Dueling Aid Regimes: A Conjoint Survey Experiment on Elites' Development Finance Preferences in 141 Low- and Middle-Income Countries

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Abstract

Why do governments of low- and middle-income countries (LICs and MICs) prefer some types of foreign assistance projects and partners over others? We report results from a conjoint survey experiment administered to more than 3,400 senior- and mid-level elites from 141 LICs and MICs. Unusually among studies of aid, our experiment elicits the preferences of policymakers and practitioners who are uniquely close to the debates and consultations that shape their countries' development policies. Perhaps unsurprisingly, we find that LIC and MIC elites generally favor larger over smaller projects, grants over loans, and projects focused on building transportation infrastructure (which is often an urgent priority in LICs and MICs) over those focused on strengthening civil society or tax collection capacity. But these elites are also more likely to prefer projects with transparent terms and labor, anti-corruption, or environmental regulations. These results are not specific to a particular type of respondent: even senior-level government officials who might be expected to prefer a "no-strings-attached" approach to aid instead tend to favor regulations and transparency. Our findings have important implications for the ongoing competition between "traditional" Western donors on the one hand and China and other "non-traditional" donors on the other.

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Foreign aid and other forms of official development finance (ODF) are a major source of economic flows in the international system.[1] Between 1960 and 2019, members of the OECD Development Assistance Committee (DAC) provided some $4.8 trillion (2018 USD) in official development assistance (ODA) to recipient countries, even excluding the less concessional flows that are typically included in definitions of ODF.[2] While the study of ODF has generated substantial scholarly research and policy debate, most studies focus on the supply of ODF and its effects on recipient countries. The demand-side of ODF—in particular, the reasons why recipient countries favor some foreign assistance projects and partners over others—has received much less attention. (We discuss exceptions below.)

With the emergence of new donors and lenders challenging DAC's market power over the past two decades, demand-side questions have gained increasing significance. Most notably, China's ascendance as a major development financier is consequential not just because of the scale of its foreign assistance—which has surpassed that of the US since 2009[3]—but also because of its divergent ODF model. China is not a DAC member and does not abide by DAC's rules and common practices, such as an emphasis on transparency, "untied" aid, and conditionalities requiring economic and governance reforms.[4] Beijing gives aid on its own terms, rejecting transparency and conditionalities in favor of a model believed to be more consistent with the principles first laid out by Chinese Premier Zhou Enlai in 1964: "equality," "mutual benefit," and "sovereignty" (Bräutigam 2011*a*;*b*; Woods 2008).

Since 2013, most of China's ODF has been organized around the Belt and Road Initiative

[1] According to the OECD, official development finance refers to the inflow of three types of resources to recipient countries: bilateral official development assistance; grants, concessional, and non-concessional development lending by multilateral financial institutions; and other official flows for development purposes, including refinancing loans, which have too low a grant element to qualify as official development assistance. See https://stats.oecd.org/glossary/detail.asp?ID=1893.

[2] See https://www.oecd-ilibrary.org/development/net-oda/indicator/english_33346549-en.

[3] According to Malik et al. (2021), between 2000 and 2017 US development finance totalled around $627 billion, whereas Chinese development finance was at $843 billion—though note that only around 12% of Chinese development finance met ODA criteria. Earlier in the period, US annual development finance spending eclipsed China's; however, the 2008 global financial crisis was an inflection point. From 2009 through 2017, China's spending on ODF outstripped the US's each year.

[4] By "conditionalities" we refer to explicit conditions tied to the disbursement of aid that must be met before funds are released and/or within a predetermined time window.

(BRI). While BRI has a broad agenda to promote closer ties between China and other countries (e.g. through person-to-person relations, digital connections, and trade), turnkey infrastructure projects dominate the initiative, as they do China's ODF portfolio more generally. Indeed, by one recent estimate, China now provides over 30% of large-scale infrastructure projects in Africa; the proportion is high in other parts of the Global South as well (Cheng 2022). In contrast, DAC donors tend to prioritize capacity building—projects that aim to strengthen government administration and bureaucracy and promote civil society. China suggests its supply of infrastructure projects follows from its "demand-driven approach" to aid, in which, according to one official from China's Ministry of Commerce, "the initiative generally comes from the recipient side" (cited in Dreher et al. 2019).

Understanding elites' preferences over competing aid regimes is important not just because it helps illuminate the nature of China's growing influence among policymakers and practitioners in the Global South, but also because it helps inform debates about the extent to which aid and other forms of ODF contribute to a "political resource curse" (Deaton 2015; Easterly 2007; Moyo 2010). Natural resources are believed to undermine the quality of governance not simply because they obviate the need for taxation, but also and more importantly because they facilitate appeasement and repression of citizens due in part to the fungibility and non-conditionality of natural resource rents (Ross 2001). Whether ODF shares these characteristics remains a matter of debate; some argue that it does not (Altincekic and Bearce 2014). But even if ODF *in general* is not like natural resources, ODF from *specific development financiers* may be. Fungibility and non-conditionality are two of the dimensions on which the Chinese and DAC aid regimes differ most dramatically from one another; to the extent that LIC and MIC elites prefer Chinese ODF because it is more fungible and less conditional, this would be consistent with a new political foreign aid curse.

A growing body of scholarship has explored this changing ODF marketplace. Existing research focuses on the supply of Chinese ODF and its effects on recipient countries and their societies, institutions, policies, and performance (Blair and Roessler 2021; Bluhm et al. 2018; Brazys, Elkink and Kelly 2017; Dreher et al. 2019; 2021; Forthcoming; Isaksson and Kotsadam

2018; Bluhm et al. 2018; Isaksson and Kotsadam 2018; Martorano, Metzger and Sanfilippo 2020; Ping, Wang and Chang 2020); the strategic consequences of Chinese ODF for DAC donors and their aid regime (Brazys and Vadlamannati 2020; Hernandez 2017; Humphrey and Michaelowa 2019; Swedlund 2017; Li 2017; Watkins 2021; Zeitz 2020); and the effects of Chinese ODF on China's global standing and influence (Blair, Marty and Roessler 2021; Eichenauer, Fuchs and Brückner 2021; Zeitz 2020). But of course, recipient governments can choose whether or not to accept foreign assistance from particular donors and lenders, and in an increasingly saturated ODF marketplace, the reasons underlying their decisions are increasingly important. Few studies have addressed whether and under what conditions government officials in low- and middle-income countries (LICs and MICs) actually prefer the Chinese to the DAC approach. These demand-side questions remain understudied and poorly understood.

At face value, there has been ample demand for Chinese development finance among emerging economies over the past two decades. Between 2000 and 2017, no fewer than 98 states accepted more than $1 billion in confirmed Chinese ODF disbursements or commitments (Malik et al. 2021). Heads of state regularly travel to Beijing for development finance summits, such as the Forum on China–Africa Cooperation (FOCAC) or the Belt and Road Forum for International Cooperation, in which new pacts are made. And some elites have hailed Beijing's "no-strings-attached" approach to aid and its willingness to treat recipient countries "as an equal."[5] Yet while the Global South's turn to Beijing has been undeniable, our understanding of the logic underlying recipient states' evaluations of Chinese development finance relative to more "traditional" alternatives—and the factors shaping these evaluations—remains largely descriptive and anecdotal.[6]

One innovation on this front has been the use of survey and field experiments to causally identify priming effects of different donors on citizens' perceptions (Alrababa'h, Myrick and Webb

[5]See, e.g., "John Magufuli: Tanzania prefers 'condition-free' Chinese aid," *BBC*, November 27, 2018, available at https://www.bbc.com/news/world-europe-46364342; "Rwandan leader says China relates to Africa 'as an equal,'" *AP*, July 23, 2018, available at https://apnews.com/article/904c9563409542ab93c37694aced0872.

[6]For example, while there is no shortage of nationally representative surveys by Gallup and regional survey organizations such as Afrobarometer that offer insights into public perceptions of different donor countries, these instruments only capture general attitudes (e.g. views of another country's leadership or development model), making it difficult to isolate support for the countries' aid regimes from support for their other policies. These surveys also focus on the views of citizens rather than the views of the elites responsible for setting development policy.

2020; Baldwin and Winters 2020; Blair and Roessler 2021; Dietrich, Mahmud and Winters 2018; Findley et al. 2017; Findley, Milner and Nielson 2017; Winters, Dietrich and Mahmud 2017). These studies generally hold constant the type of aid project but then randomize information about the sponsor to better understand donor effects (Alrababa'h, Myrick and Webb 2020; Blair and Roessler 2021; Findley, Milner and Nielson 2017). This research stream represents an important advance but tends to focus on citizen respondents rather than on the elites whose views are likely to be more influential in defining recipient countries' development strategies.[7] Moreover, priming experiments still suffer from problems of over-aggregation, in which it is impossible to isolate the effects of a donor's aid offerings and practices from the effects of other geopolitical, economic, cultural, or historical factors, potentially violating the "information equivalence" assumption needed for unbiased estimation of treatment effects in the context of survey experiments (Dafoe, Zhang and Caughey 2018). Aggregated analyses also potentially conceal countervailing preferences that recipients may have across a number of different product dimensions, as well as the relative importance of each.

To attempt to overcome the limitations of existing studies, we fielded a conjoint survey experiment[8] among 3,407 elites—including development policymakers, practitioners, and observers—from 141 LICs and MICs. The experiment was embedded in the 2020 wave of the *Listening to Leaders (LTL) Survey*, administered by AidData between June 25 and September 16, 2020 (Custer et al. 2021). By focusing on elites, our sample captures the views of individuals who are more likely to be attuned to differences between competing ODF regimes, and to be closer to the debates, consultations, and decision-making that shape their countries' development policies. Moreover, by sampling respondents from 141 LICs and MICs, we can ensure that our results generalize beyond the potentially idiosyncratic features of development policymaking in any particular country.

To mitigate the over-aggregation problem, rather than randomize information about the sponsor of particular projects, we instead randomize the key empirical attributes that distinguish DAC

[7] For exceptions see Findley, Milner and Nielson (2017); Findley et al. (2017); Swedlund (2017).

[8] We pre-registered our experiment with the Evidence in Governance and Politics (EGAP) network on April 11, 2020, prior to data collection. Our pre-analysis plan is available at https://osf.io/q8apn.

from Chinese ODF, including project size, type, conditionalities, procurement, regulations, terms of lending, and reporting. The modal Chinese and DAC development project are qualitatively very different from one another along these dimensions.[9] China tends to offer large infrastructural projects with procurement of services and inputs tied to Chinese firms, but with no public reporting mechanism, no conditionalities, and few regulatory requirements. DAC projects are often the polar opposite: they tend to be comparatively smaller scale, focused on capacity-building funded by grants and highly concessional loans, with more transparent reporting systems but conditional on certain political and economic benchmarks and requiring adherence to human rights, environmental, and/or labor regulations.

As part of our experiment, respondents were shown two profiles describing different types of ODF projects that their governments might receive. We randomized across seven attributes, each of which had between two and four possible levels, enabling us to compare between (1) large and small projects; (2) infrastructure, civil society, and tax collection capacity projects; (3) tied and untied aid; (4) different types of lending (e.g. grants vs. concessional loans); and projects (5) with and without conditionalities, (6) with and without regulations, and (7) with and without public disclosure. Thus respondents did not always see "ideal-type" ODF bundles suggesting one development financier or another, nor did we include any explicit information about the country sponsoring each project. This allows us isolate the properties of ODF regimes that are particularly attractive to respondents, free from other factors that may influence their preferences, such as cultural or geopolitical considerations. After reading the first pair of profiles, respondents were asked to select which they preferred. They then repeated this exercise two more times.

Perhaps unsurprisingly, we find that elites preferred larger projects over smaller ones, and projects dedicated to transportation infrastructure over those dedicated to civil society or tax collection capacity. These results suggest that respondents were drawn to two of the defining features of the Chinese aid regime: larger-scale projects focused on infrastructure specifically. But this preference did not extend to other features of the Chinese aid regime, and in some cases respon-

[9]There of course exists important variation across the types of development projects China and DAC donors provide. Here we are considering modal types.

dents strongly favored features more closely associated with DAC countries. For example, we find no evidence that respondents were averse to political, economic, or social conditionalities; if anything, they weakly preferred some conditionalities over none at all. Respondents also favored untied over tied aid, and strongly preferred ODF agreements with transparency requirements and anti-corruption and environmental safeguards. They also strongly favored grants over other types of lending. As a result of these countervailing effects, elites on balance preferred a "typical" DAC project over a typical Chinese one. We (conservatively) estimate the probability of elites selecting the former to be close to 70%, but less than 50% for the latter.

These results are not specific to a particular type of elite respondent. It is not the case, for example, that government officials were more likely to reject regulations and conditionalities, while civil society leaders were more likely to embrace them. Nor do we observe much treatment effect heterogeneity by level of seniority, or by whether respondents had worked on Chinese-funded projects or resided in a country that had received relatively high levels of Chinese ODF in the past. We similarly find relatively little evidence to suggest that elites are more likely to gravitate towards the Chinese model of ODF in more autocratic countries, or in countries where corruption is more endemic. Taken together, these results suggest that recipient country elites do not necessarily prefer Chinese-financed over DAC-financed projects, despite the widely documented pattern of heads of state turning to Beijing for economic assistance. To the contrary, these elites seem to prefer projects that more closely align with the DAC model of ODF. One possible interpretation of our findings is that bureaucrats, parliamentarians, and civil society representatives seek to leverage ODF agreements as an opportunity to tie the hands of donors and their own governments—not only by incorporating stronger regulations in contracts but by making them public as levers of accountability.

Our paper makes a number of contributions to the study of international political economy, and to research on foreign aid and other forms of ODF specifically. As noted, despite the voluminous literature on foreign aid, to date there has been little systematic research on the attitudes of policymakers towards the rival ODF regimes that dominate the international system in the 21st

century. (The *LTL* surveys are an important exception.) Our research design not only enables a rigorous comparison across different ODF attributes, but it extends beyond a single country or region, covering 3,407 development policymakers and practitioners from 141 countries.[10] In this way, we offer a unique empirical contribution to the growing debate in international relations on the state of the liberal international order, especially with the rise of China.

Our analysis suggests that despite China's growing influence in development finance—or perhaps because of it—policymakers and practitioners in recipient countries have stronger preferences for projects with liberal attributes of transparency, untied aid, and regulations aimed at reducing corruption and environmental damage. This in turn suggests that DAC donors' tendency to make their aid regime more "China-like" in the face of competitive pressure from Beijing (Hernandez 2017; Zeitz 2020; Watkins 2021) may be a strategic mistake that reduces rather than increases demand from important elite constituencies within recipient countries around the world. By compromising on key attributes, especially regulatory conditions, DAC donors may be negating their product differentiation advantage.

1 THE RISE OF RIVAL DEVELOPMENT FINANCE REGIMES

One of the most important changes in the international system over the last quarter-century has been the re-emergence of China as a major supplier of development finance worldwide. Unlike Beijing's approach to trade, which has involved joining the World Trade Organization and engaging with the body's constitutive institutions (Johnston 2019), China has not coordinated its development finance program with Western donors. Rejecting what it conceives as the DAC's North-South model of "unilateral alms"[11] linked to governance and development conditionalities, Beijing has chartered its own course building from the foundations set in the 1960s of South-South

[10]Conjoint experiments have been used to study foreign aid (Billing 2020; Doherty et al. 2020; Heinrich and Kobayashi 2020), but almost exclusively in a single country to assess citizen preferences of their own government's aid program, or of the different donors sending aid to a recipient country.

[11]This is Zhou Enlai's terminology; see "The Chinese Government's Eight Principles for Economic Aid and Technical Assistance to Other Countries," January 15, 1964, available at http://digitalarchive.wilsoncenter.org/document/121560.

cooperation and "mutual benefit." The consequence—as a number of studies highlight (Blair and Roessler 2021; Blair, Marty and Roessler 2021; Chin and Gallagher 2019; Bräutigam 2010; Hook and Rumsey 2016; Morris et al. 2020; Regilme and Hodzi 2021; Tierney 2014; Woods 2008)—has been the rise of starkly different aid regimes, which Blair, Marty and Roessler (2021, 2) define as "the written and unwritten norms and practices that shape the types of projects donors fund, the conditions (or lack thereof) attached to the money donors provide, and the way donor-funded projects are implemented on the ground."

1.1 The OECD-DAC development finance regime

Since the early 1960s, members of the OECD, including the US, UK, Germany, France, and 16 other founding member countries, have coordinated aid policy through the Development Assistance Committee (DAC).[12] In its founding mandate, DAC set out to "consult on the methods for making national resources available for assisting countries and areas in the process of economic development and for expanding and improving the flow of long-term funds and other development assistance to them." Thus, at its core, DAC seeks to establish a set of best practices that member states are expected to follow with the aim of improving the scale and effectiveness of economic assistance to recipient countries. Shared expectations are communicated through guideline documents, declarations, recommendations, and progress reports issued by the OECD or DAC.[13]

DAC members are monitored for their performance and adherence to these shared practices and standards through a peer review system, which entails periodic assessment by the OECD Secretariat and two other member states. As Hook and Rumsey (2016, 58) note, the DAC's "formal governing structures" and "emphasis on performance standards" tend to set it apart from other aid regimes. Following from their establishment of shared principles and procedures, DAC donors have converged around the types and modalities of development projects they fund. First and

[12]Today there are 37 OECD member countries of which 24 are represented in DAC.

[13]These include *DAC Guidelines on Aid and Environment* (1992-1995), *DAC Orientations on Participatory Development and Good Governance* (1995), *DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries* (2001), *Principles for Donor Action on Anti-Corruption* (2006), the *Paris Declaration on Aid Effectiveness* (2005), and *Busan Partnership for Effective Development Co-operation* (2011).

foremost, consensus was reached in the late 1960s to clearly demarcate economic assistance into official development assistance (ODA), other official flows (OOF), and private flows (Hynes and Scott 2013). There has been a strong preference for providing ODA vis-à-vis OOF; between 1960 and 2019 DAC countries supplied nearly 13 times more ODA than OOF.[14]

Following from the *Paris Declaration on Aid Effectiveness* and previous guidelines, DAC countries have also prioritized using ODA for "capacity development" programs and projects, which aim to improve the "performance of country systems, particularly in delivering basic goods and services, and providing a suitable policy and regulatory environment for development to take place."[15] Among other issue areas, this has motivated external assistance aimed at strengthening tax collection and revenue mobilization, supporting civil society, and empowering marginalized communities. In line with the *DAC Recommendation on Anti-Corruption Proposals for Bilateral Aid Procurement* (1996) and other documents,[16] DAC donors are expected to require anti-corruption provisions in ODA projects and ODA-funded procurement. Other DAC development finance standards focus on untying aid, ensuring transparency, and strengthening governance in recipient countries.[17] While compliance with these guidelines is imperfect (Bräutigam 2010),[18] their existence and the peer review system nonetheless ensure shared expectations and a degree of homogeneity across the aid programs of DAC donors.

[14] As noted, ODA totaled $4.8 trillion between 1960 and 2019. In contrast OOF totaled only $372 billion. See 10.1787/33346549-en.

[15] This is outlined in the 2006 OECD-DAC guidance document, "The Challenge of Capacity Development: Working Towards Good Practice," available at www.oecd.org.

[16] In particular the *DAC Recommendation on Anti-Corruption Proposals for Aid-Funded Procurement* (1997) and *Principles for Donor Action on Anti-Corruption* (2006).

[17] See, respectively the following sections on the OECD website: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/untied-aid.htm; https://www.oecd.org/dac/financing-sustainable-development/acommonstandard.htm; https://www.oecd.org/dac/accountable-effective-institutions/.

[18] Some 20% of DAC aid remains tied, but this is down from 60% in 2001 when DAC donors adopted the *Recommendation to Untie Official Development Assistance to the Least Developed Countries at the DAC High Level Meeting*. See "Untied aid," OECD, available at https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/untied-aid.htm.

1.2 CHINA'S DEVELOPMENT FINANCE REGIME

As the DAC was forming in the early 1960s, China's Premier, Zhou Enlai, embarked on a diplomatic tour of ten African countries in 1963 and 1964 to, among other things, mark these countries' independence and win allies in Beijing's bid to replace the Republic of China on the UN Security Council. In a state visit to Ghana in January 1964, Zhou Enlai laid out "The Chinese Government's Eight Principles for Economic Aid and Technical Assistance to Other Countries," which emphasized the importance of "equality and mutual benefit," respect for "sovereignty" without "attach[ing] any conditions," and a focus on projects that "yield quick results" and help recipients "embark step by step on the road of self-reliance and independent economic development." Subsequent Chinese leaders have reaffirmed these principles. Most recently, in a speech at the opening of the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) in 2018, Chinese President Xi Jinping promoted China's "five-no" approach to development finance[19] and reiterated Beijing's position that donors and lenders should not impose policy prescriptions or conditionalities on recipient states—an ethos he suggested that other development partners should adopt.

Building from these principles, China's ODF regime has fundamentally diverged from that of the DAC. First, in contrast to the DAC, China tends to favor less concessional lending (OOF) over grants and concessional lending (ODA), particularly since the launch of the BRI. By one estimate, between 2000 and 2017 Beijing supplied 11 times more OOF than ODA—nearly the inverse of the DAC ratio.[20] Moreover, as has been widely noted, China has no policy against tied aid; quite the opposite. Chinese OOF financing generally involves tied aid, and even ODA-like loans require at least 50% of goods supplied from China and the use of Chinese firms for services (Bräutigam 2011*a*; Morris et al. 2020). In line with its emphasis on "equality and mutual

[19]The "five-nos" include "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." 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.

[20]While a much higher proportion of ODF flows from China were devoted to OOF than ODA projects, Beijing implemented 2.7 times more ODA projects than OOF projects between 2000 and 2017 Malik et al. (2021).

benefit," Beijing employs ODF, especially concessional loans financed through China Exim Bank, to at once provide recipient countries with turnkey infrastructure projects (rather than "country assistance strategies")[21] while also expanding commercial opportunities for Chinese companies overseas (Bräutigam 2011*b*).

Other differences are just as stark. China rejected calls for it to join the International Aid Transparency Initiative (IATI) that emerged in 2008, arguing that it does not conceive of transparency as a key principle of South-South cooperation (Tran 2011). Thus unlike DAC donors, China does not publicly report the terms of the grants and loans it provides to recipient countries. Consistent with Beijing's (stated) policy of non-interference in the internal affairs of other countries, it does not place political conditionalities on development finance programs—at least not in the sense of explicitly linking funds to policy changes within the recipient country, as has traditionally been common among DAC donors (Kahler 1992).[22] Nor does Beijing include mechanisms to reduce bribery and corruption, mitigate environmental damage, or protect workers' rights in development finance contracts.

China is, however, attuned to mounting criticism from constituencies in recipient countries concerned about the adverse consequences of Chinese development finance projects (Rolland 2019). At the 2019 Belt and Road Forum for International Cooperation, Xi Jinping pledged China would "'pursue open, green, and clean cooperation," and that there would be "zero tolerance for corruption."[23] If this leads to more stringent regulations within development finance contracts and stronger enforcement, that would represent a major departure from existing practices. For example, while China has passed regulations to try to reduce corruption from Chinese companies

[21]Most "total official" commitments and even ODA commitments are focused on energy generation and supply, transport and storage, industry, mining, construction and communications. See https://www.aiddata.org/china-official-finance?ref=china.aiddata.org.

[22]DAC conditionalities can be distinguished from the idea of a debt of "obligation" that may arise from China's approach to power and influence (Benabdallah 2020), which creates "Guanxi" connections implying a network of relations through which exchange of favors is expected. From this lens and in real world practice, it is quite likely that China may expect policy changes in return for access to finance, but this expectation takes the form of vague obligations at an undefined future date, rather than explicit conditionalities in the present.

[23]See "Working Together to Deliver a Brighter Future For Belt and Road Cooperation," Keynote Speech by H.E. Xi Jinping President of the People's Republic of China at the Opening Ceremony of the Second Belt and Road Forum for International Cooperation, April 26, 2019, available at https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1658424.shtml.

operating overseas (such as the 2008 Administrative Regulation on Contracting Foreign Projects), as of 2016, one group of researchers was "unable to obtain any evidence as to whether or not this penalty has ever been applied" (Weng and Buckley 2016, 11). This group also found through qualitative interviews with Chinese personnel working for Chinese companies in Mozambique, Kenya, and Uganda that the World Bank and IFC have "more stringent requirements on corruption, social and environmental concerns, and procurement of goods" (Weng and Buckley 2016, 25). Beijing's policy to date—in line with the principle of non-interference and respect for sovereignty—has been to defer to local rules and regulations rather than institute them from the outside (Weng and Buckley 2016).

1.3 Explaining elites' preferences over competing development finance regimes

China's ascendence as a major ODF supplier has reshaped the aid marketplace, offering policymakers two qualitatively different development finance models to choose from. To what extent, and under what conditions, should we expect recipient country elites to prefer one model over the other? Which features of the two competing aid regimes do elites find especially appealing, or especially objectionable? Are there particular categories of elites—government officials, for example, or civil society representatives—that are likely to favor one model over the other?

The existing evidence is scant. Blair, Marty and Roessler (2021) find that Chinese ODF does not increase affinity for China or its model of governance and development among citizens of recipient countries in Africa; US ODF, in contrast, appears to strengthen support for the US and its governance and development model, and to weaken support for the Chinese alternative. Findley, Milner and Nielson (2017) find that Ugandan citizens are equally likely to support foreign-funded electricity and education projects regardless of the sponsor, but that they are more willing to communicate their support to local leaders and send SMS messages expressing their support when they are told the projects are funded by the US rather than by China. Also in Uganda, Billing (2020) finds that citizens generally prefer US-sponsored projects over Chinese-sponsored ones, but

also over projects funded by Japan—another DAC donor. But these analyses all focus on citizens, whose views may depart dramatically from those of elites, as the latter are much closer to the debates and decision making processes surrounding development policy (Bueno de Mesquita and Smith 2007; 2009; Findley, Milner and Nielson 2017; Findley et al. 2017).

To our knowledge, only two previous studies (other than the *LTL* survey) have assessed elites' attitudes towards different development finance providers. First, in another line of analysis from the same study cited above, Findley, Milner and Nielson (2017) show that neither Ugandan citizens nor Ugandan Members of Parliament (MPs) prefer bilateral over multilateral aid. Second, in a related study, Findley et al. (2017) find that Ugandan MPs tend to favor government-funded programs over aid-funded alternatives, while Ugandan citizens tend to favor the latter over the former. But neither of these studies captures elites' preferences over the competing aid regimes of China and the DAC—arguably the two most prominent aid regimes in today's ODF marketplace. Understanding these preferences has become especially urgent with China's reemergence as a major donor and lender worldwide. Moreover, all of the studies cited above suffer from the over-aggregation problem discussed in the introduction, making it difficult to disentangle why, exactly, respondents prefer one form of development finance over another.

Theoretically at least, there are reasons to expect recipient country elites in general—and government officials in particular—to prefer the Chinese model of development finance over the DAC alternative. LICs and MICs typically struggle to fund large-scale, high-risk infrastructure projects—roads, bridges, dams, airports, etc. The World Bank estimates that some 1 billion people worldwide lack access to electricity, and 840 million people live more than two kilometers from the nearest usable road. These individuals are overwhelmingly concentrated in the Global South. Infrastructure serves both economic and political purposes, since it stimulates economic growth (Esfahani and Ramírez 2003) at the same time that it facilitates the projection of state power nationwide (Herbst 2000). This suggests that recipient country elites should favor China's focus on infrastructure.

Research on the "political foreign aid curse" suggests that elites may also prefer development

finance without conditionalities, regulations on corruption, labor, and the environment, or publicly disclosed terms that would make it easier to track how ODF dollars are being spent. A lack of conditionalities, regulations, and public disclosure should make ODF more flexible and fungible, allowing elites to capture it and redeploy it for their own political purposes (Bueno de Mesquita and Smith 2007; 2009; Findley, Milner and Nielson 2017; Findley et al. 2017). This suggests that elites should look favorably upon China's "five-no" approach to development finance, which emphasizes the sovereignty and independence of recipient countries. Government officials in particular should prefer ODF that is "minimally invasive" (Findley et al. 2017, 637), and that is therefore more susceptible to corruption, clientelism, nepotism, and other forms of capture (Mavrotas and Ouattara 2006). As Findley, Milner and Nielson (2017, 313) argue, "if one type of aid is seen as more subject to political control by recipient governments, then elites should favor that form of aid."

Following the logic above, in our pre-analysis plan (PAP) we predicted that government officials in particular would prefer larger projects over smaller ones; projects focused on building government capacity (e.g. infrastructure and tax collection) over projects focused on strengthening civil society; and projects with no conditionalities, no regulations, and no public disclosure over projects with these restrictions. We also predicted that government officials would have stronger preferences for government capacity building projects, and for projects with no conditionalities, regulations, or public disclosure, than other recipient country elites (e.g. civil society representatives).

But there are also theoretically sound reasons to expect elites to prefer elements of the DAC aid regime—for example, its emphasis on untied aid, which should give recipient countries more discretion over implementation, and opportunities to contract domestic companies. Likewise, the DAC's disproportionate use of grants rather than loans should impose less of a burden on developing country finances. Based on these intuitions, we predicted that government officials in particular would prefer untied over tied aid, and grants over concessional or commercial loans. But even features of the Chinese aid regime that at face value seem advantageous for recipient country elites may nonetheless foment opposition. There are a variety of reasons to believe elites may not neces-

sarily favor ODF without conditionalities, regulations, or public disclosure requirements, despite (plausible) claims to the contrary (Findley, Milner and Nielson 2017; Findley et al. 2017).

First, even compacts without conditionalities and other restrictions explicitly written into them may not be as fungible as some observers believe (Altincekic and Bearce 2014), especially if funds are earmarked for specific purposes or projects—e.g. the construction of roads (Bräutigam 2011*b*). Second, the opportunities for capture that ODF may provide are likely to be distributed unevenly among recipient country elites. Central government officials who are responsible for managing and disbursing ODF outlays may be able to redirect those funds for their personal or political aims (Dreher et al. 2019); likewise, local civil servants who are responsible for overseeing implementation of ODF-sponsored projects may be able to solicit bribes from businesses and residents in the areas where those projects are sited (Isaksson and Kotsadam 2018). But many other elites may find themselves excluded from the system of spoils that ODF (ostensibly) creates.

Third and perhaps most important, recipient country elites may view conditionalities, regulations, and public disclosure requirements as a way not only to tie their own (and their government's) hands, but also and more importantly to tie the hands of donors and lenders themselves. For example, Xi Jinping's recent pledge that China would have "zero tolerance for corruption" in ODF disbursements was made in the wake of several high profile defections from the Chinese aid regime. By 2019, Indonesia and Thailand had (temporarily) halted high-speed rail projects with China; Nepal and Pakistan had cancelled dam projects; and Sierra Leone had ended the Chinese-funded Mamamah International Airport project. Other countries—including Malaysia, Myanmar, and the Maldives—similarly began to reconsider their relationships with Beijing. While all these countries continued to cooperate with China in other ways, and to accept Chinese development finance for other purposes, the scale of the "pushback" was nonetheless striking (Rolland 2019, 221-2). Recipient country elites may view restrictions on ODF flows partly as safeguards to protect their own governments from predatory or otherwise disadvantageous terms of lending.

2 RESEARCH DESIGN

We study elites' preferences over competing aid regimes using a conjoint survey experiment implemented as part of the 2020 wave of the *Listening to Leaders (LTL) Survey* (Custer et al. 2021). *LTL* draws on a sampling frame of approximately 100,000 policymakers and practitioners who were knowledgeable about, or directly involved in, development policy initiatives in 141 LICs and MICs (and semi-autonomous territories) between 2016 and 2020. Respondents represent six distinct groups of stakeholders: (1) executive branch officials (46%); (2) parliamentarians (13%); (3) development partner staff based in the recipient country (21%); (4) civil society leaders (10%); (5) private sector representatives (4%); and (6) experts from universities and think tanks (6%).

LTL is unique in surveying elites from multiple countries and from a variety of different governmental and non-governmental sectors. Perhaps the most important challenge in a survey of this sort is to define the population of interest. For the 2020 wave of the survey, *LTL* did this by first identifying 67 "ideal-type" organizations for each stakeholder group, and corresponding mid- and senior-level positions within those organizations. For example, the "executive branch officials" stakeholder group comprises 32 ideal-type organizations, including various ministries (e.g. the Ministry of Health, Education, Planning, Finance, etc.), various audit and procurement agencies, the Central Bank, the Office of the President (or Prime Minister), and the Office of the Vice President, among others. Each of these organizations encompasses a variety of mid- and senior-level positions. For example, under the ideal-type Ministry of Family are the Minister, Deputy Minister, Secretary General, Special Assistant to the Minister, Chief of Staff, Senior Advisor, and Head of Department. We provide the full list of ideal-type organizations and positions in Appendix XX.

LTL then constructed customized Institutional Position Map (IPMs) to identify the relevant organizations for each stakeholder group in each country in the sample. In Afghanistan, for example, the ideal-type Ministry of Planning corresponds to the Afghanistan National Development Strategy Unit; the ideal-type Ministry of Health corresponds to the Ministry of Public Health; and the ideal-type Ministry of Education corresponds to three different ministries: the Ministry of Ed-

ucation, the Ministry of Higher Education, and the Committee on Education and Skills Policy. The goal of this exercise was to accommodate each country's idiosyncratic institutional arrangements while still allowing for cross-country comparisons.

LTL then identified the relevant mid- and senior-level positions within each organization in each country, and searched for the names, titles, and contact information of the individuals occupying those positions using a variety of publicly available resources, including websites and other online directories, international conference records, Who's Who International, and public profiles on LinkedIn, Facebook, and Twitter. Because the quality and comprehensiveness of these publicly available data varies across countries (and across organizations within countries), *LTL* devised a quota system specifying the ideal number of contacts within each ideal-type organization.

For all members of the sampling frame, *LTL* collected data on gender, country, type of organization (e.g. Ministry of Health, anti-corruption agency, think tank, etc.), and stakeholder group. *LTL* then used these data to construct inverse probability weights (IPWs) to correct for non-response bias. (We use these IPWs in all of our analyses, as we discuss below.) The 2020 *LTL* sampling frame consisted of 100,046 individuals distributed across the six stakeholder groups. Of these, 84,090 received an email inviting them to participate in the survey. (*LTL* could not find contact information for the remaining 15,956 individuals in the sample.) 6,807 respondents participated in the survey, and 3,812 completed it. 3,641 respondents completed our conjoint experiment, a response rate of 4.3% relative to the 84,090 respondents who received the email invitation. Figure 1 shows the breadth of survey respondents around the world.

For the conjoint experiment, respondents were shown the following prompt:

> *The decision to choose among aid projects from international donor organizations involves several trade-offs. We are interested in understanding how these decisions are made and your preferences regarding aid projects. In the next three questions, please read the descriptions of two hypothetical aid projects for the [government of country] and indicate your preference between the two.*

They were then shown two profiles describing different types of development finance projects that

their governments might consider. The profiles varied along seven attributes: (1) project size; (2) project type; (3) conditionalities; (4) procurement; (5) regulations during implementation; (6) terms of lending; and (7) reporting. Each attribute had between two and four possible levels, as follows:

1. **Project size**
    (a) $500 million
    (b) $100 million
2. **Project type**
    (a) Civil society: "Strengthen the capacity of civil society organizations to advocate for reforms"
    (b) Tax collection capacity: "Strengthen the government's administrative capacity to collect taxes"
    (c) Transportation infrastructure: "Improve transportation infrastructure, such as roads and bridges"
3. **Conditionalities**
    (a) Social policy: "Disbursement of aid is conditional on the recipient government's social policies, such as gender equality"
    (b) Economic policy: "Disbursement of aid is conditional on the recipient government's maintenance of a favorable macroeconomic policy framework, such as debt sustainability"
    (c) Democracy and human rights: "Disbursement of aid is conditional on the recipient government's protection of human rights and holding of free and fair elections"
    (d) No conditions: "No political, economic or social conditions are attached to aid disbursements"

4. **Procurement**

   (a) Tied: "Aid is tied to procuring services and inputs from companies in the donor country"

   (b) Untied: "Aid is not tied to the procurement of services and inputs from specific companies or countries"

5. **Regulations during implementation**

   (a) Labor: "Aid agreement includes regulations to protect workers from unfair labor practices"

   (b) Corruption: "Aid agreement includes audits by a third-party to reduce corruption"

   (c) Environment: "Aid agreement includes regulations to minimize environmental damage"

   (d) No regulations: "Aid agreement includes no specific environmental, anti-corruption or labor regulations"

6. **Terms of lending**

   (a) Grant: "Aid is in the form of a grant (recipient does not need to repay)"

   (b) 8% concessional: "Commercial loan with interest rate of 8% for 10 years"

   (c) 2% concessional: "Concessional loan with interest rate of 2% for 20 years"

   (d) Resource-backed commercial: "Commercial loan at market rates backed by natural resources as collateral"

7. **Transparency**

   (a) Publicly disclosed: "Terms of aid agreement are publicly disclosed"

   (b) Not publicly disclosed: "Terms of aid agreement are not publicly disclosed"

After reading the first pair of profiles, respondents were asked to select which of the two proposed development finance projects they preferred. They then repeated this exercise two more times. Attribute levels were randomized across respondents and profile pairs using the fractional factorial method (Cook and Nachtrheim 1980; Fedorov 1972; Johnson and Nachtsheim 1983).[24]

2.1 Advantages and disadvantages of our approach

Our research design has a number of advantages over existing studies. First and perhaps most important, rather than focus on citizens, our sample consists of policymakers and practitioners who are likely to be much closer to the debates, consultations, and decision-making processes that shape their countries' development policies. Second, rather than focus on a single country, our survey spans 141 LICs, MICs, and semi-autonomous territories, thus yielding more generalizable insights and allowing us to test for treatment effect heterogeneity along potentially important country-level moderators (e.g. the quality of democracy in the recipient country, or the degree of the recipient country's dependence on China).

Third, rather than prime respondents using the names of particular development partners (e.g. China or the World Bank), our focus on the attributes of particular projects helps us ensure information equivalence and abstract away from the historical, geopolitical, and cultural considerations that may shape elites' preferences. In this way we are able to isolate the features of development finance projects that elites find especially attractive, irrespective of whatever other motivations they may have for seeking assistance from particular donors and lenders. This is especially important given our interest in the competing aid regimes of China and the DAC, since recipient country elites may in some cases favor one of these regimes over the other for reasons that are orthogonal to the attractiveness of the proposed projects themselves.

Finally, our use of a conjoint survey experiment allows us to minimize the social desirability bias that might arise if we elicited respondents' preferences more directly. For example, respon-

[24] *LTL* was administered by Qualtrics. For an explanation of the fractional factorial method as applied by Qualtrics, see https://www.qualtrics.com/support/conjoint-project/getting-started-conjoints/getting-started-choice-based/conjoint-analysis-white-paper/#ExperimentalDesign.

dents may believe that it is socially desirable to express support for good governance conditionalities or environmental regulations; as a result, direct questions might overestimate respondents' support for these policies. In our conjoint, respondents are asked to choose between profile pairs that vary along multiple dimensions simultaneously, making the socially desirable option much less obvious. Indeed, as we show below, in some cases respondents expressed a socially desirable preference—for example, their strong preference for labor, corruption, and environmental regulations over no regulations at all—while in others they did not: for example, their weak and statistically insignificant preference for democracy and human rights conditionalities. This suggests that social desirability bias is unlikely to explain our results. More generally, conjoint survey experiments have been shown to mitigate social desirability bias (Horiuchi, Markovich and Yamamoto 2021), to perform remarkably well against behavioral benchmarks (Hainmueller, Hangartner and Yamamoto 2015), and to reduce the risk of information equivalence violations (Dafoe, Zhang and Caughey 2018).

But our approach has at least two disadvantages as well. First and most obviously, our inferences are based on the subset of elites who responded to the *LTL* survey. While we can weight our estimates to mitigate the risk of non-response bias, we cannot eliminate it altogether, and it is possible that elites who are inclined to respond to surveys (especially those conducted by academic institutions in the US) differ from elites who are not. As we will see, our results are in most cases consistent across disparate types of elites (e.g. government officials vs. civil society leaders) and countries (e.g. more vs. less democratic regimes). This consistency should help mitigate concerns that the scope of our findings is limited to particular settings or classes of respondents, even if we cannot eliminate these concerns entirely.

Second, while abstracting away from historical, geopolitical, and cultural factors allows us to better understand the features of aid regimes that make some development finance projects more attractive than others, this approach necessarily obscures the factors that may (partially) determine elites' preferences when geopolitics are at stake. For example, in previous qualitative studies, senior-level government officials in the Asia-Pacific region have described being reluctant

to turn down Chinese ODF for fear of retaliation, given China's importance to their economies (Custer et al. 2019). In situations like these, our research design is advantageous because it avoids overestimating the appeal of China's "no-strings-attached" approach to development finance. But it is also disadvantageous in that it obscures some of the factors that may explain variation in recipient countries' development policies in the real world. (Of course, this is also a limitation of survey experiments that elicit respondents' preferences by randomizing the name of the donor or lender associated with particular projects.)

3 RESULTS

Figure 2 plots the Average Marginal Component Effect (AMCE) of each attribute level in our conjoint survey experiment, following Hainmueller, Hopkins and Yamamoto (2014). AMCEs are interpreted as percentage point changes in the predicted probability that respondents selected a profile with a given attribute level, relative to the base category. Circles denote point estimates; bars denote 95% confidence intervals. Standard errors are clustered by respondent to account for the fact that each respondent was shown three profile pairs. Observations are weighted by the inverse of the probability of non-response from the *LTL* sample based on respondents' gender, country of residence, employer category (e.g. ministry, university, think tank, etc.), and position category (e.g. government official, NGO representative, etc.), and an indicator for whether the respondent was notified of the survey in advance.

Unsurprisingly, we find that elites prefer larger-scale projects to smaller-scale ones, though the margin—two percentage points—is perhaps not as marked as one might expect. (Presumably the margin would have been more pronounced if the difference between project sizes had been more pronounced as well, though we cannot say for certain.) More interestingly, we find that respondents prefer investments in transportation infrastructure over investments in civil society or tax collection capacity, in both cases by margins of six percentage points. These differences are all highly statistically significant, and suggest that two of the defining features of the Chinese aid

regime—larger-scale projects focused on infrastructure in particular—are popular among LIC and MIC elites. (Data from recent rounds of the Afrobarometer survey suggest that China's investments in infrastructure are popular among citizens of recipient countries as well, at least in Africa; see Blair and Roessler 2021.)

But these preferences for two of the defining features of the Chinese aid regime are offset by preferences against some of the others. Respondents prefer economic policy conditionalities over no conditionalities (though the margin is small—two percentage points—and respondents do not appear to prefer social policy or democracy and human rights conditionalities); untied over tied aid (by a margin of seven percentage points); regulations on labor, corruption, and the environment over no regulations (by margins of six, 13, and 10 percentage points, respectively); and public disclosure over non-disclosure of the terms of lending (by a margin of 10 percentage points). Respondents also strongly prefer grants over both concessional and (especially) resource-backed loans. (Respondents prefer grants and 2% concessional loans over resource-backed commercial loans by margins of 20 and 13 percentage points, respectively. They do not seem to have a preference between 8% concessional loans and resource-backed commercial loans.)

3.1 Testing for heterogeneity by type of elite

Is it possible that elites' apparent preference for projects for projects with characteristics more typical of the DAC aid regime is specific to a particular type of respondent, or particular type of recipient country? The most obvious cleavage between respondents in the *LTL* sample is between those who work for government and those who work for NGOs, universities, think tanks, and other non-governmental entities. Following our PAP, Figure 3 compares marginal means across all attribute levels in the experiment for these two subsamples of respondents, following the procedure proposed in Leeper, Hobolt and Tilley (2020); the left panel reports marginal means for each subgroup, and the right panel reports differences in marginal means with corresponding standard errors in parentheses.[25]

[25] Respondents were asked which type of organization they worked for the longest between 2016 and 2020. We code elites who reported working for parliament or a government agency, ministry, or office as "government" respondents;

In general, government and non-government respondents expressed similar preferences over project profiles, with only one notable (and intuitive) exception: government respondents were less likely to prefer projects focused on civil society (by a margin of three percentage points), and more likely to prefer projects focused on either tax collection capacity or transportation infrastructure (by margins of three percentage points and two percentage points, respectively). Again following our PAP, in Appendix A we show that mid- and senior-level respondents expressed similar preferences to one another as well. (Senior-level respondents were more likely to prefer untied aid and corruption regulations, and less likely to prefer environmental regulations, but the margins are small). And again following our PAP, in Appendix B we show that our results remain substantively unchanged when we subset to respondents who work in their home country, or to those who work abroad. Across these various subgroups, respondents consistently preferred projects with features that are more typical of the DAC aid regime than of the Chinese alternative.

3.2 Testing for heterogeneity by individual- and country-level reliance on Chinese development finance

It is also possible that elites favor the DAC aid regime over the Chinese alternative because they have had more exposure to the former than the latter, and so are not as familiar with the relative advantages of the Chinese approach. While the scope and volume of Chinese aid has increased dramatically in recent years, DAC donors (especially the US) have a longer history of engagement with LICs and MICs. It is possible that preferences for the Chinese aid regime will become stronger as exposure to Chinese aid increases. Following our PAP, we explore this possibility in Figure 4 by comparing the preferences of elites who report having received assistance from China to the preferences of those who do not,[26] again following the procedure in Leeper, Hobolt and Tilley

we code those who reported working for an NGO, civil society organization, university, think tank, "development partner," the media, or the private sector as "non-government" respondents. While it is possible that some of these latter respondents were technically employed by the government (for example, professors at public universities), we assume their preferences are likely to be more similar to those of NGO and civil society representatives than to those of government officials.

[26]We distinguish respondents who have received assistance from China from those who have not using the *LTL* survey. Respondents were asked to select all foreign embassies and bilateral agencies from which they have received

(2020).

We find some suggestive evidence that elites who have received Chinese aid are more likely to favor projects with attributes typical of the Chinese aid regime, though the differences are small and, in most cases, not statistically significant. Most notably, compared to respondents who have not received aid from China, those that have are four percentage points more likely to prefer transportation infrastructure projects. They are also three percentage less likely to prefer projects focused on tax collection capacity and three percentage points less likely to prefer grants, though these differences are only marginally statistically significant at conventional levels ($p = 0.054$ and $p = 0.084$, respectively). Otherwise the two subgroups have similar preferences.

Again following our PAP, in Appendix C we extend this analysis by comparing the preferences of respondents from countries that are more and less dependent on Chinese ODF based on the amount of development finance they have received from China as a fraction of their GDP between 2000 and 2017, using data from AidData to measure Chinese development finance and data from the World Bank to measure GDP. We find that elites from countries that are more dependent on Chinese ODF are less likely to prefer projects with social policy conditionalities, and more likely to prefer projects with no conditionalities at all. Otherwise these two subgroups have similar preferences as well. Taken together, these results suggest that while exposure to Chinese ODF is positively correlated with preferences for the Chinese approach to delivering and managing ODF, the correlation is weak and tends to be specific to particular attributes of the Chinese aid regime.

3.3 Testing for heterogeneity by country-level corruption and regime type

It is possible that respondents are more likely to be attracted to the Chinese approach to development finance if they live under more corrupt or autocratic regimes. Critics have long characterized China as a "rogue" donor that prioritizes its own interests over the needs of recipient countries,

assistance. Respondents who selected "China—China Development Bank," "China—Embassy (or Consulate-General of China)," or "China—Export-Import Bank of China" are coded as having received assistance from China; all others are coded as not.

and that is willing to ignore recipient governments' often spotty records on democracy, good governance, and human rights (Naim 2009). While there is little to no empirical evidence that China favors more corrupt or autocratic countries in its aid allocations (Dreher and Fuchs 2015), elites in these countries may nonetheless favor the Beijing's "no-strings-attached" model if it allows them to exercise more discretion over the way development finance is distributed sub-nationally (Findley, Milner and Nielson 2017).

In Appendix D and E we explore this possibility by plotting marginal means for respondents living in more and less corrupt countries (operationalized as those that score above and below the global median on the World Bank's Worldwide Governance Indicator for control of corruption)[27] and more and less democratic ones (operationalized as those that score above and below 0 on the Polity V index). This analysis was not pre-specified, and so should be interpreted as exploratory. With that caveat in mind, we find little to no evidence of treatment effect heterogeneity by corruption: the marginal means for respondents in more and less corrupt countries are substantively and statistically indistinguishable for most attribute levels.

We do, however, find some evidence that elites in autocratic countries tend to favor aspects of the Chinese development finance model. For example, they are 3 percentage points more likely to prefer projects focused on transportation infrastructure; 3 percentage points less likely to favor projects with democracy and human rights conditionalities; 3 percentage points more likely to accept tied aid; and 5 percentage points less likely to demand anti-corruption regulations. But these differences are, in general, substantively small. Our results do not seem to suggest a dramatic difference in affinity for the Chinese model among autocratic country elites.

3.4 Testing for heterogeneity by country

It is also possible that respondents *on average* prefer the DAC aid regime to the Chinese alternative, but that these averages mask important variation across specific countries in the sample. As an

[27] Our results are substantively similar if we use the global 25th or 75th percentile as cutoffs instead. When we set the cutoff at the 25th percentile, we observe a stronger preference for untied aid among less corrupt countries, and a stronger preference for larger projects among more corrupt ones. Importantly, however, we observe no difference in their preferences over conditionalities, regulations, or transparency.

even more stringent test for treatment effect heterogeneity, in Appendix F we show that our results remain substantively similar when we subset to specific countries. For empirical tractability, we focus on the 14 countries for which we have at least 100 respondents (and therefore at least 300 observations): Afghanistan, Bosnia and Herzegovina, Costa Rica, Dominican Republic, El Salvador, Ghana, Honduras, Kosovo, Malawi, Moldova, Nepal, Niger, Nigeria, and Uganda. While this subset of countries obviously is not representative of the sample as a whole, it nonetheless spans multiple continents, regime types, and levels of economic development.

While the magnitude and (in some cases) direction of the AMCEs vary to some extent across contexts, respondents' preferences in these 14 countries generally match those in the rest of the sample. In particular, we find no evidence to suggest that there are particular settings in which elites prefer to eschew conditionalities, regulations, and transparency in reporting. (There is only one partial exception: respondents in Niger tend not to favor environmental regulations, though they also tend to favor social and economic conditionalities.) In all 14 countries, respondents expressed a preference for regulations, conditionalities, transparency, or some combination of the three.

3.5 Comparing elites' preferences over "ideal type" development finance projects

Finally, it is possible that while respondents prefer some specific attributes of the DAC aid regime, they nonetheless prefer the overall confluence of attributes that characterize the Chinese alternative. Our research design allows us to test how respondents' preferences shift not only when we vary individual project attributes, but also when we vary multiple attributes simultaneously in order to more accurately simulate the differences between these two competing aid regimes. (These analyses were not prespecified.) To do this, we compute the predicted probability of a respondent selecting a project when we hold all seven attributes at the levels that are most typical of Chinese or DAC donors and lenders. (Our results are substantively similar if we compute predicted probabilities from a more fully saturated model featuring all two-way interactions between attribute

levels. For tractability we do not explore higher-order interactions.)

For Chinese ODF, this exercise is relatively straightforward. Chinese projects tend to be larger scale, focused on infrastructure, and delivered with minimal (or no) conditionalities or regulations; the terms of lending are rarely publicly disclosed, and procurement is typically tied to Chinese suppliers. China's practice of offering concessional and resource-backed loans has been well documented and accounts for the largest share of its overall financial outlay. Nevertheless, when we consider the distribution of Chinese ODF projects by number (as opposed to dollars), more projects were financed with grants than loans between 2000 and 2017. For this reason, we use grants as the modal terms of lending for Chinese ODF. (Given respondents' preference for grants over loans in Figure 2, if anything this approach overestimates support for Chinese ODF.) Setting the seven attributes in the conjoint at these levels, the predicted probability of a respondent selecting a project with typical Chinese characteristics is roughly 50% in the simple model, or 45% in the saturated model with two-way interactions.

This exercise is slightly more ambiguous for DAC projects, partly due to heterogeneity in the specific types of projects that DAC donors implement, and in the specific conditionalities and regulations they impose. As a first approximation, we define the typical DAC project as a relatively small ($100 million) untied grant focused on civil society with democracy and human rights conditionalities, corruption regulations, and publicly disclosed terms. The predicted probability of selection for a project with these attribute levels is 74% in the simple model, or 68% in the saturated model. If we switch from corruption to labor regulations, the predicted probability of selection decreases to 67% in the simple model but increases to 70% in the saturated model. Our results are substantively similar if we switch from civil society to tax collection capacity projects; from democracy and human rights to social or economic policy conditionalities; or from corruption to environment regulations.[28] Across these variations, respondents consistently prefer projects

[28]This consistency is unsurprising given our results in Figure 2. While respondents tend to prefer projects with *some* conditionalities and *some* regulations over projects with neither, their preferences over *specific* conditionalities and regulations are relatively weak. (The most marked discrepancy is between corruption and labor regulations—on average, respondents prefer the former over the latter by a margin of seven percentage points.) Respondents also appear to have no preference between projects focused on civil society and those focused on tax collection capacity (though they prefer projects focused on transportation infrastructure over either of these alternatives).

with attributes that are more typical of DAC donors than of China, typically by wide margins.

4 Conclusion

China's reemergence as a major donor and lender has raised important new questions about the "demand side" of development finance. In this paper we use a conjoint survey experiment administered in 141 LICs and MICs to empirically explore the factors that shape preferences for divergent aid regimes among government officials and other mid- and senior-level elites in recipient countries. Understanding these preferences can help illuminate the nature of China's growing influence among Global South policymakers and practitioners, and can help inform more general debates about the extent to which LIC and MIC elites are attracted to more fungible, unconditional forms of development finance, as predicted by theories of the "political foreign aid curse" (Altincekic and Bearce 2014).

Taken together, our results suggest that recipient country elites generally favor development finance models that are more commonly associated with the DAC than with "non-traditional" donors and lenders like China. While respondents prefer larger-scale projects focused on infrastructure over smaller-scale ones focused on tax collection capacity or civil society promotion, along most other dimensions they tend to prefer projects with characteristics that are more typical of the DAC: untied over tied aid; grants over loans; and, perhaps most importantly (and surprisingly), regulations, conditionalities, and public disclosure requirements over the more "no-strings-attached" approach associated with Beijing.

These findings are unlikely to be artifacts of social desirability bias. Respondents were asked to choose between projects that differed along multiple dimensions simultaneously, making the socially desirable option much more difficult to identify. It is partly for this reason that conjoint survey experiments have been shown to mitigate social desirability concerns (Horiuchi, Markovich and Yamamoto 2021). Moreover, respondents in our survey expressed socially desirable preferences over some project characteristics (e.g. environmental regulations) but not others

(e.g. democracy and human rights conditionalities), suggesting that social desirability bias alone is unlikely to explain our results.

Nor does it seem likely that our findings are artifacts of non-response bias. Given the nature of our sample—which consists of government officials, civil society leaders, and other elites from 141 countries—it is perhaps unsurprising that our response rate is relatively low. This raises the possibility that respondents who took the survey may differ systematically from those who did not. While we cannot eliminate this concern entirely, we can mitigate the consequences of non-response bias using weights derived from the publicly observable characteristics of all respondents in the sample. Moreover, with respondents from multiple sectors at multiple levels of seniority across multiple continents, our sample is likely to vary along most if not all theoretically relevant respondent- and country-level moderators, increasing our ability to make inferences beyond the scope of the sample itself (Druckman and Kam 2011).

Finally, if non-response bias explained our results, then intuitively we would expect to observe heterogeneous treatment effects along at least some of the dimensions we tested—for example, when comparing government to non-government respondents, or more to less corrupt countries. In general, however, we find very little evidence of treatment effect heterogeneity, even when we replicate our analysis in each of 14 different countries separately. It is of course possible that our sample excludes some types of respondents who may be more receptive to the Chinese aid regime; ultimately we cannot be sure. But our results nonetheless suggest that affinity for the regulations, conditionalities, and public disclosure requirements that are typical of the DAC aid regime is shared across a wide variety of respondent and country types. It is empirically and theoretically significant that support for this "strings-attached" approach to development finance is so widespread, even if it is not universal.

Theories of the political foreign aid curse often (implicitly) portray recipient country elites as corrupt and nepotistic, eager to misuse development financing for personal or political gain (Deaton 2015; Easterly 2007; Moyo 2010). This portrayal is surely accurate in some cases: some elites undoubtedly prefer forms of ODF that are most similar to natural resources in their fungibil-

ity and unconditionality, and thus most conducive to manipulation and "political control" (Findley, Milner and Nielson 2017, 313). Our results suggest, however, that many elites favor projects with regulations, conditionalities, and public disclosure requirements that should, in principle, make ODF *less* fungible and unconditional, *less* similar to natural resource rents, and thus *less* susceptible to misuse. (Whether a lack of regulations, conditionalities, and public disclosure requirements makes ODF more susceptible to abuse *in practice* is an open question that we do not address here, though existing studies suggest it may; see Brazys, Elkink and Kelly 2017; Isaksson and Kotsadam 2018.)

As discussed above, one possible explanation for these results is that ODF creates opportunities for abuse that are distributed unevenly among policymakers and practitioners in recipient countries. If most elites do not expect to benefit from these opportunities, then they may prefer ODF with restrictions designed to prevent abuse from occurring in the first place. Another possible explanation is that elites view regulations, conditionalities, and public disclosure requirements as mechanisms to tie the hands not just of their own governments, but also (and potentially more importantly) of donors and lenders themselves.

As the scope of Chinese economic assistance to countries in the Global South has expanded in recent years, so too has "pushback" to the Chinese model as "an increasing number of recipient countries began to have second thoughts about the terms of deals signed with China and expressed a willingness to go back to the negotiating table or even to cancel some of them" (Rolland 2019, 221). Recipient country elites may view a "strings-attached" approach to ODF as one way to guard against the risk of exploitation—not just by China, but by other donors and lenders as well. This, in turn, complicates the image of recipient country elites that is implicit in much of the literature on the political foreign aid curse. Indeed, some elites may prefer good governance restrictions for the simple reason that they prefer good governance. Understanding the conditions under which this preference arises strikes us as a promising avenue for future research.

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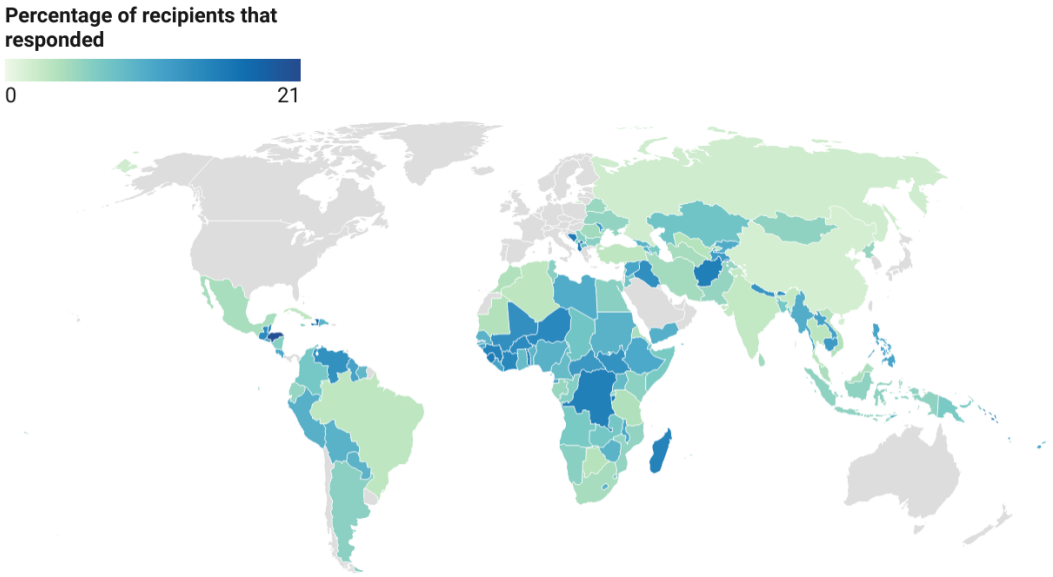
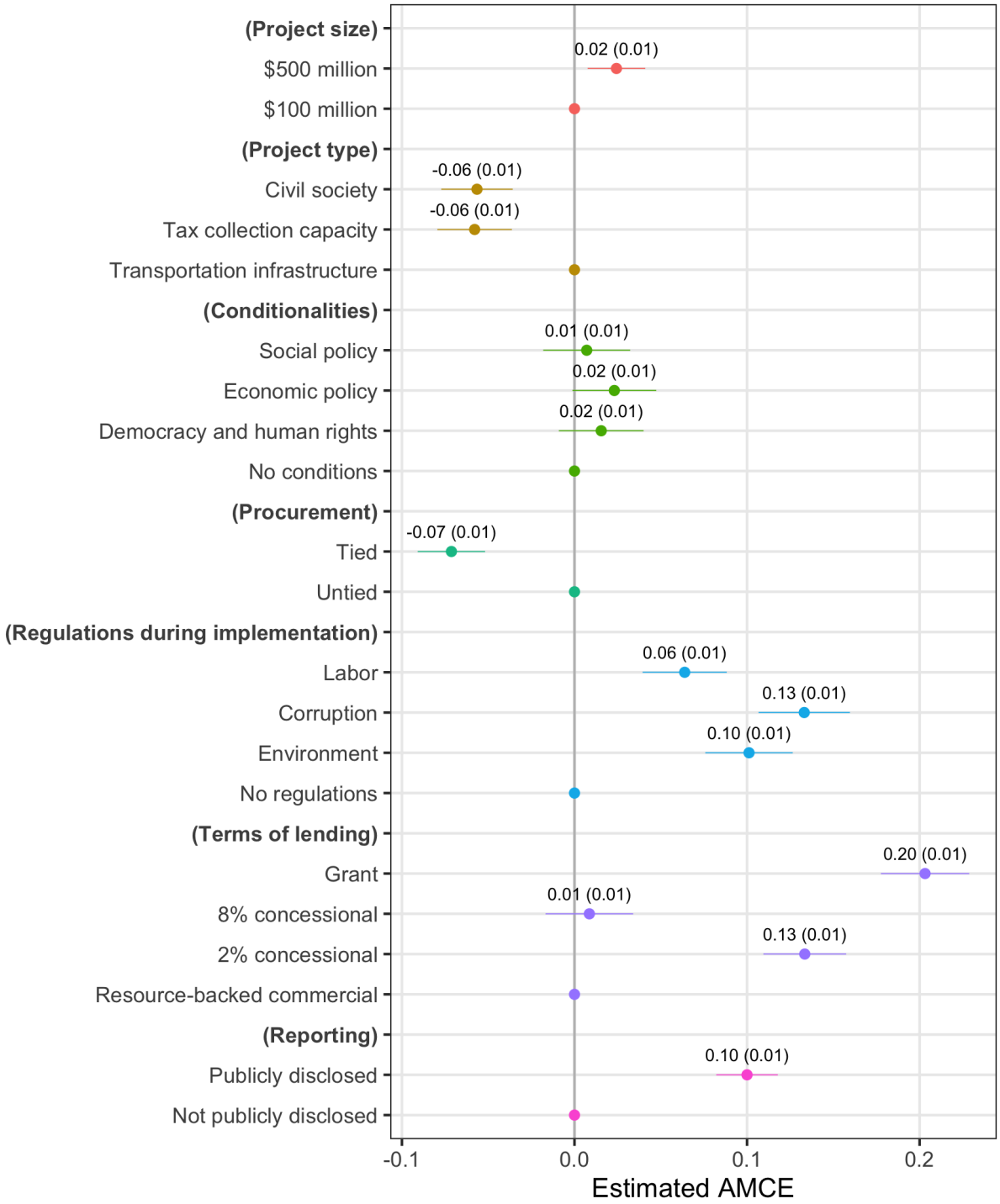
Figure 1: **Geographic distribution of *LTL* survey respondents**



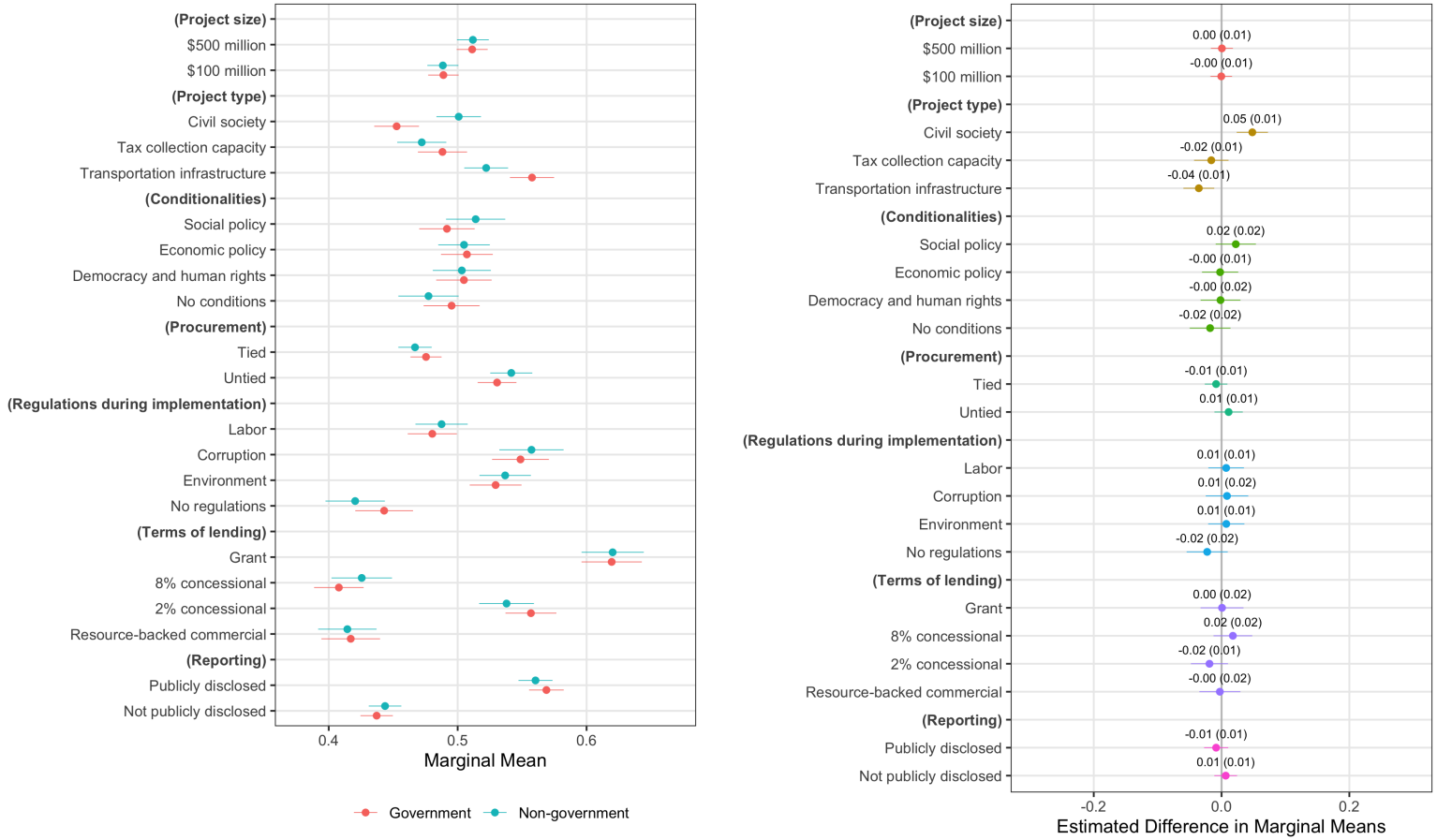
Notes: Response rate per country in the 2020 *LTL* survey sample. Kurdistan (11.5%), Puntland (2.29%), Somaliland (5.34%), and Zanzibar (4.27%) are not pictured.

Figure 2: **Average Marginal Component Effects**



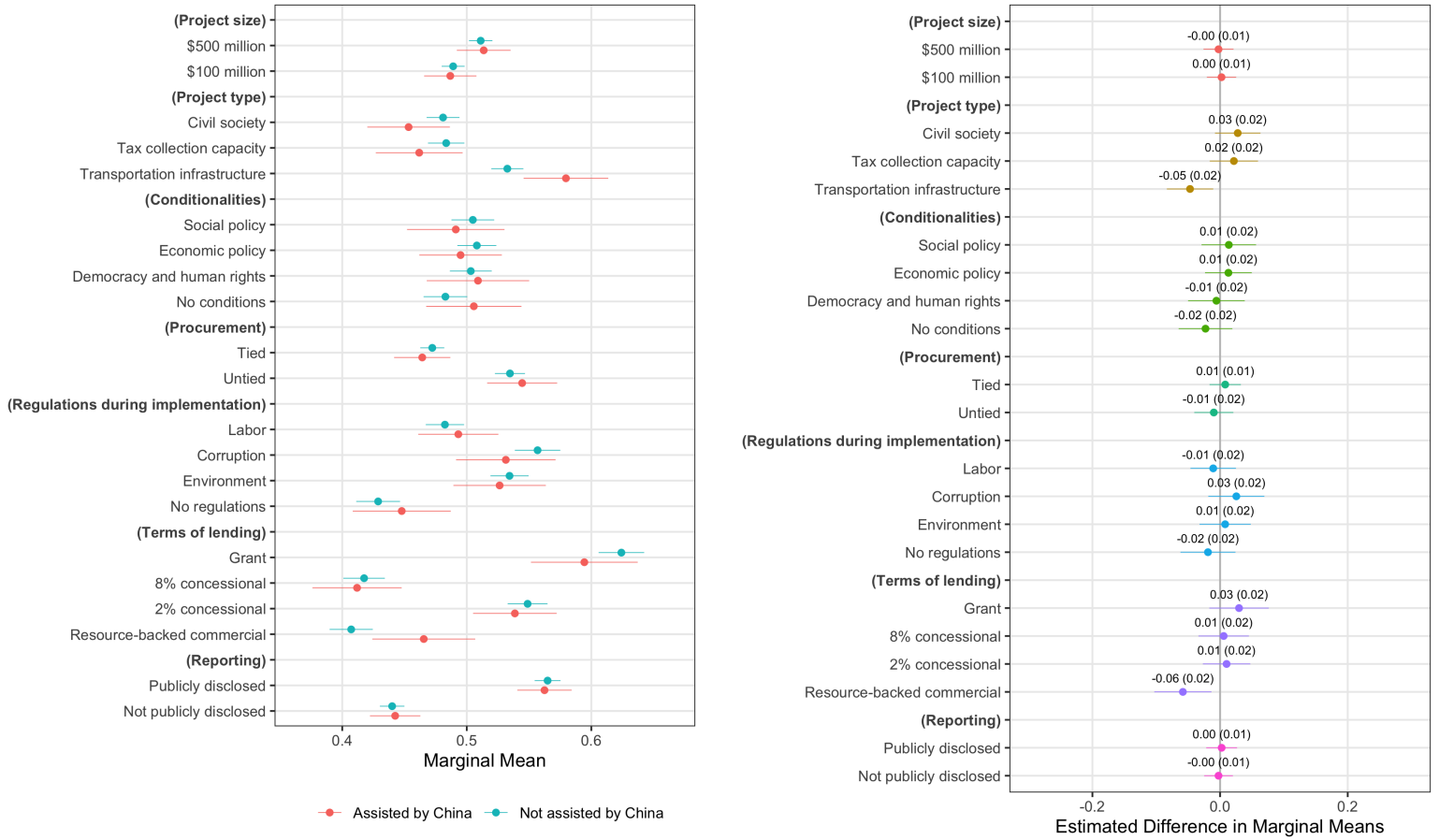
Notes: Average Marginal Component Effects from the development finance conjoint survey experiment. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure 3: **Comparison of Marginal Means for government and non-government respondents**



Notes: Comparison of Marginal Means from the development finance conjoint survey experiment for government and non-government respondents. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure 4: **Comparison of Marginal Means for respondents who have and have not received assistance from China**



Notes: Comparison of Marginal Means from the development finance conjoint survey experiment for respondents who have and have not received assistance from China. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

APPENDIX

A Comparing mid- to senior-level respondents

Figure A.1 reports marginal means (left panel) and the difference in marginal means (right panel) from the development finance conjoint survey experiment for mid- and senior-level respondents. Following *LTL* coding rules, we define respondents as senior-level if they have 11 or more years of experience working in their sector.

B Subsetting to respondents who work in and outside their home country

Figures A.2 through A.5 replicate the analyses in Figures 2 and 3 subsetting to respondents who reported working in their home countries and those who reported working abroad.

C Comparing respondents living in countries above and below median dependence on Chinese aid

Figure A.6 reports marginal means (left panel) and the difference in marginal means (right panel) for respondents working in countries above and below the median level of dependence on Chinese development finance, calculated as the total amount of Chinese ODF received as a fraction of GDP. We measure Chinese ODF using AidData; we measure GDP using World Bank data.

D Comparing respondents living in countries above and below median control of corruption

Figure A.7 reports marginal means (left panel) and the difference in marginal means (right panel) for respondents working in countries above and below the median level of corruption. We measure

corruption using data from the World Bank "Worldwide Governance Indicators."

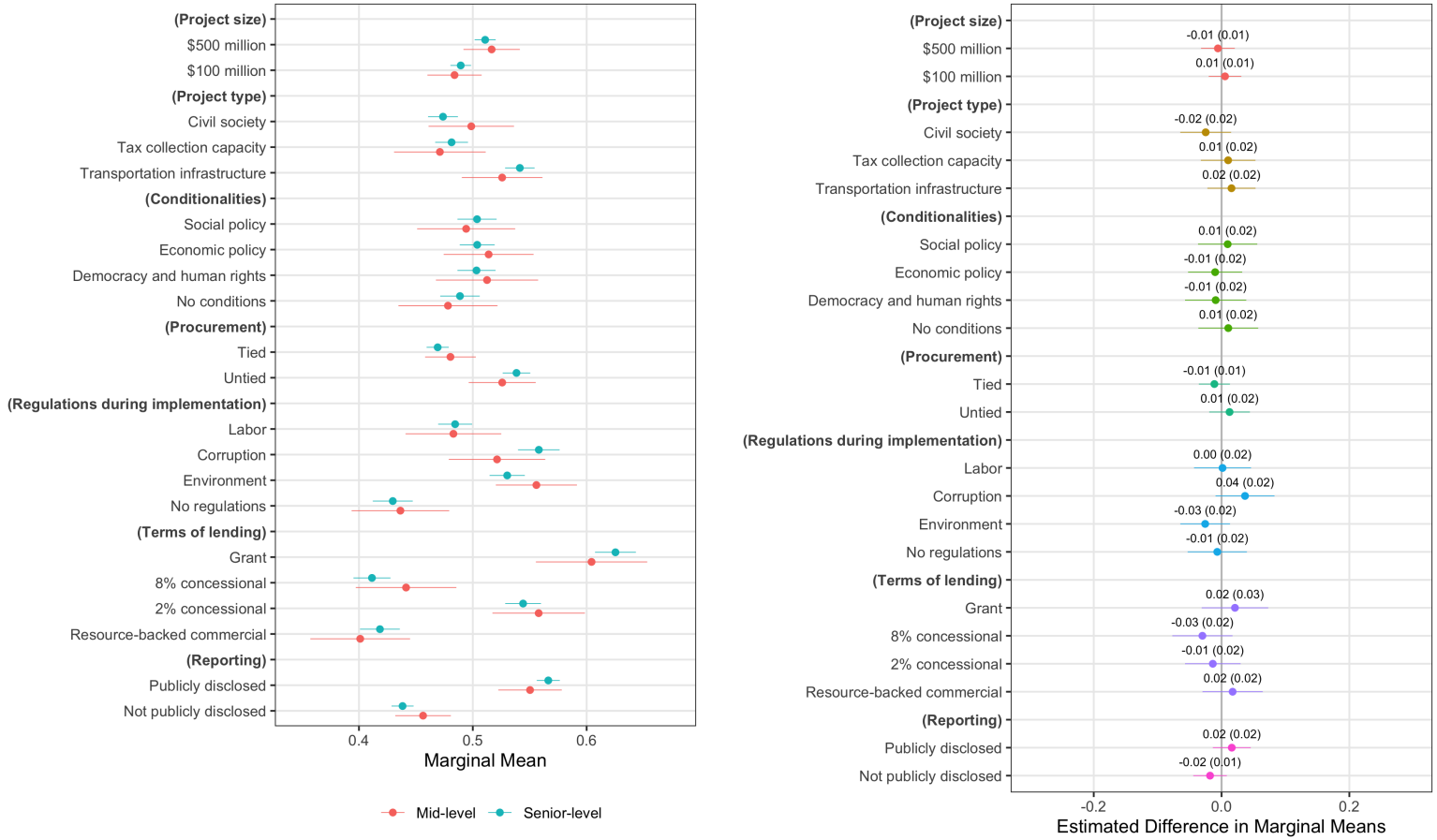
E COMPARING RESPONDENTS LIVING IN DEMOCRATIC AND AUTOCRATIC COUNTRIES

Figure A.8 reports marginal means (left panel) and the difference in marginal means (right panel) for respondents working in democratic and autocratic countries. We measure democracy and democracy using data from the Polity V project.

F SUBSETTING TO RESPONDENTS FROM SPECIFIC COUNTRIES

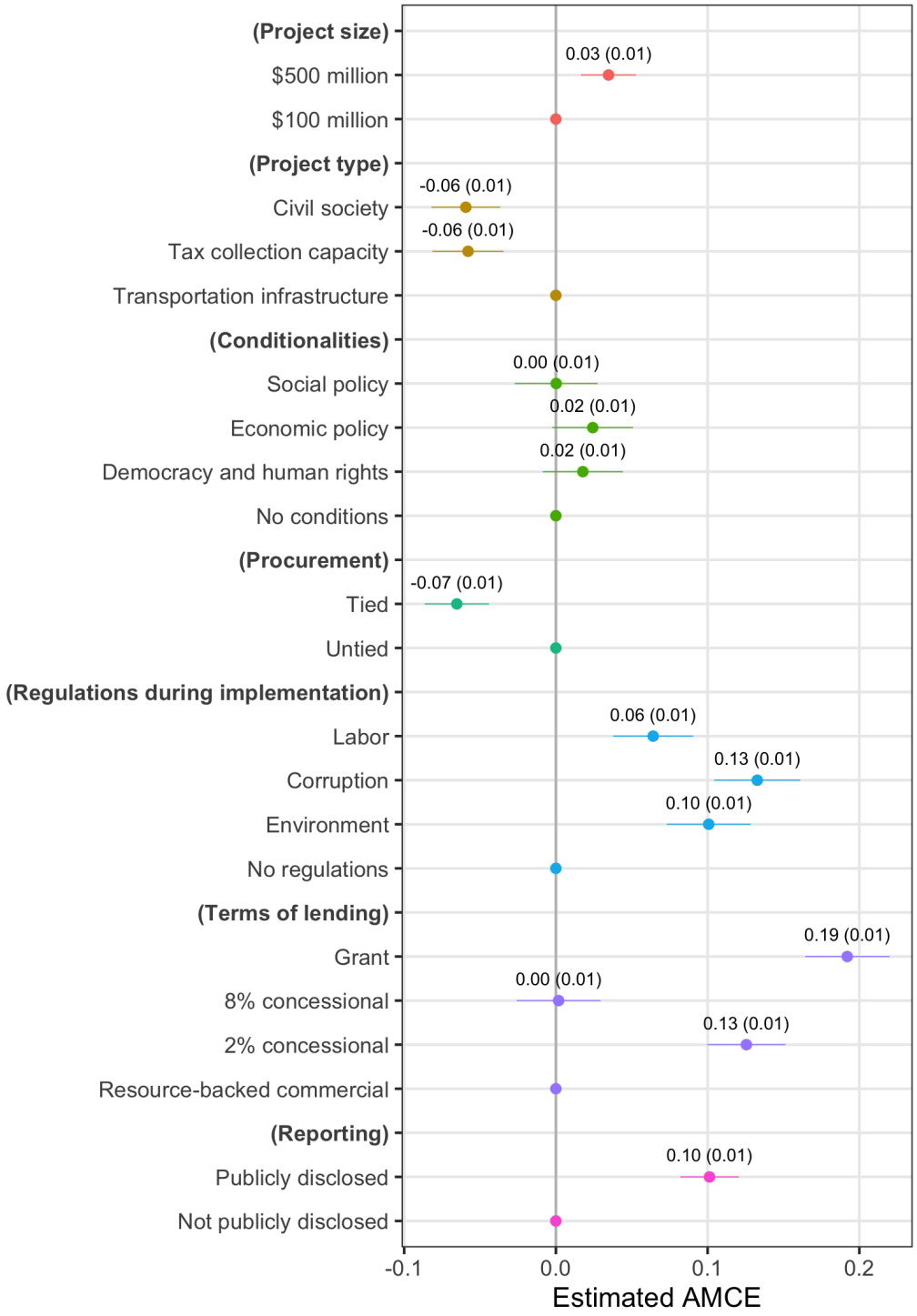
Figure A.9 replicates the analysis in Figure 2 for the 14 countries in the sample with at least 100 respondents (and therefore at least 300 observations) each.

Figure A.1: **Comparison of Marginal Means for mid- and senior-level respondents**



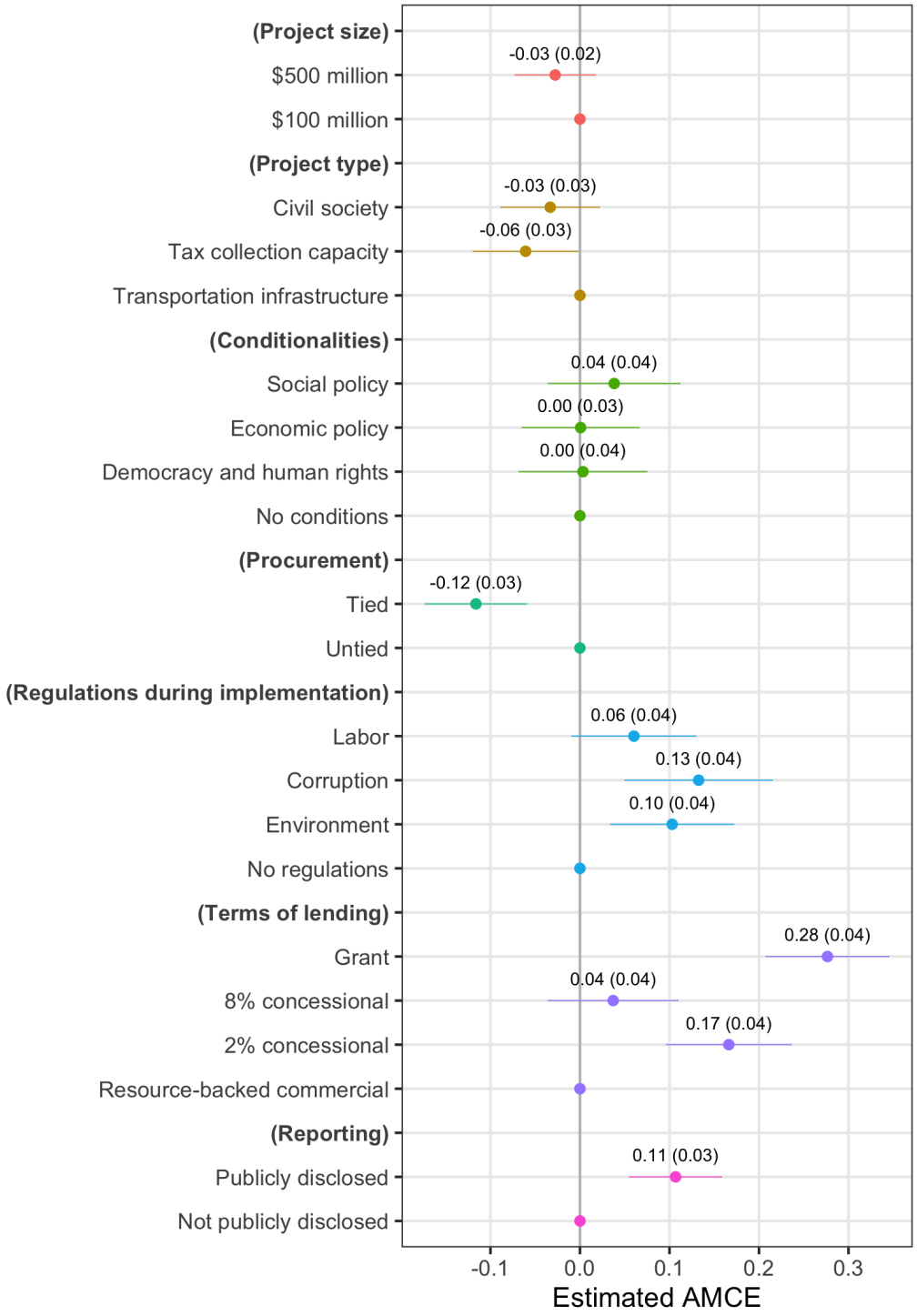
Notes: Comparison of Marginal Means from the development finance conjoint survey experiment for mid- and senior-level respondents. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.2: **Average Marginal Component Effects, subsetting to respondents who work in their home country**



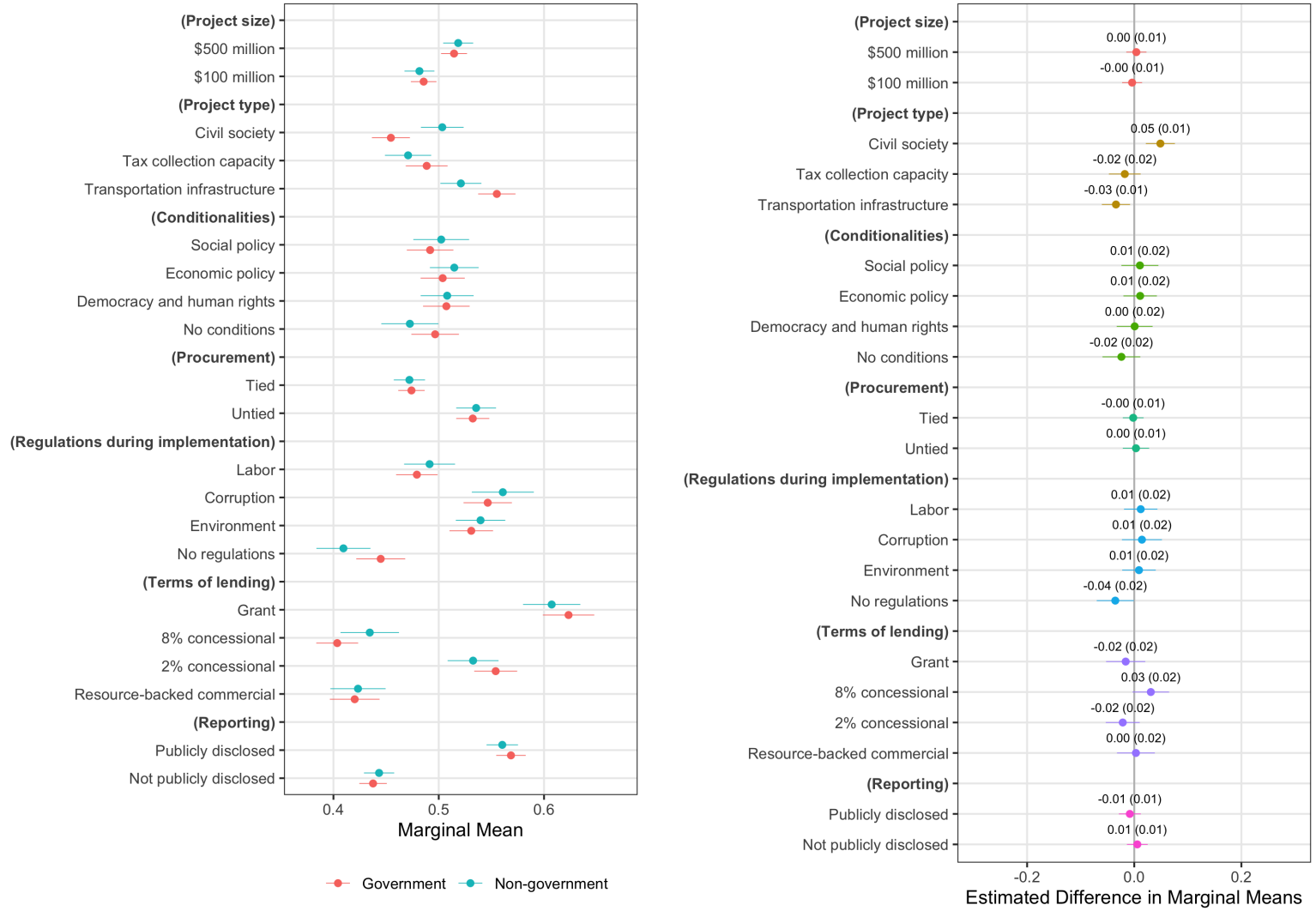
Notes: Average Marginal Component Effects from the development finance conjoint survey experiment, subsetting to respondents who work in their home country. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.3: **Average Marginal Component Effects, subsetting to respondents who work outside their home country**



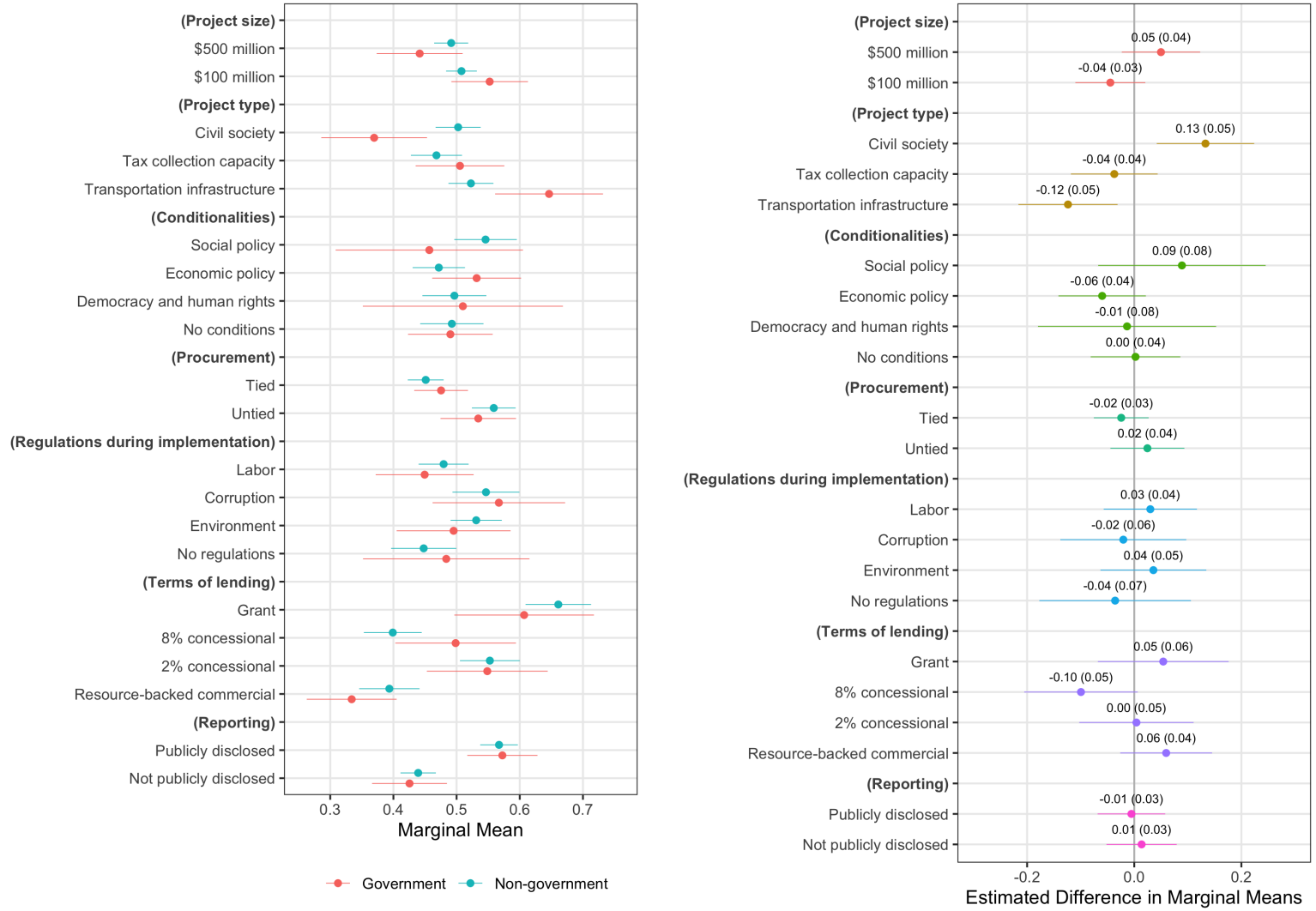
Notes: Average Marginal Component Effects from the development finance conjoint survey experiment, subsetting to respondents who work outside their home country. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.4: **Comparison of Marginal Means for government and non-government respondents, subsetting to respondents who work in their home country**



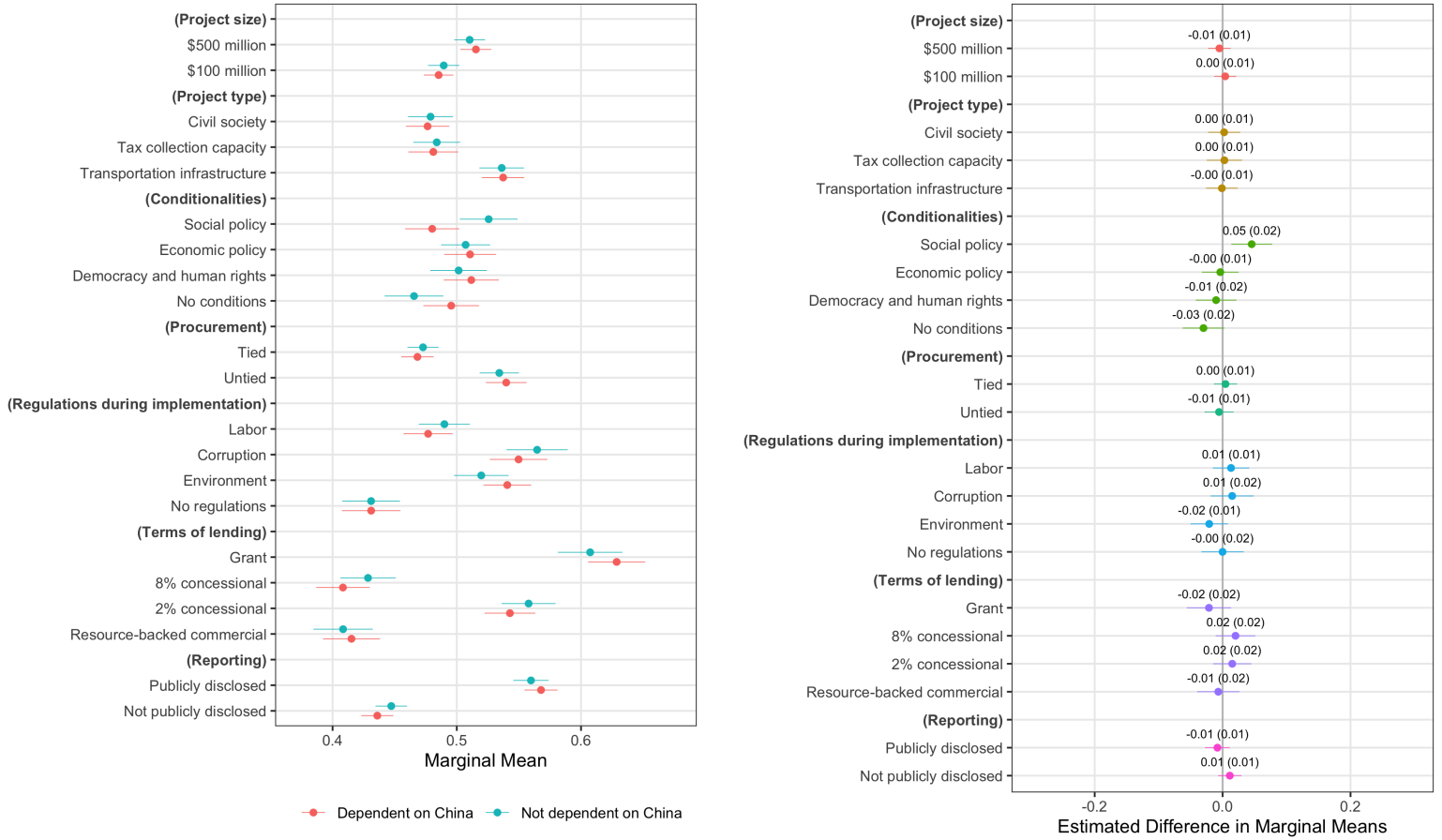
Notes: Comparison of Marginal Means from the development finance conjoint survey experiment for government and non-government respondents, subsetting to respondents who work in their home country. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.5: **Comparison of Marginal Means for government and non-government respondents, subsetting to respondents who work outside their home country**



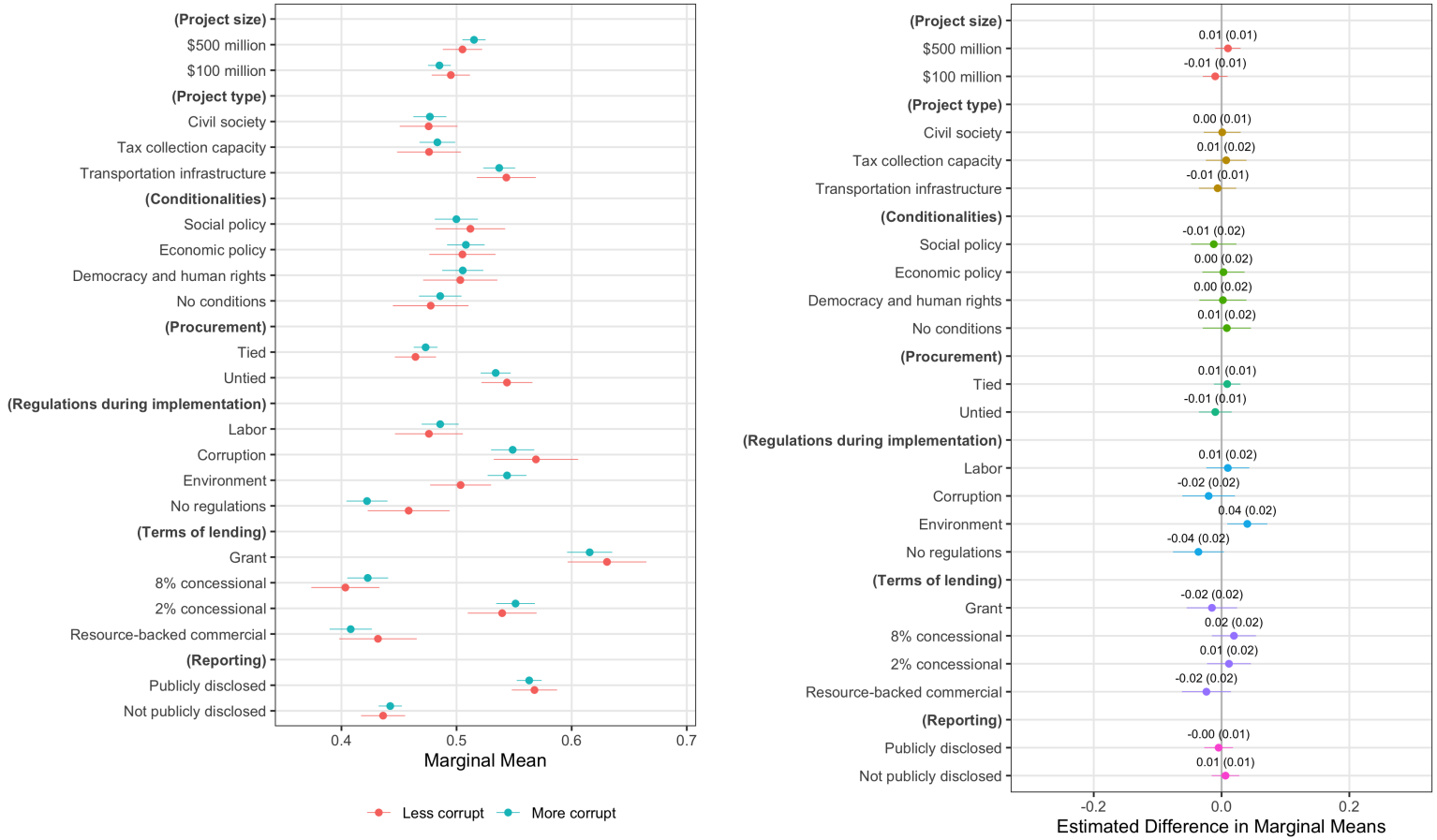
Notes: Comparison of Marginal Means in the aid conjoint survey experiment for government and non-government respondents, subsetting to respondents who work outside their home country, with weights. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors are in parentheses.

Figure A.6: **Comparison of Marginal Means for respondents working in countries that are more and less dependent on Chinese development finance**



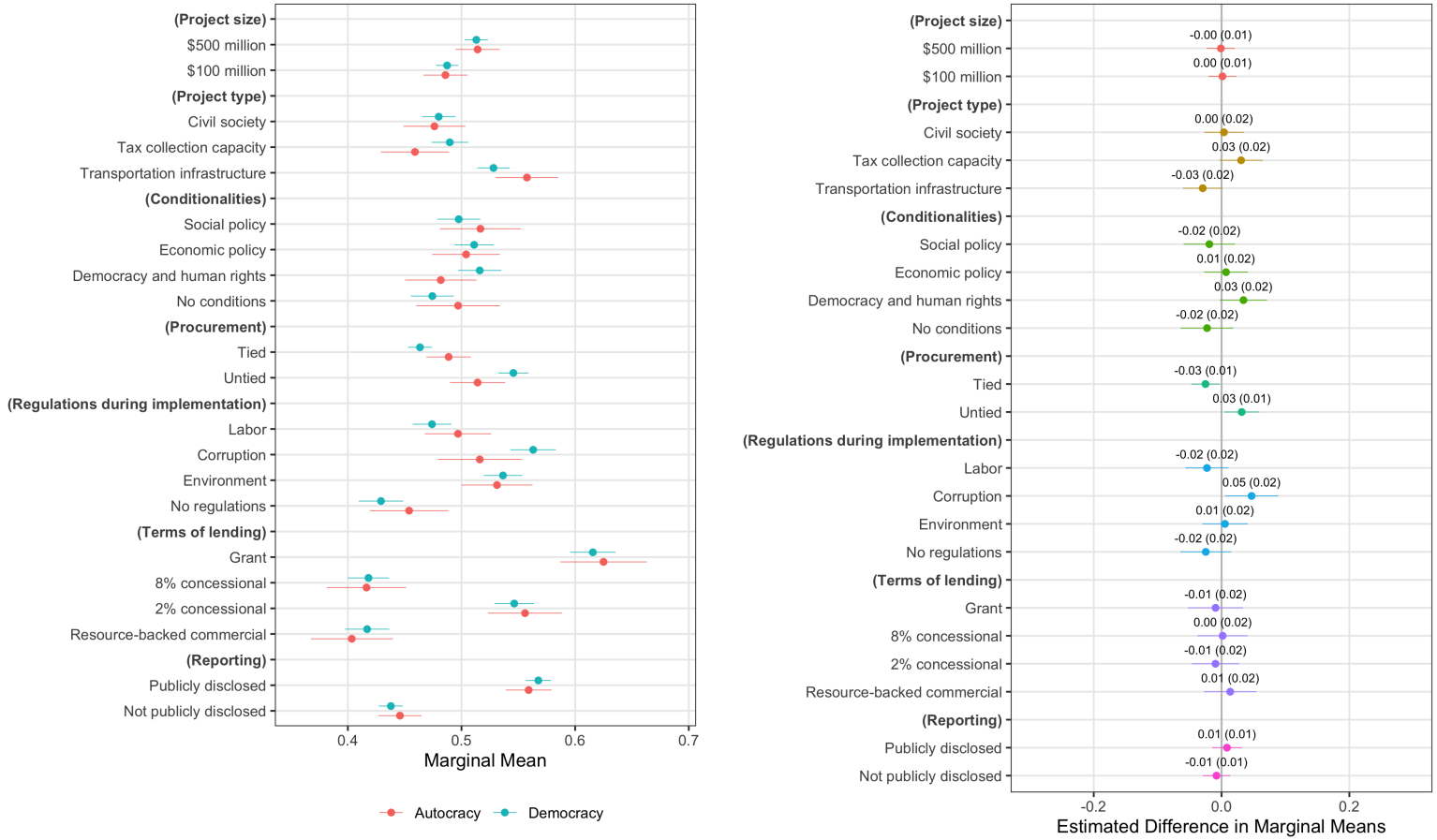
Notes: Comparison of Marginal Means from the development finance conjoint survey for respondents living in countries above and below median dependence on Chinese development finance as a fraction of GDP. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.7: **Comparison of Marginal Means for respondents working in countries that are more and less corrupt**



Notes: Comparison of Marginal Means from the development finance conjoint survey for respondents living in countries above and below median scores on the World Bank's "control of corruption" index. Positive values on the index denote lower levels of corruption. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.8: **Comparison of Marginal Means for respondents working in democratic and autocratic countries**



Notes: Comparison of Marginal Means from the development finance conjoint survey for respondents living in countries classified as democracies and autocracies on the Polity V index. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

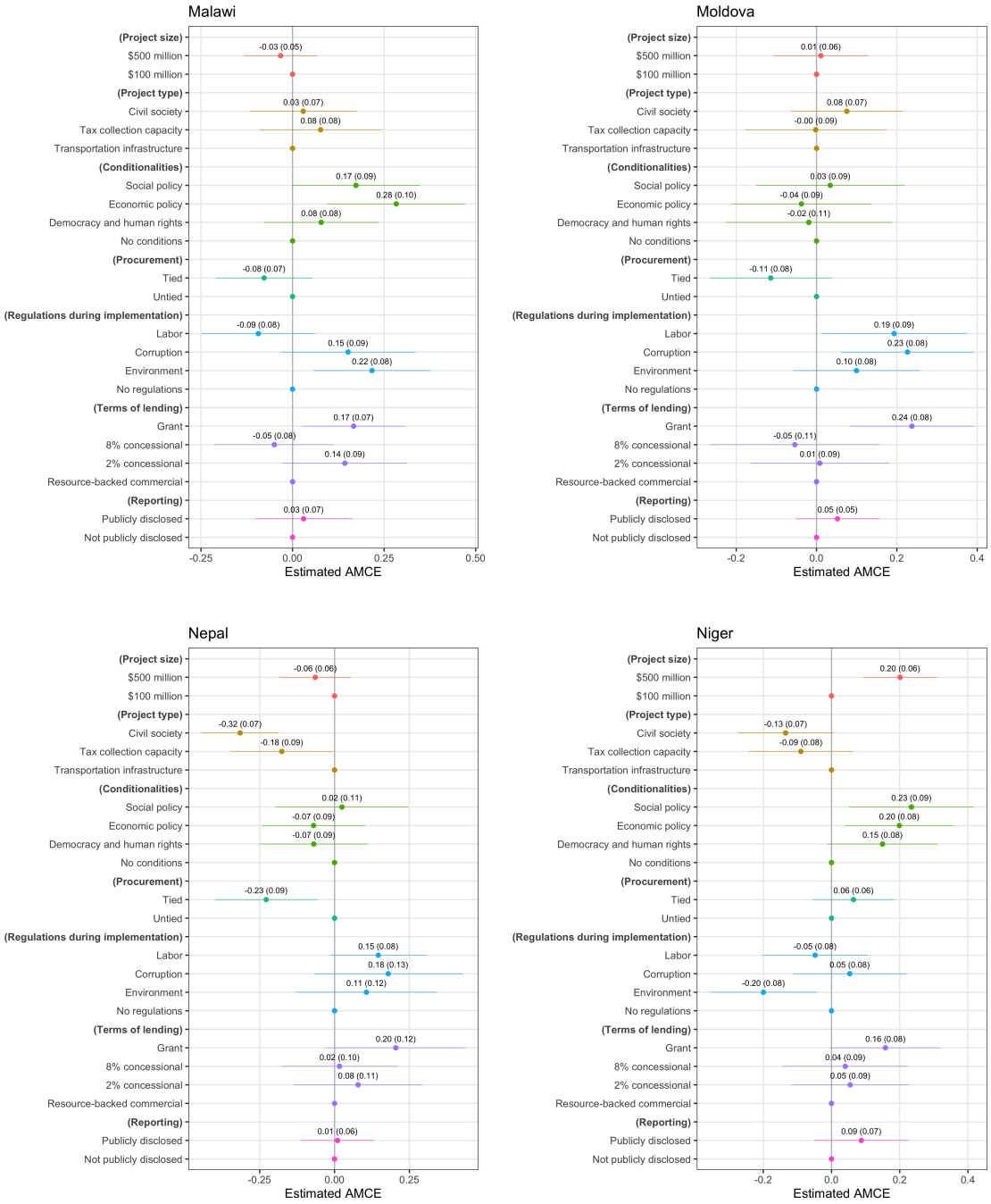
Figure A.9: **Average Marginal Component Effects, subsetting to respondents from specific countries**

Notes: Average Marginal Component Effects from the development finance conjoint survey experiment, subsetting to respondents from specific countries. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.9: **Average Marginal Component Effects, subsetting to respondents from specific countries (cont.)**

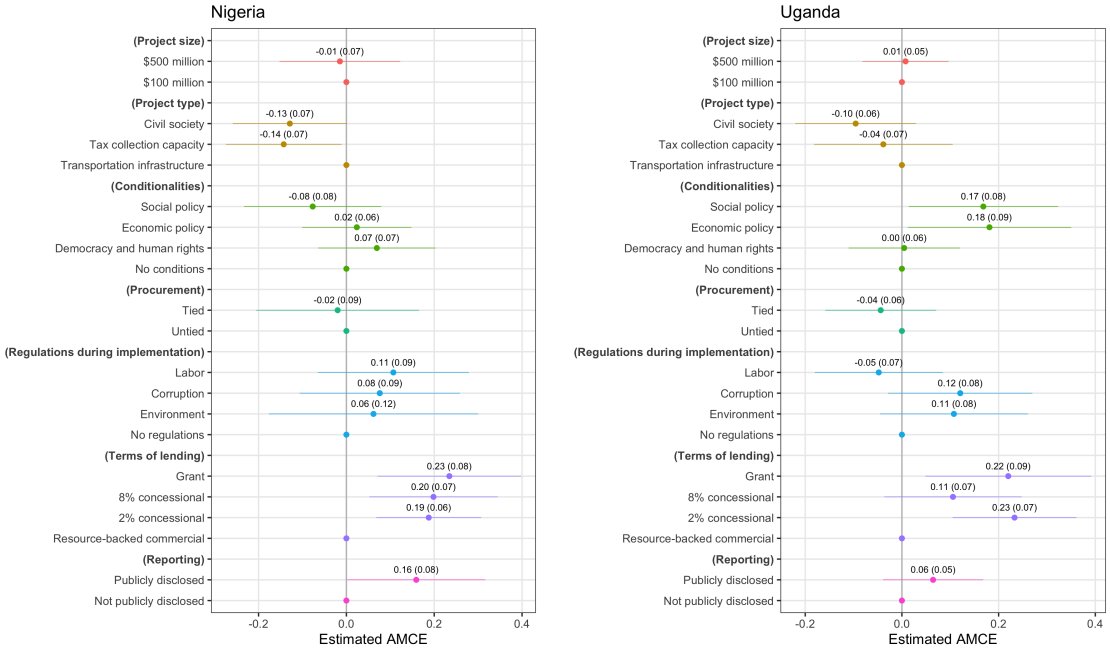
Notes: Average Marginal Component Effects from the development finance conjoint survey experiment, subsetting to respondents from specific countries. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.9: **Average Marginal Component Effects, subsetting to respondents from specific countries (cont.)**



Notes: Average Marginal Component Effects from the development finance conjoint survey experiment, subsetting to respondents from specific countries. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.

Figure A.9: **Average Marginal Component Effects, subsetting to respondents from specific countries (cont.)**



Notes: Average Marginal Component Effects from the development finance conjoint survey experiment, subsetting to respondents from specific countries. Circles denote point estimates. Bars denote 95% confidence intervals. Standard errors, clustered by respondent, are in parentheses. Observations are weighted by the inverse probability of non-response.