

# Does aid support democracy?

## A systematic review of the literature

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**Abstract:** This study draws on a rigorous systematic review—to our knowledge the first in this area—to take stock of the literature on aid and democracy. It asks: Does aid—especially democracy aid—have positive impact on democracy? How? What factors most influence its impact? In so doing, it considers studies that explicitly focus on ‘democracy aid’ as an aggregate category, its subcomponents (e.g. aid to elections), and ‘developmental aid’. Overall, the evidence suggests that i) democracy aid generally supports rather than hinders democracy building around the world; ii) aid modalities influence the effectiveness of democracy aid; and iii) democracy aid is more associated with positive impact on democracy than developmental aid, probably because it targets key institutions and agents of democratic change. The review presents a new analytical framework for considering the evidence, bringing together core theories of democratization with work on foreign aid effectiveness. Overall, the evidence is most consistent with institutional and agent-based theories of exogenous democratization, and least consistent with expectations drawn from structural theories that would imply stronger positive impact for developmental aid on democratization.

**Key words:** foreign aid, democracy, systematic review, democracy aid, democracy assistance, democracy promotion, democratization

**JEL classification:** D72, F35, F55

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## Introduction

Democracy aid is a significant component of official development assistance (ODA). Countries in the OECD Development Assistance Committee (DAC) devoted roughly 10 per cent of total ODA to this goal in 2018. For several countries, the share is much higher: about 30 per cent in Sweden, 26 per cent in Denmark, and 21 per cent in Norway. Support for fundamental freedoms, the role of democracy for development, and strategic foreign policy considerations all play a role. For European Union countries, Article J(1) of the Maastricht Treaty (1993) and the Treaty on European Union, as modified by the Lisbon Treaty, make democracy a core principle of EU external policy (Zamfir and Dobрева 2019).

Democracy<sup>2</sup> has shown dramatic historical growth, to which external democracy support, at least since the 1970s, has arguably contributed (Huntington 1991a). In 1816, according to Roser's (2016) estimates, less than 1 per cent of the world's population lived in a democracy. By 1900, it was 12 per cent, by 1950 31 per cent, and by 2000 56 per cent.<sup>3</sup> In Europe and Central Asia, some 17 countries transitioned to democracy within five years of the collapse of the Soviet Union, although several subsequently slid back into autocracy (Dresden and Howard 2016; Levitsky and Way 2002). In Latin America, countries such as Argentina, Bolivia, Brazil, Chile, Mexico, Paraguay, and Uruguay moved from military dictatorship or autocracy to more competitive electoral systems (Mainwaring and Pérez-Liñán 2014), while in sub-Saharan Africa, the number of electoral democracies quadrupled by some measures since the 1990s (Carter 2016; Kroeger 2020).

Recent years, however, show concerning trends in democratic backsliding. Freedom House reports that democracy has been in decline since 2005 (Repucci 2020). The Varieties of Democracy (V-Dem) Institute finds that the majority of the world's population (54 per cent) now lives in autocracies—for the first time since 2001 (V-Dem Institute 2020: 6). The CIVICUS Monitor shows that twice as many people lived in countries where civic freedoms are being violated in 2019 than in 2018 (CIVICUS 2019).

Such trends have concerning global implications for civil and political rights, development, and international stability. For many this makes a strong case for continued and even increased democracy promotion, including democracy aid (see Carothers 2020).<sup>4</sup> Others disagree.

The question of whether democracy aid 'works'—and related questions about how and how it could work better—are crucial to these debates. To date, the evidence remains controversial. For one, the literature on foreign aid raises significant concerns about the impact of aid in general on democratic governance (Bräutigam and Knack 2004; Easterly 2013; Moss et al. 2006). Existing analyses and reviews of the literature paint an overall mixed picture (see, e.g., Bratton and van de Walle 1997; Burnell 2007; Carothers 2015; Dietrich and Wright 2013; Dunning 2004; Hackenesch 2019). This is not surprising given the diverse contexts and periods considered across studies, as well as the technical complexities of identifying and isolating the effect of aid from democracy

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<sup>2</sup> Democracy is understood here as a set of values, rules, and institutions that constitute a form of government, in which the supreme power is vested in the people and exercised directly by them or by their elected agents under a free electoral system (Dahl 2020). Definitions are considered further below.

<sup>3</sup> Roser's calculations are based on Polity IV data and data from Wimmer and Min (2006), [Gapminder.org](https://www.gapminder.org), the UN Population Division (2015 Rev), and Our World In Data.

<sup>4</sup> Democracy promotion refers to foreign policy activities aimed at supporting democracy, including democracy aid, diplomatic efforts, and military intervention.

itself. Moreover, the literature conceptualizes and measures democracy and development aid in different ways, making comparison across studies difficult.

To consider these questions, we conduct a new systematic review of the quantitative literature on aid's impact on democracy—to our knowledge the first in this area. While the literature on foreign aid is extensive, less attention has been devoted to the impact of democracy aid specifically. Although our core interest is in aid intended to support democracy, we cast our net broadly in the consideration of studies in this review to include studies of aid in general. For one, this is because 'democracy aid' is defined differently across studies, complicating the use of strict definitions and the process of aggregating findings. Moreover, this allows us to consider directly whether aid in general, whether targeted at democracy or not, has negative impact on democratic governance. The review also considers subcomponents of democracy aid, such as aid to elections.

Overall, we find a considerable volume of evidence suggesting that (1) democracy aid generally supports rather than hinders democracy building around the world; (2) democracy aid is more likely to contribute positively to democracy than developmental aid, likely because democracy aid specifically targets key institutions and agents of democratic change, while developmental aid interventions, although also positively associated with democracy, tend to be contingent upon a number of factors that can take more time to materialize; (3) aid modalities do appear to matter, but the evidence is limited; and (4) the domestic political environment within recipient states conditions how effective aid ultimately is.

The remainder of this paper is structured as follows. Section 2 considers the core concepts of democracy and democratization; summarizes major theories of democratization; and presents an analytical framework that situates, within major theoretical approaches, how democracy assistance can be expected to support democratic outcomes. Building on this analytical framework, the study then takes new stock of the literature based on a rigorous systematic review methodology that is discussed in detail in Section 3. Section 4 presents a description of studies included in this systematic review, looking in particular at the aid modalities covered by the literature, how democracy aid may differ by regime types, and the analytical methods and data used in the studies. Section 5 presents a synthesis of the evidence, looking at the direction and statistical significance of the impacts, the regional disaggregation of the evidence and the role of donors in the process of supporting democracy. Finally, Section 6 concludes.

## **2 Analytical framework**

### **2.1 Theories of democracy and democratization**

Popular and scholarly discussions employ a variety of definitions of democracy. In a minimal (or procedural) definition, the crucial defining feature is elections: 'the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote' (Schumpeter 1976 [1942]: 260). In Dahl's (1971) approach, democracies (or 'polyarchies') are those regimes with both a high degree of public contestation (the presence of competitive elections) and a high degree of inclusiveness (who votes).<sup>5</sup> 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.

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<sup>5</sup> Dahl reserves the term 'democracy' for an ideal, hypothetical system that is 'completely or almost completely responsive to all its citizens' (p. 2).

These include not only free and fair elections, but also freedom of expression, freedom to form and join associations, and institutions that tie government policy to elections.

Others distinguish procedural or formal democracy from ‘substantive’ democracy, in which elections are truly representative and governance is in the interests of the entire polity (e.g., Couret Branco 2016; Eckstein 1990; Kaldor 2014; Trebilcock and Chitalkar 2009).

In other usage, democracy refers principally to countries that enjoy not only free, fair, competitive, and inclusive elections, but also strong rule of law, i.e. constraints on the state, military, and executive; accountability among officeholders; and protection of pluralism and civil liberties (Howard and Roessler 2006: 368). This is the distinction drawn by Diamond (1999) and others between electoral and liberal democracy.<sup>6</sup>

In this article, we focus on a Dahlian approach in the sense that ‘democracy’ refers to electoral democracy (Teorell et al. 2019). We focus on understanding the impact of democracy aid on democracy in this sense. The defining characteristics of democracy in this approach 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, for instance, effective bureaucracy and the absence of corruption may indeed contribute to better functioning democratic states, but states lacking them may still be democracies.

Democratization, in turn, refers to the process of movement from an authoritarian to a democratic regime. Several stages are regularly distinguished. 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’. As Bratton and van de Walle (1997: 235) note, consolidation ‘is the more or less total institutionalization of democratic practices, complete only when citizens and the political class alike come to accept democratic practices as the only way to resolve conflict’ and ‘political actors so fully internalize the rules of the game that they can no longer imagine resorting to nonelectoral practices to obtain office’. 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).

Theories of democratization might be grouped into three broad camps: one emphasizes the importance of macro-level structural factors; a second focuses on the effect of institutions, both formal and informal; and a third highlights the role of individuals and agency.<sup>7</sup> Roughly speaking, these approaches disparately consider democratization as either an endogenous process emerging from economic and social development, or as an exogenous process stemming from the strategic interactions of institutions and actors. Many arguments cut across these camps, showing democratization to result from a mix of structural and institutional factors, as well as individual agency.

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<sup>6</sup> Bollen and Paxton (2000), for instance, offer a somewhat different approach in which liberal democracy has two dimensions: democratic rule, which highlights the electoral accountability of elites, and political liberties. Theories of democracy, they note, do not necessarily fall cleanly into either dimension; Dahl (1971)’s institutional guarantees, for instance, include elements related both to the electoral accountability of elites and to political liberties such as freedom of expression.

<sup>7</sup> For fuller reviews of the literature, see e.g. Haggard and Kaufman (2016), Stokes (2013).

Modernization theory is the classic structural approach to democratization, positing a link from economic development to political development and democratic transition. This works through multiple channels, with urbanization and industrialization serving as catalysts for change in civic identities and political mobilization, cultivating a literate, cosmopolitan, consumer middle class able to challenge traditional roles and authorities and to engage in mass political participation (Deutsch 1961; Lipset 1959; Rostow 1971). Although modernization theory has received its fair share of criticism (Collier 1999; Mamdani et al. 1988; Moore 1993; O'Donnell 1973; Rueschemeyer et al. 1992), economic development remains in many arguments a core factor in democratization, at least in the long run (Huntington 1991b). Indeed, many critiques of modernization theory do not so much claim that development and democracy are unrelated but that alternative mechanisms underlie this relationship (see Dahlum 2018; Knutsen et al. 2018). In Przeworski et al.'s (2000) work, for instance, the level of development 'sustains' and legitimizes democracy once a transition occurs, rather than development leading to transition itself. Other work focuses on the related inverse relationship between democracy's effect upon economic growth, suggesting that democracy may have a nonlinear or indirect impact on economic development (Barro 1996; Knutsen 2012).

In other studies, development and economic growth are linked not only to democratic 'survival' but also to democratic consolidation and deepening (Diamond 1999). While countries may democratize and sustain minimal democracy at low levels of development, for instance, higher levels of education, better information infrastructure, and general development may support the full practice of democratic citizenship, which assumes a population with the means and ability to monitor and evaluate their elected leaders and to hold them to account (see, e.g., Gisselquist 2008).

Such findings have offered important justification for democracy assistance as a means to support development (see, e.g., Bishop 2016; Doorenspleet 2018; Kaufmann and Kraay 2002; UNDP 2002). Another significant body of work considers the challenge of making democracy deliver development, especially for the poor (Bangura 2015; Olukoshi 2001).

Another key set of arguments in this vein highlights the influence of economic inequality. Increased economic equality, it is argued, may cause greater stability in democracies, as it increases the mobility of capital and thus the likelihood of democratization, but may result in further instability in autocracies (Boix 2003; Boix and Stokes 2002). Increased inequality also may increase the likelihood of democratization when elites can no longer offer concessions to the middle class and broader population, as highlighted by Acemoglu and Robinson (2006).

A second broad set of theories focuses on the role of institutions, both formal and informal. Modernization theory, for instance, was in large part a response to earlier cultural arguments, positing that democracy was more likely to develop and flourish in contexts with specific cultural norms and institutions (see Tocqueville 2003 [1835]). While it is now largely accepted that democracy can 'grow in many soils' and cultural contexts (Di Palma 1990), contemporary literature highlights a variety of ways in which other institutions support democratization processes.

One key example relevant to our purposes is the 'democratization through elections' theory (Lindberg 2009). Lindberg (2009: 318) posits the mechanism thus: 'de jure, competitive elections provide a set of institutions, rights and processes giving incentives and costs in such a way that they tend to favour democratization' and to instil democratic qualities.

The impact of a variety of institutions is highlighted in the research and policy literature, from the role of political parties (see, e.g., Burnell and Gerrits 2010; Rakner and Svåsand 2010) and specific electoral arrangements in facilitating the representation of multiple groups and interests (e.g. Reilly 2001) to that of truth commissions, reparations programmes, and other transitional justice

arrangements in restoring confidence and trust in state institutions after authoritarian transition (e.g. Skaar 1999); from the value of consociational arrangements in making possible democratic governance in divided societies (e.g. Andeweg 2000) to the importance of civil society (see Youngs 2020), media institutions (Deane and Taki [IFPIM] 2020; Schultz 1998), judicial institutions (O'Donnell 2004); to the question of how to reform democratic institutions to make them more gender equitable (Razavi 2001), and so on.

A third set of theories highlights the role of individuals and agency in the democratization process. Periods of transition from authoritarian to democratic regimes, the 'transitology' school points out, are uncertain, with multiple possible outcomes. In such contexts, individuals—especially political elites and leaders—can play a defining role (e.g., O'Donnell et al. 1986; Rustow 1970). As Karl (1990: 9) argues, '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'.

In another vein, Olson's (1993) work on roving-to-stationary bandits suggests that it is in the best interest of elites to formulate institutions and formalized arrangements. Individual actors, incentivized by the stability and certainty of the formal arrangements and the credible commitment-making inherent in the democratic process, are fundamental in creating and shaping durable democratic institutions (North 1991; North and Weingast 1989; Olson 1993). Such institutions allot individuals greater capability to pursue upward mobility and broader political goals, thus sustaining democratic progress (Gourevitch 2008). In this view, democratization is seen as a rational choice, specifically one that benefits both elite and non-elite actors within a society.

## 2.2 Democracy aid and democratization

The role of aid can be considered within the context of these three broad camps of theory on democratization. Carothers (2009) outlines two overall approaches to democracy support (see also Carothers 1999, 2015). On the one hand, the political approach, associated especially with US democracy assistance, proceeds from a relatively narrow conception of democracy—focused, above all, on elections and political and civil rights—and a view of democratization as a process of political struggle in which democrats work to gain the upper hand over nondemocrats in society. It directs aid at core political processes and institutions—especially elections, political parties, and politically oriented civil society groups—often at important conjunctural moments and with the hope of catalytic effects (p. 5).

Operationally, the political approach speaks closely to the concepts that are covered by what we refer to hereafter as democracy aid, which seeks to support the 'right' pro-democracy institutions, including civil society organizations, electoral institutions, political parties, legislatures, media organizations, judiciary reform and rule of law institutions, civil society organizations, and human rights commissions, and which are commonly highlighted by institutional theories of democracy, as discussed above. Democracy aid can also include the support of pro-democracy leaders and activists, advocacy and mobilization activities by civil society groups, training for political leaders or funding to institutional reforms that facilitate power sharing or alternation during regime transitions, and which are underscored by agency-based theories of democracy (see Figure 1).

On the other hand, the developmental approach, more associated with European democracy assistance,<sup>8</sup> rests on a broader notion of democracy, one that encompasses concerns about equality and justice and the concept of democratization as a slow, iterative process of change involving an

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<sup>8</sup> For a more nuanced discussion of European approaches, see e.g. European Partnership for Democracy (2019), Shyrokykh (2017), and Youngs (2003).

interrelated set of political and socioeconomic developments. It favours democracy aid that pursues incremental, long-term change in a wide range of political and socioeconomic sectors, frequently emphasizing governance and the building of a well- functioning state (Carothers 2009: 5). The distinction between these two approaches can be linked not only with different donors and conceptions of democracy, as emphasized above, but also with different underlying and implicit (occasionally explicit) theories of democratization.

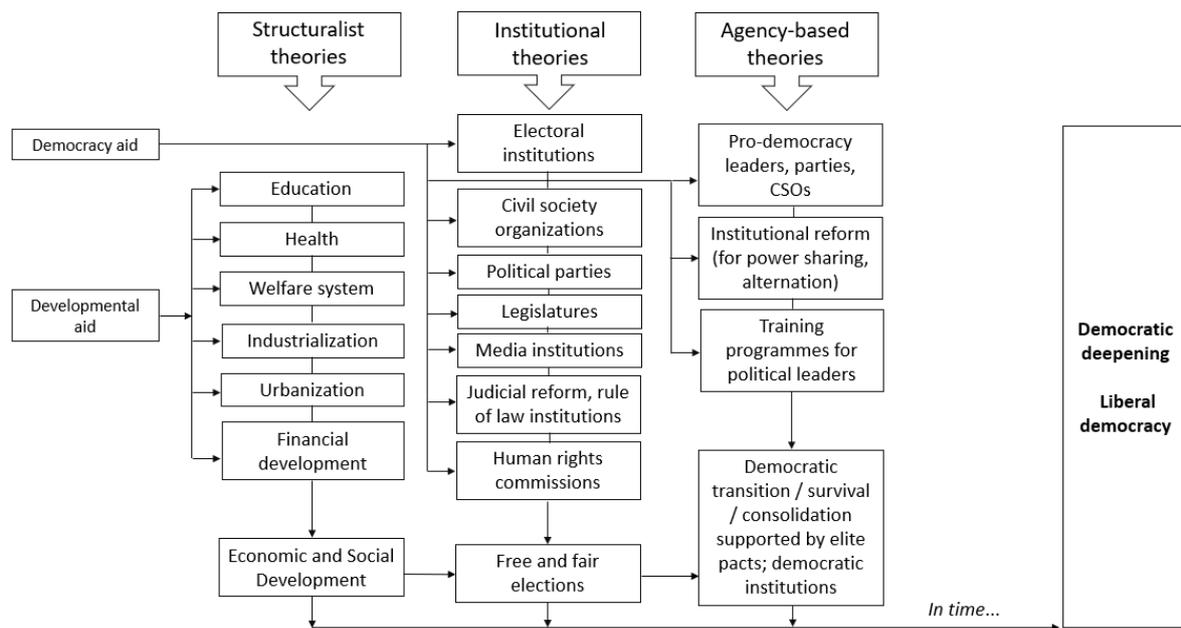
Bringing together in this way Carothers' two approaches to democracy support and the three broad camps in theories of democratization gives us an analytical framework for considering whether and how democracy aid 'works'. In other words, given our theories of democratization, what should we expect the relationship between aid and democracy to be? Figure 1 summarizes this analytical framework.

Comparative analysis of the relationship between aid and democracy is complicated by a variety of factors, but at a minimum we want to know whether aid, falling in the 'democracy/political' or 'developmental' camps, or both, has an impact on democracy outcomes. Is there evidence that democracy/political and/or developmental aid has positive impacts on democratization? Perhaps more importantly, what are the impacts of specific types of democracy assistance, such as aid to political parties, the media, and judicial institutions?

The literature on democracy and democratization also provides insight into what we might expect such 'impacts' to look like in international comparative studies. In the simplest terms, a positive impact on democratization is often considered to be equivalent to an increase in democracy 'scores'. But the discussion above underscores the flaws in this approach: democratization should be understood to involve several stages. 'Democratic transition' would be measured by a shift in scores from 'authoritarian' to 'democratic', whereas 'democratic survival' implies a 'holding' of scores, i.e. no change or at least no decline in scores below the democratic range. Democratic transition in turn might be preceded by authoritarian breakdown and political liberalization, during which democracy scores show improvement but remain in the authoritarian range. 'Democratic consolidation', meanwhile, should manifest itself in democracy scores being maintained for multiple years. 'Deepening' implies both this maintenance of scores and improvement in separate measures of substantive democracy. Theories of democratization also point to the fact that processes may be slow-moving; thus, noticeable changes from year to year may be unlikely. Moreover, the size of aid flows relative to the size of the aid-recipient economies implies modest expectations, at least in terms of showing year-on-year impacts.

Taking all these points into consideration, we take stock in Section 4 of the literature to date that has quantitatively assessed the impact of democracy aid and developmental aid on democracy. In order to provide a rigorous, unbiased, and reproducible synthesis of the literature on the impact of democracy and developmental aid on democracy, we adopted a systematic review methodology, which we discuss in detail in the next section.

Figure 1. Aid and democratization—an analytical framework



Source: authors' elaboration.

### 3 Methodology

In reviewing the literature, we adopted a systematic review methodology. Systematic reviews involve following a clear, transparent, and reproducible method to first identify and then synthesize relevant research. In this case, we include in our review both the white and grey literature, i.e. peer-reviewed and published articles, book chapters, and books, as well as working papers and unpublished manuscripts.

Adherence to systematic review methodology yields a review of the literature that is not only reproducible but also less prone to selection and publication biases than other types of literature reviews such as critical reviews and scoping studies (Cooper 1988; Grant and Booth 2009; Paré et al. 2015). This methodological approach also facilitates a more precise cross-study comparative analysis, which strengthens any findings from the review. Systematic reviews have been increasingly adopted in economics and other social sciences as way to produce more rigorous and reliable syntheses of evidence. To our knowledge, no review of democracy aid and its impact has yet adopted a systematic review methodology.

In this article, we follow the *Cochrane Handbook for Systematic Reviews and Interventions* (Higgins and Green 2008) and PRISMA guidelines (Moher et al. 2009). The Cochrane methodology of systematic reviews is considered the gold standard for syntheses of evidence, and has been adopted, for instance, by the Campbell Collaboration and the International Initiative for Impact Evaluation (3ie), which focus on generating evidence of social and international development interventions. In the next sections, we document, according to this methodology, every step of the review, including the search protocol and the inclusion criteria of studies.

### 3.1 Search protocol

The search for relevant studies was formally conducted in February 2020 and replicated independently in March 2020 for transparency and thoroughness. Permutations of the following search terms were used to capture all available publications regarding the impact of democracy aid on democratic outcomes: ‘democracy aid’, ‘democracy assistance’, ‘quantitative’, ‘democracy’, ‘impact’, ‘outcome’, ‘foreign assistance’, ‘foreign aid’, and ‘good governance’. The search was conducted through a university search engine that aggregates from the following repositories: EBSCOhost, HeinOnline, HathiTrust, Academic Search Complete, ProjectMUSE, ScienceDirect, JSTOR, Gale, Springer, SAGE, and Oxford Research. The search was also carried out in Google Scholar. Furthermore, the bibliographies of published reviews regarding democracy and foreign aid were cross-referenced, to ensure our review did not omit any critical publications.

We restricted the search parameters to the time frame 1990–2020.<sup>9</sup> We also specified that search terms did not just assess titles, but the entire text of the publication, in order to capture papers of substantive interest. Results were refined to exclude patents and citations. The search was conducted for English-language sources, but we also re-ran the search protocol in Spanish, French, and Portuguese, which resulted in one additional eligible publication.<sup>10</sup>

The search protocol included both the white and grey literature. Unpublished work was included in order to mitigate the potential ‘file drawer problem’, i.e. the bias that can be introduced into evidence review when only published studies are considered due to the tendency of published work to reflect statistically significant results (either positive or negative), while excluding statistically insignificant findings.

The search protocol in English language yielded 145,861 results, disaggregated by each search term below:

- a. *democracy aid + quantitative* = 679 publications
- b. *democracy assistance + quantitative* = 1,880 publications
- c. *democracy aid + democracy + impact* = 1,840 publications
- d. *democracy assistance + democracy + impact* = 6,780 publications
- e. *democracy assistance + democracy + outcome* = 6,470 publications
- f. *democracy assistance + good governance* = 3,060 publications
- g. *democracy aid + good governance* = 852 publications
- h. *foreign assistance + democracy + outcome* = 17,200 publications
- i. *foreign assistance + democracy + impact* = 17,700 publications
- j. *foreign aid + democracy + impact* = 36,000 publications
- k. *foreign aid + democracy + outcome* = 23,500 publications
- l. *foreign aid + good governance* = 10,200 publications
- m. *foreign assistance + good governance* = 10,200 publications

What is already apparent in this first-stage search is that studies pertaining to general foreign aid are far more numerous than those specifically aimed at democracy aid. Of these results, 145,695

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<sup>9</sup> We could not find records of quantitative scholarly research pre-dating 1990.

<sup>10</sup> Based on Web of Science’s Social Science Citation Index (SSCI) for the period 1900–2015, about 95 per cent of scientific research in the social sciences were published in English, followed by papers published in Spanish (1.42 %), German (1.19 %), Portuguese (0.68 %), French (0.58 %), and Russian (0.37 %) (Liu 2017). Given the language skills of the research team, we conducted the search protocol in English, Spanish, French, and Portuguese, which, together, make up 99 per cent of the SSCI publications in the social sciences.

publications were excluded at the identification stage due to their non-academic nature, or because of their adoption of non-quantitative methodologies, leaving us with 165 studies to be screened for inclusion into the review.

### **3.2 Inclusion criteria**

Since this systematic review adopts a PICO analysis approach, we only included studies in this final eligibility stage that reported and used rigorous quantitative methodologies to assess the impact of developmental aid or democracy aid in an international comparative setting. In order to determine this, the reviewers read the abstracts of each publication that turned up in the initial search, identifying from that abstract if that study addressed the relationship directly and if it employed quantitative methods. Thus, publications were firstly excluded because they were not substantively relevant or because the publication did not employ quantitative methods.

Some papers identified were immediately relevant in topic and approach but relied solely on qualitative methodology. In fact, over 200 papers were relevant in topic and approach but relied solely on qualitative methodology. While these studies are not part of the systematic review, they have been key sources for the theoretical and conceptual discussions presented in this study and demonstrate the breadth of the aid-democracy research agenda.

In addition, we identified 20 review publications, plus two meta-analyses, all of which we used in cross-referencing relevant publications, as well as in generally assessing the state of the literature. The two meta-analyses (Askarov and Doucouliagos 2013; Doucouliagos and Paldam 2009) that we identified were informative; however, neither addressed the broader context or mechanisms of democracy aid, which is a central focus of this study.

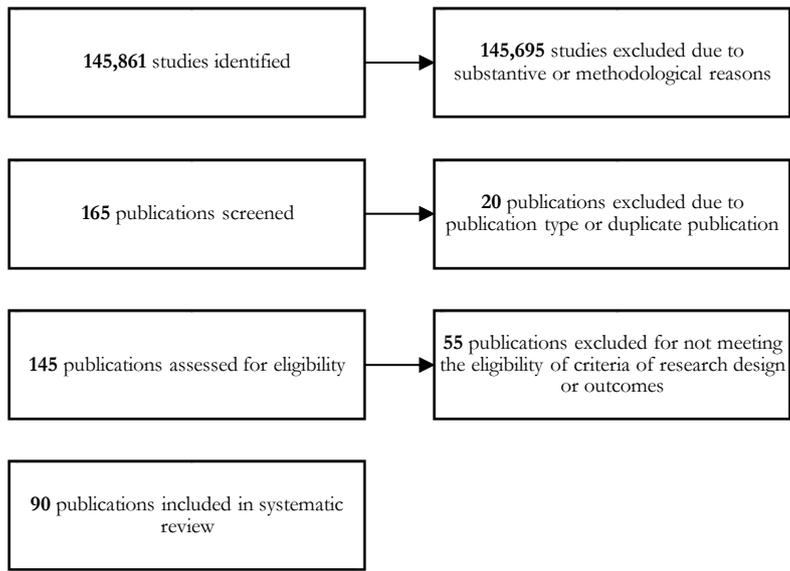
From our initial identification stage, 165 eligible publications remained, which were then screened. In this screening stage, we excluded from the set of eligible papers: theses, dissertations, duplicate publications, and reports that were not peer reviewed. We did include academic discussion papers and working papers but excluded policy papers or publications not intended for a research audience. This left a total of 145 publications for eligibility review.

In this final eligibility stage, we identified and kept only those studies that utilized quantitative methods to assess the impact of foreign assistance, conceptualized aid as an intervention with cross-national comparability, and specified quantifiable outcomes and results of this relationship. Ultimately, our aim was to compile studies for which we could best contextualize the impact of aid within the analytical framework identified in Section 2. Although critical for understanding the micro-mechanisms of aid delivery and effectiveness, field experiments and randomized controlled trials within a small subnational unit of analysis in single-country case studies were excluded, because of difficulties of generalizing results across contexts and countries (Driscoll and Hidalgo 2014; Hyde 2007; Mvukiyeye and Samii 2015). Nonetheless, we consulted these studies for the purpose of understanding possible underlying mechanisms behind our general findings.

The intent of this systematic review is to ascertain the impact of aid or democracy aid after it has been approved for allocation, not donor behaviour necessarily; therefore, papers for which the dependent variable was allocation of aid or amount of aid allocated were not included. This left us with publications that identified direct government-to-government assistance or assistance transferred through multilateral organizations, civil society organizations or other umbrella organizations, for which the dependent variables were quantifiable ‘democracy’ or ‘good governance’ outcomes. In March 2020, we replicated the search protocol and the PICO’s approach—including the identification, screening, and eligibility steps—for the Spanish, French,

and Portuguese searches.<sup>11</sup> These additional searches resulted in one eligible study. Ultimately, the systematic review included 91 publications (90 in English, plus one non-English publication) in which the research design identified the relationship between foreign aid from an external entity upon democratic outcomes in recipient countries. Figure 2 summarizes the protocol and study selection for English language sources, which comprised the majority of the work considered. In the next section, we present a description of the studies included in this review.

Figure 2. Systematic review search protocol and study selection (English language sources)



Source: authors' elaborations.

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<sup>11</sup> Appendix B summarizes the search protocol and selection criteria for non-English sources.

## 4 Description of studies

The studies included in this systematic review derive from economics, international relations, development studies, and/or comparative politics outlets. They each utilize quantitative methods, sometimes in conjunction with other methodologies. Some studies found both significant positive and negative impacts, conditional on particular factors; for instance, aid may have a positive impact upon democracy in already existing democracies, but a negative impact upon democratic outcomes within autocracies (see, e.g., Dutta et al. 2013; Kono and Montinola 2009). Of the 91 studies reviewed, 39 find a significant negative correlation between aid delivery and democracy outcomes, while 60 find a significant positive correlation, and 17 return null results.

The overwhelming majority of studies took a global stance, engaging in cross-country analysis, although some did subset on a particular region, including 13 studies that looked only at Africa (see, e.g., Bratton and van de Walle 1997; Bräutigam and Knack 2004; Dietrich and Wright 2015; Dunning 2004; Goldsmith 2001), and 7 studies that solely focused on former Soviet Union and Eastern Bloc countries (see, e.g., Bosin 2012; Freytag and Heckelman 2012; Heckelman 2010).

Several trends emerged from this set of eligible systematic review publications. In order to assess the relationship between aid and democratization, we were interested in understanding which types of aid and for which purposes aid flows were analysed.<sup>12</sup> While some studies underspecify what is meant by ‘aid’ (see, e.g., Csordás and Ludwig 2011; Tavares 2003), and the majority of studies underspecify the type of aid modality (see, e.g., Altincekic and Bearce 2014; Arvin and Barillas 2002; Goldsmith 2001), some generalizations can be made about the modalities and types of aid examined in these publications.

### 4.1 Types of aid covered in the literature

With regard to aid type, some publications explicitly reference DAC purpose codes (e.g. Fielding 2014), but many are vague or assume total developmental aid flows. Total developmental foreign aid is most often the focus, with 64 studies referring to total aid and 55 of those exclusively operationalizing developmental aid as total aid (e.g., Carnegie and Marinov 2017; Goldsmith 2001; Haass 2019; Knack 2004; Remmer 2004; Selaya and Thiele 2012; Young and Sheehan 2014).

By comparison, 32 studies identify ‘democracy aid’ specifically, often in conjunction or comparison with other forms of developmental aid (e.g., Finkel et al. 2007; Jones and Tarp 2016; Scott and Steele 2011). A smaller number of publications specify more disaggregated categories of aid. For instance, 15 studies refer to election aid (e.g., Gibson et al. 2015; Uberti and Jackson 2019); 11 address participation and civil society aid (e.g. Heinrich and Loftis 2019); six examine media aid (e.g. Kalyvitis and Vlachaki 2010); six legislature and political party aid (e.g. Nielsen and Nielson 2008); and five aid targeted at human rights (e.g. Shyrokykh 2017).

Overwhelmingly, studies do not specify which modality of aid is being analysed (55 studies), with the exception of technical assistance and project-type interventions. Twenty-eight studies specifically examine project interventions (e.g., Edgell 2017; Knack and Rahman 2007; Scott and Steele 2011; Uberti and Jackson 2019), which include USAID projects as well as project assistance

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<sup>12</sup> We referred to DAC’s Creditor Reporting System (DAC-CRS) Type of Aid codes in classifying four categories of aid modalities (budget support, core contributions, project interventions, and technical assistance) and to DAC-CRS Purpose Codes for classifying seven categories of aid type (total foreign aid, democracy aid, participation & civil society aid, election aid, legislature & political party aid, media aid, and human rights aid).

more broadly.<sup>13</sup> Meanwhile, nine studies analyse technical assistance (e.g., von Borzyskowski 2019; Poast and Urpelainen 2015; Remmer 2004; Shyrokykh 2017), although in these cases, it is unclear whether they refer to technical assistance in the same way as DAC's Creditor Reporting System (DAC-CRS) codes define it. For instance, Poast and Urpelainen (2015: 79) specify technical assistance, defining it as 'capacity building and technical expertise, coordination between private and public actors, and enhanced transparency', whereas the DAC-CRS considers this form of aid to be 'know-how in the form of personnel, training and research'.

More research is needed in disaggregating the impact of different modalities and types of external assistance. Beyond project interventions and technical assistance, two studies specify aid modality as core contribution and two identify budget support. Most studies also operationalize aid in the form of aid per capita, aid as per cent of GDP, or total aid commitments. No studies in this systematic review specifically analyse the effectiveness between or amongst types of aid modalities.

## 4.2 Democracy and regime type indicators

The two most common measures of democracy used as dependent variables in the literature are Polity IV scores and Freedom House rankings, in other words measures that can broadly capture, at a minimum, electoral democracy as conceived above. Most studies apply the aggregate indices of these democracy measures and utilize both as robustness checks (e.g., Bermeo 2016; Cornell 2013; Knack 2004). A common approach is to assess a straightforward percentage change in scores between years or instances of binary regime change (e.g. from 'autocracy' to 'democracy').

Even though these indices, and others like them, do include media freedom, strength of civil society, electoral transparency as part of their measurement, the studies themselves do not always disaggregate indices into their component scores or include subsequent measures of these component aspects of democratic development. There are exceptions; for instance, Finkel et al. (2007) disaggregates the measure of democratization to include, in addition to Polity IV scores, six subset indicators of democratization per USAID benchmark: free and fair elections, civil society, respect for human rights, free media, rule of law, and government effectiveness—running Markovian switching models on each dependent variable. Freedom House rankings are also often disaggregated in terms of political freedoms and civil liberty scores (e.g. Young and Sheehan 2014). Disaggregated measures may allow researchers to conclude which specific components of democracy are most impacted by aid (for instance, Finkel et al. [2007] concludes that aid has no impact on human rights), but the use of disaggregated measures has not been extensive, so far.

Other regime measures utilized include: the Przeworski et al. dataset (e.g. Bermeo 2011); the Cheibub, Gandhi, and Vreeland dataset (e.g. Wright 2010); Petrov composite scores (Lankina and Getachew 2006); the Unified Democracy Score (Ziaja 2013); the Vanhanen index (Bjørnskov 2010); the Geddes typology of regimes (Savage 2017), and V-Dem's electoral democracy indices (Haass 2019; Uberti and Jackson 2019).

Some studies remain agnostic to regime typology, instead measuring government turnover, multi-party transitions, electoral performance, electoral outcomes, corruption, quality of institutions, or other governance indicators. For example, in an effort to capture levels of democratization, Ahmed (2012) measures incumbent years in office and whether or not turnover occurred. Moreno-Dodson et al. (2012) similarly use a binary variable of whether an incumbent was re-elected or not. Marinov and Geomans (2014) identify the onset of an election after a coup as an indicator of

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<sup>13</sup> Project-type interventions are defined by DAC-CRS as 'a set of inputs, activities and outputs, agreed with the partner country, to reach specific objectives and outcomes within a defined time frame, with a defined budget and a geographical area'.

democratic consolidation; Dietrich and Wright (2015) examine whether an opposition party was elected to a legislature or not; and Heinrich and Loftis (2019) examine incumbent electoral performance.

Some studies took extra steps to identify regime typologies when assessing the impact of foreign or democratic aid (Cornell 2013; Lührmann et al. 2018; Wright 2009). Others even assess the impact of aid on particular regimes, for example the relationship between aid and patronage politics (Gibson et al. 2015), personalist politics (Wright 2010), or autocratic rule (Dutta et al. 2013; Kono and Montinola 2009).

### 4.3 Analytical methods used in the literature

Studies most commonly utilized ordinary least squares (OLS) regressions, probit or logit models, and also instrumental variable approaches, including two-stage least squares (2SLS), generalized method of moments (GMM), and other econometric methods. Just a few cases rely on quasi-experimental designs (Ahmed 2012; Carnegie and Marinov 2017) to address the problem of endogeneity in the relationship between aid and democracy.

Indeed, concerns surrounding the endogeneity problem of aid are persistent in the literature. Endogeneity reflects the condition in which aid allocation decisions made to support democracy cannot be regarded as independent (or exogenous in statistical terms) of the level of democracy in aid-recipient countries. This situation causes a reverse causality problem, insofar as democracy aid allocations affect democracy scores as much as democracy scores influence decisions regarding the allocation of democracy aid.<sup>14</sup> For example, if donors give more aid to countries they perceive to be on the cusp of a democratic transition, and these countries are indeed more likely to democratize, analysis could show a strong association between aid and democratization when in fact aid itself had no causal effect. Not accounting for endogeneity leads to biased estimates in quantitative cross-national research.

We identified via the systematic review 46 studies that adopt instrumental variable methods. Of the remaining publications, some do not refer to endogeneity at all, some offer a qualitative discussion of it, and some employ other quantitative analyses and robustness checks, including utilizing a variety of model types or running models with additional variables. At least seven studies consider instrumental variables to address endogeneity but are sceptical of finding valid instruments for democracy aid. Their hesitation to utilize instrumental variables derived from concerns about introducing significant biases in results and conclusions, and from reasoning that no instrument was better than a weak one.

For those that did use instrumental variables, there appears to be an informally accepted set of instruments. Goldsmith (2001) and Knack (2004) established what can be considered fairly standard instruments for aid within the literature. Goldsmith (2001) uses GDP per capita, French colonial past, and population size as three exogenous instruments for aid. Knack (2004) meanwhile uses three similar exogenous instruments, namely: infant mortality rates as a measure of recipient need, size of country population as a measure of donor interest (with smaller states more likely to receive aid), and a set of colonial heritage dummies also as a measure of donor interest. Many subsequent studies use these exact series of instruments or employ at least one or two of them in their own analyses. In fact, population, colonial legacy, and child mortality rates or life expectancy are the most commonly utilized instruments for aid, widely accepted across the literature.

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<sup>14</sup> For a technical discussion on endogeneity, see Wooldridge (2010).

Other instruments for aid were wide-ranging and varied. They include: the world price of oil (Ahmed 2012); initial governance aid, a post-Cold War dummy variable, and initial life expectancy (Kalyvitis and Vlachaki 2010); legislative fractionalization (Ziaja 2020); a recipient country's agricultural share of GDP and life expectancy (Young and Sheehan 2014); participation in the FIFA World Cup finals (Fielding 2014); a foreign policy priority variable measuring the number of times a secretary of state or assistance secretary of state was mentioned by the New York Times (Finkel et al. 2007); a recipient country's geographical and cultural proximity to OECD donor countries interacted with the latter's aid outflows (Tavares 2003); level of aid spending in a country's geographical region (Uberti and Jackson 2019); United Nations General Assembly voting patterns and Security Council composition (Bjørnskov 2010); log of initial income, log of initial population, and a group of variables capturing donor strategic interests (Djankov et al. 2008; Moreno-Dodson et al. 2012); income levels, legal-origins, and religious-dominations (Asongu 2012; Asongu and Nwachukwu 2016); donor GDP (Asongu and Nwachukwu 2016); and domestic inflation and share of women in parliament (Dietrich and Wright 2015).

#### **4.4 Data sources**

The bulk of the studies utilizes panel data. Data for dependent, independent, control, and instrumental variables (if appropriate) are drawn from a wide variety of sources, including (but not limited to) the following: OECD Development Committee Assistance (DAC), International Country Risk Guide (ICRG), Penn World Tables, Polity IV, Freedom House, Transparency International, USAID, Global Development Network Growth Database; World Development Indicators (WDI), European Bank of Reconstruction and Development (EBRD), African Development Bank, UN and UN Agency data, Correlates of War (COW), Aid Data, International Monetary Fund, Database of Political Institutions (DPI), V-Dem project, Human Rights Dataset (CIRI), Stockholm International Peace Research Institute (SIPRI), Political Terror Scale, Frasier Institute, Governance Matters Project, NELDA Political Violence Index, CIA Factbook, Political Instability Task Force, Quality of Government, U.S. State Department; Amnesty International, Ethno-Linguistic Fractionalisation (ELF) index, Cross-national Time Series Archive, Economist Intelligence Unit, UCDP/PRIO Armed Conflict Dataset, Major Episodes of Political Violence (MEPV), International Crisis Group, Direction of Trade (DOT), Caucasus Research Resource Centers (CRRC), Emergency Events Database, the Quota Project, Millennium Challenge Corporation, as well as a wide variety of data cited from other studies.

Time frames vary across studies. Some specifically focused on the post-Cold War era, or split their data accordingly. Many others were bound by available or consistent data from their data sources. The longest time frame spanned from 1946 to 2015 (Meyerrose 2020). Some studies note that the period of analysis may be important for findings, but most did not spend too much discussion on this in their analysis.

Taking into consideration the considerable heterogeneity of studies covered by the systematic review, in terms of focus, scope, methods, and coverage, we present in the next section a synthesis of the main collective findings.

## **5 Synthesis of evidence**

In this section, we discuss the main findings of the systematic review. Table A1 in the Appendix A provides a summary of the studies included in the systematic review. What is immediately apparent is the variety of outcomes used to proxy for democratization and the mixed results on the effect of aid. Whereas some studies find a straightforward negative or positive relationship,

others condition the effect of aid on a variety of country-level characteristics. The synthesis of evidence in Table 1 further shows the aid typology focus within the literature, as the overwhelming majority operationalize aid as total aid in the form of project interventions, with fewer studies considering core contributions, technical assistance, and budget support, or democracy aid or its component parts.

Overall, these findings point to a positive impact for aid on democracy. In particular, they suggest that democracy aid generally supports rather than hinders democracy building around the world, while its effectiveness is likely influenced by aid modalities and recipient country context; and that democracy aid is more associated with positive impact on democracy than developmental aid. They suggest broadly that aid produces more positive results when it is directed to specific actors and institutions, consistent with the political approach to aid and with institutional and agency-based theories of democratization.

Findings from this systematic review further suggest that (1) there is room for more analyses of the impacts of other modalities and types of aid; (2) it is important to understand the efficacy of these modalities and types, particularly as they relate to institutional and/or agency-based democratization models; and (3) the data on democracy aid by type of modality are limited, so any argument in favour of or against a particular aid modality should be interpreted with caution, as such arguments rely on very limited information.

### **5.1 The directionality of aid effectiveness**

The statistical findings identified by the studies included in this systematic review suggest that the type of aid and modality with which it is delivered have an impact on the effectiveness of that aid.

Of the 91 studies included in this review, 64 conceptualize aid as ‘total aid’, often synonymous with ‘total developmental aid’, ‘developmental aid’, ‘economic aid’, ‘financial aid’, or ‘general aid’ (Ahmed 2012; Altunbas and Thornton 2014; Asongu 2012; Bratton and van de Walle 1997; Charron 2011; Haass 2019; Heckelman 2010; Knack 2004). These studies either identify ‘total developmental aid’ as the sole type of aid under analysis or, in some cases, assess it alongside other types of aid (Dietrich and Wright 2015; Gibson et al. 2015).

This subset of studies offers relatively inconclusive trends: 39 studies find that developmental aid has a modest positive impact on the democracy outcome(s) specified (e.g., Altunbas and Thornton 2014; Bratton and van de Walle 1997; Heckelman 2010), whereas 30 studies find that developmental aid has a negative impact on specified outcome(s) (e.g., Ahmed 2012; Asongu 2012; Knack and Rahman 2007). Many studies also find developmental aid to both positively and negatively impact outcomes, depending upon a variety of factors, including the type of donor and political conditions within the recipient state. For instance, Charron (2011) finds that the direction of aid’s effect is dependent upon whether the donor is a bilateral (-) or multilateral (+) donor, and Haass (2019) finds that aid can improve election quality in post-conflict power-sharing states, while simultaneously limiting rule of law.

Many studies analyse the effect of developmental aid on democracy by a variety of conditions. Some studies find that total developmental aid distribution props up dictators, while further democratizing already established democratic regimes (Dutta et al. 2013; Kono and Montinola 2009; Kosack 2003). It is worth noting that democracy aid may similarly intensify existing regime trends (magnifying both existing autocratic and existing democratic trends), as reported by Nielsen and Nielson (2010). A positive effect of total developmental aid may be contingent upon many variables, including geopolitical context—namely that aid was effective only during the Cold War

(Bancalari and Bonifaz 2015; Bermeo 2016), or conversely that aid is only effective in the post-Cold War period (Dunning 2004).

Aid delivery may also be effective only through multilateral (Charron 2011; Menard 2012) or democratic donors (Bermeo 2011), large distributional coalitions in recipient states (Wright 2009), or even lower levels of institutional quality within recipient states (Asongu 2015). These findings suggest that caveats do exist in identifying effective aid delivery; however, the evidence is slim, so we cautiously avoid generalizing any of these trends based on the existing literature.

For assistance specified as ‘democracy aid’, the directionality of findings is more apparent. Of the 32 studies that expressly define ‘democracy aid’ (either alone or in conjunction with other types of aid), 26 find a positive impact on democracy outcomes (e.g., Finkel et al. 2007; Heinrich and Loftis 2019; Kalyvitis and Vlachaki 2010; Scott and Steele 2011; Ziaja 2020), whereas only nine identify a significant negative impact (e.g., Bosin 2012; Dietrich and Wright 2015; Fielding 2014; Scott and Steele 2005). When expanded to include democracy aid and its constituent subcategories—participation/civil society aid, election aid, legislative and political party aid, media and information aid, and human rights aid—29 studies find a positive impact (e.g., Uberti and Jackson 2019; von Borzyskowski 2019), whereas 11 studies find a negative impact (e.g. Beaulieu and Hyde 2009). Only three studies singularly analyse one subcategory of democracy aid (Beaulieu and Hyde 2009; Shyrokykh 2017; Uberti and Jackson 2019); all the others address democracy aid subcategories in conjunction with other types of aid.

Findings suggest that aid is more likely to produce positive democratic outcomes when it explicitly targets democracy building, indicating the salience of a political approach of directed and purposeful aid and an institutionalist or agent-driven democratization framework. This effect may be especially true during stages of democratic survival, when already democratic states are better able to sustain their democracy via foreign aid (Kosack 2003; Kono and Montinola 2009; Nielsen and Nielson 2010). Targeted democracy aid may even help ease autocratic tendencies over time (Nieto-Matiz and Schenoni 2020). Democracy aid can also serve an instrumental role in stabilizing democratic party systems and facilitating horizontal accountability, when channelled to government institutions and reforms (Dietrich and Wright 2015).

The positive impact of democracy aid may be contingent upon several factors. Democracy aid may be effective only within one-party state regimes, not within multiparty or military regimes (Cornell 2013), or only within ‘regimeless countries’—those states where a transitioning power structure has not yet been fully institutionalized—and not in liberal democracies or closed autocracies (Lührmann et al. 2018). Military spending may also matter, as recipient states with small militaries are also more likely to see democratic effects of aid (Savage 2017). Finally, the recipient state’s capacity may play a role, as external assistance may more positively benefit those with larger state capacity (Shyrokykh 2017). We are again reluctant to generalize any of these findings with any certainty. Nonetheless, in terms of the percentage of studies that find aid to have a positive impact, targeted democracy aid (81 per cent) appears to be more likely to positively effect specified democratic outcomes than general developmental aid flows (61 per cent) (see Table 1).

Table 1: Overview of effects of aid on democracy in the literature, by aid type

Number of studies by type of aid	Positive effect	Negative effect	Null
Developmental aid (64)	39	30	13
Democracy aid (32)	26	9	5
Democracy aid + subcategories (36)	29	11	5
<b>Developmental aid (64 )</b>			
Budget support ( 2)	1	1	1
Project intervention (11 )	5	6	4
Core contribution ( 0)	0	0	0
Technical assistance (3)	1	2	0
Not specified (49)			
<b>Democracy aid (32 )</b>			
Budget support ( 0)	0	0	0
Project intervention ( 19)	16	4	2
Core contribution ( 2)	2	0	1
Technical assistance (5)	5	0	0
Not specified (10)			
<b>Democracy aid + subcategories (36 )</b>			
Budget support (0 )	0	0	0
Project intervention (21)	17	5	2
Core contribution (2 )	2	0	1
Technical assistance (7 )	7	1	0
Not specified (10)			

Note: studies sometimes present more than one result, which means that the number of results not always add up to the total number of studies.

Source: authors' elaboration.

The modality of aid—whether given as budget support, project intervention, core contributions, or technical assistance—also appears to impact the overall effectiveness of aid (Bandstein 2007; Tilley and Tavakoli 2012). However, given that 55 studies (out of our 90-study sample) do not define the modality of aid delivered, any findings drawn from this must be interpreted with caution. It is also notable that the majority of studies that did not specify aid modality were also studies in which the aid was general developmental aid, perhaps reflecting the under-specification of aid operationalization within the study in general.

However, from our limited findings, it does appear that aid modalities do matter. Technical assistance, albeit a small subset of studies in this review, appears to be an effective modality, particularly in the democracy aid context. As stated above, technical assistance is itself a concept that may include other aspects of aid not considered technical assistance by DAC-CRS codes; therefore, further examination into this aid modality is needed.

For both democracy aid and developmental aid, project aid interventions and core contributions, and pooled programmes and funds, also appear to be generally effective aid delivery modalities, although for developmental aid, the directionality of aid effectiveness is less conclusive, but the total number of studies is also much lower. Project aid interventions are the most specified aid modality across the studies in this systematic review (28 studies). Therefore, it may not be that this modality is actually more effective, but simply that other modalities (core contributions, technical

assistance, or budget support) are drastically underexamined. More research is also needed in this area.

In general, however, positive directionality is much more apparent for democracy aid, and this positive trend holds across aid modalities. Our preliminary findings suggest that specified democracy aid, no matter the modality, remains more likely to positively impact democratic outcomes.

It is worth noting that several studies also report null results. For instance, Knack (2004), which supports a pessimistic view of foreign aid, concludes that initial democracy index values are negatively correlated with democracy, but ultimately finds null, and largely negative, results for the impact of aid. Null results are also often reported alongside statistically significant positive or negative findings. For instance, Li (2017) finds a statistically significant positive effect of aid, but only from 1987 to 1997, when there was one main global source of aid; the study finds negative, but not statistically significant results during the Cold War and the most recent era, when multiple sources of funds exist.

Similarly, Charron (2011) finds that multilateral aid has a statistically positive impact on democracy outcomes, whereas the outcomes for bilateral aid are negative, but not statistically significant. While it is rare for all models to output statistically significant coefficients for every value, the nulls reported in this systematic review include those studies for which null results were consistently reported for the outcome of interest.

We remain cautious of making any affirmative claims concerning the effectiveness of particular aid modalities as identified by the literature. With regard to project interventions, core contributions, and technical assistance, there are fewer studies that examine these modalities; thus, before definitive assertions can be made about the comparative impact of modality types, more quantitative research on these three is still needed.

However, what our assessment does suggest is a promising role for aid channels that move beyond budget transfers, especially aid targeted towards democratic development, which does imply a favourable role for assistance in the form of project implementation, core contributions to non-state actors, and technical assistance. These findings confirm the importance of supporting democratic infrastructure and institutions in sustaining outcomes indicative of democratization within recipient countries.

## **5.2 Regional impact**

Turning briefly to the two regions in this systematic review that have been most examined—Africa and the former Soviet Union (FSU)—results from these regional subsets slightly augment the trends from the findings listed above. First, studies that examine these regions find largely positive, or conditionally positive, outcomes. Of the 13 studies that look at Africa, ten find evidence for aid’s positive impact, whereas only four find negative impacts (with three determining null results), whereby aid’s influence upon democracy outcomes had a positive or negative directionality but was not statistically significant. Interestingly, 12 of those studies examine developmental aid; only four studies that examine Africa conceptualize aid as targeted democracy aid. Of the 13 Africa studies, 11 do not specify the modality of the aid, while two specify that it is technical assistance (Gibson et al. 2015; von Borzyskowski 2019).

Due to the small sample of regional studies, any emergent patterns are limited and must be further corroborated, but these preliminary findings suggest that aid has a generally positive effect on democracy in Africa.

It is difficult to establish whether this positive trend is being driven by a particular modality of aid, as that is generally not specified within these studies; the fact that a variety of donors—including bilateral and multilateral donors—are active in the region, perhaps increasing the likelihood of positive outcomes; or the fact that the timing of aid delivered in the post-Cold War era has contributed to a ‘catch-up’ effect.

Patterns of aid type and modality in the FSU region are more consistent with global trends—that targeted democracy aid, rather than general developmental aid, is more effective—even though the sample size is smaller. Of the seven studies focused on the FSU region, five find aid to have a positive impact, while three find a negative impact. However, five of these studies conceptualize aid as democracy aid specifically and, while they do identify conditionalities on that aid effectiveness, it may be an example of the impact of targeted democracy aid producing generally positive outcomes.

### **5.3 The role of donors**

The role of donors is also important to this discussion, as donor characteristics may determine aid’s impact on democracy. While not all studies identify the type of donor(s) or disaggregate effects amongst them, some studies offer evidence to suggest that donors may indeed condition the impact of aid on democracy. It is difficult to fully identify particular patterns amongst donor types in this review, given that many studies do not disaggregate on the basis of donor type.

Preliminary patterns suggest that aid given specifically by multilateral organizations is effective and positive (see, e.g., Birchler et al. 2016; Nelson and Wallace 2012; Poast and Urpelainen 2015); only Meyerrose (2020) suggests that aid from multilateral organizations negatively impacts democracy. Meanwhile, aid from bilateral donors appears to be less effective, as individual donors are less likely to be associated with positive outcomes (Okada and Samreth 2012). However, not all studies specify particular bilateral donors. Those that do identify the states that contribute to DAC support (e.g., Knack 2004; Okada and Samreth 2012; Tavares 2003) typically do not examine the effectiveness of individual donors, instead calculating aggregate impacts from international (both DAC and non-DAC) donor countries.

Most studies identify or assume DAC donors, OECD donors, or Western donors in their analyses, or do not specify donor characteristics at all. However, a small subset focuses specifically on one particular donor, namely bilateral aid from the US (14 studies) and aid from the European Union (EU) (eight studies). Schmitter (2008) compares American and European aid, Askarov and Doucouliagos (2015) compare US aid to other DAC and multilateral donors, Okada and Samreth (2012) examine four bilateral donors including the US, and Kangoye (2011, 2015) specifies five donor sources that include aid from the US (or Canada) and the EU. Others in this subset examine aid only from the EU or European Commission (Carnegie and Marinov 2017; Grimm and Mathis 2018; Lankina and Getachew 2006; Pospieszna and Weber 2017; Shyrokykh 2017) or aid from the US including from USAID or NED programmes (Bosin 2012; Finkel et al., 2007; Freytag and Heckelman 2012; Regan 1995; Savage 2017; Scott 2012; Scott and Steele 2005, 2011; Seligson and Finkel 2009).

Of the studies that examine aid from the US, 10 find that aid to be positive and effective, while five find that it has a negative impact. Nearly all of them (nine studies) conceptualize aid as ‘democracy aid’ (e.g., Finkel et al. 2007; Scott and Steele 2011). Regarding aid from the EU, seven studies find a positive impact, while two studies report a negative impact. While the sample size is quite small, it is worth noting that five of these studies explicitly conceptualize aid as some form of democracy aid (e.g., Grimm and Mathis 2018; Lankina and Getachew 2006) and two operationalize aid as technical assistance (Lankina and Getachew 2006; Shyrokykh 2017).

The studies that compare multilateral aid to bilateral aid tend to conclude that multilateral aid is more effective at producing intended outcomes (Charron 2011; Menard 2012), although Kersting and Kilby (2016) come to the opposite conclusion, finding that only bilateral donors produce a positive impact, while multilateral donors do not. Then again, some studies find that aid, whether bilateral or multilateral, has uniformly (negative) effects on democracy (Kalyvitis and Vlachaki 2012).

While the literature extensively examines how donor characteristics impact the likelihood of donor distributions of aid and to whom (see, e.g., Alesina and Dollar 2000; Dietrich 2013; Dreher et al. 2011; Hoeffler and Outram 2011; Scott and Carter 2019; Winters and Martinez 2015), there is still more to be understood from precise quantitative assessments about bilateral versus multilateral aid flows. With the rising importance of emerging donors—such as China, Russia, the Arab States, etc.—pinpointing the mechanisms behind multilateral and bilateral aid donorship is particularly relevant.

Perhaps more important than whether a donor is bilateral or multilateral is a donor's political alignment. There is evidence to suggest that democratic donors are more likely to sustain democratic transitions, while authoritarian donors are more likely to stave off democratic transitions (see, e.g., Bermeo 2016; Kersting and Kilby 2016). This systematic review has included a scant number of studies that focus on emerging donors and their relationship to DAC donors (Kersting and Kilby 2016; Li 2017).

While a growing literature on emerging donors does exist, including studies of donor behaviour and interactions (e.g., Dreher et al. 2011; Hackenesch 2015), there is still much research to be done in terms of quantitatively measuring the impact of aid from this group of non-traditional donor states.

## **6. Conclusion**

Based on the findings from the systematic review, we conclude that i) targeted democracy aid appears to be more effective in producing positive democratic outcomes than developmental aid; ii) aid modalities seem to impact democratic outcomes; iii) donor characteristics influence the effectiveness of aid; and iv) the domestic political environment within recipient states conditions how effective aid ultimately is. If these findings are correct, then they suggest that the role of political institutions and institutional development within recipient states is highly important in manifesting positive aid outcomes. This finding reinforces the underlying emphasis on democratization as a process, one with longer time horizons and a complex interplay of mechanisms.

An important conclusion from the review is that the considerable volume of evidence indicates that democracy aid supports rather than hinders democracy building around the world, and that targeted democracy aid is more likely, at least in the short and medium term, to positively contribute to the building blocks of democracy than developmental aid, probably because democracy aid specifically targets key institutions and agents that uphold democracy. Developmental aid interventions, although also positively associated with democracy, tend to be contingent upon a number of factors that underpin democracy, such as a more educated population or the enlargement of the middle class—factors that can take much longer time horizons to materialize.

The evidence presented here also supports the idea that project-type interventions, core contributions, pooled programmes and funds, and technical assistance modalities may be associated with positive impacts on democracy. This finding is consistent with expectations that strengthening and empowering diverse democratic institutions and actors in aid-recipient countries is critical in promoting democratization and ultimately sustaining or deepening democracy within a country. Perhaps the reason these modalities are found to be more likely to positively affect democracy is because they also are likely to target the very agents of democratic change, such as civil society organizations, political participants, electoral bodies, and the free media. This seems to confirm the conventional wisdom in aid studies that development cooperation is most effective when it supports those actors and institutions that hold the ‘ownership’ on political, social, and economic reforms and processes.

The literature has emphasized a distinction between bilateral and multilateral aid, in which bilateral aid is found to be more amenable to aid-for-policy deals than multilateral aid (Bueno de Mesquita and Smith 2009). Bilateral aid has also been associated with positive democratic outcomes in the short run, whereas multilateral aid appears to be ineffective alongside autocracies (Kersting and Kilby 2016). Other analyses, such as Menard (2012), find that only multilateral aid is beneficial for democratization, whereas more recent studies (e.g. Niño-Zarazúa et al. 2020) find no evidence that multilateral (or bilateral) aid is more effective than bilateral (or multilateral) aid at advancing democracy, although the influence of emerging authoritarian donors remains less clear due to data constraints. This underscores the need for future international comparative research on emerging donors.

Ultimately, the findings from the systematic review do not find strong evidence that the factors underpinning economic development are strongly associated with democratization, as structural theories suggest. In fact, evidence seems to be consistent with theories of exogenous democratization, in the sense that while economic development may be important for sustaining institutional stability, it is not itself the driver of democratization.

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## Appendix A

Table A1: Synthesis of evidence matrix

Author(s)	Study focus	Type of aid intervention	Democratic outcome	Estimation methods	Direction of effect	Level of statistical significance	Intermediate channel(s)	Main finding
(Ahmed 2012)	Total foreign aid	Not specified	Years in office, Turnover, Regime Collapse (DPI)	Fixed-effects probit model; IV probit; OLS model	(-) (like oil, aid restricts democratic development)	Discontent (**) Turnover (**) Regime collapse (***)	Unearned foreign income funds patronage and raises prospects for government survival, particularly magnified in autocratic politic, through two channels: by directly financing patronage (an income effect) or by diverting funds from welfare to patronage (a substitution effect).	Both foreign aid and remittances permit governments in more autocratic polities to divert resources to finance strategies and policies that prolong their time in office, similar to the effects associated with the 'resource curse' prevalent in many oil-rich states.
(Altıncekcik and Bearce 2014)	Total foreign aid	Not specified	Domestic tax burden (WDI); Social spending on education and health (WDI); Military spending (WDI); CIRI Physical Integrity Rights index	Error correction model; OLS model with robust standard errors	(+) (foreign aid does not hinder democratization)	Tax burden (***) Social spending (*) Military spending (***) Physical integrity (***)	Repression and appeasement serve as the primary intermediate variables of aid, allowing autocratic governments to avoid democratization.	Foreign aid should not hinder democratization, because it is poorly suited as a revenue source to paying for either appeasement or repression as alternatives to democratization given aid's relative infungibility, conditionality, and volatility over time.
(Altunbas and Thornton 2014)	Total foreign aid	Not specified	Polity IV index	Random effects OLS; random effects IV; fixed effects IV; system GMM	(+)	RE-OLS (***) RE-IV (**) FE-IV (**) Sys GMM (***)	Quality of governance is the best channel to improve democracy via aid	Foreign aid inflows have a small, positive and statistically significant impact on democratic development over time, which would likely increase if aid programmes focused more on improving the quality of governance.

(Arvin and Barillas 2002)	Total foreign aid	Not specified	Freedom House index	Granger bivariate and trivariate models	(-) for LIC regions; elsewhere is not statistically significant	Foreign aid (N)	Aid helps raise the population's education level, which empowers the poor and leads to a more democratic society	Results vary considerably across developing countries' geographic and income characteristics, demonstrating the role of donor interest and recipient need.
(Askarov and Doucouliagos 2015)	Total foreign aid	Not specified	Polity index; WGI indicators	pooled OLS; OLS with lagged aid; IV and system GMM	(+) or neutral, not statistically significant	Polity (**) Governance (N)	Aid can catalyse democratic reform through technical assistance to develop institutions: electoral processes, strengthen legislatures and judiciaries, and promote free press and civil society.	Aid flows have a non-linear effect on democracy and governance quality, but contribute to democratization, especially upon executive constraints and political participation for transition countries.
(Asongu and Nwachukwu, 2016)	Total foreign aid	Not specified	Political stability; Government effectiveness; Control of corruption (WDI)	instrumental variable 2SLS model	(-) for economic and institutional governance; neutral or insignificant for political governance	Political stability (***) Government effectiveness (***) Control of corruption (***)	Not specified; mentions that aid can be used to induce reform and development	Development assistance deteriorates regulation quality, government effectiveness, corruption control, and rule of law governance, but has an insignificant effect on political stability, voice, and accountability governance. Foreign aid may not actually influence democratic political outcomes in Africa.
(Asongu, 2012)	Total foreign aid	Not specified	Control of corruption index (World Bank ADI); Corruption perception index (World Bank ADI)	HAC two-stage least squares (TSLS); instrumental variable (IV) model; OLS; GMM	(-) (may fuel corruption in Africa)	GDP (***) Multilateral aid (**) DAC aid (***)	Not specified	A positive aid-corruption nexus exists, whereby development assistance fuels corruption or mitigates the regulation of corruption in African continent.
(Asongu, 2015)	Total foreign aid	Not specified	Rule of law; Regulation quality; Corruption control; Government	quantile regression; OLS	(-) or (+), depending on institutional quality	Rule of Law: Q1 (**) Q90 (N) Government Effectiveness: Q1 (*) (-)	Not specified, but implies institutional quality	Foreign aid is less perilous to institutional development when existing institutional development is low. (1) Institutional benefits of foreign-aid are contingent on existing

			effectiveness; Voice and accountability; Political stability; Corruption and democracy (WDI and Transparency International)			Q90 (N) Voice and Accountability: Q1 (*) (+) Q90 (***) (-) Corruption: Q1 (***) (+) Q90 (N) Regulation Quality: Q1 (***) (-) Q90 (N) Political Stability: Q1 (N) Q90 (N) Democracy: Q1 (*) (-) Q90 (***) (+) Control of Corruption: Q1 (N) Q90 (N)		institutional levels in Africa, (2) foreign-aid is more negatively correlated with countries of higher institutional quantiles than with those of lower quantiles, (3) the government quality benefits of development assistance are questionable in African countries irrespective of institutional quality level.
(Bancalari and Bonifaz 2015)	Total foreign aid	Not specified	GDP per capita growth (World Bank ECLAC)	Fixed effects model	(+) only for years 1960-1979; not significant for LIC Latin American countries	1960-1980 (***) 1990-2009 (N)	Institutions, as instruments for growth	Foreign aid has a positive impact on GDP per capita growth only for period 1960-1979 and when conditioned to macroeconomic stability and institutional capacity. Foreign aid also has a negative impact on economic growth in LICs in Latin America, suggesting aid-dependency could be hampering growth.
(Beaulieu and Hyde 2009)	Election aid	Project intervention	Binary variable, whether boycott occurs and whether election is observed	Logit model	(-) (international observers discourage opposition candidates from	Internationally observed (**)	1) Incumbents use strategic manipulation to select forms of electoral manipulation that observers are less likely to catch 2) opposition parties,	The presence of international observers is associated with a significant increase in the probability that a boycott will occur, suggesting international

					participating in elections)		because of that strategic electoral manipulation, are more likely to devote resources to discredit the incumbent by boycotting elections.	variables may influence electoral politics at the domestic level.
(Bermeo 2011)	Total foreign aid	Not specified	Democratic transition (Przeworski et al 2000/ Cheibub, et al 2010)	Logit model	(+) when donor is democratic	Democratic Aid (*) Authoritarian Aid (**)	Any conditionality from democratic donors is less effective when the recipient can also rely on funding from a non-democratic donor.	Aid from democratic donors does not entrench authoritarian regimes in post-Cold War period but is often positively associated with the probability of democratic transition. This relationship may be a result of aid directly affecting democratization, or of democratic donors disproportionately channelling aid to countries where democratization is more likely to occur. Authoritarian donors are not driven by the same intent, so authoritarian sources of aid lowers probability of transitioning to democracy.
(Bermeo 2016)	Total foreign aid	Not specified	Polity2 and Polity IV indices; Freedom House Political Rights and Civil Liberties index	logit model	(-) in Cold War period; may be positive in post-Cold War period	Cold War (**) Post-Cold War (N)	Foreign aid is not oil; it involves government-to-government resource transfers. As such, the priorities and preferences of governments in both states determine whether or not the aid will lead to change.	Donors can alter the composition of aid over time and across recipients, varying the extent to which authoritarian governments use aid to their advantage. Evidence from Cold War period and to strategically important recipients suggests aid may have antidemocratic properties. However, donors can also reallocate aid within authoritarian recipients to prevent antidemocratic effects.
(Birchler, Limpach and	Total foreign aid	Budget support	Polity2 index	Panel estimation with fixed effects	(+) (IFI-SAP and IFI-PRS	WB-INV (N) IMF-STB (N)	Reducing aid inflow fungibility; if aid is fungible,	Aid positively affects democratization when it

Michaelowa 2016)				(two-way fixed effects)	programs strengthen domestic accountability mechanisms), not statistically significant otherwise	IFI-SAP (***) IFI-PRS (**)	autocratic regimes can allocate it for their own purposes. Conditioning aid to institutional reforms for inclusive and transparent political processes, reduces aid fungibility.	strengthens domestic accountability mechanisms, which reduces its fungibility for recipients. World Bank and IMF lending for poverty reduction and structural adjustment programs positively affects democratization when it strengthens domestic accountability mechanisms.
(Bjørnskov 2010)	Total foreign aid	Not specified	Shares of national populations belonging to five income quintiles (WIID)	Random effects feasible least squares model; instrumental variables approach	(-) (uneven distribution toward elites)	Quantile 1 (**) (-) Quantile 3 (*) (-) Quantile 5 (**) (+)	Differential effects of foreign aid depend on level of democracy; differential effects of democratization, depend on size of aid inflows. Five potential mechanisms: 1) institutional reforms often accompany democratization; 2) democratic policy failures; 3) Dutch disease-like phenomena; 4) vote buying and grab-and-run politics in democratic transition; and 5) donor efforts at monitoring aid use.	Foreign aid may or may not bias income distribution by enabling elites to 'steal' donor funds. However, a moral paradox arises in that foreign aid is associated with national income distribution skewed in favour of the richest population groups.
(Boone 1996)	Total foreign aid	Not specified	Aid as ratio of GNP; Public and private investment; Indirect inflation; Infant mortality; Birth rate (World Bank)	Regression OLS; fixed effect (FE) and IV regressions	(-) (aid does not decrease poverty, but enlarges government)	Aid (**) Public and private consumption (N) Investment (N)	Aid may alleviate poverty via 1) capital market imperfections 2) fiscal policy political regimes.	Aid does not significantly increase investment, nor benefit the poor, but it does increase the size of government. Only in small countries or high aid receiving countries does it lead to higher investment. Aid's impact is insignificant on basic human development measures and investment 1971-1990.
(Bosin 2012)	Democracy aid; Election aid	Project intervention	Freedom House index; Polity IV index	one-level time-series cross-sectional analysis	(-)	FH (*) Polity (N)	Not specified	Overall, FSU leaders were incentivized to misrepresent commitments to democracy, so

								US democracy aid has had little to no effect on democratization in the FSU, which is best explained by a combination of domestic, economic, and cultural factors.
(Bratton and Van de Walle 1997)	Total foreign aid	Not specified	Freedom House index	OLS regression	(+)	Political liberalization (*) Democratization (**)	Democratization derives from dialectical, conflict-based political change involving popular action for political representation against incumbent elites.	Democratization in Africa is a challenging long-term institution-building project, but many African countries are able to overcome the many obstacles in order to install democratic regimes, including through foreign assistance.
(Bräutigam and Knack 2004)	Total foreign aid	Not specified	ICRG Quality-of-Governance index	OLS and 2SLS	(-)	OLS (***) 2SLS (***)	High levels of aid may inhibit governance improvements by weakening institutions through the high transaction costs that accompany aid, donor project fragmentation, problems of 'poaching', obstructing opportunities to learn, and impacting the budget process. Indirectly, high levels of aid can make it more difficult to overcome collective action problems in building a capable, responsive state.	In Africa, higher aid levels have a negative effect and are associated with larger declines in quality of governance and tax revenues as a share of GDP, particularly when corrected for the tendency of donors to give more aid to African countries with improved governance, even when controlling for per capita GDP and violence.
(Breuning and Ishiyama 2007)	Total foreign aid	Not specified	Political stability (WGI)	OLS regression	(-) (does not lead to greater stability)	Average aid (N)	Not specified	Internal political variables are far more important in explaining political stability in post-conflict societies than external variables like provision of foreign aid. In terms of timing, providing aid later as opposed to earlier does not necessarily promote political stability.

(Busse and Gröning 2009)	Total foreign aid	Not specified	Corruption; Law and order; Bureaucracy quality; Composite indicator of all three (ICRG)	instrumental variable estimation; one-step system-GMM estimator	(-)	Aid (**)	Not specified	Aid has a small but negative impact on governance. Noting the limitations of using aggregate data, the study supports a negative aid-governance nexus.
(Carnegie and Marinov 2017)	Total foreign aid	Not specified	CIRI Respect for human rights and human empowerment index; Polity IV index	Two-Stage Least Squares estimates	(+), but only in short term	CIRI (***) Polity (***)	Conditionality of aid incentivizes recipients to make rapid adjustments in order to receive aid and the European Commission is able to leverage these adjustments to promote reforms in recipient countries.	When a colony's former colonizer holds the Council presidency, a statistically significant increase in aid is committed to the former colony. Temporary reforms occur in recipient countries in the short term. Human rights reforms begin immediately, whereas democracy reforms occur after a slight delay.
(Charron 2011)	Total foreign aid	Not specified	Corruption (PRS International Country Risk Index)	Two-stage generalized method using GMM and Two-Stage Least Squares (2SLS)	(+) for multilateral aid; not statistically significant for bilateral aid	Bilateral Aid (N) Multilateral Aid (**)	Not specified but admits that bilateral and multilateral aid channels matter.	The anti-corruption movement adopted by all major IOs in the form of multilateral ODA aid is an effective strategy in combating corruption in developing states, while bilateral ODA is either a negative or insignificant determinant of corruption levels in recipient countries.
(Cornell 2013)	Democracy aid	Not specified	Freedom House index; Polity index	OLS coefficients with panel corrected standard errors	(+) for one-party regimes; (-) for multiparty or military regimes	Hadenius and Teorell typology (***) Cheibub, Gandhi, and Vreeland typology (***)	Functioning, stable political institutions are key, as they can serve as channels for implementation of democracy aid.	Democracy aid's effect on democratic development is related to political regime type; it has a positive effect on democratic development in one-party regimes, but not in military or limited multiparty regimes and the greatest effect in authoritarian regimes with perceived stability and institutionalized cooperation.

(Csordás and Ludwig 2011)	Total foreign aid	Not specified	Freedom House Political Rights Index; Polity index	Regression with FE and GMM estimator	(+) (except in developing countries without strong institutions)	FH PRI (***) Polity (***)	Not specified	Foreign aid helps stabilize democratic institutions in recipient countries (stabilizing effect) but does not lead to a transition towards democracy. Countries with less democratic neighbours also tend to be less democratic (neighbour effect). The stabilizing effect is multiplied by the neighbour effect. Only in developing countries that lack certain democratic institutions will aid not induce democratic transitions.
(Dietrich and Wright 2013)	Democracy aid; Total foreign aid	Not specified	Multi-party transitions; Multi-party failure; Incumbent turnover (WDI)	Probit model with RE	(+) for economic aid; not statistically significant for democracy aid;	Multiparty transition Dem aid (N) (-) Econ aid (*) (+) Incumbent turnover Dem aid (**) Econ aid (**) (+)	The pressure that donors apply for specific political reforms to states dependent on economic aid helps persuade incumbent regimes to pursue multi-party political reform.	Economic aid increases prospects for multi-party transitions, while democracy assistance is only correlated with other aspects of democratic development. Alternatively, there is little evidence that economic aid or democracy assistance harms democratic development.
(Dietrich and Wright 2015)	Total foreign aid; democracy aid	Not specified	Multipartyism; Multiparty failure: Electoral misconduct; Opposition vote share (WDI)	OLS and instrumental variables approach (OLS, IV, and IV Probit)	(+) or not statistically significant (does lead to multiparty, aid stabilizes it)	OLS (*) IV OLS (*) IV Probit (*)	(1) Donors attach political reform conditions to economic aid and (2) donors directly invest in democracy promotion linking activities aimed at strengthening governance institutions and civil society.	Economic aid is a catalyst for transition to multiparty party regimes, but democracy aid stabilizes multiparty regimes and decreases the incidence of electoral misconduct, which increases horizontal accountability. Thus, the primary channel through which democracy promotion occurs is government-led political reform, as long as it does not threaten incumbents.

(Djankov et al. 2008)	Total foreign aid	Not specified	DPI Checks and balances variable; Polity IV index	OLS, IV approach (IV cluster robust, GMM, GMM cluster robust)	(-) (aid decreases quality of institutions)	Not specified	Not specified, but equates aid to oil rents	Being dependent on foreign aid results in worsening democratic institutions, akin to the curse of oil effect.
(Dunning 2004)	Total foreign aid	Not specified	Freedom House index	instrumental variables (2SLS) regression	(+) in post-Cold War period	1975-1986 (N) 1987-1997 (*)	Institutions and a 'credible commitment' mechanism limit the feasibility of aid conditionality in the post-Cold War era; whereas a 'moral hazard' mechanism functions in Cold War era.	No statistically significant relationship emerges between ODA and democracy 1975-1986, but the relationship is positive and statistically significant 1987-1997. The causal impact of aid on regime type is historically contingent in sub-Saharan Africa.
(Dutta, Leeson and Williamson 2013)	Total foreign aid	Not specified	Polity IV index	(OLS) with two-way fixed effects; (GMM) estimator: difference and system; instrumental variables (IV) approach using (2SLS)	(+) for democracies; (-) for autocracies	Aid x democracy (***) Aid (autocracies) (**)	Because of constraints on executive power, democracies pursue better economic policies than dictatorships. When a democracy receives foreign aid, it will become more democratic and adopt better policies leading to higher economic growth, while dictatorships prevent better policies being adopted and hinder economic growth.	There is a modest impact of aid on recipient political institutions, which strengthens institutional orientations already in existence within states. Aid may help ensure democratic countries remain democratic and dictatorial countries remain dictatorships.
(Ear 2007)	Total foreign aid	Not specified	Voice and accountability VA; Political stability PS; Government effectiveness GE; Regulatory quality RQ; Rule of law RL; and Control of corruption CC (WGI)	Series Cross Sectional OLS and two-staged least squares (2SLS) model with country fixed effects	(-) (and technical assistance may increase (-) impact)	VA (N) PS (N) GE (**) RQ (**) RL (*) CC (**)	Weakened institutional capacity siphons off scarce talent from public sector, weakens accountability, encourages rent seeking and corruption, foments conflict over control of aid funds, and alleviates pressures to reform policies and institutions.	Aid dependence negatively affects various dimensions of governance, particularly rule of law. Components of aid, like technical cooperation, negatively impact the dimensions of governance they are intended to affect. Greater attention must be paid to the elements that make up aid itself.

(Edgell 2017)	Legislative and political party aid; Democracy aid; Total foreign aid	Project intervention	Binary variable, whether or not country adopts gender quota for lower chamber of national legislature (Quota Project)	discrete logistic event history models	(+) if US general aid, not if US aid for women empowerment	US Aid (***) Women's Empowerment Aid, excl. US (*) US Women's Empowerment Aid (N)	1) Elites in an aid reliant country may adopt policies that appease donor expectations regarding human rights and democratization 2) by supporting women's organizations, foreign aid contributions may further empower grassroots mobilization advocating for adoption of quotas.	In general, less democratic countries are more likely to adopt gender quotas only as their reliance on general US foreign aid increases. This effect is not driven by US democracy promotion or women's empowerment programmes (although interventions from other DAC countries are more successful), since these quotas serve as signals to improve their international reputation.
(Fielding 2014)	Democracy aid; Election aid; Human rights aid; Participation and civil society aid; Legislative and political party aid; Media and information aid; Total foreign aid	Not specified	Voice and accountability index (WGI); Freedom House Freedom of the Press index	Tobit regression; OLS regression	(-)	Tobit (***) Dynamic Panel Estimates (***) Dynamic Poisson Model (***)	For a given level of institutional engagement, increased cash flow is a signal of approval to the recipient regime that indicates relaxed political conditionality. Managing governance aid inflows also puts pressure on the resources of civil society groups, worsening their overall effectiveness.	A negative relationship exists between variation in political rights over time and variation in governance aid. In some countries, certain types of aid can lead to improvements in political rights, depending on the understanding of institutional characteristics, but often increasing the amount of governance aid to a particular country worsens political outcomes.
(Finkel, Pérez-Liñán and Seligson 2007)	Democracy aid; Participation and civil society aid; Election aid	Project intervention (USAID)	Freedom House index; Polity IV index; World Bank Government Effectiveness index	Hierarchical longitudinal growth model or individual growth curves; instrumental variables and GMM approaches	(+) (except for Human Rights promotion)	FH (***) Polity (***) Elections (***) Rule of Law (***) Human Rights (***) Civil Society (***) Mass Media (*) Governance (***)	For democratization, democracy assistance can be a macro-international mechanism that overcomes adverse social conditions or micro-international mechanism that targets democratic agents	Funding local action of individuals, political organizations, and social movements can translate into democratic change in the short run. USAID democracy aid has clear and consistent positive impacts on democratization (except for human rights promotion), but democracy programs may take several years to mature.

(Freytag and Heckelman 2012)	Democracy aid	Project intervention (USAID)	Freedom House NIT indicators	OLS and Tobit models	(-) or not significant	General Aid (N) Civil society (*) Corruption (N) Elections (*) Governance (N) Judicial (**) Media (**)	External support increases the chances of domestic governments pursuing policy reform, particularly institutional reforms. If external support strengthens media, education, and civil society, it can help maintain structure and enhance reform processes.	Despite assistance from USAID, Eurasian and Eastern European countries are generally unable to maintain and improve their democratic environment in the years after 1998. The positive influence of US aid is mainly limited to judicial framework, civil society, media independence, and electoral processes, but does not significantly affect governance and corruption.
(Gibson et al. 2015)	Total foreign aid; Election aid	Technical assistance	Political concessions by leader to opposition groups (NELDA)	OLS and probit models with GMM estimator	(+) (technical assistance lends more political concessions and less patronage spending)	OLS (**) Ordered Probit (*) GMM (***)	Patronage networks vary by cultural, economic, and political institutions, but each ruler seeks to ensure his incumbency and so devotes resources necessary to those he must buy off. This indirect monitoring makes misappropriation of resources more difficult by increasing the costs of avoiding detection. Directly and indirectly, this reduces the amount aid a leader can use for his patronage network as technical assistance programs dampen use of patronage.	While other factors play pivotal roles in Africa's political liberalization, technical assistance explains the timing and extent of Africa's democratization. Increased levels of technical assistance reduced African incumbent patronage resources, driving them to bequeath greater economic and political rights to political opposition.
(Goldsmith 2001)	Total foreign aid	Not specified	Freedom House Political Freedom Index	Cross-sectional time-series analysis: instrumental variable approach; two-stage least squares	(+)	ODA (**) ODA lagged 1 year (***) ODA lagged 5 years (***)	Moral hazard serves as the mechanism for perverse political impact of foreign aid.	A small positive relationship exists between aid and democracy indicators and economic liberalism. African states have gained more than they have lost by taking aid.
(Grimm and Mathis 2018)	Democracy aid	Not specified	Freedom House indices	Time-series cross-sectional approach	(-) with statistically	Democracy Assistance (***)	Direct democracy promotion targets core political	Distinguishing between direct and indirect approaches to

				with ordinary least square (OLS) regressions with random effects	insignificant effects captured by other variables		institutions and processes and democratically oriented and politically involved actors, individuals, and groups. Direct democracy promotion is exerted through democracy assistance. Indirect democracy promotion is exerted through improving context conditions for democratization in line with modernization theory.	democracy promotion, direct democracy assistance with ties to EU accession conditionality has a positive effect on democratization in Western Balkans, but no significantly positive relation exists between democracy assistance and democratization. Thus, EU democracy assistance did not increase democracy levels in the Western Balkans.
(Haass 2019)	Total foreign aid	Project intervention	Polity index	OLS with robust standard errors clustered on country	(+) power-sharing and election quality improvement; (-) for limiting independent rule of law	Polity (***) Elections (**) Public goods (***) Rule of law (***)	A power-sharing government implies elites form coalitions as economic commitment devices and then generate income from aid by upholding peace deals. When aid flows increase, power sharing elite competition over resources is amplified and they try to sway elections in their favour via distributive politics to constituencies.	The rent-seeking/democracy dilemma inherent in power-sharing governments with large aid income results in limited post-conflict democratization. Elites agree upon 'good enough' processes (improved elections, but limited rule of law) that satisfy donor demands for democratic reforms and uphold aid flows but retains sufficient autocratic elements.
(Heckelman 2010)	Total foreign aid	Not specified	Freedom House NIT indicators	OLS; least absolute deviations	(+) (except for media independence)	Aid per Capita (**) Civil Society (*) Electoral Process (**) Governance (**) Judicial Framework: (***) Media (N)	Aid indirectly impacts growth by improving the institutional environment for growth and helping democracy flourish, thus facilitating economic growth as well, at least among Eastern Europe and former Soviet republics.	Aid per capita is positively and significantly correlated with reform in all areas of the transition democracy index, except media independence. Even when measured relative to the size of the economy, aid helps bolster aspects of democratic reform: judicial independence, compliance, human rights protections, transparency, governance stability, and decentralization, although not civil society,

(Heinrich and Loftis 2019)	Democracy aid; Participation and civil society aid	Project intervention; Technical Assistance	Incumbent election accountability (NELDA)	Bernoulli-Cauchet model with cluster bootstrap	(+)	Forego examining statistical significance of coefficients, instead investigating whether differences in quantities on the scale of interest matter	Democracy aid successfully stabilizes democratic institutions and supports accountability, which ensures the long-term health of democratic governments.	electoral process, and media independence. Democracy aid impacts the accountability between governments and citizens and more democracy aid increases the likelihood of citizens conditioning their vote on political performance. If a country does not receive a lot of aid, the chances of incumbent turnover (accountability) is less likely. Democracy aid's positive effect goes deeper than supporting democracy's institutional edifice, by also helping make government accountable to citizens.
(Hoffman 2003)	Total foreign aid	Not specified	ICRG Institutional index	Instrumental variables estimation	(-)	Institutions Index (**) Rule of Law (*) Bureaucratic Quality (***) Contract Enforcement: (***) Property Rights (***)	Not specified	Aid encourages centralization of power and leads to governments favouring the provision of private goods over public goods. Providing aid to central governments inhibits the development of accountable, transparent political and institutional structures that encourage economic growth.
(Ishiyama, Sanders and Breuning 2008)	Total foreign aid	Not specified	Polity IV index	Ordered logit and binary logit	(-) null, coefficients are not significant)	Average Aid (N)	Aid may potentially encourage political instability by making control over aid receipts a more valuable prize and adding fuel to corrupt government practices.	There is no evidence to support aid having a positive effect on democracy development in post-conflict societies once the conflict has ended.
(Johnson and Zajonc 2006)	Total foreign aid	Project intervention (MCC)	MCC indicators	Difference in differences; Regression-	(+) (with caution as some are not significant)	Political Rights (+)	Not specified, but suggests the program itself may incentivize change	Controlling for general time trends, potential recipients of MCC funds improve 25 percent

				Discontinuity Design		Civil Liberties (+) Voice and Accountability (N) Government Effectiveness: (N) Rule of Law (+) Control of Corruption (N)		more along indicators specified. This result should not be taken too seriously as any effect on growth will take time, but countries seem to respond to MCC incentives by improving democratic indicators.
(Jones and Tarp 2016)	Democracy aid; Total foreign aid	Not specified	Democracy; Number of veto players; Executive constraints; Political terror; Judicial independence (QoG data)	OLS; random effects model (RE); fixed effects model; bias corrected fixed effects (BCFE); system GMM	(+)	OLS (***) RE (***) FE (***) BCFE (**) GMM (***)	Higher quality institutions are associated with enhanced, more cost-efficient domestic revenue collection. Political survival is a function of the resources leaders command and amount of discretion over their use. Thus, access to aid flows influences the balance of political competition.	A small positive net effect of aggregate aid on a measure of political institutions exists and this positive association between aggregate aid and political institutions is driven by more stable flows of aid.
(Kalyvitis and Vlachaki 2010)	Democracy aid; Participation and civil society aid; Election aid; Media and information aid; Human rights aid	Project intervention	Freedom House political rights and civil liberties indices	multinomial multivariate logit model; two stage estimates; ordered logit model	(+)	Government and Civil society aid (***)	1) Donors often use aid conditionality as leverage to pressure developing countries into carrying out political and social reforms; authoritarian regimes may even implement reforms in anticipation of donor action 2) Democratic assistance assists civil society organizations to engage effectively with state institutions.	Democratic assistance promotes future democratization in recipient countries.
(Kalyvitis and Vlachaki 2012)	Total foreign aid	Project intervention	Political status regime measure (Przeworski et al	Two-Stage Instrumental Variables discrete-response	(-) (aid flows decrease likelihood of democratization)	Aid (**)	Not specified, but it may occur through the same channels that encourage	Foreign aid flows decrease the probability of observing a democratic regime in a recipient country. The negative marginal

			2000/Cheibub et al 2010)	framework; OLS estimates; second-stage logit model from Maximum Likelihood estimation			democracy or via aid conditionality	effect of aid flows on democratization is not uniform but depends on the economic and social environment.
(Kangoye 2011)	Total foreign aid	Not specified	Polity2 index	country-fixed effects regressions	(+) indirect effect with some not significant	Aid (N) Terms-of-Trade instability (***) Aid × instability (**)	Aid improves learning about electoral processes (through technical assistance and conditionalities), quality of human resources, and income level. Because aid mitigates economic shocks on growth it positively conditionally impacts democracy.	Aid neither promotes nor undermines democratic processes but has an indirect positive effect on democracy in the long term by dampening the adverse effects of terms-of-trade instability.
(Kangoye 2013)	Total foreign aid	Not specified	ICRG index of corruption	Fixed effects estimations and Random effects-based results cross-section and panel regressions; panel IV regression	(-) (high aid unpredictability leads to increased corruption)	RE cross-section panel regression (*) Panel IV regression (**) Low institutions (***) Upper institutions (N)	Quality of institutions: corruption occurs because of weak institutions, but as income increases, stronger institutional mechanisms are more likely to be put in place, reducing corruption. An inverse U-shaped relationship exists between corruption and institutions.	There is evidence of high unpredictability of aid flows, which has a statistically significant relationship with corruption and is more severe in countries with weak initial institutional frameworks (the majority of developing countries), and this may be sensitive to aid modalities.
(Kangoye 2015)	Total foreign aid	Not specified	Polity IV index, Freedom House index	panel instrumental variable (IV) regression	(+)	Aid x instability (**)	Aid has an indirect positive effect on institutions in vulnerable countries by making growth more stable, since institutional development requires an economically stable environment.	Aid neither directly promotes nor undermines democratic processes, but in the long-term indirectly and positively effects democracy by helping mitigate adverse effects of trade instability.
(Kersting and Kilby 2014)	Total foreign aid	Not specified	Freedom House index	interval regression IV model; standard two-stage-least-	(+)	Interval regression (**) IV (***)	Aid may help bring about the necessary preconditions for democracy in long run (aid as	Aid can promote democratic reform over the long run by bringing about democratic

				squares instrumental variable estimation; Ordered Probit; (LVMOLS); short run OLS panel analysis		2SLS (***) ordered probit (**) LVM (**) OLS (**)	input), in short run by supporting competitive elections (aid as specific input), or through leverage and conditionality (aid as incentive).	preconditions, supporting competitive elections, and leveraging and conditioning democracy. Timing matters when considering causal pathways, as do donors. DAC donors have a positive, yet small impact; aid from Arab donors and China decreases democracy levels.
(Knack and Rahman, 2007)	Total foreign aid	Project intervention	ICRG bureaucratic quality index	Cross-country regression model	(-) (high donor fragmentation weakens bureaucratic quality)	Aid/GNI >.03% (**) Aid/GNI >7% (* Africa (***)	Bureaucratic capability allows for effective aid, which donor fragmentation erodes.	Competitive donor practices, with many small donors and no dominant donor, erode administrative capacity in recipient governments. Donors seek to maximize performance on their own projects, shirking responsibility to the public sector, human capital, and organizational infrastructure essential for long-term democratic development.
(Knack, 2004)	Total foreign aid	Project intervention	Freedom House index; Polity index	OLS; ordered logit; median regression; 2SLS	(-) but not statistically significant	OLS (N) Logit (N) 2SLS (N)	Aid promotes democracy indirectly through 'modernization' – by increasing per capita incomes and improving access to education – that increase the demand for democratic government.	No evidence is found that aid promotes democracy; it does not necessarily imply that democracy-promoting programs do not work as intended, but successful programs are often undermined or are too few and far between for their effects to aggregate to democratization.
(Kono and Montinola 2009)	Total foreign aid	Not specified	Binary variable measuring leader failure (in office or lose office); W variable of coalition size (Bueno de Mesquita et al.,	Conditional logit Cox model; discrete-time Cox proportional hazards model	(+) for democrats; (-) for autocrats with many coefficients not significant	Cumulative aid democracy (*) Cumulative aid autocracy (*)	The effects of foreign aid vary across regime types because autocrats are better able than democrats to stockpile foreign aid.	Over the long run, sustained aid flows promote autocratic survival because autocrats can stockpile aid for use in times of crisis. For democrats, aid sustains democratic survival because democrats have fewer alternative resources to fall back

			2003); Polity IV index					on. Aid received in past periods is unimportant for democrats because little of that aid is saved, but current aid always helps democrats, so donors can effectively promote democratic survival by giving aid to them.
(Kosack 2003)	Total foreign aid	Not specified	PRS Group's International Country Risk Guide for bureaucratic quality	ordinary least squares (OLS); two-stage least squares (2SLS)	(+) for democracies; (-) for autocracies (aid effects depend upon political environment)	Democracies (**) Autocracies (N)	Fungible aid in autocracies may end up assisting autocratic governments and help impoverish the people it is trying to help. Fungible aid in democracies might improve quality of life since governments can spend the extra money to meet the needs and wants of its populace.	Though aid does not affect quality of life in the aggregate, it does effectively increase quality-of-life when given to democracies, but not within autocracies. It seems that democracies, absent aid, have lower quality-of-life growth than autocracies.
(Lankina and Getachew 2006)	Democracy aid	Technical assistance; Project intervention	Petrov Democracy index	Generalized Estimating Equations	(+)	Aid (**) Distance from Helsinki (**)	Not specified but suggests that EU instruments for supporting democratic and market institutions are distinct.	Subnational geography is an important factor in analysing post-communist democratic change. Geographic proximity to the West facilitates the diffusion of Western influences in Russia's localities and increases their openness; it also encourages neighbouring Western actors to pursue targeted democratization.
(Li 2017)	Total foreign aid	Not specified	Freedom House index of political freedom	instrumental variable regression model	(+) only when no alternative sources, with many non-significant coefficients	1975-1986 (N) 1987-1997 (*) 1987-2008 (N) 2001-2008 China (N)	Conditionality of aid contributes to democratization.	The relationship between aid and democracy in Sub-Saharan Africa over the past three decades has been conditioned by: (1) the end of the Cold War and (2) China's expanded engagement with Africa in the 21 <sup>st</sup> century. Aid conditionality only works when African countries do not have alternative sources of aid, making

								withdrawal threats more credible. China's emergence in Africa has been positive for Africa by creating competition and giving African countries options.
(Lührmann, McMann and van Ham 2018)	Democracy aid; Participation and civil society aid; Election aid; Media and information aid; Human rights aid	Not specified	Electoral Democracy Index; Core Civil Society Index; Clean Elections Index; Alternative Sources of Information Index; Civil Liberties Index (V-Dem)	time-series cross-sectional regression model; models using panel-corrected standard errors and first-order autocorrelation correction; marginal effects	(+) for regimeless regimes; (-) for liberal democracy and autocracy	Regimeless countries (***) Liberal democracies (N) Closed autocracies (*)	Democracy aid effectiveness depends on whether aid poses a threat to the existing regime and if it aligns with regime survival strategy.	Democracy aid is most effective in regimeless countries, shows moderate effects in electoral autocracies and electoral democracies, and lacks effectiveness in liberal democracies and closed autocracies.
(Marinov and Goemans 2014)	Total foreign aid	Not specified	Binary variable measuring the termination of a coup spell by an election	Probit regression model	(+) (aid and international pressure lead to more elections instead of coups)	Aid dependence (**)	While the identity of actors who participate in coups matter, as do geopolitical considerations, aid is most instrumental in bolstering and restoring democratic institutions.	In post-Cold War era, countries most dependent on Western aid were the first to embrace competitive elections after a coup.
(Menard 2012)	Total foreign aid	Not specified	Freedom House Political Freedom measure	Generalised Method of Moments (GMM) methods	(+) only from multilateral donors	Multilateral aid (***) Bilateral aid (N)	Not specified, but notes that multilateral aid is credible in conditioning political reform.	Aid effectiveness upon democracy depends on the nature of foreign aid: foreign aid promotes democracy in Africa only if it is allocated by multilateral agencies.
(Menéndez 2008)	Democracy aid; Participation and civil society; Election aid; Legislative and	Technical assistance	Polity index	Ordered probit regression; OLS; 2SLS	(+)	Assistance (**)	Targeted democracy assistance empowers voters, political parties, labour unions, and human rights activists, helping build constituencies for reform, thus affecting democratic	Results point to a positive relationship between democracy assistance and democratic development over 1994-2004 (excluding India and Indonesia)

	political party aid; Media and information aid						outcomes in the short and medium term.	
(Meyerrose 2020)	Democracy aid	Not specified	V-Dem Horizontal Accountability index; V-Dem Liberal Democracy index	Multilevel models; ordinary least squares (OLS) model	(-)	Number of IO memberships (***)	IOs contribute to democratic backsliding by augmenting relative executive power and limiting the domestic policy space, stunting critical institutional development.	Increased membership in three types of IOs associated with democratic success – democratically committed, political or economic, and structured or interventionist IOs – corresponds with subsequent backsliding. Although IOs are associated with democracy in the aggregate, they are ill-equipped to promote ongoing democratic progress, and can contribute to backsliding in new democracies.
(Moreno-Dodson, Rota-Graziosi and Vergne 2012)	Total foreign aid	Not specified	Binary variable if incumbent re-elected or not (Zarate Political Collection and World Statesmen data)	general two-stage empirical model; probit and Maximum Likelihood (ML) estimation; 2SLS	(+) for financial aid (political aid has no effect)	General Aid (**) Financial Aid (**) Political Aid (N)	Aid helps improve government accountability and citizen responsiveness by strengthening competitive electoral systems, election monitoring, electoral regulation, support for political parties, constitutional reforms, and legislative powers.	Incumbents have an advantage in capturing foreign aid, thus increasing their probability for re-election, yet foreign aid increases the value of the contest itself and opposition incentives to compete. Even still, aid flows positively affect probability of incumbent re-elections, an effect that is moderated in more democratic societies. Financial aid has a positive and statistically significant effect on this, while political aid's effect is non-significant.
(Nelson and Wallace 2012)	Total foreign aid	Not specified	Polity IV index; Freedom House index	Difference of means tests; Kaplan Meier survivor functions	(+)	IMF (+) No IMF (-)	Since autocratic states lack legitimacy, they use IMF loans for social spending (rather than military spending) to garner public legitimacy, which over time	On average, countries involved in IMF programs have higher democracy scores than those who do not and autocratic states more involved in IMF lending will face greater likelihood of democratization.

(Nielsen and Nielson 2008)	Democracy aid; Participation and civil society aid; Election aid; Legislative and political party aid	Core contribution; Project intervention	Polity IV index; Pzeworski et al (2000) regime index	OLS and 2SLS (some with time-series logistic regression)	(+) for democracy or education aid or not significant	OLS (N) 2SLS (**)	erodes the state's ability to control democratic forces. Aid builds up human capital, which supports institutional capacity building.	Different types of aid have different kinds of impacts. Education and democracy aid are best at promoting slow, incremental growth towards democracy, even though they may not create episodes of dramatic democratization. Cash aid leads to strong democratization episodes, while decreases in cash aid increase the probability of reversion to autocracy, suggesting aid which builds up human capital and supports institutional capacity building has a positive effect, but not a strong one.
(Nielsen and Nielson 2010)	Democracy aid	Project intervention	Polity IV index	Propensity score matching models; Tobit regression	(+) for already democratic states	Democracy Aid (**)	Governance aid may improve democracy for at least two reasons: (1) the ease of monitoring outcomes and (2) the direct empowerment of a broader electorate.	Democracy aid is sometimes effective, and donors are relatively skilled at allocating democracy aid where it will increase democracy most. It is most effective in states that are already partially democratic but is otherwise largely ineffective. However, there is high variance in the effectiveness of democracy aid and donors may engage in triage, giving large amounts where it will actually help and little to states with democracy deficits.
(Nieto-Matiz and Schenoni 2020)	Democracy aid	Not specified	Duration of autocratic regimes	Cox proportional hazard model	(+) if strong democratic leverage	Aid (**) Aid x democratic aid (*)	Democratic leverage can alter aid's effect on autocratic duration by (1) reactivating civil society and political opposition forces (2)	Foreign aid does not directly impact autocratic survival and is conditional on the levels of political leverage exerted by democratic donors. Democratic

						Aid × US leverage (***)	developing coherent institutional frameworks, (3) ensuring foreign aid is allocated to development projects, and (4) disarticulating authoritarian regimes by threatening to withdraw aid.	leverage ensures aid is used to reactivate civil society, reform local institutions, promote economic development, and make credible threats of aid withdrawal, thus shortening the life expectancy of autocratic regimes.
(Okada and Samreth 2012)	Total foreign aid	Not specified	Corruption index (WGI)	OLS; quantile regression method	(+)	OLS (***) Q 0.1 (***) Q 0.9 (*)	Not specified	Foreign aid generally reduces corruption, especially in less corrupt countries, depending upon the donor. Multilateral aid reduces corruption, but bilateral aid from the world's leading donor countries, except Japan, has no significant effect.
(Poast and Urpelainen 2015)	Democracy aid	Technical assistance	Length of democratizing spell; Whether democratizing spell ends in authoritarian reversal	split-population model with selection correction and robust standard errors; probit model	(+)	Democratic Consolidation (***) Authoritarian Reversal (***)	Democratic consolidation depends on the institutionalization of democratic rule and institutional capacity serves as a concrete mechanism for consolidating democracy.	IO membership can promote democratic consolidation through external support for institutional development but cannot directly prevent authoritarian reversals in transitional democracies. IO membership can offer benefits and enable democratic consolidation, particularly for countries in the shadow of past military rule.
(Pospieszna and Weber 2017)	Participation and civil society aid; Democracy aid; Human rights aid; Media and information aid; Election aid	Core contribution; Project intervention	V-Dem Electoral Democracy Score; Polity IV index	fixed effect panel regression	(+) if aid combined with democracy related sanctions and channelled to civil society	EU democracy sanction x EU democracy aid (***) EU democracy sanction x EU public sector aid (***) EU democracy sanction x EU	Political conditionality has been considered the most effective EU instrument to promote democracy, but democracy aid also provides opportunity to link programmes, activities, and cooperative initiatives, which simultaneously put pressure on governments and empower civil society,	Democratic sanctions are more likely to be successful if democracy aid bypasses the government in a target state and is channelled to civil society; other forms of aid tend to decrease the effectiveness of sanctions. There is no consistent effect of aid on democratization, however, when EU sanctions are

						civil society (***) EU democracy sanction x EU general development aid (N)	therefore advancing and strengthening democracy.	combined with non-governmental democracy aid, a significantly positive effect emerges. Recipient countries of democracy aid that are simultaneously sanctioned democratize faster than non-sanctioned democracy aid recipients.
(Rajan and Subramanian 2007)	Total foreign aid	Technical assistance	Governance-dependence index of annual average rate of growth of value (UNIDO data)	OLS and IV	(-); aid constraints manufacturing sector and good governance	Aid (**) Technical aid (**)	Manufacturing depends on a good-governance environment that can foster multiple transactions. By expanding a state's resource envelope, aid reduces the need for governments to explain their actions to citizens, reducing its need to govern well and so mismanage the real exchange rate. Aid inflows reduce the need for governments to tax the governed or enlist their cooperation.	One of the ways aid might affect growth adversely is by constraining the growth of the manufacturing sector.
(Regan 1995)	Total foreign aid	Project intervention	Political repression and human right abuses indices (CIRI and Amnesty International)	Multiple regression model	(-)	Economic aid (***)	Economic aid might serve as a diplomatic message to convey a sense of American approval or disapproval of current repressive policies. International disrepute increases the cost of violent repression over political dissent in aid dependent countries, thus impacts human rights abuses directly (military aid) or indirectly (redistribution).	U.S. economic aid has had little or no impact on human rights practices of recipient governments.

(Remmer 2004)	Total foreign aid	Technical assistance	Government size, as ratio of government expenditures to GDP (World Bank)	OLS estimates with panel-corrected standard errors	(-) for democracy only finds positive for government expansion	Government expansion (***)	Aid enhances the ability of politicians to channel funds to their supporters but creates weak incentives for policy change.	For low- and middle-income nations, aid's implications for democracy are not optimistic. However, aid is an important determinant of government size that has been seriously neglected in prior research.
(Savage 2017)	Democracy aid; Participation and civil society aid; Election aid; Legislative and political party aid	Project intervention (USAID)	Polity index; Freedom House index	Fixed effects models with lagged dependent variable; generalized method of moments model	(+) if military is small; (-) if military is large	Polity (**) Freedom House (***)	Not specified.	The effect of democracy assistance is conditional on the size of the military in recipient states; states with large militaries see negative or limited impact of aid on democracy, while states with small militaries show small but positive impact of aid on democracy.
(Savun and Tirone 2009)	Democracy aid	Project intervention	Conflict Initiation (UCDP/PRIO); Polity index	Logit estimation; Instrumental Variables Two-Stage Least Squares method (IV-2SLS)	(+) (more aid decreases civil conflict outcome)	Logit (*) 2SLS (**)	Not specified, except through instruments.	Democracy assistance programs can help democratizing countries improve democratic governance and provide external validation of commitments and promises made during transition. Democratizing countries that receive high levels of democracy aid are less likely to experience civil conflict than those that receive little or no democracy aid.
(Schmitter 2008)	Democracy aid	Not specified	Liberalization; Transition; Consolidation; Aggregate measure of all three	Correlation matrices; multiple regression TDS and TWS	(+) (for all three measures of democratization)	Liberalization transition, consolidation (+)	Not specified, but refers to three measures/stages of democratizations: tempo of democracy support, role of domestic elites, and institutionalization	Legitimacy, proxied by quality of governance, matters most for future democracies to remain stable, so even though foreign aid positively impacts measures of democracy, it cannot positively impact its legitimacy.
(Scott and Steele 2005)	Democracy aid; Participation	Project intervention (NED)	Freedom House index	OLS regression	(-)	NED grant (N)	Not specified	The analysis casts doubt on the effectiveness of NED grants as an instrument of democracy

	and civil society aid; Election aid; Legislative and political party aid; Media and information aid							promotion, as the allocation of NED funding neither results in greater democratization, nor democracy consolidation.
(Scott and Steele 2011)	Democracy aid	Project intervention (USAID)	Polity IV index; Freedom House index	generalized least squares AR (1) model; Simultaneous Equation Model	(+)	Democracy Aid (**) Economic Aid (N)	Both donors and recipients engage in strategic forecasting. Foreign aid impacts economic and social factors, indirectly producing conducive conditions or demands for democracy. Targeted democracy aid also focuses on agent-centred assistance empowering individuals, groups, and political institution.	Unlike general foreign economic aid, carefully targeted democracy assistance programs from USAID have a positive impact on democratization, even when controlling for the effect of democratization on aid allocation decisions.
(Scott 2012)	Democracy aid; Total foreign aid	Project intervention (USAID)	Polity IV index; CIRI human rights index	Simultaneous equation model	(+)	Democracy aid (**) Economic aid (N)	Opportunity cues occur during shifts in regime behaviour, which signal receptivity of aid. Amplification cues signal the relationship between donor and recipient is something that should be strengthened. These cues coupled with agent empowerment shapes the success of aid.	Targeted aid is better at bringing about democratization, while general foreign aid does not have this effect.
(Selaya and Thiele 2012)	Total foreign aid	Budget support; Project intervention	PRS Group's International Country Risk Guide bureaucratic quality index	2SLS regression	(-)	Loans (*) Grants (***) All Loans and Grants (***)	Not specified	Grants impair the functioning of local bureaucracy, whereas loans do not. Interestingly, grants exhibit the strongest negative effect on bureaucratic quality when they take the form of budget support.

(Seligson and Finkel 2009)	Democracy aid; Participation and civil society aid; Election aid	Project intervention (USAID)	Freedom House index; Polity IV index	Hierarchical linear models with maximum likelihood estimates	(+)	USAID Democracy Governance Aid (**)	Not specified	Countries whose economies grow faster and are situated in more democratic regions experience higher levels of democratization than countries that grow slowly and are located in regions with lower levels of democracy. USAID democracy assistance yields a powerful and positive impact upon democracy growth, even though the amount of U.S. assistance is relatively small.
(Shyrokykh 2017)	Human rights aid	Technical assistance	CIRI Physical Integrity Rights Index	linear dynamic model with Driscoll-Kraay standard errors	(-), but also (+) for high-capacity states	Financial assistance (***) Technical assistance (N)	With weak domestic institutions, human rights, good governance, and democracy assistance provide additional sources for rent-seeking and so indirectly stimulate deterioration of human rights provision.	Financial assistance is negatively associated with human rights. While assistance is more likely to positively impact states with higher state capacity, hybrid regimes are more likely to experience deterioration of human rights respect as a result of external assistance. External assistance has a greater chance to be effective when state capacity is high.
(Svensson 1999)	Total foreign aid	Not specified	Growth rate of real GDP and aid as fraction of GDP (World Bank); Freedom House Civil and Political Liberties indices	Partial correlations in OLS regressions; two stage selection model 2SLS; IV regression	(+)	Aid x democracy (**)	Chronic macroeconomic instability leads to lower levels of growth	Long term growth impact of aid is conditional on the degree of political and civil liberties; aid will have a positive impact on countries with checks on their institutions and aid is more efficient the more democratic the recipient
(Tan 2016)	Democracy aid; Total foreign aid	Project intervention	Polity IV index	Fixed Effects TSCS	(+) when recipients considered of secondary importance	Secondary (**)	Donor pressure and its effectiveness to encourage political liberalization by aid recipients.	When donors nudge recipients to reform in more accountable directions, some recipients respond by offering alternative policy concessions. The attractiveness of those

								concessions determine the leverage the recipient has in aid negotiations, which in turn determines the extent of subsequent political reforms. As a state's secondary status increases, donor pressure becomes more effective, an approach characterized as liberalization at the margins.
(Tavares 2003)	Total foreign aid	Not specified	International Country Risk Guide corruption index	OLS; IV approach	(+)	OLS (**) IV (**)	A conditionality effect exists, whereby foreign aid is associated with rules and conditions that limit the discretion of recipient country officials, thus decreasing corruption. Foreign aid may alleviate public revenue shortages facilitating increased salaries for public employees thus reversing incentives for change.	Foreign aid decreases corruption.
(Uberti and Jackson 2019)	Election aid	Project intervention	Electoral integrity (V-Dem)	OLS model with fixed effects; IV analysis with a two-step optimal GMM estimator IV-GMM	(+)	Integ1 (***) Integ2 (***)	Electoral assistance programmes, along with other donor interventions that increase economic performance and development, may remove structural constraints on democratization and improve election quality.	A statistically significant effect exists of ODA election aid spending on election integrity, albeit a small and not very persistent one. Donor-led electoral reforms may also not be sustainable, as only a small fraction of integrity gains achieved in a given contest carry over to the next one without further support.
(von Borzyskowski 2019)	Democracy aid; Election aid	Technical assistance	Pre-election casualty count (Global Election Violence Dataset)	two-stage count model	(+)	Election observation (***)	(1) Credible elections are less likely to turn violent and (2) International election support – particularly technical assistance – lends	Technical election assistance can improve election management by increasing the capacity of the election management body to run a

						Technical election assistance (***)	elections credibility, thus altering the incentives of domestic actors to engage in election violence. Election observation provides information about stakeholder behaviour, which can contribute to violence, while technical assistance builds institutional capacity for election management, ultimately reducing violence.	smooth and clean election, removing potential conflict triggers, and keeping conflict from escalating. Besides increased institutional capacity and credibility, technical assistance also encourages contestants to stay calm and socializes electoral competition.
(Wright 2009)	Total foreign aid	Not specified	Polity index	Time-series, cross-section (TSCS) multinomial logit model with standard errors clustered on regime	(-) for dictators with small coalitions; (+) for dictators with large coalitions	Military/small coalition (**) Single party/large coalition (**)	Donor objectives are key, but main mechanism is aid conditionality.	Dictators with large distributional coalitions, who have a good chance of winning fair elections, tend to respond to aid by democratizing, while aid helps dictators with small distributional coalitions hold onto power.
(Wright 2010)	Total foreign aid	Not specified	Annual growth rate averaged over 4 years	Split sample OLS model; 2SLS model	(+) for low personalism; (-) for high personalism	Low Personalism (**) High Personalism (*)	Personalist institutions condition and weaken the relationship between aid and growth by providing incentives to divert aid. In highly personalist countries, aid is less likely to be spent on public goods – like education and health – and more likely to be spent on targeted spending or corruption.	Aid effectiveness may be conditional on domestic political institutions. In aid-recipient democracies with high levels of personalism, aid increases capital spending relative to public goods spending. The opposite relationship exists in low personalist countries.
(Young and Sheehan 2014)	Total foreign aid	Not specified	Polity IV index; Checks and balances index (Keefer and Stasavage, 2003); Economic Freedom of the	OLS regressions with period fixed effects; two-stage least squares (2SLS) fixed effects estimations	(-)	Democracy (N) Checks (*) Freedom (***)	The indirect effect of aid flows on economic growth is through its negative effects on economic freedom.	Three largely disparate empirical literatures are drawn from to explore the effects of aid on growth, institutions on growth, and aid on institutions. Evidence suggests that aid flows are, all else equal, detrimental to both

			World index; Freedom House political freedoms and civil liberty index					political and economic institutions.
(Ziaja 2013)	Total foreign aid; Democracy aid	Project intervention	Unified Democracy Score; Polity IV index	General error correction model estimated with OLS	(+) if democracy aid; or (-) if total foreign aid)	Democracy aid donors (***) Total aid donors (***)	General aid fragmentation increases transaction costs, multiplies opportunities for corruption, and aggravates brain drain from national to international employers, resulting in reduced growth and weaker administration.	The fragmentation of general aid harms democratization, because it aggravates aid's disruptive effects on domestic accountability chains, and erodes economic and institutional prerequisites for democracy. However, fragmented democracy aid has a positive impact on democracy by diversifying prospects of democratization.
(Ziaja 2020)	Democracy aid	Project intervention	V-Dem polyarchy score	2SLS instrumental variable analysis; OLS	(+) (more donors, more democracy)	OLS (**) 2SLS (**)	The positive effects of fragmented aid on democratization stem from the fact that fragmented aid usually is provided by many donors, each with different ideas on democracy, thus donor proliferation can encourage local participation much better than donor concentration.	The diversity provided by a multitude of donors helps improve a recipient country's democracy. Donor proliferation and aid fragmentation do not necessarily have detrimental effects. Diverse and participatory processes are more likely to produce sustainable institutions in young democracies, so having a variety of donors improves the trial-and error processes of democratization.

Note: statistical significance reported at conventional levels, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. (N) stands for statistically insignificant effects. Symbols (+) and (-) stand for positive or negative coefficients.

Source: authors' elaboration

## Appendix B

In this section, we present the results of the Spanish language search protocol, disaggregated by each search term:

- a. *ayuda internacional + democracia + cuantitativa* = 1,250 publications
- b. *ayuda internacional + democracia + impacto* = 6,300 publications
- c. *ayuda internacional + democracia + resultado* = 7,830 publications
- d. *ayuda internacional + gobernanza* = 2,320 publications
- e. *ayuda externa + democracia + cuantitativa* = 1,350 publications
- f. *ayuda externa + democracia + impacto* = 5,690 publications
- g. *ayuda externa + democracia + resultado* = 7,120 publications
- h. *ayuda externa + gobernanza* = 2,890 publications

From this search, 34,750 publications were identified, but 34,749 publications were excluded, due to substantive or methodological reasons. From this, one publication was screened, which was not excluded due to publication type. That study was then assessed for eligibility, and it remained for inclusion into the systematic review. (*one study included*)

The French language search protocol, disaggregated by each search term, resulted in the following outputs:

- a. *aide internationale + démocratie + quantitatif* = 1,880 publications
- b. *aide internationale + démocratie + impact* = 4,610 publications
- c. *aide internationale + démocratie + résultat* = 5,470 publications
- d. *aide internationale + gouvernance* = 3,640 publications

From the French language search protocol, 15,600 publications were identified. 15,598 publications were excluded, due to substantive or methodological reasons. From this, two publications were screened, neither of which were excluded due to publication type. Those two studies were then assessed for eligibility, of which none remained for inclusion into the systematic review. (*no study included*)

The Portuguese language search protocol, disaggregated by each search term, resulted in the following outputs:

- e. *ajuda externa + democracia + quantitativa* = 1,270 publications
- f. *ajuda externa + democracia + impacto* = 4,650 publications
- g. *ajuda externa + democracia + resultado* = 5,980 publications
- h. *ajuda externa + governança* = 2,130 publications

From the Portuguese language search protocol, 14,030 publications were identified. 14,029 publications were excluded, due to substantive or methodological reasons. From this, one publication was screened, and that study was excluded due to publication type (it was a dissertation). Thus, no Portuguese language publications were included into the systematic review. (*no study included*)