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AID BY DEMOCRATIC VERSUS AUTOCRATIC DONORS: DEMOCRATISATION PROCESSES AND CITIZENS' PERCEPTIONS IN RECIPIENT COUNTRIES



Aid by Democratic Versus Autocratic Donors: Democratisation Processes and Citizens' Perceptions in Recipient Countries

Adea Gafuri

Development Dissertation Brief, 2024:03

to

The Expert Group for Aid Studies (EBA)

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Sammanfattning

OECD-länderna är inte längre de enda stora biståndsgivarna av finansiella resurser till låg- och medelinkomstländer. Auktoritära länder som Kina, Ryssland, Iran och Saudiarabien, med sina metoder och implementeringsprocesser, är alltmer närvarande i det internationella biståndet. I min doktorsavhandling utvecklar och testar jag hypoteser om biståndets inverkan på demokratiska institutioner och medborgares stöd för demokrati och biståndsprojekt. Genom att använda både observations- och experimentella metoder, analyserar jag demokratiska (till exempel Europeiska unionen [EU]) och autokratiska givares (till exempel Kina) roll i och påverkan på mottagarländernas demokratinivå. Avhandlingen består av fyra delstudier. Den första studien undersöker villkoren för biståndets främjande av demokrati, med betoning på betydelsen av politiska villkor och övervakningsmekanismer. Den andra studien undersöker hur utländskt bistånd från autokratiska givare, särskilt Kina, påverkar medborgarnas stöd för demokrati, med hänsyn till faktorer som politisk instrumentalisering av bistånd och attributionseffekter. Den tredje studien använder experimentell metod och undersöker hur medborgares inställning till biståndsprojekt och lokala myndigheter påverkas av givarnas egen demokratinivå. Slutligen har jag intervjuat experter från tre europeiska medelinkomstländer om demokratiska och autokratiska givares roll i demokratiseringsprocesser i låg- och medelinkomstländer. Slutsatserna är att givare som strävar efter att främja och skydda demokrati inte bör minska sitt demokratibistånd på grund av den demokratiska tillbakagången och det ökade inflytandet från autokratiska givare. I stället bör givarna sträva efter att förbättra mekanismerna för politisk villkorlighet och övervakning av biståndet för att säkerställa dess effektivitet. Den ökande närvaron av autokratiska givare och politikernas instrumentalisering av sådan finansiering förändrar dessutom mottagarlandets inställning till och stöd för demokrati. Medborgarna i mottagarlandet vill ha insyn i och tillgång till kommunikationskanaler för att

uttrycka sin oro gällande biståndsprojekt. Demokratiska givare bör prioritera ett öppet projektgenomförande, se till att information sprids om vem som finansierar projekten och ge möjlighet till återkoppling från medborgarna om biståndsprojekt. Dessutom bör demokratiska givare sträva efter att skapa bättre incitament för politiker i mottagarländerna att genomföra reformer, samt betona kort- och långsiktiga fördelar. Dessutom måste de beakta det ökande inflytandet från autokratiska givare. Dessa erbjuder alternativ och snabba projekt, vilket möjliggör lokalt ägarskap men som lättare kan manipuleras av politiker i mottagarländerna. Slutligen bör givare i väst inse konsekvenserna av en inkonsekvent användning av politiskt villkorat bistånd, vilket skadar oppositionen i länder där demokratin är på tillbakagång. Detta sänder negativa signaler till länder som åtagit sig att genomföra demokratireformer.

Abstract

OECD countries are no longer the sole major providers of financial flows abroad. Authoritarian countries such as China, Russia, Iran, and Saudi Arabia, with their distinct practices and implementation processes, are increasingly present in low- and middle-income countries. In my thesis, I develop and test hypotheses on the influence of foreign aid on democratic institutions and citizens' support for democracy and aid projects. Employing a multi-method approach, using observational and experimental methods, I analyse the role of democratic donors (e.g., European Union (EU)) and autocratic donors (e.g., China), both together and separately. First, I investigate the influence of democracy assistance in promoting democratisation, emphasising the role of political conditionality and monitoring mechanisms. The second paper scrutinises the impact of foreign aid from autocratic donors, particularly China, on citizens' support for democracy, considering factors like the instrumentalisation of aid by politicians and the attribution effects of aid. The third paper employs a vignette experiment strategy and tests the effects of autocratic versus democratic donors on citizens' support for aid projects and local government. Lastly, I interview experts from three middle-income countries on the role of democratic and autocratic donors in the democratisation processes of low- and middle-income countries. The conclusions are that donors striving to promote and safeguard democracy should not decrease democracy assistance in the face of democratic backsliding and the increased influence of autocratic actors. Instead, they should aim to improve mechanisms related to political conditionality and monitoring to ensure the effectiveness of their democracy assistance. Furthermore, the increasing presence of autocratic donors and instrumentalisation of such finance by politicians is changing citizens' attitudes and support for democracy in recipient countries. Citizens in recipient countries want transparency and channels to voice their concerns regarding aid projects. Democratic donors should prioritise transparent project

implementation, ensure information dissemination regarding who funds the projects, and provide avenues for citizen feedback regarding aid projects. Moreover, democratic donors should aim to provide better incentives for politicians to implement reforms, emphasising short and long-term benefits. Additionally, they must consider the increasing influence of autocratic donors offering alternatives and the fast-paced projects that allow for more local ownership but are more easily manipulated by politicians in recipient countries. Lastly, Western donors should understand the consequences of inconsistent use of political conditionality, which harms opposition in backsliding countries and gives negative signals to reform-committed countries.

Introduction

Development aid is among the key channels that donors use to spread their influence in low- and middle-income countries. Traditional OECD countries are no longer the sole major providers of financial flows in low- and middle-income countries. Authoritarian countries, such as China, United Arab Emirates, and Iran have significantly expanded their global financial initiatives over time and are currently present in nearly every low- and middle-income country (Parks et al., 2023). An emerging wave of studies shows that democratic and autocratic regimes exhibit distinct practices in recipient countries and, thus, have disparate effects on corruption, transparency, conflict, the environment, and even democratisation processes (Bermeo, 2011; Li, 2017; Isaksson & Kotsadam, 2018; Parks and Strange, 2019; Dreher et al., 2022). The field of research on the impact of different donor practices on recipient countries is still in its infancy. We know little about the theoretical mechanisms, and we have limited empirical evidence on the different types of financial and donor characteristics related to democratisation processes in low- and middle-income countries.

In my thesis, I undertake the task of examining the role of democratic and autocratic donors, both together and separately. In this brief, I present the findings of three articles from my thesis, and from one additional article that is not part of my thesis. The overarching question of these studies is:

- How does foreign aid impact democratisation processes and citizens' attitudes?

I employ a multimethod approach, incorporating panel data analysis across 126 low- and middle-income countries. I use survey data from citizens combined with foreign aid data at the municipal level, experimental data, and data from qualitative interviews with country experts in the countries of the Western Balkans.

Middle-income countries undergoing democratisation are currently subject to interference from both democratic and autocratic donors that potentially shape their democratisation trajectories. In my studies, I have one study that encompasses all recipient countries, while the rest of the studies focus on the countries of the Western Balkans (namely, Serbia, Albania, and Kosovo). These countries are among the largest recipients of development finance from Western actors, including the EU, the US, and Sweden, but also from non-Western donors such as China and Russia. Western donor agencies, such as the Swedish International Development Cooperation Agency (Sida), the EU, and USAID, are among the largest donors of development grants in the region, aiming to bring Western Balkan countries closer to the EU and ensure their compliance with 'the acquis' and the Copenhagen criteria for accessing the European Union (Allen et al., 2020). On the other hand, these countries have also been among the largest recipients of financial investments from China and the United Arab Emirates in Europe (Parks et al., 2023). Thus, given that both Western and non-Western donors are highly involved in the domestic politics of these countries, I argue that studying them can provide novel theoretical and empirical insights into the dynamics of aid and the clashing geopolitical influences, especially in middle-income countries.

Defining types of financial flows

In my thesis, I study two types of financial flows:

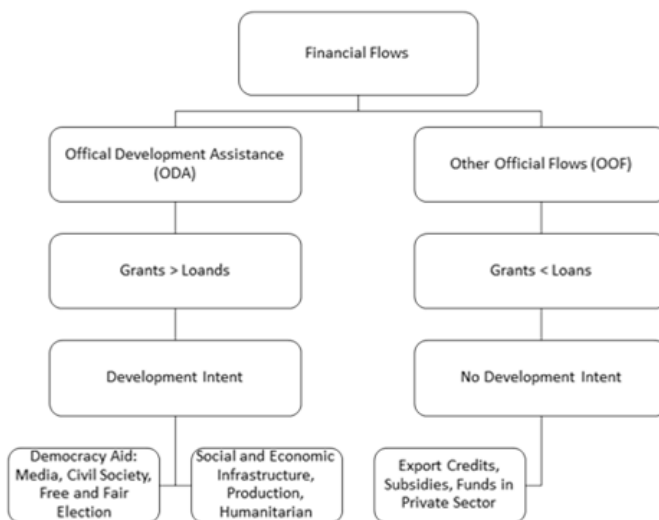
- Development aid from democratic donors that targets the improvement of democratic institutions in recipient countries
- Financial initiatives from autocratic donors

The former typically includes both technical assistance and expert advice to support public administration reforms, free and fair elections, media freedom, independence of civil society, legislative processes, and human rights.

I define the latter as any financial flows that come from authoritarian regimes. Aid from autocratic donors, which may come along with distinct practices and implementation processes (as I elaborate more on later), does not necessarily directly target autocracy promotion and governance ideals. With this caveat in mind, I use the terms ‘autocratic aid’ and ‘aid from autocratic governments’ interchangeably throughout the brief. For more conceptual clarity of what these flows entail, I rely upon the definition provided by the Organization for Economic Co-operation and Development Assistance Committee (OECD-DAC).

OECD-DAC differentiates between funds that fall under Official Development Assistance (ODA), simply put, development aid, and Other Official Flows (OOF), namely, loans or debts (see Figure 1 below). I analyse aid packages from the EU that fall under ODA funds and flows from China that mainly fall under OOF funds.

Figure 1: Defining ODA and OOF funds



In conclusion, and for the sake of this dissertation brief, aid from democratic donors is typically classified as ODA while aid from autocratic donors is classified as OOF. For a more detailed description of the nuances of these classifications, please read the Introduction chapter of my doctoral thesis.

Disposition

In this brief, I present key findings from four papers that analyse the role of aid from democratic and autocratic donors and its impact on democratisation processes and citizens' support for democracy in low- and middle-income countries. Each chapter below is a summary of the papers published as part of my dissertation and one additional paper closely related to the topic.

The first study asks 'Can democracy aid enhance democratisation?' and contributes with theoretical and empirical knowledge of the impact of democracy assistance on democratisation processes in developing countries. The paper argues that democracy assistance is likely to foster democratisation when aid is coupled with political conditionality and monitoring mechanisms. Using democracy assistance data from OECD-DAC and democracy data from the Varieties of Democracy index, I test the influence of democracy assistance between 2002–2018, across 126 countries.

Next, using regression analysis and 16 interviews with country experts, I study the influence of aid from autocratic donors, namely China, on citizens' support for democracy. Aid from autocratic donors can impact citizens' perceptions through (1) politicians who instrumentalise such aid and (2) attribution effects of aid (i.e., living close to projects). I use survey data combined with aid data at the municipal level and qualitative interviews.

Third, using the vignette experiment strategy, I test the effects of both autocratic and democratic donors on citizens' support of aid projects and local government. On this front, I focus on the attributes of the political regime of the donor (i.e., democratic or autocratic) and the process of implementing aid projects (i.e., transparent or non-transparent implementation processes).

Lastly, using qualitative interviews, I ask country experts about their perceptions of the influence of democratic and autocratic donors in Kosovo, Serbia, and Albania.

Can democracy aid improve democracy? The European Union's democracy assistance 2002–2018

Democracy assistance currently exceeds ten billion dollars a year worldwide, yet the impact of aid is still dubious, sparking interest among scholars and policy-makers (Carothers, 2015). While the European Union is among the world's most powerful democracy promoters and the second largest aid donor after the United States, no study to date analyses the effectiveness of democracy assistance from the EU on all recipient countries (European Commission, 2021). This study is the first to evaluate the effectiveness of the EU's democracy assistance on democracy levels across all recipients. I analyse the impact of the European Union's democracy assistance on democracy levels during the period 2002–2018 across 126 recipient countries, controlling for several factors including assistance from other donors.

I analyse democracy assistance data gathered by the EU institutions, mainly by the European Commission. I extract the data from the OECD/DAC, for all the available years 2002–2018 for 126 countries. Following Scott and Steele (2011), I test for the lag structures from one to four years to ensure that hypothesised aid precedes democratisation. To measure democracy levels, I use The Varieties

of Democracy Electoral Index (V-Dem), as the primary measure to account for the variation of democracy levels over the years. EDI captures changes from a 0–1 scale, from 0 (very autocratic) to 1 (very democratic).¹

The results show that receiving the EU's democracy assistance is associated with a 0.01 increase in the V-Dem Electoral Democracy Index two years after the provision of aid, robust at $p < 0.01$. Controlling for more variables, Model 3 which is the main model, predicts that the EU's democracy assistance is associated with a 0.009 unit increase in EDI scores, robust at $p < 0.01$, and robust standard errors decrease. In other words, the main model predicts that a one USD increase in democracy assistance per capita is associated with a 0.009 point or 0.9% increase in democracy levels. The results hold across different specifications and lagged models (for more details, see Gafuri, 2022) and thus suggest that the EU's provision of democracy assistance has a positive effect on the level of democracy in the recipient country.

By examining the influence of democracy assistance from the EU, I argue that the EU's democracy initiatives differ from those of other international actors and by synthesising insights from previous research, I propose two potential mechanisms to understand its positive effects on democracy:

1. The EU's political conditionality
2. Monitoring mechanisms in recipient countries

¹ I chose the Electoral Democracy Index (EDI) because of its strong theoretical foundations, which derives from Robert Dahl's definition of polyarchy which encompasses clean elections, freedom of association, universal suffrage, an elected executive, freedom of expression, and alternative sources of information (Dahl, 1989). Moreover, the EDI coalesces with the European Union's democracy promotion instruments such as clean elections, free flow of information, and an independent civil society.

Mechanism 1: Political conditionality

I refer to political conditionality as a set of rules (or conditions) that recipient countries must comply with to receive aid. Political conditionality is one of the most powerful tools that the EU uses to incentivise countries to democratise (Schimmelfennig and Sedelmeier, 2020). By far, the EU's most efficient political conditionality instrument is the membership prospect, a type of conditionality particular to the EU. Additionally, the EU implements political conditionality with other countries that are not on the EU membership pathway, for example, in the domains of trade relations, financial aid, visa liberalisation, market access, and bilateral ties. In the paper, I argue that beneficiaries are strategic actors and are likely to adhere to the EU conditions for democracy, as this increases their propensity to receive more benefits from the EU. Even though there are challenges with the EU's democracy promotion, the establishment of closer bilateral ties and incentive-based approaches may still encourage recipients to implement democratic reforms in return for other benefits and is thus one important mechanism through which aid has positive effects on democracy.

Mechanism 2: Monitoring mechanisms

Second, inspired by Bush's (2015) book on the 'Taming of Democracy Assistance', which highlights the importance of monitoring mechanisms for effective democracy promotion, I purport that the second key mechanism for the successful implementation of democracy assistance programs is the presence of monitoring offices. Monitoring mechanisms refer to donors' ability to track and control the implementation of projects through monitoring bodies in recipient countries, such as diplomatic offices, international agencies, regional offices, and delegation offices. The EU deploys one of the largest numbers of diplomatic offices abroad through the External Action Service.

Through monitoring bodies, donors have the power to track and safeguard the allocation of funds; assess the effectiveness of assistance programs; produce reports; and prevent corruption or misuse of funds by domestic agents.

In conclusion, my findings reveal that democracy assistance has a positive impact on the democratisation levels of low- and middle-income countries, and that political conditionality and monitoring mechanisms are likely to enhance the effectiveness of such programs.

Are autocratic donors impeding democracy abroad? The presence of autocratic donors and citizens' perceptions of democracy

Emerging evidence suggests that autocratic donors' assistance impacts citizens' perception of state legitimacy, corruption, support for incumbents, and even attitudes toward liberal democratic values (Kelly, Brazys, and Elkind, 2016; Blair and Roessler, 2021; Gehring, Wong, and Kaplan, 2018). Given the increased involvement of autocratic donors in aid and the prevailing trends in democratic backsliding, this paper aims to deepen our understanding of how the presence of autocratic donors shapes attitudes toward democracy among citizens in low- and middle-income countries (Papada et al., 2023).

Using a mixed-effects regression approach and 16 qualitative interviews, the study analyses the effect of Chinese aid on Serbia, a middle-income country receiving aid from both Western and non-traditional donors.

The results from the quantitative data analysis show that the presence of autocratic aid impacts the relationship between citizens' perceptions of autocratic donors' influence and their support for democracy. When higher levels of Chinese assistance are present, Serbian citizens with positive attitudes towards China's political influence become less likely to support democracy.

According to the results, the predicted probability for citizens to support the statement that “Democracy is preferable to any other form of government” decreases significantly when the country receives aid from China. In short, the results suggest that Chinese aid influences the support of democracy among citizens who view China’s political influence as highly positive, and therefore indicates that the presence of finance from autocratic donors can shape support for democracy among certain populations.

Additionally, interviews with 16 country experts in Serbia revealed concerns that the increased cooperation through financial investments between Serbia’s ruling politicians and autocratic donors worsened corruption in the government; led to an increase in non-transparent agreements; and lowered the government’s accountability toward the opposition and the citizens.

The interviewees expressed that cooperation with China has strengthened the incumbent regime, and contributed to oppressing the opposition, silencing the media and the civil society. This highlights the potential negative effect of autocratic aid on the democratic practices of recipient governments. The quotes below demonstrate opinions echoed by most interviewees:

“There is anti-western rhetoric, sentiment and agenda by the government in Serbia that pushes the public discourse to be more pro these new autocratic players.” Lecturer studying Serbia, based in the Czech Republic.

“The perception of the population is that eastern countries are the biggest supporters. There is very strong deliberate by political elite to propagate eastern relations and that picture is heavily tilted towards non-democratic countries.” Researcher studying Serbia, based in Hungary.

“The government-friendly media are major media and [...] this media has shown the non-westerners as friends of Serbia; while the EU has been shown as technocratic partners with neutral stance and without any value attached.” Researcher based in Belgrade.

The paper thus shows that the presence of autocratic donors can change citizens' views on both donor influence and their support for democracy. I argue that the presence of autocratic assistance² is a moderating variable that strengthens the relationship between citizens' views of autocratic donors' influence and their support for democracy. In other words, citizens who hold a positive view of autocratic donors' political influence are the least likely to support democracy, and that it is the presence of autocratic aid that activates these attitudes. To explain how aid impacts this relationship, I argue that two mechanisms may be at play:

- Instrumentalisation of autocratic aid by the domestic political elite.
- Attribution processes – living in proximity and having direct experiences with projects from autocratic donors.

Mechanism 1: The instrumentalisation of aid by domestic elites

The impact of autocratic aid on citizens' attitudes can be affected by the instrumentalisation of aid by political elites in recipient countries. Political elites in recipient countries use autocratic aid more freely to make political gains domestically, and in exchange for these investments, they promote the benevolence of autocratic donors among their public. In exchange for financial

² In this study, 'autocratic assistance' refers to all financial initiatives by non-democratic donors. This is not limited to anti-democratic reforms; it includes all types of investments by autocratic actors such as in infrastructure, transportation, education, and energy.

investments, elites in recipient countries advertise and promote autocratic donors' political influence and benevolence to their citizens via media outlets which can, in turn, affect public opinion (Blair et al., 2021; Dreher et al., 2022).

In exchange for more investments from autocratic donors, politicians in recipient countries often emphasise the slow pace of projects financed by Western donors, the high administrative tasks they entail, and the negative effects ('sticks') of non-compliance to Western demands. Domestic elites also emphasise that, in contrast to Western actors, China offers quick solutions, large sums, and readily available materials. Domestic political elites often downplay democratic ideals, highlighting and overstating the benefits of such cooperation in addition to underscoring autocratic actors' economic growth, models of poverty eradication, and their development pathways.

Mechanism 2: Attribution

Citizens who live close to projects funded by foreign donors are the most affected and likely more knowledgeable about projects and foreign donors. Citizens can learn about projects through direct exposure such as by living close and interacting with these projects and donors at the local level. Additionally, they can learn through indirect exposure such as via media outlets, billboards, politicians, and friends. Citizens who live close to projects are also more likely to experience the benefits of aid first-hand, including improvements on hospitals, highways, roads, training, education, employment opportunities, and services. However, these citizens can also be exposed to potential negative outcomes of aid projects, such as environmental consequences and the rise of corrupt practices in their area. Blair, Marty, and Roessler (2021) call this 'the process of direct aid attribution', and this mechanism suggests that we can expect the relationship between autocratic donors' political influence and citizens' support for democracy to be the most evident among citizens living near aid projects financed by autocratic donors.

In summary, the results of studying the effect of autocratic donors on citizens' perception of democracy suggest that democratic donors should aim to understand autocratic donors' practices, their interactions with politicians, and how they shape attitudes toward democracy. Autocratic donors, which come with fewer strings attached, are more easily manipulated by domestic elites, enabling politicians in recipient countries to achieve short-term gains. Moreover, democratic donors should ensure that citizens in recipient countries are accurately informed about Western donor projects and the intentions of Western donors.

Does aid from autocratic versus democratic donors affects citizens' support for their local politicians and projects? An experimental test

Given that research suggests that democratic and autocratic donors engage in different practices, the third paper of my thesis aims to understand how cooperation with democratic versus autocratic, and transparent versus non-transparent donors, affects citizens' views of their local politicians and their attitudes toward aid projects.

This paper presents two hypotheses on donor characteristics likely to be particularly important factors influencing citizens' attitudes towards democracy and their local politicians.

1. The implementation practices of the aid project in the recipient country, i.e., transparent vs. non-transparent processes.
2. The regime type of the donor, i.e., democratic or autocratic.

To test the proposed hypothesis, I use a survey experiment with vignettes on a sample of 2,500 respondents in Serbia. Rather than asking citizens directly whether they prefer autocratic versus democratic donors, respondents read vignettes about a hypothetical scenario that is close to a real-life situation.

Contrary to the expectation that citizens have no opinions about the origins of aid and that free money from external actors is always good, the results from the experiment show that citizens prefer the least autocratic and most transparent donors. The results show that citizens perceive the level of transparency of the donor as an indicator of the risk of corruption in the project, which is why they prefer donors who are transparent. Meanwhile, they perceive the presence of autocratic donors to increase corruption.

On the other hand, in a context where trust in politicians is low, like in Serbia, citizens expressed that their local government is not likely to listen to their complaints regardless of which foreign donor they cooperate with. However, they believe that cooperation with autocratic donors will further deteriorate political elites' responsiveness toward citizens' demands.

Lastly, the results from this study show that citizens who vote for the incumbent party, which is a far-right populist party in Serbia, are also more likely to show support for autocratic donors.

In summary, the results of studying the impact of donor practices and regime type on citizens' perceptions toward aid projects and their local politicians suggest that practitioners working to support the democratisation of low- and middle-income countries ought to make the project implementation procedures transparent to the public and other stakeholders in the country. Moreover, donors should provide channels for citizens to express their feedback or pose inquiries in case they have concerns regarding aid projects implemented in their area.

Who gets the carrot & who gets the stick? A comparative analysis of democratic and autocratic donors in democratisation processes

(coauthored with Jeta Abazi and Islam Jusufi)

How do country experts view the role of democratic and autocratic donors in the democratisation processes of their respective countries? Which factors do they identify as key to democratisation? In this paper, we examine the perspectives of experts in recipient countries on the role of both democratic donors, such as the European Union and the United States, as well as autocratic donors like China and Russia. We conducted thirty-six informant interviews with experts including heads of civil society, ministers, ambassadors, a former head of state, journalists, donor officials, academics, and researchers. We interviewed experts from Kosovo, Albania, and Serbia, three countries that have witnessed considerable changes in their democratic quality between 2010–2023. The following sections present summaries of the three case studies and their full accounts will be published in an upcoming article coauthored by Islam Jusufi, Jeta Abazi, and the author of this DDB.

Kosovo

Among the three countries, Kosovo's democracy has improved the most (V-Dem, 2023). In Kosovo, political elites have the most to gain by complying with Western reforms, including the recognition issue and for security and military support against Serbia. Moreover, political elites profit from the cooperation with Western donors by extending benefits for citizens and promoting the success of their ruling parties through visa liberalisation processes, access to the European common market, trade agreements, and financial investment. Political elites can increase their domestic support and

legitimacy by emphasising the numerous benefits associated with reliance on Western alliances. Additionally, in Kosovo, there are currently no investments from China and Russia, which also do not recognise its independence. Due to the absence of autocratic donors and no alternative sources of development finance, Kosovo is heavily reliant on Western donors. Even though Western donors have not been consistent with their political conditionality (i.e., the use of ‘carrots’ instead of ‘sticks’ when Kosovo showed progress in democratic components), the incentives for political elites in Kosovo to align with the West have remained high, to both further political careers at home and to support their foreign policy. These incentives can further explain why democratic reforms have been implemented in the country.

In conclusion, in Kosovo, the presence of political willingness to align with the West and the absence of non-Western donors as a viable alternative, even in the face of inconsistent European accession prospects, have contributed to the emergence and implementation of democratic reforms.

Serbia

Serbia’s democracy has experienced backsliding in the past years, particularly concerning media freedoms, oppression of civil society, and free and fair elections (V-Dem, 2023). In Serbia, political elites lack strong incentives to adhere to democratic reforms. The presence of alternative finance from autocratic donors allows political elites to use autocratic aid to bolster their rule, by extending benefits to patronage networks and benefits to their constituencies. Due to a robust alliance with China and Russia, Serbian political elites who are already autocratic have fewer incentives to comply with democratic reforms. Reforms pushed by the West directly threaten the survival of the ruling regime, which, in recent years, has attacked media freedoms, intimidated journalists, and engaged in the manipulation of elections.

Cooperation with Western donors entails higher costs for Serbia, as democratic reforms jeopardise the current regime's survival and necessitate the recognition of Kosovo, which stands in contrast with the country's core national interests. A closer alliance with Russia and China provides access to development finance that entails fewer administrative procedures, no demands for democratic reforms, and allows more local ownership regarding who benefits from these projects. Since Western donors fear that they risk losing Serbia to autocratic alliances, they have hesitated to punish Serbia's backsliding, which has contributed to silencing the opposition and suppressing actors who are fighting anti-democratic forces internally.

In sum, the absence of clear incentives for political elites to adhere to democratic reforms, coupled with alternative sources of development finance and a lack of credible EU accession prospects, has contributed to the stagnation and deterioration of democracy in Serbia.

Albania

Albania is a case where we have seen mixed success, erosion in some democratic components and improvements in others (Papada et al., 2023). In the case of Albania, the situation is ambivalent. Political elites cooperate with Western donors as they have leverage for European accession membership, but they also avoid reforms that threaten their regime. Reforms that go against the wishes of the political elite are implemented slowly or stagnantly. Albanian politicians cooperate closely with non-Western donors as well, although to a lesser extent than Serbia, yet their stronger leverage to enter the European common market and benefit from Western donors explains their greater commitment to the EU. While the EU is the only viable path forward, autocratic donors, although offering an alternative, are less appealing compared to the benefits that the EU's common market provides. On the other hand,

political elites in Albania with authoritarian tendencies are threatened by some of the Western-led democratic reforms. As such, they follow reforms that do not threaten them but rather benefit their rule. In sum, given that politicians in Albania have more alternatives for funding compared to Kosovo, and less to Serbia, their incentives are changing regarding cooperation with Western actors and their compliance with their reforms is ‘partial’.

Based on the empirical evidence from these three case studies, we argue that three conditions determine whether the recipient country implements or abstains from democratic reforms.

1. The presence of political willingness from incumbent elites in recipient countries.
2. Credibility of incentives from Western countries.
3. The extent to which political elites view autocratic donors as a viable alternative to Western aid.

In conclusion, this study suggests that there are three key takeaways for democratic donors seeking to improve their position in recipient countries. First, Western donors should find ways to incentivise politicians to implement reforms and emphasise the benefits in both the short and long term. More importantly, they should consider that autocratic donors are offering alternatives to Western projects and are shaping the political calculus of politicians who can more easily manipulate such projects. Moreover, the inconsistency of Western donors in providing ‘sticks’ when countries fail to democratise and ‘carrots’ when they proceed in democratisation is (1) harming the opposition in countries that are experiencing backsliding and (2) signalling to countries that are committed to democratic reforms that political conditionality is inconsistent.

Conclusion and recommendations

This thesis adds to the literature on the role and practices of democratic and autocratic donors in the democratisation processes of recipient countries. The aim has been to examine how development aid impacts democratisation processes and citizens' attitudes, and the previous chapters of this brief have outlined the key findings from four articles. In summary, the findings of this brief indicate that:

- Democracy assistance positively impacts democratisation in low- and middle-income countries, especially when coupled with political conditionality and monitoring mechanisms.
- The increasing presence of autocratic donors, and the instrumentalisation of their finance by local politicians, is changing citizens' attitudes on support for democracy in recipient countries.
- Citizens want donors who implement transparent projects and have channels through which they can express their concerns regarding aid projects to local politicians and donors. Citizens prefer the least autocratic donors, while they prefer the most transparent donors when it comes to whom they want their local politicians to cooperate and from where they want projects to be funded.
- Autocratic donors do not use political conditionality and have fewer safeguarding mechanisms in place, which is why this type of finance is more easily manipulated by recipient elites. The implementation of democratic reforms in recipient countries depends on three key factors: the political will of incumbent elites, the credibility of incentives from Western countries, and the extent to which autocratic donors present a viable alternative to Western aid.

The studies also present number of implications for how policymakers and practitioners might improve the democratic level of their partners:

- Democratic donors should use political conditionality and monitoring mechanisms to facilitate democracy assistance programs.
- Democratic donors should prioritise transparent project implementation, ensure accurate information dissemination regarding who funds the projects, and provide avenues for citizen feedback regarding aid projects.
- Democratic donors should aim to provide better incentives for politicians to implement reforms, emphasising short and long-term benefits.
- Additionally, they must consider the increasing influence of autocratic donors that offer alternatives and fast-paced projects that allow for local ownership, but that are more easily manipulated by politicians. Moreover, Western donors should understand the consequences of inconsistent use of political conditionality, which harms opposition in backsliding countries and signals inconsistency to reform-committed countries.

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How does aid impact democratization processes and citizens' attitudes or ideas about democracy? This thesis explores how aid and financial initiatives from democratic and autocratic donors affect the level and quality of democracy in recipient countries.

Hur påverkar bistånd demokratiseringsprocesser och medborgarnas attityder och idéer om demokrati? Denna avhandling utforskar hur bistånd och finansiella initiativ från demokratiska och autokratiska givare påverkar både nivå och kvalitet på demokratin i mottagarländerna.

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