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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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1 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 Dobreva 2019).

Democracy 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. 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). 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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1 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.

2 Roser’s calculations are based on Polity IV data and data from Wimmer and Min (2006), Gapminder.org, the UN Population Division (2015 Rev), and Our World In Data.

3 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).\(^4\) Notably, for Dahl (1971: 2), democracy requires—beyond procedures—institutional guarantees that citizens may formulate their preferences and signify

\(^4\) Dahl reserves the term ‘democracy’ for an ideal, hypothetical system that is ‘completely or almost completely responsive to all its citizens’ (p. 2).
those preferences to others, and that those preferences will be weighted equally by government. 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.5

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.6 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

5 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.

6 For fuller reviews of the literature, see e.g. Haggard and Kaufman (2016), Stokes (2013).
democratization to result from a mix of structural and institutional factors, as well as individual agency.

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 legitimates 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 Svisand 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, 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 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.

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7 For a more nuanced discussion of European approaches, see e.g. European Partnership for Democracy (2019), Shyrokykh (2017), and Youngs (2003).
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 synthesizes 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 synthesizes 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.\textsuperscript{8} 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.\textsuperscript{9}

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:

\begin{enumerate}
  \item democracy aid + quantitative = 679 publications
  \item democracy assistance + quantitative = 1,880 publications
  \item democracy aid + democracy + impact = 1,840 publications
  \item democracy assistance + democracy + impact = 6,780 publications
  \item democracy assistance + democracy + outcome = 6,470 publications
  \item democracy assistance + good governance = 3,060 publications
  \item democracy aid + good governance = 852 publications
  \item foreign assistance + democracy + outcome = 17,200 publications
  \item foreign assistance + democracy + impact = 17,700 publications
  \item foreign aid + democracy + impact = 36,000 publications
  \item foreign aid + democracy + outcome = 23,500 publications
  \item foreign aid + good governance = 10,200 publications
  \item foreign assistance + good governance = 10,200 publications
\end{enumerate}

\textsuperscript{8} We could not find records of quantitative scholarly research pre-dating 1990.

\textsuperscript{9} 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.
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 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; Mvukiyehe 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. 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’ elaboration.

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

10 Appendix B summarizes the search protocol and selection criteria for non-English sources.
of aid and for which purposes aid flows were analysed.\footnote{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).} 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 more broadly.\footnote{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’.} 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, multiparty 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 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. 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.

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 (Björnskov 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 (Asonwu 2012; Asonwu and Nwachukwu 2016); donor GDP (Asonwu and Nwachukwu 2016); and domestic inflation and share of women in parliament (Dietrich and Wright 2015).

13 For a technical discussion on endogeneity, see Wooldridge (2010).
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; Altunbaş 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., Altunbaş 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

<table>
<thead>
<tr>
<th>Number of studies by type of aid</th>
<th>Positive effect</th>
<th>Negative effect</th>
<th>Null</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developmental aid (64)</td>
<td>39</td>
<td>30</td>
<td>13</td>
</tr>
<tr>
<td>Democracy aid (32)</td>
<td>26</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Democracy aid + subcategories (36)</td>
<td>29</td>
<td>11</td>
<td>5</td>
</tr>
</tbody>
</table>

**Developmental aid (64)**
- Budget support (2): 1 positive, 1 negative, 1 null
- Project intervention (11): 5 positive, 6 negative, 4 null
- Core contribution (0): 0 positive, 0 negative, 0 null
- Technical assistance (3): 1 positive, 2 negative, 0 null
- Not specified (49)

**Democracy aid (32)**
- Budget support (0): 0 positive, 0 negative, 0 null
- Project intervention (19): 16 positive, 4 negative, 2 null
- Core contribution (2): 2 positive, 0 negative, 1 null
- Technical assistance (5): 5 positive, 0 negative, 0 null
- Not specified (10)

**Democracy aid + subcategories (36)**
- Budget support (0): 0 positive, 0 negative, 0 null
- Project intervention (21): 17 positive, 5 negative, 2 null
- Core contribution (2): 2 positive, 0 negative, 1 null
- Technical assistance (7): 7 positive, 1 negative, 0 null
- 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, and pooled programmes and funds) are less specified.
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) examines the effectiveness of individual donors, instead calculating aggregate impacts from international (both DAC and non-DAC) donor countries.

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; 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; 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).
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.

References


### Appendix A

#### Table A1: Synthesis of evidence matrix

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Study focus</th>
<th>Type of aid intervention</th>
<th>Democratic outcome</th>
<th>Estimation methods</th>
<th>Direction of effect</th>
<th>Level of statistical significance</th>
<th>Intermediate channel(s)</th>
<th>Main finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Ahmed 2012)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Years in office, Turnover, Regime Collapse (DPI)</td>
<td>Fixed-effects probit model; IV probit; OLS model</td>
<td>(-) (like oil, aid restricts democratic development)</td>
<td>Discontent (<strong>), Turnover (</strong>), Regime collapse (***)</td>
<td>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).</td>
<td>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.</td>
</tr>
<tr>
<td>(Altincekic and Bearce 2014)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Domestic tax burden (WDI); Social spending on education and health (WDI); Military spending (WDI); CIRI Physical Integrity Rights index</td>
<td>Error correction model; OLS model with robust standard errors</td>
<td>(+) (foreign aid does not hinder democratization)</td>
<td>Tax burden (<strong>), Social spending (*), Military spending (</strong>), Physical integrity (***)</td>
<td>Repression and appeasement serve as the primary intermediate variables of aid, allowing autocratic governments to avoid democratization.</td>
<td>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 fungibility, conditionality, and volatility over time.</td>
</tr>
<tr>
<td>(Altunbaş and Thornton 2014)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Polity IV index</td>
<td>Random effects OLS; random effects IV; fixed effects IV; system GMM</td>
<td>(+)</td>
<td>RE-OLS (<strong>), RE-IV (</strong>), FE-IV (<strong>), Sys GMM (</strong>*)</td>
<td>Quality of governance is the best channel to improve democracy via aid.</td>
<td>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.</td>
</tr>
<tr>
<td>(Arvin and Barillas 2002)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Freedom House index</td>
<td>Granger bivariate and trivariate models</td>
<td>(-) for LIC regions; elsewhere is not</td>
<td>Foreign aid (N)</td>
<td>Aid helps raise the population’s education level, which</td>
<td>Results vary considerably across developing countries’ geographic and income characteristics,</td>
</tr>
</tbody>
</table>

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14 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.
<table>
<thead>
<tr>
<th>Source</th>
<th>Total foreign aid</th>
<th>Methodology</th>
<th>Dependent variables</th>
<th>Results</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Askarov and Doucouliagos 2015)</td>
<td>Not specified</td>
<td>Polity index; WGI indicators</td>
<td>Pooled OLS; OLS with lagged aid; IV and system GMM</td>
<td>Empowers the poor and leads to a more democratic society. Aid can catalyze democratic reform through technical assistance to develop institutions; electoral processes, strengthen legislatures and judiciaries, and promote free press and civil society. Demonstrating the role of donor interest and recipient need.</td>
<td></td>
</tr>
<tr>
<td>(Asongu and Nwachukwu 2016)</td>
<td>Not specified</td>
<td>Political stability; Government effectiveness; Control of corruption (WDI)</td>
<td>Instrumental variable 2SLS model</td>
<td>Not specified; mentions that aid can be used to induce reform and development.</td>
<td>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.</td>
</tr>
<tr>
<td>(Asongu 2012)</td>
<td>Not specified</td>
<td>Control of corruption index (World Bank ADI); Corruption perception index (World Bank ADI)</td>
<td>HAC two-stage least squares (TSLS); instrumental variable (IV) model; OLS; GMM</td>
<td>GDP (<em><strong>), Multilateral aid (</strong>), DAC aid (</em>**).</td>
<td>A positive aid-corruption nexus exists, whereby development assistance fuels corruption or mitigates the regulation of corruption in African continent.</td>
</tr>
<tr>
<td>(Asongu 2015)</td>
<td>Not specified</td>
<td>Rule of law; Regulation quality; Corruption control; Government effectiveness; Voice and accountability; Political stability; Corruption and democracy (WDI and Transparency International)</td>
<td>Quantile regression; OLS</td>
<td>Not specified but implies institutional quality.</td>
<td>Foreign aid is less perilous to institutional development when existing institutional development is low. (1) Institutional benefits of foreign aid are contingent on existing 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.</td>
</tr>
<tr>
<td>Source</td>
<td>Type of Aid</td>
<td>Project Intervention</td>
<td>Model</td>
<td>Periods</td>
<td>Instruments</td>
</tr>
<tr>
<td>------------------------</td>
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</tr>
<tr>
<td>(Beaulieu and Hyde 2009)</td>
<td>Election aid</td>
<td>Project intervention</td>
<td>Binary variable, whether boycott occurs and whether election is observed</td>
<td>Logit model</td>
<td>Internationally observed (**)</td>
</tr>
<tr>
<td>(Bermeo 2011)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Democratic transition (Przeworski et al. 2000 / Cheibub et al. 2010)</td>
<td>Logit model</td>
<td>(+) when donor is democratic Democratic aid (*) Authoritarian aid (**)</td>
</tr>
<tr>
<td>(Bermeo 2016)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Polity2 and Polity IV indices; Freedom House Political Rights</td>
<td>Logit model</td>
<td>(-) 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 Donors can alter the composition of aid over time and across recipients, varying the extent to which authoritarian governments use aid</td>
</tr>
</tbody>
</table>

Democracy: Q1 (*) (-) Q90 (***) (+) Control of corruption: Q1 (N) Q90 (N) Institutions, as instruments for growth. Foreign aid has a positive impact on GDP per capita growth only for period 1960–79 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. The presence of international observers is associated with a significant increase in the probability that a boycott will occur, suggesting international variables may influence electoral politics at the domestic level. 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.
and Civil Liberties index

(Birchler et al. 2016) Total foreign aid Budget support Polity2 index Panel estimation with fixed effects (two-way fixed effects) (+) (IFI-SAP and IFI-PRS programmes strengthen domestic accountability mechanisms), not statistically significant otherwise WB-INV (N) IMF-STB (N) IFI-SAP (***) IFI-PRS (**)

Reducting aid inflow fungibility; if aid is fungible, autocratic regimes can allocate it for their own purposes. Conditioning aid to institutional reforms for inclusive and transparent political processes reduces aid fungibility.

(Bøjamskov 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.

(Aid positively affects democratization when it strengthens domestic accountability mechanisms, which reduces its fungibility for recipients. World Bank and IMF lending for poverty reduction and structural adjustment programmes positively affects democratization when it strengthens domestic accountability mechanisms.

(Bosin 2012) Democracy aid; Election aid Project intervention Freedom House index; Polity IV index One-level time-series cross-sectional analysis (-) FH (*) Polity (N)

Overall, FSU leaders were incentivized to misrepresent commitments to democracy, so US democracy aid has had little to no effect on democratization in the

governments in both states determine whether or not the aid will lead to change.

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.
<table>
<thead>
<tr>
<th>Source</th>
<th>Total foreign aid</th>
<th>Not specified</th>
<th>Methodology</th>
<th>Political liberalization (**)</th>
<th>Democratization (**)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Bratton and Van de Walle 1997)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Freedom House index</td>
<td>OLS regression (+)</td>
<td>Democratization</td>
<td>FSU, which is best explained by a combination of domestic, economic, and cultural factors.</td>
</tr>
<tr>
<td>(Bräutigam and Knack 2004)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>ICRG Quality-of-Governance index</td>
<td>OLS and 2SLS (-)</td>
<td>OLS (**) 2SLS (**)</td>
<td>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.</td>
</tr>
<tr>
<td>(Breuning and Ishiyama 2007)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Political stability (WGI)</td>
<td>OLS regression (-) (does not lead to greater stability)</td>
<td>Average aid (N) Not specified</td>
<td>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.</td>
</tr>
<tr>
<td>(Busse and Gröning 2009)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Corruption; Law and order; Bureaucracy quality; Composite indicator of all three (ICRG)</td>
<td>Instrumental variable estimation; one-step system-GMM estimator (-)</td>
<td>Aid (**)</td>
<td>Aid has a small but negative impact on governance. Noting the limitations of using aggregate data, the study supports a negative aid-governance nexus.</td>
</tr>
<tr>
<td>(Carnegie and Marinov 2017)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>CIRI Respect for human rights and human empowerment index; Polity IV index</td>
<td>Two-Stage Least Squares estimates (+, but only in short term)</td>
<td>CIRI (**) Polity (**)</td>
<td>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</td>
</tr>
<tr>
<td>Source</td>
<td>Type of Aid</td>
<td>Data Source</td>
<td>Methodology</td>
<td>Findings</td>
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</tr>
<tr>
<td>(Charron 2011)</td>
<td>Total foreign aid</td>
<td>Corruption (PRS International Country Risk Index)</td>
<td>Two-stage generalized method using GMM and Two-Stage Least Squares (2SLS)</td>
<td>(+) for multilateral aid; not statistically significant for bilateral aid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bilateral aid (N)</td>
<td>Multilateral aid (***)</td>
<td>Not specified, but admits that bilateral and multilateral aid channels matter.</td>
<td></td>
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</tr>
<tr>
<td>(Cornell 2013)</td>
<td>Democracy aid</td>
<td>Freedom House index; Polity index</td>
<td>OLS coefficients with panel corrected standard errors</td>
<td>(+) for one-party regimes; (-) for multiparty or military regimes</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Hadenius and Teorell typology (**)</td>
<td>Cheibub, Gandhi, and Vreeland typology (***)</td>
<td></td>
<td>Functioning, stable political institutions are key, as they can serve as channels for implementation of democracy aid.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Csordás and Ludwig 2011)</td>
<td>Total foreign aid</td>
<td>Freedom House Political Rights Index; Polity index</td>
<td>Regression with FE and GMM estimator</td>
<td>(+) (except in developing countries without strong institutions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FH PRI (***)</td>
<td>Polity (***)</td>
<td>Not specified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Dietrich and Wright 2013)</td>
<td>Democracy aid; Total foreign aid</td>
<td>Multi-party transitions; Multi-party failure; Incumbent turnover (WDI)</td>
<td>Probit model with RE</td>
<td>(+) for economic aid; not statistically significant for democracy aid;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Multiparty transition Dem aid (N) (-) Econ aid (<em>) (+) Incumbent turnover Dem aid (<strong>) (-) Econ aid (</strong></em>) (+)</td>
<td></td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Dietrich and Wright 2015)</td>
<td>Total foreign aid; Democracy aid</td>
<td>Multipartyism; Multiparty failure; Electoral</td>
<td>OLS and instrumental variables approach</td>
<td>(+) or not statistically significant (does</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OLS (<em>) IV OLS (</em>) IV Probit (*)</td>
<td></td>
<td></td>
<td>(1) Donors attach political reform conditions to economic aid and (2) donors directly</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
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</tr>
</tbody>
</table>

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. The stabilizing effect of foreign aid is multiplied by the neighbour effect. Only in developing countries that lack certain democratic institutions will aid not induce democratic transitions. Economic aid is a catalyst for transition to multiparty regimes, but democracy aid immediately, whereas democracy reforms occur after a slight delay.
<table>
<thead>
<tr>
<th>Source</th>
<th>Type of Aid</th>
<th>Specification</th>
<th>Methodology</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Djankov et al. 2008</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>DPI Checks and balances variable; Polity IV index</td>
<td>OLS, IV approach (IV cluster robust, GMM, GMM cluster robust) (-) (aid decreases quality of institutions) Not specified</td>
</tr>
<tr>
<td>Dunning 2004</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Freedom House index</td>
<td>Instrumental variables (2SLS) regression (+) in post-Cold War period</td>
</tr>
<tr>
<td>Dutta et al. 2013</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Polity IV index</td>
<td>(OLS) with two-way fixed effects; (GMM) estimator: difference and system; instrumental variables (IV) approach using (2SLS) (+) for democracies; (-) for autocracies</td>
</tr>
<tr>
<td>Edgell 2007</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Voice and accountability VA; Political stability PS; Government effectiveness GE; Regulatory quality RQ; Rule of law RL; and Control of corruption CC (WGI)</td>
<td>Series Cross Sectional OLS and two-staged least squares (2SLS) model with country fixed effects (-) (and technical assistance may increase (-) impact)</td>
</tr>
<tr>
<td>Edgell 2017</td>
<td>Legislative and political party aid; Democracy</td>
<td>Project intervention</td>
<td>Binary variable, whether or not country adopts gender quota for</td>
<td>Discrete logistic event history models (+) if US general aid, not if US aid for women empowerment</td>
</tr>
</tbody>
</table>

1) Elites in aid-reliant countries may adopt policies that appease donor expectations regarding human rights and 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.

In general, less democratic countries are more likely to adopt gender quotas only as their reliance on general US foreign 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. Being dependent on foreign aid results in worsening democratic institutions, akin to the curse of oil effect. No statistically significant relationship emerges between ODA and democracy 1975–86, but the relationship is positive and statistically significant 1987–97. The causal impact of aid on regime type is historically contingent in sub-Saharan Africa. 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.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Foreign Aid</th>
<th>Participation</th>
<th>Methodology</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Fielding 2014)</td>
<td>Democracy aid; Election aid; Human rights aid; Participation and civil society aid; Legislative and political party aid; Media and information aid; Total foreign aid</td>
<td>Not specified</td>
<td>Voice and accountability index (WGI); Freedom House Freedom of the Press index</td>
<td>Tobit regression; OLS (-) Dynamic panel estimates (<strong>) Dynamic Poisson model (</strong>*)</td>
</tr>
<tr>
<td>(Finkel et al. 2007)</td>
<td>Democracy aid; Participation and civil society aid; Election aid</td>
<td>Project intervention(US AID)</td>
<td>Freedom House index; Polity IV index; World Bank Government Effectiveness index</td>
<td>Hierarchical longitudinal growth model or individual growth curves; instrumental variables and GMM approaches (+) (except for Human Rights promotion) FH (<strong>); Polity (</strong>); Elections (<strong>); Rule of law (</strong>); Human rights (<strong>); Civil society (</strong>); Mass media (*) Governance (**)</td>
</tr>
<tr>
<td>(Freytag and Heckelman 2012)</td>
<td>Democracy aid</td>
<td>Project intervention(US AID)</td>
<td>Freedom House NIT indicators</td>
<td>OLS and Tobit models (-) or not significant General aid (N); Civil society (<em>) Corruption (N); Elections (</em>) Governance (N); Judicial (<strong>); Media (</strong>)</td>
</tr>
<tr>
<td>(Gibson et al. 2015)</td>
<td>Total foreign aid; Election aid</td>
<td>Technical assistance</td>
<td>Political concessions by leader to opposition groups (NELDA)</td>
<td>OLS and probit models with GMM estimator (+) (technical assistance lends more political concessions and less patronage spending) OLS (<strong>); Ordered probit (<em>) GMM (</em></strong>)</td>
</tr>
</tbody>
</table>

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. 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 programmes may take several years to mature.

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.

External support increases the chances of domestic governments pursuing policy reforms, 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.

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...
<table>
<thead>
<tr>
<th>Source</th>
<th>Type of Aid</th>
<th>Measures</th>
<th>Methodology</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Goldsmith 2001)</td>
<td>Total foreign aid</td>
<td>Freedom House Political Freedom Index</td>
<td>Cross-sectional time-series analysis: instrumental variable approach; two-stage least squares</td>
<td>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 programmes dampen use of patronage.</td>
</tr>
<tr>
<td>(Grimm and Mathis 2018)</td>
<td>Democracy aid</td>
<td>Freedom House indices</td>
<td>Time-series cross-sectional approach with ordinary least square (OLS) regressions with random effects</td>
<td>Moral hazard serves as the mechanism for perverse political impact of foreign aid.</td>
</tr>
<tr>
<td>(Haass 2019)</td>
<td>Total foreign aid</td>
<td>Polity index</td>
<td>OLS with robust standard errors clustered on country</td>
<td>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.</td>
</tr>
<tr>
<td>(Heckelman 2010)</td>
<td>Total foreign aid</td>
<td>Freedom House NIT indicators</td>
<td>OLS; least absolute deviations</td>
<td>Distinguishing between direct and indirect approaches to 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.</td>
</tr>
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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
<table>
<thead>
<tr>
<th>Study</th>
<th>Type of aid</th>
<th>Type of intervention/technical assistance</th>
<th>Democracy aid impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Heinrich and Loftis 2019)</td>
<td>Democracy aid; Participation and civil society aid</td>
<td>Project intervention; Technical Assistance</td>
<td>Democracy aid successfully stabilizes democratic institutions and supports accountability, which ensures the long-term health of democratic governments.</td>
</tr>
<tr>
<td>(Hoffman 2003)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>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.</td>
</tr>
<tr>
<td>(Ishiyama et al 2008)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>There is no evidence to support aid having a positive effect on democracy development in post-conflict societies once the conflict has ended.</td>
</tr>
<tr>
<td>(Johnson and Zajonc 2006)</td>
<td>Total foreign aid</td>
<td>Project intervention (MCC)</td>
<td>Controlling for general time trends, potential recipients of MCC funds improve 25 per cent 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.</td>
</tr>
<tr>
<td>(Jones and Tarp 2016)</td>
<td>Democracy aid; Total foreign aid</td>
<td>Not specified</td>
<td>A small positive net effect of aggregate aid on a measure of political institutions exists, and this positive association between</td>
</tr>
<tr>
<td>Study Reference</td>
<td>Aid Type</td>
<td>Project Intervention</td>
<td>Aid Measure</td>
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</tr>
<tr>
<td>Kalyvitis and Vlachaki (2010)</td>
<td>Democracy aid; Participation and civil society aid; Election aid; Media and information aid; Human rights aid</td>
<td>Freedom House political rights and civil liberties indices</td>
<td>Multinomial multivariate logit model</td>
</tr>
<tr>
<td>Kalyvitis and Vlachaki (2012)</td>
<td>Total foreign aid</td>
<td>Political status regime measure (Przeworski et al. 2000 / Cheibub et al. 2010)</td>
<td>Two-Stage Instrumental Variables discrete-response framework; OLS estimates; second-stage logit model from Maximum Likelihood estimation</td>
</tr>
<tr>
<td>Kangoye (2011)</td>
<td>Total foreign aid</td>
<td>Polity2 index</td>
<td>Country-fixed effects regressions</td>
</tr>
<tr>
<td>Kangoye (2013)</td>
<td>Total foreign aid</td>
<td>ICRG index of corruption</td>
<td>Fixed effects estimations and Random effects-based results cross-section and panel regressions; panel IV regression</td>
</tr>
<tr>
<td>Kangoye (2015)</td>
<td>Total foreign aid</td>
<td>Polity IV index, Freedom House index</td>
<td>Panel instrumental variable (IV) regression</td>
</tr>
</tbody>
</table>

GMM (***): function of the resources leaders command and the amount of discretion over their use. Thus access to aid influences the balance of political competition. Aggregate aid and political institutions is driven by more stable flows of aid.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Total foreign aid</th>
<th>Project intervention</th>
<th>Methodology</th>
<th>Findings</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kersting and Kilby 2014</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Interval regression IV model; standard two-stage-least-squares instrumental variable estimation; Ordered Probit; (LVMOLS); short run OLS panel analysis (+) Interval regression (<strong>) IV (</strong><em>) 2SLS (</em><strong>) Ordered probit (</strong>) LVM (<strong>) OLS (</strong>)</td>
<td>institutional development requires an economically stable environment. Aid may help bring about the necessary preconditions for democracy in the long run (aid as input). In the short run, aid may help support competitive elections (aid as an input), or through leverage and conditioning (aid as incentive).</td>
<td></td>
</tr>
<tr>
<td>Knack and Rahman 2007</td>
<td>Total foreign aid</td>
<td>Project intervention</td>
<td>ICRG bureaucratic quality index Cross-country regression model (-) (high donor fragmentation weakens bureaucratic quality)</td>
<td>Aid promotes democracy indirectly through 'modernization'—by increasing per capita incomes and improving access to education—that increases the demand for democratic government. No evidence is found that aid promotes democracy; it does not necessarily imply that democracy-promoting programmes do not work as intended, but successful programmes are often undermined or are too few and far between for their effects to aggregate to democratization.</td>
<td></td>
</tr>
<tr>
<td>Knack 2004</td>
<td>Total foreign aid</td>
<td>Project intervention</td>
<td>Freedom House index; Polity index OLS; ordered logit; median regression; 2SLS</td>
<td>OLS (N) Logit (N) 2SLS (N)</td>
<td>Aid promotes democracy indirectly through 'modernization'—by increasing per capita incomes and improving access to education—that increases the demand for democratic government. No evidence is found that aid promotes democracy; it does not necessarily imply that democracy-promoting programmes do not work as intended, but successful programmes are often undermined or are too few and far between for their effects to aggregate to democratization.</td>
</tr>
<tr>
<td>Kono and Montinola 2009</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Binary variable measuring leader failure (in office or lose office); W variable of coalition size (Bueno de Mesquita et al. 2003); Polity IV index Conditional logit Cox model; discrete-time Cox proportional hazards model (+) for democrats; (-) for autocrats with many coefficients not significant</td>
<td>Cumulative aid democracy (<em>) Cumulative aid autocracy (</em>)</td>
<td>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 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.</td>
</tr>
</tbody>
</table>
**Kosack (2003)**

- **Type of Aid**: Total foreign aid
- **Methodology**: PRS Group’s International Country Risk Guide for bureaucratic quality
- **Model**: Ordinary least squares (OLS); two-stage least squares (2SLS)
- **Interpretation**: (+) for democracies; (-) for autocracies (aid effects depend upon political environment)
- **Result**: Democracies (***) Autocracies (N)

- **Finding**: 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.

**Lankina and Getachew (2006)**

- **Type of Aid**: Democracy aid
- **Subtype**: Technical assistance; Project intervention
- **Methodology**: Petrov Democracy index
- **Model**: Generalized Estimating Equations
- **Interpretation**: (+)
- **Result**: Aid (**) Distance from Helsinki (**)

- **Finding**: 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)**

- **Type of Aid**: Total foreign aid
- **Methodology**: Freedom House Political Freedom index
- **Model**: Instrumental variable regression model
- **Interpretation**: (+) only when no alternative sources, with many non-significant coefficients

- **Finding**: 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 21st 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 et al. (2018)**

- **Type of Aid**: Democracy aid; Participation and civil society aid; Election aid; Media and information aid; Human rights aid
- **Methodology**: Electoral Democracy Index; Core Civil Society Index; Clean Elections Index; Alternative Sources of Information Index; Civil Liberties Index (V-Dem)
- **Model**: Time-series cross-sectional regression model; models using panel-corrected standard errors and first-order autocorrelation correction; marginal effects
- **Interpretation**: (+) for regimeless regimes; (-) for liberal democracy and autocracy
- **Result**: Regimeless countries (***) Liberal democracies (N) Closed autocracies (*)

- **Finding**: 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)**

- **Type of Aid**: Total foreign aid
- **Methodology**: Binary variable measuring the termination of a regime
- **Model**: Probit regression model
- **Interpretation**: (+) (aid and international pressure lead to)
- **Result**: Aid dependence (**)

- **Finding**: While the identity of actors who participate in coups matter, as do geopolitical considerations, in post-Cold War era, countries most dependent on Western aid...
<table>
<thead>
<tr>
<th>Reference</th>
<th>Type of Aid</th>
<th>Aid to Democracy</th>
<th>Aid to Political Reform</th>
<th>Aid to Economic Reform</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Menard 2012)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Freedom House Political Freedom Index</td>
<td>Generalised Method of Moments (GMM) methods</td>
<td>(+) only from multilateral donors</td>
</tr>
<tr>
<td>(Menéndez 2008)</td>
<td>Democracy aid; Participation and civil society; Election aid; Legislative and political party aid; Media and information aid</td>
<td>Technical assistance</td>
<td>Polity index</td>
<td>Ordered probit regression; OLS; 2SLS</td>
<td>Assistance (**))</td>
</tr>
<tr>
<td>(Meyerrose 2020)</td>
<td>Democracy aid</td>
<td>Not specified</td>
<td>V-Dem Horizontal Accountability index; V-Dem Liberal Democracy index</td>
<td>Multilevel models; ordinary least squares (OLS) model</td>
<td>Number of IO memberships (***)</td>
</tr>
<tr>
<td>(Moreno-Dodson et al. 2012)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Binary variable if incumbent re-elected or not (Zárate Political Collection and World Statesmen data)</td>
<td>General two-stage empirical model; probit and Maximum Likelihood (ML) estimation; 2SLS</td>
<td>(+) for financial aid (political aid has no effect)</td>
</tr>
<tr>
<td>(Nelson and Wallace 2012)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Polity IV index; Freedom House index</td>
<td>Difference of means tests; Kaplan Meier survivor functions</td>
<td>IMF (+) No IMF (-)</td>
</tr>
</tbody>
</table>

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. Results point to a positive relationship between democracy assistance and democratic development over 1994–04 (excluding India and Indonesia).

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.

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.

On average, countries involved in IMF programmes have higher democracy scores than those who do not, and autocratic states more...
<table>
<thead>
<tr>
<th>Source</th>
<th>Aid Type</th>
<th>Type of Aid</th>
<th>Methodology</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Nielsen and Nielson 2008)</td>
<td>Democracy aid; Participation and civil society aid; Election aid; Legislative and political party aid</td>
<td>Core contribution; Project intervention</td>
<td>Polity IV index; Pzerworski et al. (2000) regime index</td>
<td>OLS and 2SLS (some with time-series logistic regression) (+) for democracy or education aid or not significant</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Aid builds up human capital, which supports institutional capacity building.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>(Nielsen and Nielson 2010)</td>
<td>Democracy aid</td>
<td>Project intervention</td>
<td>Polity IV index</td>
<td>Propensity score matching models; Tobit regression</td>
</tr>
<tr>
<td>(Nieto-Matiz and Schenoni 2020)</td>
<td>Democracy aid</td>
<td>Not specified</td>
<td>Duration of autocratic regimes</td>
<td>Cox proportional hazard model</td>
</tr>
<tr>
<td>(Okada and Samreth 2012)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Corruption index (WGI)</td>
<td>OLS; quantile regression method</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Type of Aid</td>
<td>Technical Assistance</td>
<td>Model Description</td>
<td>Findings</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Poast and Urpelainen 2015</td>
<td>Democracy aid</td>
<td>Technical assistance</td>
<td>Length of democratizing spell; Whether democratizing spell ends in authoritarian reversal</td>
<td>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. 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 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.</td>
</tr>
<tr>
<td>Pospieszna and Weber 2017</td>
<td>Participation and civil society aid; Democracy aid; Human rights aid; Media and information aid; Election aid</td>
<td>Core contribution; Project intervention</td>
<td>V-Dem Electoral Democracy Score; Polity IV index; Fixed effect panel regression (+) if aid combined with democracy related sanctions and channelled to civil society</td>
<td>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, therefore advancing and strengthening democracy. 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 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.</td>
</tr>
<tr>
<td>Rajan and Subramanian 2007</td>
<td>Total foreign aid</td>
<td>Technical assistance</td>
<td>Governance-dependence index of annual average rate of growth of value (UNIDO data); OLS and IV (-); aid constraints manufacturing sector and good governance</td>
<td>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. 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.</td>
</tr>
<tr>
<td>Regan 1995</td>
<td>Total foreign aid</td>
<td>Project intervention</td>
<td>Political repression and human right; Multiple regression model (-)</td>
<td>Economic aid might serve as a diplomatic message to convey a sense of American approval or US economic aid has had little or no impact on human rights practices of recipient governments.</td>
</tr>
<tr>
<td>Year</td>
<td>Region</td>
<td>Aid Type</td>
<td>Project Intervention</td>
<td>Research Method</td>
</tr>
<tr>
<td>-------------------</td>
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<td>-----------------------------------------</td>
<td>--------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>(Remmer 2004)</td>
<td>Total foreign aid</td>
<td>Technical assistance</td>
<td>Government size, as ratio of government expenditures to GDP (World Bank)</td>
<td>OLS estimates with panel-corrected standard errors (-) for democracy. Only finds positive for government expansion</td>
</tr>
<tr>
<td>(Savage 2017)</td>
<td>Democracy aid; Participation and civil society aid; Election aid; Legislative and political party aid</td>
<td>Project intervention (USAID)</td>
<td>Polity index; Freedom House index</td>
<td>Fixed effects models with lagged dependent variable; generalized method of moments model (+) if military is small; (-) if military is large</td>
</tr>
<tr>
<td>(Savun and Tirone 2009)</td>
<td>Democracy aid</td>
<td>Project intervention</td>
<td>Conflict Initiation (UCDP/PRIO); Polity index</td>
<td>Logit estimation; Instrumental Variables Two-Stage Least Squares method (IV-2SLS) (+) (more aid decreases civil conflict outcome)</td>
</tr>
<tr>
<td>(Schmitter 2008)</td>
<td>Democracy aid</td>
<td>Not specified</td>
<td>Liberalization; Transition; Consolidation; Aggregate measure of all three</td>
<td>Correlation matrices; multiple regression TDS and TWS (+) (for all three measures of democratization)</td>
</tr>
<tr>
<td>(Scott and Steele 2005)</td>
<td>Democracy aid; Participation and civil society aid; Election aid; Legislative and political party aid</td>
<td>Project intervention (NED)</td>
<td>Freedom House index</td>
<td>OLS regression (-)</td>
</tr>
<tr>
<td>Reference</td>
<td>Aid Type</td>
<td>Project Intervention</td>
<td>Instruments</td>
<td>Econometric Model</td>
</tr>
<tr>
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</tr>
<tr>
<td>(Scott and Steele 2011)</td>
<td>Democracy aid</td>
<td>Project intervention (USAID)</td>
<td>Polity IV index; Freedom House index</td>
<td>Generalized least squares AR(1) model; Simultaneous Equation Model</td>
</tr>
<tr>
<td>(Scott 2012)</td>
<td>Democracy aid; Total foreign aid</td>
<td>Project intervention (USAID)</td>
<td>Polity IV index; CIRI human rights index</td>
<td>Simultaneous equation model</td>
</tr>
<tr>
<td>(Selaya and Thiele 2012)</td>
<td>Total foreign aid</td>
<td>Budget support; Project intervention</td>
<td>PRS Group’s International Country Risk Guide bureaucratic quality index</td>
<td>2SLS regression</td>
</tr>
<tr>
<td>(Seligson and Finkel 2009)</td>
<td>Democracy aid; Participation and civil society aid; Election aid</td>
<td>Project intervention (USAID)</td>
<td>Freedom House index; Polity IV index</td>
<td>Hierarchical linear models with maximum likelihood estimates</td>
</tr>
<tr>
<td>(Shyrokykh 2017)</td>
<td>Human rights aid</td>
<td>Technical assistance</td>
<td>CIRI Physical Integrity Rights Index</td>
<td>Linear dynamic model with Driscoll-Kraay standard errors, but also (+) for high capacity states</td>
</tr>
<tr>
<td>Year</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Methodology</td>
<td>Aid x democracy</td>
</tr>
<tr>
<td>--------------</td>
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<td>-----------------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>(Svensson 1999)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>Growth rate of real GDP and aid as a fraction of GDP (World Bank); Freedom House Civil and Political Liberties indices Partial correlations in OLS regressions; two stage selection model 2SLS; IV regression (+)</td>
<td>Aid x democracy (**)</td>
</tr>
<tr>
<td>(Tan 2016)</td>
<td>Democracy aid;</td>
<td>Project</td>
<td>Polity IV index Fixed Effects TSCS (+) when recipients considered of secondary importance</td>
<td>Secondary (**)</td>
</tr>
<tr>
<td>(Tavares 2003)</td>
<td>Total foreign aid</td>
<td>Not specified</td>
<td>International Country Risk Guide corruption index OLS; IV approach (+)</td>
<td>OLS (<strong>) IV (</strong>)</td>
</tr>
<tr>
<td>(Uberti and Jackson 2019)</td>
<td>Election aid</td>
<td>Project intervention</td>
<td>Electoral integrity (V-Dem) OLS model with fixed effects; IV analysis with a two-step optimal GMM estimator IV-GMM (+)</td>
<td>Integ1 (*<strong>) Integ2 (</strong>**)</td>
</tr>
<tr>
<td>Source</td>
<td>Foreign Aid</td>
<td>Not Specified</td>
<td>Technical Assistance</td>
<td>Pre-Election Casualty Count (Global Election Violence Dataset)</td>
</tr>
<tr>
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</tr>
<tr>
<td>(von Borzyskowski 2019)</td>
<td>Total Foreign Aid</td>
<td>Not Specified</td>
<td>Polity Index</td>
<td>Time-series, Cross-section (TSCS) Multinomial Logit Model with Standard Errors Clustered on Regime</td>
</tr>
<tr>
<td>(Wright 2009)</td>
<td>Total Foreign Aid</td>
<td>Not Specified</td>
<td>Annual Growth Rate Averaged over 4 Years</td>
<td>Split Sample OLS Model; 2SLS Model</td>
</tr>
<tr>
<td>(Wright 2010)</td>
<td>Total Foreign Aid</td>
<td>Not Specified</td>
<td>Polity IV Index; Checks and Balances Index (Keefer and Stasavage 2003); Economic Freedom of the World Index; Freedom House Political Freedoms and Civil Liberty Index</td>
<td>OLS Regressions with Period Fixed Effects; Two-Stage Least Squares (2SLS) Fixed Effects Estimations</td>
</tr>
<tr>
<td>(Young and Sheehan 2014)</td>
<td>Total Foreign Aid</td>
<td>Not Specified</td>
<td>Polity IV Index; Checks and Balances Index (Keefer and Stasavage 2003); Economic Freedom of the World Index; Freedom House Political Freedoms and Civil Liberty Index</td>
<td>OLS Regressions with Period Fixed Effects; Two-Stage Least Squares (2SLS) Fixed Effects Estimations</td>
</tr>
<tr>
<td>(Ziaja 2013)</td>
<td>Total foreign aid; Democracy aid</td>
<td>Project intervention</td>
<td>Unified Democracy Score; Polity IV index</td>
<td>General error correction model estimated with OLS</td>
</tr>
<tr>
<td>(Ziaja 2020)</td>
<td>Democracy aid</td>
<td>Project intervention</td>
<td>V-Dem polyarchy score</td>
<td>2SLS instrumental variable analysis, OLS</td>
</tr>
</tbody>
</table>

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 + quantitativa = 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 + quantitativa = 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)