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Aid as an Authoritarian Gift: The Associations between the Chinese Aid and Democracy

MA Thesis

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Tartu 2025

Declaration of Authorship

I have prepared this thesis independently. All the views of other authors, as well as data from literary sources and elsewhere, have been cited.

Word Count of thesis main body: 26,222

Yang Zhang, 04.05.2025



Abstract

As China's global economic footprint deepens, growing attention is paid to how its aid and loan programs affect regime trajectories in recipient states. While existing scholarship often speculates that Chinese engagement supports authoritarian durability or undermines democratic institutions, it frequently relies on aggregated aid flows and overlooks variation across regime types and aid modalities. This study addresses that gap by analyzing data from globally harmonized sources, AidData, the China Africa Research Initiative, and Polity V, to assess the relationship between Chinese economic engagement and changes in democratic quality. The findings reveal that, in the African context, higher levels of Chinese aid are consistently associated with increased probabilities of regime autocratization despite volatility detected in the permutation. However, in the global sample, this association is less uniform; interaction models show that hybrid regimes face the greatest risk of autocratization, with even modest increases in aid predicting higher autocratization probabilities. Sectoral disaggregation further refines this pattern: aid directed toward the extractive industries, particularly mining, correlates strongly with autocratization trajectories, whereas aid in transportation sectors is linked to weak democratic improvement, presenting modeling volatility. In addition, the presence of Chinese contract labor exhibits a negative association with autocratization, suggesting a potential, albeit limited, association with democratic resilience. Jointly, these results emphasize that the political effects of Chinese aid are not uniform but instead vary systematically by sector and initial regime type, challenging approaches that treat Chinese aid as politically monolithic.

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List of Abbreviations

CCP Chinese Communist Party

EDA Effective Development Assistance

ODA Official Development Assistance

OOF Other Official Flow

PRC The People's Republic of China

FDI Foreign Direct Investment

V-Dem Variety of Democracy

FOCAC Forum on China-Africa Cooperation

CARI China-Africa Research Initiative

CCECC China Civil Engineering Construction Corporation

MDC Movement for Democratic Change

GDP Gross Domestic Product

IPE International Political Economy

EPC Engineering Procurement Construction

1 Puzzle and Observation

The end of the Cold War triggered a sweeping wave of political transformations that disrupted authoritarianism’s grip worldwide. Throughout Africa, Asia, post-communist Eurasia, and Latin America, longstanding military and single-party governments found themselves increasingly untenable, leading many to collapse under rising pressures for reform. Simultaneously, democratic institutions gained unprecedented momentum, with multiparty elections becoming not merely common but symbolic benchmarks of political legitimacy and popular empowerment. This era reshaped global expectations about governance, pushing authoritarian regimes toward either adaptation or obsolescence.

The specter of authoritarianism has not vanished with the third wave of democratization; on the contrary, it has persisted, and, in some contexts, spread. Contemporary authoritarian regimes are not merely surviving; they are actively seeking to adapt and endure. Among the small but assertive group of remaining autocracies, China and Russia have emerged as the most prominent actors, projecting alternative models of governance across the developing world. In particular, China possesses a unique combination of vast financial capacity and the institutional autonomy to deploy economic resources abroad without domestic oversight or legal constraints (Fan et al., 2009). Unlike traditional donor states, China’s global economic engagement operates outside the framework of transparency, accountability, or political conditionality.

Crucially, China’s international ambitions extend beyond regime survival. While scholars such as Geddes (1999) and Brownlee (2007) have emphasized that single-party civilian autocracies are among the most durable regime types, China has demonstrated an additional ambition for its survival: the attempts to diffuse its governance model. As President Xi Jinping has openly declared, the “China model” of development and governance is not only viable—it is exportable.¹ This ambition is not new. Since the founding of the People’s Republic of China (PRC), China’s foreign engagement has evolved from Zhou Enlai’s early principles of non-interference (Aidoo & Hess, 2015; Smith, 2020; Woods, 2008; Zheng, 2016) and solidarity with Third World nations to the current scale of the Belt and Road Initiative (BRI), a massive infrastructure-led foreign policy strategy. According to AidData, by 2018, China’s global development finance—including aid, loans, and commercial investment—had reached an estimated \$1.77 trillion USD. This extraordinary volume of engagement under-

¹Full Text Of Xi Jinping’s Report At 19th CPC National Congress, China Daily, 2017, https://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm.

scores the scale and reach of China's efforts to shape political and developmental trajectories beyond its borders.

This phenomenon has generated considerable debate within the academic community (Alden & Jiang, 2019; Brautigam, 2009; Dreher et al., 2016, 2018, 2021; Hoeffler & Sterck, 2022). Earlier discussions on foreign aid in the field of international political economy predominantly centered on a core developmental question: Can aid promote sustainable economic growth? A foundational contribution came from Burnside and Dollar (2000), who argued that foreign aid could be effective, but only under "good policy" conditions. Their findings catalyzed a wave of scholarship supporting this conditional aid model, aligning with U.S. foreign policy objectives of democracy promotion and institution-building. During this period, foreign aid was not merely a tool of development but a normative instrument of regime transformation. The World Bank (1989, p. 35) went so far as to declare that "Since the mid-1980s Africa has seen important changes in policies and in economic performance."

However, this optimistic narrative soon faced methodological and conceptual challenges. Easterly (2003), among others, questioned the empirical verifiability of the vague notion of "good policies," arguing that such conditionality lacked clarity and reproducibility. This critique opened the door for more skeptical appraisals of foreign aid's effectiveness. Yet, while the debate over Western aid evolved, the discourse on Chinese aid witnessed an explosive growth in the past decade. In contrast to Western donors, China's approach is often described as "non-interventionist," eschewing governance or institutional reform conditions (D. Bräutigam, 2011; D. A. Bräutigam & Knack, 2004; X. Li, 2017). Instead, Chinese development finance tends to operate through government-owned or commercial actors and prioritizes infrastructural and extractive sectors (Cameron & Stanley, 2017; Gamu et al., 2015; Gonzalez-Vicente, 2011).

In many cases, these projects have been linked to political controversies. One widely discussed example is the Sicomines deal in the Democratic Republic of Congo, signed under the presidency of Joseph Kabila (Maiza-Larrarte & Claudio-Quiroga, 2019). The agreement granted Chinese companies access to lucrative mineral concessions in exchange for billions of dollars in infrastructure investment (Jansson, 2013). Though framed as a win-win partnership, the deal drew criticism for its lack of transparency, contract terms perceived to disadvantage the Congolese state, and allegations of elite-level corruption (Anderson, 2023; Jansson, 2011). These issues coincided with broader trends of democratic erosion: opposition parties faced increasing repression, and electoral integrity was undermined (S. Matti,

2010; S. A. Matti, 2010). The country experienced a marked deterioration in democratic institutions during the implementation of the deal.

A similar trajectory is visible in Guinea. The country, endowed with vast bauxite reserves, entered into several high-value mining and infrastructure agreements with Chinese firms. While these initiatives promised developmental gains, they were frequently marred by environmental degradation, social displacement, and non-transparent governance. On September 5, 2021, a military coup overthrew President Alpha Condé. Analysts noted that deepening inequality, poor governance, and resentment toward foreign extractive investment were contributing factors (Renwick et al., 2018). China's dominant role in Guinea's resource sectors, though not a sole cause, was widely viewed as exacerbating the political and social pressures that undermined democratic stability (Arieff, 2009; Hess & Aidoo, 2019).

China's intensifying economic engagement with developing countries has raised growing concerns among scholars about a possible new "authoritarian wave" (Ambrosio, 2012; Zou, 2025). A growing body of research on Chinese authoritarianism and foreign aid behavior points to potential risks. Some studies suggest that China's aid is more likely to flow to countries with higher levels of corruption or weaker institutional constraints, thereby reinforcing elite entrenchment and governance decay (Alesina & Weder, 2002; Brautigam, 2022; D. Bräutigam, 2000; Isaksson & Kotsadam, 2018; Woods, 2008). Others, however, dispute this view, noting that Chinese development finance is not exclusively directed toward authoritarian regimes or resource-rich economies (Dreher et al., 2016, p. 191). Instead, the pattern appears diffuse, politically, geographically, and sectorally, suggesting an inclusive but opaque strategy that defies traditional alignment logic.

This heterogeneity raises a critical and still unresolved question of whether Chinese aid is linked to the recent wave of autocratization. Existing empirical studies have largely categorized Chinese financial flows into two types: ODA (Official Development Assistance) and OOF (Other Official Flows), and focused either on their developmental effectiveness or their commercial and strategic intent (Dreher et al., 2018). While some scholars emphasize ODA's association with infrastructure and natural resource-rich regions, others highlight the commercial orientation and conditional opacity of OOF. However, the political consequences of these flows, particularly their regime-level implications, have often been aggregated, obscuring the variation embedded within project types, delivery channels, and sectoral composition.

This gap is especially salient given the ambiguity surrounding the mechanisms through which Chinese aid operates. Yet, most existing analyses overlook these internal distinctions. Chi-

nese engagement is often treated as a monolithic independent variable, neglecting its structural heterogeneity. The lack of fine-grained measurement, especially at the sectoral or project level, risks misattributing observed outcomes to “China” writ large rather than to specific modalities of engagement. Moreover, few cross-national studies systematically link the content and characteristics of Chinese projects to regime trajectories using rigorous, macro-comparative frameworks.

Based on this background, this thesis seeks to unpack the heterogeneity of Chinese development finance and assess its regime change trajectories with greater precision. Specifically, it addresses the following research questions:

- *Main question: How does Chinese financial engagement influence regime change trajectories in recipient countries?*
- *Sub-question: To what extent are countries structurally exposed to Chinese financial flows relative to their economic size?*
- *Sub-question: What are the regional and sectoral patterns of Chinese economic engagement globally?*

By addressing the research questions, this thesis adopts the Polity conceptualization of democracy, which captures three core institutional dimensions: executive constraint, political participation, and executive recruitment. This approach allows for a focused examination of the structural components of regime change, consistent with the thesis’s institutionalist framework. The choice of Polity over broader or more normative democracy indices, such as those provided by the Varieties of democracy (V-Dem), is both theoretical and methodological. Conceptually, Polity emphasizes formal political institutions rather than democratic ideals or rights-based measures, aligning with this study’s interest in how foreign economic interventions, particularly from China, influence regime architecture rather than political attitudes or freedoms per se. Empirically, Polity offers a longer time span, broader country coverage, and fewer missing observations, making it suitable for macro-comparative analysis across the developing world. While alternative indices capture worthwhile subtlety in democratic quality, they often conflate institutional performance with liberal norms, which may obscure the effects of exogenous material engagement on institutional resilience or erosion. Thus, using Polity ensures conceptual clarity, historical comparability, and empirical tractability in analyzing the institutional consequences of Chinese financial influence.

To support the theoretical framework and respond to the central research questions of this thesis, the empirical analysis employs cross-sectional logistic and linear regression models using country-level data from multiple sources. The primary dataset integrates information from AidData, the China Africa Research Initiative (CARI), and additional socio-economic data from Fariss et al. (2021), Gapminder Foundation (2024), and Haber and Menaldo (2011), covering a global sample of countries with a specific focus on African and Global South recipients. The period of analysis spans from 2000 to 2017 and 2023 for the economic engagement, and the analysis uses 2000 and 2018 as two points to capture the regime change difference, ensuring both temporal depth and empirical consistency across donor-recipient interactions. Aid and loan data are disaggregated by sector, source, and modality (e.g., energy, transport), allowing the analysis to move beyond aggregate measures and examine how distinct forms of Chinese economic engagement, aid flows, concessional loans, sectoral allocations, and labor deployments, relate to regime trajectories, measured through changes in Polity scores. The sample selection prioritizes countries with available and reliable data across the key variables, where both financial exposure and democratic outcome metrics could be matched. This multi-source, macro-comparative approach enables systematic testing of the hypotheses across diverse institutional contexts, while maintaining analytical coherence through consistent operationalization of regime change as the dependent variable.

The thesis is structured in the following way. In the next chapter, I provide a detailed discussion of what constitutes democracy, conceptualizing it for a comprehensive measurement. Firstly, the concept of democracy is discussed from the perspective of constitutionalism, centering on its procedural characteristics that the Polity V adopts (Marshall & Gurr, 2020). Further, the process by which a country declines from democracy to autocracy has been treated as a continuous process in which erosion is the disappearance of democratic traits. The continuous measurement of democracy can help better capture the dynamic change in the level of democracy instead of focusing on a binary categorization. After that, the thesis connects democracy and the Chinese economic engagement by focusing on the empirical literature that suggests a strong conceptual linkage between the Chinese economic engagement and autocratization, which represents a declining trait of democracy. Finally, the literature review culminates with a solid empirically generated background for hypothesis generation and empirical validation forward.

Establishing a conceptual linkage, the next chapter focuses on the study's method and data selection. Specifically, in this part, I argue for a preferred course of measurement that captures the changes in the level of democracy, given my purposes, data limitations, and conceptualization. The said section explains how the difference is calculated, and the degree

of the changes in the level of democracy means. In addition, it also elucidates how the empirical analysis will be conducted. Finally, the analysis follows, incorporating visual presentations of the findings and expectations of the received results. Following that conclusion and discussion, the thesis concludes with a future research prospect.

2 Literature Review

2.1 Introduction

This section of the thesis provides a detailed exploration of existing scholarly knowledge regarding key concepts, aiming to build a clear and robust conceptual framework around authoritarianism and the international political economy of foreign financial support. The rationale for connecting these two crucial topics arises from their undeniable global significance in contemporary politics. Following the third wave of democratization, a troubling global reversal towards authoritarianism has become increasingly apparent, signaling what some scholars describe as a *volte-face*—a rapid departure from earlier democratic gains (Haggard & Kaufman, 2021). Recent academic research further underscores this trend, pointing to a worldwide decline in key features of democratic governance, including electoral competitiveness, political liberties, and institutional accountability (Brunkert et al., 2019; Lührmann & Lindberg, 2019; Maerz et al., 2020). As democratic backsliding intensifies across multiple regions, scholarly interest in authoritarian consolidation has surged, reflecting a renewed focus within political science on understanding the mechanisms and dynamics underpinning the persistence and resilience of authoritarian regimes (Levitsky & Way, 2010).

The primary objective of this literature review is to establish a strong theoretical foundation that will underpin subsequent hypothesis-building and empirical analysis. To achieve conceptual clarity, I employ Sartori (1970)'s well-known conceptualization technique, the *ladder of abstraction*, which involves consciously moving from general, abstract understandings of concepts to more specific and nuanced definitions. I progressively add distinct attributes to each concept by systematically ascending this conceptual ladder, ensuring theoretical coherence and precision. This approach helps readers grasp the multifaceted concepts of authoritarianism and the international political economy of foreign aid, grounding them firmly within the broader scholarly literature. Throughout this chapter, I complement critical dis-

cussions of existing studies with visual representations and illustrative examples, offering readers additional tools to better comprehend the key concepts discussed.

2.2 Conceptualizing Democracy and Autocracy

This section examines the conceptualization of democracy and offers an analytical and measurable framework consisting of three components. Scholars now acknowledge that Huntington (1991)'s third wave of democratization has not unfolded as optimistically anticipated. Many countries expected to develop into democratic regimes during this "third wave" have instead shown clear signs of drifting away from democracy. For instance, while Fukuyama (2015) once maintained that the central focus of human political systems is democracy, thereby consigning authoritarianism to the history books, recent research suggests that such transformations have not materialized as predicted. In addition, some states are now caught in hybrid regimes that are neither fully democratic nor strictly authoritarian, a classification challenge that continues to puzzle scholars.

Democratization and autocratization can be seen as two sides of the same coin. When, a decade ago, many scholars celebrated the apparent global surge in democratization, those who later raised concerns about *Democratic Rollback* (Diamond, 2008) or *Democracy in Retreat* (Schenkkan & Repucci, 2019) were often met with skepticism. Some researchers argue that, since most long-established democracies have not experienced overt democratic regression, the current challenges reflect a stagnation in democratization rather than a reversal (Levitsky & Way, 2015; Merkel, 2014). This stagnation, however, has opened up new questions—such as why autocratic regimes are increasingly undermining the argument that democratization is inherently beneficial. For example, China's promotion of a "community of shared human destiny" offers an alternative, non-Western worldview that resonates with many Global South nations (Zeng & Zeng, 2021; Zongze, 2016). Although the collapse of the Soviet Union in the past two decades imposed considerable pressure on various autocratic regimes—yielding notable successes in countries like Hungary, Turkey, Russia, Taiwan, and the Baltic states—the rise of Fidesz and Erdoğan has led Hungary and Turkey to drift gradually toward populism and religious conservatism (Engin & Pals, 2018; Gorski, 2020; Palonen, 2009). This observation raises questions about whether these factors consolidate authoritarian rule. Conversely, the democratic successes of Estonia and Taiwan have not been replicated in many comparable states. For example, Singapore remains mired in a long-term hybrid regime (Tan, 2012); Poland's Freedom House democracy score fell by two

points between 2022 and 2023 following the ascension of the PiS government; several small Latin American states oscillate between democracy and autocratization (Negretto, 2024); and in Hong Kong, democratic governance has shifted from a “highly autonomous tripartite division of power” to an “administratively dominated” structure under Beijing’s pressure, which is represented by its extra-jurisdictional autocratic influence (Fong, 2022) —the Freedom House index in Hong Kong declining from 61 in 2017 to 40 in 2025 (Freedom House, 2025). Such empirical evidence indicates that global democratic progress has dimmed to the extent that “democratic gains made over the last 35 years have been undone in the last decade” (Wiebrecht et al., 2023, p. 770), even though recent research also suggests that “the possibility that a perceived global decline of democracy may be driven by changes in coder bias rather than actual changes in regime type” (Little & Meng, 2024, p. 149). Overall, democratization and its converse have long been a subject of academic debate—from measurement standards to their precise meanings—thereby offering a broad space for discussion in this thesis.

Waldner and Lust (2018) concluded that research on democratic backsliding “represents an important new research frontier,” both theoretically and practically (Little & Meng, 2024, p. 150). Similarly, as Lührmann and Lindberg (2019, p. 1097) summarized earlier studies on autocratization, the methods through which authoritarian regimes consolidate power appear to have undergone a significant transformation—an emerging consensus among scholars. Traditionally, autocratization was associated with sudden, almost overnight changes, for example, through military coups. Croissant and Kuehn (2024) have documented that in some cases, the military stages coups to dismantle democratic institutions, while in other instances, armed forces actively support potential autocrats in undermining democratic rules and institutions. Bermeo (2016, p. 6) describes such dynamics as the most *blatant* forms of backsliding. A common characteristic across various autocratization processes is electoral vote fraud (Balderacchi & Tomini, 2024). Research on Venezuela, for example, highlights that the nature of regional elections and the interplay between central and local governments have been key factors in shaping the country’s democratization (Polga-Hecimovich, 2022, p. 437). Increasing empirical evidence, however, suggests that the process is no longer a sudden “overnight” occurrence. Croissant and Kuehn (2024) note that “the frequency of overt military interventions has decreased, but militaries—past and present—remain actively involved in events of autocratization.” Svoboda (2015) similarly observes that while military coups in new democracies have declined, the risk of self-coups remains significant. Moreover, whether self-coups in mature democracies will encounter similar autocratization pressures is an intriguing question, as illustrated by the 2024 self-coup incident involving South Korean

President Yoon Suk-yeol, which in turn demonstrated a degree of democratic resilience in South Korea (Lee & Lee, 2025, p. 6).

Although military coups have historically contributed to sudden autocratization, recent studies by Bermeo (2016, p. 14) and Diamond (2015, p. 146) suggest that the primary drivers of this process are the harassment of the opposition and subversion of horizontal accountability. For example, Bünte and Weiss (2023, p. 300) show in their study on democratic backsliding in Southeast Asia that the most critical features involve “more clandestine predations such as harassment of opposition and subversion of horizontal accountability.” S. Lindberg (2018) found similar trends in Europe, noting that covert strategies—where elected executive officials gradually weaken checks on executive power and hinder the ability of opposition forces to challenge executive preferences—are on the rise. Scholars have demonstrated that between 2006 and 2016, authoritarian regimes primarily weakened media freedom and civil society spaces, even as multiparty electoral institutions continued to function (Mechkova et al., 2017). A specific example is provided by the 2015/2016 changes in Polish media law, which formed part of a broader trend in autocratization (Maerz et al., 2020). These developments indicate that although media and civil liberties are curtailed, the electoral system often remains operational—a characteristic feature of modern autocratization.

In addition, Coppedge (2017) pointed out that the gradual concentration of power within the executive branch is a key pattern of contemporary autocracy, second only to what he describes as the “classical” path of intensified repression. Bermeo (2016, p. 5) introduced the concept of *Executive aggrandizement* to describe the process whereby “elected executives weaken checks on executive power one by one, undertaking a series of institutional changes that hamper the power of opposition forces to challenge executive preferences.” This notion is further corroborated by Bajpai and Kureshi (2022, p. 1377), who noted that most analyses of autocratization focus overwhelmingly on the executive, yet the process is often more nuanced. In South Asia, executive aggrandizement has been achieved through gradual constitutional amendments and co-optation of legislative bodies rather than outright dictatorship, and it is described as “a process that is often incremental and gradual.” Similarly, regarding the abuse of power and the erosion of checks on the executive, Laebens (2023, p. 18) observed “a growing concentration of power, the regime becomes less democratic while the incumbent becomes more hegemonic: it becomes harder for opponents (other political parties, civil society actors, or control organs) to hold them accountable.” These findings suggest that democratic backsliding is primarily an institutional instability—a situation marked by highly fragmented party systems, excessive concentration of executive power, and weak institutional checks that collectively lead to instability, gradual subversion of democratic institutions,

and curtailment of civil and political rights, making the process challenging to detect and counter until it is well advanced (Tomini & Wagemann, 2018, pp. 7, 28). Notably, the current understanding of “democratic backsliding” no longer captures the instantaneous processes once envisaged; instead, a growing body of research indicates that these changes occur gradually, providing new insights into the dynamics of autocratization.

In recent years, scholarly understanding of the process of autocratization has evolved, with Lührmann and Lindberg (2019, pp. 1097–1098) offering a critical assessment of existing measurements of autocratization. They argue that most measures are inadequate, as they often rely on case studies or flawed indicator selection methods, such as military coups, electoral fraud, public opinion surveys, or quantitative changes in democratic indicators over time. These measurement approaches raise significant validity concerns, particularly in their failure to capture the specific attributes of the concept, leading to measurement bias. Moreover, Lindberg criticizes existing literature for its predominant focus on rapid democratic breakdowns, whereas autocratization is often a slow and gradual process. He highlights that much of the literature explaining autocratization relies on binary classifications of regime change, neglecting the nuanced transitions that characterize many political shifts.

This critique aligns with Lueders and Lust (2018, p. 737), who challenge the binary conceptualization of regime types:

“[A] binary concept of regime type implies that regime change constitutes what we call rupture: a large-scale and often abrupt change in the logic of politics either from a democratic to an autocratic political order (breakdown) or vice versa (transition). In contrast, a continuous concept of democracy allows for reform: more fine-grained changes that may affect some institutional characteristics while not implying an overhaul of the system. Liberalization results in an increase in a country’s democratic qualities. Backsliding decreases these qualities.”

This perspective suggests that regime change is not merely a matter of breakdown but often involves transition, bringing about institutional reforms rather than a complete systemic overhaul. For instance, some hybrid regimes—such as Hungary, which has undergone significant democratic erosion within the European Union—exemplify a form of autocratization that does not entail an outright collapse of democracy. Similarly, Sudan, an electoral autocracy that never fully democratized, has experienced reversals that illustrate this gradual process (Lührmann & Lindberg, 2019, p. 1097). Such cases underscore the importance of

understanding autocratization as a protracted and incremental phenomenon rather than a sudden shift. Indeed, fully autocratic regimes are increasingly rare, and transitions from democracy to absolute dictatorship are even more uncommon. Even in highly authoritarian states such as Russia, minimal electoral competition persists. At the same time, China maintains grassroots-level elections, and North Korea continues to hold nominal elections for its leadership—despite their widely recognized lack of competitiveness and transparency. These examples illustrate that even authoritarian regimes retain certain electoral elements. Contemporary autocrats exhibit a sophisticated ability to manipulate elections, a trend that has led some scholars to classify such regimes as “illiberal democracies” (Bell et al., 1995; Karatnycky, 1999; Zakaria, 1997).

According to Maerz et al. (2020, pp. 910–911), despite 2019 being labeled “the year of global protest,” their findings indicate that:

“[A]lmost 35% of the world’s population – 2.6 billion people – now live in nations undergoing autocratization, while fewer than 8% of people currently live in increasingly democratic regimes. ... Electoral authoritarian regimes hold de jure multiparty elections but tilt the playing field in the incumbent’s favor to the extent that it is no longer a democracy, typically through restricting media freedom and the space for civil society, and repressing the opposition.”

A significant portion of democratic backsliding has occurred in Africa, Southeast Asia, and Eastern Europe, with Hungary becoming the first electoral authoritarian regime within the European Union, paralleling Turkey’s dramatic democratic erosion (Maerz et al., 2020, p. 916). These cases reinforce the argument that even in countries experiencing democratic backsliding, multiparty competition often persists, and the regression is rarely immediate. This further supports the stance adopted in this study, which builds on Lührmann and Lindberg (2019, p. 1098) argument that autocratization should be understood as a matter of degree, occurring in both democracies and autocracies. This perspective acknowledges that democratic attributes fluctuate over time. For instance, post-Soviet Russia initially featured a degree of multiparty competition before evolving into Putin’s personalist autocracy. At the same time, Taiwan transitioned from a one-party state under Chiang Ching-kuo to its first successful democratic alternation of power under Chen Shui-bian. These cases illustrate that democracy is not static; its characteristics may increase or decline. Consequently, studies focusing solely on sudden autocratic shifts, such as military coups, risk overlooking the significance of gradual institutional changes (Lueders & Lust, 2018).

At the same time, many scholars equate autocratization with democratic backsliding, conceptualizing it as the erosion of democratic characteristics. Bromeo defines democratic backsliding as the “state-led debilitation or elimination of any political institutions that sustain an existing democracy.” Similarly, Waldner and Lust (2018, p. 95) argue that backsliding entails a “deterioration of qualities associated with democratic governance, within any regime.” While Bermeo (2016, p. 5) focuses on the degradation of democratic institutions, Waldner and Lust extend this conceptualization to encompass any political system. While acknowledging this perspective, Lührmann and Lindberg (2019) critique the term “democratic backsliding” for three main reasons: First, defining it solely as a decline in terms of democracy unnecessarily confines the concept to a spectrum that excludes autocratic regimes from experiencing further deterioration into more oppressive forms. Second, the idea that regimes revert to a previous state ignores the possibility that they may instead evolve into entirely new forms of authoritarianism. Finally, describing the process as ‘sliding’ implies a passive, perhaps unconscious, shift, obscuring political actors’ deliberate, strategic actions to alter the regime.

This conceptualization positions autocratization as the counterpart to democratization, describing a dynamic process that moves a political system away from full democracy rather than implying a simple return to a prior state (See Figure 1). Such a framework allows for a more nuanced examination of the speed and mechanisms of autocratic transformation. Moreover, it helps distinguish between different manifestations of political regression: democratic recession within established democracies, democratic breakdown when a democracy fully transitions into an autocracy, and autocratic consolidation when an already authoritarian regime intensifies its authoritarian characteristics. By adopting this framework, this study seeks to move beyond binary classifications and provide a more comprehensive understanding of the evolving nature of autocratization in contemporary political systems.

In line with Lührmann and Lindberg (2019)’s conceptualization, Cassani and Tomini (2020, pp. 276–279) offers a deeper understanding of authoritarian regression by dissecting the process along three core dimensions. They begin with a fundamental perspective on regime change, asserting that political transformation essentially involves an adjustment of both formal and informal norms governing the distribution and exercise of political power Eckstein and Gurr (1975). Within this framework, democratization is conceptualized as a “movement toward democratic outcomes” (Whitehead, 2002, p. 32), and by analogy, they argue that the reverse process—autocratization—should be analyzed in a similar fashion as a transition toward an authoritarian political system.

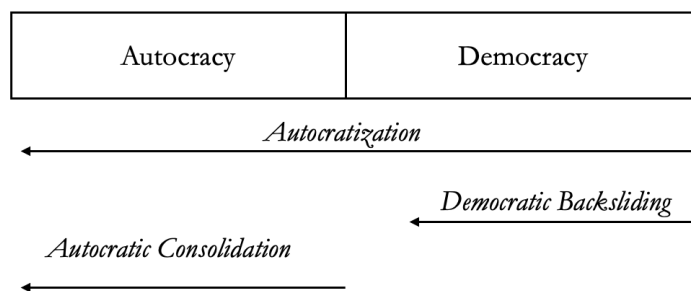


Figure 1: *Autocratization as democratization in reverse.* Source: Lührmann and Lindberg (2019, p. 1100) (Reconstructed from the original figure)

The literature on autocratization has long been marred by conceptual confusion and inconsistent nomenclature, which lacks an explanation that discriminates within the “broad[er] constellation of meaning and understandings” (Adcock & Collier, 2001, p. 531). To avoid the pitfall of using democracy as the only starting point—which would risk overlooking latent shifts within hybrid regimes—Cassani and Tomini (2020, p. 276) proposes an analytical perspective centered on the “direction of change.” Under this perspective, regardless of the regime’s initial characteristics, any process by which the political system evolves toward authoritarian traits is considered a case of autocratization.

Within this integrated logical framework, Cassani and Tomini (2020) identify three essential dimensions for understanding regime transformation:

- *Executive Recruitment*, is deemed indispensable for comprehending political change. Drawing on Dahl (1971), they emphasize that genuine political participation requires more than just the ability of citizens to elect leaders via universal suffrage; it also necessitates that elections exhibit actual pluralistic competition rather than being mere formalities dominated by a single party or candidate (Linz & Stepan, 1996). Only when citizen participation is fully actualized can a democratic regime manifest legitimacy and maintain dynamic balance. Otherwise, a top-down concentration of power may set the stage for authoritarian regression.
- *Political Competition* or Contestation addresses the need for an open forum for opposition and criticism. Beyond ensuring electoral participation, the political system must foster an environment where public consultation thrives. This open contestation, at a minimum, as in multiparty elections, must be free and fair, and political rights

must be enforced, such as freedom of speech, publication, and organization (Diamond, 1999). If such mechanisms are weakened, even ostensibly democratic elections may devolve into formalistic legitimizing exercises, ultimately precipitating a shift toward autocratization (amidst the regression period and yet to be a full authoritarian regime, it may be categorized as a competitive authoritarian one) (Brownlee, 2009; Levitsky & Way, 2010).

- *Executive Constraints*, which Cassani and Tomini (2020) stress that elections and political competition alone are insufficient to safeguard a regime's democratic character. Effective governance also depends on a system of checks—embodied in legislative, judicial, and other institutional mechanisms—that restrict the executive's power, including horizontal accountability (Kenney, 2003; O'Donnell, 1998; Schedler et al., 1999). Both liberal and flawed democracies are characterized by their inclusiveness and allowance for political competition; however, only in liberal democracies is executive power subject to practical institutional constraints (Merkel, 2004). In contrast, electoral autocracies maintain a façade of multiparty elections but curtail genuine political competition by imposing legal and extralegal restrictions on political rights and undermining electoral integrity (Schedler, 2006).

These three dimensions illustrate that significant deterioration in one or more areas may trigger a fundamental transformation in the regime's character. This transformation is not confined to an abrupt, binary shift from liberal democracy to full authoritarianism. Instead, it unfolds along a continuum, from liberal democracy, through defective democracy and electoral authoritarianism, to closed authoritarianism. In this process, autocratization encompasses dismantling existing democratic structures (*pars destruens*) and constructing new authoritarian mechanisms (*pars construens*), resulting in a dynamic, multilayered process.

By revisiting and reinterpreting the analytical framework of democratization through the lens of power distribution and institutional constraints, Cassani and Tomini (2020) provide a novel and directionally explicit tool for analyzing autocratization. In addition, this framework also aligns with the operationalization of democracy and autocracy in the Polity V index, which is calculated based on the proposed three dimensions. ²

²The operationalization and measurement of Polity V should be discussed in Chapter 3 regarding the Polity measurement section.

Table 1: *Three Components Evaluating Autocratization*

Conceptual Dimension	Theoretical Definition	Polity Autocratization Component	Operational Measure
Executive Recruitment	Selection process for leadership, institutionalized, or personalistic.	Executive Recruitment Competitive-ness	Polity indicator on executive recruitment openness
Executive Constraints	Institutional limitations on executive decisions and power.	Constraints on Executive Authority	Polity measure of checks and balances
Political Competition	Fairness, openness, and transparency of political contests.	Political Competition & Participation	Polity measure of political openness

2.3 The Political Economy of Foreign Aid

International political economy (IPE) encompasses a variety of theoretical traditions that explore key issues in global economic relations, transiting from mercantilism, liberalism, Marxism, dependency theory, and critical theory (Lake, 2009). Among these approaches, neoliberalism offers a mesmerizing lens through which to analyze the complex interactions between international economic engagement and political governance reform. Neoliberal scholars argue that economic interdependence, driven by international institutions and market liberalization, can promote economic development (Oatley, 2022) and can be strengthened through good governance. Based on neoliberal assumptions, this section critically assesses how foreign economic aid, especially Western-led aid policies, can promote democratization through economic and governance reforms and the strengthening of civil society. This section explores the theoretical optimism behind aid-driven democratization, highlights the clear evidence of mixed results, and examines the most pressing challenges and criticisms surrounding foreign aid in promoting democratic governance in recipient countries.

To embark on this point, neoliberalism emerged as a direct challenge to the interpretation of realist IPE schools. It is particularly evident in the realm of economic cooperation. Drawing

an analogy from the concept of market failure in economics, neoliberal scholars argue that international institutions play an indispensable role in mitigating uncertainty. They believe in international cooperation that contributes to the reduction of transaction costs, fostering interstate collaboration by providing information and enforcement mechanisms. This viewpoint diverges drastically from that of realism, which emphasizes relative gains, power asymmetries, and distributional conflicts as primary concerns in international economic relations (Katzenstein et al., 1998). Neoliberalism, differing from that, assumes that economic interdependence, market liberalization, and institutional reforms (the promotion of the rule of law, democracy, and transnational good governance) are mutually reinforcing (Harmes, 2006; Weiss, 1999). Primary tenets of this approach include privatization, globalization, and the acknowledgment that open markets contribute to both economic growth and political stability (e.g., democratization as a goal) (Chletsos & Sintos, 2024; Feng, 1997, p. 407). These assumptions have sparked abundant scholarly debates and empirical investigations. Building upon these, the study of IPE from a neoliberal perspective pushes further the discourse on the intersection of international economic policy and governance, raising the question of whether cross-national promotion of good governance may yield democratization.

Informed by the multilateral cooperation approach within neoliberal theory, there is a prevailing belief that such cooperation enhances economic growth and inherently promotes democratization. Notably, as Burnside and Dollar (2000) expressed: economic growth is considered a major variable that affects regime change, which is generally associated with higher levels of political freedom and democratic governance (under what is called the *good policy*) in common IPE literature (Grugel, 2017; J. C. Hall & Lawson, 2014; Q. Li & Reuveny, 2003; Milner & Mukherjee, 2009; Thomas, 2012). Besides the centerpiece of assessing aid, Richards et al. (2001, p. 219) depict that “both foreign direct investment and portfolio investment are reliably associated with increased government respect for human rights.” In many occurrences, Burnside and Dollar’s view was invoked, for example, in a U.N. conference called “Financing for Development” that was held in Monterrey, Mexico, in March 2002, government officials debated on whether to increase foreign aid - especially what the United States, which has the lowest aid-to-GDP ratio of all wealthy countries, should do and their notable piece was frequently mentioned (Easterly, 2003, p. 24). Even prominent voices in mainstream media acknowledged the growing consensus within academic research regarding the conditional effectiveness of foreign aid. In 2002, *The Economist* criticized then-U.S. Treasury Secretary Paul O’Neill for his skepticism toward aid, noting that “there is now a strong body of evidence, led by the research of David Dollar, Craig Burnside and Paul Collier, all economists at the World Bank, that aid does boost growth when countries have reasonable

economic policies” (The Economist, 2002). Around the same time, The New Yorker echoed this position, asserting that “aid can be effective in any country where it is accompanied by sensible economic policies,” in direct reference to the influential work of Dollar and Burnside (Cassidy, 2002). These sentiments directly shaped the way international organizations and Western countries formulate foreign aid policies, making it an important tool for promoting global democratization.

Foreign economic engagement is not just for growth in terms of economic prosperity; it is, more importantly, a tool for political reform in the targeted countries. There are two types of aid: Effective Development Assistance (EDA) focuses on the actual financial value of aid by including grants and the grant portion of concessional loans, excluding the loan repayment aspect. In contrast, Official Development Assistance (ODA) accounts for the full value of grants and concessional loans, net of repayments, and may even count debt forgiveness as current aid. The underlying mechanism is that foreign aid can enhance market liberalization; through conditionalities, the recipient countries are advocated for having less market intervention, for example, relaxing the trade barriers, and reducing state-owned enterprises (SOE)’s control over the market; therefore, it creates an economic environment that is competitive and rejuvenating for the private firms. As Heckelman and Knack (2008, p. 525) state “aid relationships typically create opportunities for donor staff to offer policy advice, either informally or in the form of technical cooperation.” The principle of selectivity is often highlighted as a beneficial approach, as it prioritizes countries that have already established a more conducive policy environment for economic growth. By focusing aid on such nations, this strategy creates stronger incentives for governments in developing countries to adopt and implement market-oriented reforms. The potential for increased aid allocations serves as a motivating factor, encouraging these reforms, which in turn can lead to actual increases in aid. This cyclical process reinforces the connection between policy improvements and the allocation of development assistance (Dollar & Levin, 2006; Heckelman & Knack, 2008). Differently, Djankov et al. (2008, p. 180) discover *the curse of aid*, which according to them, “the recipient country would have gone from the average level of democracy in the initial year to a total absence of democratic institutions.” Another empirical investigation by Carnegie and Marinov (2017, p. 679) conveys a slightly different but overlapping situation in which “the increase in foreign aid ... yields nontrivial, but relatively short-term improvements in human rights and democracy.” The overall picture of foreign aid and political reform shows mixed and complex results depending on the recipient states’ political institutions and socio-economic structures. There is an apparent dual effect and discussion on the effects of foreign aid, showcasing that it may not be as consistent and effective as theoretically anticipated.

An additional perspective on foreign aid is that the conditionalities of foreign aid may boost governance reform, thus providing good governance. This is the stage where the debates on foreign aid intensify. Referring to what Payer (1975, pp. 212–213) critiqued, “Powerful classes in poor countries benefit from aid [and would] suffer from its termination.” Santiso (2001, p. 19) acknowledged the promising intentions of aid; however, the limitations that the aid from developed countries lacked flexibility and the coercive conditionality still exist as severe obstacles and therefore a more radical approach in which “they cede developing countries greater control over the use of aid, within the framework of agreed-upon objectives.” There is also an interesting regional contrast that the aid program in Europe had a much more significant positive impact than that in African countries. Exemplified by Surubaru (2021, p. 215)’s research on Romania and Bulgaria’s utilization of EU funds reveals that both countries have experienced positive economic growth as a result of this financial support. Beyond the immediate economic benefits, the institutional effects of EU funding may hold greater long-term value compared to their direct impact on national and regional GDP. Another African example illustrates that “African states are substituting donor resources and expertise for their own but with a surprisingly little positive effect on the way they govern” (Goldsmith, 2001, p. 144). This leads to the endogenous problem as stated by Brown (2005, p. 187) that “donors misunderstand power relationships in neo-patrimonial societies and underestimate the strength of entrenched interests.” The regional variation reveals the problems of different types of aid, recipients, and the intentions of the donors. While the Eastern European countries benefited from the EU funding, and the Western European countries recovered through the post-war Marshall Plan, the underdeveloped African countries still suffered from the conversion of aid money into good governance, not to mention that the rising competition from China renders the situation more undesirable for the promotion of democracy.

Furthermore, foreign economic engagement, especially from Western countries, aims to enhance civil societies. Most case studies were done in the Sub-Saharan regions where the specific focus is on the limited statehood and how civil societies complement official governance with the absence of that (Börzel & Risse, 2016; Krasner & Risse, 2014; Risse & Stollenwerk, 2018). The term refers to the situation in which Krasner and Risse (2014, p. 197) describe:

“[E]xternal actors – state and nonstate – engaging in “state-building” or providing public services in countries where the state does not have the administrative capacity (either material or institutional) to exercise effective control over activities within its own borders.”

Previous literature emphasizes the short-lived liberalization of the political realm (by only holding elections) in Africa because of the weak institutional design that serves as the pre-condition for a long-term democratic gain (Burchard, 2022). It is necessary to implement independent observers in the first place as the prerequisite to achieving institutional strength. Dodsworth et al. (2020) and Gyimah-Boadi and Yakah (2013, p. 11) in their report on African democracy and foreign aid, depict that the successful electoral reforms in Ghana should contribute to international donors, who (in the words of leading experts) “have almost nearly exclusively bankrolled the numerous projects that Ghana’s domestic civil society and media have initiated to promote election transparency and credibility since the mid-1990s.” Another research by Shin (2022) also discovers that there is a close link between democracy assistance and Election Monitoring Groups, and they have played a positive role in reducing election violence. Similarly, related research shows the role of international aid in promoting press freedom in sub-Saharan Africa, pointing out how foreign aid-funded media development programs can strengthen social supervision mechanisms. Specifically, foreign aid projects help journalists train, establish independent news organizations, and support media investigations into government corruption cases (Myers, 2014).

There are concerns raised in regard to the effects of foreign financial support in fostering civil societies. When foreign aid is reduced or withdrawn after an election cycle, can democratic institutions still function effectively, or can those in power manipulate foreign aid resources to strengthen their own political control? Referring to Oloka-Onyango and Barya (1997, p. 131), this heavy dependence on external aid has resulted in the weakening of local institutions, as they have become increasingly staffed by foreign experts rather than domestic professionals. Additionally, it has contributed to a significant rise in debt levels, rendering a growing financial burden for the country. Equivalently, one of the most apparent consequences of reduced aid is the shrinking of the local civil society sector. Almost every contributor to this issue highlights instances where local civil society organizations (CSOs) have either shut down entirely or been forced to dismiss their paid employees. This decline underscores the significant reliance of these organizations on external funding and the challenges they face when such support diminishes (Appel & Pallas, 2018, p. 250). Goldsmith (2001, p. 144) note that due to the lack of necessary legitimacy, the rulers of many African countries do not receive the support of the people. They receive financial resources but cannot effectively transform them into governance, not only democratic institutions but also public goods. At the same time, he also warned that reducing aid will not necessarily lead to better political, economic or social progress in these countries. Dependence on aid may bring some problems, but completely reducing aid may not be the key to solving the problem, because these

countries may lack sufficient internal conditions or capabilities to achieve better development. By and large, the existing literature poses the fact that foreign financial support yields an increase in civil societies; nevertheless, scholars argue the heavy reliance on foreign money may result in its fragility. The instability of money flow may render the development of civil societies in the targeted country fluctuate and less likely to achieve stable non-governmental monitoring groups.

So far, the central puzzles surrounding foreign financial assistance from Western countries center on its role in fostering civil societies in states with limited governance capacity (e.g., Burchard (2022), Dodsworth et al. (2020), Krasner and Risse (2014), Myers (2014), and Risse and Stollenwerk (2018)), promoting good governance (e.g., Asongu and Nwachukwu (2016), Dijkstra (2018), and Parnini (2009)), and, ultimately, advancing political reform toward democratization (e.g., Heckelman (2010), Savun and Tirone (2011), and Wright (2009)). While the theoretical foundation of such aid is well-intentioned, its practical implementation faces significant constraints. Scholars argue that the allocation and utilization of aid funds are subject to stringent conditions, often limiting their effectiveness. A prevailing critique is that Western donors frequently lack a deep understanding of local social structures, making it difficult to identify reliable policy implementers. This challenge is further exacerbated by the persistent legitimacy crisis faced by many African regimes, which complicates the effective deployment of external support.

Empirical findings on the effects of Western aid remain highly contested. Some studies suggest that it has played a crucial role in fostering an active civil society, while others argue that it has inadvertently contributed to democratic erosion. Excessive dependence on foreign aid has, in some cases, led to a fragile civil society ecosystem, making it vulnerable to co-optation or delegitimization. More critically, authoritarian leaders have strategically framed Western-backed initiatives as foreign interference, accusing them of undermining national sovereignty and distorting “Africanism.” In response to these accusations of external intervention, scholars have highlighted the growing challenge posed by China, whose expanding economic and political influence delivers a formidable alternative to Western engagement.

2.3.1 The Characteristics of the Chinese Model

The alternative aid model provided by China completely reshapes the competition in aid development.³ Such influence is often “seen as an indicator of the shifting global development landscape” (DeHart, 2012, p. 1372) and China and other emerging donors’ involvement with development assistance would suggest that they are not new players in international development” (Quadir, 2013, p. 323). This leads to the view that the global aid landscape is shaped by competing donor strategies. The scholarly debates between the *China Model* and *Western Model* attract a lot of attention. Foreign aid has historically been framed as an instrument of economic assistance intertwined with political transformation. While Western aid has been largely structured around governance-based conditionalities, China’s alternative model challenges this assumption by prioritizing economic development without explicit political prerequisites as noted by Woods (2008, p. 1217):

“[T]he disillusionment of developing countries forms a powerful and important backdrop to the rise of emerging donors. While established donors are still clinging to an economic policy conditionality about which their development partners are sceptical, the emerging donors are keen to lend and give aid without these kinds of specific economic conditions. They package their aid in a strong rhetoric of respect for the sovereignty of other governments. China, for example, since Premier Zhou Enlai’s visit to Africa in 1964, has framed its aid around eight principles which emphasize sovereignty, equality, and mutual respect.”

This is the point where the Western and Chinese models diverge. While Chinese rhetoric focuses on the sovereignty and non-interference nature of international relations, which indeed retain much of the Westphalian characteristics that attract the authoritarian leaders in Africa (Aidoo & Hess, 2015; Smith, 2020; Zheng, 2016), the older donors from the West may pose a more strict and condescending image by requiring a more structural adjustment in

³Over the years, senior Chinese officials—including the President, Premier, and Foreign Minister—have conducted more than eighty official visits to various African nations. These high-level diplomatic engagements frequently culminate in the signing of multiple bilateral agreements, with pledges to support infrastructure development such as hospital renovations, road construction, and airport expansion. Such visits are often framed within the broader discourse of mutual benefit, emphasizing themes of solidarity and “win-win cooperation” between China and African countries. See, for example, President Xi Jinping’s speech to open the 2018 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC), in which he invoked cooperation fifty-five times and declared that ‘China and Africa have extended sympathy to and helped each other throughout all the years. Together, we have embarked on a distinctive path of win-win cooperation’. See ‘Full Text of Chinese President Xi Jinping’s Speech at Opening Ceremony of 2018 FOCAC Beijing Summit’, available at <http://www.chinadaily.com.cn/a/201809/04/WS5b8d5c25a310add14f389592.html>.

recipients' domestic institutional reform (Mkandawire & Soludo, 2003), which ultimately create a paradoxical dilemma that structural adjustment may impede reform (D. A. Bräutigam & Knack, 2004, p. 259). The Chinese foreign financial support challenges the conventional wisdom and objectives that aid supports democratization by promoting good governance and fostering civil societies. In response, the United States views China's provision of aid as a strategic instrument employed by Beijing to expand its geopolitical influence across Africa, potentially weakening U.S. standing and diminishing American leverage within the region.

⁴ It raises questions about whether China's model reinforces autocratization instead, which is a great departure from what economic support was envisaged.

There are many discrepancies between the Chinese aid model and the traditional governance-based aid model. The former prioritizes non-interference, growth development, and infrastructure building (Pehnelt, 2016). The essence of the Chinese aid model is built upon the diplomatic principle of state sovereignty ⁵, at least, according to its rhetoric, rejecting the Western aid that comes with conditions regarding institutional reforms, contrasting with the strict conditions from the donors. For instance, in Mozambique, International donors provide funds to the national budget and develop a systemic, sustainable evaluation system (De Renzio & Hanlon, 2007). This system includes cycle evaluation annually and semi-annually, in order to ensure the implementation and validity of policies. These policies are exercised by 24 professional working groups, and each working group focuses on a specific department or realm. These groups will have a meeting that aims to inspect the progress of the policy implementations and offer policy orientations, making sure that the expectations of donors and objectives of the policies are satisfied by the recipient governments. This framework ensures continuous dialogue and adaptability between the recipients and donors, contributing to the on-time adjustment of policies. A similar trend is observed in Tanzania, which is

⁴For instance, concerns regarding China's activities in Africa have been voiced explicitly by high-ranking U.S. officials. In December 2018, John Bolton, serving at that time as the U.S. National Security Advisor, publicly characterized Chinese involvement in Africa as exploitative, suggesting it undermined economic development, eroded the sovereignty and financial autonomy of African states, obstructed American commercial interests, impeded U.S. defense initiatives, and ultimately posed strategic challenges to U.S. national security. For Bolton's detailed critique and the Trump administration's broader strategic posture toward Africa, refer to his speech delivered at the Heritage Foundation, page 4 (December 2018), accessible online at: <https://www.heritage.org/sites/default/files/2019-02/HL1306.pdf>.

⁵In Xi's address at the 2018 Forum on China–Africa Cooperation (FOCAC) Summit in Beijing, President Xi Jinping articulated what he termed the "five-no" approach to guiding China–Africa relations. He stated: "no interference in African countries' pursuit of development paths that fit their national conditions; no interference in African countries' internal affairs; no imposition of our will on African countries; no attachment of political strings to assistance to Africa; and no seeking of selfish political gains in investment and financing cooperation with Africa." This framework was presented as a reaffirmation of China's commitment to mutual respect and non-intervention in its engagement with African nations (see "Full Text of Chinese President Xi Jinping's Speech at Opening Ceremony of 2018 FOCAC Beijing Summit," China Daily, 4 September 2018).

characterized by a big change in aiding means. Historically, governments were preoccupied with managing individual aid projects and complying with extensive reporting requirements. Nonetheless, they are now engaged in a donor-led consultation and monitoring mechanism. It involves structured dialogues between national policymakers and international donors. These mechanisms aim to enhance coordination and efficiency and ensure alignment with national development.

However, these means reduce the administrative burden compared to a loosened way of administrating; they still require government officials to impose huge amounts of time and resources. They must achieve a certain degree of balance between current governance duties and extra responsibilities. Eventually, this transformation signifies a transition from the constraints based on programs to a broader institutional monitoring contract, meaning that this monitoring mechanism promotes cooperation and challenges the state's capacities to deliver better results (Harrison & Mulley, 2007). This contrast highlights a fundamental difference in approach: while Western aid prioritizes governance reforms and institutional oversight, China's model centers on economic growth, state sovereignty, and large-scale infrastructure development. By sidestepping governance-related conditions, Chinese aid redefines how recipient states interact with external support, favoring economic pragmatism over political restructuring.

Despite the verity that Chinese economic support is always considered unconditional, this does not necessarily translate into the reality that it lacks strategic interests; undeniably, self-interest determines China's strategies in aiding. Even so, differing from the Western model, the Chinese approach does not impose traditional conditions. To be specific, it does not require recipient states to have better human rights records, well-functioning economic governance, environmental sustainability, or political transparency (X. Wang et al., 2014, p. 52). Such a strategy reveals a unique philosophy that prioritizes common economic interests rather than normative prerequisites for governance. Following its principle of non-interference, the Chinese official rhetoric also upholds the proposition that political development is driven by economic growth, which is endogenous in nature—only by achieving a higher level of economic development can democratic governance be realized.⁶ This approach reflects China's fundamental belief that economic development should take prece-

⁶This kind of narration towards democratization is also the main rhetoric used within China, which is heavily influenced by a linear developmental philosophy that mimics the Marxist materialist worldview that historic materialism is a deterministic doctrine that explains all historical events in terms of the material and economic conditions of life in a certain historical period. See Cohen (2020)'s note on Marxism's historical materialism.

dence over governance reforms, reinforcing its commitment to sovereignty-first diplomacy while distinguishing its aid model from Western frameworks.

A second defining characteristic of Chinese economic support is its focus on infrastructure development and growth-centered approaches. The Chinese economic engagement in Africa is thus heavily related to industrial sectors; it is manifested in the fact that China maximizes the common interests generated from trade, emphasizing loans rather than grants and playing great importance in the physical infrastructure needed to reduce production and marketing costs. In regards to the choice of contracting firms, China usually requires the recipients to accept that the firms must be Chinese-owned (Alden & Jiang, 2019; Mohan & Tan-Mullins, 2019). For example, the China Export-Import Bank (China Exim Bank) requires that 70% of contract procurements, such as machinery and materials, originate from China. It is estimated that 89% of projects funded by China are implemented by Chinese contractors (Hillman, 2018). By prioritizing large-scale infrastructure and favoring loans over grants, China positions itself as a key driver of economic growth in recipient states, while simultaneously securing long-term strategic and economic advantages.

The third characteristic of Chinese aid is the increasing participation of Chinese firms in projects that are not directly sponsored by Chinese governmental agencies, as exemplified by the development of the Lamu port in northern Kenya and generally in Figure 2, which the ladder of aid flow from which government branch of the P.R.China can be traced by examining the presented diagram. According to a 2017 report by McKinsey, Chinese companies secured approximately half of all international Engineering-Procurement-Construction (EPC) contracts and accounted for 42% of the total value of World Bank-funded projects in sub-Saharan Africa (Sun et al., 2017, p. 39). In Eastern Africa, Chinese firms are responsible for 41.9% of the infrastructure projects (Deloitte, 2016, p. 21). From 2009 to 2015, the revenue generated by Chinese construction companies operating in Africa nearly doubled from 28 billion USD to 54.7 billion USD (China Africa Research Initiative, 2025). More notable constructions such as the Tazara Railway linking land-locked Zambia with the Tanzanian port of Dar es Salaam; roads, railways, hospitals, schools, and water systems in war-ravaged Angola; electricity generation in Nigeria; and hydroelectricity in the Congo and Ghana (Brautigam, 2009; Power & Mohan, 2010; Tan-Mullins et al., 2010). The increasing involvement of Chinese firms in projects beyond direct government sponsorship signals China's deepening economic footprint in Africa, demonstrating how state-backed enterprises play an indispensable role in shaping global development patterns.⁷

⁷China's economic activities in Africa and other regions demonstrate a strategic focus far beyond the traditional rentier model centered on oil, gas, or raw materials. For instance, in Tanzania and Zambia,

By and large, Western aid is predominantly conditioned on governance reforms, aiming to strengthen institutional accountability and democratic resilience. In contrast, China's aid model diverges significantly, prioritizing economic engagement without governance-linked conditionalities. This fundamental difference has led scholars to critically reassess the political implications of China's growing influence in African countries. While traditional literature has extensively examined the democratizing effects as a goal of Western aid, less attention has been paid to how China's economic involvement may contribute to autocratization. The following part of this section explores the mechanisms through which Chinese financial flows and development assistance interact with political institutions in recipient states, potentially reinforcing authoritarian stability and weakening democratic constraints.

The Western donors' conditionalities of aid are aimed at promoting democratic institutions, and the Chinese model, on the contrary, provides an alternative model that emphasizes economic growth and infrastructure building without tying to the conditionalities resembling the Western model. This raises the question of the potential effect of Chinese economic influence on African countries' political development, whether it contributes to democratization or the erosion of that. The contemporary theory of conceptualizing democracy offers three components: Executive constraint, competition, and recruitment (Cassani & Tomini, 2020). These are defined as broadly procedural definitions of democracy. Built upon these three components, this thesis suggests that through these three mechanisms, the Chinese economic influence may reinforce authoritarian tendencies in the recipient African countries. First of all, the major concern of the African governance crisis is because of corruption, including "inadequate official information, weak mechanisms of accountability, poorly enforced rule of law, and bureaucracies that are ineffective and unresponsive" (D. A. Bräutigam & Knack, 2004, p. 259). The Chinese economic influence hinges largely upon non-transparent agreements and the unrestricted utilization of funds, which can potentially enhance the autonomy of corrupt administrations, diminish governmental reliance on domestic taxation, and consequently undermine both public accountability and the responsiveness of democratic institutions. More importantly, the recipient countries, especially the elite groups, utilize the

China has invested \$1.4 billion through the China Civil Engineering Construction Corporation (CCECC) to rehabilitate the TAZARA railway, a legacy project aimed at improving regional integration and trade connectivity rather than extracting commodities alone (M. Mark, 2025). Likewise, China's commitment to developing Pakistan's Gwadar Airport, the country's largest, is indicative of its broader agenda to build global logistics and infrastructure hubs as part of the Belt and Road Initiative, enhancing cross-border economic flows (Sattar, 2025). Furthermore, in Namibia, Chinese firms are playing key roles in renewable energy through solar power plant development, which is a NAD 1.4 million contract, signaling an interest in long-term sustainability and local capacity-building, not merely resource extraction (Veysel, 2024). These examples point out that China's international economic engagement prioritizes systemic development impact, infrastructure modernization, and geostrategic influence, distinguishing it from conventional rentier-state behavior.

infrastructure projects' funds and monetary flows to strategically consolidate their power, distributing economic benefits selectively among supporters to maintain political dominance despite the existence of competitive elections (Hodzi, 2020; Isaacs, 2013).

In addition, the mechanisms of Chinese economic influence impose minimal requirements regarding institutional checks and balances as well as transparency, without adequately considering the necessity of conducting trades in environments where property rights are securely protected. This oversight can weaken executive constraints, leading to the inability of the opposition to contest the current dominant administration, as exemplified by the case of Mombasa (Y. Wang, 2022, p. 9), enabling dominant authoritarian parties to allocate greater financial resources toward marginalizing opposition groups and civil society organizations. This sets the stage for a closer examination of how Chinese economic aid and loans may function as external rents, particularly in regimes where rentier dynamics reinforce autocratization, as the subsequent sections proffer.

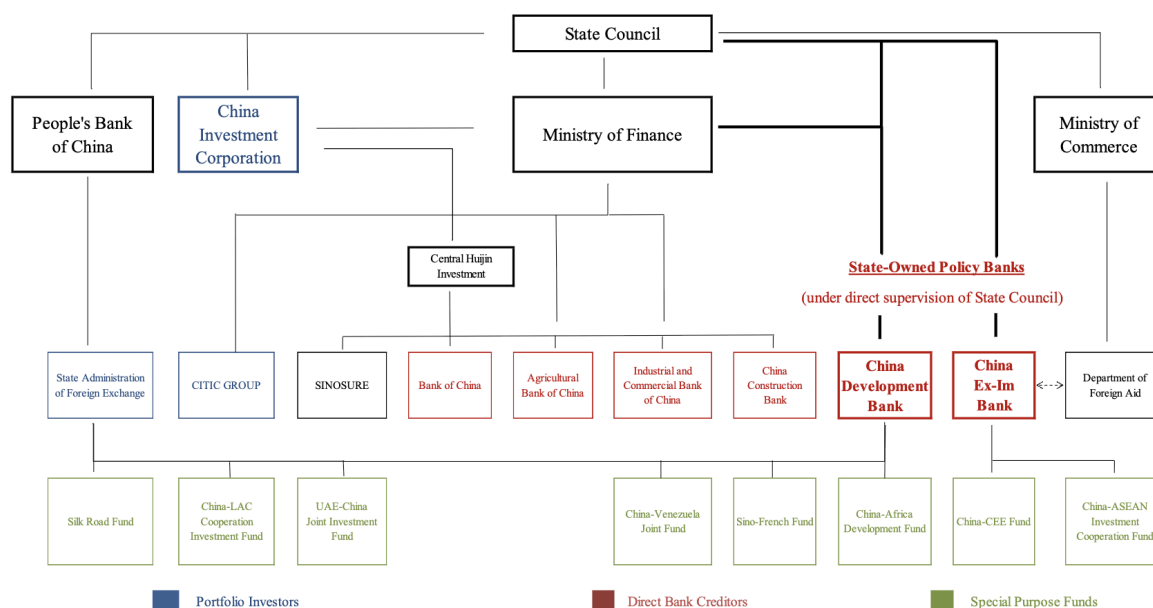


Figure 2: *The universe of Chinese official creditors. Note: This figure shows a stylized overview of China's main official creditor agencies (distinguishing between direct bank creditors, portfolio investors, and special purpose funds) and their link to China's central government. Black lines reflect ownership. Data is from annual reports and company websites. The figure is extracted from (Horn et al., 2021, p. 24).*

2.3.2 The Chinese Aid and Political Outcomes

The core of the central argument in this section is that the influx of non-resource infrastructure rents, primarily through extensive infrastructure funding and loans provided by external actors such as China, positively correlates with key changes in institutional structures that facilitate autocratization. More specifically, such external financial inflows systematically alter recipient states' political institutions across three critical dimensions: executive recruitment, executive constraints, and political competition. The following section explains these linkages through existing literature and examples from countries that have received Chinese economic funding.

Firstly, the reliance on non-resource Chinese rents systematically erodes the openness and fairness of political competition. Growing literature regarding party finance poses a significant understanding of how financial support may affect the survival of political parties (Casal Bertoa & Sanches, 2019; Cornea et al., 2022; McMenamin, 2013; Mendilow, 2012; Pottie, 2014; Scarrow, 2007; Wondwosen Teshome, 2009). Well-funded political parties or candidates (especially the ruling party) can pay high election costs (such as registration fees, promotional materials, and voter gifts) and expand their influence through media monopolies and rallies, thus forming a structural advantage (Dendere, 2021). Like Diamond and Morlino (2004, p. 23) described: “a good democracy must ensure that all citizens are in fact able to make use of these formal rights to influence the decision-making process: to vote, to organize, to assemble, to protest, and to lobby for their interests.” In most African countries, it is difficult to achieve even at the beginning of the said process as the economic barriers to political competition are so high that the opposition candidate may not be able to join and be selected. It is exemplified by what Gai and Öke (2023, p. 59) convey that the cost of being a presidential candidate in the Gambia is very high, the deposit requirement for running as a presidential candidate is up to \$100,000 (far exceeding the average annual income of the people), and the financial deposit required of any candidate was increased a hundredfold in the past (Wiseman, 1998). In Zimbabwe, the nomination fee for presidential candidates increased by 100% from \$500 USD in 2013 to \$1,000 USD in 2018 (ACFIM, 2023; Dendere, 2021, p. 297), and more recent news exhibit that a 1900% increase in Fees to run for office excluding underrepresented candidates (Global Press Journal, 2023). During the 2017 South African general election, the opposition Economic Freedom Fighters (EFF) appealed to the court to waive the party registration fee of \$45,000 USD, saying that these fees were beyond the affordability of party members (Dendere, 2021, p. 297), highlighting the restrictions that financial thresholds impose on weak political parties.

In many third-wave democracies, economic barriers erected by ruling parties to reduce electoral competitiveness make opposition parties miserable (Levitt & Kostadinova, 2014, p. 515), leading to overall democratic development so frustrating that these immature states have been dubbed competitive authoritarian states (Levitsky & Way, 2010) evidenced by “authoritarian forms of multi-party electoral competition have increased during the third wave much more rapidly than democratic ones” (Diamond, 2002, p. 27). The ruling party in such a context creates funding inequality, which exacerbates disadvantages. Opposition parties (such as the Movement for Democratic Change (MDC) in Zimbabwe) lack public funds and independent financial resources, making it difficult to counter the “patronage politics” (such as vote buying and politicization of public welfare) of the ruling party (such as ZANU-PF) that uses state resources (Alexander & McGregor, 2013; Bratton, 1980; Dendere, 2021; Muqayi, 2018; Ndakaripa, 2020). In addition, the ruling party’s monopoly on state resources also blurs the boundaries between the state and political parties (Bratton & Masunungure, 2008).

LeBas (2011) note another limitation in the African electoral landscape is the involvement of foreign donors in their elections, which complicates the political finance narrative. In many developing countries, including African ones, democratic initiatives are funded by massive foreign donors. Even in the best political environments, foreign aid cannot satisfy the demands of all opposition parties. The fact is that in most countries, electoral funding laws exist, rendering it difficult for foreign donors to be directly involved in financing the elections, especially those who are considered supportive of the incumbent administration’s change. As a result, the money received by opposition parties, such as the situation in Zimbabwe in the case of the MDC, is transferred from third-party civil organizations’ remittances. Eventually, only a small portion of the fund is used for election campaigning because most of it is used to pay the maintenance fee for running the civil organizations. Other than that, the irregularity of fund transfers and the donor’s and recipient’s domestic and international laws restrict the application of financing elections.

There are three problems concerning the democratic landscape of the countries that are affected by unequal party financing, thus leading to the phenomenon of autocratization. High financial thresholds exclude ordinary citizens from running for office, leading to “incumbent monopoly” and “rich politics”, suggesting a fact that the ruling party relies on vote buying, neo-patriarchy, and nepotism, strategies that create an unfair electoral environment and reinforce the ruling advantage (Arriola, 2009; Bratton & Van de Walle, 1994; S. I. Lindberg & Morrison, 2008; Vicente & Wantchekon, 2009; Young, 2009), thereby weakening political diversity. Another problem is the lack of accountability, as the big parties rely on substantial

funding advantages, either supported from outside or domestic advantages. When candidates self-fund, or when a political party abuses public funds it controls to support elections, they are more likely to feel less accountable to voters (Dendere, 2021). To such a degree, the lack of funding for opposition candidates explains the dominance of “strong men” in African politics (Aniche, 2018; Kovacs & Bjarnesen, 2018). The ultimate problem incurred is the stagnation of democratic progress in the affected regions. The “one-party dominance” situation in countries such as Zimbabwe (ZANU-PF suppresses the opposition through violence and resource monopoly) reflects the obstacles that financial inequality poses to democratic transition (Kriger, 2005; Sithole & Makumbe, 1997; Southall, 2016).

By the same token, the availability of external non-resource rents also affects the balance of institutional power by weakening executive constraints. As Cheeseman and Fisher (2019, p. 84) observe, governing parties can blunt the impact of a transition to multiparty politics—leading to “elections without change”—by ensuring their rivals lack resources, media access, and equal legal treatment. In this context, governments receiving substantial Chinese funding gain greater fiscal autonomy, thereby reducing their reliance on domestic taxation and legislative oversight. Empirical studies further suggest that the Belt and Road Initiative (BRI) facilitates foreign direct investment primarily in countries with weaker rule of law and lower levels of government accountability (Sutherland et al., 2020). Moreover, the BRI tends to engage with states that suffer from poor international reputations, as illustrated by its cooperation with regimes such as Myanmar’s military government (S. Mark et al., 2020). As D. A. Bräutigam and Knack (2004, p. 265) argue, foreign aid may establish a parallel financing system that erodes the fiscal link between taxpayers and the state. Consequently, with increased discretion over resource allocation, executives have fewer incentives to consult other branches of government. Along similar lines, Moore (2004) suggests that governance quality in developing countries could improve if states depended more on domestic taxpayers for revenue. This implies that in the absence of such dependence, recipient countries are less likely to cultivate robust institutions of horizontal accountability. As a result, Chinese infrastructure aid may ultimately empower executives to bypass institutional checks and consolidate political power.

In a great number of recipient countries across Africa and Asia, where China’s economic rent is substantial, executives have increasingly taken control of budgetary decisions with little to no transparency. A telling example comes from northern Kachin State in Myanmar, where officials have used the Belt and Road Initiative (BRI) label to rebrand the area as an economic development zone. This designation has been used to obscure the true scale of the project, hide major urban expansion plans, and sidestep public scrutiny—amid allegations

of power abuse and lack of oversight (Dean, 2023). A similar pattern emerges in Central Asia. In Kazakhstan, scholars like Kembayev (2020) and Nurgozhayeva (2020) note that Chinese-backed projects often involve behind-the-scenes negotiations and close political and financial ties with the ruling elite. These opaque dealings have raised public concerns about rampant corruption, with many suspecting that key political figures have been co-opted by Chinese interests to act as *de facto* lobbyists for Beijing. Another research regarding the BRI's impact on conflict states reveals that in the projects of BRI, the voice of local regions is marginalized, and insufficient and meaningless consultations are reached, reflecting a deeper depth of control from the central executive branch. The strategies represent the interests of the ruling elites instead of the priorities of the chosen regions. The Chinese firms prefer the “non-interference” principle, in which they actually operate their projects alone without local actors' involvement. The Chinese government and embassies set the order. Therefore, this type of operational inertia, decoupled from the local communities, induces low transparency and abates the nurturing environment of regional accountability. Ultimately, it facilitates conditions that strengthen centralized executive power at the expense of democratic governance (Abb et al., 2021, p. 26). This erosion of transparency and accountability reflects what Bermeo (2016) terms “executive aggrandizement”—a gradual process where leaders consolidate power by weakening the independence of other branches of government. Over time, such unchecked authority reinforces executive dominance and steadily undermines the foundations of democratic governance.

The economic rents from China and political power concentrated in the hands of the few would inevitably impact the process of executive recruitment. With the weakening institutional constraints and diminishing political participation, the ruling elites in any regime type are increasingly capable of shaping leadership selection in a more personalistic way than in the period with constraints on the executive. With more empirical research on the impact of aid dependency, Bader and Faust (2014) and Knack (2001) observe that aid dependence in recipient countries has a negative impact on institutional characteristics that are typically associated with the benefits of democracy, such as the rule of law and effective controls on corruption. While Nieto-Matiz and Schenoni (2020) propound that the impact of foreign aid on authoritarian regimes is not a direct effect, but depends on the ability of democratic donors to exert political leverage. In particular, authoritarian regimes that are highly dependent on the United States have shorter regime durations, indicating that under effective political pressure, foreign aid may actually weaken the stability of authoritarian rule; it further consolidates the importance of political pressure from the donor countries. In the absence of that, autocratic regimes may survive. Likewise, from the perspective of autocratic groups,

regional organizations formed by the autocrats can serve as external frameworks of opportunity, providing additional resources and legitimacy that empower specific actors—often incumbents or ruling elites—over their rivals (Börzel & Risse, 2003). Particularly during periods of political unrest or democratic uncertainty, these external reinforcements can play a pivotal role in tipping the institutional balance in favor of authoritarian incumbents (Debre, 2022). As a result, both internal institutional weakening and external authoritarian reinforcement contribute to a recruitment process increasingly dominated by elites and removed from the competition of other opposition candidates.

What is now more critical is the presence of Chinese economic involvement in the political competitions in other countries. As indicated by Sojková (2023), China’s cooperation with African hybrid regimes fosters autocratization through both active and passive mechanisms, resulting in an autocratic synergy shaped by mutual strategic interests. Building on this, Amentbrink (2024, p. 25) observes that China not only actively teaches its tools to oppress its citizens and export authoritarianism, but also significantly impacts the wrongdoing of African regimes by providing them with tools and knowledge. This influence is reinforced by China’s dominance over infrastructure and internet sectors in Africa, allowing it to shape political dynamics and encourage authoritarianism, thus fostering stronger ties with regimes that mirror its own structure (Gravett, 2023). Similarly, Bader and Faust (2014) demonstrates the point from institutional stability that while economic dependence on China may bolster authoritarian resilience, it does not provide the same stabilizing effects for democratic governments; instead, financial obligations and economic dependence deepen autocratic consolidation. China strategically directs economic cooperation toward autocracies, selectively supporting incumbents to secure its external interests, although only certain modes of engagement sustain authoritarian survival (Bader, 2014) resonate with a more general trend detected is that trade dependence with China is associated with a lower level of democratic characteristics and a higher level of corruption (Vedvik, 2023). Contrasting and yet debatable findings based on public perception in the recipient countries suggested by Blair et al. (2022) show that unlike U.S. aid, which boosts support for the donor and liberal democratic values, Chinese aid to Africa does not enhance support for China and may even reduce it while unintentionally increasing favorability toward former colonial powers. In spite of the contestable results in the literature, what is clear is that this pattern is echoed in interviews with opposition officials, where Dendere (2021, p. 313) notes that “[In Zimbabwe] the ruling party broke party finance laws and secured funding from foreign governments, including China.” For example, following the electoral victory of the Pakistan Muslim League-Nawaz, the party endorsed Xi’s infrastructure agenda, aligning with the BRI and demonstrating how

economic convenience can secure China's political backing to prevent disruptions (Clarke, 2017, pp. 18–19). President Kabila of the Democratic Republic of Congo was able to secure re-election in 2011 largely due to financial support from China. This foreign aid facilitated the completion of key infrastructure projects, showcasing progress in his national reconstruction agenda and bolstering his political legitimacy (Mthembu-Salter, 2012). Likewise, in the Philippines, Baviera and Arugay (2021) explains that Duterte's embrace of Belt and Road projects contributed to consolidating his authority and legitimacy, even as both sides acknowledged the underlying power asymmetry.

From the perspective of the psychological spillover effect, Chan (2024) notices that by conducting a causal mediation analysis, authoritarian electoral victories abroad can erode citizens' trust in elections by weakening their support for democracy and the domestic political system. Similarly, China's successful model in its economic development during the past decade expounds an impeccable example of spilling over its political agenda abroad. Walker (2016) warns that authoritarian states, including China and Russia, have co-opted globalization and subverted international institutions by weaponizing a malign form of soft power to undermine democracies from within. The psychological implication of the authoritarian successes lures the transitional democracies and their leaders to closely engage with the autocratic groups, which, in turn, such economic, political, and security linkages with China are significantly associated with increased media self-censorship in transitional regimes, potentially undermining democratization (Toettoe & Jiang, 2023).

In conclusion, this section investigates the linkage of Chinese economic engagement with rent, such as infrastructure loans, aid, and direct financing, which constitutes a new type of economic rentierism, and through a multidimensional aspect of three components of democracy to understand how this type of economic rent may impact the recipient countries' political systems. Firstly, Chinese aid usually reinforces the incumbents' financial advantages, which translates into a high electoral threshold for the opposition, potentially repressing their competitiveness and contributing to "electoral authoritarianism" or "elections without changes." Secondly, aid boosts the fiscal autonomy of the authoritarian government, reducing the accountability of civil societies and legislative, rendering the executive aggrandized. Thirdly, these mechanics alter the logic of executive recruitment, making it more reliant on personal loyalty and faction networks, leading to the disconnect between "strongman politics" and institutionalized governance. More importantly, the psychological spillover effect brought about by the successful narrative of China's rise may also prompt other transitional regimes to actively approach the authoritarian model and tend towards an "imagined community"

of authoritarian stability in their institutional choices. The following sections reveal the research gaps in Chinese aid literature and provide a set of hypotheses for empirical research.

2.4 Gaps in Current Research on Chinese Economic Engagement

In recent decades, scholars have engaged in a lively debate on whether foreign aid and financial assistance provided by strengthening states or institutions can foster effective democracy in recipient countries. Historically, the celebration of this discussion has centered around Western donors, especially the International Monetary Fund and the World Bank. Financial interventions by these institutions, often conditional on economic and political reforms, have both stimulated and inhibited democratization. The work of Burnside and Dollar (2000) has given a major impetus to this discussion, highlighting the role of aid conditionality, which has not only shaped Western aid policies but also provided a focus for ambitious democracy promotion initiatives such as the Bush administration. However, the rise of China as a major economic challenger, providing aid without complex democratic conditionalities, has made this discourse more intricate and prompted a rethinking of the connection between aid finance and democratization. This section explores these dynamics, turning its focus to China's sector-based aid strategy and its underappreciated political consequences. It provides a focus for the subsequent scholarly discussion on how and whether foreign financial conditionality affects the country.

Existing literature on international political economy has primarily focused on the effects of Western donors, particularly the IMF and the World Bank, on democratization in developing countries (Kono, 2006; Milner & Kubota, 2005). Supported by the well-known Burnside and Dollar (2000) paper, aid has a positive impact on growth in developing countries with good fiscal, monetary, and trade policies, but has little effect in the presence of poor policies. It further boosted notable organizations, such as the World Bank, to devote to foreign aid. It provided justification for the Bush administration in foreign involvement⁸, exporting democracy abroad, a neo-conservative initiative (Ikenberry, 1999). These studies often emphasize how conditional aid and governance reforms influence political liberalization. A parallel stream of research casts doubt on the democratizing effect of foreign aid, noting that assistance often fails to solve domestic political problems and may even entrench authori-

⁸For the full text of Bush's speech of March 14, 2002, see <https://georgewbush-whitehouse.archives.gov/infocus/developingnations/text/index.html> For the announcement of the Millennium Challenge Corporation (Africa) on November 26, 2002, see <https://www.govinfo.gov/content/pkg/CHRG-110hhr36426/pdf/CHRG-110hhr36426.pdf> and <https://georgewbush-whitehouse.archives.gov/infocus/developingnations/millennium.html>.

tarianism under certain conditions (Easterly, 2003; Morgenthau, 1962; Torsvik, 2005). For instance, Alesina and Weder (2002) found that more corrupt governments tend to receive more aid, which may undermine democratic governance. Easterly (2003) then pointed out that aid failed to have a robust and consistent result in promoting growth after he added more country samples, and after choosing an alternative definition of aid, the growth effects diminished across years and countries' economic development scale. In response to the growing presence of non-traditional donors, more recent studies have shifted attention to China's global economic footprint, especially its infrastructure financing and development assistance across Africa (Blair et al., 2022; Y. Li, 2021; Strange, 2023; Woods, 2008; Wright, 2009). Unlike Western donors, China's official finance is often not linked to democratic conditions. This raises important questions about how China's financial engagement may influence regime trajectories in recipient countries.

Among the most prominent empirical efforts, Dreher et al. (2021) distinguishes various forms of Chinese official finance, such as loans, grants, and other official flows, and examines their potential effects on democratic development. However, their typology remains limited. They only delineate basic categories such as "Loan," "Grant," "Official Development Assistance," "Effective Development Assistance," and "Other Official Flows," while neglecting the wide variety of project-level distinctions, such as sectors like "Communication," "Agriculture," "Water," and "Health", as included in the AidData database by Custer et al. (2023) and Tierney et al. (2011). A closer examination of the empirical literature confirms this limitation. Dreher et al. (2016) analyze whether Chinese aid is disproportionately allocated to the birthplaces and ethnic regions of African political leaders, while Dreher et al. (2018) investigate the different motivations underlying China's ODA and OOF. In their 2021 study, Dreher et al. (2021) assess the impact of Chinese development finance on short-term economic growth. Despite their methodological sophistication and wide coverage, none of these studies systematically analyzes the political consequences of sector-specific Chinese aid. Across these works, the focus consistently rests on aid type (ODA versus OOF), recipient geography, or economic outcomes, while the sectoral composition of aid remains largely unexamined.

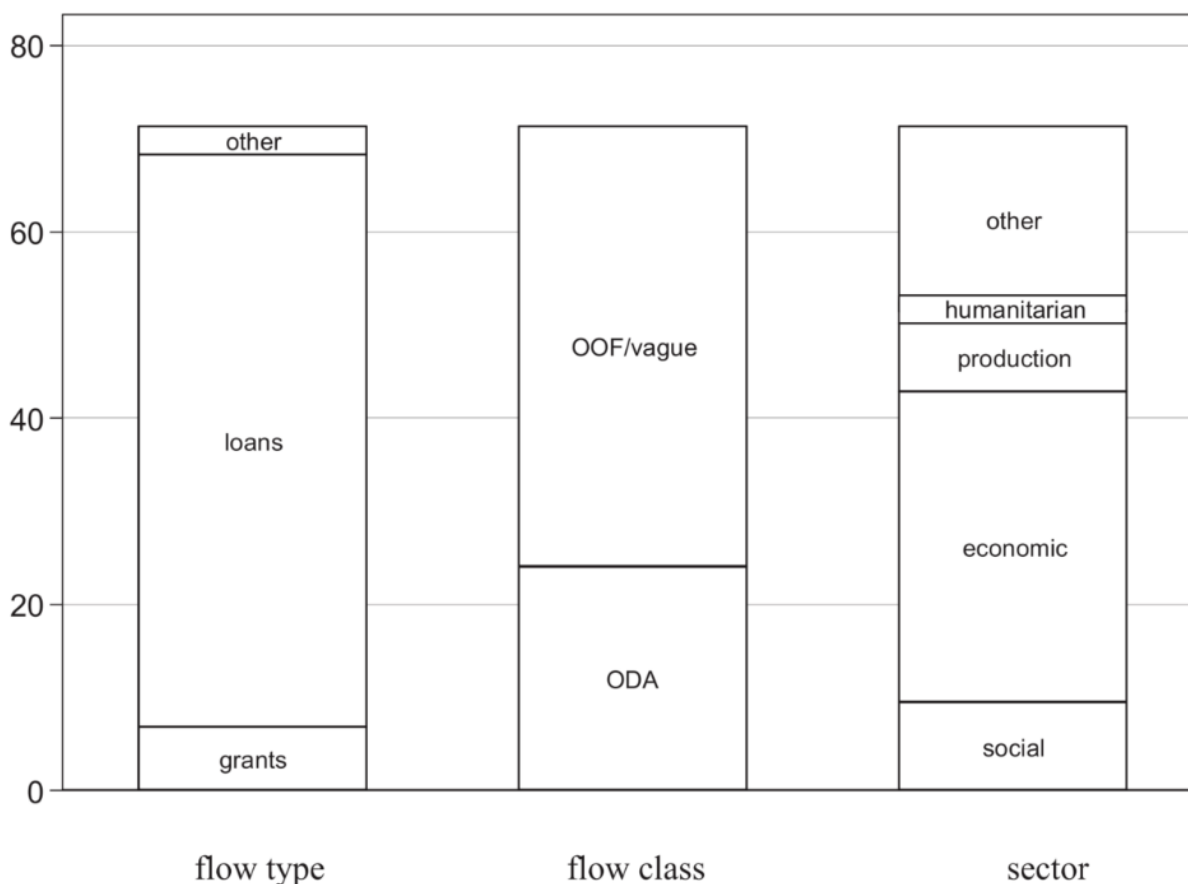


Figure 3: *Financial value of Chinese development projects from Dreher et al. (2018, p. 186)*

While ODA and EDA remain dominant conceptual frameworks, their analytical relevance diminishes in the Chinese context, where most foreign assistance is delivered through non-concessional OOF mechanisms. The conditions and purposes of Chinese aid frequently reflect commercial motives rather than developmental goals, rendering conventional categories insufficient, as indicated in Figure 3. In this regard, Chinese aid diverges in both form and intent, necessitating alternative approaches to classification. While existing measures of EDA and ODA have a high correlation of 0.933 in Easterly (2003, p. 29)'s research, and the emergence of Chinese OOF blurs traditional typologies. This thesis advocates a lower level of disaggregation by focusing on the sectoral types of aid. The financial value of Chinese sectoral projects⁹ can be interpreted in Figure 4. The figure illustrates the sectoral het-

⁹Sector abbreviations: EN = Energy, TR = Transportation, ICT = Information and Communication Technology, FIN = Financial Sector, IND = Industry and Trade/Services, OTH = Other, WSW = Water/Sanitation/Waste, PA = Public Administration, DEF = Defense and Military, AGR = Agriculture, EDU = Education, HLT = Health, ENV = Environment, MIN = Non-energy Mining, SSP = Services and Social Protection.

erogeneity of Chinese aid, revealing stark differences in the allocation of financial resources across sectors. However, the existing literature has not yet theorized or empirically tested whether these sectoral patterns generate divergent effects on political institutions.

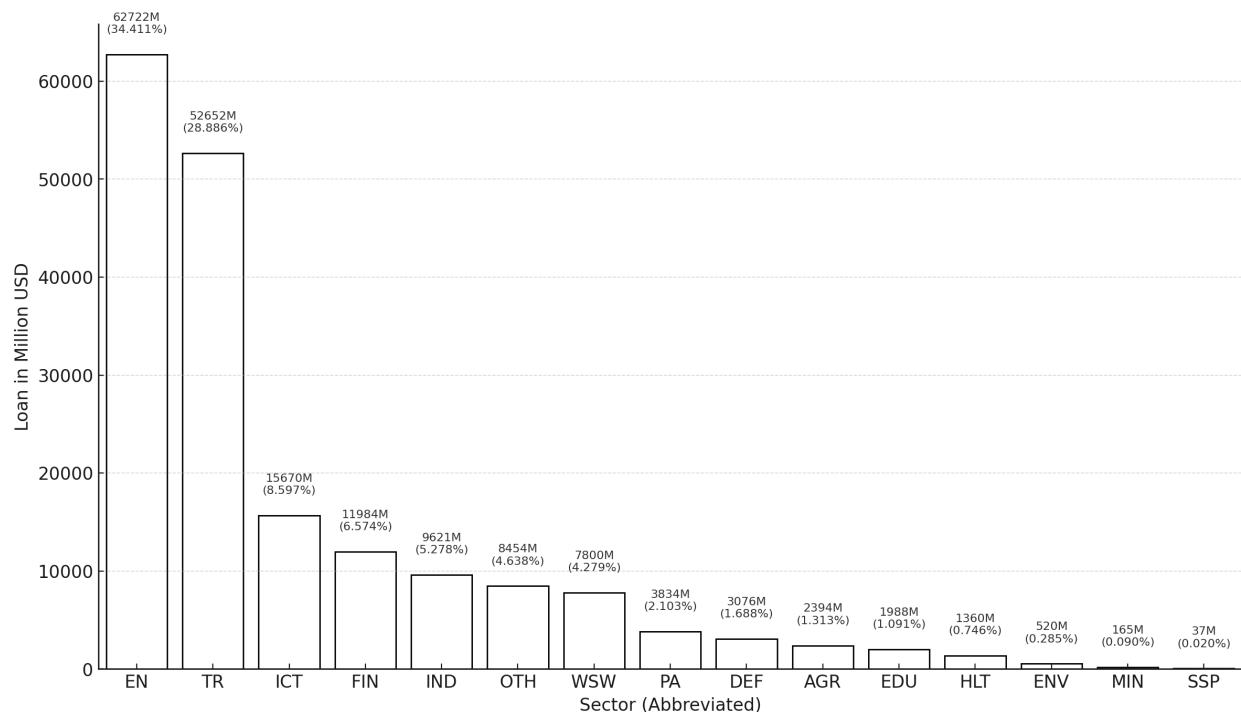


Figure 4: *Distribution of Chinese Loans by Sector, constructed by the author using the CARI database.*

Chinese infrastructure and resource-backed loans are often executed through opaque procurement processes and sovereign guarantees, which create favorable conditions for elite discretion and rent distribution (Hanafi & Tabar, 2004; Lauermann & Mallak, 2023; Mbaku & Kimenyi, 2015). Isaksson and Kotsadam (2018) found that Chinese-financed infrastructure projects are associated with increased corruption in local areas, especially in regimes with low transparency. This aligns with Dreher et al. (2018), who argued that Chinese OOF flows are largely commercially motivated and tend to be allocated in ways that reflect geopolitical and economic interests rather than development needs. Cormier (2023) extended this perspective, showing that untransparent regimes actively prefer Chinese finance over Western sources to avoid institutional conditionalities and external scrutiny.

Differing from that, social sector arming (including health, education, and social protection) often involves decentralized implementation across service delivery systems and interaction with agencies responsible for local mobilization. Although most of the existing literature

does not focus on China's behavior in these sectors, studies on Western donors offer strong theoretical expectations. Dietrich (2013) found that donors systematically bypass recipient governments in corrupt settings by routing social sector aid through nonstate actors, while maintaining direct government-to-government transfers in higher governance environments. He later developed his argument that this variation is shaped by donors' own *political-economic preferences*: Anglo-American donors prioritize efficiency and outsource to nonstate actors, while continental European donors continue to fund state-managed provision. These patterns suggest that aid to sectors that require a high degree of administrative management, such as health and education, tends to involve more actors, information disclosure, and feedback loops at the local level.

The implications of sectoral targeting for political development are scrutinized in Winters (2010), who identified how aid channeled through complex accountability chains can either reinforce or weaken institutional trust. Before his contribution, Knack (2004) proposed that aid designed to strengthen electoral systems and civil society may have democratizing potential, but aggregate development aid shows little direct impact on democratization, further suggesting that *where* aid goes, not merely *how much*, matters. Relatedly, Biglaiser and DeRouen (2011) found that IMF programs in Latin America promote liberalization in trade and capital sectors, but not in privatization. Their finding confirmed that policy outcomes depend heavily on sectoral configurations. Bas and Stone (2014) affirmed that long-term participants of IMF programs (those more deeply engaged in sectoral reforms) actually perform better, a result that challenges the prevailing *moral hazard* assumption and highlights the role of program design.

Despite these insights, the literature on Chinese aid continues to treat foreign financing as a homogenous treatment or, at best, as a binary split between concessional and non-concessional finance. Indicated by Dreher et al. (2021) and Gehring et al. (2022), they exhibited that even the most comprehensive evaluations of Chinese aid effects focus on growth or conflict outcomes at the aggregate level, without considering how political outcomes may vary by sector. In addition, democracy aid assistance has been shown to improve political institutions. For example, democracy assistance can promote democratic consolidation by reducing the incidence of multiparty failures and electoral irregularities in the African context (Dietrich & Wright, 2015, p. 230); however, little is known about how Chinese sector-specific aid, particularly in areas like education, agriculture, or defense, shapes institutional accountability or elite behavior.

This thesis reasons that the sectoral differences in China's aid are not accidental but a structural feature that shapes the institutional incentives it creates. While aid mechanisms to extractive and capital-intensive industries offer novel entry points for public labor, aid to socially rooted industries may interact with local governance mechanisms and democratic pressures. Recognizing this distinction is critical to assessing the political consequences of China's economic statecraft.

2.5 Hypotheses

Building on the previous section's discussion of sectoral heterogeneity and political implications, this section specifies the key hypotheses that guide the empirical analysis. While a long-standing literature explores the conditions under which foreign aid contributes to democratization, most of it presumes normative standards of aid conditionality and developmental intent. This assumption becomes problematic in the context of Chinese aid, much of which is classified as OOF and falls outside the parameters of the OECD's ODA framework (Dreher et al., 2021). Rather than promoting democratic institutions or social accountability, China's aid, especially in infrastructure and energy, often reflects commercial imperatives and geopolitical interests. This renders its political consequences distinct from traditional Western aid regimes. A growing body of scholarship suggests that Chinese financial engagement, particularly in hybrid regimes, where democratic institutions are fragile and relatively weak, constituting a mixture of both democratic and authoritarian characteristics, can entrench elite power structures, weaken public accountability, and enable executive overreach (Cormier, 2023; Dreher et al., 2018; Isaksson & Kotsadam, 2018; Lauermann & Mallak, 2023). Therefore, the hypothesis for the general influence of Chinese economic engagement on the recipient countries with fragile and immature democratic systems is formed:

- *Hypothesis 1: Higher exposure to Chinese aid is associated with a greater level of autocratization direction, especially in the hybrid regimes with relatively weak and immaturely established democratic systems.*

In Cambodia, for instance, capital inflows associated with the Belt and Road Initiative (BRI) have entrenched crony networks, legitimized state repression, and contributed to the consolidation of authoritarian governance (Chheang, 2021; Loughlin, 2025). In Ethiopia, the Chinese-financed Addis Ababa–Djibouti railway has drawn criticism for its top-down planning, SOE-controlled and large-scale Chinese labor recruitment only, lack of public consulta-

tion, and symbolic erosion of civic engagement (Goodfellow & Huang, 2021; Lauria, 2023). Similarly, across East Africa, Chinese-funded infrastructure projects, such as pipelines, have frequently involved land expropriation, forced displacement, and growing public dissatisfaction, thereby weakening citizens' trust in state institutions (Abonyi & Abonyi, 2011; Ogwang & Vanclay, 2021).

Beyond infrastructure, China's role in electoral politics reveals further authoritarian implications. In some recipient countries, foreign capital has been instrumentalized to entrench incumbents and erect high barriers to opposition parties, narrowing political competition and enabling what some describe as an "incumbent monopoly" (Cheeseman & Fisher, 2019; S. Mark et al., 2020). Other studies suggest that Chinese funding often flows disproportionately to regimes with weak reputational constraints and low domestic accountability (Sutherland et al., 2020). This dynamic not only erodes executive constraints but also circumvents traditional fiscal relationships between citizens and the state by establishing parallel financing channels that bypass public oversight (D. A. Bräutigam & Knack, 2004, p. 265).

Although these cases vary by context, they collectively point to a broader pattern: Chinese economic engagement, particularly in opaque, large-scale projects, can enable authoritarian resilience by curbing competition, weakening institutional checks on executive power, and constraining open political recruitment. Thus, this thesis further hypothesizes that:

- *Hypothesis 2: Higher exposure to Chinese aid and loans is associated with a greater risk of autocratization.*
- *Hypothesis 3: Higher exposure to Chinese sectoral aid, especially in infrastructure-led plans (Transportation, energy, and mining), is associated with a greater risk of autocratization.*
- *Hypothesis 4: Higher exposure to Chinese labor is associated with a greater level of autocratization direction.*

These hypotheses reflect the thesis's broader concern with how different modalities of Chinese engagement, loans, aid, trade, and sector-specific investment interact with regime trajectories. While these relationships are not deterministic, they are expected to operate through institutional channels that reward executive centralization and disincentivize participatory governance.

3 Methods and Data

3.1 Case Selection and Time Period

This chapter operationalizes the democracy and economic-related variables of this thesis by systematically integrating two primary economic engagement datasets: AidData’s Global Chinese Official Finance Database (Global CDF 2.0, from 2000 to 2017) and the China-Africa Research Initiative (CARI) Chinese Loans to Africa Database (loan data is from 2000 to 2023, and labor data is from 1992 to 2023), as presented in Table 3. AidData provides comprehensive coverage of Chinese loans and grants globally between 2000 and 2017, while CARI focuses on loan transactions within Africa from 2000 to 2023. These datasets are retained for three critical reasons: they offer the most complete sectoral and temporal detail on Chinese financial activities (Ahmed et al., 2022; Dreher et al., 2021; Malik et al., 2021); they are widely validated in the existing empirical literature (Custer et al., 2023; Luo et al., 2024); and, as shown in Table 2, they exhibit strong convergent validity, with correlation coefficients exceeding 0.83, confirming consistency across independently collected data. Other sub-datasets, such as the Huawei communication aid dataset or the military-specific dataset, are used in the descriptive analysis of the Chinese distribution of aid projects. By focusing on AidData and CARI, this thesis ensures high conceptual alignment between theoretical constructs and empirical measurement, particularly regarding the structural effects of Chinese financing on political development, and provides the empirical foundation for subsequent Ordinary Least Squares (OLS) and Logistic regression models that examine the relationship between financial engagement and regime change direction.

Table 2: *Correlation Matrix: Chinese Aid and Loan Amount*

	AidData	CARI Data
AidData	1.000 ***	0.830 ***
CARI Data	0.861 ***	1.000 ***

Both Africa and the broader developing world are selected as the empirical focus based on a combination of theoretical, empirical, and practical considerations. Theoretically, Africa presents the most intense and diversified patterns of Chinese economic engagement (Chen et al., 2018; Fambo & Ge, 2024), particularly in critical sectors such as energy, transportation,

health, and education (Alves, 2013; Ampaw et al., 2025; Liu et al., 2014). It is an ideal testing ground for hypotheses concerning external finance and political outcomes. Empirically, the region’s extraordinary institutional heterogeneity, ranging from liberal democracies to entrenched authoritarian regimes (Berg-Schlosser, 2008), allows for a nuanced exploration of whether and how Chinese financing influences trajectories of democratization or autocratization. Practically, the availability of reliable aid and loan data through CARI and AidData specifically for African countries ensures greater data quality and coverage relative to other regions (Acker & Brautigam, 2021; Brautigam & Hwang, 2016; Tierney et al., 2011). Temporal coverage for the calculation of the differences in democracy is anchored in 2000, corresponding to the length of the economic-related variables. It extends to the most recent year available in Polity V (2018) for political indicators, ensuring maximum historical depth. Aggregating aid and loan flows over time captures the cumulative structural exposure to Chinese engagement, mitigating concerns about annual data inconsistencies and short-term fluctuations. Combining sector-specific aggregation with long-term political and financial trends, this methodological design ensures a high degree of empirical robustness and theoretical coherence throughout the analysis.

Table 3: *Summary of Data Sources on Chinese Foreign Economic Engagement*

Institution	Source	Geographic Coverage	Time Coverage	Type	Total (Trillion USD)
AidData at William & Mary	China’s Official Finance Database (Global CDF 2.0)	Global	2000–2017	Loans and grants	1.77 (2017 Constant)
	Huawei Dataset	Global (communications focused)	2000–2017	Comm. Aid	0.0916
	Military Dataset	Global (military focused)	2000–2017	Military aid	0.0106
Johns Hopkins CARI	Chinese Loans to Africa Database	Africa	2000–2023	Loans	0.18

3.2 Dependent Variable: Measuring the Change in Democracy

As discussed in the literature review chapter, autocratization should be conceptualized not merely as the breakdown of democratic institutions, but as the systematic consolidation of executive power and the erosion of institutional checks and participatory guarantees (Lührmann & Lindberg, 2019). This process contributes to the emergence of what scholars define as “hybrid” or “competitive authoritarian” regimes (Diamond, 2002; Levitsky & Way, 2010). Marshall (2023, p. 12) elaborates on this continuum by highlighting that, rather than constituting ideal types, democratic and autocratic authority are distinct yet interactive forms that manifest in varying degrees across all polities. This understanding supports the conceptualization adopted in this thesis: democratic and autocratic elements may coexist or compete within the same regime, and autocratization should be treated as a continuous process. Accordingly, regime change is understood as a directional shift in institutional characteristics, wherein increases in either democratic or autocratic features signify the intensification of a particular regime quality rather than a binary transition.

Building on this conceptualization, the empirical measurement of autocratization in this thesis relies on the Polity Score from the Polity V Dataset (Marshall & Gurr, 2020). This index, calculated by subtracting the institutionalized autocracy score (AUTO) from the institutionalized democracy score (DEMOC), positions regimes along a continuous scale from -10 (fully autocratic) to $+10$ (fully democratic):

$$\text{Polity Score} = \text{DEMOC} - \text{AUTO} \quad (1)$$

The DEMOC score, constructed as an additive scale from 0 to 10, captures three interrelated dimensions: competitive political participation (PARCOMP), constraints on executive authority (XCONST), and the openness and competitiveness of executive recruitment (XRCOMP, XROPEN). It reflects whether citizens can express meaningful political preferences, whether institutional checks effectively constrain the executive, and whether leadership turnover is determined through regularized and competitive processes. Conversely, the AUTO score measures the concentration of political authority by assessing restrictions on participation (PARREG, PARCOMP), the lack of competitive recruitment mechanisms (XRCOMP, XROPEN), and the absence of executive constraints (XCONST). Whereas DEMOC emphasizes pluralism and contestation, AUTO captures political closure and hierarchical command, thereby providing a complementary conceptual axis. As visualized in Figure 5,

these components jointly construct a nuanced and theoretically grounded indicator of regime type.

Authority Coding	Scale Weight	Authority Coding	Scale Weight
<i>Competitiveness of Executive Recruitment (XRCOMP):</i> (1) Selection	+2	<i>Competitiveness of Executive Recruitment (XRCOMP):</i> (3) Election	+2
<i>Openness of Executive Recruitment (XROPEN):</i> only if XRCOMP is coded Selection (1)		(2) Transitional	+1
(1) Closed	+1	<i>Openness of Executive Recruitment (XROPEN):</i> only if XRCOMP is Election (3) or Transitional (2)	
(2) Dual/designation	+1	(3) Dual/election	+1
<i>Constraints on Chief Executive (XCONST):</i>		(4) Election	+1
(1) Unlimited authority	+3	<i>Constraint on Chief Executive (XCONST):</i>	
(2) Intermediate category	+2	(7) Executive parity or subordination	+4
(3) Slight to moderate limitations	+1	(6) Intermediate category	+3
<i>Regulation of participation (PARREG):</i>		(5) Substantial limitations	+2
(4) Restricted	+2	(4) Intermediate category	+1
(3) Sectarian	+1	<i>Competitiveness of Political Participation (PARCOMP):</i>	
<i>Competitiveness of Participation (PARCOMP):</i>		(5) Competitive	+3
(1) Repressed	+2	(4) Transitional	+2
(2) Suppressed	+1	(3) Factional	+1

(a) *Polity V Autocracy Component*

(b) *Polity V Democracy Component*

Figure 5: *The Measurement of Democracy and Autocracy in the Polity V Dataset, extracted from the Polity Codebook. See also: Marshall and Gurr (2020).*

The Polity Score thus offers more than an arithmetical difference; it provides a theoretically meaningful summary of a regime’s institutional structure. Positive scores indicate that democratic features predominate, whereas negative scores indicate a dominance of autocratic features. This continuous measure is particularly suited to capturing hybrid regimes, where elements of democracy and autocracy may coexist. Although the Polity project’s foundational framework treated democracy and autocracy as distinct authority patterns, the composite Polity Score has become a widely accepted empirical proxy due to its tractability, extensive temporal coverage (1800–2022), and compatibility with large-N statistical analysis.

To empirically assess regime change, this thesis operationalizes autocratization or democratization trends through the net change in Polity Scores over the observation period. The democracy change variable is calculated as follows:

$$\Delta\text{Polity} = \text{Polity}_{\text{earliest 2000}} - \text{Polity}_{\text{latest 2018}} \quad (2)$$

$$\Delta\text{Polity} \begin{cases} < 0, & \text{indicates Progress (Direction Towards Democratization)} \\ > 0, & \text{indicates Regression (Direction Towards Autocratization)} \end{cases} \quad (3)$$

(Note: Interpretation is based on the sign of ΔPolity , independent of original levels.)

A positive value indicates autocratization, while a negative value indicates democratic advancement, as shown in Figure 6. To facilitate the interpretation of democratic change over time, this study categorizes differences in Polity Scores into substantive levels of regime transformation. Specifically, changes in Polity within the range of approximately ± 3 points are interpreted as minor fluctuations that reflect political adjustments without indicating a fundamental shift in regime type. Such variations may result from electoral cycles, leadership changes, or short-term policy swings. Changes falling between ± 4 and ± 10 points are considered moderate shifts, signaling more meaningful transformations such as semi-democratic erosion, hybridization processes, or partial autocratization. These magnitudes suggest the onset of structural changes in the political system, even if full regime transitions are not realized. Finally, changes exceeding ± 10 points are classified as major regime transitions, typically corresponding to either substantial democratization (e.g., post-authoritarian transitions) or significant autocratization (e.g., the collapse of democratic institutions). Overall, the maximum score for both erosion and progression would be ± 20 . This tiered classification acknowledges the continuous nature of regime dynamics while offering a practical heuristic for distinguishing between stability, incremental change, and systemic regime transformation. It further aligns with existing scholarship emphasizing that democratization and autocratization are often gradual and cumulative rather than sudden and binary processes (Bermeo, 2016; Lührmann & Lindberg, 2019)

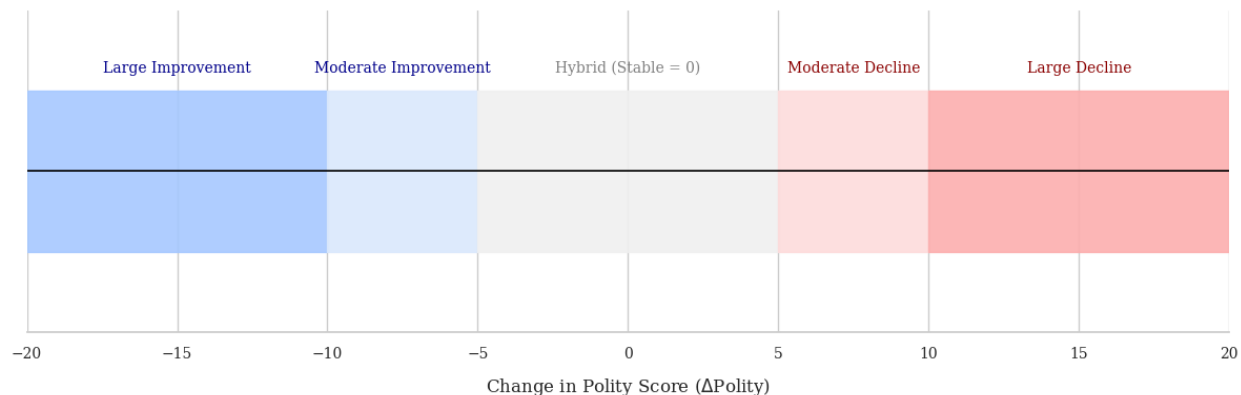


Figure 6: *Interpretation of Polity Score Changes*

This design choice is theoretically motivated by the Polity project's foundational premise that regimes evolve through institutional adaptations rather than abrupt transformations. By calculating the net change across the longest available temporal span for each country, this approach maximizes the ability to detect meaningful shifts in regime character while minimizing sensitivity to short-term fluctuations. It allows for a more holistic assessment of whether external factors, such as foreign aid or loans, correlate with the structural deepening or weakening of democratic institutions, consistent with the literature on regime durability and political development (Huntington, 1991; Przeworski, 2000). Moreover, this operationalization respects the continuous and composite nature of the Polity Score by treating regime change as a cumulative process rather than discrete transitions, which aligns with contemporary understandings of autocratization as a gradual, incremental phenomenon.

3.3 Independent Variable: Measuring Chinese Financial Engagement

The financial engagement variables drawn from the China-Africa Research Initiative (CARI) dataset capture the multifaceted nature of China's economic involvement in African countries. The key indicators include the inflation-adjusted loan amounts (2017), reflecting sovereign and sub-sovereign financing activities between 2000 and 2023. The loan variable in this case refers to completely commercial loan projects, while the aid in the CARI dataset is extracted from AidData, which includes both ODA and OFF-like flows. In addition to financial flows, the dataset records gross revenue generated from Chinese-funded infrastructure and resource projects, highlighting the longer-term financial returns linked to initial lending. Bilateral trade interactions are captured through Chinese importation and exportation variables, measuring the magnitude of goods flows between China and recipient countries. Labor dimensions of engagement are represented by contracted labor and service labor, which account for the number of Chinese workers deployed in the construction and service sectors across Africa. These variables collectively exhibit substantial cross-country variation, with a few major recipients such as Angola and Kenya dominating overall figures. All continuous variables are aggregated at the country level over the observation window and log-transformed to correct for extreme right-skewness and ensure comparability across diverse contexts. Additionally, the CARI dataset disaggregates Chinese loan commitments by sectoral domains, such as energy, transportation, health, education, and public administration, allowing for a more granular analysis of the functional priorities embedded within China's financial engagement strategies.

The AidData Global Chinese Official Finance Database (Global CDF 2.0) offers detailed project-level data capturing China's global financial outreach from 2000 to 2017. The key financial engagement variable used in this study is the project-level commitment amount in constant 2017 USD, which includes both concessional and non-concessional flows classified as official finance. Each entry is linked to specific recipient countries, sectors, and years, allowing aggregation into country-year financial exposure profiles. Project characteristics such as flow type, concessionality, and intent help delineate grants, loans, and mixed modalities. Additional metadata, such as implementation years, agency types, and sector codes, enable functional categorization of aid activities across development domains. Among these, sector-level classifications (Sector Code and Sector Name) are significant for this study, as they disaggregate financial flows into functionally distinct areas such as energy, transportation, finance, education, and health. These sectoral identifiers construct thematically specific

aid variables that reflect the nature of Chinese engagement across issue areas. Like the CARI dataset, AidData also reveals a substantially right-skewed distribution, with a handful of countries receiving the bulk of project flows. These amounts are aggregated and log-transformed nationally over the observation period to ensure comparability across countries.

To address potential omitted variable bias, the empirical models incorporate a set of control variables commonly employed in the comparative authoritarianism literature. The first set focuses on the economic structure of recipient countries. Gross Domestic Product (logged) is included to control for overall economic development, mitigating concerns about skewness in the distribution of income levels across countries (Fariss et al., 2021). Resource income per capita (logged) is added to capture the effects of resource dependence, a key dimension associated with the so-called “resource curse” in rentier state theory (Haber & Menaldo, 2011), where natural wealth may sustain autocratic rule. In addition to economic factors, the models account for baseline humanitarian conditions through a proxy variable measuring the average life expectancy (Fariss et al., 2021) at birth and population total in each country (Gapminder Foundation, 2024). Life expectancy reflects the general capacity of the state to provide fundamental social protections and is indicative of the broader humanitarian environment in which political regimes operate. Including these variables ensures that the estimated effects of Chinese financial engagement are not confounded by underlying economic affluence, resource endowments, or humanitarian development levels.

In the subsequent regression models, only selected sectoral categories from the full dataset are retained for analysis. Specifically, Chinese financial flows directed toward energy, financial sector development, and core infrastructure (including transportation and public utilities) are isolated as primary vectors of regime-relevant engagement. In addition, projects coded under social service are considered in light of earlier hypotheses concerning aid’s normative or legitimacy-enhancing effects. This functional focus ensures that the empirical models reflect the strategic and ideational dimensions of China’s international finance.

3.4 Dataset Structure and Summary

This thesis leverages two primary data sources, the China Africa Research Initiative (CARI) and AidData, to analyze the scope, structure, and variation of Chinese economic engagement across the developing world, with a particular empirical focus on Africa in the first place, and extends the samples to a global scale. The CARI and AidData datasets provide project-level records of Chinese loans and aid activities to 47 African and 123 global samples

(41 and 115 samples, respectively, after being paired with the available control variables). These economic data are aggregated to the country-year level and then summed across years to construct a cross-sectional dataset comprising 123 countries with sufficient data coverage. Key variables include log-transformed measures of total loan (African samples only) and aid commitments, trade volumes (imports and exports), labor flows, and other financial exposure indicators. To contextualize these economic data, the analysis incorporates political regime characteristics from Polity V, population data from Gapminder Foundation (2024), life expectancy and GDP data from Fariss et al. (2021), and resource income per capita from Haber and Menaldo (2011) (covering 1789–2019, with income data available from 1900–2006).¹⁰ A variable for regime trajectory, Polity Difference, is constructed by subtracting the latest from the earliest available Polity score for each country, such that positive values reflect increasing authoritarianism over time. Descriptive statistics presented in Table 4 and 5 reveal substantial variation in regime change (ranging from -10 to $+2$ for the African samples and -15 to $+12$ for the global sample), economic size, and sectoral exposure, providing a rich empirical foundation for investigating the political dimensions of China's economic presence in Africa.¹¹

To assess the generalizability of findings beyond the African context and to investigate sector-specific effects more comprehensively, the thesis incorporates the AidData Global Chinese Official Finance dataset, covering 115 countries from 2000 to 2017. This dataset includes log-transformed values of total aid and disaggregates aid into 24 distinct sectors, enabling the identification of heterogeneous effects across domains such as energy, infrastructure, trade, and social protection. Political and socioeconomic indicators are matched in the same manner as for the CARI dataset. Table 5 summarizes the distribution of key variables, including Polity Difference, GDP, population, and major sectoral allocations. Notably, both the African (CARI) and global (AidData) samples reflect substantial democratic change over time, with a median negative Polity Difference, suggesting that moderate democratization is the empirical norm, but important deviations in the form of authoritarian reversals remain present and analytically significant.

A consistent aggregation strategy underpins both datasets: all yearly financial values are summed at the country level to reflect cumulative exposure to Chinese economic engagement. This decision is both empirically justified and theoretically motivated, as political regime shifts, particularly autocratization, tend to be gradual processes shaped by long-

¹⁰The broader socio-demographic variables are all extracted from the V-Dem project, while the specific original sources are cited here.

¹¹For the relevant correlation heatmap of each dataset and chosen variable, please kindly consult the appendix section, Figure 21 and 22.

term structural relationships rather than short-term shocks. All financial and demographic variables are log-transformed to reduce skewness and enhance model interpretability. Sectoral variables retain their categorical integrity to enable sector-based hypothesis testing. The structure of the dataset thus allows for both general and sector-specific analysis, facilitates comparability across models, and supports the investigation of how China's varied modes of engagement, especially loans and aid, are associated with democratic trajectories across regions and regime types.

Table 4: *Descriptive Statistics of CARI Data*

Variable	Count	Mean	Std. Dev.	Min	25%	Median	75%	Max
Change in Polity Score (Δ Polity)	41	-2.29	2.96	-10.00	-4.00	-2.00	0.00	2.00
Log Total Aid	41	22.22	4.06	0.00	20.97	22.62	23.96	28.69
Log Total Loans	41	23.04	2.07	19.11	21.92	22.82	24.54	28.47
Life Expectancy	41	54.73	4.96	47.27	50.22	54.03	57.92	67.34
Log Chinese Imports from Africa	41	24.14	2.87	14.15	22.93	24.07	25.91	32.81
Log Chinese Exports to Africa	41	25.44	2.14	21.06	24.31	25.38	26.69	30.67
Log Chinese Contracted Labor	41	11.87	2.22	6.30	10.76	11.50	13.22	19.08
Log GDP (constant USD)	41	22.02	1.45	18.98	21.29	21.77	23.08	25.03
Log U.S. Imports from Africa	41	24.11	2.66	18.18	23.01	24.38	25.78	31.83
Log U.S. Exports to Africa	41	24.04	2.27	18.39	22.72	23.82	25.09	30.34
Log Population	41	16.22	1.36	13.53	15.21	16.47	17.09	18.98
Log Resource Income Per Capita	41	3.02	2.54	0.00	0.66	2.60	4.94	8.75
Log Aid to Energy Sector	41	15.58	8.52	0.00	16.83	19.18	21.04	23.98
Log Aid to Health Sector	41	3.81	7.32	0.00	0.00	0.00	0.00	20.00
Log Aid to Transport Sector	41	18.03	6.18	0.00	18.28	19.75	20.87	22.67

Table 5: *Descriptive Statistics of AidData*

Variable	Count	Mean	Std. Dev.	Min	25%	Median	75%	Max
Change in Polity Score (Δ Polity)	115	-1.07	4.28	-15.00	-2.00	0.00	0.00	12.00
Log GDP (constant USD)	115	8.21	1.62	4.60	7.13	8.04	9.37	12.47
Log Population	115	6.76	1.44	3.82	5.82	6.73	7.60	11.34
Log Resource Income Per Capita	115	3.70	2.47	0.00	1.47	3.94	5.62	8.44
Life Expectancy	115	61.20	7.89	46.73	53.90	61.19	68.33	76.14
Log Total Aid (USD)	115	21.08	2.73	0.00	19.97	21.34	22.72	25.55
Log Aid: Energy Sector	115	15.58	8.36	0.00	15.23	19.36	21.22	23.78
Log Aid: Industry, Mining, Construction	115	13.41	9.35	0.00	0.00	18.28	20.49	25.32
Log Aid: Social Infrastructure & Services	115	12.42	8.10	0.00	0.00	16.57	18.18	22.43
Log Aid: Trade Policies & Regulations	115	4.09	7.46	0.00	0.00	0.00	0.00	20.16
Log Aid: Transport & Storage	115	15.57	8.23	0.00	16.10	19.27	20.88	22.84
Log Aid: Unallocated/Unspecified	115	3.42	6.65	0.00	0.00	0.00	0.00	20.78

3.5 Study limitations

While this study adopts a rigorous design in linking Chinese financial engagement to regime evolution, several conceptual and empirical limitations warrant consideration. Conceptually, the reliance on the Polity Score as the primary measure of regime character introduces an inevitable narrowing of autocratization's scope. Although Polity V captures formal institutional features, it cannot fully reflect more subtle or gradual erosions of democratic quality, such as restrictions on media freedom, civil society autonomy, or judicial independence—dynamics increasingly recognized in contemporary autocratization research. Furthermore, the study presumes a unidirectional causal relationship from financial engagement to political change. At the same time, alternative possibilities, such as authoritarian-leaning regimes attracting non-conditional finance, remain theoretically plausible but empirically unaddressed. Operationally, aggregating Chinese aid and loan flows over extended periods simplifies complex temporal dynamics. Aggregated exposure may obscure critical timing effects, where the political consequences of financial engagement depend not only on volume but also on sequencing and context. Similarly, while elegant, the measurement of regime change through simple first-to-last Polity Score differences exposes the analysis to risks of coding volatility, outlier events, and misinterpretation of minor fluctuations as structural transformations. Methodologically, using Ordinary Least Squares (OLS) without dynamic panel adjustments or controls for endogeneity presents challenges for causal inference. Estimated relationships must be interpreted cautiously without instruments or panel designs to account for selection biases or time-varying confounders. Despite these limitations, the design maintains strong internal coherence. It provides a valuable empirical foundation for future studies seeking to disentangle the nuanced pathways through which external financing shapes political development.

Table 6: *Summary of Study Limitations*

Category	Limitation	Brief Description
Conceptual	Narrow scope of autocratization	Polity Score misses societal-level erosions such as media and civil society decline.
Conceptual	Assumed unidirectional causality	Potential for reverse causality not addressed in design.
Measurement	Aggregated financial data	Masks timing and sequencing effects critical to regime shifts.
Measurement	Two-point regime change	Sensitive to short-term shocks and coding inconsistencies.
Methodological	Static OLS estimation	No control for year-specific dynamics or temporal confounders.
Methodological	No endogeneity correction	Possible bias from selection effects remains uncorrected.

4 Results

The primary goal of this chapter is to investigate (1) the general distribution and interaction of Chinese economic engagement in the developing countries and (2) test hypotheses by demonstrating how it, manifested through the amount of aid, loan, and labor deployment, shapes regime trajectories in recipient countries, particularly concerning trends of democratization and autocratization. To address the research question and confirm the hypotheses outlined in the previous chapter, I utilized the China Africa Initiative (CARI) and AidData from William & Mary Institute, containing 41 (African sample) and 123 (Global sample) observable countries, which paired with the Polity data, and spanning from 2000 to 2018. Additional demographics and political variables are from the V-Dem Dataset and the Polity V project, where 2000 and 2018 as two time points to correspond to the time period of the chosen Chinese economic variables.

In order to see the difference in terms of the level of democracy across decades, I applied the difference in the level of democracy of each country to showcase the changes in the respective country's democratic trajectory, which a positive score indicates a deterioration and a negative score means otherwise, with 0 marks no change involved. The descriptive results show China's dispersion of economic engagement regardless of the ideological alignment, and the fluctuation among the most disproportionate revenue, loan, import, and export-to-GDP ratios generated from Angola and similar countries demonstrated an uneven battleground for the recipient countries. The regression results confirm the view that the Chinese aid is positively associated with a greater directional change in autocratization only in the African sample, while when adding more countries, the effect turns out to be a negative association. Especially in the Industrial mining sector in the global sample, where the sectoral aid is significantly positively associated with the trend of autocratization. Conversely, the transportation sector and the number of Chinese contract labor possess a moderately negative relationship with autocratization in the African sample. Recognizing these, this thesis benefits from examining the aid categories both separately and on an aggregated scale, which sheds light on Chinese economic engagement in the analyzed cases' political trajectories. Graphs and tables are utilized throughout this chapter to illustrate the findings more effectively.

The results are presented in the following sequence: First, I analyze and calculate the Polity difference at the country level using the formula presented in the method section. The results of the Polity difference are illustrated in Table 7, which represents the comprehensive

view of how the global regimes changed in the past 18 years (from 2000 to 2018). Consequently, the Figure 7 presents each country's initial regime position in the Polity data and their direction towards either democratization or autocratization, where the blue color symbolizes an improvement and the red color embodies the opposite. Figure 8 and subsequent figures exhibit the global dispersion of Chinese financial engagement extending from general loan projects to specific military and Huawei projects targeted at most developing countries. Figure 9, 10 and 11 demonstrate the loan and revenue-to-GDP ratios of the recipient countries, which further reveals the commercial purpose of Chinese engagement in the developing world instead of promoting development as a priority. The subsequent figures represent the relationship between the Chinese loan and aid in a logged scale and the regime change direction (Polity difference). The patterns display a positive relationship between the selected variables, where a higher level of Chinese loan leads to a higher autocratization direction. Furthermore, I delve into the empirical justification of how initially democratic countries have become more authoritarian after receiving large amounts of funding from China's OOF aid projects. The chapter then culminates with the main findings of this research – the close relationship between China's overall growing aid volume and its complex dynamics in each country and the autocratization tendencies of recipient countries.

The analysis begins by calculating the net change in Polity scores for each aid-recipient country, following the methodological formula outlined earlier, where a positive score signals autocratization and a negative score indicates democratization. However, to move beyond a binary reading of change, this study adopts a minute typology that classifies regime trajectories by combining the initial regime type with the direction of change. Specifically, *transitions* are defined as a shift across regime-type thresholds, moving from autocracy (Polity ≤ -6) to democracy (Polity $\geq +6$), or vice versa, while *deepening* refers to substantive movement within the same regime type, indicating consolidation rather than transformation. Countries with no Polity score change are categorized as exhibiting regime stability.

Based on this classification, the sample of 166 countries reveals that 40.96% underwent democratizing trajectories, including 13 cases of full transition to democracy (7.83%), such as Mongolia, Mozambique, Romania, and Taiwan, and 23 cases of deepened democratization (13.86%), including Botswana, Ireland, and Timor-Leste. Another 32 countries (19.28%) experienced more moderate forms of democratic improvement. In contrast, 16.87% of countries shifted in the direction of autocratization, including 16 transitions to autocracy (9.64%), notably Bangladesh, Sudan, and even long-standing democracies like the United Kingdom and the United States, and 4 cases of deepened autocratic rule (2.41%) such as Eritrea and North Korea. Meanwhile, 42.17% of countries remained unchanged across the observation period,

including both consolidated democracies like Sweden and autocracies such as Turkmenistan and Venezuela.

Table 7: *Integrated Classification of Regime Change Directions and Subtypes*

Type of Regime Change	Proportion (%)	Count (N)
<i>Democratization Direction</i>	40.96	68
Transition to Democracy from Autocracy	7.83	13
Deepened Democratization	13.86	23
Democratization – Other	19.28	32
<i>Autocratization Direction</i>	16.87	28
Transition to Autocracy from Democracy	9.64	16
Deepened Autocratization	2.41	4
Autocratization – Other	4.82	8
No Change in Regime Type	42.17	70
Total	100.00	166

Note: This table classifies regime trajectories based on initial regime type and changes in Polity scores between the earliest and latest years. “Transition” indicates shifts across regime types, while “deepening” reflects consolidation within the same type. For moderate initial scores (−5 to +5), positive changes denote autocratization, negative changes denote democratization. $N = 166$ includes all aid-recipient countries with complete regime data, including those with no recorded aid.

Table 7 presents a systematic classification of regime trajectories into seven sub-types, grouped under broader democratization and autocratization directions, along with a residual category for regime stability. A more granular overview of each country’s initial regime type, the direction and degree of regime change (based on Polity score difference), and the corresponding Chinese aid and loan exposure (logged) is provided in Appendix Table 22. In this table, both the earliest and the latest Polity scores are presented alongside the computed change, offering a transparent view of regime evolution across cases. The integration of the AidData and Polity V datasets yields a comprehensive coverage of 166 observations, enabling deeper pattern recognition. Within this expanded sample, Bangladesh still stands out as the most severe case of autocratization, dropping from a Polity score of +8 to -6, marking a full regression into autocracy while receiving a substantial amount of Chinese aid. On the opposite end, Mongolia represents the most pronounced case of democratization, with its Polity score improving from -9 to +10, exemplifying a complete regime reversal. Other notable

democratic transitions include Albania, Argentina, Romania, Dominica, Bulgaria, Mexico, and Malawi, covering a broad geographical spectrum from East Asia to Latin America. In contrast, countries such as Libya, Uzbekistan, Turkmenistan, and Venezuela, all of which have consistently remained autocratic, also rank among the largest recipients of Chinese aid. This distribution underscores the complex and diffuse nature of Chinese aid allocation. Rather than targeting autocracies exclusively, China's economic engagement spans diverse regime types, warranting a more differentiated analysis of its association with authoritarian durability and democratic trajectories.

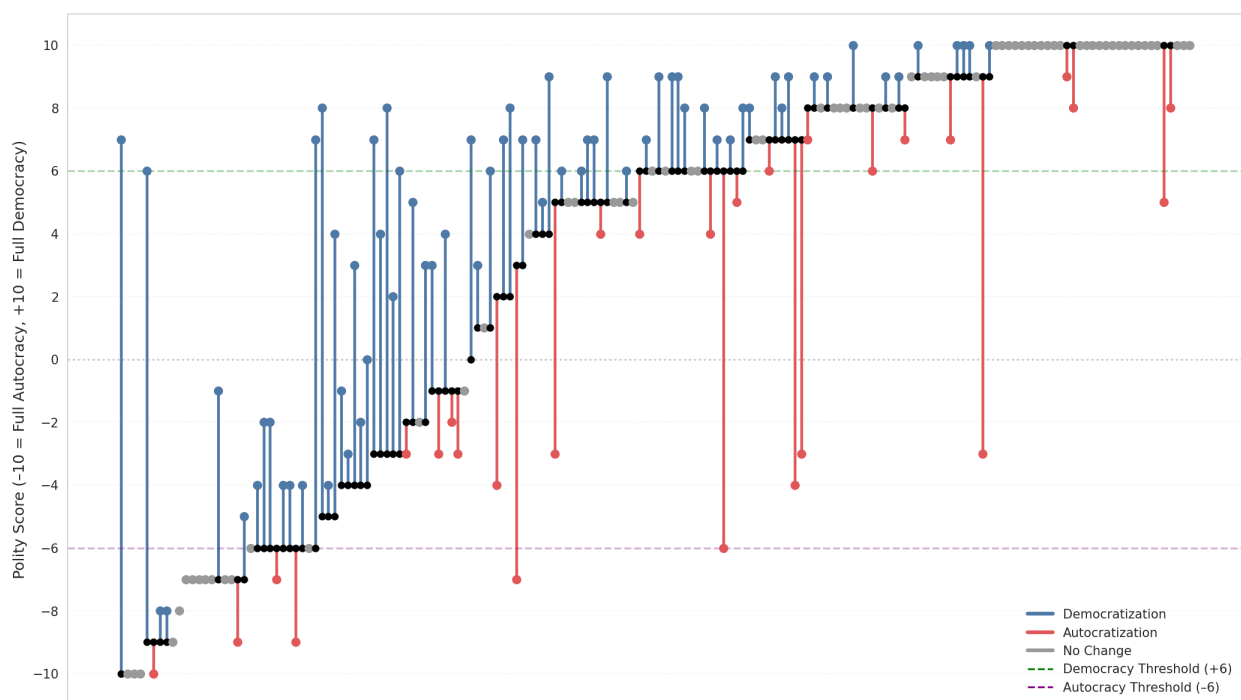
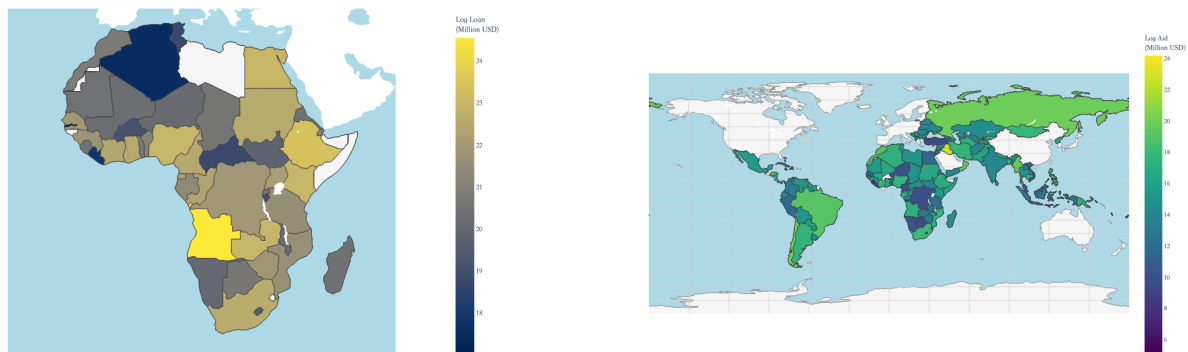


Figure 7: *Directional Polity Score Changes by Country in the Original Polity Scale*

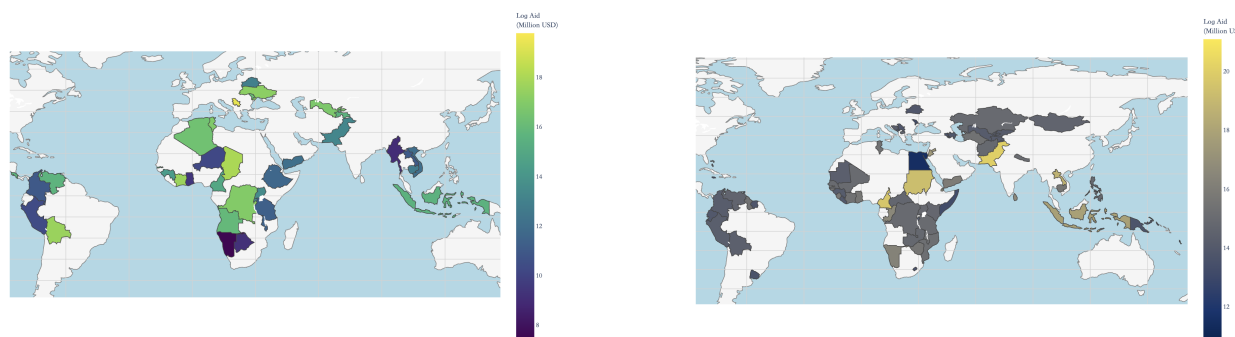
For better visualization, Figure 7 represents the direction of each country from its original position to its final position according to the original $[-10, +10]$ Polity scale. The length of the line indicates the degree of distance between the earliest and latest position. The red line refers to a departure from its original position to a more autocratic position, while the blue line means the opposite direction, and the grey dot represents those with no change. In the figure, it is apparent to perceive the democratization trend, and in some cases, countries remain most autocratic (lower left side) for over 18 years. The countries that experienced an autocratization direction were once much more democratic, and this is also observable (upper right side). The entire figure is sorted from the lowest starting point to the highest starting point of the Polity score. It is clear to understand that many post-autocratic countries

experienced a wave of democratization as glimpsed in 2018, compared to 2000, and stand in stark contrast with those just above the democratic threshold of +6, who experienced slight reversion in democratic quality over 18 years.¹²



(a) *Logged Loan Distribution Across African Countries (CARI Data)*

(b) *Logged Aid Distribution Across Countries (AidData)*



(c) *Huawei Engaged Aid Projects Across Countries (AidData)*

(d) *Chinese Military Aid Projects Across Countries (AidData)*

Figure 8: *Comparison of Logged Chinese Aid, Loan, Huawei and Military Projects Across Countries*

Figure 8 displays the spatial distribution of four distinct forms of Chinese engagement: loans, aid, Huawei-related ICT projects, and military aid. Panel 8a shows that Chinese loans are heavily concentrated in Sub-Saharan Africa, particularly in countries such as Angola, Ethiopia, Kenya, and Nigeria, where logged loan values are visibly higher relative to surrounding regions. This pattern is largely continental, with minimal Chinese lending activ-

¹²Classification is based on the initial regime type and the direction of change in Polity Score. Countries with an initial score ≥ 6 are coded as democracies, and those with ≤ -6 as autocracies. A positive change ($\Delta\text{Polity} > 0$) indicates autocratization, while a negative change ($\Delta\text{Polity} < 0$) indicates democratization. This scheme differentiates between deepening and transition by combining the regime starting point and directional change.

ity observed outside Africa in this dataset. Panel 8b expands the scope to show that Chinese foreign aid, while also present in Africa, exhibits a broader global spread. In addition to strong aid presence in East, West, and Central Africa, countries in South Asia (e.g., Pakistan, Bangladesh), Southeast Asia (e.g., Cambodia, Myanmar), and parts of Latin America (e.g., Bolivia, Venezuela) also register non-trivial levels of logged aid disbursement.

Panel 8c illustrates the geographic distribution of Huawei-engaged aid projects, revealing a distinct pattern from panels 8a and 8b. These ICT-linked projects appear concentrated in West Africa (e.g., Ghana, Nigeria), North Africa (e.g., Egypt, Algeria), and parts of South and Southeast Asia, including Indonesia, Bangladesh, and the Philippines. Compared to general aid flows, the footprint of Huawei engagements is more spatially selective and technology-oriented. Finally, panel 8d maps military-related Chinese aid projects. The visualized pattern shows a relatively sparse and regionally specific distribution, with activity concentrated in selected countries across Southeast Asia (e.g., the Philippines, Cambodia) and the Horn of Africa. Other parts of the Global South, including Latin America and Central Asia, show little or no logged military assistance in this dataset.

These figures answer the question of the general loan and aid distribution, which allow for the empirical separation of China's economic and strategic instruments. While loan activity is highly regionalized within central Africa, aid and Huawei-related engagements show broader geographic dispersion. Military aid, by contrast, appears more limited and targeted. These observed patterns directly address the study's research question concerning the differentiation and territorialization of Chinese influence channels across the developing countries.

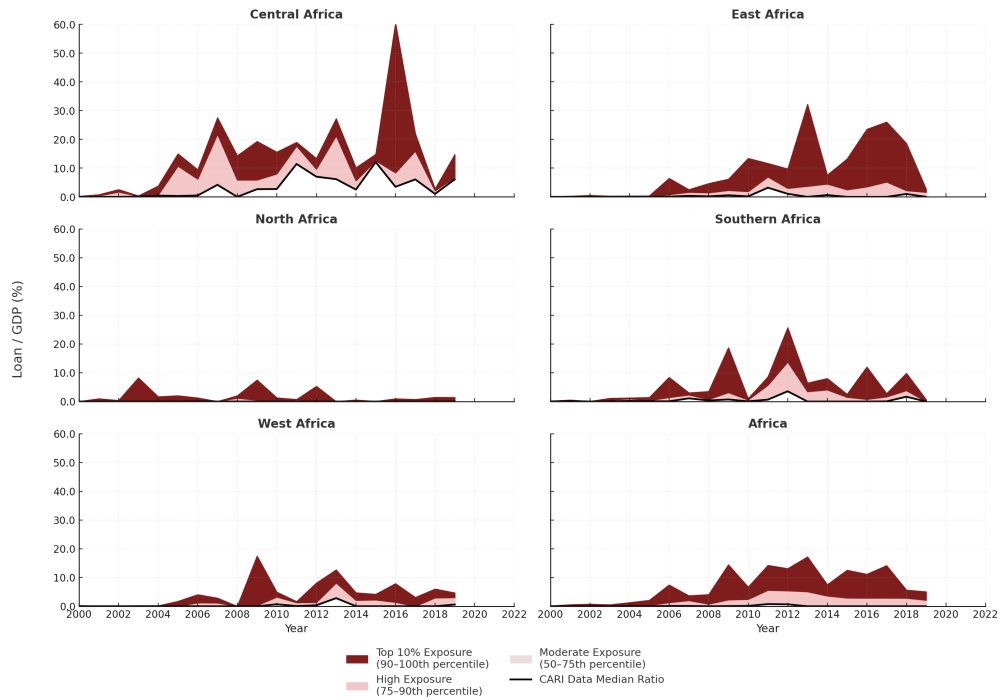


Figure 9: *Loan-to-GDP Ratios by Region*

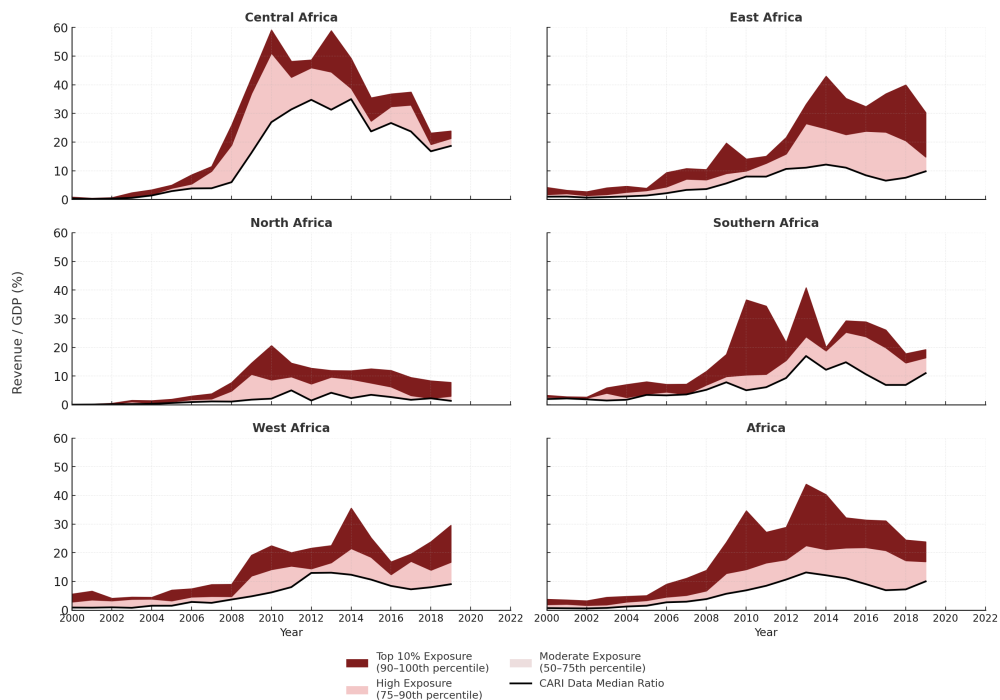


Figure 10: *Revenue-to-GDP Ratios by Region*

The geographical distribution of Chinese loans and aid, illustrated through global maps, offers only a preliminary snapshot of China's overall economic presence in Africa and the broader developing world. However, merely observing where resources flow is insufficient to discern the deeper, nuanced implications of these financial engagements. To evaluate China's role comprehensively, particularly whether its economic interactions serve primarily exploitative or mutually beneficial purposes, more refined indicators are required. Consequently, the analysis advances to examine critical relational metrics, including loan-to-GDP ratios, revenue-to-GDP ratios, and the comparative dynamics of US-China import-export ratios. These metrics allow us to precisely gauge the intensity, economic leverage, and broader implications of China's involvement, thereby clarifying whether China's economic relations predominantly extract value or substantively support sustainable economic growth within recipient countries.

Figures 9 and 10 present disaggregated regional patterns of Chinese economic engagement by plotting loan-to-GDP and revenue-to-GDP ratios, alongside aid-to-GDP ratios (Figure 11), using percentile bands to indicate the distribution of exposure intensity across countries. In Figure 9, the loan-to-GDP distribution indicates that Central Africa experienced sharp and frequent peaks in loan exposure between 2007 and 2017, with the top 10% of recipients exceeding 30% of GDP in several years, and reaching above 50% in 2016. East Africa also shows sustained high loan ratios between 2010 and 2017, with upper decile countries reaching close to 30% of GDP. By contrast, West Africa and Southern Africa exhibit lower overall loan exposure, with only modest upticks within the top quartiles and largely flat median levels. North Africa shows minimal loan activity throughout the period.

In Figure 10, revenue-to-GDP ratios reflect a more continuous and regionally dispersed pattern. Central and East Africa again display the highest values, especially from 2010 onward, with several countries in the top 10% surpassing 40% of GDP in annual revenue contributions from Chinese-linked projects. Southern Africa shows a distinctive buildup from 2008 through 2016 across all percentile bands, suggesting more consistent returns even among median recipients. West Africa and North Africa register lower but gradually increasing revenue exposure. Notably, median lines in most regions trend upwards, indicating a widening base of economic entanglement rather than only outlier-driven peaks.

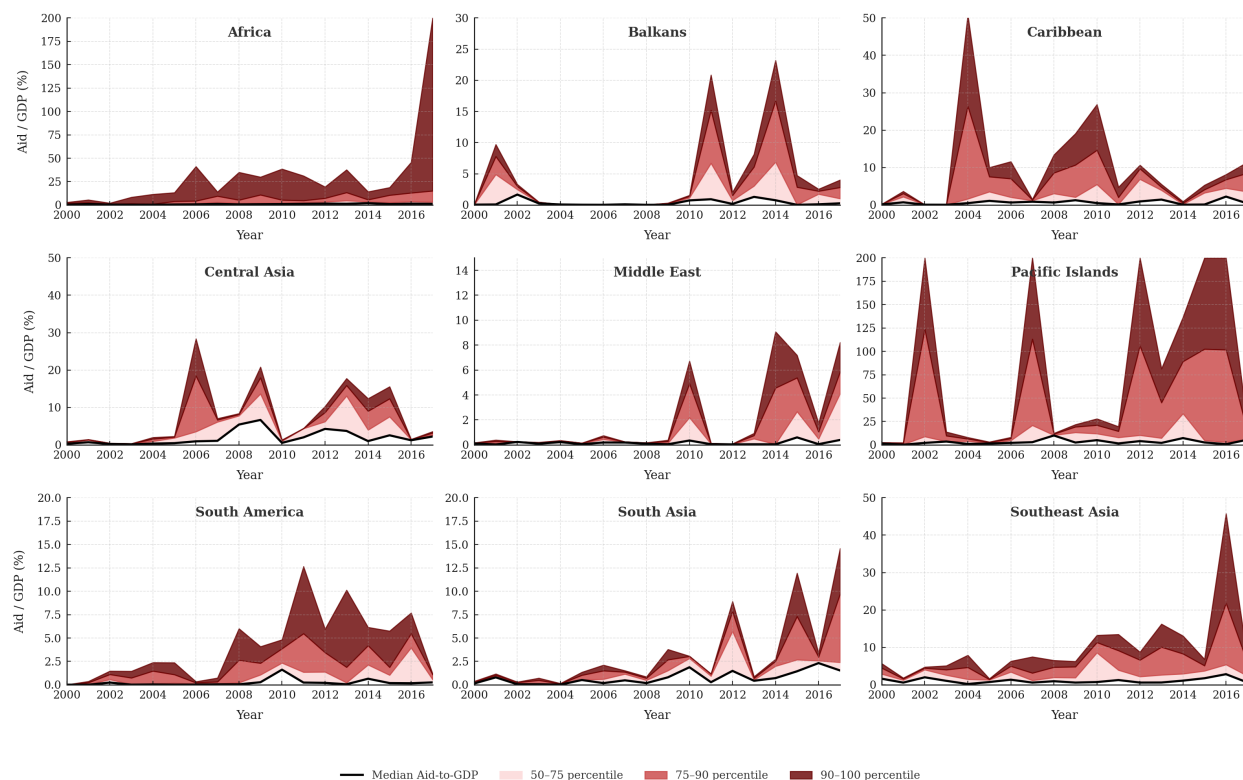


Figure 11: *Chinese Aid Exposure: Observable Aid-to-GDP Ratios by Region (AidData and World Bank Data 2000–2016)*

Figure 11 expands the analysis to a global scale by visualizing aid-to-GDP ratios across non-African regions. The Pacific Islands stand out with recurrent spikes above 100% of GDP within the top 10% exposure group, particularly between 2006 and 2017. Africa as a region maintains the broadest aid footprint, with upper decile exposure peaking sharply in 2016. In Central Asia, exposure is more intermittent but reaches over 30% in several years. The Caribbean, Balkans, and Middle East exhibit burst-like high exposure within specific years, especially in the top quartile bands, but with limited baseline activity in the median percentiles. South Asia and Southeast Asia show progressively rising aid intensity across the period, with Southeast Asia surpassing 40% of GDP in 2017 in its top exposure group. Across regions, the pattern reveals a high degree of variation in temporal concentration, with some regions exhibiting volatile spikes while others demonstrate persistent engagement across percentiles.

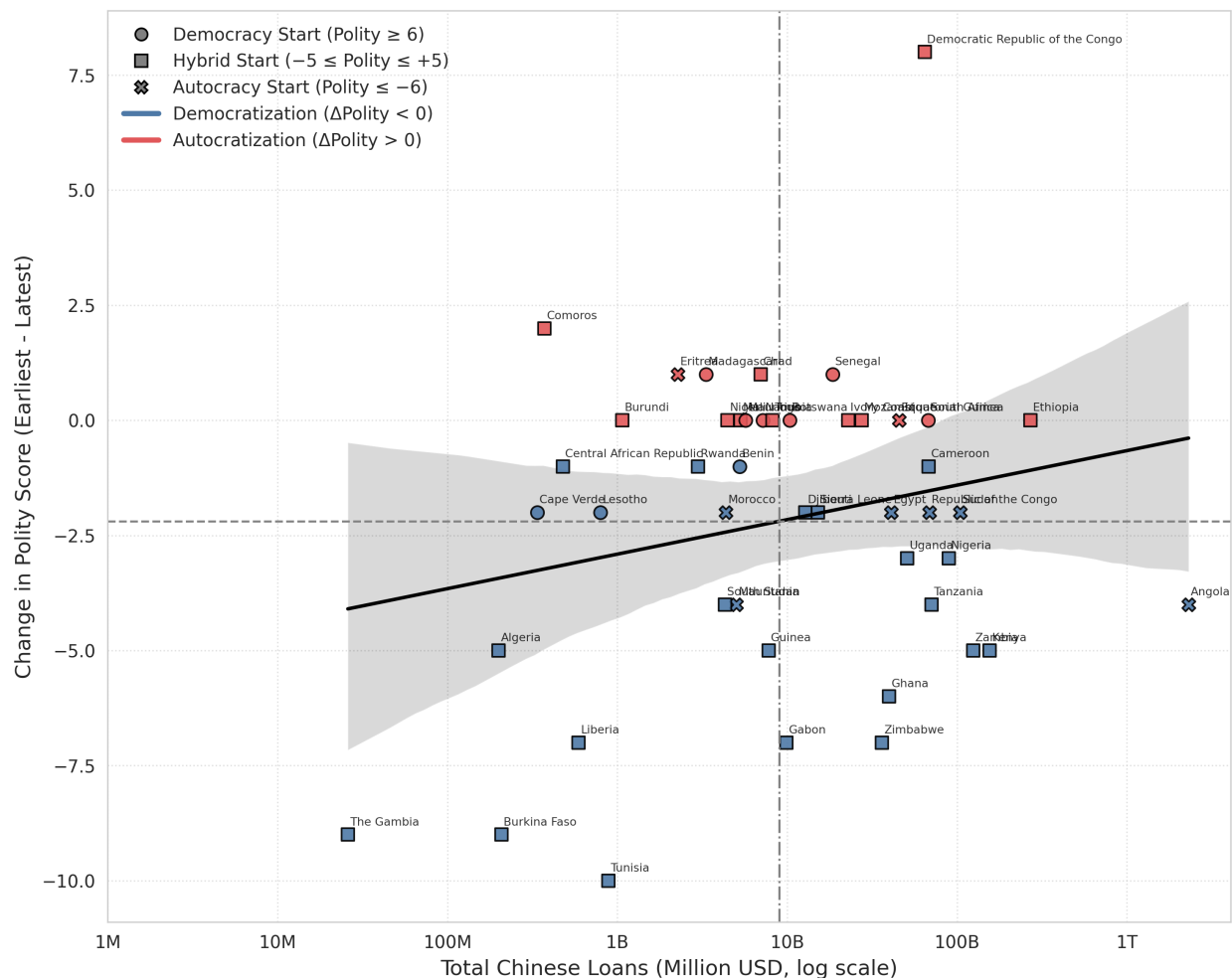


Figure 12: *Association Between Chinese Loan (African Sample) Volume and Change in Polity Score (Earliest – Latest) Note. The red dots signify the deterioration of democratic traits of each sample, and the blue ones show the opposite. The signs of each sample contain the symbol of the initial regime type (N = 47 with paired loans and Δ Polity Scores)*

To better visualize the relationships between Chinese economic engagement and regime outcomes, I plot two figures demonstrating the directional association between Chinese loan and aid volumes and changes in Polity scores. Figures 12 and 13 provide bivariate representations of these associations. Each scatterplot maps recipient countries along two axes: the x -axis shows the total volume of Chinese loan or aid received (logged, in million USD), and the y -axis denotes the net change in Polity score between the earliest and latest observed values. Countries are differentiated by both the direction of regime change—red for autocratization (Δ Polity > 0) and blue for democratization (Δ Polity < 0)—and the initial regime type: circles for democracies (Polity \geq +6), squares for hybrid regimes ($-5 \leq$ Polity \leq +5), and crosses for autocracies (Polity \leq -6). Each plot includes a fitted regression line with 95%

confidence intervals, providing a visual summary of the trend across varying levels of Chinese involvement.

In the African subset displayed in Figure 12, the regression line shows a weak but positive slope, suggesting a mild correlation between increased Chinese loan volumes and autocratizing trajectories. This trend is visually reinforced by a concentration of red-labeled hybrid and democratic cases in the upper-right quadrant. Notably, countries such as the *Democratic Republic of the Congo*, *Burundi*, and *Senegal* display upward Polity score shifts despite originating from mid-range regimes. Other high-exposure countries such as *Eritrea* and *Gabon*, which began as autocracies, demonstrate minimal change or minor democratic openings. Conversely, countries like *Lesotho*, *Cape Verde*, and *Morocco* represent hybrid or democratic regimes that received modest to moderate Chinese loans but experienced a net democratic decline, as evidenced by their location in the lower-right quadrant. The lower-left corner, comprising cases such as *The Gambia*, *Burkina Faso*, and *Tunisia*, reflects countries with limited loan exposure and pronounced democratic regression. The overall width of the confidence band highlights a substantial variance, indicating that loan exposure alone cannot explain regime trajectories and pointing to the presence of intervening factors or conditional effects.

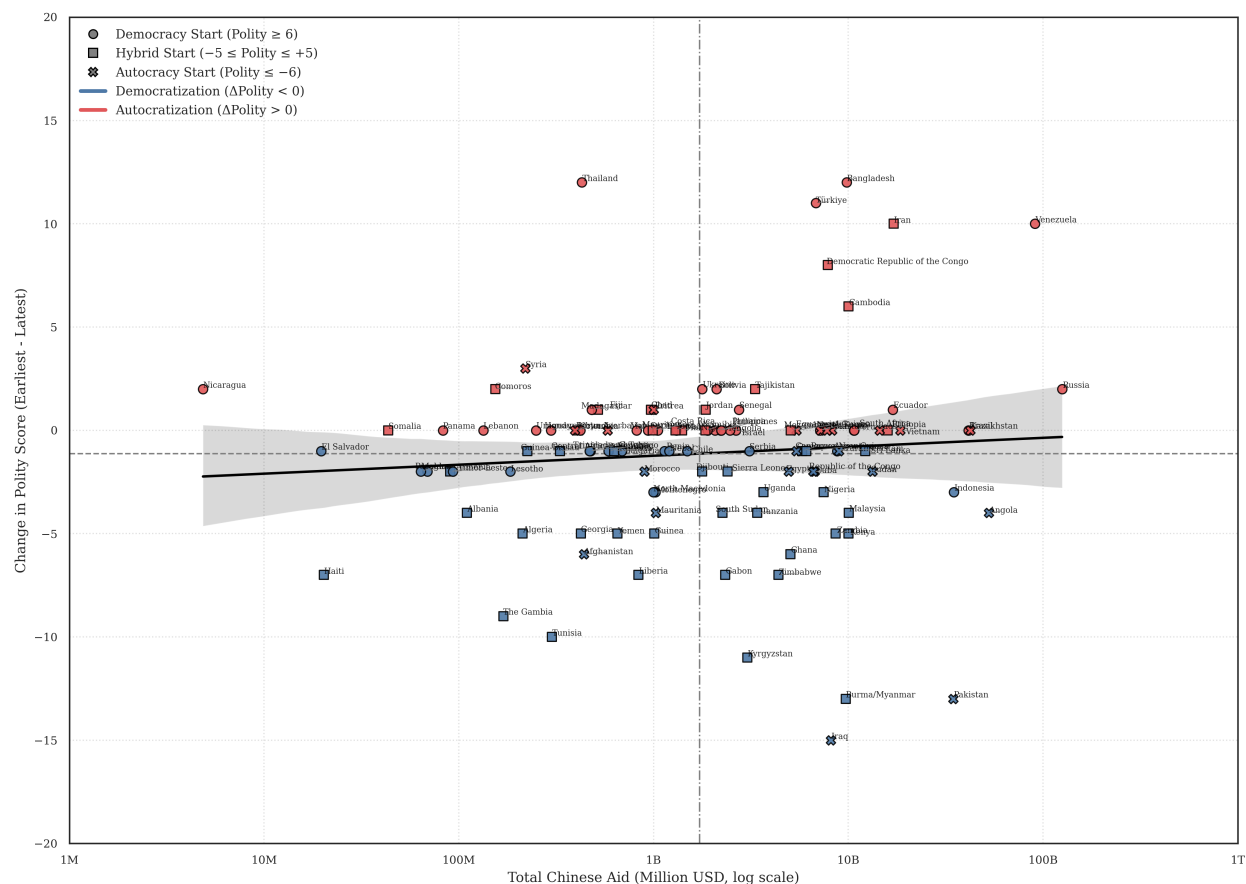


Figure 13: *Association Between Chinese Aid (Global Sample) Volume and Change in Polity Score (Earliest – Latest) Note. The red dots signify the deterioration of democratic traits of each sample, and the blue ones show the opposite. The signs of each sample contain the symbol of the initial regime type (N = 122 with paired aid and filtered Δ Polity Scores)*

In the global aid sample shown in Figure 13, the pattern grows more diffuse both in terms of financial exposure and regime outcomes. While the regression line retains a slightly positive slope, the vertical spread of points is far greater, with Δ Polity scores ranging from nearly -20 to $+20$. Countries such as *Bangladesh*, *Democratic Republic of the Congo*, and *Turkey* are found in the upper-right quadrant, indicating both large volumes of aid received and autocratization, despite starting from relatively democratic or hybrid baseline regimes. By contrast, countries like *Haiti*, *El Salvador*, and *Nicaragua* show considerable democratization despite receiving limited Chinese aid, clustered in the lower-left quadrant. Similarly, several countries receiving substantial aid, such as *Indonesia*, *Colombia*, and *Albania*, moved in a democratizing direction, contradicting a linear autocratization narrative. The grey-shaded confidence band again demonstrates the wide heterogeneity of outcomes, underscoring the weak predictive power of aid volume alone. The overlapping regions of red and blue sym-

bols across all quadrants reveal that Chinese aid does not exert a uniformly authoritarian influence, but instead interacts with domestic conditions, regime resilience, and institutional legacies in complex ways.

Concurrently, the intersection of symbol shape, color, and spatial location highlights the diversity of starting points and regime pathways. These results spotlight the inadequacy of exposure-based explanations alone and reinforce the need for multivariate approaches that account for initial regime characteristics, sectoral targeting, and political contingencies in explaining the political consequences of Chinese aid.

Table 8: *OLS Regression: The Effect of Chinese Influence and Sectoral Engagement on Changes in Polity Score*

	Model 1	Model 2
Energy Aid (log)		0.009 (0.060)
Transport Aid (log)		-0.158* (0.090)
Life Expectancy	-0.087 (0.094)	-0.014 (0.083)
Chinese Aid (log)	0.436*** (0.103)	0.544*** (0.129)
Chinese Contract Labor (log)	-0.805** (0.322)	-0.978** (0.471)
Resource Income per Capita (log)		-0.359 (0.246)
GDP (log)		-0.231 (0.386)
Chinese Loans (log)	0.192 (0.283)	0.709 (0.477)
Constant	-1.510 (6.722)	-9.372 (10.368)
Observations	41	41
R^2	0.194	0.300
Adjusted R^2	0.104	0.125
Residual Std. Error	2.801	2.769
F Statistic	6.000***	4.409***

Note: Robust standard errors in parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

Moving to the next stage of formal analysis is to examine whether the aid and loan flows from China are associated with a higher level of autocratization direction of the recipient countries.¹³ This thesis conducted an OLS regression analysis to investigate this within the African and broader context of the developing world. The dependent variable in the following models is the difference in the Polity score of the recipient countries. The dependent variable, Polity difference score, is constructed by subtracting each country's earliest available Polity score from its most recent score, such that positive values indicate autocratization direction and negative values indicate democratization direction, in line with the thesis's directional framework. This operationalization captures the net regime trajectory over time while preserving comparability across countries. The independent variables are all related to the Chinese economic engagement, including the aggregated aid and loan flows, the contract labor (in the African sample), and the sectoral aid disaggregated from the total aid and loan flows. In essence, the overall model design is to answer in cross-country comparisons whether China's aid, loans, and sectoral distribution systematically affect the magnitude of change in the Polity scores across countries during the observation period. In other words, it estimates whether different forms of Chinese economic involvement are statistically associated with the direction and intensity of political change across countries.

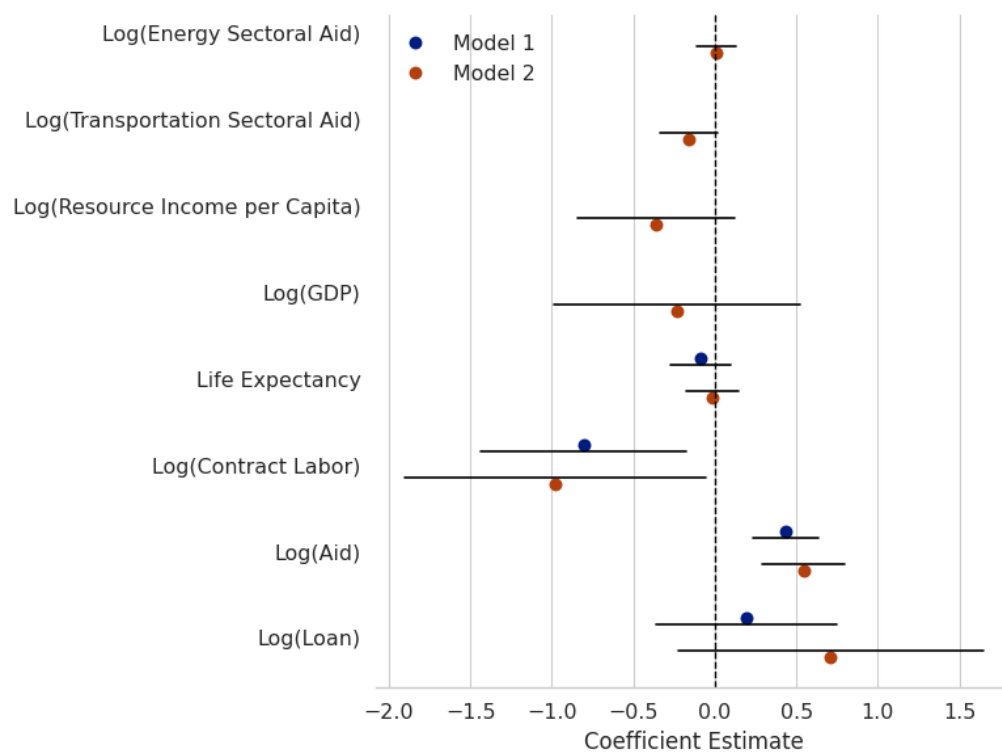


Figure 14: *Coefficient Plot for CARI Regression Model 1-2*

¹³For the additional VIF tests of each main model, please refer to the appendix section, Table 18 and 20.

Table 8 and Figure 14 present the empirical estimates from two ordinary least squares (OLS) models assessing the relationship between Chinese economic engagement and changes in recipient countries' Polity scores. The analysis includes Chinese loans, aid, and contract labor as main predictors, and introduces sectoral and economic controls such as GDP, life expectancy, and involvement in energy and transportation sectors. Together, these variables aim to capture both financial magnitude and the channels through which economic influence might shape regime outcomes.

The most consistently significant predictor across both models is Chinese aid, partially confirming hypothesis 2 regarding the aid part. In Model 1, the coefficient on logged Chinese aid is positive and statistically significant at the 1% level ($\beta = 0.436^{***}$). In Model 2, which includes a broader set of controls, the coefficient remains statistically significant and increases in magnitude to $\beta = 0.544^{***}$. These results suggest that higher aid volumes are positively associated with upward shifts in Polity scores. Since a positive change in Polity score is coded as movement toward autocratization, this finding implies that Chinese aid is associated with regime trajectories becoming more autocratic. The coefficient plot in Figure 14 visually supports this pattern, showing the aid coefficients well to the right of zero and tightly bounded by confidence intervals.

Chinese contract labor shows a robust and consistent negative effect on Polity score change, disconfirming hypothesis 4. In Model 1, the coefficient is $\beta = -0.803^{**}$, and in Model 2 it becomes even more negative at $\beta = -0.978^*$. These estimates suggest that greater exposure to Chinese labor is associated with reductions in Polity score, which, under the coding scheme, indicates movement toward democratization. The coefficient plot reinforces this result, with both estimates situated to the left of the null line and clearly separated from zero. This finding opens an important discussion regarding how labor deployments, often overlooked in aid literature, may generate local reactions or institutional adjustments that result in more open or participatory governance. Possible mechanisms could include public resistance to foreign labor presence, local employment discontent, or elite concessions designed to maintain legitimacy.

Chinese loans, by contrast, show a positive association with Polity score change in both models, with coefficients of $\beta = 0.192$ in Model 1 and $\beta = 0.709$ in Model 2. However, neither estimate achieves statistical significance, disconfirming the loan part of hypothesis 2. The coefficient plot shows wider confidence intervals that overlap with zero. While the direction of the effect is consistent with the notion that loan-based engagements may contribute to regime hardening, the lack of statistical certainty suggests the need for further

specification, perhaps involving disaggregation by loan type, recipient institution, or credit terms. This further indicates that the effect of mix-flow (the Chinese aid flows) shows better explanatory power than the loan, which only contains commercial flows, contrary to the aid, which comprises some ODA flows.

Sectoral effects are also examined for hypothesis 3, particularly for energy and transportation projects, two categories often highlighted in debates about Chinese influence. In Model 2, the coefficient for the energy sector is positive but negligible in size ($\beta = 0.009$), while the coefficient for transportation projects is slightly negative ($\beta = -0.158$, $p < 0.1$), only partially disconfirming hypothesis 2. Only the transportation sectoral aid reached a very slight marginal significance level, and both are displayed near zero in the coefficient plot with broad confidence intervals. These results indicate that sectoral categories, at this level of aggregation, do not significantly yield systematic associations with regime change. This suggests that the political effects of infrastructure projects may depend more on country-specific factors, governance structures, or implementation models than on the sector itself.

Among the macroeconomic control variables, none reach statistical significance. GDP, life expectancy, and resource income all have relatively small coefficients with wide confidence intervals. This suggests that the effects of Chinese economic engagement on regime trajectories operate independently of these structural economic indicators, at least within the scope of this sample. The modest explanatory power of both models ($R^2 = 0.194$ for Model 1 and $R^2 = 0.300$ for Model 2) further supports the interpretation that political transitions are shaped by an intricate interplay of external and domestic forces, many of which may not be captured by standard economic variables.

Table 9: *Logistic Regression: The Effect of Chinese Influence and Sectoral Engagement on Changes in Polity Score*

	<i>Dependent Variable: Regime Autocratization = 1</i>		
	Model 1	Model 2	Model 3
Log(Aid)	0.357** (0.169)	0.172 (0.105)	0.603 (0.387)
Log(Contract Labor)	-1.205 (0.900)		-1.243** (0.626)
Log(Loan)	0.065 (0.517)	-0.431 (0.545)	
Log(Energy Sector Aid)		0.094 (0.073)	0.080 (0.061)
Log(Transportation Sector Aid)		-0.100 (0.132)	-0.167 (0.141)
Life Expectancy		0.104 (0.084)	0.105 (0.078)
Log(Resource Income PC)		-0.386 (0.272)	-0.275 (0.308)
Log(GDP)		-0.190 (0.563)	-0.068 (0.410)
Constant	2.145 (6.350)	2.808 (7.871)	-4.170 (11.224)
Observations	41	41	41
McFadden R^2	0.184	0.201	0.315

Note: *p<0.1; **p<0.05; ***p<0.01

To corroborate the findings obtained from the OLS estimation and better align the empirical strategy with the binary nature of regime shifts, additional logistic regression models were subsequently estimated. These models treat autocratization as a binary outcome, offering an alternative specification for evaluating directional regime change. Table 9 and Figure 15 introduce the main results and expected marginal effect of Chinese aid on the regime change direction. The binary dependent variable equals 1 if the recipient country experienced a positive change in its Polity score, indicating a movement toward autocratization, and 0 otherwise. The structure of the explanatory variables mirrors that of the OLS models, allowing for clear interpretive comparison.

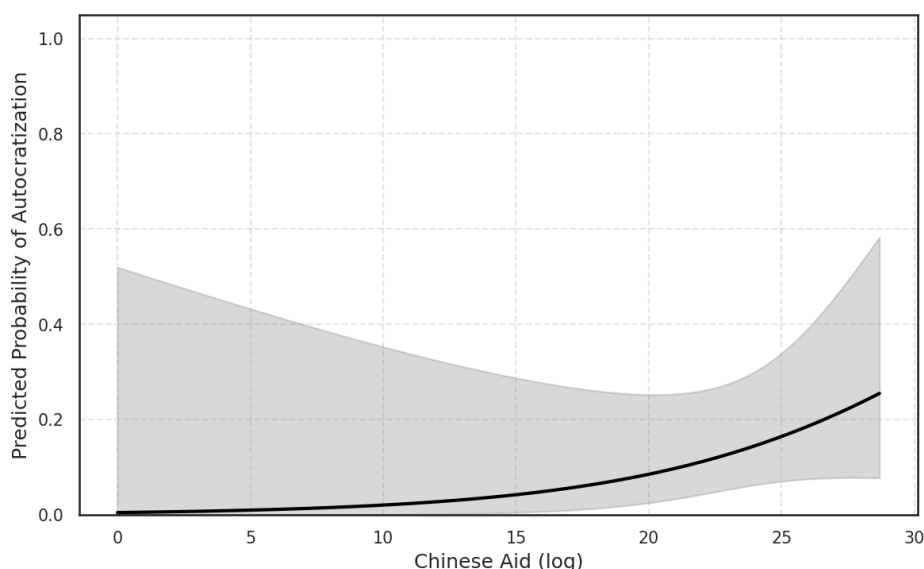


Figure 15: *Marginal Effect of Chinese Aid on Autocratization*

The results partially confirm the patterns observed in the OLS regressions. While Chinese aid is significantly associated with autocratization in the baseline specification (Model 1), with $\beta = 0.357$ and $p < 0.05$, the significance disappears in Model 2 once GDP and sectoral controls are added, and remains insignificant in Model 3. This sensitivity across specifications suggests that the earlier significant association of Chinese aid with autocratization observed in the linear model may not fully translate into a consistent effect on binary regime outcomes, particularly when accounting for covariates with potential collinearity, where loan and aid presents highly correlated relationships, as demonstrated in the appendix section, Figure 21. Additionally, Table 19 shows the VIF for the above logistic models 1 to 3.

In contrast, Chinese contract labor shows a more consistent and robust pattern. In Model 3, which includes both sectoral engagement and economic controls, the coefficient on *logcon-*

tractlabor is statistically significant ($\beta = -1.243, p < 0.05$), indicating a negative association with regime autocratization. This replicates the negative coefficient found in the OLS analysis and strengthens the robustness of the labor effect across different modeling strategies.

Chinese loan variables, while included in Models 1 and 2, remain statistically insignificant throughout, with wide confidence intervals and unstable sign changes. This again aligns with the OLS findings and underscores the limited explanatory power of Chinese commercial loans in predicting regime direction. Similarly, sector-specific aid indicators for the energy and transportation sectors show no significant association with autocratization in any model specification.

To conclude, the logistic regression results reveal a more qualified picture compared to the OLS models. The effect of Chinese aid appears less stable across binary specifications, whereas Chinese labor maintains a consistent negative association with autocratization risk. These findings highlight the importance of modeling choice in evaluating the political consequences of foreign engagement and suggest that the impact of Chinese aid, while observable in continuous regime indicators, is less robust when using a binary framework. A key explanatory factor lies in the temporal scope of the dependent variable, which spans an 18-year period. Within this timeframe, many regimes, particularly those that began as autocratic or as fragile democracies, did not undergo full regime transformations. Instead, they tended to maintain a relatively stable trajectory, with only incremental institutional changes. As a result, the logistic regression model, which captures binary shifts from 0 to 1, may not adequately reflect the gradual, linear nature of regime evolution observed in most cases. Rather than abrupt shifts, what is more prevalent in the data is a slow-moving process of autocratization (mostly 0, meaning regime unchanged instead of democratization). This pattern aligns closely with the conceptual approach adopted in this study, which defines autocratization not as a categorical event but as a continuous process of erosion in democratic institutions. Therefore, the OLS estimation, which captures these linear variations in Polity scores, is better suited for modeling the subtle yet systematic political changes that characterize authoritarian drift.

Table 10: *OLS Regression: Sectoral Chinese Aid and Controls on Changes in Polity Score*

	<i>Dependent variable: Δ Polity Score</i>		
	Model 1	Model 2	Model 3
Log Total Aid	-0.270 (0.174)	-0.266 (0.165)	-0.247 (0.153)
Log Energy Sector Aid	0.088 (0.054)	0.079 (0.053)	0.091* (0.055)
Log Industry/Mining/Construction Sector Aid	0.126*** (0.042)	0.122*** (0.045)	0.124*** (0.047)
Log Social Infrastructure Sector Aid	-0.056 (0.046)	-0.048 (0.056)	-0.036 (0.057)
Log Trade Policy Sector Aid	0.038 (0.070)	0.024 (0.067)	0.011 (0.066)
Log Transport and Storage Sector Aid	-0.001 (0.063)	0.013 (0.063)	0.009 (0.063)
Log Unallocated Sector Aid	-0.053 (0.073)	-0.041 (0.075)	-0.020 (0.073)
Log GDP		0.802 (0.516)	-0.006 (0.650)
Log Resource Income per Capita		-0.240* (0.143)	-0.194 (0.141)
Log Population		-0.604 (0.533)	0.068 (0.626)
Life Expectancy			0.135* (0.073)
Constant	2.270 (2.644)	0.264 (3.447)	-7.427 (5.065)
Observations	117	115	115
R^2	0.085	0.109	0.132
Adjusted R^2	0.026	0.023	0.040
Residual Std. Error	4.194 (df = 109)	4.225 (df = 104)	4.189 (df = 103)
F Statistic	1.916* (df = 7; 109)	1.915* (df = 10; 104)	1.743* (df = 11; 103)

Note: *p<0.1; **p<0.05; ***p<0.01 Robust standard errors in parentheses

To enhance the the understanding and robustness of the empirical analysis, I expand the scope beyond African countries by incorporating additional recipient states from the Aid-Data dataset and merging them with Polity V data, resulting in a total of 115 observations (it accounts for the situation in which the Polity difference can be compared with all other control variables). The results, in general, reinforce the findings in the African samples. Table 10 presents a set of three OLS regression models that estimate the effect of Chinese aid and its sectoral allocation on regime change outcomes, as captured by the change in Polity score between the earliest and latest available years. Model 1 includes total Chinese aid and major sectoral variables. Models 2 and 3 progressively incorporate additional controls, including GDP, resource income, population, and life expectancy. All models use log-transformed values for financial variables to account for skewed distribution and facilitate proportional interpretation of marginal effects. The overall number of observations ranges from 115 to 117 because some observations lack the data for resource income per capita. As a result that the models omitted the missing data.

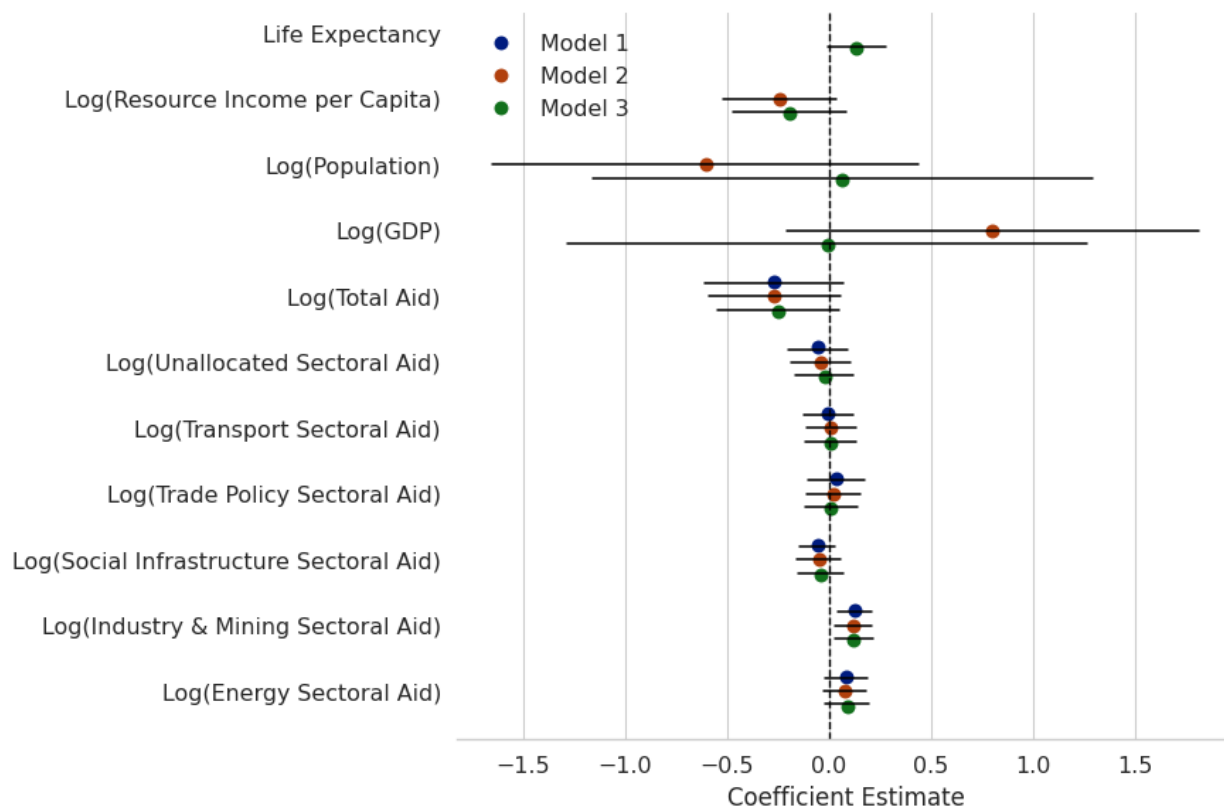


Figure 16: *Coefficient Plot for AidData Regression Model 1-3*

Table 10 and Figure 16 present the results from three OLS models evaluating the association between sectorally disaggregated Chinese aid, aid total, and changes in Polity score. The dependent variable, ΔPolity , is defined as the difference between the earliest and latest values of the Polity score, with positive values indicating autocratization and negative values indicating democratization. Across all three models, the coefficient for total Chinese aid remains negative and non-significant (Model 1: $\beta = -0.270$; Model 2: $\beta = -0.266$; Model 3: $\beta = -0.247$), suggesting that aggregate aid volume is not systematically associated with regime trajectory once sectoral allocations and structural covariates are accounted for. This finding marks a departure from the African sample, where total aid volume exhibited a positive and statistically significant correlation with autocratizing movement, thus disconfirming the second hypothesis. Here, the absence of a significant effect reinforces the necessity of disaggregating aid by sector to uncover conditional mechanisms.

The sectoral breakdown reveals clear heterogeneity in how specific types of aid relate to regime outcomes, partially supporting hypothesis 3. Most prominently, aid directed to the industry, mining, and construction sectors yields consistently positive and statistically significant coefficients across all three models (Model 1: $\beta = 0.126$; Model 2: $\beta = 0.122$; Model 3: $\beta = 0.124^{***}$). These robust associations indicate that countries receiving greater volumes of Chinese aid in industrial or extractive infrastructure sectors are more likely to experience an autocratization trend. The statistical strength and stability of this coefficient across specifications provide compelling evidence for the idea that industrial sector aid channels are politically consequential. The implementation structure of such aid often involves direct contracts with central government ministries, limited public oversight, and high-value projects in politically sensitive areas such as mining, special economic zones, or construction conglomerates. These characteristics may account for the institutional outcomes detected here. In contrast, energy sector aid presents a consistently positive but only marginally significant effect in Model 3 ($\beta = 0.091^*$), while remaining insignificant in the first two models. This differs notably from the African sample, where energy aid had a negative association with Polity change. The present result suggests a more nuanced interpretation: rather than democratizing or neutral, energy aid, particularly in non-African settings, may be more closely linked to regime stabilization strategies that elevate executive authority or reinforce existing hierarchies. Motionlessly, the modest magnitude and borderline significance level of the coefficient call for cautious interpretation.

Transport and storage sector aid, often assumed to be central to state-building and regime consolidation, exhibits no significant relationship with Polity change in any of the models (Model 1: $\beta = -0.001$; Model 2: $\beta = 0.013$; Model 3: $\beta = 0.009$). These coefficients are

near zero and remain statistically insignificant, indicating that once sectoral distinctions are introduced, transportation projects may not carry the same autocratizing weight as observed in the African-focused regressions. This null effect, despite theoretical expectations and prior empirical support, suggests that the institutional consequences of transport aid may be more context-contingent, depending on state capacity, project implementation structure, or regional governance regimes. Other sectoral categories, including social infrastructure, trade policy, and unallocated aid, fail to exhibit any statistically significant associations across all models. Their coefficients remain close to zero and are accompanied by relatively large standard errors, indicating a lack of systematic influence on regime outcomes. These null findings imply that the sectoral effect of Chinese aid is not uniformly distributed and that only specific channels, particularly industrial and extractive sectors, appear politically salient in shaping regime trajectories.

Among control variables, life expectancy in Model 3 is positively associated with Polity score change ($\beta = 0.135$), indicating a potential link between rising demographic development and autocratizing trends. Conversely, log resource income per capita is negatively associated with Δ Polity in Model 2 ($\beta = -0.240$), which could suggest that resource-based wealth moderates the autocratizing influence of other aid types. These controls, however, do not substantially alter the key sectoral relationships. GDP and population remain statistically insignificant throughout, highlighting the limited explanatory power of traditional economic indicators in accounting for institutional political shifts once aid composition is controlled.

Across-the-board model fit is modest but stable across specifications (R^2 ranging from 0.085 to 0.132), reflecting the inherent complexity of explaining regime transformation across diverse aid-recipient contexts. Nonetheless, the consistency of the positive and statistically significant coefficients on industry and mining sector aid underscores the importance of disaggregating aid flows by function. These results suggest that the political impact of Chinese aid cannot be fully understood without attention to the sectors in which aid is embedded and the institutional channels through which it operates.

These findings are consistent with project-level observations from the AidData database. For example, several major projects categorized under industrial and construction sectors, such as the *Yamal LNG Development* in Russia and the *Port Expansion Project* in Myanmar, reflect the typical features of this aid modality: bilateral implementation, centralized decision-making, and elite-oriented financing. These features mirror the statistical patterns identified in the regression outputs. By contrast, energy-related projects such as the *Hydropower Dam Upgrading Project* in Laos or the *Coal Power Generation Program* in Pakistan, while

financially substantial, exhibit more varied governance structures and implementation logics, possibly explaining their less consistent effects.

In sum, the regression models and matched project cases demonstrate that Chinese aid's political consequences are shaped not by its total volume alone, but critically by its sectoral allocation. Aid that finances industrial and extractive projects is statistically and substantively associated with autocratizing movements, while other forms of aid remain politically inconsequential. This reinforces the analytical claim that the functional characteristics of aid delivery matter for understanding authoritarian aid and should be central to future research on foreign influence and regime outcomes.

Table 11: *Logistic Regression: Chinese Sectoral Aid and Regime Change Direction*

	<i>Dependent variable: Regime Autocratization = 1</i>		
	Model 1	Model 2	Model 3
Log Total Aid	-0.282** (0.115)	-0.295** (0.138)	-0.272** (0.110)
Log Energy Sector Aid	0.032 (0.035)	0.020 (0.037)	0.023 (0.039)
Log Industry, Mining, Construction Sector Aid	0.105** (0.044)	0.101** (0.048)	0.103** (0.050)
Log Social Infrastructure & Services Sector Aid	-0.019 (0.034)	-0.013 (0.036)	-0.008 (0.042)
Log Trade Policy & Regulation Sector Aid	0.030 (0.032)	0.024 (0.032)	0.019 (0.032)
Log Transport & Storage Sector Aid	0.017 (0.041)	0.011 (0.043)	0.011 (0.048)
Log Unallocated/Unspecified Sector Aid	-0.052 (0.048)	-0.054 (0.046)	-0.044 (0.046)
Log GDP		0.065 (0.321)	-0.480 (0.681)
Log Population		0.185 (0.354)	0.655 (0.682)
Log Resource Income per Capita		-0.084 (0.127)	-0.050 (0.163)
Life Expectancy			0.088 (0.081)
Constant	2.358 (2.146)	1.376 (2.835)	-3.976 (5.212)
Observations	123	117	117
Log-Likelihood	-51.91	-50.44	-49.31
AIC	119.8	122.9	122.6
McFadden R^2	0.101	0.108	0.128

Note: *p<0.1; **p<0.05; ***p<0.01 Robust standard errors in parentheses

Table 11 presents the results of three logistic regression models examining the association between sectorally disaggregated Chinese aid, total aid amount, and the likelihood of regime autocratization. The dependent variable is binary, coded as 1 if a country experienced autocratization and 0 otherwise. Sample sizes range from 117 to 123 observations across models. The McFadden R^2 values fall between 0.101 and 0.128, which suggests that decent explanatory power of 10.1%, 10.8%, and 12.8% of the variance in the dependent variable.

In contrast to the OLS models on continuous Polity change, the log-transformed total Chinese aid variable in the logistic specification exhibits a consistent and statistically significant negative coefficient across all three models, disconfirming hypothesis 2 (Model 1: $\beta = -0.282$; Model 2: $\beta = -0.295$; Model 3: $\beta = -0.272^{**}$). This implies that higher levels of total Chinese aid are associated with a decreased probability of regime autocratization. The sign and statistical strength of the coefficients suggest that, once aid is disaggregated and modeled against discrete regime outcomes, total aid functions in a directionally opposite manner than previously anticipated. While this result diverges from earlier findings in the African sample, where total aid tended to align with autocratizing outcomes, it introduces the possibility that aid volume, in broader global samples, may operate under more heterogeneous or context-contingent mechanisms.

Turning to sectoral variables, the most robust and consistent finding concerns the industry, mining, and construction sectors, partially confirming some sectoral assumptions in hypothesis 3. Aid directed toward this category displays a positive and statistically significant association with regime autocratization across all three models (Model 1: $\beta = 0.105$; Model 2: $\beta = 0.101$; Model 3: $\beta = 0.103^{**}$). These results confirm the OLS-based findings and point to a substantively meaningful pattern: countries receiving relatively more Chinese aid in this sector face systematically higher odds of undergoing autocratization. The magnitude of the coefficients indicates that a one-unit increase in the log volume of this aid type raises the log odds of autocratization by roughly 0.10 units, net of controls. This consistency justifies the interpretation that industrial and construction-based aid modalities tend to facilitate institutional environments that are more conducive to executive consolidation or elite entrenchment.

By contrast, energy sector aid yields consistently small and statistically insignificant coefficients in all three models (Model 1: $\beta = 0.032$; Model 2: $\beta = 0.020$; Model 3: $\beta = 0.023$). These findings further corroborate the pattern observed in the OLS regressions, where the energy variable did not produce a significant relationship with Polity change. Across both modeling strategies, there is no empirical evidence supporting a systematic association be-

tween energy sector aid and autocratization. Despite theoretical assumptions regarding the potential for large-scale infrastructure or extractive investments to bolster regime strength, the results do not confirm this link at a global level.

Aid to social infrastructure and services also remains statistically insignificant across all three models (Model 1: $\beta = -0.019$; Model 2: $\beta = -0.013$; Model 3: $\beta = -0.008$), with coefficients close to zero. This suggests that aid directed toward education, health, and basic services may not carry directional effects on regime type, functioning instead as politically neutral or weakly institutional forms of engagement. Similarly, aid for trade policy, transportation, and unallocated sectors shows no significant relationship with autocratization outcomes. These results highlight the selective nature of sectoral influence, with only industrial and construction categories emerging as consistently consequential.

Among the control variables included in Model 3, none reaches conventional levels of statistical significance. GDP, population, life expectancy, and resource income per capita all yield null results, suggesting that structural economic indicators do not materially alter the observed relationships between Chinese aid composition and regime change. This further reinforces the conclusion that the sectoral allocation of aid, rather than background country characteristics, drives the predictive patterns in the logistic models.

To ground these patterns in an empirical context, project-level data from AidData helps illustrate how industrial and construction-related aid operates in practice. In Egypt, for example, a series of aid commitments between 2004 and 2017, including a \$312 million export buyer's credit in 2007 for industrial projects, exemplify Chinese economic engagement in politically consequential sectors. These projects include state-led construction of textile, cement, and steel production infrastructure under the framework of the China-Egypt Suez Economic and Trade Cooperation Zone (SETC-Zone). The involvement of Chinese SOEs and parastatals in these ventures reinforces the vertical and non-transparent governance modes through which industrial sector aid is deployed. In 2023, the European Union imposed anti-subsidy duties on fiberglass producers within the zone due to unfair competitive advantages resulting from Chinese subsidies.¹⁴ This case offers institutional support for the statistical finding that industrial sector aid correlates with autocratization: such projects frequently bypass democratic oversight, benefit regime-linked elites, and consolidate central control over infrastructure and output.

¹⁴See press release: <https://curia.europa.eu/jcms/upload/docs/application/pdf/2023-03/cp230038en.pdf>, Accessed: 01-05-2025

The cumulative results across the three models in Table 11 confirm that the relationship between Chinese aid and regime autocratization is neither uniformly positive nor uniform across sectors. Instead, the data show that while total aid is negatively associated with the likelihood of autocratization in this logistic framework, only aid targeted toward the industrial and construction sectors yields a consistently positive and significant effect. This divergence between total and sectoral aid outcomes underscores the necessity of modeling Chinese aid disaggregated by function. The logistic regression findings thus reinforce the analytical claim that authoritarian diffusion through foreign aid operates through sector-specific channels, and that the industrial sector in particular represents a key vector through which Chinese engagement may affect regime trajectory.

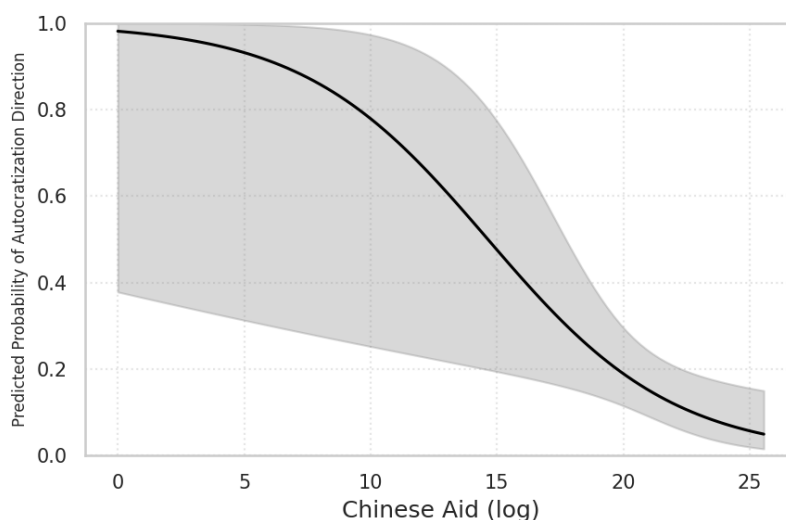


Figure 17: *Effect of Aid on Probability of Autocratization Direction*

Figure 17 presents the marginal effect plot of Chinese aid (log-transformed) on the predicted probability of a country belonging to the autocratization direction category, as estimated from the logistic regression models in Table 11. The x-axis displays the log scale of total Chinese aid, while the y-axis captures the predicted probability that a regime shift corresponds to autocratization (defined as a positive Δ Polity score). The solid black curve indicates the central prediction, and the grey shaded area represents the 95% confidence interval derived from the model.

The shape of the curve reveals a clearly decreasing and non-linear pattern. In the lower segment of the aid distribution, from log aid values near 0 up to around 15, the predicted probability of autocratization remains relatively elevated, hovering between 0.6 and 0.8. This plateau suggests that at lower levels of Chinese aid, the likelihood of autocratization remains

high and persistent. However, beyond the threshold of approximately log 15, roughly equivalent to aid volumes exceeding 3.2 million USD, the curve begins to descend more steeply. As the aid volume continues to increase, particularly beyond log 20 (equivalent to roughly 485 million USD), the predicted probability of autocratization declines significantly, eventually dropping below 0.2 near the upper tail of the aid distribution. The shaded confidence bands widen noticeably in this high-aid range, signaling that these predictions are based on a smaller number of country observations and therefore carry greater statistical uncertainty.

This visual evidence directly complements the regression results reported in Table 11, where the coefficient for log total aid is consistently negative and statistically significant across all three models. Together, the table and figure provide a coherent empirical narrative: higher levels of Chinese aid are systematically associated with a reduced likelihood of regime autocratization. Importantly, the marginal effect is not uniform across the distribution. Rather than suggesting a linear reduction in autocratization risk with incremental increases in aid, the figure illustrates a threshold effect; only substantial increases in aid volume appear capable of producing a notable shift in autocratization probability.

This non-linear curvature suggests that the relationship between Chinese aid and regime outcomes is subject to conditional intensity: low-to-moderate aid levels may sustain or reinforce autocratic tendencies, while very high levels of aid are more strongly associated with regime stabilization or democratic retention. The results, therefore, nuance the earlier findings from the African sample, where the focus was primarily on the positive correlation between Chinese aid and autocratizing outcomes. In contrast, the global logistic model and its visualized marginal effects point to a differentiated pattern—one in which the political effects of aid volume may depend not only on the sectoral composition or implementation channels, but also on where a country stands along the aid distribution spectrum.

Figure 17 provides critical insight into the shape and intensity of Chinese aid's association with regime direction. It underlines that authoritarian diffusion via economic instruments does not operate in a proportional or monotonic fashion. Instead, the probability of autocratization exhibits a downward-sloping trajectory as aid volume increases, particularly beyond the mid-range of observed values. This finding highlights the necessity of modeling regime outcomes not just as a function of aid presence, but of its magnitude and distributional positioning. The downward curvature visually reinforces the regression-based conclusion that higher aid volumes are negatively associated with regime autocratization, though with considerable uncertainty at the upper end, offering a refined interpretation of China's foreign aid influence in the political trajectories of recipient states.

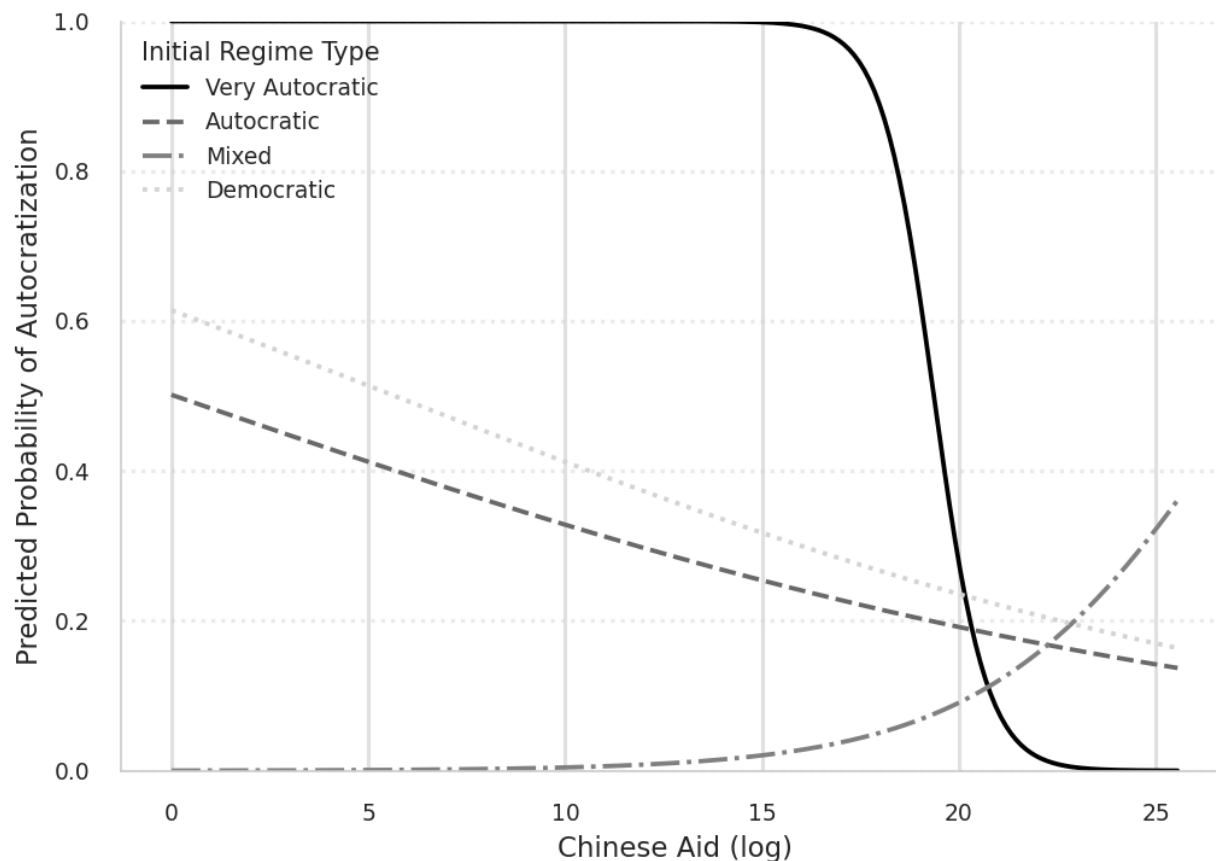


Figure 18: *Effect of Aid on Autocratization Direction by Initial Regime Type*

To further examine the conditional effects of Chinese aid on regime transformation, Figure 18 plots the predicted probabilities of autocratization as a function of log-transformed total Chinese aid, disaggregated by four categories of initial regime types based on earliest Polity scores: Very Autocratic ($\text{Polity} \leq -6$), Autocratic ($-6 < \text{Polity} \leq 0$), Mixed (Countries with immaturely established democratic systems) ($0 < \text{Polity} \leq 5$), and Democratic ($\text{Polity} \geq 6$). These curves are derived from a logistic regression model incorporating interaction terms between the regime type dummies and the log of total aid, thereby capturing the differential marginal effects of aid contingent on regime baseline, as exhibited in Table 12.¹⁵

The resulting trajectories reveal sharply diverging slopes and intercepts, confirming substantial heterogeneity in how Chinese aid interacts with different regime baselines. For initially democratic countries, the predicted probability of autocratization begins above 0.60 and

¹⁵The steep decline observed for “Very Autocratic” regimes ($N = 31$) reflects the distributional skew in this group, where 75% of observations have log aid values above 20, resulting in high predicted probabilities at low-aid margins despite the group’s overall exposure being concentrated in the upper tail.

declines steadily as aid increases, dropping to approximately 0.15 at the upper end of the aid distribution. This downward trend is consistent with the combined effect of the model's coefficients: a negative main effect for aid ($\beta = -1.506$, $p = 0.016$) and a statistically significant positive interaction term for democracies ($\beta = 1.424$, $p = 0.022$). The result reflects that although democratic regimes are generally less likely to autocratize, increasing aid volumes are associated with a moderated but persistent reduction in autocratization risk, with diminishing marginal effects at higher levels of aid exposure.

The trajectory for mixed regimes shows a notably different pattern, confirming hypothesis 1. Beginning near zero, the predicted probability of autocratization increases gradually but remains relatively low throughout the aid distribution until the log 15 threshold, compared to the trends of other regime types. Despite the presence of a statistically significant interaction term ($\beta = 1.818$, $p = 0.014$), the overall prediction remains low across the observed range of aid before the log 15 threshold, suggesting that the average level of autocratization in mixed regimes is modest and that Chinese aid plays a secondary role in shifting regime direction within this category. The curvature of the prediction line aligns with the additive nature of the model, wherein the sum of the negative main effect and the positive interaction effect yields a relatively flat outcome across aid levels.

Autocratic regimes display a monotonic decline in predicted autocratization probability. Starting at around 0.5 when aid is low, the predicted probability decreases as aid increases, ultimately approaching 0.15 near the top end of the aid spectrum. This trend corresponds to the model's statistically marginal interaction coefficient for autocracies ($\beta = 1.434$, $p = 0.038$), which, when combined with the negative main effect, results in a net negative marginal effect across the distribution. The slope is steeper than that of mixed regimes, indicating a more substantive downward adjustment in autocratization risk as aid intensifies.

In contrast, the trajectory for very autocratic regimes is strikingly distinct. The predicted probability of autocratization begins at nearly 1.0, then falls rapidly as aid increases, reaching close to zero at the upper aid range. This steep decline directly reflects the negative main effect of Chinese aid, which is not moderated by any interaction term for this baseline category. As such, the shape of the curve represents the full influence of the aid coefficient ($\beta = -1.506$, $p = 0.016$), signifying that in highly autocratic settings, where regime institutionalization is deep, Chinese aid is associated with a sharp reduction in further autocratization risk. This may be due to a ceiling effect: regimes that are already at the authoritarian extreme have limited room for further autocratization as operationalized by the Polity score.

When contextualized against earlier models that examined pooled effects across regime types, the stratified patterns in Figure 18 provide essential nuance. The aggregate association between Chinese aid and autocratization reported in Table 11 is revealed here to be an average of diverging trends across regime categories. For democratic and autocratic regimes, the predicted probabilities of autocratization decline meaningfully as aid increases. For mixed regimes, the probability remains relatively low and flat despite an overall increase after the threshold, while for very autocratic regimes, the decline is most pronounced. These results stress the analytic utility of interaction modeling, depicting that domestic regime characteristics condition the directional effect of aid.

From a comparative perspective, these stratified trends provide critical context for interpreting previously aggregated regression models. While earlier tables emphasized an overall negative association between Chinese aid and autocratization, Figure 18 discloses that this relationship is conditional and shaped by the recipient’s baseline institutional configuration. The relative stability of mixed regime trajectories reinforces the proposition that institutional hybridity does not always translate into political vulnerability vis-à-vis foreign aid. Conversely, the sharply descending curve for very autocratic regimes suggests a saturation point beyond which external financial engagement contributes little to further autocratization. The regime-specific responses captured in this figure demonstrate that the political consequences of authoritarian aid are neither uniform nor linear but mediated by institutional starting points.

Table 12: *Logistic Regression with Interaction Terms: Aid × Initial Regime Type*

Variable	Coef.	Std. Err.	<i>z</i>	<i>p</i> -value
Intercept	27.574	12.364	2.23	0.026
Initial Regime (Ref: Very Autocratic)				
Autocratic	-29.154	13.858	-2.10	0.035
Mixed	-37.706	15.289	-2.47	0.014
Democratic	-28.695	12.250	-2.34	0.019
Chinese Aid (log)	-1.506	0.623	-2.42	0.016
Interaction: Aid × Regime				
Aid × Autocratic	1.434	0.690	2.08	0.038
Aid × Mixed	1.818	0.738	2.46	0.014
Aid × Democratic	1.424	0.619	2.30	0.022
Controls				
log(GDP)	-0.040	0.456	-0.09	0.930
log(Population)	0.267	0.479	0.56	0.578
log(Resource Income PC)	0.028	0.138	0.20	0.840

Note: Binomial GLM with logit link. Interaction terms indicate differential effects of Chinese aid by initial regime type.

Robust standard errors reported. $N = 117$. Pseudo $R_{CS}^2 = 0.096$.

This regime-stratified analysis refines our understanding of the Chinese aid effect. It reveals a differentiated landscape in which the political impact of aid is regime-type specific and varies in magnitude and direction. For African recipients, many of whom fall into the mixed or autocratic categories, these findings imply heterogeneous vulnerabilities and differential pathways to regime change. The close alignment between predicted probabilities and interaction effects lends further empirical credibility to the use of regime-stratified modeling and emphasizes that initial institutional conditions are decisive in shaping the democratic or autocratic consequences of aid.¹⁶

The divergent findings between the Africa-specific sample (Table 9) and the global cross-national sample (Table 11) are neither contradictory nor surprising when considered through the lens of contextual specificity and data construction. The African sample, drawn from the CARI dataset, reflects a relatively homogeneous geopolitical space where China's financial presence, particularly in the form of large-scale infrastructure loans and contract labor deployment, has been highly visible, concentrated, and politicized. Many of the recipient countries in this sample are lower-income, institutionally fragile, and historically shaped by patronage politics, which may heighten their susceptibility to external economic influences. By contrast, the AidData global sample encompasses a much broader range of regime types, institutional capacities, and aid modalities, including middle-income and post-communist states where aid is often less central to domestic political consolidation. The statistical signals detected in Africa may thus become diluted or overridden in global models by this heterogeneity. Furthermore, CARI's project-level granularity allows for a finer alignment between financial exposure and political outcome, such as matching specific transport loans to regime trends, whereas AidData aggregates aid flows at the sector-year level, often without disbursement confirmation or detailed implementation status. In short, Africa presents a context where Chinese influence may be both more concentrated and more legible, whereas global patterns reflect more diffuse relationships shaped by diverse institutional filters, geopolitical alliances, and aid governance architectures. Recognizing this distinction is critical not for privileging one sample over another, but for interpreting each within its appropriate empirical and political frame.

¹⁶For an additional test on a multinomial logistic regression, please refer to the appendix section, Table 13, which fortifies the results of the logistic models described above. The additional regressions and VIF tests for the African sample, OLS, and logistic regressions can be found in the appendix section due to the high collinearity detected in the formal models. Please refer to Tables 14, and 16 for the examination of the adjusted models. The results are consistent with the formal models listed above.

4.1 Permutation Test

To rigorously assess the empirical robustness of the main regression findings, this study conducts permutation-based randomization inference for both the CARI and AidData models. The results, presented in Appendix Figures 19 and 20, visualize the null distributions of coefficient estimates obtained from 1,000 iterations of shuffling the dependent variable Δ Polity score while holding the covariate structure fixed. This approach offers a non-parametric benchmark for evaluating whether observed coefficients are statistically distinguishable from random noise.

In the case of the CARI-based models (Figure 19), the permutation distributions validate the core findings from Table 8. The coefficient on Chinese Aid (log) is located in the extreme right tail of the null distribution for both Model 1 and Model 2, yielding permutation p -values of 0.008 and 0.007, respectively. These values provide strong support for the statistical significance of Chinese aid even under randomized data structures, reinforcing the conclusion that Chinese aid is positively associated with changes in regime type, as proxied by Polity score. Notably, these results match the significance levels obtained via conventional robust standard errors, suggesting that the effect of Chinese aid is not an artifact of parametric assumptions, heteroscedasticity, or sample idiosyncrasies.

Chinese Contract Labor (log), which showed a moderately negative and significant coefficient in Table 8, also demonstrates robustness in the permutation test. With p -values of 0.058 in Model 1 and 0.065 in Model 2, the variable consistently lies near the distributional extremes, albeit narrowly above the conventional 5% threshold. This convergence between model-based and permutation-based inference suggests that the negative association between labor inflows and regime liberalization is unlikely to be spurious. The magnitude and directionality of this effect align with the theorized mechanism whereby contract labor may foster economic dependence or suppress participatory channels.

In contrast, Chinese Loans (log), while present in the model specifications, exhibit little empirical robustness under permutation. In both models, the observed coefficients fall well within the central region of the null distributions, and the permutation p -values exceed 0.25. This discrepancy with the modest coefficients reported in Table 8 indicates that any relationship between loan exposure and regime change is weak and not reliably distinguishable from random variation. This finding underscores the inferential limitations of relying solely on conventional p -values, and highlights the added value of permutation-based diagnostics.

Turning to the sectoral models using AidData (Figure 20), the permutation results again align well with the regression output in Table 10. Among the sectoral aid categories, Chinese Industry/Mining/Construction Aid (log) consistently passes the permutation threshold in all three models, with p -values of 0.012, 0.034, and 0.031, respectively. The observed coefficients, ranging from 0.122 to 0.126, are located at the upper tails of the permutation distributions, reinforcing the interpretation that this type of aid contributes meaningfully to shifts in regime score. The convergence of significance across parametric and non-parametric methods lends credence to the political salience of industrial aid, which may disproportionately benefit authoritarian institutions through infrastructure patronage or elite capture.

Other sectoral aid variables, however, fail to reach statistical significance under permutation. Energy Aid (log) shows p -values above 0.15 across models, despite its mild statistical significance in Model 3. Similarly, Total Aid (log), which appeared marginally significant in Table 10, fails to achieve permutation significance in any model, with p -values ranging from 0.144 to 0.588. This contrast suggests that the signal observed in the full regression may reflect collinearity, overfitting, and an additional test in the appendix section has been conducted, which shows that the results remained constant after filtering out the highly collinear variable. Social Infrastructure, Trade Policy, Transport, and Unallocated Aid also exhibit uniformly high p -values in the permutation tests, reinforcing their lack of consistent explanatory power.

Overall, the permutation tests presented in Appendix Figures 19 and 20 serve as an essential robustness check. They demonstrate that among the various dimensions of Chinese economic engagement, only Chinese aid (particularly industrial aid) consistently exhibits statistically reliable associations with regime change. This strengthens the empirical validity of the core argument, while also cautioning against over-interpretation of aggregate or sectorally diffuse variables. The permutation tests thus not only reinforce key findings but also delimit the interpretive boundaries of the models, highlighting the importance of disaggregated and mechanism-specific analysis in studies of authoritarian influence.

5 Conclusion

This paper examined the relationship between Chinese economic engagement and regime trajectory, focusing on whether aid, loans, and sectoral investments systematically correlate with autocratization or democratization in recipient countries. The research was driven by understanding the heterogeneity of Chinese aid, especially when it is aggregated into several sectors, their sectoral differences may translate into different political outcomes rather than treating them as simply OOF or ODA. The work by Dreher et al. (2016, 2018, 2021), as a series of Chinese economic aid studies, addressed the impact of Chinese aid on the level of fiscal policy and democracy despite its neglect of sectoral aid, which contributes to different regime trajectories. Consequently, this thesis fills the gap by extending the knowledge of relationships dynamics and broadening the scope of the cases examined in the previous studies by Dreher and his colleagues, which I examined the African countries ($N = 41$) first and incorporate more countries ($N = 123$) around the globe to verify the generalizability of my research results, confirming that the Chinese aid flows do correlate with a higher level of regime autocratization direction when only considering African sample. It further shows that in a global sample, the Chinese aid does not lead to an autocratization direction. The heterogeneity discovered in this thesis also sheds light on the existing Chinese aid studies, which Chinese aid flows proffer more complex relationships with the recipient countries' democratic development. Some sectors possess counter-intuitive outcomes that the transportation sector, in the African sample, contributes to a slightly higher level of democratization despite the volatility demonstrated throughout the models. Through a large data analysis of two datasets (CARI and AidData) about Chinese aid and loan flows in 41 and 123 polities, respectively, geographically dispersed, and utilizing OLS and logistic regression modeling, the study has substantiated a significant finding: the rising role of Chinese economic engagement in African countries' regime autocratization direction despite the fact that some counter-intuitive sectoral aid has positive implication for democratization (transportation sectoral aid). The overall results imply a significant political implication that the Chinese aid may pose a deteriorating impact on the level of democracy in the African context, while it suggests a democratization direction in the global sample.

Establishing a solid theoretical ground by conscious recognition of the concept's nature and the fuzzy categorization of regime classification, the first chapter of this thesis, the literature review section, provided a rigorous conceptualization. Building on the fundamental theory of procedural democracy established by Marshall and Gurr (2020) and developed by Bermeo (2016), Cassani and Tomini (2020), and Lührmann and Lindberg (2019), this thesis follows

a procedural categorization of democracy, which is divided into three major elements: executive recruitment, political participation, and executive constraint, focusing on the elements that constitute a working democratic government. Despite the multi-layer nature of democracy, such as liberal or deliberative, this thesis is situated in an institutional perspective that only through a proper beginning of an institutional setting can a country's government work democratically. By acknowledging and addressing the conceptual limitations of democracy from an institutional point of view, the thesis adopted a definition tailored to the thesis objectives, emphasizing procedural necessities.

Moreover, the theoretical framework encompassed a detailed discussion of the international political economy of Chinese foreign aid and loan flows and its overt OOF flows that occupy more than half of its total overseas amount, and the heterogeneity that exists in different sectors may arise. In the context of the Chinese aid and loan flows, it is imperative to understand the working mechanism, the characteristics of the Chinese aid model, which is founded on politically non-interference and non-conditional support despite national commercial interests. The latter important point of heterogeneity arises from the examination of existing empirical works that focus solely on how Chinese OOF and ODA, respectively, contribute to the level of democratic development or economic development. Especially, the economic focus occupies the IPE literature to a great extent. Hence, within the scope of this thesis, democracy entails three said elements that constitute a functioning institutional democracy, separating from other types of democracies, such as deliberative, participatory, drawing a clear conceptual distinction of which type of democracy this thesis is conceptualizing. The latter part of the literature review section then probes the political outcomes observed by the huge amount of literature within the African context and the globe, which suggests that the Chinese aid and loan projects are not supportive in terms of fostering democratic outcomes and cultivating a crony networks sustaining the already autocratic regimes and eroding the fragile ones. Ultimately, the chapter culminated in elucidating how the Chinese money impacted the three important dimensions of procedural democracy based on the existing literature, and thus, the hypotheses are based on empirical observations, which the aid and loan flows correlate with regime autocratization direction.

Furthermore, the methodological chapter provided a transparent explanation of the logic behind conducting empirical analysis. Specifically, using the data from Polity V project as a basis (Marshall & Gurr, 2020), by calculating the Polity difference of a country's polity scores, which is the earliest point minus the latest point, this thesis can perceive the regime's political trajectories, whether it comes to be more autocratic (a positive score indicates that the earlier democratic quality is better than now) or democratic (a negative score means

the current status of democratic quality is better than that of the earlier). Additionally, the Appendix section provides a comprehensive and two detailed tables of each country's regime direction and the respective aggregated loan and aid flow it received.

This study avoids speculative framing by empirically investigating the association between Chinese economic engagement and regime trajectories, carefully distinguishing between different aid modes, sectoral allocations, and initial institutional conditions. While many current accounts of the spread of authoritarianism remain theoretically suggestive (Ambrosio, 2010, 2012; S. G. Hall & Ambrosio, 2017), this thesis provides sector-specific disaggregated evidence across aid, loan, and labor dimensions. Unlike accounts that infer effects from aggregate trends, the results show a more nuanced and conditional set of associations: while Chinese loans do not exhibit statistically significant relationships with autocratization in the African countries, Chinese aid, particularly when disaggregated by sector, reveals clearer and more consistent signals. Notably, aid allocated to industry, mining, and construction emerges as a significant and robust correlate of regime autocratization across multiple models, with permutation tests confirming its statistical reliability. In contrast, contract labor flows are negatively associated with regime autocratization direction in the African sample, implying a context-dependent democratic dynamic. Hence, while China's global economic influence is often viewed as ideologically agnostic, this study contributes to the broader debate by showing that the types and channels of Chinese engagement matter in shaping regime evolution. This evidence-based approach moves beyond speculation and grounds the claims in robust, model-driven inferences, thus refining our understanding of the spread of authoritarianism.

The empirical analysis presented in Chapter 4 establishes that the risk of autocratization varies by both the modality of Chinese engagement and the institutional starting point of recipient countries. While aggregate aid flows in global models are moderately associated with democratization, once disaggregated by sector, distinct patterns emerge: the industrial mining sector shows a strong positive association with regime deterioration (global sample), and the transportation sector possesses a positive trend for democratization in the African sample. This sector-specific trend is amplified in interaction models where the initial regime type is explicitly considered. In mixed regime type, the probability of autocratization rises with increasing aid, especially crossing the log 15 threshold, as shown in marginal effect visualizations. However, in highly autocratic regimes, the same levels of aid are associated with a sharp drop in autocratization probabilities, suggesting that China's foreign aid is not, on average, destructive to political institutions across different types of countries in a larger sample because the larger sample of countries includes regimes that are less likely to need aid to survive, which is the opposite of the results for African countries. These

results underline that the political impact of Chinese aid is not uniform but filtered through domestic institutional arrangements and regime capacity.

Understanding the regime-specific effects of Chinese foreign aid is essential for disentangling the varied trajectories of autocratization across recipient states. This thesis identifies a patterned divergence in how Chinese aid interacts with institutional baselines, with hybrid regimes (mixed systems) exhibiting the sharpest autocratizing responses under increasing aid exposure. This divergence is made visible through both logistic interaction models and marginal effect plots, which demonstrate that countries occupying the institutional middle, neither consolidated democracies nor entrenched autocracies, are most vulnerable to regime deterioration. In contrast, very autocratic regimes display a steep downward trajectory in predicted autocratization probability as aid increases, suggesting that further regime hardening may be structurally limited in these contexts. This empirical pattern holds in the global sample, where cases like Turkey, Bangladesh, and Equatorial Guinea illustrate how infrastructure-heavy, high-volume aid can reinforce regime consolidation or suppress political openings. These findings converge with prior concerns that external financing absent conditionality can erode institutional constraints, especially in contexts where political competition is shallow, unevenly institutionalized, or undergoing transition. Taken together, this thesis affirms that the political effects of Chinese aid are not linear nor universally autocratizing, but instead contingent on regime type, which emphasizes the fragile states, an insight that reinforces the analytic value of interaction modeling in the study of authoritarian aid (Chheang, 2021; Cormier, 2023; De Santis & Przystup, 2015; Loughlin & Grimsditch, 2021).

As this thesis concludes, it is important to recognize that while the findings offer various evidence of the differentiated effects of Chinese financial engagement on regime trajectories, they represent an initial empirical contribution rather than a definitive theory of authoritarian diffusion. The country-level variation observed, particularly the amplified autocratization trends among hybrid regimes, invites further theorization of how domestic institutional configurations interact with external financial inflows. Although sectoral disaggregation and labor-specific effects proved analytically fruitful, future research should extend this inquiry across an in-depth qualitative scope to know the mechanism under the local contexts, incorporating countries from Southeast Asia, Latin America, and the Middle East to test the external validity of the mechanisms proposed here. Additionally, while this study draws from rich project-level datasets, it remains limited by the absence of fine-grained institutional indicators that may condition aid effects, such as levels of media freedom, opposition strength, military capacities, coup attempts, and ethnic fragmentation. To that end, follow-up research could benefit from integrating subnational political data or matching techniques to

better isolate causal effects. Nonetheless, the thesis identifies potential structural predictors, such as initial regime openness, type of sectoral investment, and the presence of large-scale infrastructure channels, as plausible pathways through which Chinese aid may shape regime trajectories. These findings lay the groundwork for a more granular, modality-sensitive understanding of authoritarian diffusion in the developing world.

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6 Appendices

6.1 Appendix A: Figures

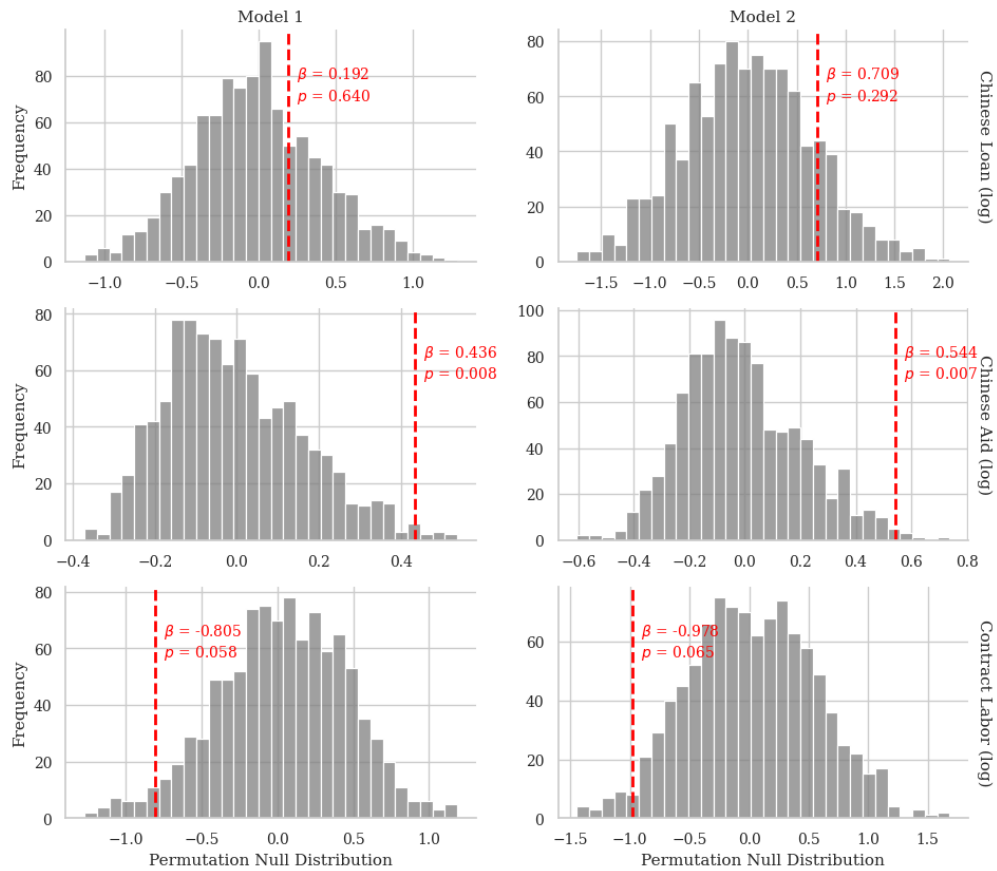


Figure 19: *Permutation Tests for Sectoral Loan Models Based on CARI Data*

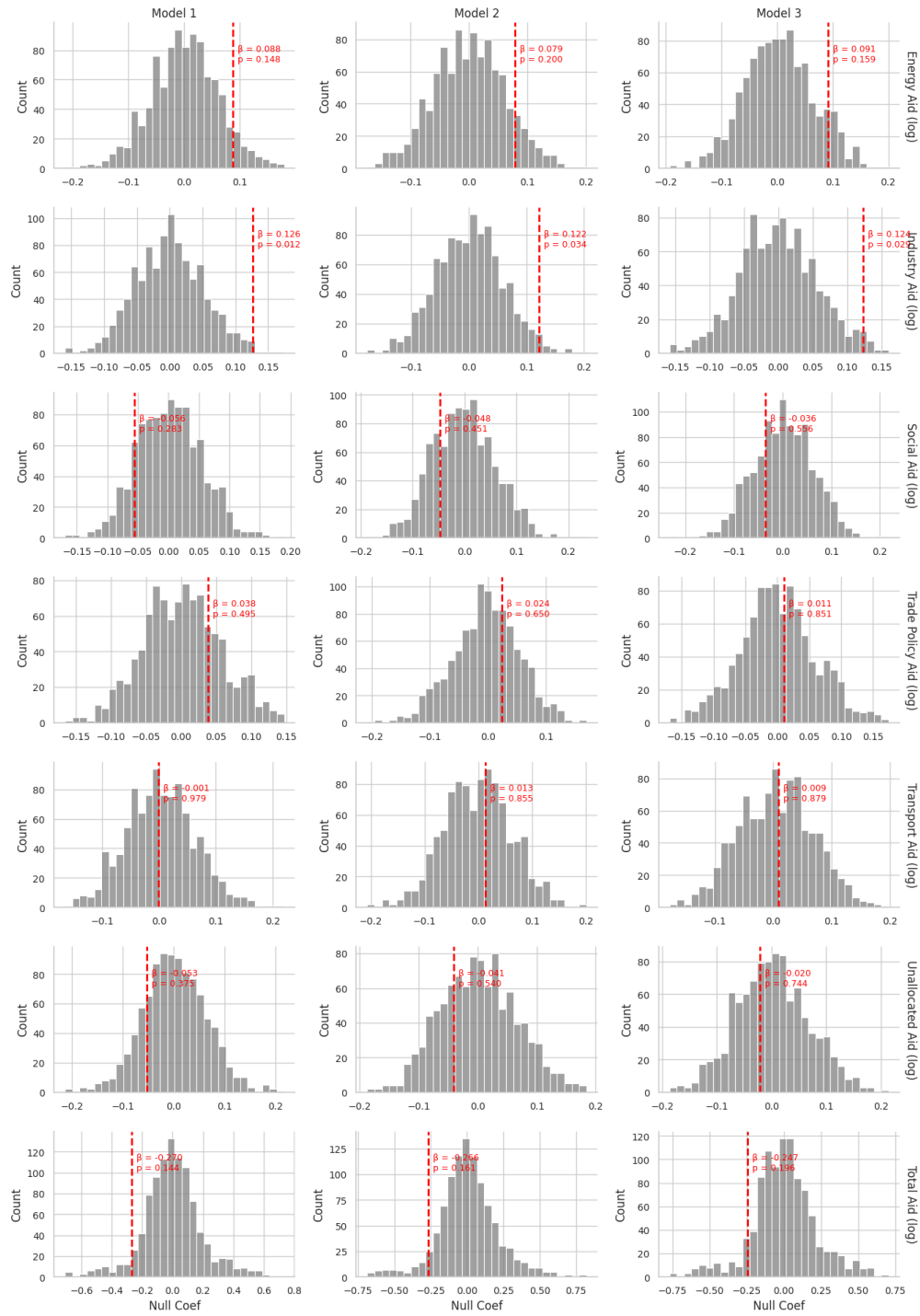


Figure 20: *Permutation Tests for Sectoral Aid Models Based on AidData*

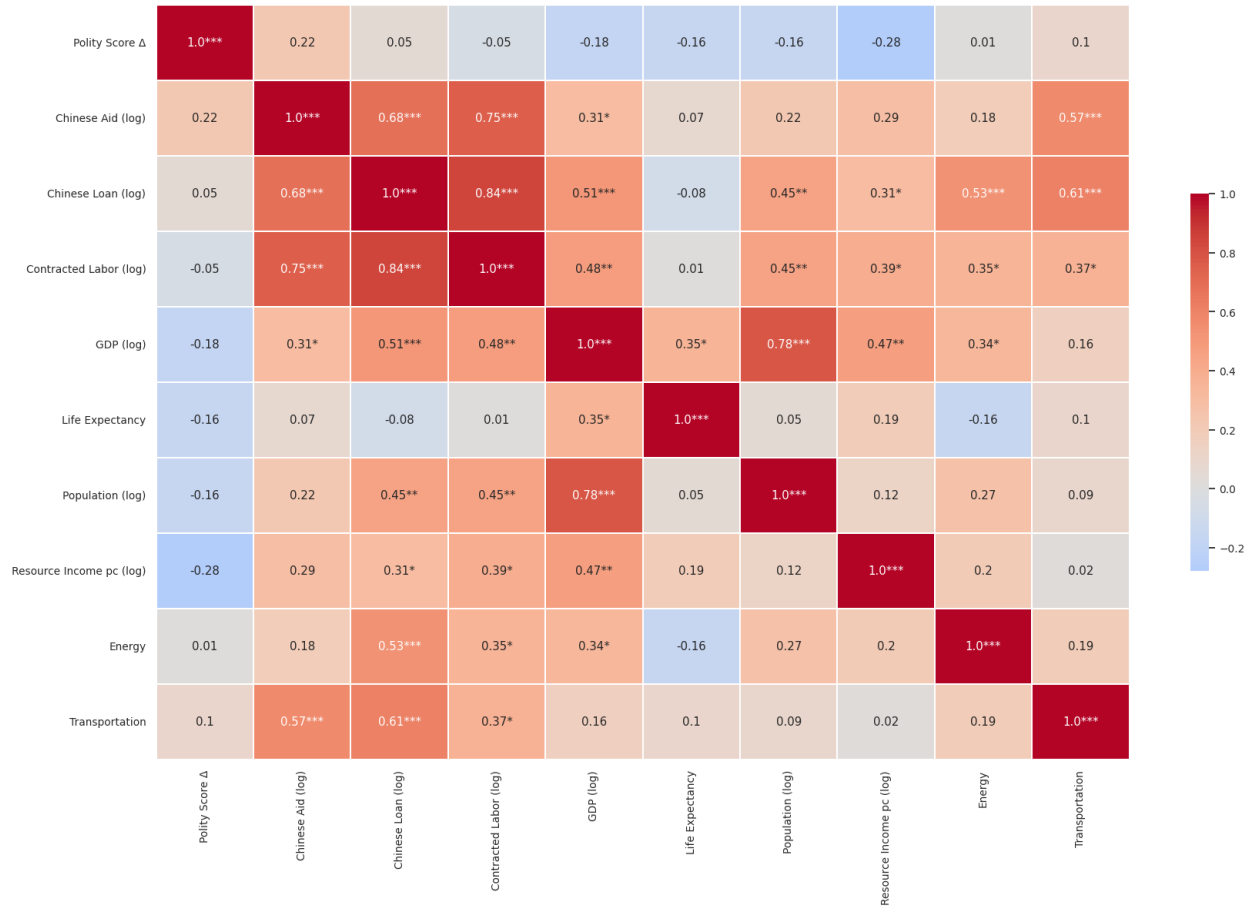


Figure 21: Correlation Heat Map of the CARI Data

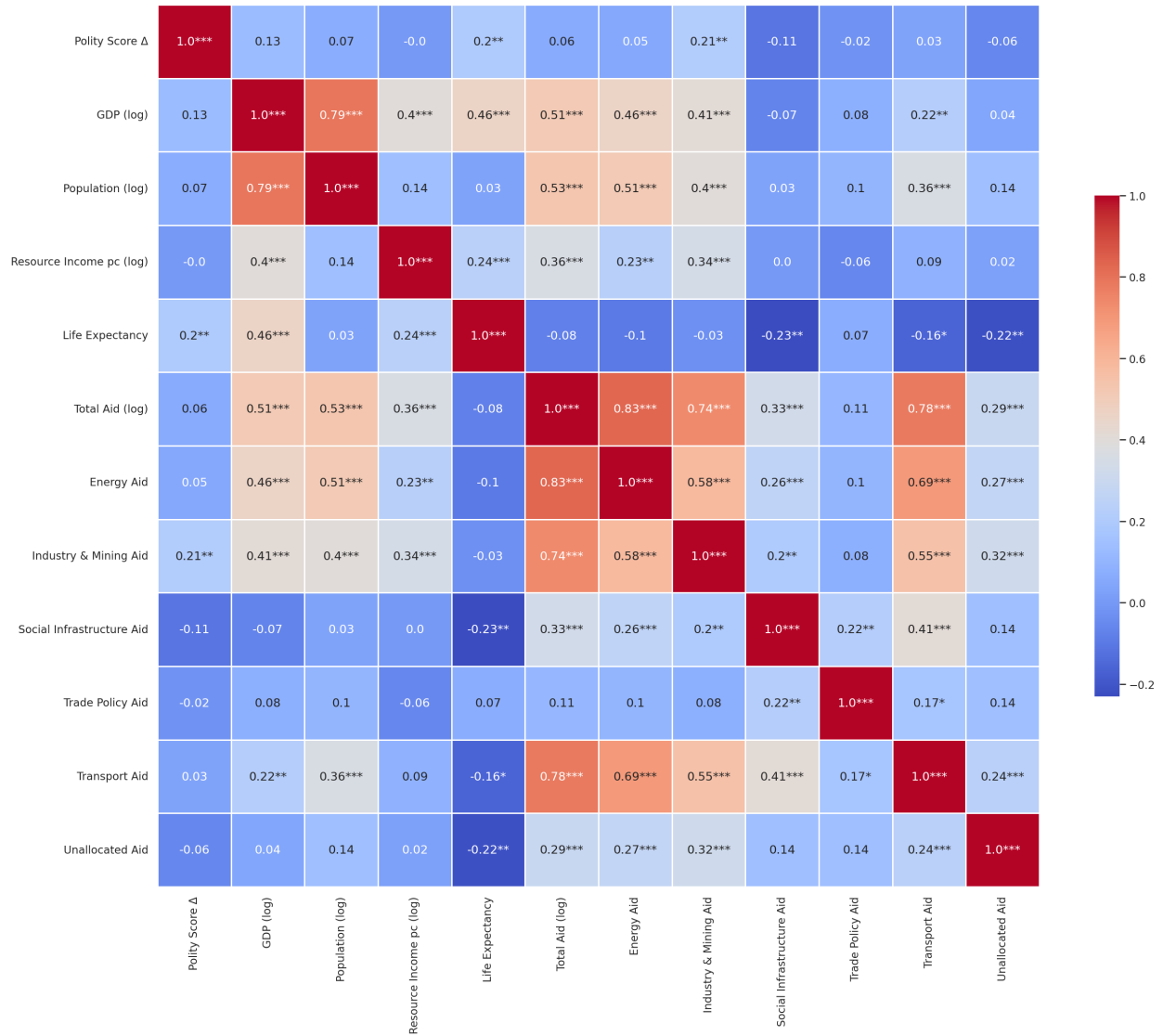


Figure 22: Correlation Heat Map of the AidData Data

6.2 Appendix B: Tables

Table 13: *Additional Multinomial Logit Regression on Regime Change Categories*

Variable	No Change (2)		Democratization (3)	
	Coef.	Std. Err.	Coef.	Std. Err.
Intercept	2.194	5.991	3.831	5.093
log(Energy Aid)	-0.035	0.045	-0.009	0.041
log(Industry Aid)	-0.092	0.053	-0.114**	0.053
log(Social Infra Aid)	-0.013	0.046	0.028	0.045
log(Trade Policy Aid)	-0.031	0.037	-0.009	0.034
log(Transport Aid)	0.018	0.053	-0.033	0.048
log(Unallocated Aid)	0.026	0.051	0.058	0.048
log(GDP)	0.813	0.767	0.144	0.684
log(Population)	-0.924	0.752	-0.373	0.675
log(Resource Income PC)	-0.039	0.174	0.133	0.172
Life Expectancy	-0.097	0.088	-0.076	0.079
log(Total Aid)	0.302*	0.172	0.242**	0.110

Note: Multinomial logistic regression using “Autocratization” as baseline category. Robust standard errors reported.

$N = 117$. Pseudo $R^2 = 0.104$. * $p < 0.1$, ** $p < 0.05$.

To validate the robustness of the main findings, Table 13 presents a multinomial logistic regression using a trichotomous dependent variable that distinguishes between autocratization ($\Delta \text{Polity} > 0$), no change ($\Delta \text{Polity} = 0$), and democratization ($\Delta \text{Polity} < 0$). Autocratization serves as the baseline category. The results demonstrate substantial consistency with the primary binary logistic models: the coefficient for log-transformed total Chinese aid is positive and statistically significant in predicting democratization relative to autocratization ($\beta = 0.242$, $p = 0.028$). This reinforces the earlier finding that higher levels of Chinese aid are not associated with increased autocratization risk, and may instead be linked to more democratic regime trajectories. In contrast, aid targeting the industrial, mining, and construction sectors is negatively associated with democratization ($\beta = -0.114$, $p = 0.031$), mirroring the sector-specific results in previous models that highlight the political consequences of sectoral aid allocation. Other control variables, including economic size and population, remain statistically insignificant. Collectively, these findings strengthen the empirical credibility of the main models by showing that the direction and magnitude of key aid-related predictors hold across a more differentiated outcome framework, confirming the substantive robustness of the observed aid–regime relationship.

Table 14: *Additional Model 3 and 4 for Regression Table 8: African Sample*

	Model 2 (Full)	Model 3 (No Loan)	Model 4 (No Labor)
Energy	0.009 (0.060)	0.041 (0.059)	0.033 (0.059)
Transportation	-0.158* (0.090)	-0.069 (0.071)	-0.033 (0.094)
Log(Aid)	0.544*** (0.129)	0.519*** (0.120)	0.337*** (0.111)
Log(Loan)	0.709 (0.477)	—	-0.183 (0.356)
Log(Labor)	-0.978** (0.471)	-0.574* (0.313)	—
Log(GDP)	-0.231 (0.386)	-0.065 (0.403)	-0.193 (0.435)
Life Expectancy	-0.014 (0.083)	-0.049 (0.079)	-0.040 (0.080)
Log(Resources/Capita)	-0.359 (0.246)	-0.358 (0.251)	-0.390 (0.246)
Constant	-9.372 (10.368)	-0.897 (7.865)	2.395 (8.857)
Observations	41	41	41
R^2	0.300	0.272	0.215
Adjusted R^2	0.125	0.118	0.048
Residual Std. Error	2.769	2.781	2.888
F Statistic	4.409***	8.047***	1.876

Note: Robust standard errors in parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

The results from the robustness checks presented in Table 14, where high-VIF variables (logloan and logcontractlabor) are selectively excluded, demonstrate a strong consistency with the baseline findings shown in Table 8. Specifically, Model 3 removes Chinese loan exposure, and Model 4 removes Chinese labor presence, both aiming to address multicollinearity concerns identified in the VIF diagnostics. Despite these exclusions, the core coefficient of interest, Chinese aid (logaid), remains statistically significant across all specifications, with only modest variation in magnitude (ranging from 0.337 to 0.544) (See Table 15). This stability in both direction and statistical significance indicates that the relationship between Chinese aid and increased autocratization is not artificially driven by collinear predictors. Similarly, the contract labor variable continues to exert a negative and significant influence in the adjusted models, aligning closely with the estimates reported in the main regression models. Furthermore, the sectoral variables (Energy and Transportation) and macro-controls (GDP, resource income) show no signs of absorbing the explanatory power of the removed variables. Collectively, these results confirm the robustness of the estimated effects and affirm that the observed political consequences of Chinese engagement, especially the autocratizing effect of aid and the democratizing link of labor, are not sensitive to alternative specifications or inflated standard errors arising from collinearity.

Table 15: *Additional VIF Diagnostics for Model 3 and 4 for the African Sample Regression*

Variable	VIF (Model 3)	VIF (Model 4)
Log(Aid)	3.136	2.226
Log(Loan)	—	4.258
Log(Labor)	3.055	—
Life Expectancy	1.326	1.480
Log(GDP)	1.856	2.088
Log(Resources per Capita)	1.398	1.389
Transportation Sector	1.607	2.062
Energy Sector	1.346	1.588

Table 16: *Additional Regression on the Global Sample Model 4 (Table 10)*

	<i>Dependent variable: Δ Polity Score</i>	
	Model 4 (Excluding GDP)	
Life Expectancy	0.135**	(0.056)
Energy Sector Aid (log)	0.091*	(0.055)
Industry and Mining Aid (log)	0.123***	(0.046)
Social Infrastructure Aid (log)	-0.036	(0.056)
Trade Policy Aid (log)	0.011	(0.066)
Transport and Storage Aid (log)	0.009	(0.062)
Unallocated Aid (log)	-0.021	(0.073)
Total Aid (log)	-0.247	(0.151)
Population (log)	0.062	(0.309)
Resource Income Per Capita (log)	-0.195	(0.132)
Constant	-7.407	(4.727)
Observations		115
R^2		0.132
Adjusted R^2		0.049
Residual Std. Error		4.169 (df = 104)
F Statistic		1.851* (df = 10; 104)

*Note:** $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

In the global sample analysis, the results demonstrate both empirical clarity and robustness. As shown in Table 16, Model 4 (excluding GDP) identifies statistically significant associations between increases in energy and industrial/mining sector aid and positive changes in Polity scores, suggesting sector-specific Chinese engagement may foster democratization under certain conditions. Meanwhile, the VIF results in Table 21 confirm low multicollinearity across all predictors, with all values well below the critical threshold of 5, supporting the reliability of coefficient estimates. Notably, the decision to exclude GDP was theoretically and empirically justified: GDP showed high multicollinearity in previous models (as seen in Table 18, with a VIF of 9.42 in Model 3), yet its removal did not meaningfully alter the core findings, nor did it significantly improve model fit (Adjusted R^2 remained modest at 0.049). Thus, Model 4 offers a more parsimonious specification with stable variance inflation levels and interpretable coefficients. The consistency across regression outputs and VIF diagnostics reinforces the credibility of the findings. Based on these justifications, logistic regression robustness checks were not conducted for the global sample, as GDP exclusion already resolved key multicollinearity concerns without compromising substantive interpretation.

Table 17: *Additional VIF Diagnostics for Model 4 (Excluding GDP)*

Variable	VIF
Energy sector aid (log)	1.72
Industry and mining aid (log)	1.76
Social infrastructure aid (log)	1.41
Trade policy aid (log)	1.14
Transport and storage aid (log)	1.75
Unallocated/unspecified aid (log)	1.21
Population size (log)	1.28
Resource income per capita (log)	1.33
Life expectancy at birth	1.31
Total aid (log)	2.01

Table 18: *VIF Test for CARI African Sample Regression Models (Main OLS models)*

Model	Variable	VIF
Model 1	Log Loan	3.534
	Log Aid	2.371
	Log Contract Labor	4.283
	Life Expectancy	1.041
Model 2	Log Loan	8.861
	Log Aid	3.178
	Log Contract Labor	6.358
	Life Expectancy	1.514
	Log GDP	2.092
	Log Resource Income Per Capita	1.398
	Transportation Sector	2.866
Energy Sector	1.646	

Table 19: *VIF Diagnostics for Logistic Models 1–3 CARI African Sample*

Variable	Model 1	Model 2	Model 3
Log(Aid)	2.34	2.23	3.14
Log(Loan)	3.42	4.26	–
Log(Contract Labor)	4.26	–	3.06
Transportation Sector	–	2.06	1.61
Energy Sector	–	1.59	1.35
Log(Resource Income Per Capita)	–	1.39	1.40
Life Expectancy	–	1.48	1.33
Log(GDP)	–	2.09	1.86

Table 20: *VIF Test for AidData Global Sample Regression Models (Main OLS models)*

Variable	Model 1	Model 2	Model 3
Energy (log)	1.648	1.711	1.736
Industry, Mining & Construction (log)	1.568	1.776	1.776
Social Infrastructure & Services (log)	1.224	1.402	1.422
Trade Policies & Regulations (log)	1.094	1.120	1.143
Transport & Storage (log)	1.635	1.785	1.788
Unallocated/Unspecified (log)	1.151	1.173	1.216
Total Aid (log)	1.831	2.007	2.014
GDP (log)		5.256	9.417
Population (log)		4.488	6.701
Natural Resource Income (log)		1.670	1.704
Life Expectancy			2.339

Table 21: *Country-level Polity Change and Chinese Loan Exposure (CARI Data, African Sample Paired with Aid Amount)*

Country	Polity (2000)	Polity (2018)	Δ Polity	Log(Loan)	Initial Regime Type	Change Direction
Congo D.R.	5	-3	8	24.9	Hybrid	Autocratization
Comoros	-1	-3	2	19.7	Hybrid	Autocratization
Chad	-1	-2	1	22.7	Hybrid	Autocratization
Madagascar	7	6	1	21.9	Democracy	Autocratization
Senegal	8	7	1	23.6	Democracy	Autocratization
Eritrea	-6	-7	1	21.5	Autocracy	Autocratization
Equatorial Guinea	-6	-6	0	24.5	Autocracy	No Change
Ethiopia	1	1	0	26.3	Hybrid	No Change
Mali	5	5	0	22.4	Hybrid	No Change
Mozambique	5	5	0	24.0	Hybrid	No Change
Mauritius	10	10	0	22.5	Democracy	No Change
Ivory Coast	4	4	0	23.9	Hybrid	No Change
Botswana	8	8	0	23.1	Democracy	No Change
Burundi	-1	-1	0	20.8	Hybrid	No Change
Togo	-2	-2	0	22.8	Hybrid	No Change
Niger	5	5	0	22.2	Hybrid	No Change
South Africa	9	9	0	24.9	Democracy	No Change
Namibia	6	6	0	22.7	Democracy	No Change
Benin	6	7	-1	22.4	Democracy	Democratization
Rwanda	-4	-3	-1	21.8	Hybrid	Democratization
Central African Republic	5	6	-1	20.0	Hybrid	Democratization
Cameroon	-5	-4	-1	24.9	Hybrid	Democratization
Djibouti	1	3	-2	23.3	Hybrid	Democratization
Sudan	-6	-4	-2	25.4	Autocracy	Democratization
Republic of the Congo	-6	-4	-2	25.0	Autocracy	Democratization
Sierra Leone	5	7	-2	23.4	Hybrid	Democratization
Egypt	-6	-4	-2	24.4	Autocracy	Democratization
Cape Verde	8	10	-2	19.6	Democracy	Democratization
Lesotho	6	8	-2	20.5	Democracy	Democratization
Morocco	-6	-4	-2	22.2	Autocracy	Democratization
Uganda	-4	-1	-3	24.7	Hybrid	Democratization
Nigeria	4	7	-3	25.2	Hybrid	Democratization
South Sudan	-4	0	-4	22.2	Hybrid	Democratization
Angola	-6	-2	-4	28.5	Autocracy	Democratization
Mauritania	-6	-2	-4	22.3	Autocracy	Democratization
Tanzania	-1	3	-4	25.0	Hybrid	Democratization
Algeria	-3	2	-5	19.1	Hybrid	Democratization
Zambia	1	6	-5	25.5	Hybrid	Democratization
Guinea	-1	4	-5	22.8	Hybrid	Democratization
Kenya	4	9	-5	25.8	Hybrid	Democratization
Ghana	2	8	-6	24.4	Hybrid	Democratization
Liberia	0	7	-7	20.2	Hybrid	Democratization
Gabon	-4	3	-7	23.0	Hybrid	Democratization
Zimbabwe	-3	4	-7	24.3	Hybrid	Democratization
Burkina Faso	-3	6	-9	19.2	Hybrid	Democratization
The Gambia	-5	4	-9	17.1	Hybrid	Democratization
Tunisia	-3	7	-10	20.6	Hybrid	Democratization

Table 22: *Country-level Polity Change and Chinese Aid Exposure (AidData, Global Sample paired with aid amount)*

Country	Polity (2000)	Polity (2018)	Δ Polity	Log(Aid)	Initial Regime Type	Polity Change Direction
Bangladesh	6.0	-6.0	12.0	23.0	Democracy	Autocratization
Thailand	9.0	-3.0	12.0	19.9	Democracy	Autocratization
Türkiye	7.0	-4.0	11.0	22.6	Democracy	Autocratization
Iran	3.0	-7.0	10.0	23.6	Hybrid	Autocratization
Venezuela	7.0	-3.0	10.0	25.2	Democracy	Autocratization
Democratic Republic of the Congo	5.0	-3.0	8.0	22.8	Hybrid	Autocratization
Cambodia	2.0	-4.0	6.0	23.0	Hybrid	Autocratization
Syria	-6.0	-9.0	3.0	19.2	Autocracy	Autocratization
Nicaragua	8.0	6.0	2.0	15.4	Democracy	Autocratization
Comoros	-1.0	-3.0	2.0	18.9	Hybrid	Autocratization
Ukraine	6.0	4.0	2.0	21.3	Democracy	Autocratization
Tajikistan	-1.0	-3.0	2.0	21.9	Hybrid	Autocratization
Bolivia	9.0	7.0	2.0	21.5	Democracy	Autocratization
Russia	6.0	4.0	2.0	25.6	Democracy	Autocratization
Ecuador	6.0	5.0	1.0	23.6	Democracy	Autocratization
Eritrea	-6.0	-7.0	1.0	20.7	Autocracy	Autocratization
Fiji	5.0	4.0	1.0	20.1	Hybrid	Autocratization
Dominican Republic	8.0	7.0	1.0	0.0	Democracy	Autocratization
Jordan	-2.0	-3.0	1.0	21.3	Hybrid	Autocratization
Chad	-1.0	-2.0	1.0	20.7	Hybrid	Autocratization
Senegal	8.0	7.0	1.0	21.7	Democracy	Autocratization
Madagascar	7.0	6.0	1.0	20.0	Democracy	Autocratization

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Country	Polity (2000)	Polity (2018)	Δ Polity	Log(Aid)	Initial Regime Type	Change Direction
India	9.0	9.0	0.0	22.7	Democracy	No Change
Kazakhstan	-6.0	-6.0	0.0	24.5	Autocracy	No Change
Costa Rica	10.0	10.0	0.0	20.8	Democracy	No Change
Honduras	7.0	7.0	0.0	19.5	Democracy	No Change
Philippines	8.0	8.0	0.0	21.5	Democracy	No Change
Colombia	7.0	7.0	0.0	19.9	Democracy	No Change
Mongolia	10.0	10.0	0.0	21.6	Democracy	No Change
Togo	-2.0	-2.0	0.0	21.0	Hybrid	No Change
Vietnam	-7.0	-7.0	0.0	23.6	Autocracy	No Change
Uruguay	10.0	10.0	0.0	19.3	Democracy	No Change
Uzbekistan	-9.0	-9.0	0.0	22.8	Autocracy	No Change
Somalia	5.0	5.0	0.0	17.6	Hybrid	No Change
Suriname	5.0	5.0	0.0	20.7	Hybrid	No Change
South Africa	9.0	9.0	0.0	23.1	Democracy	No Change
Panama	9.0	9.0	0.0	18.2	Democracy	No Change
Lebanon	6.0	6.0	0.0	18.7	Democracy	No Change
Mauritius	10.0	10.0	0.0	20.7	Democracy	No Change
Mexico	8.0	8.0	0.0	21.5	Democracy	No Change
Malawi	6.0	6.0	0.0	20.5	Democracy	No Change
Laos	-7.0	-7.0	0.0	23.4	Autocracy	No Change
Libya	-7.0	-7.0	0.0	19.8	Autocracy	No Change
Peru	9.0	9.0	0.0	23.1	Democracy	No Change
Ethiopia	1.0	1.0	0.0	23.5	Hybrid	No Change
Burundi	-1.0	-1.0	0.0	19.8	Hybrid	No Change

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Country	Polity (2000)	Polity (2018)	Δ Polity	Log(Aid)	Initial Regime Type	Change Direction
Botswana	8.0	8.0	0.0	21.0	Democracy	No Change
Belarus	-7.0	-7.0	0.0	22.8	Autocracy	No Change
Azerbaijan	-7.0	-7.0	0.0	20.2	Autocracy	No Change
Israel	6.0	6.0	0.0	21.7	Democracy	No Change
Jamaica	9.0	9.0	0.0	21.5	Democracy	No Change
Equatorial Guinea	-6.0	-6.0	0.0	22.4	Autocracy	No Change
Brazil	8.0	8.0	0.0	24.4	Democracy	No Change
Niger	5.0	5.0	0.0	21.3	Hybrid	No Change
Namibia	6.0	6.0	0.0	21.4	Democracy	No Change
Mozambique	5.0	5.0	0.0	22.3	Hybrid	No Change
North Korea	-10.0	-10.0	0.0	22.7	Autocracy	No Change
Mali	5.0	5.0	0.0	21.1	Hybrid	No Change
Trinidad and Tobago	9.0	10.0	-1.0	20.0	Democracy	Democratization
Serbia	7.0	8.0	-1.0	21.9	Democracy	Democratization
Romania	8.0	9.0	-1.0	20.0	Democracy	Democratization
Oman	-9.0	-8.0	-1.0	22.4	Autocracy	Democratization
Guinea-Bissau	5.0	6.0	-1.0	19.2	Hybrid	Democratization
El Salvador	7.0	8.0	-1.0	16.8	Democracy	Democratization
Turkmenistan	-9.0	-8.0	-1.0	22.9	Autocracy	Democratization
Rwanda	-4.0	-3.0	-1.0	20.3	Hybrid	Democratization
Nepal	6.0	7.0	-1.0	20.9	Democracy	Democratization
Papua New Guinea	4.0	5.0	-1.0	22.5	Hybrid	Democratization
Sri Lanka	5.0	6.0	-1.0	23.2	Hybrid	Democratization
Guyana	6.0	7.0	-1.0	20.2	Democracy	Democratization

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Country	Polity (2000)	Polity (2018)	Δ Polity	Log(Aid)	Initial Regime Type	Change Direction
Benin	6.0	7.0	-1.0	20.9	Democracy	Democratization
Chile	9.0	10.0	-1.0	21.1	Democracy	Democratization
Cameroon	-5.0	-4.0	-1.0	22.5	Hybrid	Democratization
Argentina	8.0	9.0	-1.0	22.9	Democracy	Democratization
Bulgaria	8.0	9.0	-1.0	20.3	Democracy	Democratization
Central African Republic	5.0	6.0	-1.0	19.6	Hybrid	Democratization
Cuba	-7.0	-5.0	-2.0	22.6	Autocracy	Democratization
Armenia	5.0	7.0	-2.0	18.3	Hybrid	Democratization
Morocco	-6.0	-4.0	-2.0	20.6	Autocracy	Democratization
Lesotho	6.0	8.0	-2.0	19.0	Democracy	Democratization
Moldova	7.0	9.0	-2.0	18.0	Democracy	Democratization
Paraguay	7.0	9.0	-2.0	18.0	Democracy	Democratization
Timor-Leste	6.0	8.0	-2.0	18.3	Democracy	Democratization
Djibouti	1.0	3.0	-2.0	21.3	Hybrid	Democratization
Egypt	-6.0	-4.0	-2.0	22.3	Autocracy	Democratization
Sierra Leone	5.0	7.0	-2.0	21.6	Hybrid	Democratization
Republic of the Congo	-6.0	-4.0	-2.0	22.6	Autocracy	Democratization
Sudan	-6.0	-4.0	-2.0	23.3	Autocracy	Democratization
Uganda	-4.0	-1.0	-3.0	22.0	Hybrid	Democratization
Montenegro	6.0	9.0	-3.0	20.7	Democracy	Democratization
Indonesia	6.0	9.0	-3.0	24.3	Democracy	Democratization
Nigeria	4.0	7.0	-3.0	22.7	Hybrid	Democratization
North Macedonia	6.0	9.0	-3.0	20.7	Democracy	Democratization
Tanzania	-1.0	3.0	-4.0	22.0	Hybrid	Democratization

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Country	Polity (2000)	Polity (2018)	Δ Polity	Log(Aid)	Initial Regime Type	Change Direction
South Sudan	-4.0	0.0	-4.0	21.5	Hybrid	Democratization
Mauritania	-6.0	-2.0	-4.0	20.7	Autocracy	Democratization
Albania	5.0	9.0	-4.0	18.5	Hybrid	Democratization
Angola	-6.0	-2.0	-4.0	24.7	Autocracy	Democratization
Malaysia	3.0	7.0	-4.0	23.0	Hybrid	Democratization
Guinea	-1.0	4.0	-5.0	20.7	Hybrid	Democratization
Algeria	-3.0	2.0	-5.0	19.2	Hybrid	Democratization
Georgia	2.0	7.0	-5.0	19.9	Hybrid	Democratization
Yemen	-2.0	3.0	-5.0	20.3	Hybrid	Democratization
Zambia	1.0	6.0	-5.0	22.9	Hybrid	Democratization
Kenya	4.0	9.0	-5.0	23.0	Hybrid	Democratization
Afghanistan	-7.0	-1.0	-6.0	19.9	Autocracy	Democratization
Ghana	2.0	8.0	-6.0	22.3	Hybrid	Democratization
Gabon	-4.0	3.0	-7.0	21.6	Hybrid	Democratization
Haiti	-2.0	5.0	-7.0	16.8	Hybrid	Democratization
Zimbabwe	-3.0	4.0	-7.0	22.2	Hybrid	Democratization
Liberia	0.0	7.0	-7.0	20.5	Hybrid	Democratization
The Gambia	-5.0	4.0	-9.0	18.9	Hybrid	Democratization
Tunisia	-3.0	7.0	-10.0	19.5	Hybrid	Democratization
Kyrgyzstan	-3.0	8.0	-11.0	21.8	Hybrid	Democratization
Burma/Myanmar	-5.0	8.0	-13.0	23.0	Hybrid	Democratization
Pakistan	-6.0	7.0	-13.0	24.3	Autocracy	Democratization
Iraq	-9.0	6.0	-15.0	22.8	Autocracy	Democratization

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19/05/2025