Do voters reward incumbents for foreign aid?

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

Ryan Jablonski [1]   Brigitte Seim[2]   Johan Ahlback[2]

[1]London School of Economics and Political Science

[2]UNC Chapel Hill

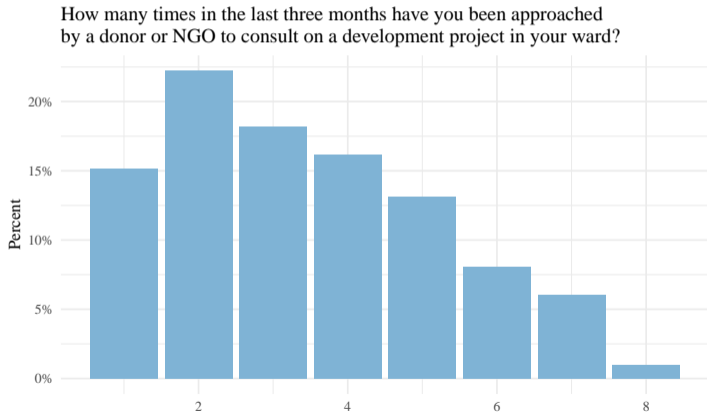[3]London School of Economics and Political Science

October 26 2023

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
Briggs 2017	Negative	Nigeria, Senegal and Uganda
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

How many times in the last three months have you been approached by a donor or NGO to consult on a development project in your ward?

The distribution of foreign aid:

1. Donors propose an aid budget, x, to be distributed across N communities.

The distribution of foreign aid:

1. Donors propose an aid budget, x, to be distributed across N communities.
2. The incumbent lobbies the donor to redistribute, $\frac{a}{x}$, to their preferred communities (those for whom $\theta_i = 1$). The success of this lobbying effort is increasing in λ.

The distribution of foreign aid:

1. Donors propose an aid budget, x, to be distributed across N communities.
2. The incumbent lobbies the donor to redistribute, $\frac{a}{x}$, to their preferred communities (those for whom $\theta_i = 1$). The success of this lobbying effort is increasing in λ.
3. If lobbying is successful, $\frac{\lambda a}{x}$ is redistributed to the incumbent's preferred communities.

The voting decision:

1. Voters receive utility in proportion to aid spending $u(x_i) = x_i + \epsilon$.
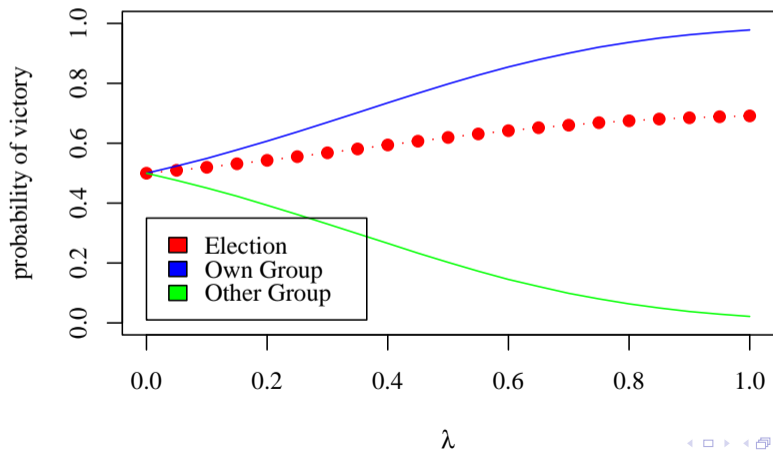
The voting decision:

1. Voters receive utility in proportion to aid spending $u(x_i) = x_i + \epsilon$.
2. Voters are Bayesian. They use their observed welfare and beliefs about λ to adjust their prior that the incumbent shares their distributional preferences ($Pr(\theta_i = 1|u(x, a, \lambda))$).

The voting decision:

1. Voters receive utility in proportion to aid spending $u(x_i) = x_i + \epsilon$.
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

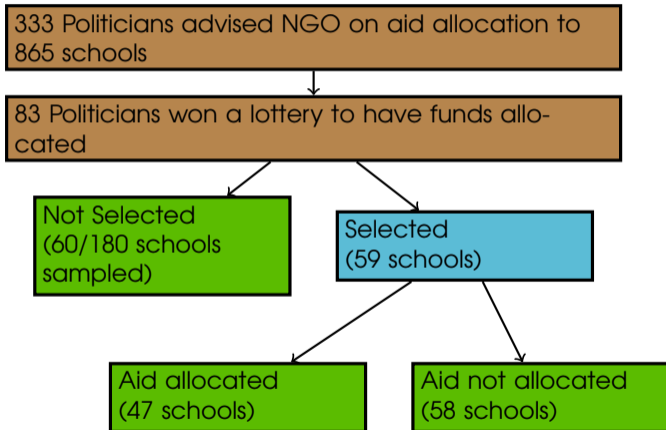|	Beliefs about lobbying effectiveness ($\hat{\lambda}$)			
	$\hat{\lambda} = 0$	$\hat{\lambda} = \lambda$	$\hat{\lambda} > \lambda$	$\hat{\lambda} < \lambda$
Incumbent Lobbies for You	None	Positive	Less Positive	More Positive
Incumbent lobbies for Others	None	Negative	More Negative	Less Negative

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	Less Positive	More Positive
Incumbent lobbies for Others	None	Negative	More Negative	Less Negative

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

333 Politicians advised NGO on aid allocation to 865 schools

83 Politicians won a lottery to have funds allocated

Not Selected
(60/180 schools sampled)

Selected
(59 schools)

Aid allocated
(47 schools)

Aid not allocated
(58 schools)

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. Your ward councillor recommended (school name) in your area to receive school materials from our NGO. We will deliver these materials shortly.
B	166 Phones 26 Schools	Hello from Tearfund NGO. Thank you for telling us about education services in your community. 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.
C	266 Phones 30 Schools	Hello from Tearfund NGO. Thank you for telling us about education services in your community. 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.
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
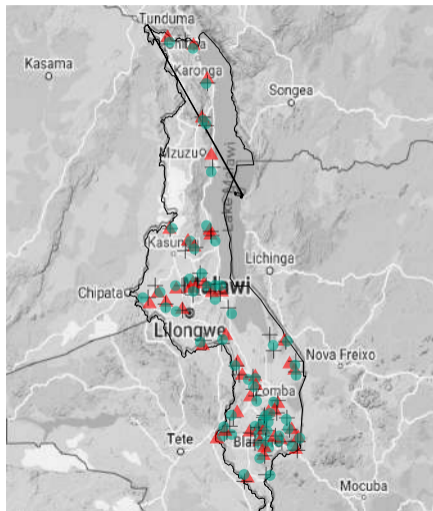
Group A: Selected
● and received aid

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
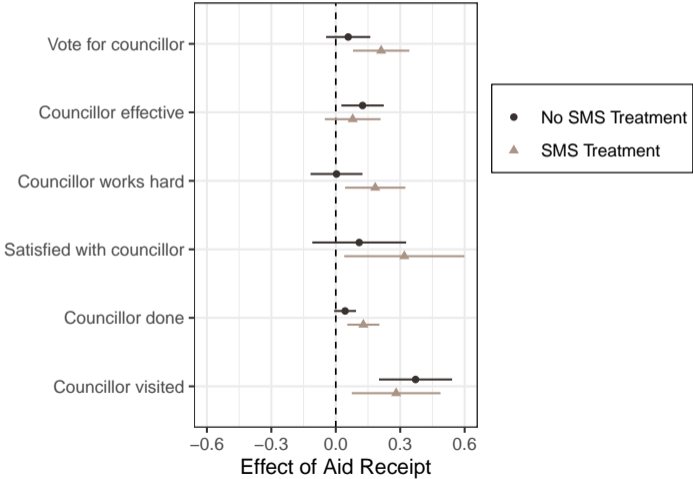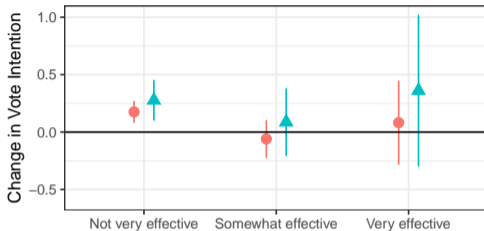
Results: *Negative* changes intended vote and perceptions of incumbent performance among non-recipients
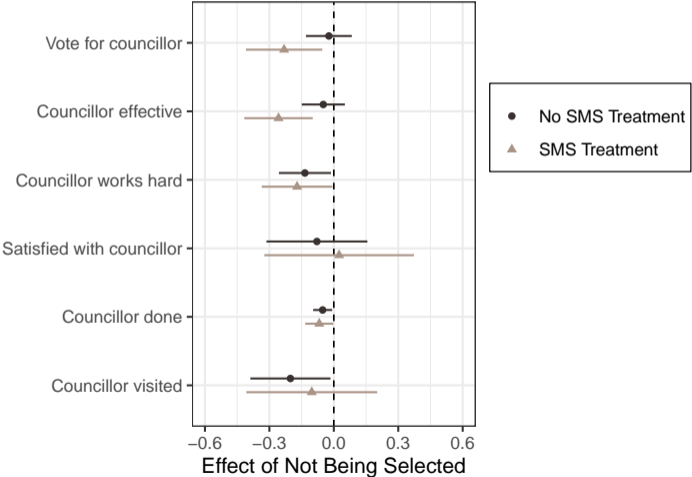
Results: Treatment effects are conditional on prior beliefs
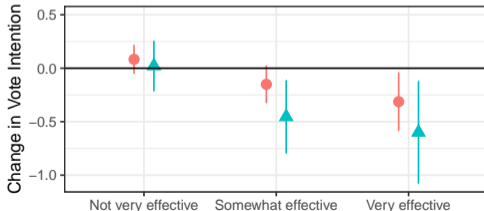

A   Aid recipients (Group A versus B and C)

B   Aid non-recipients (Group C versus B)

Sample

● All Respondents

▲ SMS Treatment Group

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

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.

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.

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

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