018)		(0.018)				(0.018)		(0.018)
Neighbours avg democ		-0.301		-0.313		-0.157		-0.315		-0.332
		(0.381)		(0.377)		(0.424)		(0.377)		(0.382)
Observations	132	102	132	103	133	115	132	103	132	103
BIC	12537.260	9174.753	12515.666	6519.353	8474.647	9519.092	12515.153	6518.613	12533.493	6515.432
AIC	11888.630	8248.137	11867.036	5692.048	7942.822	8742.276	11866.522	5691.308	11887.746	5688.127
Wald test	42.423	41.553	43.895	38.865	45.321	48.704	44.056	38.887	39.997	38.121
p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note: Models 4, 5, 8, and 10 exclude population density and model 6 excludes military spending due to convergence issues. Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B5: ML-SEM model—democracy aid, limited definition (linear-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (LD)	1.486*	0.697	1.273	1.251*	0.886*	1.108**	1.276	1.258*	1.679**	1.019*
	(0.800)	(0.669)	(0.883)	(0.672)	(0.491)	(0.529)	(0.882)	(0.671)	(0.689)	(0.568)
L.Democracy	0.910***	0.496***	0.908***	0.849***	0.867***	0.511***	0.908***	0.849***	0.897***	0.518***
	(0.158)	(0.140)	(0.162)	(0.147)	(0.154)	(0.144)	(0.162)	(0.147)	(0.153)	(0.143)
Natural resources (% GDP)	-0.141	0.075	-0.120	-0.122	-0.137	0.074	-0.120	-0.122	-0.138	0.042
	(0.124)	(0.131)	(0.123)	(0.121)	(0.121)	(0.132)	(0.123)	(0.121)	(0.121)	(0.133)
GDP growth (% annual)	0.021	-0.071	0.054	-0.009	-0.007	-0.070	0.054	-0.009	0.097	-0.064
	(0.221)	(0.199)	(0.227)	(0.218)	(0.216)	(0.200)	(0.227)	(0.218)	(0.224)	(0.201)
L.GDP per capita (log)	0.826	0.220	1.323	1.326	0.428	-0.565	1.322	1.328	2.360	1.654
	(4.383)	(4.649)	(4.452)	(4.501)	(4.298)	(4.615)	(4.451)	(4.501)	(4.420)	(4.646)
Urban population (% total)	-0.099	-0.074	-0.105	-0.061	-0.040	-0.027	-0.105	-0.060	-0.262	-0.137
	(0.268)	(0.281)	(0.270)	(0.284)	(0.263)	(0.278)	(0.270)	(0.284)	(0.276)	(0.283)
Population density	-0.037***	0.005	-0.037**	-0.012	-0.035**	0.004	-0.037**	-0.012	-0.037***	0.004
	(0.014)	(0.036)	(0.014)	(0.032)	(0.014)	(0.036)	(0.014)	(0.032)	(0.014)	(0.036)
Military spending (% GDP)		1.240*				1.250*				1.036
		(0.685)				(0.678)				(0.701)
Neighbours avg democ		0.098		1.593		-1.515		1.574		2.660
		(14.309)		(15.181)		(14.345)		(15.183)		(14.188)
Observations	132	102	132	115	132	102	132	115	132	102
BIC	16260.405	12119.936	16320.476	12809.537	16265.931	12058.035	16319.990	12809.274	16442.989	12261.524
AIC	15585.829	11164.446	15645.900	12005.272	15591.355	11105.169	15645.414	12005.009	15762.648	11300.784
Wald test	35.313	18.180	33.372	36.262	36.885	19.980	33.380	36.299	36.719	18.657
p-value	0.000	0.033	0.000	0.000	0.000	0.018	0.000	0.000	0.000	0.028

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B6: ML-SEM model—democracy aid, limited definition (log-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (LD)	0.053**	0.035**	0.043	0.048**	0.026*	0.036**	0.044	0.048**	0.060***	0.042***
	(0.023)	(0.018)	(0.027)	(0.020)	(0.014)	(0.014)	(0.027)	(0.020)	(0.020)	(0.015)
L.Democracy (log)	0.858***	0.555***	0.860***	0.876***	0.832***	0.573***	0.860***	0.876***	0.871***	0.606***
	(0.126)	(0.131)	(0.130)	(0.132)	(0.125)	(0.134)	(0.130)	(0.132)	(0.129)	(0.133)
Natural resources (% GDP)	-0.005	0.002	-0.004	-0.005	-0.005	-0.005	-0.004	-0.005	-0.005	0.001
	(0.003)	(0.004)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
GDP growth (% annual)	0.001	0.000	0.002	-0.002	-0.001	0.001	0.002	-0.002	0.003	0.001
	(0.006)	(0.005)	(0.006)	(0.006)	(0.006)	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)
L.GDP per capita (log)	0.058	0.065	0.074	0.063	0.041	0.062	0.074	0.063	0.115	0.137
	(0.121)	(0.126)	(0.124)	(0.129)	(0.119)	(0.126)	(0.124)	(0.129)	(0.125)	(0.128)
Urban population (% total)	-0.006	-0.006	-0.006	-0.007	-0.004	-0.005	-0.006	-0.007	-0.012	-0.009
	(0.007)	(0.007)	(0.007)	(0.008)	(0.007)	(0.007)	(0.007)	(0.008)	(0.008)	(0.008)
Population density	-0.002***	-0.000	-0.002***	-0.001	-0.002***		-0.002***	-0.001	-0.002***	-0.000
	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)		(0.000)	(0.001)	(0.000)	(0.001)
Military spending (% GDP)		0.069***				0.066***				0.062***
		(0.019)				(0.018)				(0.019)
Neighbours avg democ		-0.267		-0.070		-0.267		-0.070		-0.151
		(0.382)		(0.432)		(0.371)		(0.432)		(0.387)
Observations	132	102	132	115	132	102	132	115	132	102
BIC	12459.928	9127.352	12520.305	9491.980	12468.976	9063.687	12519.794	9491.668	12649.483	9276.810
AIC	11811.298	8200.737	11871.674	8717.910	11817.463	8137.072	11871.164	8717.597	11995.087	8344.945
Wald test	50.231	40.298	47.133	50.353	53.404	44.083	47.117	50.321	49.359	40.775
p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B7: ML-SEM model—developmental aid per capita (linear-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dev. aid	5.818**	6.584***	6.260**	4.349**	1.329	3.647***	4.326*	5.044**	5.462**	4.296**
	(2.845)	(2.176)	(2.589)	(2.123)	(1.742)	(1.407)	(2.575)	(2.150)	(2.578)	(2.047)
L.Democracy	0.911***	0.607***	0.931***	0.554***	0.909***	0.575***	0.816***	0.550***	0.945***	0.561***
	(0.169)	(0.166)	(0.171)	(0.171)	(0.177)	(0.165)	(0.139)	(0.167)	(0.181)	(0.180)
Natural resources (% GDP)	-0.084	0.061	-0.141	0.011	-0.118	0.101	-0.130	0.004	-0.160	0.006
	(0.134)	(0.148)	(0.134)	(0.147)	(0.136)	(0.148)	(0.128)	(0.148)	(0.138)	(0.150)
GDP growth (% annual)	-0.261	-0.150	-0.274	-0.134	-0.103	-0.062	-0.195	-0.147	-0.138	-0.111
	(0.273)	(0.260)	(0.271)	(0.254)	(0.261)	(0.255)	(0.257)	(0.255)	(0.262)	(0.258)
L.GDP per capita (log)	-5.212	-6.632	-3.500	-3.331	-1.702	-3.809	-1.768	-3.693	-1.463	-2.314
	(5.233)	(5.526)	(4.965)	(5.264)	(4.994)	(5.335)	(4.722)	(5.231)	(4.855)	(5.246)
Urban population (% total)	0.130	0.030	0.010	-0.055	-0.129	-0.153	-0.054	-0.008	-0.008	-0.070
	(0.354)	(0.341)	(0.331)	(0.339)	(0.336)	(0.337)	(0.314)	(0.334)	(0.321)	(0.340)
Population density	-0.049**	-0.006	-0.042*	-0.009	-0.045**	-0.001		-0.008	-0.046**	-0.011
	(0.022)	(0.039)	(0.022)	(0.039)	(0.022)	(0.039)		(0.038)	(0.022)	(0.039)
Military spending (% GDP)		0.962		1.000		1.555*		0.942		0.999
		(0.807)		(0.807)		(0.799)		(0.810)		(0.823)
Neighbours avg democ		0.308		-3.974		1.699		-4.453		-4.139
		(16.182)		(15.932)		(16.247)		(15.923)		(16.140)
Observations	110	84	109	84	110	84	110	84	109	84
BIC	12642.757	9646.820	12585.197	9678.735	12857.762	9786.178	9481.489	9688.029	12652.940	9753.855
AIC	12010.845	8779.018	11955.422	8808.502	12217.748	8913.515	8984.600	8817.797	12017.781	8883.622
Wald test	29.313	22.027	30.193	16.541	26.672	18.572	35.185	17.883	27.629	15.552
p-value	0.000	0.009	0.000	0.056	0.000	0.029	0.000	0.037	0.000	0.077

Note: standard errors in parentheses. $^{*}\ p < 0.10$, $^{**}\ p < 0.05$, $^{***}\ p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B8: ML-SEM model—developmental aid per capita (log-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dev. aid	0.291***	0.263***	0.260***	0.237***	0.070	0.155***	0.256***	0.253***	0.244***	0.195***
	(0.078)	(0.063)	(0.071)	(0.062)	(0.075)	(0.046)	(0.073)	(0.062)	(0.076)	(0.054)
L.Democracy (log)	1.003***	0.854***	0.939***	0.806***	1.119***	0.890***	0.909***	0.788***	0.965***	0.790***
	(0.171)	(0.170)	(0.141)	(0.169)	(0.303)	(0.175)	(0.136)	(0.165)	(0.172)	(0.173)
Natural resources (% GDP)	-0.004	-0.000	-0.006*		-0.006	0.002	-0.006*		-0.007*	-0.002
	(0.004)	(0.004)	(0.004)		(0.004)	(0.004)	(0.004)		(0.004)	(0.004)
GDP growth (% annual)	-0.012	0.000	-0.011	-0.001	-0.004	0.004	-0.011	-0.002	-0.006	0.001
	(0.008)	(0.008)	(0.007)	(0.008)	(0.008)	(0.008)	(0.007)	(0.008)	(0.007)	(0.008)
L.GDP per capita (log)	-0.236	-0.164	-0.129	-0.076	-0.071	-0.049	-0.123	-0.081	-0.045	0.003
	(0.148)	(0.158)	(0.131)	(0.147)	(0.156)	(0.155)	(0.133)	(0.147)	(0.138)	(0.144)
Urban population (% total)	0.011	0.003	0.003	0.002	-0.002	-0.004	0.004	0.004	0.003	-0.000
	(0.010)	(0.010)	(0.008)	(0.009)	(0.011)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Population density	-0.002***	-0.001	-0.001**	-0.001	-0.002**	-0.001	-0.002***	-0.001	-0.001**	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Military spending (% GDP)		0.061***		0.060***		0.091***		0.059**		0.062***
		(0.024)		(0.023)		(0.023)		(0.023)		(0.024)
Neighbours avg democ		-0.247		-0.439		-0.207		-0.433		-0.412
		(0.454)		(0.438)		(0.469)		(0.442)		(0.442)
Observations	110	84	109	84	110	84	109	84	109	84
BIC	9434.834	7136.714	9404.974	5468.708	9658.376	7278.466	9415.642	5476.870	9465.620	7245.839
AIC	8821.825	6302.944	8794.038	4812.387	9039.966	6439.834	8804.706	4820.549	8854.685	6407.207
Wald test	36.803	51.704	46.714	49.178	16.214	44.814	47.262	50.520	33.018	45.629
p-value	0.000	0.000	0.000	0.000	0.023	0.000	0.000	0.000	0.000	0.000

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B9: ML-SEM model—democracy aid, extended definition per capita (linear-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (ED)	4.246***	2.340*	5.910***	6.472***	1.501	0.489	5.902***	6.495***	2.924	6.391***
	(1.485)	(1.255)	(1.794)	(2.091)	(0.952)	(0.637)	(1.790)	(2.068)	(2.176)	(1.733)
L.Democracy	0.840***	0.491***	0.796***	0.467***	0.862***	0.481***	0.796***	0.468***	0.829***	0.696***
	(0.142)	(0.150)	(0.132)	(0.148)	(0.159)	(0.150)	(0.132)	(0.148)	(0.143)	(0.188)
Natural resources (% GDP)	-0.075	0.129	-0.114	-0.037	-0.064	0.104	-0.114	-0.040	-0.088	-0.041
	(0.126)	(0.142)	(0.132)	(0.151)	(0.138)	(0.151)	(0.132)	(0.151)	(0.132)	(0.167)
GDP growth (% annual)	-0.038	-0.077	-0.107	-0.029	-0.077	-0.069	-0.108	-0.029	0.188	0.147
	(0.242)	(0.239)	(0.277)	(0.258)	(0.259)	(0.246)	(0.276)	(0.257)	(0.265)	(0.299)
L.GDP per capita (log)	-0.316	-1.654	0.331	0.995	-1.260	-1.240	0.368	1.050	3.889	4.612
	(4.571)	(4.952)	(4.983)	(5.290)	(4.970)	(5.099)	(4.979)	(5.250)	(4.922)	(5.831)
Urban population (% total)	0.021	-0.166	-0.026	-0.108	-0.099	-0.203	-0.026	-0.107	-0.129	-0.196
	(0.302)	(0.319)	(0.297)	(0.323)	(0.321)	(0.324)	(0.297)	(0.319)	(0.295)	(0.341)
Population density	-0.043**	0.003	-0.051**		-0.040*	0.003	-0.051**		-0.023	0.001
	(0.020)	(0.037)	(0.021)		(0.022)	(0.038)	(0.021)		(0.031)	(0.040)
Military spending (% GDP)		1.180		-0.344		1.408*		-0.349		0.208
		(0.758)		(0.976)		(0.776)		(0.975)		(1.172)
Neighbours avg democ		-2.150		-2.090		-2.512		-2.328		-5.863
		(15.394)		(15.212)		(15.937)		(15.162)		(17.217)
Observations	110	84	108	84	107	84	108	84	107	83
BIC	12866.731	9833.042	12502.108	7371.103	12826.214	10082.151	12500.214	7369.491	12347.691	9580.624
AIC	12229.417	8957.948	11871.807	6615.119	12192.754	9202.195	11869.913	6613.507	11711.558	8719.516
Wald test	36.504	16.333	41.718	19.280	29.392	13.925	41.792	19.639	36.568	24.939
p-value	0.000	0.060	0.000	0.013	0.000	0.125	0.000	0.012	0.000	0.003

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B10: ML-SEM model—democracy aid, extended definition per capita (log-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (ED)	0.155***	0.094***	0.127***	0.214***	0.062*	0.025	0.126***	0.213***	2.924	6.391***
	(0.044)	(0.036)	(0.048)	(0.053)	(0.032)	(0.019)	(0.046)	(0.052)	(2.176)	(1.733)
L.Democracy (log)	0.902***	0.703***	0.678***	0.607***	0.983***	0.724***	0.677***	0.607***		
	(0.134)	(0.147)	(0.094)	(0.150)	(0.179)	(0.157)	(0.093)	(0.150)		
Natural resources (% GDP)	-0.004	0.002	-0.003	-0.002	-0.004	0.002	-0.003	-0.002	-0.088	-0.041
	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.003)	(0.004)	(0.132)	(0.167)
GDP growth (% annual)	-0.001	0.004		0.004	-0.003	0.004		0.004	0.188	0.147
	(0.007)	(0.007)		(0.007)	(0.008)	(0.007)		(0.007)	(0.265)	(0.299)
L.GDP per capita (log)	-0.004	0.041	0.069	0.094	-0.046	0.058	0.071	0.096	3.889	4.612
	(0.129)	(0.133)	(0.099)	(0.142)	(0.143)	(0.139)	(0.099)	(0.142)	(4.922)	(5.831)
Urban population (% total)	0.002	-0.005	0.000	-0.002	-0.003	-0.006		-0.002	-0.129	-0.196
	(0.008)	(0.008)	(0.008)	(0.008)	(0.009)	(0.008)		(0.008)	(0.295)	(0.341)
Population density	-0.002***	-0.000	-0.001**	-0.001	-0.001**	-0.000	-0.001**	-0.001	-0.023	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.031)	(0.040)
Military spending (% GDP)		0.076***		0.025		0.087***		0.025		0.208
		(0.021)		(0.029)		(0.022)		(0.029)		(1.172)
Neighbours avg democ		-0.379		-0.344		-0.397		-0.352		-5.863
		(0.413)		(0.420)		(0.432)		(0.419)		(17.217)
L.Democracy									0.829***	0.696***
									(0.143)	(0.188)
Observations	110	84	109	83	107	84	109	83	107	83
BIC	9656.131	7336.393	8026.493	7048.085	9714.241	7585.918	6359.995	7046.047	12347.691	9580.624
AIC	9040.421	6490.469	7566.273	6216.004	9102.163	6737.563	6026.267	6213.966	11711.558	8719.516
Wald test	48.468	44.439	58.710	30.868	31.312	37.782	60.029	31.144	36.568	24.939
p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.003

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B11: ML-SEM model—democracy aid, limited definition per capita (linear-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (LD)	4.507***	3.572**	3.600**	4.525***	0.599	0.602	3.618**	4.551***	1.145	1.315
	(1.515)	(1.578)	(1.539)	(1.581)	(0.677)	(0.630)	(1.543)	(1.579)	(1.206)	(0.901)
L.Democracy	0.824***	0.565***	0.828***	0.824***	0.602***	0.370**	0.828***	0.826***	0.693***	0.450***
	(0.136)	(0.188)	(0.141)	(0.148)	(0.137)	(0.146)	(0.141)	(0.148)	(0.154)	(0.167)
Natural resources (% GDP)	-0.101	0.068	-0.062	-0.083	-0.017	0.080	-0.063	-0.084	-0.035	0.095
	(0.134)	(0.150)	(0.137)	(0.137)	(0.123)	(0.142)	(0.137)	(0.137)	(0.136)	(0.151)
GDP growth (% annual)	0.039	-0.081	0.088	0.039	-0.010	-0.152	0.087	0.038	0.204	0.010
	(0.275)	(0.269)	(0.277)	(0.280)	(0.247)	(0.254)	(0.277)	(0.280)	(0.261)	(0.262)
L.GDP per capita (log)	1.274	-0.581	3.157	2.849	-1.692	-4.120	3.151	2.834	3.752	2.172
	(5.060)	(5.440)	(5.246)	(5.414)	(5.001)	(5.624)	(5.251)	(5.426)	(5.142)	(5.572)
Urban population (% total)	-0.219	-0.171	-0.246	-0.118	-0.021	-0.051	-0.246	-0.117	-0.196	-0.215
	(0.299)	(0.328)	(0.304)	(0.321)	(0.297)	(0.327)	(0.305)	(0.321)	(0.314)	(0.334)
Population density	-0.046**	-0.011	-0.044**	-0.022	-0.026	0.000	-0.044**	-0.022	-0.013	0.001
	(0.021)	(0.038)	(0.021)	(0.034)	(0.030)	(0.038)	(0.021)	(0.034)	(0.033)	(0.039)
Military spending (% GDP)		0.593				0.242				0.295
		(1.049)				(1.022)				(1.054)
Neighbours avg democ		-3.418		-3.650		-1.027		-3.565		-2.384
		(16.064)		(16.939)		(15.980)		(16.975)		(16.593)
Observations	107	83	106	94	94	79	106	94	98	80
BIC	12425.429	9537.585	12379.312	10163.136	11081.243	9327.253	12379.540	10162.945	11451.372	9312.669
AIC	11797.314	8676.478	11753.404	9433.211	10473.396	8481.360	11753.632	9433.019	10833.565	8467.049
Wald test	40.614	13.456	37.519	36.608	21.413	8.639	37.343	36.694	22.207	10.834
p-value	0.000	0.143	0.000	0.000	0.003	0.471	0.000	0.000	0.002	0.287

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table B12: ML-SEM model—democracy aid, limited definition per capita (log-log specification, based on deflated aid commitments)

	Global aid		DAC aid		Multilateral aid		Bilateral aid		Top 5 aid	
	(1) Basic controls	(2) Extended controls	(3) Basic controls	(4) Extended controls	(5) Basic controls	(6) Extended controls	(7) Basic controls	(8) Extended controls	(9) Basic controls	(10) Extended controls
Dem. aid (LD)	0.146***	0.090**	0.108**	0.148***	0.006	0.016	0.108**	0.149***	0.062*	0.046*
	(0.049)	(0.041)	(0.044)	(0.046)	(0.017)	(0.016)	(0.044)	(0.046)	(0.032)	(0.025)
L.Democracy (log)	0.828***	0.643***	0.787***	0.873***	0.525***	0.368***	0.786***	0.874***	0.649***	0.595***
	(0.124)	(0.174)	(0.112)	(0.136)	(0.128)	(0.138)	(0.112)	(0.136)	(0.140)	(0.174)
GDP growth (% annual)	0.004	0.004	0.006	0.004	0.002	-0.002	0.006	0.004		0.006
	(0.008)	(0.007)	(0.007)	(0.008)	(0.006)	(0.006)	(0.007)	(0.008)		(0.007)
L.GDP per capita (log)	0.132	0.105	0.177	0.152	-0.033	-0.100	0.177	0.152	0.071	0.169
	(0.135)	(0.141)	(0.138)	(0.149)	(0.124)	(0.139)	(0.139)	(0.150)	(0.108)	(0.147)
Urban population (% total)	-0.005	-0.005	-0.006	-0.004	-0.001	-0.001	-0.006	-0.004	-0.006	-0.007
	(0.008)	(0.008)	(0.008)	(0.009)	(0.007)	(0.008)	(0.008)	(0.009)	(0.008)	(0.009)
Population density	-0.002***		-0.001**	-0.001	-0.001	-0.000	-0.001**	-0.001	-0.001	-0.000
	(0.001)		(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Natural resources (% GDP)		0.001	-0.002	-0.003	-0.001	0.002	-0.002	-0.003	-0.001	0.001
		(0.004)	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Military spending (% GDP)		0.033				0.016				0.035
		(0.027)				(0.026)				(0.030)
Neighbours avg democ		-0.461		-0.276		-0.206		-0.275		-0.351
		(0.409)		(0.466)		(0.388)		(0.467)		(0.439)
Observations	108	84	106	94	94	79	106	94	99	80
BIC	7244.560	4957.119	9279.213	7400.655	8286.456	6941.379	9279.512	7400.481	7393.154	6935.686
AIC	6791.280	4196.273	8677.275	6703.793	7698.955	6128.658	8677.575	6703.618	6931.223	6118.651
Wald test	47.894	18.210	54.340	49.343	19.519	9.583	54.032	49.160	23.358	16.897
p-value	0.000	0.020	0.000	0.000	0.007	0.385	0.000	0.000	0.001	0.050

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

C   Fixed effects full tables

Table C1: Model 1—the impact of global aid on democracy (linear-log specification, based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	FE	RE	FE	RE	FE	RE
Aid	0.163**	0.073	0.350***	0.282***	0.142*	0.098
	(0.076)	(0.074)	(0.079)	(0.077)	(0.079)	(0.078)
GDP growth	-0.005	0.015	-0.006	0.014	0.001	0.017
	(0.028)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
L.GDP	-1.219	0.314	-1.220	0.397	-0.905	0.448
	(1.005)	(0.877)	(0.997)	(0.876)	(0.999)	(0.881)
Urban pop	0.175***	0.222***	0.163**	0.220***	0.176***	0.220***
	(0.067)	(0.053)	(0.067)	(0.053)	(0.067)	(0.053)
Pop density	0.010***	0.008**	0.009**	0.008**	0.008**	0.007**
	(0.004)	(0.003)	(0.004)	(0.003)	(0.004)	(0.003)
Natural resources	0.034	-0.002	0.035	-0.001	0.035	-0.002
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Constant	46.276***	31.711***	47.421***	31.307***	44.679***	31.284***
	(9.017)	(7.330)	(8.973)	(7.336)	(8.975)	(7.347)
Observations	2,903	2,903	2,903	2,903	2,903	2,903
R-squared	0.059		0.064		0.058	
Number of countries	135	135	135	135	135	135
Hausman chi2		81.76		81.67		78.67
p-value		0		0		0

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C2: Model 1—the impact of lagged global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.221***	0.129*	0.439***	0.375***	0.233***	0.197***
	(0.075)	(0.073)	(0.077)	(0.076)	(0.073)	(0.073)
GDP growth	-0.005	0.015	-0.001	0.018	0.000	0.018
	(0.028)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
L.GDP	-1.311	0.281	-1.206	0.447	-0.881	0.534
	(1.004)	(0.877)	(0.994)	(0.875)	(0.997)	(0.879)
Urban pop	0.172**	0.223***	0.163**	0.221***	0.171**	0.218***
	(0.067)	(0.053)	(0.067)	(0.053)	(0.067)	(0.053)
Pop density	0.010***	0.008**	0.009**	0.008**	0.009**	0.007**
	(0.004)	(0.003)	(0.004)	(0.003)	(0.004)	(0.003)
Natural resources	0.034	-0.002	0.032	-0.003	0.032	-0.004
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Constant	46.885***	31.705***	47.370***	30.851***	45.085***	30.987***
	(9.006)	(7.330)	(8.941)	(7.331)	(8.965)	(7.344)
Observations	2,903	2,903	2,903	2,903	2,903	2,903
R-squared	0.060		0.068		0.061	
Number of countries	135	135	135	135	135	135
Hausman chi2		83.30		82.62		78.58
p-value		0		0		5.18e-11

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C3: Model 1—the impact of global aid per capita on democracy (linear-log specification, based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	FE	RE	FE	RE	FE	RE
Aid	1.615***	1.764***	1.083***	1.182***	0.683***	0.736***
	(0.257)	(0.255)	(0.155)	(0.155)	(0.168)	(0.168)
GDP growth	0.002	0.010	0.009	0.017	0.005	0.015
	(0.029)	(0.029)	(0.029)	(0.029)	(0.033)	(0.033)
L.GDP	-0.081	0.487	0.813	1.557	0.232	1.562
	(1.093)	(0.957)	(1.123)	(0.967)	(1.187)	(1.004)
Urban pop	0.134*	0.162***	0.099	0.132**	0.080	0.142**
	(0.077)	(0.058)	(0.078)	(0.057)	(0.081)	(0.058)
Pop density	0.012**	0.009**	0.004	0.004	-0.001	0.005
	(0.006)	(0.004)	(0.006)	(0.005)	(0.007)	(0.005)
Natural resources	0.035	0.003	0.036	-0.000	0.031	-0.011
	(0.031)	(0.031)	(0.031)	(0.031)	(0.032)	(0.032)
Constant	30.153***	23.911***	30.922***	23.117***	37.920***	23.982***
	(9.519)	(7.821)	(9.836)	(7.841)	(10.381)	(8.096)
Observations	2,533	2,533	2,505	2,505	2,402	2,402
R-squared	0.082		0.080		0.067	
Number of countries	123	123	123	123	122	122
Hausman chi2		55.07		69.68		82.38
p-value		6.69e-06		1.04e-07		6.55e-09

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C4: Model 2—the impact of global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.126	0.020	0.295***	0.201**	0.144	0.088
	(0.084)	(0.081)	(0.090)	(0.088)	(0.090)	(0.089)
GDP growth	-0.011	0.011	-0.016	0.007	-0.009	0.010
	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
L.GDP	-3.161***	0.146	-3.174***	0.180	-2.844**	0.233
	(1.194)	(0.975)	(1.178)	(0.974)	(1.177)	(0.977)
Urban pop	0.054	0.171***	0.048	0.176***	0.050	0.171***
	(0.074)	(0.056)	(0.074)	(0.056)	(0.074)	(0.056)
Pop density	0.007	0.001	0.007	0.001	0.008	0.001
	(0.009)	(0.007)	(0.009)	(0.007)	(0.009)	(0.007)
Natural resources	-0.016	-0.078**	-0.016	-0.080**	-0.016	-0.079**
	(0.036)	(0.035)	(0.036)	(0.035)	(0.036)	(0.035)
Military spending	-0.012	-0.226	-0.047	-0.250	-0.023	-0.236
	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)
Neighbours democ	9.171**	21.843***	9.018**	21.828***	9.077**	21.771***
	(3.723)	(3.429)	(3.715)	(3.425)	(3.723)	(3.426)
Constant	64.980***	26.379***	65.834***	25.968***	63.321***	26.014***
	(11.081)	(8.091)	(11.002)	(8.104)	(10.989)	(8.111)
Observations	2,263	2,263	2,263	2,263	2,263	2,263
R-squared	0.070		0.074		0.070	
Number of countries	114	114	114	114	114	114
Hausman chi2		103.9		105.5		102.5
p-value		1.17e-10		6.33e-11		1.98e-10

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C5: Model 2—the impact of lagged global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.177**	0.066	0.392***	0.298***	0.247***	0.194**
	(0.083)	(0.081)	(0.087)	(0.086)	(0.082)	(0.082)
GDP growth	-0.011	0.011	-0.015	0.008	-0.012	0.009
	(0.035)	(0.035)	(0.034)	(0.035)	(0.035)	(0.035)
L.GDP	-3.269***	0.108	-3.236***	0.198	-2.930**	0.262
	(1.192)	(0.975)	(1.175)	(0.973)	(1.175)	(0.975)
Urban pop	0.056	0.174***	0.048	0.179***	0.047	0.174***
	(0.074)	(0.056)	(0.074)	(0.056)	(0.074)	(0.056)
Pop density	0.007	0.001	0.007	0.000	0.008	0.001
	(0.009)	(0.007)	(0.009)	(0.007)	(0.009)	(0.007)
Natural resources	-0.017	-0.079**	-0.022	-0.084**	-0.019	-0.082**
	(0.036)	(0.035)	(0.036)	(0.035)	(0.036)	(0.035)
Military spending	-0.008	-0.225	-0.040	-0.246	-0.035	-0.245
	(0.190)	(0.190)	(0.189)	(0.189)	(0.190)	(0.190)
Neighbours democ	9.095**	21.861***	8.685**	21.616***	8.802**	21.537***
	(3.721)	(3.428)	(3.709)	(3.420)	(3.719)	(3.425)
Constant	65.673***	26.413***	66.660***	25.875***	64.735***	26.174***
	(11.061)	(8.096)	(10.973)	(8.103)	(10.986)	(8.110)
Observations	2,263	2,263	2,263	2,263	2,263	2,263
R-squared	0.071		0.078		0.073	
Number of countries	114	114	114	114	114	114
Hausman chi2		104.9		107.1		102.6
p-value		7.88e-11		0		1.88e-10

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C6: Model 2—the impact of global aid per capita on democracy (linear-log specification, based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	FE	RE	FE	RE	FE	RE
Aid	1.921***	2.081***	1.184***	1.256***	0.715***	0.780***
	(0.288)	(0.285)	(0.172)	(0.171)	(0.188)	(0.188)
GDP growth	-0.009	-0.001	-0.010	-0.002	0.004	0.012
	(0.038)	(0.037)	(0.038)	(0.037)	(0.038)	(0.038)
L.GDP	-2.152*	-0.359	-1.129	0.624	-1.096	0.701
	(1.305)	(1.087)	(1.302)	(1.087)	(1.337)	(1.103)
Urban pop	0.003	0.124**	-0.040	0.089	-0.038	0.095
	(0.084)	(0.062)	(0.084)	(0.061)	(0.086)	(0.062)
Pop density	-0.005	-0.006	-0.005	-0.005	-0.005	-0.006
	(0.010)	(0.007)	(0.010)	(0.008)	(0.010)	(0.008)
Natural resources	-0.041	-0.088**	-0.023	-0.072*	-0.039	-0.094**
	(0.039)	(0.037)	(0.039)	(0.037)	(0.040)	(0.039)
Military spending	-0.039	-0.223	-0.108	-0.299	-0.080	-0.288
	(0.207)	(0.205)	(0.208)	(0.206)	(0.216)	(0.214)
Neighbours democ	8.155**	19.074***	7.907**	18.833***	7.351*	19.455***
	(4.025)	(3.670)	(4.031)	(3.679)	(4.122)	(3.740)
Constant	49.931***	24.345***	49.778***	24.671***	51.449***	25.347***
	(11.672)	(8.732)	(11.684)	(8.756)	(11.956)	(8.794)
Observations	1,936	1,936	1,928	1,928	1,889	1,889
R-squared	0.108		0.109		0.089	
Number of countries	102	102	102	102	102	102
Hausman chi2		67.45		68.62		80.34
p-value		4.20e-05		2.89e-05		5.94e-07

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

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Table C7: Model 3—the impact of global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.263***	0.116	0.372***	0.260***	0.302***	0.214**
	(0.096)	(0.092)	(0.102)	(0.100)	(0.106)	(0.105)
GDP growth	0.019	0.045	0.014	0.040	0.023	0.045
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)
L.GDP	-3.320**	0.128	-3.018**	0.300	-2.642*	0.409
	(1.465)	(1.182)	(1.444)	(1.182)	(1.443)	(1.184)
Urban pop	0.001	0.087	-0.004	0.087	-0.001	0.085
	(0.086)	(0.065)	(0.085)	(0.065)	(0.086)	(0.065)
Pop density	0.004	0.000	0.005	0.000	0.005	0.000
	(0.011)	(0.008)	(0.011)	(0.008)	(0.011)	(0.008)
Natural resources	-0.009	-0.092**	-0.004	-0.089*	-0.004	-0.090*
	(0.047)	(0.046)	(0.047)	(0.046)	(0.047)	(0.046)
Military spending	0.151	-0.460	0.131	-0.463	0.145	-0.462
	(0.305)	(0.300)	(0.305)	(0.300)	(0.305)	(0.300)
Neighbours democ	6.198	18.715***	6.098	18.626***	5.926	18.565***
	(4.102)	(3.834)	(4.094)	(3.827)	(4.101)	(3.827)
Non-tax revenues	0.095	0.062	0.078	0.050	0.081	0.050
	(0.069)	(0.068)	(0.069)	(0.068)	(0.069)	(0.068)
L.Military regime	-7.549***	-7.868***	-7.455***	-7.778***	-7.562***	-7.847***
	(0.948)	(0.957)	(0.947)	(0.956)	(0.947)	(0.957)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.209	0.258	0.242	0.259	0.237	0.256
	(0.371)	(0.370)	(0.369)	(0.368)	(0.370)	(0.369)
Internal conflict index	0.567***	0.679***	0.589***	0.694***	0.619***	0.715***
	(0.197)	(0.200)	(0.197)	(0.200)	(0.198)	(0.200)
Constant	65.211***	25.533***	63.359***	24.229**	60.523***	23.816**
	(13.573)	(9.876)	(13.426)	(9.894)	(13.410)	(9.892)
Observations	1,641	1,641	1,641	1,641	1,641	1,641
R-squared	0.145		0.149		0.146	
Number of countries	90	90	90	90	90	90
Hausman chi2		107.4		107		106.6
p-value		4.39e-10		5.22e-10		5.96e-10

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C8: Model 3—the impact of lagged global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.300***	0.146	0.456***	0.342***	0.435***	0.349***
	(0.095)	(0.092)	(0.100)	(0.098)	(0.100)	(0.100)
GDP growth	0.019	0.045	0.016	0.041	0.022	0.044
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)
L.GDP	-3.403**	0.107	-3.074**	0.338	-2.639*	0.553
	(1.463)	(1.182)	(1.440)	(1.181)	(1.437)	(1.183)
Urban pop	0.001	0.088	-0.005	0.091	-0.007	0.087
	(0.085)	(0.065)	(0.085)	(0.065)	(0.085)	(0.065)
Pop density	0.005	0.000	0.005	0.000	0.004	-0.000
	(0.011)	(0.008)	(0.010)	(0.008)	(0.011)	(0.008)
Natural resources	-0.007	-0.092**	-0.006	-0.090**	-0.002	-0.088*
	(0.047)	(0.046)	(0.047)	(0.046)	(0.047)	(0.046)
Military spending	0.151	-0.459	0.150	-0.446	0.114	-0.478
	(0.305)	(0.300)	(0.304)	(0.299)	(0.304)	(0.299)
Neighbours democ	6.050	18.673***	5.721	18.378***	5.354	18.095***
	(4.098)	(3.833)	(4.085)	(3.821)	(4.090)	(3.820)
Non-tax revenues	0.102	0.065	0.073	0.047	0.070	0.042
	(0.069)	(0.068)	(0.069)	(0.068)	(0.069)	(0.068)
Military regime = L	-7.528***	-7.854***	-7.442***	-7.758***	-7.566***	-7.839***
	(0.947)	(0.957)	(0.944)	(0.954)	(0.944)	(0.954)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.184	0.243	0.211	0.233	0.219	0.236
	(0.371)	(0.370)	(0.368)	(0.368)	(0.369)	(0.368)
Internal conflict index	0.584***	0.687***	0.598***	0.702***	0.625***	0.724***
	(0.197)	(0.200)	(0.197)	(0.199)	(0.197)	(0.200)
Constant	65.745***	25.503***	64.218***	23.975**	61.389***	22.947**
	(13.545)	(9.882)	(13.390)	(9.888)	(13.366)	(9.883)
Observations	1,641	1,641	1,641	1,641	1,641	1,641
R-squared	0.147		0.153		0.152	
Number of countries	90	90	90	90	90	90
Hausman chi2		108.2		108.3		107.8
p-value		3.37e-10		3.24e-10		3.79e-10

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C9: Model 3—the impact of global aid per capita on democracy (linear-log specification, based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	FE	RE	FE	RE	FE	RE
Aid	1.748***	1.956***	0.984***	1.113***	0.589***	0.692***
	(0.332)	(0.326)	(0.203)	(0.203)	(0.228)	(0.228)
GDP growth	0.016	0.026	0.018	0.024	0.043	0.048
	(0.044)	(0.044)	(0.045)	(0.044)	(0.045)	(0.045)
L.GDP	-3.971**	-1.685	-2.538	-0.481	-2.249	-0.259
	(1.674)	(1.349)	(1.669)	(1.353)	(1.712)	(1.369)
Urban pop	-0.026	0.065	-0.055	0.033	-0.032	0.049
	(0.099)	(0.072)	(0.100)	(0.072)	(0.101)	(0.072)
Pop density	-0.006	-0.005	-0.005	-0.005	-0.006	-0.005
	(0.011)	(0.008)	(0.011)	(0.008)	(0.012)	(0.008)
Natural resources	-0.023	-0.087*	-0.007	-0.070	-0.015	-0.083
	(0.050)	(0.049)	(0.051)	(0.049)	(0.052)	(0.050)
Military spending	0.010	-0.489	0.058	-0.476	0.054	-0.475
	(0.349)	(0.337)	(0.355)	(0.342)	(0.373)	(0.363)
Neighbours democ	8.682*	19.226***	8.395*	19.009***	7.969*	19.344***
	(4.494)	(4.122)	(4.514)	(4.140)	(4.586)	(4.193)
Non-tax revenues	0.130	0.033	0.100	-0.005	0.093	-0.041
	(0.089)	(0.083)	(0.091)	(0.085)	(0.097)	(0.089)
Military regime = L	-6.961***	-7.179***	-6.892***	-7.090***	-7.292***	-7.506***
	(0.996)	(0.994)	(1.002)	(1.000)	(1.016)	(1.017)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.539	0.532	0.619	0.623	0.480	0.447
	(0.418)	(0.412)	(0.423)	(0.416)	(0.431)	(0.425)
Internal conflict index	0.552**	0.615***	0.516**	0.584***	0.671***	0.773***
	(0.219)	(0.219)	(0.221)	(0.221)	(0.228)	(0.229)
Constant	61.214***	32.541***	56.150***	30.127***	54.045***	28.511***
	(14.827)	(10.847)	(14.898)	(10.915)	(15.214)	(10.965)
Observations	1,387	1,387	1,379	1,379	1,358	1,358
R-squared	0.173		0.169		0.154	
Number of countries	80	80	80	80	80	80
Hausman chi2		66.34		67.03		78.97
p-value		0.000342		0.000281		7.58e-06

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C10: Model 4—the impact of global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.284***	0.128	0.361***	0.251**	0.272**	0.183*
	(0.107)	(0.101)	(0.106)	(0.103)	(0.107)	(0.106)
GDP growth	-0.097**	-0.091*	-0.101**	-0.094*	-0.094*	-0.090*
	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)
L.GDP	-2.796*	0.148	-2.530*	0.282	-2.259	0.348
	(1.498)	(1.224)	(1.484)	(1.225)	(1.485)	(1.226)
Urban pop	0.064	0.130**	0.055	0.128**	0.058	0.127*
	(0.086)	(0.065)	(0.086)	(0.065)	(0.086)	(0.065)
Pop density	-0.044***	-0.024***	-0.043***	-0.025***	-0.043***	-0.024***
	(0.012)	(0.009)	(0.012)	(0.009)	(0.012)	(0.009)
Natural resources	0.014	-0.040	0.019	-0.037	0.017	-0.039
	(0.047)	(0.046)	(0.047)	(0.046)	(0.047)	(0.046)
Military spending	-0.077	-0.497	-0.109	-0.510	-0.104	-0.513
	(0.329)	(0.323)	(0.328)	(0.323)	(0.329)	(0.323)
Neighbours democ	5.391	12.763***	5.344	12.677***	5.267	12.676***
	(3.996)	(3.761)	(3.990)	(3.756)	(3.998)	(3.757)
Non-tax revenues	0.080	0.030	0.070	0.024	0.078	0.028
	(0.087)	(0.084)	(0.087)	(0.084)	(0.087)	(0.084)
L.Military regime	-7.044***	-7.147***	-6.960***	-7.070***	-6.994***	-7.086***
	(0.996)	(0.995)	(0.995)	(0.994)	(0.997)	(0.996)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.745**	-0.663*	-0.682*	-0.639*	-0.687*	-0.640*
	(0.373)	(0.369)	(0.372)	(0.367)	(0.373)	(0.368)
Internal conflict index	0.413**	0.528***	0.424**	0.540***	0.433**	0.544***
	(0.203)	(0.204)	(0.202)	(0.203)	(0.203)	(0.204)
Inequality	-7.638	-22.728	-8.278	-24.222	-6.307	-22.223
	(26.772)	(26.611)	(26.728)	(26.545)	(26.763)	(26.548)
Inequality2	8.961	20.228	9.491	21.643	7.460	19.832
	(25.919)	(25.893)	(25.872)	(25.829)	(25.903)	(25.838)
Anti-system movements index	-1.981	-1.572	-1.837	-1.152	-2.451	-1.633
	(3.746)	(3.734)	(3.733)	(3.719)	(3.730)	(3.714)
Movements * inequality	-11.790	-13.590	-12.851	-15.582	-10.353	-13.588
	(15.421)	(15.403)	(15.388)	(15.360)	(15.376)	(15.339)
Movements * inequality2	14.445	16.484	15.948	18.683	13.454	16.676
	(15.364)	(15.380)	(15.349)	(15.356)	(15.337)	(15.334)
Constant	69.159***	39.243***	67.843***	38.663***	65.574***	38.107***
	(15.724)	(13.097)	(15.641)	(13.098)	(15.647)	(13.096)
Observations	1,576	1,576	1,576	1,576	1,576	1,576
R-squared	0.204		0.206		0.203	
Number of countries	88	88	88	88	88	88
Hausman chi2		77.87		76.62		76.78
p-value		1.72e-05		2.53e-05		2.41e-05

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C11: Model 4—the impact of lagged global aid on democracy (linear-log specification, based on deflated aid commitments)

VARIABLES	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1) FE	(2) RE	(3) FE	(4) RE	(5) FE	(6) RE
Aid	0.261**	0.110	0.368***	0.259***	0.335***	0.250**
	(0.104)	(0.099)	(0.102)	(0.100)	(0.100)	(0.099)
GDP growth	-0.093*	-0.090*	-0.096**	-0.090*	-0.094*	-0.089*
	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)
L.GDP	-2.748*	0.148	-2.565*	0.261	-2.278	0.396
	(1.497)	(1.224)	(1.484)	(1.224)	(1.483)	(1.225)
Urban pop	0.064	0.129**	0.057	0.130**	0.054	0.127*
	(0.086)	(0.065)	(0.086)	(0.065)	(0.086)	(0.065)
Pop density	-0.044***	-0.024***	-0.043***	-0.025***	-0.042***	-0.024***
	(0.012)	(0.009)	(0.012)	(0.009)	(0.012)	(0.009)
Natural resources	0.015	-0.040	0.017	-0.039	0.016	-0.040
	(0.047)	(0.046)	(0.047)	(0.046)	(0.047)	(0.046)
Military spending	-0.054	-0.488	-0.088	-0.498	-0.096	-0.509
	(0.329)	(0.323)	(0.328)	(0.323)	(0.328)	(0.323)
Neighbours democ	5.300	12.707***	5.103	12.540***	4.905	12.443***
	(3.997)	(3.761)	(3.989)	(3.755)	(3.994)	(3.755)
Non-tax revenues	0.081	0.030	0.073	0.025	0.074	0.025
	(0.087)	(0.084)	(0.086)	(0.084)	(0.087)	(0.084)
Military regime = L	-7.043***	-7.149***	-7.016***	-7.109***	-6.984***	-7.074***
	(0.996)	(0.995)	(0.994)	(0.993)	(0.995)	(0.994)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.750**	-0.663*	-0.696*	-0.648*	-0.692*	-0.646*
	(0.374)	(0.369)	(0.372)	(0.367)	(0.372)	(0.367)
Internal conflict index	0.416**	0.529***	0.426**	0.541***	0.434**	0.548***
	(0.203)	(0.204)	(0.202)	(0.203)	(0.203)	(0.203)
Inequality	-7.560	-22.438	-9.013	-24.900	-7.710	-23.727
	(26.780)	(26.618)	(26.723)	(26.548)	(26.726)	(26.527)
Inequality2	8.881	19.984	10.378	22.406	8.931	21.298
	(25.927)	(25.901)	(25.870)	(25.834)	(25.869)	(25.818)
Anti-system movements index	-2.015	-1.635	-1.648	-0.997	-2.059	-1.257
	(3.748)	(3.736)	(3.735)	(3.722)	(3.727)	(3.714)
Movements * inequality	-11.592	-13.307	-13.409	-16.074	-11.801	-15.046
	(15.427)	(15.407)	(15.388)	(15.365)	(15.360)	(15.331)
Movements * inequality2	14.257	16.216	16.491	19.168	14.851	18.110
	(15.369)	(15.384)	(15.349)	(15.360)	(15.320)	(15.325)
Constant	68.749***	39.266***	68.442***	39.078***	66.420***	38.194***
	(15.721)	(13.101)	(15.641)	(13.095)	(15.626)	(13.084)
Observations	1,576	1,576	1,576	1,576	1,576	1,576
R-squared	0.203		0.207		0.206	
Number of countries	88	88	88	88	88	88
Hausman chi2		77.25		76.89		77.42
p-value		2.09e-05		2.33e-05		1.98e-05

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C12: Model 4—the impact of global aid per capitaon democracy (linear-log specification, based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	FE	RE	FE	RE	FE	RE
Aid	1.998***	2.042***	1.005***	1.059***	0.625***	0.657***
	(0.347)	(0.341)	(0.202)	(0.201)	(0.225)	(0.224)
GDP growth	-0.113**	-0.105*	-0.118**	-0.115**	-0.100*	-0.097*
	(0.055)	(0.055)	(0.055)	(0.055)	(0.056)	(0.056)
L.GDP	-4.233**	-2.193	-2.388	-0.811	-2.454	-0.922
	(1.717)	(1.396)	(1.699)	(1.389)	(1.730)	(1.410)
Urban pop	0.060	0.133*	0.030	0.098	0.041	0.110
	(0.099)	(0.072)	(0.099)	(0.072)	(0.100)	(0.073)
Pop density	-0.050***	-0.025***	-0.048***	-0.024***	-0.047***	-0.023***
	(0.013)	(0.009)	(0.013)	(0.009)	(0.013)	(0.009)
Natural resources	-0.005	-0.044	0.017	-0.022	0.002	-0.037
	(0.050)	(0.049)	(0.050)	(0.049)	(0.050)	(0.049)
Military spending	-0.063	-0.339	-0.089	-0.386	-0.038	-0.348
	(0.369)	(0.361)	(0.371)	(0.363)	(0.376)	(0.368)
Neighbours democ	8.322*	14.407***	8.020*	14.164***	7.467*	13.857***
	(4.332)	(4.013)	(4.349)	(4.027)	(4.412)	(4.088)
Non-tax revenues	0.040	-0.012	0.019	-0.034	0.057	0.002
	(0.095)	(0.091)	(0.096)	(0.092)	(0.097)	(0.093)
Military regime = L	-6.329***	-6.306***	-6.408***	-6.352***	-6.490***	-6.439***
	(1.045)	(1.036)	(1.049)	(1.040)	(1.059)	(1.051)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.482	-0.402	-0.384	-0.296	-0.449	-0.365
	(0.414)	(0.405)	(0.418)	(0.408)	(0.425)	(0.415)
Internal conflict index	0.423*	0.485**	0.363	0.430*	0.431*	0.499**
	(0.222)	(0.222)	(0.223)	(0.223)	(0.228)	(0.228)
Inequality	-29.160	-27.077	-24.868	-22.541	-19.789	-17.133
	(31.507)	(31.228)	(31.602)	(31.328)	(31.881)	(31.617)
Inequality2	29.271	26.369	24.505	22.042	20.391	17.590
	(30.051)	(29.891)	(30.134)	(29.988)	(30.399)	(30.263)
Anti-system movements index	-6.189	-6.409	-7.152	-7.528	-8.638	-9.035
	(5.942)	(5.762)	(5.958)	(5.776)	(6.013)	(5.832)
Movements * inequality	1.285	2.658	3.741	5.680	9.990	12.005
	(22.600)	(22.017)	(22.671)	(22.078)	(22.855)	(22.267)
Movements * inequality2	4.637	3.085	3.627	1.594	-2.752	-4.850
	(21.086)	(20.647)	(21.167)	(20.720)	(21.316)	(20.877)
Constant	74.949***	48.483***	66.572***	44.059***	66.340***	44.089***
	(17.584)	(14.614)	(17.606)	(14.655)	(17.844)	(14.824)
Observations	1,336	1,336	1,334	1,334	1,324	1,324
R-squared	0.232		0.228		0.214	
Number of countries	78	78	78	78	78	78
Hausman chi2		55.96		55.72		58.47
p-value		0.0102		0.0108		0.00563

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C13: Model 1—the impact of DAC aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
DAC aid	0.154*	0.378***	0.042	0.204***	0.461***	0.155**	1.514***	1.424***	0.486***
	(0.079)	(0.082)	(0.075)	(0.079)	(0.080)	(0.070)	(0.260)	(0.177)	(0.164)
GDP growth	-0.004	-0.005	0.000	-0.005	-0.001	-0.001	0.005	0.010	0.009
	(0.028)	(0.027)	(0.028)	(0.028)	(0.027)	(0.027)	(0.029)	(0.029)	(0.034)
L.GDP	-1.155	-1.187	-0.929	-1.231	-1.143	-0.867	0.230	1.059	0.174
	(1.003)	(0.996)	(1.000)	(1.003)	(0.993)	(0.999)	(1.093)	(1.121)	(1.214)
Urban pop	0.177***	0.165**	0.183***	0.176***	0.166**	0.175***	0.122	0.099	0.085
	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.077)	(0.077)	(0.083)
Pop density	0.009***	0.008**	0.009**	0.010***	0.009**	0.009**	0.014**	0.000	-0.002
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.006)	(0.006)	(0.007)
Natural resources	0.034	0.034	0.036	0.034	0.031	0.034	0.032	0.033	0.031
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.031)	(0.031)	(0.033)
Constant	45.768***	47.229***	44.291***	46.255***	46.774***	44.517***	29.144***	29.894***	37.965***
	(9.003)	(8.966)	(8.977)	(8.998)	(8.935)	(8.970)	(9.553)	(9.816)	(10.563)
Observations	2,903	2,903	2,903	2,903	2,903	2,903	2,529	2,499	2,358
R-squared	0.058	0.064	0.057	0.059	0.068	0.059	0.080	0.085	0.063
Number of countries	135	135	135	135	135	135	123	123	122

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C14: Model 2—the impact of DAC aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
DAC aid	0.132	0.344***	0.078	0.179**	0.424***	0.189**	1.750***	1.772***	0.503***
	(0.088)	(0.095)	(0.086)	(0.087)	(0.091)	(0.079)	(0.281)	(0.201)	(0.184)
GDP growth	-0.011	-0.016	-0.008	-0.012	-0.016	-0.011	-0.007	-0.011	0.008
	(0.035)	(0.035)	(0.035)	(0.035)	(0.034)	(0.035)	(0.038)	(0.037)	(0.039)
L.GDP	-3.113***	-3.129***	-2.821**	-3.203***	-3.164***	-2.848**	-1.533	-0.591	-1.268
	(1.189)	(1.176)	(1.178)	(1.188)	(1.173)	(1.176)	(1.301)	(1.294)	(1.359)
Urban pop	0.055	0.051	0.052	0.057	0.054	0.048	-0.001	-0.018	-0.045
	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.084)	(0.083)	(0.087)
Pop density	0.007	0.007	0.008	0.007	0.007	0.008	-0.006	-0.003	-0.005
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.010)
Natural resources	-0.016	-0.019	-0.014	-0.017	-0.026	-0.018	-0.046	-0.035	-0.040
	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.039)	(0.038)	(0.041)
Military spending	-0.012	-0.046	-0.012	-0.008	-0.040	-0.027	-0.019	-0.136	-0.057
	(0.190)	(0.190)	(0.190)	(0.190)	(0.189)	(0.190)	(0.207)	(0.207)	(0.219)
Neighbours democ	9.168**	9.067**	9.153**	9.068**	8.652**	8.978**	7.810*	7.825*	7.489*
	(3.723)	(3.713)	(3.724)	(3.721)	(3.707)	(3.721)	(4.031)	(3.999)	(4.149)
Constant	64.572***	65.432***	62.806***	65.143***	65.878***	63.696***	46.738***	45.316***	52.798***
	(11.049)	(10.980)	(10.988)	(11.038)	(10.954)	(10.982)	(11.709)	(11.609)	(12.124)
Observations	2,263	2,263	2,263	2,263	2,263	2,263	1,936	1,927	1,872
R-squared	0.070	0.075	0.070	0.071	0.079	0.072	0.105	0.123	0.086
Number of countries	114	114	114	114	114	114	102	102	102

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C15: Model 3—the impact of DAC aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
DAC aid	0.290***	0.481***	0.234**	0.328***	0.529***	0.376***	1.904***	1.802***	0.408*
	(0.100)	(0.109)	(0.102)	(0.099)	(0.107)	(0.098)	(0.330)	(0.250)	(0.223)
GDP growth	0.018	0.011	0.024	0.018	0.015	0.021	0.013	0.004	0.046
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.044)	(0.044)	(0.045)
L.GDP	-3.228**	-3.020**	-2.613*	-3.308**	-2.979**	-2.612*	-3.199*	-1.890	-2.420
	(1.457)	(1.440)	(1.444)	(1.456)	(1.437)	(1.439)	(1.658)	(1.655)	(1.722)
Urban pop	0.004	-0.004	0.001	0.004	-0.005	-0.005	-0.021	-0.051	-0.034
	(0.086)	(0.085)	(0.086)	(0.085)	(0.085)	(0.085)	(0.099)	(0.099)	(0.102)
Pop density	0.004	0.005	0.005	0.004	0.005	0.004	-0.008	-0.004	-0.006
	(0.011)	(0.010)	(0.011)	(0.011)	(0.010)	(0.011)	(0.011)	(0.011)	(0.012)
Natural resources	-0.011	-0.008	-0.005	-0.008	-0.011	-0.005	-0.036	-0.015	-0.015
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.050)	(0.050)	(0.052)
Military spending	0.165	0.118	0.153	0.163	0.131	0.123	0.133	-0.002	0.064
	(0.305)	(0.304)	(0.306)	(0.305)	(0.304)	(0.305)	(0.349)	(0.351)	(0.381)
Neighbours democ	6.152	6.169	6.002	5.907	5.624	5.568	8.114*	8.769**	7.964*
	(4.100)	(4.085)	(4.105)	(4.097)	(4.080)	(4.095)	(4.483)	(4.466)	(4.608)
Non-tax revenues	0.094	0.072	0.088	0.098	0.063	0.079	0.132	0.057	0.100
	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.088)	(0.090)	(0.098)
Military regime = L	-7.554***	-7.392***	-7.597***	-7.548***	-7.369***	-7.639***	-6.974***	-6.475***	-7.402***
	(0.947)	(0.945)	(0.948)	(0.946)	(0.943)	(0.945)	(0.993)	(0.994)	(1.020)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.208	0.242	0.254	0.179	0.243	0.239	0.592	0.777*	0.456
	(0.371)	(0.368)	(0.370)	(0.371)	(0.368)	(0.369)	(0.418)	(0.419)	(0.434)
Internal conflict index	0.569***	0.599***	0.614***	0.587***	0.591***	0.621***	0.562**	0.569***	0.660***
	(0.197)	(0.197)	(0.198)	(0.197)	(0.196)	(0.197)	(0.218)	(0.218)	(0.230)
Constant	64.339***	63.461***	59.964***	64.956***	63.547***	60.749***	55.005***	50.227***	55.535***
	(13.510)	(13.386)	(13.420)	(13.496)	(13.359)	(13.381)	(14.808)	(14.775)	(15.300)
Observations	1,641	1,641	1,641	1,641	1,641	1,641	1,387	1,379	1,351
R-squared	0.146	0.152	0.144	0.147	0.155	0.149	0.176	0.187	0.152
Number of countries	90	90	90	90	90	90	80	80	80

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C16: Model 4—the impact of DAC aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
DAC aid	0.325***	0.470***	0.210**	0.305***	0.438***	0.303***	2.288***	1.855***	0.462**
	(0.111)	(0.114)	(0.103)	(0.108)	(0.110)	(0.097)	(0.344)	(0.252)	(0.219)
GDP growth	-0.098**	-0.100**	-0.096**	-0.094*	-0.096**	-0.095**	-0.131**	-0.126**	-0.099*
	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.055)	(0.055)	(0.056)
L.GDP	-2.742*	-2.497*	-2.259	-2.720*	-2.507*	-2.273	-3.669**	-1.823	-2.608
	(1.493)	(1.481)	(1.486)	(1.493)	(1.481)	(1.483)	(1.693)	(1.682)	(1.736)
Urban pop	0.066	0.053	0.061	0.067	0.056	0.057	0.061	0.025	0.037
	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.099)	(0.098)	(0.101)
Pop density	-0.044***	-0.043***	-0.043***	-0.044***	-0.042***	-0.043***	-0.050***	-0.044***	-0.047***
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)	(0.013)	(0.013)
Natural resources	0.013	0.014	0.016	0.014	0.012	0.015	-0.014	0.009	0.003
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.049)	(0.049)	(0.051)
Military spending	-0.064	-0.119	-0.097	-0.044	-0.110	-0.095	0.026	-0.164	-0.020
	(0.329)	(0.328)	(0.329)	(0.329)	(0.328)	(0.329)	(0.368)	(0.367)	(0.377)
Neighbours democ	5.264	5.407	5.345	5.107	5.000	5.047	7.199*	8.352*	7.469*
	(3.994)	(3.982)	(4.000)	(3.997)	(3.986)	(3.995)	(4.314)	(4.299)	(4.428)
Non-tax revenues	0.080	0.066	0.080	0.081	0.070	0.078	0.040	-0.022	0.064
	(0.087)	(0.086)	(0.087)	(0.087)	(0.086)	(0.087)	(0.095)	(0.095)	(0.097)
Military regime = L	-7.017***	-6.893***	-7.046***	-7.031***	-6.935***	-7.048***	-6.124***	-5.973***	-6.622***
	(0.996)	(0.994)	(0.998)	(0.996)	(0.994)	(0.995)	(1.042)	(1.040)	(1.061)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.748**	-0.663*	-0.682*	-0.761**	-0.662*	-0.689*	-0.425	-0.165	-0.478
	(0.373)	(0.371)	(0.373)	(0.374)	(0.371)	(0.372)	(0.412)	(0.415)	(0.427)
Internal conflict index	0.411**	0.434**	0.433**	0.416**	0.424**	0.438**	0.403*	0.420*	0.424*
	(0.203)	(0.202)	(0.203)	(0.203)	(0.202)	(0.203)	(0.221)	(0.221)	(0.229)
Inequality	-9.523	-8.012	-6.216	-9.591	-9.271	-7.947	-43.744	-22.649	-20.042
	(26.786)	(26.671)	(26.787)	(26.798)	(26.694)	(26.746)	(31.537)	(31.222)	(31.993)
Inequality2	10.596	9.598	7.358	10.736	10.880	9.135	41.826	23.259	20.886
	(25.931)	(25.818)	(25.928)	(25.945)	(25.844)	(25.890)	(30.062)	(29.774)	(30.509)
Anti-system movements index	-1.851	-1.726	-2.593	-1.842	-1.589	-2.104	-5.592	-8.266	-8.480
	(3.744)	(3.721)	(3.733)	(3.748)	(3.728)	(3.730)	(5.918)	(5.886)	(6.032)
Movements * inequality	-12.384	-13.196	-9.757	-12.344	-13.579	-11.659	-1.664	7.124	9.598
	(15.417)	(15.337)	(15.391)	(15.428)	(15.359)	(15.375)	(22.518)	(22.384)	(22.934)
Movements * inequality2	14.940	16.310	12.881	14.915	16.640	14.688	6.995	1.761	-2.576
	(15.357)	(15.300)	(15.353)	(15.367)	(15.320)	(15.334)	(21.005)	(20.889)	(21.395)
Constant	69.121***	67.420***	65.302***	69.001***	67.991***	66.171***	74.798***	60.427***	67.734***
	(15.700)	(15.601)	(15.658)	(15.705)	(15.614)	(15.633)	(17.494)	(17.430)	(17.907)
Observations	1,576	1,576	1,576	1,576	1,576	1,576	1,336	1,334	1,320
R-squared	0.204	0.209	0.202	0.204	0.208	0.205	0.239	0.245	0.212
Number of countries	88	88	88	88	88	88	78	78	78

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C17: Model 1—the impact of bilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Bilateral aid	0.155**	0.378***	0.043	0.204***	0.461***	0.156**	1.506***	1.424***	0.490***
	(0.079)	(0.082)	(0.075)	(0.078)	(0.080)	(0.070)	(0.259)	(0.177)	(0.164)
GDP growth	-0.004	-0.005	0.000	-0.005	-0.001	-0.001	0.005	0.010	0.008
	(0.028)	(0.027)	(0.028)	(0.028)	(0.027)	(0.027)	(0.029)	(0.029)	(0.034)
L.GDP	-1.155	-1.185	-0.929	-1.228	-1.141	-0.867	0.263	1.066	0.176
	(1.003)	(0.996)	(1.000)	(1.003)	(0.993)	(0.999)	(1.093)	(1.121)	(1.214)
Urban pop	0.177***	0.165**	0.183***	0.176***	0.166**	0.175***	0.123	0.099	0.085
	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.077)	(0.077)	(0.083)
Pop density	0.009***	0.008**	0.009**	0.010***	0.009**	0.009**	0.012**	0.000	-0.002
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.006)	(0.006)	(0.007)
Natural resources	0.034	0.034	0.036	0.034	0.031	0.034	0.031	0.033	0.031
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.031)	(0.031)	(0.033)
Constant	45.780***	47.212***	44.290***	46.238***	46.759***	44.519***	29.041***	29.825***	37.954***
	(9.003)	(8.966)	(8.977)	(8.997)	(8.934)	(8.970)	(9.555)	(9.816)	(10.563)
Observations	2,903	2,903	2,903	2,903	2,903	2,903	2,529	2,499	2,358
R-squared	0.058	0.064	0.057	0.059	0.068	0.059	0.080	0.085	0.063
Number of countries	135	135	135	135	135	135	123	123	122

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C18: Model 2—the impact of bilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Bilateral aid	0.135	0.344***	0.080	0.178**	0.426***	0.190**	1.758***	1.774***	0.509***
	(0.088)	(0.095)	(0.086)	(0.086)	(0.091)	(0.079)	(0.279)	(0.202)	(0.184)
GDP growth	-0.011	-0.016	-0.009	-0.012	-0.016	-0.011	-0.006	-0.011	0.008
	(0.035)	(0.035)	(0.035)	(0.035)	(0.034)	(0.035)	(0.038)	(0.037)	(0.039)
L.GDP	-3.114***	-3.127***	-2.820**	-3.195***	-3.162***	-2.848**	-1.461	-0.576	-1.265
	(1.188)	(1.176)	(1.178)	(1.187)	(1.173)	(1.176)	(1.301)	(1.294)	(1.359)
Urban pop	0.055	0.051	0.052	0.057	0.054	0.048	0.002	-0.018	-0.045
	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.084)	(0.083)	(0.087)
Pop density	0.007	0.007	0.008	0.007	0.007	0.008	-0.005	-0.003	-0.005
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.010)
Natural resources	-0.016	-0.019	-0.014	-0.017	-0.026	-0.018	-0.046	-0.035	-0.040
	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.039)	(0.038)	(0.041)
Military spending	-0.011	-0.047	-0.012	-0.007	-0.041	-0.027	-0.007	-0.137	-0.058
	(0.190)	(0.190)	(0.190)	(0.190)	(0.189)	(0.190)	(0.207)	(0.207)	(0.219)
Neighbours democ	9.166**	9.064**	9.152**	9.072**	8.644**	8.974**	7.841*	7.808*	7.483*
	(3.723)	(3.713)	(3.724)	(3.721)	(3.707)	(3.720)	(4.031)	(3.999)	(4.149)
Constant	64.567***	65.418***	62.807***	65.070***	65.869***	63.704***	45.941***	45.193***	52.786***
	(11.046)	(10.980)	(10.988)	(11.035)	(10.954)	(10.982)	(11.715)	(11.609)	(12.124)
Observations	2,263	2,263	2,263	2,263	2,263	2,263	1,936	1,927	1,872
R-squared	0.070	0.075	0.070	0.071	0.079	0.072	0.106	0.123	0.086
Number of countries	114	114	114	114	114	114	102	102	102

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C19: Model 3—the impact of bilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Bilateral aid	0.293***	0.481***	0.236**	0.326***	0.531***	0.378***	1.919***	1.802***	0.419*
	(0.100)	(0.109)	(0.102)	(0.099)	(0.107)	(0.098)	(0.329)	(0.250)	(0.223)
GDP growth	0.018	0.011	0.024	0.018	0.015	0.021	0.013	0.005	0.046
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.044)	(0.044)	(0.045)
L.GDP	-3.227**	-3.014**	-2.613*	-3.291**	-2.975**	-2.612*	-3.121*	-1.863	-2.413
	(1.457)	(1.440)	(1.444)	(1.455)	(1.436)	(1.439)	(1.657)	(1.655)	(1.722)
Urban pop	0.004	-0.004	0.001	0.004	-0.005	-0.005	-0.019	-0.051	-0.034
	(0.086)	(0.085)	(0.086)	(0.085)	(0.085)	(0.085)	(0.099)	(0.099)	(0.102)
Pop density	0.004	0.005	0.005	0.004	0.005	0.004	-0.008	-0.004	-0.006
	(0.011)	(0.010)	(0.011)	(0.011)	(0.010)	(0.011)	(0.011)	(0.011)	(0.012)
Natural resources	-0.010	-0.008	-0.005	-0.008	-0.011	-0.005	-0.035	-0.015	-0.015
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.050)	(0.050)	(0.052)
Military spending	0.169	0.118	0.153	0.167	0.131	0.123	0.164	-0.004	0.063
	(0.305)	(0.304)	(0.306)	(0.305)	(0.304)	(0.305)	(0.349)	(0.351)	(0.381)
Neighbours democ	6.146	6.163	5.999	5.912	5.612	5.558	8.083*	8.747*	7.952*
	(4.100)	(4.086)	(4.105)	(4.098)	(4.080)	(4.094)	(4.482)	(4.466)	(4.608)
Non-tax revenues	0.094	0.072	0.088	0.097	0.062	0.079	0.128	0.057	0.100
	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.088)	(0.090)	(0.098)
Military regime = L	-7.545***	-7.389***	-7.597***	-7.534***	-7.364***	-7.638***	-6.924***	-6.464***	-7.401***
	(0.947)	(0.945)	(0.948)	(0.947)	(0.943)	(0.945)	(0.993)	(0.994)	(1.020)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.208	0.242	0.254	0.180	0.243	0.238	0.598	0.778*	0.458
	(0.370)	(0.368)	(0.370)	(0.371)	(0.368)	(0.369)	(0.418)	(0.419)	(0.434)
Internal conflict index	0.571***	0.599***	0.614***	0.589***	0.591***	0.621***	0.577***	0.568***	0.661***
	(0.197)	(0.197)	(0.198)	(0.197)	(0.196)	(0.197)	(0.218)	(0.218)	(0.230)
Constant	64.288***	63.412***	59.971***	64.765***	63.513***	60.758***	53.946***	50.009***	55.477***
	(13.505)	(13.386)	(13.419)	(13.490)	(13.357)	(13.380)	(14.813)	(14.778)	(15.299)
Observations	1,641	1,641	1,641	1,641	1,641	1,641	1,387	1,379	1,351
R-squared	0.146	0.152	0.144	0.147	0.155	0.150	0.177	0.187	0.152
Number of countries	90	90	90	90	90	90	80	80	80

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C20: Model 4—the impact of bilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Bilateral aid	0.328***	0.469***	0.213**	0.297***	0.440***	0.305***	2.339***	1.855***	0.474**
	(0.110)	(0.114)	(0.103)	(0.108)	(0.110)	(0.097)	(0.344)	(0.253)	(0.219)
GDP growth	-0.098**	-0.100**	-0.096**	-0.093*	-0.096**	-0.095**	-0.130**	-0.125**	-0.099*
	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.055)	(0.055)	(0.056)
L.GDP	-2.742*	-2.489*	-2.259	-2.701*	-2.500*	-2.273	-3.639**	-1.788	-2.602
	(1.492)	(1.481)	(1.486)	(1.493)	(1.481)	(1.483)	(1.691)	(1.682)	(1.736)
Urban pop	0.067	0.054	0.061	0.068	0.056	0.057	0.065	0.025	0.037
	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.098)	(0.098)	(0.101)
Pop density	-0.044***	-0.043***	-0.043***	-0.044***	-0.042***	-0.043***	-0.051***	-0.044***	-0.047***
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)	(0.013)	(0.013)
Natural resources	0.013	0.014	0.016	0.014	0.012	0.015	-0.015	0.009	0.003
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.049)	(0.049)	(0.051)
Military spending	-0.061	-0.120	-0.097	-0.038	-0.110	-0.095	0.043	-0.166	-0.021
	(0.329)	(0.328)	(0.329)	(0.329)	(0.328)	(0.329)	(0.367)	(0.367)	(0.377)
Neighbours democ	5.255	5.400	5.341	5.128	4.988	5.038	7.152*	8.325*	7.454*
	(3.994)	(3.983)	(4.000)	(3.997)	(3.985)	(3.985)	(4.311)	(4.299)	(4.428)
Non-tax revenues	0.081	0.066	0.080	0.082	0.070	0.078	0.041	-0.023	0.064
	(0.087)	(0.086)	(0.087)	(0.087)	(0.086)	(0.087)	(0.095)	(0.095)	(0.097)
Military regime = L	-7.005***	-6.890***	-7.044***	-7.017***	-6.930***	-7.045***	-6.044***	-5.961***	-6.619***
	(0.996)	(0.994)	(0.998)	(0.996)	(0.994)	(0.995)	(1.042)	(1.040)	(1.061)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.747**	-0.663*	-0.682*	-0.758**	-0.662*	-0.689*	-0.409	-0.163	-0.476
	(0.373)	(0.371)	(0.373)	(0.374)	(0.371)	(0.372)	(0.412)	(0.415)	(0.426)
Internal conflict index	0.413**	0.434**	0.433**	0.417**	0.424**	0.438**	0.416*	0.419*	0.426*
	(0.203)	(0.202)	(0.203)	(0.203)	(0.202)	(0.203)	(0.221)	(0.221)	(0.229)
Inequality	-9.484	-7.963	-6.236	-9.301	-9.244	-7.967	-43.115	-22.427	-20.099
	(26.782)	(26.671)	(26.785)	(26.797)	(26.692)	(26.745)	(31.492)	(31.223)	(31.989)
Inequality2	10.577	9.523	7.384	10.454	10.831	9.159	41.250	22.928	20.948
	(25.927)	(25.817)	(25.927)	(25.944)	(25.842)	(25.888)	(30.021)	(29.774)	(30.506)
Anti-system movements index	-1.835	-1.728	-2.584	-1.869	-1.580	-2.096	-5.828	-8.297	-8.486
	(3.744)	(3.721)	(3.733)	(3.748)	(3.728)	(3.730)	(5.911)	(5.886)	(6.032)
Movements * inequality	-12.463	-13.186	-9.798	-12.222	-13.609	-11.693	-1.021	7.239	9.589
	(15.416)	(15.337)	(15.390)	(15.429)	(15.358)	(15.374)	(22.491)	(22.384)	(22.932)
Movements * inequality2	15.022	16.299	12.922	14.797	16.668	14.721	6.570	1.659	-2.547
	(15.357)	(15.300)	(15.352)	(15.368)	(15.319)	(15.333)	(20.981)	(20.889)	(21.392)
Constant	69.063***	67.351***	65.309***	68.730***	67.942***	66.181***	73.837***	60.113***	67.696***
	(15.695)	(15.600)	(15.657)	(15.701)	(15.612)	(15.632)	(17.471)	(17.433)	(17.906)
Observations	1,576	1,576	1,576	1,576	1,576	1,576	1,336	1,334	1,320
R-squared	0.205	0.209	0.202	0.204	0.208	0.205	0.240	0.245	0.212
Number of countries	88	88	88	88	88	88	78	78	78

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C21: Model 1—the impact of multilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Multilateral aid	0.178***	0.250***	0.292***	0.233***	0.233***	0.275***	0.669***	0.445***	0.367***
	(0.057)	(0.047)	(0.059)	(0.054)	(0.045)	(0.059)	(0.151)	(0.102)	(0.112)
GDP growth	-0.003	-0.011	-0.007	0.003	-0.004	-0.002	-0.022	-0.007	0.008
	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.033)	(0.035)	(0.037)
L.GDP	-1.076	-1.074	-0.995	-1.103	-1.033	-0.988	-0.555	0.666	-0.125
	(0.998)	(0.994)	(0.994)	(0.996)	(0.994)	(0.995)	(1.145)	(1.352)	(1.508)
Urban pop	0.167**	0.148**	0.146**	0.163**	0.149**	0.144**	0.092	-0.032	-0.078
	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)	(0.079)	(0.092)	(0.101)
Pop density	0.010***	0.008**	0.009**	0.010***	0.008**	0.009**	0.012**	0.002	-0.008
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.006)	(0.007)	(0.007)
Natural resources	0.036	0.040	0.030	0.033	0.037	0.029	0.048	0.041	0.042
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.032)	(0.034)	(0.034)
Constant	45.885***	48.634***	49.162***	46.136***	48.412***	49.011***	39.510***	38.066***	51.615***
	(8.976)	(8.969)	(8.993)	(8.958)	(8.970)	(9.000)	(10.037)	(12.042)	(15.372)
Observations	2,903	2,903	2,903	2,903	2,903	2,903	2,451	2,134	1,862
R-squared	0.060	0.067	0.065	0.063	0.066	0.064	0.072	0.050	0.034
Number of countries	135	135	135	135	135	135	123	123	118

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C22: Model 2—the impact of multilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Multilateral aid	0.209***	0.244***	0.321***	0.245***	0.218***	0.326***	0.768***	0.358***	0.239**
	(0.065)	(0.052)	(0.062)	(0.062)	(0.049)	(0.062)	(0.173)	(0.107)	(0.117)
GDP growth	-0.014	-0.020	-0.016	-0.009	-0.010	-0.004	-0.014	-0.003	-0.053
	(0.035)	(0.035)	(0.034)	(0.034)	(0.034)	(0.034)	(0.038)	(0.040)	(0.040)
L.GDP	-3.125***	-3.132***	-2.980**	-3.139***	-3.038***	-2.931**	-2.296*	-1.231	-2.501
	(1.177)	(1.173)	(1.170)	(1.175)	(1.173)	(1.170)	(1.326)	(1.558)	(1.722)
Urban pop	0.043	0.019	0.018	0.041	0.022	0.012	-0.028	-0.137	-0.091
	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.086)	(0.098)	(0.108)
Pop density	0.008	0.005	0.004	0.008	0.005	0.003	-0.002	0.005	0.003
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.011)	(0.012)
Natural resources	-0.013	-0.005	-0.019	-0.015	-0.008	-0.022	-0.016	0.002	0.017
	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.039)	(0.042)	(0.043)
Military spending	-0.017	-0.052	-0.064	0.001	-0.023	-0.044	0.041	-0.133	-0.204
	(0.190)	(0.189)	(0.189)	(0.189)	(0.189)	(0.189)	(0.208)	(0.227)	(0.255)
Neighbours democ	8.826**	8.661**	9.253**	8.621**	8.790**	8.761**	8.710**	2.847	-0.548
	(3.717)	(3.707)	(3.701)	(3.714)	(3.708)	(3.701)	(4.159)	(4.695)	(4.933)
Constant	65.593***	68.768***	68.876***	65.698***	67.826***	69.063***	56.219***	58.108***	73.580***
	(10.999)	(11.007)	(10.985)	(10.975)	(10.999)	(10.982)	(11.855)	(13.938)	(16.861)
Observations	2,263	2,263	2,263	2,263	2,263	2,263	1,896	1,695	1,497
R-squared	0.074	0.079	0.081	0.076	0.078	0.081	0.087	0.060	0.033
Number of countries	114	114	114	114	114	114	102	101	99

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C23: Model 3—the impact of multilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Multilateral aid	0.168**	0.220***	0.298***	0.215***	0.178***	0.316***	0.567***	0.226*	0.297**
	(0.076)	(0.059)	(0.069)	(0.072)	(0.055)	(0.068)	(0.206)	(0.118)	(0.127)
GDP growth	0.022	0.016	0.018	0.026	0.024	0.030	0.025	0.028	-0.098
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.045)	(0.048)	(0.060)
L.GDP	-2.885**	-2.764*	-2.773*	-2.931**	-2.888**	-2.766*	-3.521**	-3.875**	-4.824**
	(1.449)	(1.440)	(1.438)	(1.446)	(1.444)	(1.436)	(1.720)	(1.910)	(2.072)
Urban pop	-0.008	-0.019	-0.013	-0.012	-0.015	-0.021	-0.065	-0.169	-0.172
	(0.086)	(0.086)	(0.085)	(0.086)	(0.086)	(0.085)	(0.102)	(0.113)	(0.121)
Pop density	0.006	0.004	0.002	0.007	0.004	0.001	-0.005	-0.004	-0.014
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)	(0.013)	(0.014)
Natural resources	-0.004	0.006	-0.004	-0.010	0.001	-0.013	-0.020	-0.020	0.010
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.052)	(0.054)	(0.055)
Military spending	0.125	0.086	0.091	0.109	0.129	0.105	0.043	-0.219	0.002
	(0.306)	(0.305)	(0.305)	(0.305)	(0.305)	(0.304)	(0.355)	(0.396)	(0.451)
Neighbours democ	5.918	5.744	6.590	5.680	5.810	6.218	10.013**	9.699*	6.196
	(4.106)	(4.094)	(4.088)	(4.102)	(4.099)	(4.082)	(4.738)	(5.447)	(5.683)
Non-tax revenues	0.097	0.096	0.106	0.105	0.105	0.119*	0.137	0.042	-0.090
	(0.069)	(0.068)	(0.068)	(0.069)	(0.069)	(0.068)	(0.091)	(0.097)	(0.101)
Military regime = L	-7.534***	-7.559***	-7.259***	-7.550***	-7.579***	-7.189***	-7.338***	-7.457***	-8.313***
	(0.949)	(0.945)	(0.948)	(0.947)	(0.946)	(0.948)	(1.031)	(1.147)	(1.257)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.277	0.340	0.236	0.259	0.290	0.248	0.435	0.615	-0.024
	(0.370)	(0.369)	(0.369)	(0.370)	(0.369)	(0.368)	(0.426)	(0.459)	(0.501)
Internal conflict index	0.554***	0.529***	0.553***	0.580***	0.530***	0.514***	0.551**	0.499*	0.693**
	(0.198)	(0.197)	(0.197)	(0.197)	(0.198)	(0.197)	(0.225)	(0.257)	(0.279)
Constant	62.679***	63.861***	64.962***	62.983***	64.806***	66.059***	62.975***	76.156***	87.180***
	(13.500)	(13.431)	(13.421)	(13.454)	(13.500)	(13.421)	(15.233)	(17.029)	(20.069)
Observations	1,641	1,641	1,641	1,641	1,641	1,641	1,362	1,237	1,094
R-squared	0.144	0.149	0.152	0.146	0.147	0.153	0.155	0.126	0.106
Number of countries	90	90	90	90	90	90	80	80	78

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C24: Model 4—the impact of multilateral aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Multilateral aid	0.125	0.191***	0.228***	0.166**	0.162***	0.248***	0.633***	0.238**	0.290**
	(0.082)	(0.058)	(0.069)	(0.076)	(0.055)	(0.067)	(0.209)	(0.114)	(0.124)
GDP growth	-0.098**	-0.105**	-0.097**	-0.094*	-0.102**	-0.093*	-0.100*	-0.106*	-0.141**
	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.057)	(0.059)	(0.060)
L.GDP	-2.459*	-2.292	-2.212	-2.533*	-2.404	-2.169	-3.787**	-3.955**	-5.421**
	(1.492)	(1.483)	(1.483)	(1.491)	(1.485)	(1.482)	(1.736)	(1.935)	(2.117)
Urban pop	0.055	0.049	0.054	0.052	0.053	0.048	0.016	-0.097	-0.108
	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.102)	(0.111)	(0.122)
Pop density	-0.042***	-0.045***	-0.046***	-0.042***	-0.045***	-0.047***	-0.052***	-0.048***	-0.048***
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)	(0.016)	(0.016)
Natural resources	0.017	0.025	0.016	0.012	0.023	0.010	-0.004	-0.009	0.021
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.051)	(0.053)	(0.054)
Military spending	-0.099	-0.140	-0.104	-0.104	-0.098	-0.101	0.085	-0.213	-0.001
	(0.330)	(0.329)	(0.329)	(0.329)	(0.329)	(0.328)	(0.374)	(0.395)	(0.450)
Neighbours democ	5.193	5.131	5.903	4.975	5.202	5.627	9.856**	10.191*	7.749
	(4.006)	(3.992)	(3.993)	(4.005)	(3.994)	(3.987)	(4.555)	(5.259)	(5.581)
Non-tax revenues	0.079	0.068	0.074	0.080	0.078	0.082	0.037	-0.057	-0.119
	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.086)	(0.097)	(0.098)	(0.099)
Military regime = L	-7.045***	-7.037***	-6.910***	-7.066***	-7.127***	-6.908***	-6.463***	-6.350***	-7.511***
	(1.000)	(0.994)	(0.997)	(0.997)	(0.995)	(0.995)	(1.066)	(1.154)	(1.243)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.683*	-0.631*	-0.719*	-0.692*	-0.685*	-0.715*	-0.601	-0.339	-0.547
	(0.373)	(0.372)	(0.372)	(0.373)	(0.372)	(0.372)	(0.419)	(0.450)	(0.495)
Internal conflict index	0.400**	0.382*	0.403**	0.420**	0.383*	0.380*	0.430*	0.463*	0.641**
	(0.203)	(0.202)	(0.202)	(0.203)	(0.203)	(0.202)	(0.227)	(0.256)	(0.281)
Inequality	-6.215	-8.101	-2.943	-7.439	-7.732	-2.875	-29.851	-55.883	-33.992
	(26.812)	(26.733)	(26.717)	(26.800)	(26.753)	(26.691)	(32.053)	(34.251)	(37.117)
Inequality2	7.297	8.343	3.340	8.687	8.299	3.620	30.314	54.791*	34.909
	(25.956)	(25.865)	(25.857)	(25.948)	(25.888)	(25.829)	(30.684)	(32.974)	(35.141)
Anti-system movements index	-2.874	-2.294	-2.735	-2.837	-2.311	-2.568	-6.222	1.133	4.736
	(3.730)	(3.722)	(3.714)	(3.723)	(3.727)	(3.711)	(5.999)	(6.434)	(6.632)
Movements * inequality	-8.416	-10.670	-8.281	-8.519	-10.759	-8.721	0.917	-26.251	-32.846
	(15.369)	(15.334)	(15.297)	(15.342)	(15.358)	(15.285)	(22.819)	(24.284)	(25.033)
Movements * inequality2	11.431	13.609	11.055	11.550	13.907	11.450	5.253	29.888	34.816
	(15.326)	(15.290)	(15.258)	(15.303)	(15.321)	(15.245)	(21.290)	(22.609)	(23.197)
Constant	67.281***	68.291***	66.911***	68.064***	69.224***	67.432***	77.511***	93.771***	98.315***
	(15.747)	(15.654)	(15.631)	(15.722)	(15.701)	(15.620)	(18.052)	(20.439)	(23.472)
Observations	1,576	1,576	1,576	1,576	1,576	1,576	1,317	1,213	1,079
R-squared	0.201	0.206	0.206	0.202	0.205	0.207	0.222	0.181	0.136
Number of countries	88	88	88	88	88	88	78	77	76

Note: standard errors in parentheses. $^{*}\ p < 0.10$, $^{**}\ p < 0.05$, $^{***}\ p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C25: Model 1—the impact of top 5 donors aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Top 5 donors aid	0.203**	0.249***	0.147**	0.270***	0.393***	0.272***	1.406***	0.951***	0.532***
	(0.083)	(0.070)	(0.059)	(0.082)	(0.066)	(0.056)	(0.230)	(0.167)	(0.152)
GDP growth	-0.005	-0.001	0.001	-0.005	0.002	0.001	0.006	-0.016	0.026
	(0.028)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.029)	(0.033)	(0.036)
L.GDP	-1.177	-0.934	-0.781	-1.274	-0.996	-0.742	0.392	-0.004	-2.846**
	(1.002)	(0.997)	(1.000)	(1.001)	(0.992)	(0.995)	(1.093)	(1.179)	(1.294)
Urban pop	0.173***	0.162**	0.163**	0.173**	0.151**	0.147**	0.098	0.042	0.018
	(0.067)	(0.067)	(0.068)	(0.067)	(0.067)	(0.067)	(0.077)	(0.081)	(0.091)
Pop density	0.010***	0.009**	0.009**	0.010***	0.009**	0.009**	0.012**	-0.009	-0.025***
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.006)	(0.007)	(0.008)
Natural resources	0.034	0.035	0.034	0.033	0.032	0.032	0.032	0.038	0.008
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.031)	(0.032)	(0.034)
Constant	46.098***	45.767***	44.597***	46.739***	47.043***	45.784***	30.430***	42.185***	67.152***
	(8.998)	(8.967)	(8.969)	(8.991)	(8.932)	(8.944)	(9.535)	(10.423)	(11.502)
Observations	2,903	2,903	2,903	2,903	2,903	2,903	2,527	2,405	2,078
R-squared	0.059	0.061	0.059	0.061	0.069	0.065	0.081	0.072	0.061
Number of countries	135	135	135	135	135	135	123	123	121

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C26: Model 2—the impact of top 5 donors aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Top 5 donors aid	0.134	0.251***	0.122*	0.189**	0.310***	0.211***	1.436***	0.977***	0.581***
	(0.092)	(0.079)	(0.065)	(0.090)	(0.073)	(0.060)	(0.256)	(0.184)	(0.167)
GDP growth	-0.011	-0.013	-0.009	-0.012	-0.012	-0.010	-0.007	-0.007	0.012
	(0.035)	(0.035)	(0.035)	(0.035)	(0.034)	(0.034)	(0.038)	(0.039)	(0.041)
L.GDP	-3.072***	-2.875**	-2.691**	-3.164***	-2.880**	-2.657**	-1.148	-1.151	-2.383
	(1.186)	(1.175)	(1.180)	(1.185)	(1.172)	(1.175)	(1.304)	(1.341)	(1.472)
Urban pop	0.053	0.036	0.038	0.055	0.032	0.028	-0.032	-0.047	0.005
	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.074)	(0.084)	(0.087)	(0.098)
Pop density	0.007	0.008	0.008	0.007	0.009	0.008	-0.007	-0.004	-0.010
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.011)
Natural resources	-0.016	-0.016	-0.015	-0.017	-0.019	-0.016	-0.037	-0.020	-0.047
	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.036)	(0.039)	(0.039)	(0.043)
Military spending	-0.011	-0.023	-0.026	-0.006	-0.023	-0.014	-0.043	0.027	0.151
	(0.190)	(0.190)	(0.190)	(0.190)	(0.189)	(0.190)	(0.208)	(0.215)	(0.234)
Neighbours democ	9.183**	8.911**	8.885**	9.120**	8.698**	8.673**	7.934**	8.000*	10.101**
	(3.723)	(3.717)	(3.725)	(3.721)	(3.711)	(3.716)	(4.040)	(4.205)	(4.838)
Constant	64.365***	64.367***	62.899***	64.963***	64.772***	63.733***	46.875***	50.949***	58.639***
	(11.037)	(10.975)	(10.981)	(11.027)	(10.954)	(10.961)	(11.737)	(12.012)	(13.261)
Observations	2,263	2,263	2,263	2,263	2,263	2,263	1,935	1,885	1,723
R-squared	0.070	0.074	0.071	0.071	0.077	0.075	0.102	0.092	0.081
Number of countries	114	114	114	114	114	114	102	102	102

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C27: Model 3—the impact of top 5 donors aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Top 5 donors aid	0.290***	0.325***	0.182**	0.337***	0.356***	0.291***	1.204***	1.086***	0.691***
	(0.106)	(0.092)	(0.074)	(0.104)	(0.086)	(0.069)	(0.287)	(0.215)	(0.191)
GDP growth	0.018	0.014	0.024	0.018	0.018	0.026	0.022	0.011	0.046
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.044)	(0.046)	(0.048)
L.GDP	-3.132**	-2.725*	-2.441*	-3.216**	-2.740*	-2.243	-2.788*	-3.034*	-3.234*
	(1.455)	(1.441)	(1.445)	(1.453)	(1.439)	(1.441)	(1.666)	(1.729)	(1.825)
Urban pop	-0.001	-0.014	-0.005	-0.002	-0.022	-0.008	-0.060	-0.056	0.002
	(0.086)	(0.086)	(0.086)	(0.085)	(0.086)	(0.085)	(0.100)	(0.103)	(0.114)
Pop density	0.004	0.006	0.005	0.004	0.007	0.004	-0.007	-0.007	-0.018
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)	(0.012)
Natural resources	-0.008	-0.004	-0.005	-0.006	-0.001	-0.003	-0.023	-0.026	-0.028
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.050)	(0.051)	(0.054)
Military spending	0.165	0.126	0.120	0.170	0.113	0.098	0.103	0.008	-0.045
	(0.305)	(0.305)	(0.306)	(0.305)	(0.305)	(0.305)	(0.351)	(0.357)	(0.395)
Neighbours democ	6.188	6.110	5.699	6.012	5.743	5.181	8.103*	9.390**	16.074***
	(4.102)	(4.095)	(4.108)	(4.098)	(4.090)	(4.094)	(4.511)	(4.721)	(5.495)
Non-tax revenues	0.094	0.085	0.092	0.098	0.077	0.090	0.137	0.108	0.059
	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)	(0.068)	(0.089)	(0.091)	(0.101)
Military regime = L	-7.559***	-7.532***	-7.652***	-7.545***	-7.482***	-7.652***	-7.144***	-7.654***	-8.700***
	(0.948)	(0.946)	(0.948)	(0.947)	(0.945)	(0.944)	(0.998)	(1.031)	(1.098)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	0.209	0.239	0.313	0.172	0.254	0.334	0.498	0.623	0.365
	(0.371)	(0.369)	(0.370)	(0.371)	(0.369)	(0.369)	(0.420)	(0.430)	(0.453)
Internal conflict index	0.567***	0.586***	0.576***	0.586***	0.578***	0.557***	0.528**	0.669***	0.801***
	(0.197)	(0.197)	(0.198)	(0.197)	(0.197)	(0.197)	(0.219)	(0.228)	(0.245)
Constant	63.928***	62.061***	59.303***	64.586***	62.681***	58.630***	56.806***	59.428***	57.836***
	(13.507)	(13.406)	(13.415)	(13.491)	(13.390)	(13.365)	(14.891)	(15.392)	(16.235)
Observations	1,641	1,641	1,641	1,641	1,641	1,641	1,387	1,354	1,256
R-squared	0.145	0.148	0.145	0.147	0.151	0.151	0.166	0.172	0.171
Number of countries	90	90	90	90	90	90	80	80	80

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table C28: Model 4—the impact of top 5 donors aid on democracy (linear-log specification, based on deflated aid commitments)

	Aid			Aid(t-1)			Aid per capita		
	(1) Dev. aid	(2) Dem. aid (ED)	(3) Dem. aid (LD)	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (LD)	(7) Dev. aid	(8) Dem. aid (ED)	(9) Dem. aid (LD)
Top 5 donors aid	0.349***	0.262***	0.155**	0.322***	0.229**	0.212***	1.485***	1.114***	0.778***
	(0.118)	(0.096)	(0.074)	(0.115)	(0.090)	(0.070)	(0.290)	(0.216)	(0.185)
GDP growth	-0.099**	-0.103**	-0.100**	-0.094*	-0.099**	-0.096**	-0.125**	-0.115**	-0.101*
	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)	(0.055)	(0.058)	(0.061)
L.GDP	-2.669*	-2.276	-2.072	-2.653*	-2.345	-2.009	-2.938*	-3.041*	-3.877**
	(1.490)	(1.484)	(1.489)	(1.490)	(1.485)	(1.486)	(1.699)	(1.756)	(1.841)
Urban pop	0.062	0.044	0.057	0.063	0.048	0.056	0.026	0.016	0.026
	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)	(0.099)	(0.103)	(0.111)
Pop density	-0.044***	-0.041***	-0.042***	-0.044***	-0.041***	-0.042***	-0.051***	-0.048***	-0.053***
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.013)	(0.013)	(0.014)
Natural resources	0.015	0.019	0.017	0.016	0.018	0.017	-0.002	-0.008	-0.011
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.050)	(0.051)	(0.053)
Military spending	-0.065	-0.101	-0.120	-0.034	-0.098	-0.121	0.002	-0.051	-0.006
	(0.329)	(0.329)	(0.330)	(0.329)	(0.329)	(0.329)	(0.370)	(0.375)	(0.387)
Neighbours democ	5.249	5.295	4.988	5.144	5.087	4.734	7.377*	8.808*	14.943***
	(3.994)	(3.996)	(4.006)	(3.996)	(3.999)	(4.000)	(4.345)	(4.545)	(5.269)
Non-tax revenues	0.077	0.074	0.078	0.079	0.077	0.080	0.040	0.020	0.007
	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.096)	(0.097)	(0.100)
Military regime = L	-7.010***	-7.011***	-7.101***	-7.019***	-6.998***	-7.062***	-6.407***	-6.942***	-7.406***
	(0.996)	(0.996)	(0.996)	(0.996)	(0.997)	(0.995)	(1.047)	(1.072)	(1.116)
Opposition fractionalization	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ethnic tensions index	-0.759**	-0.679*	-0.635*	-0.777**	-0.667*	-0.609	-0.552	-0.441	-0.513
	(0.373)	(0.373)	(0.374)	(0.374)	(0.373)	(0.373)	(0.415)	(0.424)	(0.443)
Internal conflict index	0.412**	0.416**	0.408**	0.419**	0.418**	0.403**	0.383*	0.561**	0.625***
	(0.203)	(0.203)	(0.203)	(0.203)	(0.203)	(0.202)	(0.222)	(0.231)	(0.242)
Inequality	-10.594	-7.230	-5.766	-10.446	-8.583	-8.145	-41.476	-32.579	-23.414
	(26.808)	(26.761)	(26.779)	(26.820)	(26.799)	(26.753)	(31.847)	(32.143)	(32.708)
Inequality2	11.348	8.372	6.738	11.336	9.548	9.613	38.788	34.526	25.447
	(25.947)	(25.903)	(25.917)	(25.963)	(25.941)	(25.901)	(30.330)	(30.658)	(31.237)
Anti-system movements index	-1.948	-2.134	-2.581	-1.972	-2.052	-2.013	-6.214	-7.031	-10.271
	(3.739)	(3.737)	(3.733)	(3.742)	(3.746)	(3.735)	(5.961)	(6.243)	(6.348)
Movements * inequality	-12.059	-11.497	-9.935	-11.908	-11.726	-12.396	1.208	2.456	13.048
	(15.401)	(15.400)	(15.395)	(15.410)	(15.432)	(15.405)	(22.676)	(23.543)	(23.936)
Movements * inequality2	14.638	14.586	13.192	14.540	14.778	15.843	4.161	5.137	-2.974
	(15.344)	(15.361)	(15.363)	(15.353)	(15.390)	(15.380)	(21.150)	(21.820)	(22.169)
Constant	69.255***	66.600***	64.302***	69.056***	67.189***	64.392***	74.132***	72.239***	74.818***
	(15.702)	(15.651)	(15.658)	(15.707)	(15.671)	(15.629)	(17.633)	(18.260)	(19.046)
Observations	1,576	1,576	1,576	1,576	1,576	1,576	1,336	1,311	1,232
R-squared	0.205	0.204	0.202	0.204	0.203	0.205	0.228	0.232	0.237
Number of countries	88	88	88	88	88	88	78	78	77

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

D   Specific outcomes: ML-SEM and FE full tables

Table D1: Specific outcomes—FE model (linear-log specification, based on deflated aid commitments)

	Freedom of association index		Clean elections index		Freedom of expression index		Civil liberties index	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Targeted aid	0.373***	0.320***	0.163**	0.193***	0.146**	0.244***	0.147**	0.067
	(0.072)	(0.082)	(0.070)	(0.072)	(0.062)	(0.066)	(0.057)	(0.067)
GDP growth (% annual)	0.026	0.064*	0.028	-0.023	0.059*	0.070*	0.110***	0.135***
	(0.029)	(0.037)	(0.042)	(0.051)	(0.031)	(0.039)	(0.023)	(0.030)
L.GDP per capita	-2.646**	-4.172***	-0.686	-5.657***	-4.685***	-6.216***	-0.614	-0.920
	(1.072)	(1.261)	(1.526)	(1.729)	(1.122)	(1.331)	(0.839)	(1.037)
Urban population (% total)	0.228***	-0.078	0.356***	0.248**	0.168**	-0.081	0.188***	0.059
	(0.072)	(0.079)	(0.102)	(0.109)	(0.075)	(0.084)	(0.056)	(0.065)
Population density	0.028***	0.016*	0.011**	0.011	0.008**	-0.019*	-0.009***	-0.015*
	(0.004)	(0.010)	(0.005)	(0.014)	(0.004)	(0.010)	(0.003)	(0.008)
Natural resources (% GDP)	0.012	-0.025	0.091**	0.010	-0.028	0.036	-0.007	0.003
	(0.032)	(0.038)	(0.045)	(0.053)	(0.033)	(0.040)	(0.025)	(0.032)
Military spending (% GDP)		0.491**		-0.396		0.783***		0.325*
		(0.204)		(0.280)		(0.214)		(0.168)
Neighbours avg democ		16.412***		7.587		2.187		8.708***
		(3.984)		(5.471)		(4.200)		(3.283)
Constant	73.191***	93.605***	34.564**	79.120***	95.630***	120.410***	61.837***	64.820***
	(9.615)	(11.751)	(13.715)	(16.142)	(10.129)	(12.504)	(7.556)	(9.713)
Observations	2,903	2,263	2,903	2,263	2,903	2,263	2,903	2,263
R-squared	0.076	0.075	0.060	0.088	0.059	0.083	0.093	0.117
Number of countries	135	114	135	114	135	114	135	114

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table D2: Specific outcomes—ML-SEM model (linear-log specification, based on deflated aid commitments)

	Freedom of association index		Clean elections index		Freedom of expression index		Civil liberties index	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Targeted aid	2.356***	1.247**	0.948	0.880	1.988***	1.317**	1.565***	0.407
	(0.541)	(0.519)	(0.754)	(0.677)	(0.561)	(0.604)	(0.579)	(0.616)
L.index	1.023***	0.914***	0.820***	0.708***	1.190***	1.102***	0.646***	0.567***
	(0.127)	(0.140)	(0.133)	(0.189)	(0.186)	(0.203)	(0.136)	(0.144)
Natural resources (% GDP)	-0.153	-0.019	-0.028	0.013	-0.196	0.035	-0.146	0.044
	(0.126)	(0.142)	(0.174)	(0.204)	(0.149)	(0.170)	(0.094)	(0.108)
GDP growth (% annual)	0.071	0.321	0.256	0.197	-0.034	0.360	0.202	0.260*
	(0.216)	(0.213)	(0.329)	(0.320)	(0.256)	(0.266)	(0.152)	(0.157)
L.GDP per capita (log)	3.856	6.391	7.068	9.153	4.254	6.908	4.193	1.917
	(4.525)	(4.813)	(6.422)	(6.862)	(5.450)	(5.753)	(3.414)	(3.587)
Urban population (% total)	-0.358	-0.385	-0.095	-0.210	-0.420	-0.408	-0.296	-0.450**
	(0.276)	(0.278)	(0.382)	(0.416)	(0.323)	(0.323)	(0.207)	(0.215)
Population density	-0.073***	-0.035	-0.065***	-0.034	-0.093***	-0.094**	-0.026**	-0.011
	(0.016)	(0.037)	(0.020)	(0.053)	(0.020)	(0.043)	(0.011)	(0.029)
Military spending (% GDP)		2.261***		0.871		3.315***		1.545***
		(0.734)		(1.088)		(0.875)		(0.562)
Neighbours avg demo		5.933		-20.335		-3.377		-5.843
		(14.575)		(20.867)		(17.248)		(11.094)
Observations	132	102	132	102	132	102	132	102
BIC	16324.205	12143.731	16965.467	12641.656	16556.826	12367.218	16103.068	11984.690
AIC	15649.629	11190.866	16285.125	11680.916	15876.485	11409.103	15428.492	11026.575
chi2_w	81.308	62.283	58.723	17.487	59.021	56.129	28.000	28.788
p_w	0.000	0.000	0.000	0.042	0.000	0.000	0.000	0.001

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

E   Downturns and upturns: full tables

Table E1: Upturns FE—Models 1 and 2 (based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	0.0718**	0.0923**	0.1238***	0.1482***	0.1209***	0.1200***
	(0.0341)	(0.0397)	(0.0350)	(0.0416)	(0.0335)	(0.0395)
GDP	-0.2122	-0.4729	-0.1773	-0.4021	-0.0725	-0.2839
	(0.4180)	(0.5136)	(0.4153)	(0.5074)	(0.4152)	(0.5067)
GDP growth	0.0285**	0.0411***	0.0281**	0.0387**	0.0291**	0.0391**
	(0.0116)	(0.0155)	(0.0116)	(0.0155)	(0.0115)	(0.0155)
Natural resources	-0.0016	0.0104	-0.0016	0.0103	-0.0028	0.0093
	(0.0133)	(0.0169)	(0.0133)	(0.0168)	(0.0133)	(0.0169)
Pop density	-0.0010	0.0016	-0.0015	0.0016	-0.0015	0.0020
	(0.0016)	(0.0042)	(0.0016)	(0.0042)	(0.0016)	(0.0042)
Urban pop	0.0057	-0.0171	0.0030	-0.0202	0.0027	-0.0199
	(0.0291)	(0.0331)	(0.0290)	(0.0330)	(0.0290)	(0.0331)
Military spending		0.0736		0.0585		0.0634
		(0.0895)		(0.0895)		(0.0896)
Neighbours democ		-1.3871		-1.5192		-1.5018
		(1.7061)		(1.7037)		(1.7050)
Constant	3.4924	7.1201	3.6338	7.0657	3.1749	6.3953
	(3.7144)	(4.6919)	(3.7022)	(4.6639)	(3.6959)	(4.6582)
Observations	3024	2355	3024	2355	3024	2355

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table E2: Upturns Tobit FE—Models 1 and 2 (based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	0.4352**	0.5483**	0.4977**	0.6322***	0.3984*	0.3956
	(0.2172)	(0.2275)	(0.2472)	(0.2383)	(0.2380)	(0.3318)
GDP	-1.9834	-2.6795	-2.1543	-2.8101*	-2.2028	-2.6055
	(1.6311)	(2.2341)	(1.7973)	(1.5902)	(1.4595)	(2.0966)
GDP growth	0.0556	0.0568	0.0544	0.0501	0.0584	0.0628
	(0.0393)	(0.0540)	(0.0389)	(0.0660)	(0.0520)	(0.0450)
Natural resources	0.0127	0.0725	0.0119	0.0802	0.0103	0.0808
	(0.1088)	(0.0814)	(0.1054)	(0.0666)	(0.1323)	(0.0931)
Pop density	-0.0081	0.0062	-0.0101	0.0073	-0.0099	0.0077
	(0.0157)	(0.0199)	(0.0147)	(0.0267)	(0.0106)	(0.0276)
Urban pop	-0.0272	-0.1081	-0.0507	-0.1498	-0.0530	-0.1353
	(0.0753)	(0.0963)	(0.0893)	(0.1267)	(0.0800)	(0.1217)
Military spending		0.2762		0.2620		0.3027
		(0.4388)		(0.5047)		(0.4844)
Neighbours democ		-5.1609		-6.4635		-6.5736
		(7.8543)		(6.4992)		(11.0492)
Observations	3024	2355	3024	2355	3024	2355

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table E3: Downturns FE—Models 1 and 2 (based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	0.0497**	0.0502**	0.0391	0.0462*	0.0279	0.0323
	(0.0232)	(0.0254)	(0.0239)	(0.0268)	(0.0229)	(0.0253)
GDP	0.3017	0.6268*	0.3483	0.6928**	0.3775	0.7297**
	(0.2849)	(0.3294)	(0.2836)	(0.3260)	(0.2836)	(0.3254)
GDP growth	0.0256***	0.0238**	0.0260***	0.0234**	0.0264***	0.0237**
	(0.0079)	(0.0100)	(0.0079)	(0.0100)	(0.0079)	(0.0100)
Natural resources	-0.0042	-0.0147	-0.0040	-0.0144	-0.0042	-0.0146
	(0.0091)	(0.0108)	(0.0091)	(0.0108)	(0.0091)	(0.0108)
Pop density	-0.0017	-0.0030	-0.0021*	-0.0028	-0.0021*	-0.0027
	(0.0011)	(0.0027)	(0.0011)	(0.0027)	(0.0011)	(0.0027)
Urban pop	-0.0202	-0.0162	-0.0193	-0.0173	-0.0187	-0.0171
	(0.0198)	(0.0212)	(0.0198)	(0.0212)	(0.0198)	(0.0212)
Military spending		-0.1426**		-0.1451**		-0.1427**
		(0.0574)		(0.0575)		(0.0575)
Neighbours democ		-0.9752		-1.0181		-1.0081
		(1.0943)		(1.0948)		(1.0951)
Constant	-2.4307	-4.5967	-2.6454	-4.9162	-2.8221	-5.1501*
	(2.5320)	(3.0093)	(2.5281)	(2.9969)	(2.5245)	(2.9918)
Observations	3024	2355	3024	2355	3024	2355

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table E4: Downturns Tobit FE—Models 1 and 2 (based on deflated aid commitments)

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	-0.287	-0.252	-0.152	-0.199*	-0.088	-0.088
	(0.312)	(0.174)	(0.114)	(0.115)	(0.091)	(0.091)
GDP	0.892	0.615	0.606	0.369	0.564	0.564
	(0.996)	(1.401)	(0.875)	(1.186)	(0.825)	(0.825)
GDP growth	-0.154*	-0.087**	-0.152**	-0.085*	-0.153*	-0.153*
	(0.080)	(0.044)	(0.071)	(0.050)	(0.090)	(0.090)
Natural resources	0.001	0.030	0.004	0.031	0.004	0.004
	(0.056)	(0.037)	(0.062)	(0.032)	(0.039)	(0.039)
Pop density	0.012**	0.014	0.013**	0.014	0.012**	0.012**
	(0.005)	(0.010)	(0.006)	(0.010)	(0.005)	(0.005)
Urban pop	0.158*	0.238**	0.156**	0.244**	0.155*	0.155*
	(0.083)	(0.110)	(0.068)	(0.103)	(0.093)	(0.093)
Military spending		0.532		0.515		
		(0.514)		(0.490)		
Neighbours democ		0.697		0.890		
		(3.344)		(3.049)		
Observations	3024	2355	3024	2355	3024	3024

Note: standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

F   Ordered logit: full tables

Table F1: Feologit—aid (based on deflated aid commitments)

	(1) Dev. aid	(2) Dev. aid	(3) Dev. aid	(4) Dev. aid	(5) Dem. aid (ED)	(6) Dem. aid (ED)	(7) Dem. aid (ED)	(8) Dem. aid (ED)	(9) Dem. aid (LD)	(10) Dem. aid (LD)	(11) Dem. aid (LD)	(12) Dem. aid (LD)
Aid (log)	-0.00657	0.0631	0.504	0.424	0.0309	0.0741	0.362*	0.331*	-0.0166	0.0180	0.182*	0.159
	(-0.14)	(1.08)	(1.27)	(0.94)	(0.70)	(1.39)	(2.26)	(2.14)	(-0.38)	(0.37)	(2.09)	(1.54)
L. GDP per capita (log)	2.321**	2.026*	0.801	1.279	2.290**	2.027*	1.075	1.567	2.333**	2.117*	1.028	1.621
	(2.75)	(2.10)	(0.69)	(0.88)	(2.70)	(2.10)	(0.93)	(1.11)	(2.76)	(2.23)	(0.89)	(1.19)
GDP growth (% annual)	0.0199	0.0178	0.0254	-0.0234	0.0185	0.0166	0.0220	-0.0307	0.0202	0.0196	0.0271	-0.0217
	(1.53)	(1.76)	(1.25)	(-0.74)	(1.46)	(1.64)	(1.14)	(-1.07)	(1.51)	(1.91)	(1.43)	(-0.76)
Natural resources (% GDP)	0.00982	-0.0200	0.00266	0.0192	0.00940	-0.0189	0.00899	0.0270	0.0101	-0.0182	0.00787	0.0252
	(0.47)	(-0.70)	(0.06)	(0.42)	(0.46)	(-0.67)	(0.21)	(0.58)	(0.49)	(-0.64)	(0.19)	(0.53)
Population density	0.00405	0.00298	-0.00185	-0.0179*	0.00388	0.00286	-0.000997	-0.0172*	0.00412	0.00323	-0.000614	-0.0165*
	(1.17)	(0.27)	(-0.18)	(-2.41)	(1.12)	(0.26)	(-0.10)	(-2.20)	(1.17)	(0.29)	(-0.06)	(-2.05)
Urban population (% total)	0.0649	0.0398	0.0962	0.132	0.0620	0.0381	0.0923	0.128	0.0666	0.0381	0.102	0.126
	(0.80)	(0.43)	(1.15)	(1.32)	(0.78)	(0.40)	(1.05)	(1.24)	(0.83)	(0.40)	(1.15)	(1.23)
Military spending (% GDP)		-0.0688	-0.209	-0.291		-0.0747	-0.137	-0.266		-0.0526	-0.0911	-0.175
		(-0.43)	(-0.65)	(-0.91)		(-0.47)	(-0.42)	(-0.82)		(-0.33)	(-0.27)	(-0.56)
Neighbours avg democ		5.914	2.394	0.0572		5.743	2.178	-0.109		5.904	1.869	-0.291
		(1.44)	(0.69)	(0.01)		(1.41)	(0.62)	(-0.03)		(1.44)	(0.52)	(-0.07)
Consolidated non-tax revenue			-0.0532	-0.0991			-0.0531	-0.101			-0.0347	-0.0798
			(-0.71)	(-1.37)			(-0.72)	(-1.42)			(-0.49)	(-1.21)
L. Military spending (% GDP)			-0.721	-0.303			-0.682	-0.271			-0.854	-0.390
			(-1.31)	(-0.43)			(-1.28)	(-0.40)			(-1.61)	(-0.55)
Opposition fractionalization			-0.0000200***	-0.0000283***			-0.0000222***	-0.0000300***			-0.0000221***	-0.0000298***
			(-5.30)	(-6.95)			(-6.98)	(-8.54)			(-7.03)	(-8.59)
Ethnic tensions index			0.323	-0.224			0.394	-0.162			0.330	-0.196
			(1.07)	(-0.75)			(1.25)	(-0.51)			(1.10)	(-0.65)
Internal conflict index			0.222	0.0695			0.257	0.0910			0.274	0.0955
			(1.38)	(0.36)			(1.58)	(0.47)			(1.66)	(0.49)
Inequality				22.91				18.69				19.07
				(0.69)				(0.60)				(0.69)
Inequality2				-24.36				-19.92				-20.82
				(-0.74)				(-0.65)				(-0.75)
Anti-system movements index				-6.023				-5.910				-5.857
				(-1.24)				(-1.22)				(-1.23)
Movements * inequality				14.25				12.96				13.59
				(0.76)				(0.70)				(0.75)
Movements * inequality2				-12.57				-10.58				-11.70
				(-0.70)				(-0.61)				(-0.69)
Observations	2218	1506	1027	980	2218	1506	1027	980	2218	1506	1027	980

Note: t statistics in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Source: authors' calculations based on data described in Section 5.

G   GMM models full tables

Table G1: Difference GMM—3 year averages, no external instrument

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	2.251**	2.623**	2.385***	2.560***	2.705***	2.106***
	(.017)	(.028)	(.003)	(.005)	(.005)	(.003)
L.Democracy	.721***	.715***	.625***	.594***	.577***	.543***
	(.001)	(.004)	(.000)	(.001)	(.001)	(.001)
GDP growth (% annual)	.140	.024	.158	.077	.199	.140
	(.412)	(.903)	(.263)	(.625)	(.124)	(.341)
Urban population (% total)	-.188	-.167	-.155	-.182	-.070	-.257
	(.328)	(.403)	(.365)	(.317)	(.679)	(.112)
Population density	.018	.015	.005	.020	.000	.030*
	(.132)	(.562)	(.541)	(.297)	(.974)	(.080)
L.GDP per capita (log)	-2.261	-6.580	-.018	-3.463	1.848	-.892
	(.552)	(.162)	(.995)	(.337)	(.569)	(.790)
Natural resources (% GDP)	-.113	-.140	-.091	-.100	-.106	-.078
	(.163)	(.228)	(.199)	(.306)	(.120)	(.385)
Military spending (% GDP)		1.192**		.866**		.989***
		(.021)		(.032)		(.006)
Neighbours avg democ		.514		.154		1.272
		(.978)		(.993)		(.937)
No. of countries	134	112	134	112	134	112
Observations	531	426	531	426	531	426
No. of instruments	17	19	17	19	17	19
Hansen test	8.56	8.11	5.16	7.62	8.34	11.54
Hansen p	.07	.09	.27	.11	.08	.02
Arellano-Bond AR(1)	.02	.04	.01	.01	.00	.01
Arellano-Bond AR(2)	.03	.38	.02	.24	.15	.44

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table G2: System GMM—3 year averages, no external instrument

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	.309	.897	1.130**	1.886**	2.225***	1.585*
	(.383)	(.222)	(.035)	(.018)	(.008)	(.084)
L.Democracy	.947***	.850***	.967***	.814***	.949***	.924***
	(.000)	(.000)	(.000)	(.000)	(.000)	(.000)
GDP growth (% annual)	.169*	.101	.173**	.072	.055	.033
	(.076)	(.482)	(.042)	(.589)	(.612)	(.818)
Urban population (% total)	-.010	-.053	-.031	-.086	-.050	-.063
	(.764)	(.463)	(.400)	(.212)	(.252)	(.287)
Population density	-.000	-.000	.001	-.002	.003	-.001
	(.902)	(.887)	(.559)	(.508)	(.223)	(.789)
L.GDP per capita (log)	1.435	3.431	3.397**	5.877**	6.358***	4.138*
	(.181)	(.204)	(.015)	(.024)	(.003)	(.084)
Natural resources (% GDP)	-.042	-.037	-.021	-.043	-.031	-.001
	(.533)	(.617)	(.720)	(.535)	(.683)	(.983)
Military spending (% GDP)		.001		-.026		.351
		(.999)		(.963)		(.531)
Neighbours avg democ		14.701		18.509*		10.440
		(.159)		(.083)		(.323)
_cons	-11.421	.000	.000	-50.950**	.000	-36.269*
	(.278)	(.)	(.)	(.018)	(.)	(.066)
No. of countries	134	113	134	113	134	113
Observations	665	539	665	539	665	539
No. of instruments	20	22	20	22	20	22
Hansen test	17.37	23.52	13.33	16.85	12.15	19.41
Hansen p	.01	.00	.04	.01	.06	.00
Arellano-Bond AR(1)	.00	.00	.00	.00	.00	.00
Arellano-Bond AR(2)	.06	.26	.05	.24	.11	.31

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Section 5.

Table G3: Difference GMM—3 year averages, instrument: women in parliament

| | Dev. aid | | Dem. aid (ED) | | Dem. aid (LD) | |
| | (1) | (2) | (3) | (4) | (5) | (6) |
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	1.231	1.238*	2.759***	2.178**	3.104***	2.336**
	(.124)	(.095)	(.009)	(.018)	(.001)	(.014)
L.Democracy	.832***	.812***	.587***	.668***	.553***	.682***
	(.000)	(.000)	(.000)	(.000)	(.002)	(.000)
GDP growth (% annual)	.346***	.316**	.295**	.277*	.302**	.300*
	(.009)	(.049)	(.029)	(.089)	(.031)	(.073)
Urban population (% total)	-.030	-.110	-.025	-.133	-.032	-.184
	(.865)	(.559)	(.887)	(.462)	(.869)	(.320)
Population density	.026	.033*	.028	.029	.046*	.033*
	(.213)	(.093)	(.176)	(.130)	(.094)	(.075)
L.GDP per capita (log)	2.226	.454	2.636	.710	3.702	1.803
	(.433)	(.893)	(.356)	(.821)	(.247)	(.584)
Natural resources (% GDP)	-.050	-.015	-.037	-.014	-.052	-.000
	(.479)	(.871)	(.564)	(.872)	(.441)	(.998)
Military spending (% GDP)		1.288***		.812*		.847**
		(.009)		(.059)		(.039)
Neighbours avg democ		-2.673		-1.438		.242
		(.893)		(.935)		(.989)
No. of countries	114	98	114	98	114	98
Observations	444	365	444	365	439	360
No. of instruments	19	21	19	21	19	21
Hansen test	8.63	10.79	9.30	8.11	10.81	9.80
Hansen p	.20	.10	.16	.23	.09	.13
Arellano-Bond AR(1)	.00	.00	.01	.00	.00	.00
Arellano-Bond AR(2)	.05	.31	.03	.25	.28	.48

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Sections 5 and 7.

Table G4: System GMM—3 year averages, instrument: women in parliament

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	1.182	1.829	2.364**	2.881***	1.996**	2.489***
	(.265)	(.170)	(.045)	(.006)	(.032)	(.010)
L.Democracy	.933***	.852***	.808***	.737***	.836***	.828***
	(.000)	(.000)	(.000)	(.000)	(.000)	(.000)
GDP growth (% annual)	.150	.179	.086	.058	.118	.134
	(.159)	(.200)	(.519)	(.673)	(.338)	(.271)
Urban population (% total)	.005	.004	.035	.017	.047	.033
	(.902)	(.934)	(.514)	(.705)	(.481)	(.594)
Population density	-.001	-.003	-.004	-.005	-.001	-.003
	(.615)	(.483)	(.484)	(.105)	(.880)	(.301)
L.GDP per capita (log)	1.064	.971	2.063*	2.119**	2.138	1.743**
	(.189)	(.298)	(.071)	(.034)	(.119)	(.047)
Natural resources (% GDP)	-.016	.024	-.046	.016	-.062	.018
	(.814)	(.680)	(.500)	(.753)	(.354)	(.757)
Military spending (% GDP)		.113		-.060		-.075
		(.752)		(.883)		(.905)
Neighbours avg democ		12.002*		15.006**		11.164
		(.078)		(.035)		(.179)
_cons	-13.900	-19.396	-18.206*	.000	-15.160	.000
	(.198)	(.158)	(.065)	(.)	(.113)	(.)
No. of countries	115	100	115	100	115	100
Observations	559	465	559	465	554	460
No. of instruments	22	24	22	24	22	24
Hansen test	13.38	13.25	10.10	6.77	14.01	10.20
Hansen p	.10	.10	.26	.56	.08	.25
Arellano-Bond AR(1)	.00	.00	.00	.01	.00	.00
Arellano-Bond AR(2)	.04	.36	.04	.27	.13	.41

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Sections 5 and 7.

Table G5: Difference GMM—3 year averages, instrument: left-leaning government

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	1.258	1.276*	2.820***	2.227**	3.186***	2.386**
	(.118)	(.090)	(.009)	(.017)	(.001)	(.013)
L.Democracy	.834***	.811***	.576***	.663***	.540***	.681***
	(.000)	(.000)	(.000)	(.000)	(.002)	(.000)
GDP growth (% annual)	.345***	.315*	.293**	.275*	.300**	.299*
	(.010)	(.051)	(.031)	(.092)	(.033)	(.075)
Urban population (% total)	-.030	-.109	-.024	-.133	-.031	-.185
	(.868)	(.564)	(.892)	(.464)	(.874)	(.320)
Population density	.026	.033*	.028	.029	.047*	.033*
	(.216)	(.094)	(.177)	(.132)	(.093)	(.076)
L.GDP per capita (log)	2.208	.410	2.621	.681	3.718	1.807
	(.438)	(.904)	(.362)	(.829)	(.249)	(.584)
Natural resources (% GDP)	-.050	-.015	-.037	-.014	-.051	-.000
	(.477)	(.869)	(.569)	(.871)	(.445)	(1.000)
Military spending (% GDP)		1.280***		.795*		.834**
		(.010)		(.064)		(.042)
Neighbours avg democ		-2.682		-1.408		.277
		(.893)		(.937)		(.987)
No. of countries	114	98	114	98	114	98
Observations	444	365	444	365	439	360
No. of instruments	19	21	19	21	19	21
Hansen test	9.47	10.70	10.24	8.57	10.86	9.64
Hansen p	.15	.10	.11	.20	.09	.14
Arellano-Bond AR(1)	.00	.00	.01	.00	.00	.00
Arellano-Bond AR(2)	.05	.32	.03	.25	.29	.48

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Sections 5 and 7.

Table G6: System GMM—3 year averages, instrument: left-leaning government

	Dev. aid		Dem. aid (ED)		Dem. aid (LD)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Aid	1.224	1.809	2.439**	2.832***	2.185**	2.548***
	(.257)	(.177)	(.045)	(.008)	(.029)	(.009)
L.Democracy	.930***	.854***	.802***	.745***	.832***	.838***
	(.000)	(.000)	(.000)	(.000)	(.000)	(.000)
GDP growth (% annual)	.142	.179	.079	.059	.105	.119
	(.205)	(.206)	(.562)	(.680)	(.399)	(.331)
Urban population (% total)	.003	.002	.033	.015	.047	.028
	(.939)	(.959)	(.549)	(.750)	(.496)	(.653)
Population density	-.001	-.002	-.004	-.005	-.001	-.003
	(.593)	(.493)	(.480)	(.114)	(.864)	(.322)
L.GDP per capita (log)	1.145	.992	2.177*	2.104**	2.331*	1.830**
	(.163)	(.290)	(.064)	(.037)	(.100)	(.037)
Natural resources (% GDP)	-.016	.025	-.046	.021	-.061	.025
	(.825)	(.668)	(.518)	(.697)	(.374)	(.678)
Military spending (% GDP)		.107		-.050		-.046
		(.768)		(.904)		(.943)
Neighbours avg democ		11.912*		14.670**		10.717
		(.084)		(.041)		(.206)
cons	-14.503	.000	-19.025*	-25.050***	-16.685*	-20.239***
	(.186)	(.)	(.066)	(.007)	(.092)	(.003)

Note: p-values in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: authors' calculations based on data described in Sections 5 and 7.

H Distribution of aid by aid type and finance type

Table H1: Distribution of democracy aid by type and definition (figures in percentages)

Aid definition	Aid type	1995	2000	2005	2010	2015	2018
Developmental aid	Budget support	0	2.84	1.83	4.78	14.38	7.81
	Core contributions and pooled programmes and funds	0.06	0.05	0.19	5.49	5.73	5.97
	Project-type interventions	0.67	7.84	6.54	60.28	70.69	78.16
	Experts and other technical assistance	0.01	0.02	0.01	2.78	1.72	1.32
	Scholarships and student costs in donor countries	0	0	0	1.54	1.1	1.25
	Debt relief	0	0.02	0.16	2.18	0.26	0.11
	Administrative costs not included elsewhere	0	0	0.04	0.17	0.23	0.71
	Other in-donor expenditures	0	0	0	0.02	0.01	0.12
	Missing information	99.27	89.24	91.23	22.77	5.89	4.54
Extensive democracy aid	Budget support	0	9.13	5.66	4.68	34.61	23.26
	Core contributions and pooled programmes and funds	0	0	0	9.7	12.59	10.92
	Project-type interventions	0	10.01	3.63	63.65	47.74	62.15
	Experts and other technical assistance	0	0.02	0.01	6.77	4.59	2.85
	Scholarships and student costs in donor countries	0	0	0	0.05	0.08	0.2
	Debt relief	0	0	0	0	0	0
	Administrative costs not included elsewhere	0	0	0	0.01	0	0.02
	Other in-donor expenditures	0	0	0	0	0	0
	Missing information	100	80.84	90.71	15.14	0.38	0.6
Limited democracy aid	Budget support	0	0.12	0.07	0.68	1.65	2.68
	Core contributions and pooled programmes and funds	0	0	0	24.47	22.05	18.96
	Project-type interventions	0	14.08	3.03	69.95	72.4	74.14
	Experts and other technical assistance	0	0	0	4.8	3.87	4.01
	Scholarships and student costs in donor countries	0	0	0	0	0.02	0.07
	Debt relief	0	0	0	0	0	0
	Administrative costs not included elsewhere	0	0	0	0.08	0	0.15
	Other in-donor expenditures	0	0	0	0.01	0	0
	Missing information	100	85.8	96.91	0	0	0

Source: authors' calculations based on OECD's Creditor Reporting System (CRS).

Table H2: Distribution of democracy aid by financial instrument and definition (figures in percentages)

Aid definition	Financial instrument	1995	2000	2005	2010	2015	2018
Development aid	Grants	30.12	46.07	58.22	40.4	34.38	35.02
	Guarantees and other unfunded contingent liabilities	0	0	0	0	0	0.04
	Debt instruments	69.64	53.45	37.19	56.7	62.92	64.25
	Mezzanine finance instruments	0	0	0	0	0	0.07
	Equity and shares in collective investment vehicles	0.25	0.46	0.94	0.73	2.44	0.51
	Debt relief	0	0.02	3.65	2.17	0.26	0.11
	Missing information	0	0	0	0	0	0
Extensive democracy aid	Grants	62.69	37.96	69.52	65.03	59.46	55.15
	Guarantees and other unfunded contingent liabilities	0	0	0	0	0	0
	Debt instruments	37.31	61.73	30.48	34.97	40.54	44.85
	Mezzanine finance instruments	0	0	0	0	0	0
	Equity and shares in collective investment vehicles	0	0.32	0	0	0	0
	Debt relief	0	0	0	0	0	0
	Missing information	0	0	0	0	0	0
Limited democracy aid	Grants	100	74.59	87.78	99.52	98.52	94.67
	Guarantees and other unfunded contingent liabilities	0	0	0	0	0	0
	Debt instruments	0	25.41	12.22	0.48	1.48	5.33
	Mezzanine finance instruments	0	0	0	0	0	0
	Equity and shares in collective investment vehicles	0	0	0	0	0	0
	Debt relief	0	0	0	0	0	0
	Missing information	0	0	0	0	0	0

Source: authors' calculations based on OECD's Creditor Reporting System (CRS).