

Do voters reward incumbents for foreign aid?

Book Chapter: *Voting for Foreign Aid: How international donors impact voting, accountability and public services in democracies*

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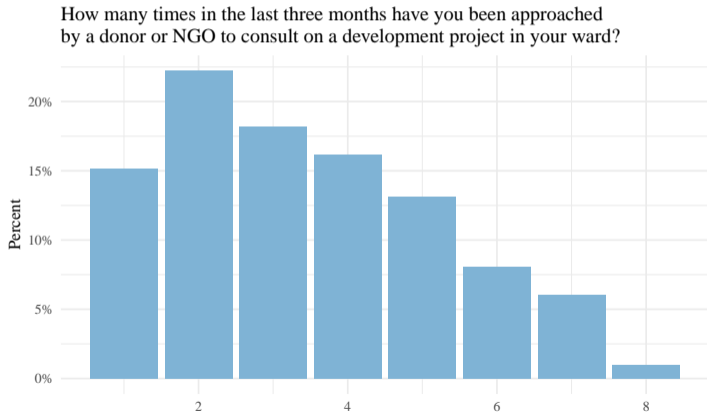
Motivation: Explaining the links between foreign aid, elections and accountability

Table: Variance in estimates of aid and incumbent or government support

| Authors | Estimated Effect | Context |
|---------------------------|------------------------------|---|
| Briggs 2012 | Positive | Ghana |
| Jablonski 2014 | Positive | Kenya |
| Briggs 2015 | Positive | Africa |
| Cruz and Schneider 2017 | Positive | Philippines |
| Springman 2021 | Positive | Uganda |
| Guiteras and Mobarak 2015 | Mixed | Bangladesh |
| Knutsen and Kotsdam 2020 | Positive (WB) + Null (China) | Africa |
| Dietrich and Winters 2015 | Null | India |
| Blair and Roessler 2021 | Null | Burundi, Malawi, Nigeria, Senegal, Sierra Leone, and Uganda |
| Briggs 2017 | Negative | Nigeria, Senegal and Uganda |
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| O'Brien-Udry 2021 | Negative | Kosovo |

Motivation: Explaining the electoral consequences of politician-donor interactions

“Almost (all) NGOs, when they want to introduce a project in my area, these NGOs they do approach me first.”- Malawian Councillor



Theory: Foreign aid as information

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3. If lobbying is successful, $\frac{\lambda a}{x}$ is redistributed to the incumbent's preferred communities.

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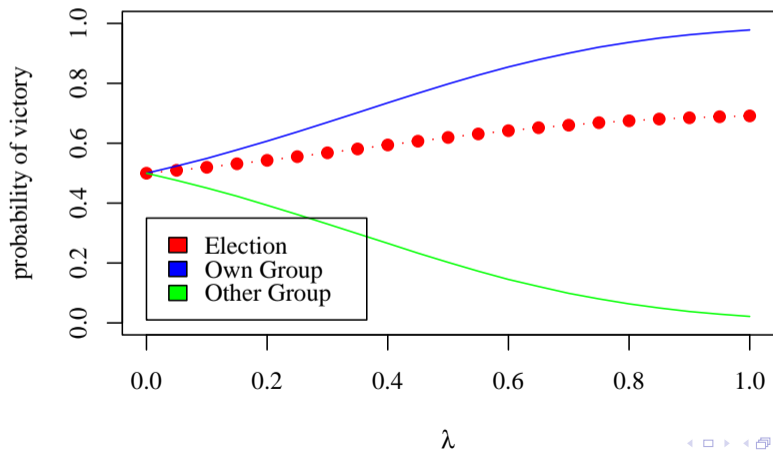
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2. Voters are Bayesian. They use their observed welfare and beliefs about λ to adjust their prior that the incumbent shares their distributional preferences ($Pr(\theta_i = 1|u(x, a, \lambda))$).
3. Voting is retrospective: each community decides to support the incumbent if $Pr(\theta_i = 1|u(x, a, \lambda)) > Pr(\theta_i = 0|u(x, a, \lambda))$.

Predictions: Election outcomes depend on lobbying effort and aid distribution



Predictions: The value of information depends on accuracy of priors

Table: Effect of aid on incumbent vote

| | | Beliefs about lobbying effectiveness ($\hat{\lambda}$) | | | |
|-----------|--------------------|--|---------------------------|---------------------------|---------------------------|
| | | $\hat{\lambda} = 0$ | $\hat{\lambda} = \lambda$ | $\hat{\lambda} > \lambda$ | $\hat{\lambda} < \lambda$ |
| Incumbent | Lobbies for You | None | Positive | Usually negative | Usually positive |
| Incumbent | lobbies for Others | None | Negative | Usually positive | Usually negative |

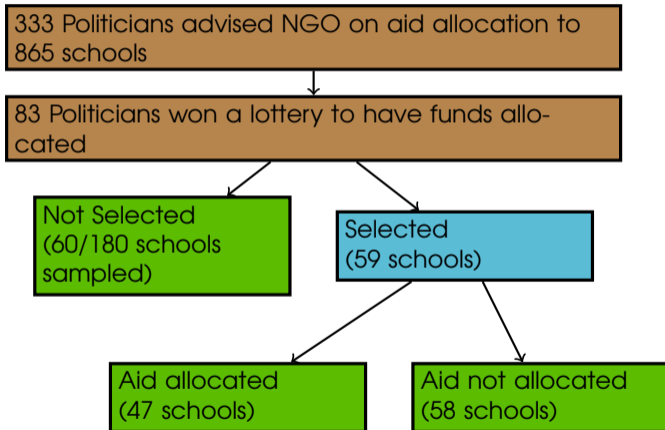
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This implies an aid-accountability curse – but only when voters have wrong beliefs!

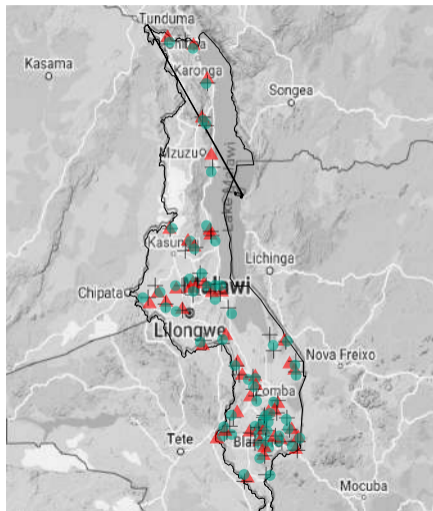
Treatment: The aid project



Treatment 2: Reinforcing information with SMS messages

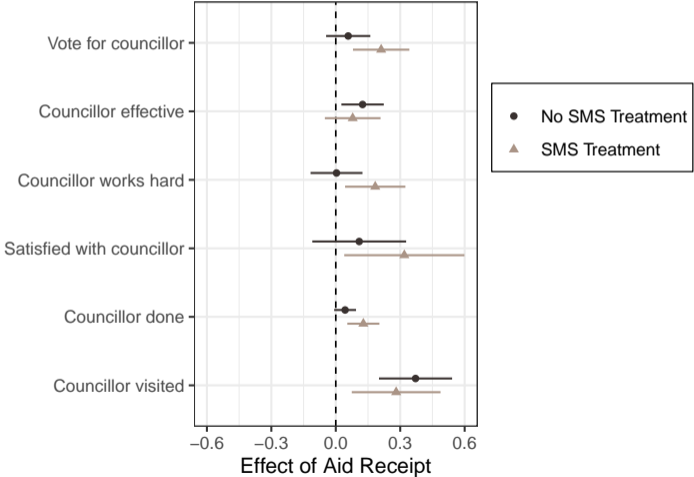
| Group | N | Pre-Aid Message |
|-------------------------|-----------------------------|--|
| A | 378 Phones 60 Schools | Hello from Tearfund NGO. Thank you for telling us about education services in your community. <i>Your ward councillor recommended (school name) in your area to receive school materials from our NGO. We will deliver these materials shortly.</i> |
| B | 166 Phones 26 Schools | Hello from Tearfund NGO. Thank you for telling us about education services in your community. <i>Your ward councillor recommended (school name) in your area to receive school materials from our NGO. However, your school was not among those selected for funding by Tearfund in this round.</i> |
| C | 266 Phones 30 Schools | Hello from Tearfund NGO. Thank you for telling us about education services in your community. <i>Your ward councillor did not recommended (school name) in your area to receive school materials from our NGO. It will not be receiving school materials.</i> |
| Placebo (all groups) | 328 Phones 53 Schools | Hello from Tearfund NGO. Thank you for telling us about education services in your community. |

Data: panel survey of 2,331 aid-eligible households

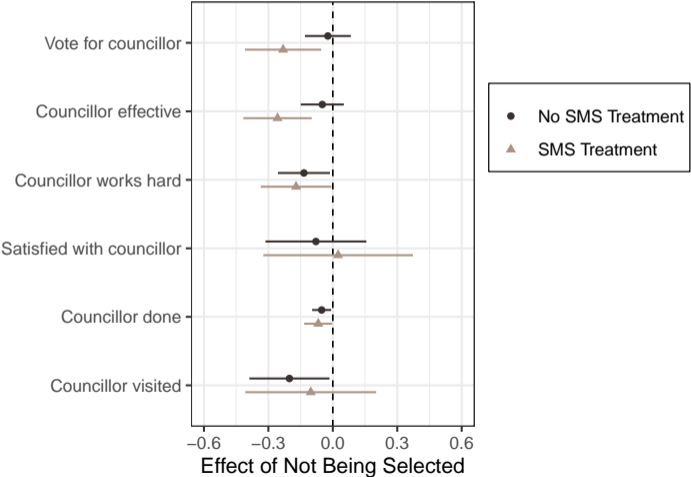


- Group A: Selected and received aid
- Group B: Selected but did not receive aid
- Group C: Not selected

Results: Positive changes in intended vote and perceptions of incumbent performance among recipients

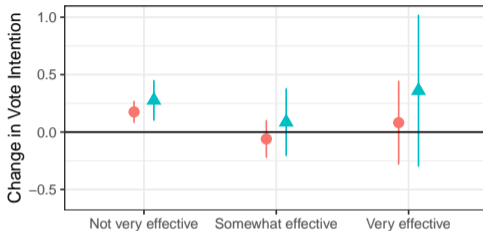


Results: *Negative* changes intended vote and perceptions of incumbent performance among non-recipients



Results: Treatment effects are conditional on prior beliefs

A Aid recipients (Group A versus B and C)

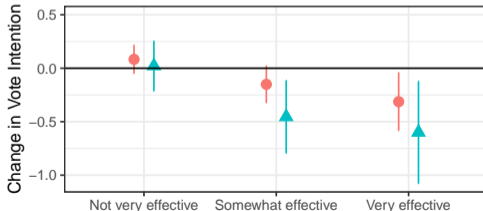


Sample

● All Respondents

▲ SMS Treatment Group

B Aid non-recipients (Group C versus B)



How effective is your councillor at getting things your community needs?
(baseline survey)

Conclusions

1. **Foreign aid is not always a blessing for incumbents:** direction and scale of effect will depend on voter beliefs, bargaining power and the distribution of resources.
2. **Foreign aid is not always a curse for democratic accountability:** aid can be an informative signal of politician effort and preferences.
3. **Empirical estimates are often misleading:** Most research designs probably average positive and negative treatment effects on incumbency and accountability.

Appendix

Appendix: Groups

Table: Groups of Schools in Field Experiment and Subsequent Lottery

| Group | Treatment | Num. schools | Description |
|-------|--|--------------|--|
| A | School Recommended by Councillor + Aid Receipt | 60 | School was recommended by the councillor to receive aid. School received aid. |
| B | School Recommended by Councillor | 49 | School was recommended by the councillor to receive aid. School did not receive aid. |
| C | School Not Recommended by Councillor | 60 | School was not recommended by the councillor to receive aid. |

Appendix: SMS Treatments

Figure: Effect of SMS messages on outcome variables (95% CI)

Effect of SMS reinforcement on outcome variables (95% CI)

